



SHAREHOLDER UPDATE

SOFT DRINKS REFRESHED BY PLANTS

| SEPTEMBER 2022

HAPPY
DRINKS CO

OVERVIEW

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- VISION
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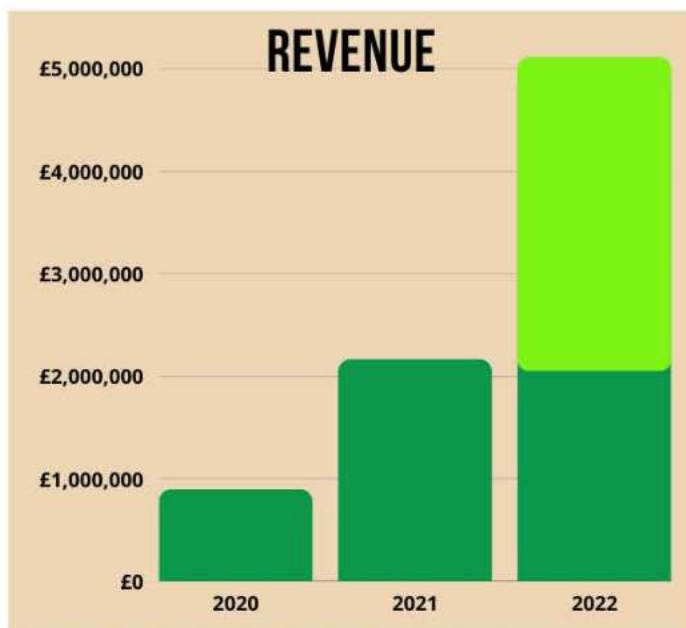
OUR MISSION

Powered by plants, we're on a mission to remove artificial sweeteners from soft drinks.

OUR VISION

The #1 Global Soft Drinks Company that stands for change.





BRCGS AA



YOY GROWTH 130.3%

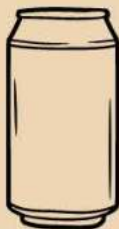


FIXED ASSET VALUE: £7,234,442

CURRENT ASSET VALUE: £4,127,628



92M



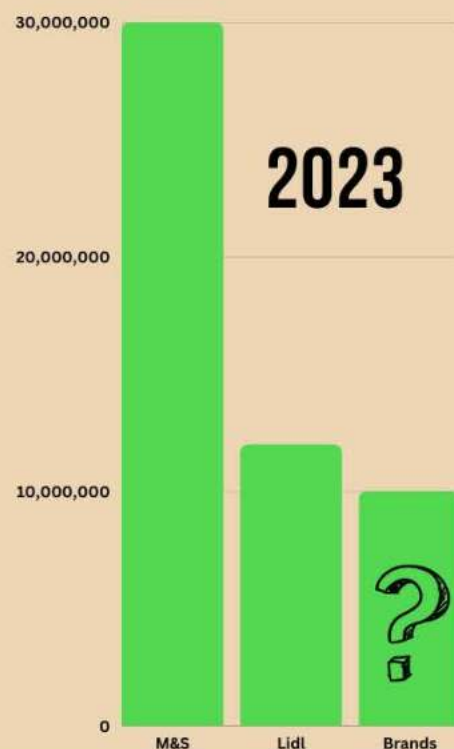
140M

CAPACITY

EDEN BAY #3 BEST
SELLING TONIC



26 TEAM MEMBERS



THE SKY IS THE LIMIT



INTRO

The world around us is changing fast with consumer expectations, competition, and society evolving at an unprecedented pace.

We are living in times of immense challenge and economic uncertainty.

At Happy Drinks we have anticipated and adapted to these challenges.

We have achieved sound financial performance and significant operational progress so far in 2022.

OVERALL UPDATE

In a year of supply chain headwinds and significant delays in delivery of our new bottling line we have faced adversity head on.

With half-year revenue increasing by 147% to £2,045,504.00 million. An impressive result considering the significant delays in the ability to manufacture substantial contracted revenue wins.

Our new state of the art hybrid bottling line is being installed as we speak.

