

JB Drinks Holdings Limited

Annual Report and Financial Statements

For the 53 week period ended 1 April 2022

Company Registration No. 07992712 (England and Wales)

JB Drinks Holdings Limited

Company Information

| | |
|--------------------------|--|
| Directors | R Anand S J Baldwin M Caroe (Appointed 24 December 2021) |
| Company number | 07992712 |
| Registered office | Douglas House Mounts Road Wednesbury West Midlands WS10 0BU |
| Auditor | Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP |

JB Drinks Holdings Limited

Contents

| | Page |
|---|-------------|
| Strategic report | 1 - 2 |
| Directors' report | 3 |
| Directors' responsibilities statement | 4 |
| Independent auditor's report | 5 - 9 |
| Group statement of comprehensive income | 10 |
| Group balance sheet | 11 - 12 |
| Company balance sheet | 13 |
| Group statement of changes in equity | 14 |
| Company statement of changes in equity | 15 |
| Group statement of cash flows | 16 |
| Notes to the financial statements | 17 - 36 |

JB Drinks Holdings Limited

Strategic Report

For the 53 week period ended 1 April 2022

The directors present the strategic report for the 53 week period ended 1 April 2022.

Fair review of the business

Turnover in the period saw a full recovery in trading from the Covid-19 pandemic which heavily impacted the previous two periods. On a like-for-like basis, turnover was 109% higher than the last 12 months and importantly 28% higher than the previous 12-24 months, which represented the last period of trading before the Covid-19 pandemic. Both the Retail and Foodservice channels each grew strongly against pre-covid levels increasing 17% and 55% respectively.

Gross margin increased to 39.8% (FY21: 27.9%) which was largely due to increased turnover diluting fixed costs. Administration expenses as a % of turnover were 25.3% (FY21: 42.6%) where despite increased investment into the Brands the Company was able to limit cost increases as Turnover grew.

Loss before tax was (£1,185,116), a significant improvement against last period and the last pre-Covid period as the business benefited from the exit of a major packing contract and subsequent restructure.

| | 53 weeks to 1 April 2022 | 26 weeks to 26 March 2021 | 78 weeks to 25 September 2020 | 52 weeks to 29 March 2019 |
|---|-----------------------------|---------------------------------|--|---------------------------------|
| | £000 | £000 | £000 | £000 |
| Turnover | 19,684 | 4,732 | 19,609 | 19,929 |
| Operating Profit before exceptional items | 1,325 | (907) | 28 | 532 |
| Exceptional items | (186) | (87) | 313 | (564) |
| Profit/(Loss) before tax | (1,185) | (2,847) | (5,395) | (3,589) |
| Net assets/(liabilities) | 2,453 | (16,809) | (14,198) | (15,434) |

On 22nd October 2021 Verdane completed the purchase of 100% of the share capital in JB Drinks Holdings Limited from Langholm Capital 2008 LLP. Verdane, a specialist growth equity investor, will continue to support the Companies growth utilising their two decades of experience investing and building consumer companies.

The change of ownership has materially changed the groups funding structure with £20.5m of loan notes released and £10.1m repaid leaving £0.5m of loan note funding in the group.

Principal risks and uncertainties

Commodities such as juices and plastics represent a large proportion of the Company's input costs, movement in cost of these raw materials represents a risk to the companies trading performance. The company contracts ahead on its key commodities to reduce its exposure.

Loss of any large customer or downward trend in a particular product range is a risk to business performance. The company continued to increase its customer base during the period and reduce its customer concentration levels, which coupled with strong account management mitigates customer risk.

Financial risk management objectives and policies

Approximately 55% of raw material cost is purchased using foreign currencies. The Company partially covers its currency requirements on a rolling basis looking out 6 months.

The Company has credit risk in the form of its trade debtors. Along with strong credit management the Company mitigates any loss from customers defaulting with credit insurance.

Other risks are monitored through regular review of key performance metrics such as customer service and customer complaint levels, food safety and quality measures, plant efficiency, staff engagement and staff turnover.

JB Drinks Holdings Limited

Strategic Report (Continued)

For the 53 week period ended 1 April 2022

Future developments

The group is currently monitoring the uncertain economic conditions in recent months, including increasing inflation rates and a weakened pound, but has taken the necessary steps to mitigate the risks arising from these conditions and does not anticipate any significant issues.

On behalf of the board

S J Baldwin
Director

29 September 2022

JB Drinks Holdings Limited

Directors' Report

For the 53 week period ended 1 April 2022

The directors present their annual report and financial statements for the 53 week period ended 1 April 2022.