That said, in the last 12 months we have established a new state-of-the-art manufacturing headquarters and implemented a new QMS structure.

Half-year gross profit comparison shows an increase of 627% to £440,507.00K (2021 H1: £61K), as the company continues to invest in the versatile brand house and the wider business functions.

The long-term market trends continue to support the growth of our brands and the wider soft drinks category.

We are perfectly positioned to leverage these market insights within our business and deliver through our brand-house.



CONTINUE TO REASSURE CONSUMERS

about sugar content but also reduce their dependence on artificial sweeteners while finding solutions that are seen as better for gut health.



SHOW COMMITTEMENT TO SUSTAINABILITY

beyond packaging for example using sweeteners that fit with their overall sustainability commitments.



USE DIRECT-TO-CONSUMER (D2C)

to forge deeper consumer connections.





MANUFACTURING EXCELLENCE

Little over 12 months ago we initiated our strategical manufacturing growth plan, with a focus on capabilities, pivoting the business during very difficult and turbulent times. Today, we are now seeing some true benefits from both the financial and time investments made.

The installation of our new hybrid bottling line has started and pre-awarded contracts with M&S and Lidl will commence manufacturing immediately, thus taking the business profitable.

I am also delighted to announce that in May 2022, Happy Drinks was awarded the highest standard of AA in our first BRCGS audit. This was an outstanding result for the entire team and a real game-changing moment for the business. Similar to our fantastic achievements with BRCGS we have also been awarded 'Good' from our M&S audit and an outstanding 99% in our Lidl audit.

These fantastic achievements have instantly seen the business rewarded with new revenue from both of our major retail partners.

M&S

We are delighted to share that we have been awarded the following contracts:



M&S TOTAL BUSINESS 2023 - £30M

M&S SALES (H1) £950,901 | M&S SALES YTD £1.164,991

LIDL

We have been awarded the following contracts:



LIDL TOTAL BUSINESS 2023 - £12M

LIDL SALES (H1) £795,917 | LIDL SALES YTD £1,174,208



EDEN BAY

The unsung hero of the business Eden Bay is growing from strength to strength. Recently being awarded nationwide listings with ASDA and Iceland Food Warehouse. We will continue to negotiate with the leading UK retailers and maximise distribution opportunities for Eden Bay.

As we are presented with cost-of-living increases, we are seeing the demand for Eden Bay grow. This allows us to gain more shelf space and build stronger more developed relationships with the retailers and consumers.

Eden Bay is now the 3rd biggest mixer in retail sales for the UK and Ireland, behind the market leaders Fever Tree and Schweppes. This is an incredible achievement for the brand.

H2

The second half of the year is already shaping into a truly exciting time. We will be launching the revamped Skinny brand which now consists of tonics and mixers (without quinine) offering a phenomenal choice for all.

We will also be launching Happy Soda in partnership with Smiley - Happy Soda x Smiley. This product will truly revolutionise the Soft Drinks market.

The long-awaited launch of the world's healthiest children's drink DRNI emoji will soon follow as we commission the installation of the new bottling line.





THE BOARD

This year, the Board is delighted to welcome Andrew, Paul, Debbie, and Nick to the newly formed advisory board.

The Board continues to be impressed by how the team has remained focused on the longer-term opportunities whilst successfully navigating short-term obstacles.

The Board has also recognised the progress we have made to create a clear framework for our sustainability initiatives, which have always been a key part of how the business operates.

On behalf of myself and the Board, I extend my thanks to all of our people who have built the company into what it is today, and to all of our shareholders for your continued support.

KEY DRIVERS FOR OUR
CONTINUOUS SUCCESS

We're the next generation of soft drinks delivering sustainable future growth and a positive social impact.



PASSION, PEOPLE, PLANET

**OUR BUSINESS APPROACH
IN ACTION**

Happy Drinks is a purpose-driven organisation with a clear vision and set of values. Our purpose, vision, and values sit at the heart of our business driving us to achieve our strategic ambitions.

Our passion comes from the passion of our people keeping us constantly in motion seizing opportunities to innovate and drive us forward.