Principal activities

The principle activity of the group is the manufacturer of branded soft drinks for the UK Retail and Foodservice sectors as well as exporting to several global markets.

Results and dividends

The results for the 53 week period are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the 53 week period and up to the date of signature of the financial statements were as follows:

R Anand

A Wiegman

S J Baldwin

M Caroe

(Resigned 22 October 2021)

(Appointed 24 December 2021)

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

S J Baldwin

Director

29 September 2022

JB Drinks Holdings Limited

Directors' Responsibilities Statement

For the 53 week period ended 1 April 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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. 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and 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 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.

JB Drinks Holdings Limited

Independent Auditor's Report

To the Members of JB Drinks Holdings Limited

Opinion

We have audited the financial statements of JB Drinks Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the 53 week period ended 1 April 2022 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 1 April 2022 and of the group's loss for the 53 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

JB Drinks Holdings Limited

Independent Auditor's Report (Continued)

To the Members of JB Drinks Holdings Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial 53 week period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

JB Drinks Holdings Limited

Independent Auditor's Report (Continued)

To the Members of JB Drinks Holdings Limited

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

JB Drinks Holdings Limited

Independent Auditor's Report (Continued)

To the Members of JB Drinks Holdings Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

JB Drinks Holdings Limited

Independent Auditor's Report (Continued)

To the Members of JB Drinks Holdings Limited

Use of our report

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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.

Jamie Sherman (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

4 October 2022

Chartered Accountants
Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

JB Drinks Holdings Limited

Group Statement of Comprehensive Income

For the 53 week period ended 1 April 2022

| | | 53 week period ended 1 April 2022 £ | 26 week period ended 26 March 2021 £ |
|--|-----------|---|--|
| | Notes | | |
| Turnover | 3 | 19,684,020 | 4,731,708 |
| Cost of sales | | (11,854,711) | (3,412,194) |
| Gross profit | | 7,829,309 | 1,319,514 |
| Distribution costs | | (1,348,696) | (328,424) |
| Administrative expenses | | (4,976,275) | (2,015,279) |
| Other operating income | | 7,196 | 117,214 |
| Exceptional items | 4 | (186,362) | (86,994) |
| Operating profit/(loss) | 5 | 1,325,172 | (993,969) |
| Interest receivable and similar income | 9 | 800 | - |
| Interest payable and similar expenses | 10 | (2,511,088) | (1,852,816) |
| Loss before taxation | | (1,185,116) | (2,846,785) |
| Tax on loss | 11 | 61,480 | 236,316 |
| Loss for the financial 53 week period | | (1,123,636) | (2,610,469) |

Total comprehensive income for the 53 week period is all attributable to the owners of the parent company.

JB Drinks Holdings Limited

Group Balance Sheet

As at 1 April 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|--|-------|--------------|---|--------------|---|
| Fixed assets | | | | | |
| Goodwill | 12 | 4,223,301 | | 4,690,274 | |
| Other intangible assets | 12 | 249,366 | | 406,127 | |
| | | | | | |
| Total intangible assets | | 4,472,667 | | 5,096,401 | |
| Tangible assets | 13 | 4,649,768 | | 5,053,636 | |
| | | | | | |
| | | 9,122,435 | | 10,150,037 | |
| Current assets | | | | | |
| Stocks | 16 | 1,522,701 | | 1,095,913 | |
| Debtors | 17 | 4,701,323 | | 1,729,986 | |
| Cash at bank and in hand | | 5,114,825 | | 2,505,154 | |
| | | | | | |
| | | 11,338,849 | | 5,331,053 | |
| Creditors: amounts falling due within one year | 18 | (7,597,943) | | (3,456,506) | |
| | | | | | |
| Net current assets | | 3,740,906 | | 1,874,547 | |
| | | | | | |
| Total assets less current liabilities | | 12,863,341 | | 12,024,584 | |
| | | | | | |
| Creditors: amounts falling due after more than one year | 19 | (10,270,324) | | (28,693,441) | |
| | | | | | |
| Provisions for liabilities | | | | | |
| Provisions | 20 | (140,000) | | (140,000) | |
| | | | | | |
| | | (140,000) | | (140,000) | |
| | | | | | |
| Net assets/(liabilities) | | 2,453,017 | | (16,808,857) | |
| | | | | | |
| Capital and reserves | | | | | |
| Called up share capital | 23 | 281,502 | | 281,502 | |
| Share premium account | | 6,767,435 | | 6,767,435 | |
| Other reserves | | 20,385,510 | | - | |
| Profit and loss reserves | | (24,981,430) | | (23,857,794) | |
| | | | | | |
| Total equity | | 2,453,017 | | (16,808,857) | |

JB Drinks Holdings Limited

Group Balance Sheet (Continued)

As at 1 April 2022

The financial statements were approved by the board of directors and authorised for issue on 29 September 2022 and are signed on its behalf by:

S J Baldwin
Director

JB Drinks Holdings Limited

Company Balance Sheet

As at 1 April 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|---|-------|------------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Investments | 14 | | 7,049,329 | | 7,049,329 |
| Current assets | | | | | |
| Debtors | 17 | 342,032 | | 96,033 | |
| Creditors: amounts falling due within one year | 18 | <u>(737,843)</u> | | <u>(492,350)</u> | |
| Net current liabilities | | | <u>(395,811)</u> | | <u>(396,317)</u> |
| Net assets | | | <u>6,653,518</u> | | <u>6,653,012</u> |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 281,502 | | 281,502 |
| Share premium account | | | 6,767,435 | | 6,767,435 |
| Profit and loss reserves | | | <u>(395,419)</u> | | <u>(395,925)</u> |
| Total equity | | | <u>6,653,518</u> | | <u>6,653,012</u> |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £506 (2021 - £103,773 loss).

The financial statements were approved by the board of directors and authorised for issue on 29 September 2022 and are signed on its behalf by:

S J Baldwin
Director

Company Registration No. 07992712

JB Drinks Holdings Limited

Group Statement of Changes in Equity

For the 53 week period ended 1 April 2022

| | Share capital | Share premium account | Other reserves | Profit and loss reserves | Total |
|--|---------------|-----------------------|----------------|--------------------------|--------------|
| | £ | £ | £ | £ | £ |
| Balance at 26 September 2020 | 281,502 | 6,767,435 | - | (21,247,325) | (14,198,388) |
| Period ended 26 March 2021: | | | | | |
| Loss and total comprehensive income for the period | - | - | - | (2,610,469) | (2,610,469) |
| Balance at 26 March 2021 | 281,502 | 6,767,435 | - | (23,857,794) | (16,808,857) |
| Period ended 1 April 2022: | | | | | |
| Loss and total comprehensive income for the period | - | - | - | (1,123,636) | (1,123,636) |
| Contribution from ultimate parent company | 19 | - | 20,385,510 | - | 20,385,510 |
| Balance at 1 April 2022 | 281,502 | 6,767,435 | 20,385,510 | (24,981,430) | 2,453,017 |

JB Drinks Holdings Limited

Company Statement of Changes in Equity

For the 53 week period ended 1 April 2022

| | Share capital | Share premium account | Profit and loss reserves | Total |
|--|---------------|--------------------------|-----------------------------|-----------|
| | £ | £ | £ | £ |
| Balance at 26 September 2020 | 281,502 | 6,767,435 | (292,152) | 6,756,785 |
| Period ended 26 March 2021: | | | | |
| Loss and total comprehensive income for the period | - | - | (103,773) | (103,773) |
| Balance at 26 March 2021 | 281,502 | 6,767,435 | (395,925) | 6,653,012 |
| Period ended 1 April 2022: | | | | |
| Profit and total comprehensive income for the period | - | - | 506 | 506 |
| Balance at 1 April 2022 | 281,502 | 6,767,435 | (395,419) | 6,653,518 |

JB Drinks Holdings Limited

Group Statement of Cash Flows

For the 53 week period ended 1 April 2022

| | | 2022 | | 2021 | |
|---|-------|-------------------------|---|-------------------------|---|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 27 | 3,057,688 | | 221,477 | |
| Interest paid | | (8,426) | | (5,431) | |
| Income taxes (paid)/refunded | | (106,622) | | 1,128 | |
| Net cash inflow from operating activities | | <u>2,942,640</u> | | <u>217,174</u> | |
| Investing activities | | | | | |
| Purchase of intangible assets | | (32,937) | | - | |
| Purchase of tangible fixed assets | | (300,832) | | (98,038) | |
| Proceeds on disposal of tangible fixed assets | | - | | 18,000 | |
| Interest received | | <u>800</u> | | <u>-</u> | |
| Net cash used in investing activities | | <u>(332,969)</u> | | <u>(80,038)</u> | |
| Net increase in cash and cash equivalents | | <u>2,609,671</u> | | <u>137,136</u> | |
| Cash and cash equivalents at beginning of 53 week period | | <u>2,505,154</u> | | <u>2,368,018</u> | |
| Cash and cash equivalents at end of 53 week period | | <u><u>5,114,825</u></u> | | <u><u>2,505,154</u></u> | |

JB Drinks Holdings Limited

Notes to the Financial Statements

For the 53 week period ended 1 April 2022

1 Accounting policies

Company information

JB Drinks Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Douglas House, Mounts Road, Wednesbury, West Midlands, United Kingdom, WS10 0BU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company JB Drinks Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 1 April 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

1 Accounting policies

(Continued)

1.3 Going concern

Notwithstanding a loss of £1,123,636 in the 53 week period ended 1 April 2022 (26 week period ended 26 March 2021: £2,610,469) the financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

The directors have prepared group cash flow forecasts from the date of approval of these financial statements through to March 2024 which indicate that, taking account of reasonably possible downsides, the group will have sufficient funds through its working capital management to meet its liabilities as they fall due for a period of at least 12 months from date of approval of these financial statements.