OUR VALUES

We're all about our values!

We're all about being positive and spreading happiness. Our values influence everything around us which is why they are reflected in everything we do.

They help us build great teams, create amazing products and services and grow incredible relationships with customers, stakeholders, and partners.

Our team loves working with us because they know their work is meaningful, their ideas matter, and they'll always get a chance at career growth!





OUR TEAM

Our success is dependent on the passion of our people. Our people are what drives our business. We're all about unstoppable ambition and the confidence to bring new ideas to the table.

Over the last 12 months we've grown our team in all business areas. We will continue to recruit using our values to attract the right talent.

The best way to develop people and their skills is to give them the opportunities to do so.

Our people are the most important asset of our company, and we want to develop them so they can grow in their careers and give their best, always.

We provide wider employment and personal development opportunities to educate, motivate and inspire in our Happy style!



OUR CULTURE

Our values shape our culture. We work hard to maintain a positive environment that supports our employees in achieving their full potential.

We are creating a culture where our colleagues are bold, daring, and imaginative — who want to lead without fear.

We create a culture of passionate people who want to be around each other, where they feel comfortable sharing ideas and opinions, and where they feel empowered to do what's best for the company, continually passing the team baton.

Whether it's celebrating a small milestone or simply taking time out of your day to appreciate yourself or someone else; we believe in celebrating together as a team. We want to grow as a team and as individuals while nurturing an environment where we can truly thrive!

SUSTAINABILITY IS A CORE PART OF OUR DNA AND WE ARE TAKING PROACTIVE STEPS TO REDUCE OUR ENVIRONMENTAL IMPACT. FROM OUR FULLY RECYCLED AND RECYCLABLE PACKAGING TO OUR E COMMERCE DELIVERY NETWORK WE MAKE CONSCIOUS DECISIONS WHICH ARE BETTER FOR OUR PLANET.

ETHICAL SOURCING

We focus on sourcing and using the highest quality ingredients because we know that working with nature, not against it, helps us achieve our goals.

We engage with suppliers to address challenges and drive positive change through our procurement and quality assurance teams.

We are committed to sourcing the materials we need and all the ingredients of our drinks in a responsible manner.



100%
RECYCLABLE

Our cans are made from 100% infinitely recyclable aluminium, once a can, always a can.



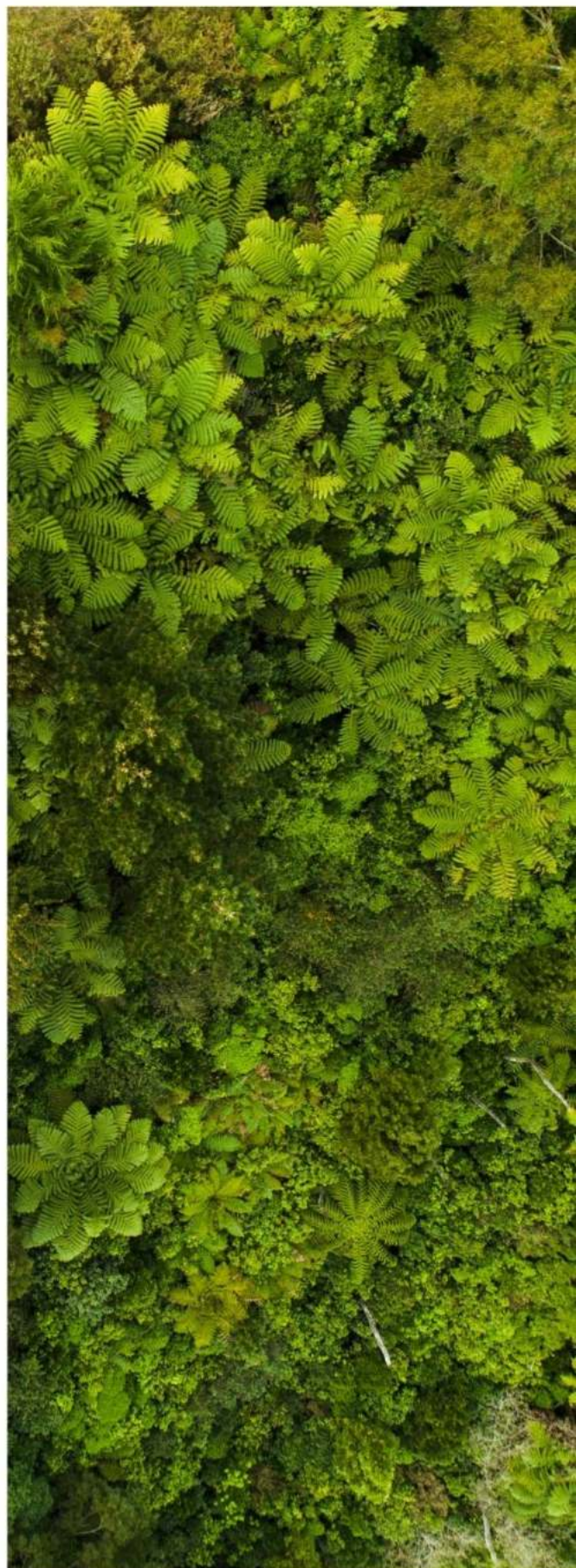
RECYCLED
CARDBOARD

Single use? We don't think so. All our cardboard packaging has been recycled.



SUSTAINABLE
INK

All the ink used within our production is environmentally friendly. Great for cans & boxes.





SOLAR PANELS

The most important thing about solar panel application is that solar energy is a truly renewable source powering our facility on a daily basis.



LOW AIR PERMEABILITY DESIGN

This design and insulated cladding reduces the heat loss, condensation and carbon emissions while improving the environment within the workspace.



ELECTRICAL VEHICLE CHARGING POINTS.

We encourage employees to make sustainable changes in their lives by providing charging points for electrical vehicles.



INNOVATION

**OUR BUSINESS APPROACH
IN ACTION**

WE ARE A BUSINESS THAT WAS BORN OUT OF INNOVATION, AND WE'VE NEVER STOPPED BEING INNOVATIVE. FROM THE VERY BEGINNING, WE HAVE BEEN A COMPANY BASED ON NEW IDEAS AND NEW WAYS OF DOING THINGS.

OUR JOURNEY WITH STEVIA

In the last 4 years, significant investment has been made into our journey using Stevia. In order to deliver a product that delivers on all fronts from taste, mouth-feel, and compatibility.

When we first started using Stevia we were faced with a number of challenges, the main ones being the compatibility with flavours and the bitter aftertaste it produces.

We have tried and tested many derivatives of Stevia with extensive Research and Development resource and we cannot underestimate how far we've come when we look at the phenomenal progress we have made to date.

We're so proud that we're the first brand worldwide to create, with our strategic partners PureCircle™ by Ingredion, a revolutionising extract of Stevia with a true sugar-like DNA.

This is like no other Steviol Glycosides, it can be partnered with all flavours and has no bitter aftertaste.



NOT ONLY IS IT BETTER FOR YOUR HEALTH BUT IT IS ALSO BETTER FOR THE PLANET.



80%

less land



99.7%

less fuel



UP TO 82%

less CO2



92%

lower water
footprint



WE WILL CONTINUE TO LEAD THE MARCH IN PLANT SOFT DRINKS AND CREATE PRODUCTS THAT WILL MAKE DRINKING EXPERIENCES MORE EXCITING THAN YOU EVER THOUGHT POSSIBLE.

NEW PRODUCT DEVELOPMENT

We have a proven track record for Innovation both for our internal brand house and our external partners.

Our high-tech Research and Development facility and agile manufacturing plant allows us to execute new products from concept to shelf in just 6 weeks.

D2C PLATFORM

We leverage our Direct-to-Consumer platform as a way to continuously test and learn enabling us to collect consumer feedback and identify ways to make improvements.

We're not afraid to try something new or different—we want to see what works best for our customers and consumers, what keeps them coming back again and again, what makes them feel like they're part of something amazing.