Consequently, the directors are confident that the group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Reporting period

The financial statements presented here cover a period of 53 weeks compared to 26 weeks for the previous period. The previous period was shortened in order to realign the period end date after extending it in 2020 due to the Covid-19 pandemic. It should therefore be noted that the comparative amounts presented in the financial statements and their related notes are not entirely comparable.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates that are based on agreements held with customers. Accruals are included in respect of expected amounts for customer discounts based on the agreements in place and financial data for the period.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

1 Accounting policies

(Continued)

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|------------------------|----------|
| Software | 5 years |
| Development costs | 3 years |
| Brand | 10 years |
| Customer relationships | 5 years |

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------------|----------|
| Freehold land and buildings | 50 years |
| Plant and equipment | 10 years |
| Fixtures and fittings | 5 years |
| Motor vehicles | 4 years |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

1 Accounting policies

(Continued)

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.12 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is 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.

1.16 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

1 Accounting policies

(Continued)

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Carrying value of goodwill and other intangible assets

The key judgments involved in assessing the carrying value of goodwill and intangible assets include estimation of future cash flows and profitability of the business and the selection of a suitable discount rate.

Carrying value of investments in subsidiaries

The key judgments involved in assessing the carrying value of investments held by the parent company, JB Drinks Holdings Limited, include estimation of future cash flows and profitability of the business and the selection of a suitable discount rate to assess value in use.

Depreciation of plant and equipment

The cost of these assets less its estimated residual value is depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of these assets to be between 5 to 10 years. Changes in the expected level of usage and technical developments could impact the economic useful lives and the residual value of these assets. Therefore future depreciation charges could be revised.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

3 Turnover and other revenue

| | 2022 £ | 2021 £ |
|---|-------------------|------------------|
| Turnover analysed by geographical market | | |
| United Kingdom | 19,458,744 | 4,649,602 |
| Rest of Europe | 212,746 | 74,713 |
| Rest of world | 12,530 | 7,393 |
| | <u>19,684,020</u> | <u>4,731,708</u> |
| | | |
| | 2022 £ | 2021 £ |
| Other significant revenue | | |
| Interest income | 800 | - |
| | <u>800</u> | <u>-</u> |

There is only one class of business being the manufacture and sale of soft drinks.

4 Exceptional item

| | 2022 £ | 2021 £ |
|---|----------------|---------------|
| Expenditure | | |
| Cost of professional services in relation to the change in ownership of the group | 190,484 | 37,500 |
| Cost of staff termination and recruitment of senior management | - | 34,892 |
| Cost relating to legal matters | (4,122) | 14,602 |
| | <u>186,362</u> | <u>86,994</u> |

5 Operating profit/(loss)

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Operating profit/(loss) for the period is stated after charging/(crediting): | | |
| Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss | (127,369) | (79,376) |
| Government grants | (7,196) | (117,214) |
| Depreciation of owned tangible fixed assets | 704,700 | 353,556 |
| Profit on disposal of tangible fixed assets | - | (16,416) |
| Amortisation of intangible assets | 656,671 | 332,735 |
| Cost of stocks recognised as an expense | 9,855,704 | 2,548,018 |
| Stocks impairment losses recognised or reversed | - | 35,840 |
| | <u>9,855,704</u> | <u>2,548,018</u> |

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

6 Auditor's remuneration

| | 2022 £ | 2021 £ |
|---|---------------|---------------|
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 7,000 | 5,000 |
| Audit of the financial statements of the company's subsidiaries | 36,500 | 37,000 |
| | <u>43,500</u> | <u>42,000</u> |
| For other services | | |
| Taxation compliance services | 9,250 | 9,000 |
| All other non-audit services | 10,000 | 8,000 |
| | <u>19,250</u> | <u>17,000</u> |

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the 53 week period was:

| | Group 2022 Number | 2021 Number | Company 2022 Number | 2021 Number |
|-------|-------------------------|----------------|---------------------------|----------------|
| | 31 | 31 | 2 | 2 |
| | 13 | 11 | - | - |
| | 11 | 12 | - | - |
| | <u>55</u> | <u>54</u> | <u>2</u> | <u>2</u> |
| Total | | | | |

Their aggregate remuneration comprised:

| | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|-----------------------|--------------------|------------------|----------------------|---------------|
| Wages and salaries | 2,415,573 | 909,955 | 82,878 | 33,199 |
| Social security costs | 250,776 | 96,878 | - | - |
| Pension costs | 50,690 | 22,702 | - | - |
| | <u>2,717,039</u> | <u>1,029,535</u> | <u>82,878</u> | <u>33,199</u> |

The parent company employs three directors (average number of two directors in the period) but the payroll cost for one director is borne by Purity Soft Drinks Limited, an indirect subsidiary of the parent company.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

8 Directors' remuneration

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Remuneration for qualifying services | 395,346 | 135,267 |
| Company pension contributions to defined contribution schemes | 1,321 | 656 |
| | <u>396,667</u> | <u>135,923</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Remuneration for qualifying services | 312,468 | 102,069 |
| Company pension contributions to defined contribution schemes | 1,321 | 656 |
| | <u>313,789</u> | <u>102,725</u> |

9 Interest receivable and similar income

| | 2022 £ | 2021 £ |
|------------------------|------------|-----------|
| Interest income | | |
| Other interest income | 800 | - |
| | <u>800</u> | <u>-</u> |

10 Interest payable and similar expenses

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | 8,426 | 5,431 |
| Amortisation of loan deal costs | 97,283 | 85,276 |
| On loan stock | 2,405,379 | 1,762,109 |
| | <u>2,511,088</u> | <u>1,852,816</u> |

11 Taxation

| | 2022 £ | 2021 £ |
|--|------------------|-----------|
| Current tax | | |
| UK corporation tax on profits for the current period | (16,872) | - |
| Adjustments in respect of prior periods | (139,376) | - |
| | <u>(156,248)</u> | <u>-</u> |

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

11 Taxation

(Continued)

| | 2022 £ | 2021 £ |
|--|-------------------|-------------------|
| Deferred tax | | |
| Origination and reversal of timing differences | 94,768 | (236,316) |
| | <u> </u> | <u> </u> |
| Total tax credit | (61,480) | (236,316) |
| | <u> </u> | <u> </u> |

The actual credit for the 53 week period can be reconciled to the expected credit for the 53 week period based on the profit or loss and the standard rate of tax as follows:

| | 2022 £ | 2021 £ |
|---|-------------------|-------------------|
| Loss before taxation | (1,185,116) | (2,846,785) |
| | <u> </u> | <u> </u> |
| <i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)</i> | (225,172) | (540,889) |
| Tax effect of expenses that are not deductible in determining taxable profit | 307,700 | 329,930 |
| Tax effect of income not taxable in determining taxable profit | (11,873) | - |
| Adjustments in respect of prior years | (139,376) | - |
| Effect of change in corporation tax rate | 6,512 | - |
| Depreciation on assets not qualifying for tax allowances | 4,413 | 18,249 |
| Other fixed asset timing differences | (3,684) | (43,606) |
| | <u> </u> | <u> </u> |
| Taxation credit | (61,480) | (236,316) |
| | <u> </u> | <u> </u> |

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

12 Intangible fixed assets

| Group | Goodwill | Software | Development costs | Brand | Customer relationships | Total |
|---|-----------|----------|-------------------|---------|------------------------|------------|
| | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | |
| At 27 March 2021 | 8,756,974 | 555,704 | 121,018 | 879,046 | 313,736 | 10,626,478 |
| Additions | - | 32,937 | - | - | - | 32,937 |
| At 1 April 2022 | 8,756,974 | 588,641 | 121,018 | 879,046 | 313,736 | 10,659,415 |
| Amortisation and impairment | | | | | | |
| At 27 March 2021 | 4,066,700 | 427,941 | 121,018 | 600,682 | 313,736 | 5,530,077 |
| Amortisation charged for the 53 week period | 466,973 | 101,795 | - | 87,903 | - | 656,671 |
| At 1 April 2022 | 4,533,673 | 529,736 | 121,018 | 688,585 | 313,736 | 6,186,748 |
| Carrying amount | | | | | | |
| At 1 April 2022 | 4,223,301 | 58,905 | - | 190,461 | - | 4,472,667 |
| At 26 March 2021 | 4,690,274 | 127,763 | - | 278,364 | - | 5,096,401 |

The company had no intangible fixed assets at 1 April 2022 or 26 March 2021.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