PHENOMENAL SUCCESS WITH NEW PRODUCT DEVELOPMENT

A significant achievement within our NPD process is how we have redesigned Marks and Spencers entire soft drinks category removing all artificial sweeteners making them compliant with HFSS and the sugar tax levy using only natural ingredients.

We have redeveloped over 100 product lines for their range rationalisation and we are absolutely delighted that our signature line plant sweetened soda is now the number one best selling carbonated flavoured water in a can.

It's absolutely incredible, and really provides us with solid foundations how consumers have and are readily accepting plant drinks.



IN HOUSE MANUFACTURING

**OUR BUSINESS APPROACH
IN ACTION**

WE HAVE A UNIQUE OFFERING DELIVERING VALUE BEYOND EXPECTATIONS. OUR NEW 45,000 SQ FT SITE IS HOME TO OUR STATE-OF-THE-ART KRONES CANNING LINE AND MILKRON PROCESSING PLANT.

ALL MANUFACTURING IS DONE ONSITE WHICH MEANS WE CONTROL EVERY ASPECT OF THE PROCESS.



OUR EXPERTISEE

Our business prides itself on providing the best quality products.

Our teams are trained to deliver the best levels of hygiene, safety & expertise and we continually invest in our production facilities to ensure that they have efficient, high-quality machinery which can produce to the best quality and standards.

CANNING AND BOTTLING CAPABILITIES

Second half of 2022 we will see Happy Drinks scaling its manufacturing capabilities as we expand our manufacturing facilities by introducing a high-tech hybrid bottling line.

Our full manufacturing capability will allow us to produce aluminium, glass and rPET bottles along with cans ranging from 150ml to 1 litre.

OUR MANUFACTURING IS CHARACTERISED BY:



FLEXIBILITY

We deliver customised solutions designed around specific customer requirements including product, packaging, inventory management and shipping.