13 Tangible fixed assets

| Group | Freehold land and buildings | Plant and Fixtures and equipment | Fittings | Motor vehicles | Total |
|---|--------------------------------|-------------------------------------|----------|-------------------|------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 27 March 2021 | 3,078,959 | 7,091,265 | 794,391 | 13,070 | 10,977,685 |
| Additions | 8,835 | 249,694 | 42,303 | - | 300,832 |
| At 1 April 2022 | 3,087,794 | 7,340,959 | 836,694 | 13,070 | 11,278,517 |
| Depreciation and impairment | | | | | |
| At 27 March 2021 | 373,471 | 4,863,654 | 677,808 | 9,116 | 5,924,049 |
| Depreciation charged in the 53 week period | 49,342 | 603,445 | 47,961 | 3,952 | 704,700 |
| At 1 April 2022 | 422,813 | 5,467,099 | 725,769 | 13,068 | 6,628,749 |
| Carrying amount | | | | | |
| At 1 April 2022 | 2,664,981 | 1,873,860 | 110,925 | 2 | 4,649,768 |
| At 26 March 2021 | 2,705,488 | 2,227,611 | 116,583 | 3,954 | 5,053,636 |

The company had no tangible fixed assets at 1 April 2022 or 26 March 2021.

14 Fixed asset investments

| | Notes | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|---|-------|--------------------|-----------|----------------------|---|
| Investments in subsidiaries | 15 | - | - | 7,049,329 | 7,049,329 |
| Movements in fixed asset investments | | | | | |
| Company | | | | | Shares in subsidiaries £ |
| Cost or valuation | | | | | |
| At 27 March 2021 and 1 April 2022 | | | | | 7,049,329 |
| Carrying amount | | | | | |
| At 1 April 2022 | | | | | 7,049,329 |
| At 26 March 2021 | | | | | 7,049,329 |

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

15 Subsidiaries

Details of the company's subsidiaries at 1 April 2022 are as follows:

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held | |
|--------------------------|-------------------|-------------------------------------|----------------------|--------|----------|
| | | | | Direct | Indirect |
| Purity Soft Drinks | England and Wales | Manufacture and sale of soft drinks | Ordinary | 0 | 100.00 |
| Juiceburst Limited | England and Wales | Property holding company | Ordinary | 0 | 100.00 |
| JB Drinks Limited | England and Wales | Intermediary holding company | Ordinary | 100.00 | 0 |
| JB Drinks Propco Limited | England and Wales | Property holding company | Ordinary | 0 | 100.00 |
| Firefly Tonics Limited | England and Wales | Dormant | Ordinary | 0 | 100.00 |

16 Stocks

| | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|-------------------------------------|--------------------|------------------|----------------------|-----------|
| Raw materials and consumables | 673,276 | 560,671 | - | - |
| Finished goods and goods for resale | 849,425 | 535,242 | - | - |
| | <u>1,522,701</u> | <u>1,095,913</u> | <u>-</u> | <u>-</u> |

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

17 Debtors

| | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|--|--------------------|------------------|----------------------|---------------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 3,691,772 | 1,228,652 | - | - |
| Corporation tax recoverable | 43,861 | - | 38,039 | 38,098 |
| Amounts owed by group undertakings | - | - | 8,178 | 57,935 |
| Other debtors | 307,238 | 9,290 | 295,815 | - |
| Prepayments and accrued income | 315,892 | 54,718 | - | - |
| | <u>4,358,763</u> | <u>1,292,660</u> | <u>342,032</u> | <u>96,033</u> |
| Deferred tax asset (note 21) | 297,442 | - | - | - |
| | <u>4,656,205</u> | <u>1,292,660</u> | <u>342,032</u> | <u>96,033</u> |
| Amounts falling due after more than one year: | | | | |
| Deferred tax asset (note 21) | 45,118 | 437,326 | - | - |
| | <u>45,118</u> | <u>437,326</u> | <u>-</u> | <u>-</u> |
| Total debtors | <u>4,701,323</u> | <u>1,729,986</u> | <u>342,032</u> | <u>96,033</u> |

18 Creditors: amounts falling due within one year

| | Notes | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|------------------------------------|-------|--------------------|------------------|----------------------|----------------|
| Other borrowings | 19 | 540,449 | - | - | - |
| Trade creditors | | 4,151,397 | 1,598,950 | - | - |
| Amounts owed to group undertakings | | 370,997 | - | 722,791 | 489,680 |
| Corporation tax payable | | - | 219,187 | - | - |
| Other taxation and social security | | 375,883 | 547,864 | 4,802 | 2,670 |
| Other creditors | | 12,590 | 13,751 | - | - |
| Accruals and deferred income | | 2,146,627 | 1,076,754 | 10,250 | - |
| | | <u>7,597,943</u> | <u>3,456,506</u> | <u>737,843</u> | <u>492,350</u> |

Amounts due to group undertakings of £370,997 (2021: £nil) are due to Aurora Bidco 1 Limited and Aurora Topco 1 Limited, who are the immediate and ultimate 100% shareholders in JB Drinks Holdings Limited, respectively.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

19 Creditors: amounts falling due after more than one year

| | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|------------------------------|--------------------|-------------------|----------------------|-----------|
| Other creditors | 10,270,324 | 27,678,104 | - | - |
| Accruals and deferred income | - | 1,015,337 | - | - |
| | <u>10,270,324</u> | <u>28,693,441</u> | <u>-</u> | <u>-</u> |

Directly attributable fee and other finance costs in respect of other loans of £nil (2021: £97,283) have been deducted to arrive at the outstanding borrowings.

Held within other creditors are the following loan notes:

- Subordinated redeemable unsecured loan notes of £nil (2021: £25,568,816) ("A" loan notes) held by Langholm Capital Nominees Limited and Langholm Capital CIP Nominees Limited, which were repaid during the period as part of the sale of the group. These loan notes carried an interest rate of 15% which was being accrued to date of repayment. As at 22 October 2021 the total principal and accrued interest balance was £27,711,050 and this amount was repaid, with £7,436,088 repaid in cash funded by Aurora BidCo 1 Limited and £20,274,962 capitalised as shares in JB Drinks Limited, subsidiary of JB Drinks Holdings Limited. This balance is held in other reserves in these group financial statements as the issued shares were transferred to JB Drinks Holdings Limited in the period.
- Subordinated redeemable unsecured loan notes of £540,449 (2021: £1,810,096) ("B" loan notes) were held by Langholm Capital Nominees Limited, Langholm Capital CIP Nominees Limited, Rooney Anand and David Bell. During the period the loan notes due to Langholm Capital Nominees Limited and Langholm Capital CIP Nominees Limited were settled with £110,548 capitalised as shares in JB Drinks Limited. These shares were transferred to JB Drinks Holdings Limited in the period and held in reserves in these group financial statements with the capitalised "A" loan notes as stated in the above paragraph. The remaining loan notes payable at 1 April 2022 were repaid in full post year end and have been classified as creditors due within one year in these financial statements.
- Redeemable unsecured loan notes of £nil (2021: £1,626,000) ("vendor loan notes") were payable to third parties. These loan notes carried an interest rate of 7% which was accrued for to date of repayment. During the period £2,706,822 was repaid to these loan note holders in settlement of the principal amount and accrued interest.

The repayment of the above loan notes was financed by a new loan in JB Drinks Limited from Aurora Bidco 1 Limited with principal balance of £10,142,910. The loan is accruing interest at 2.84% and is repayable upon demand after September 2023.

20 Provisions for liabilities

| | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|-----------------|--------------------|----------------|----------------------|-----------|
| Other provision | <u>140,000</u> | <u>140,000</u> | <u>-</u> | <u>-</u> |

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

20 Provisions for liabilities

(Continued)

The provision relates to ongoing legal matters. Further disclosure has not been provided as the directors consider this to be prejudicial to the legal matters.

In July 2022 this legal claim was settled for £80,000 and associated legal fees.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

| | Assets 2022 £ | Assets 2021 £ |
|--------------------------------|------------------------------|------------------------------|
| Group | | |
| Accelerated capital allowances | 175,847 | 156,469 |
| Tax losses | (220,965) | (393,611) |
| Other timing differences | (297,442) | (200,182) |
| | <u>(342,560)</u> | <u>(437,326)</u> |

The company has no deferred tax assets or liabilities.

| | Group 2022 £ | Company 2022 £ |
|---|-----------------------------|-------------------------------|
| Movements in the 53 week period: | | |
| Asset at 27 March 2021 | (437,326) | - |
| Charge to profit or loss | 94,766 | - |
| | <u>(342,560)</u> | <u>-</u> |

22 Retirement benefit schemes

| | 2022 £ | 2021 £ |
|---|-------------------|-------------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>50,690</u> | <u>22,702</u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