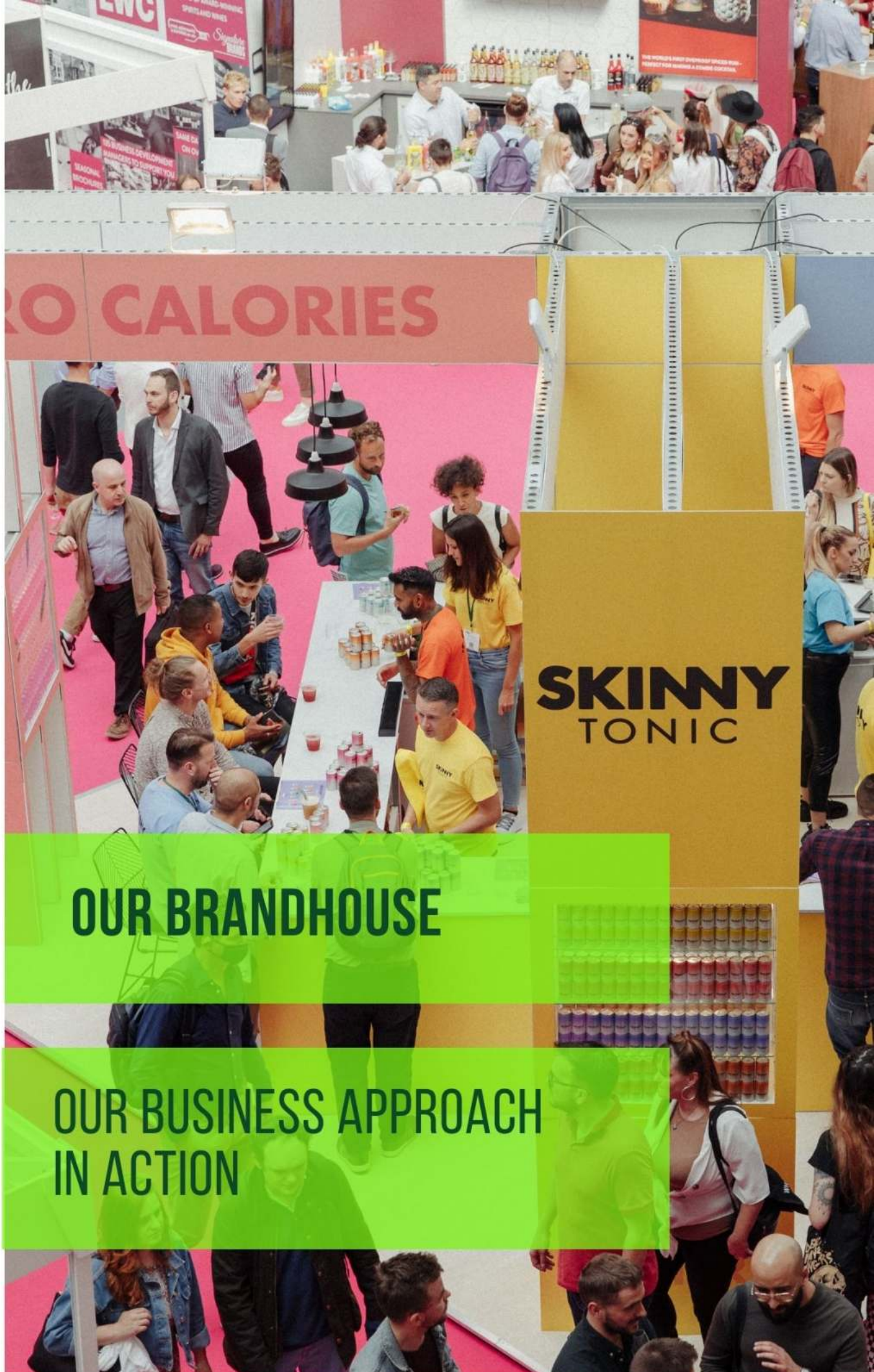
CO-OPERATION

We work closely with our customers to further innovate and improve our supply chain for the benefit of our planet and all involved.



INFORMATION SYSTEM

Our advanced intelligent information systems provide essential visibility across the whole business to increase productivity and future growth.



OUR BRANDHOUSE

**OUR BUSINESS APPROACH
IN ACTION**



OUR BUSINESS APPROACH

HAPPY



SMILEY



>>

OUR BUSINESS APPROACH

MISSION

Encourage
the sharing
of happiness
globally

VISION

Purpose first,
globally
recognised soft
drinks brand





OUR BUSINESS APPROACH



PARTNERSHIP WITH SMILEY

For 50 years Smiley have been a beacon of optimism through difficult times. They've used their voice to inspire change and celebrate the good things in life - and that's something we can all get behind. We reached out to chat about our shared vision & found it was a match made in heaven.

We wanted every aspect of our sodas to make people Happy, so when it came to visuals for our cans, we knew there was one icon for the job. Recognised universally as the symbol for happiness and positivity, The Smiley features on every single one of our cans, reminding you daily to take the time to smile.

CARBONATED SOFT DRINKS MARKET

Happy Soda is perfectly positioned to take advantage of the rising consumer demands for healthier soft drinks and we're ready to deliver. No sugar, no calories, no fake stuff.

38.3%

Carbonated drinks make up for 38.3% of the overall soft drinks market

15.6%

Carbonated drinks market is growing by 15.6% year on year

£8.09bn

Carbonated drinks market is worth £8.09bn in 2022



MARKET OPPORTUNITY



HAPPY SODA VS COMPETITION

**Orange - 250ml serving**

Sweeteners (Acesulfame K, Sucralose), Preservative (Potassium Sorbate)

12g sugar
48cals

**Zero sugar - 250ml serving**

Sweeteners (Acesulfame K, Aspartame), Preservative (Potassium Sorbate)

0g sugar
3cals

**Orange sparkling - 330ml serving**

Sweeteners (Acesulfame K, Aspartame), Preservative (Potassium Sorbate)

15.5g sugar
67 cals

**Happy Soda - 250ml serving**

Carbonated spring water, natural flavourings, sweetener (Steviol Glycosides)

0g sugar
0 cals



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OUR BUSINESS APPROACH

SKINNY



OUR BUSINESS APPROACH

MISSION

Serving inspiration & pioneering change.