23 Share capital

| Group and company | 2022 | 2021 | 2022 | 2021 |
|--|----------------|----------------|----------------|----------------|
| Ordinary share capital | Number | Number | £ | £ |
| Issued and fully paid | | | | |
| Ordinary 'A' shares of 1p each | 20,000 | 20,000 | 200 | 200 |
| Ordinary 'B' shares of 1p each | 70,449 | 70,449 | 704 | 704 |
| Ordinary 'C' shares of 1p each | 9,751 | 9,751 | 98 | 98 |
| Ordinary 'D' shares of £1 each | 500 | 500 | 500 | 500 |
| | <u>100,700</u> | <u>100,700</u> | <u>1,502</u> | <u>1,502</u> |
| | | | | |
| Preference share capital | 2022 | 2021 | 2022 | 2021 |
| Issued and fully paid | Number | Number | £ | £ |
| Preferred Ordinary shares of £1 each | 280,000 | 280,000 | 280,000 | 280,000 |
| | <u>280,000</u> | <u>280,000</u> | <u>280,000</u> | <u>280,000</u> |
| Preference shares classified as equity | | | 280,000 | 280,000 |
| | | | <u>280,000</u> | <u>280,000</u> |
| Total equity share capital | | | <u>281,502</u> | <u>281,502</u> |

24 Events after the reporting date

Subsequent to the period end date, the remaining "B" loan notes and accrued interest amounting to £544,750 were repaid to the loan note holders as discussed in note 19. As part of the settlement a loan of £295,015 due from a director of the company included in other debtors at 1 April 2022 was repaid to the group.

25 Related party transactions

Rooney Anand is a director of JB Drinks Holdings Limited and was director of WM Morrison Supermarket PLC during the period, a company registered in England. During the period, the company made sales of £1,064,172 (2021: £184,512) to WM Morrison Supermarket PLC. At 1 April 2022 £274,492 (26 March 2021: £12,165) was owed by WM Morrison Supermarket PLC.

Included within other debtors is an amount of £295,815 (2021: £nil) due from R Anand, director of the company. This loan was repaid in April 2022 as part of the settlement of the loan note balance due to R Anand as stated in note 19. The loan was accruing interest at 1%.

Sarah Baldwin is a director of The British Soft Drinks Association Limited, a company registered in England. During the period, the company made purchases of £9,444 (2021: £2,993) from The British Soft Drinks Association Limited. At 1 April 2022, £Nil (26 March 2021: £Nil) was owed to The British Soft Drinks Association Limited.

Langholm Capital 2008 LLP was the majority shareholder of the company up to 21 October 2021. During the period, the group paid Langholm Capital 2008 LLP for consultancy services and to reimburse certain expenses amounting to £nil (2021: £17,978). At 1 April 2022, £nil was outstanding (26 March 2021: £nil) to Langholm Capital 2008 LLP.

JB Drinks Holdings Limited

Notes to the Financial Statements (Continued)

For the 53 week period ended 1 April 2022

26 Controlling party

The Company is a subsidiary undertaking of Aurora Bidco 1 Limited, which is a subsidiary undertaking of Aurora Topco 1 Limited, registered office being Douglas House, Mounts Road, Wednesbury, WS10 0BU. The ultimate controlling party is a fund managed by Verdane Fund Manager AB, an investment management firm, by virtue of its majority shareholding in Aurora Topco 1 Limited held through Aurora Holdco Limited, registered office 24 Old Queen Street, London, SW1H 9HP.

The directors consider the ultimate controlling party to be Aurora Holdco Limited by virtue of their majority shareholding of the company. During the period the ultimate controlling party was Langholm Capital 2008 LLP until the sale of the group in October 2021.

27 Cash generated from group operations

| | 2022 £ | 2021 £ |
|--|------------------|----------------|
| Loss for the 53 week period after tax | (1,123,636) | (2,610,469) |
| Adjustments for: | | |
| Taxation credited | (61,480) | (236,316) |
| Finance costs | 2,511,088 | 1,852,816 |
| Investment income | (800) | - |
| Gain on disposal of tangible fixed assets | - | (16,416) |
| Amortisation and impairment of intangible assets | 656,671 | 332,735 |
| Depreciation and impairment of tangible fixed assets | 704,700 | 353,556 |
| Movements in working capital: | | |
| (Increase)/decrease in stocks | (426,788) | 56,644 |
| (Increase)/decrease in debtors | (3,022,242) | 1,406,041 |
| Increase/(decrease) in creditors | 3,820,175 | (917,114) |
| Cash generated from operations | 3,057,688 | 221,477 |

28 Analysis of changes in net funds - group

| | 27 March 2021 £ | Cash flows £ | 1 April 2022 £ |
|---------------------------------|--------------------|------------------|-------------------|
| Cash at bank and in hand | 2,505,154 | 2,609,671 | 5,114,825 |
| Borrowings excluding overdrafts | - | (540,449) | (540,449) |
| | <u>2,505,154</u> | <u>2,069,222</u> | <u>4,574,376</u> |

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