VISION

Remove artificial sweeteners, offer flavour without compromise. REAL fun, REAL flavour. REAL choice.

OUR RANGE





OUR BUSINESS APPROACH

#BEINSPIRED

'To be inspired is great, but to inspire is incredible'

We love to be inspired by brands, our customers and the world around us.

We use this to create our unique bold designs and inspire our flavour development - which is why we're so ahead of the curve.

**THE WORLD'S FIRST MIXER WITH ZERO SUGAR,
ZERO CALORIES AND NOTHING ARTIFICIAL.**



66.5%

Low/no calorie carbonated drinks grew their share of category sales by 1.7% in 2021, now equating to 66.5% of the total CSD market.

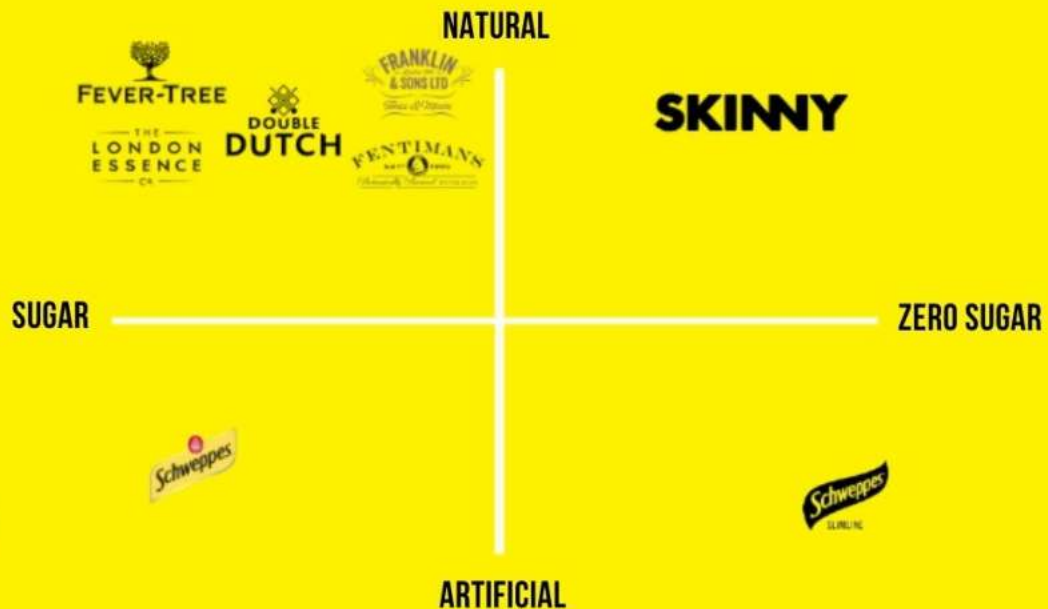
70%

Over 70% of consumers are making active choices around ingredients, sustainability and health.

£3.8BN

Tonic, mixers and bitters market was worth £3.8bn in 2021.

MARKET OPPORTUNITY



SKINNY VS COMPETITION

**Schweppes Slimline - 150ml**

Carbonated Water, Citric Acid, Acidity Regulator (Sodium Citrate), Natural Flavourings Including Quinine, Sweetener (Aspartame).

0g sugar
3cals

**Fever tree Refreshingly Light - 150ml**

Carbonated Spring Water, Fructose (Fruit Sugar), Acid: Citric Acid, Natural Flavourings including Natural Quinine.

2.9g sugar
15cals

**Schweppes - 150ml**

Carbonated Water, Sugar, Citric Acid, Acidity Regulator (Sodium Gluconate), Flavourings, Preservative (Sodium Benzoate), Stabilisers (Modified Starch, Glycerol Esters of Wood Rosins), Sweeteners (Sodium Saccharin, Sucralose).

7.4g sugar
32 cals

**Fever tree - 150ml**

Carbonated Spring Water, Sugar, Acid: Citric Acid, Natural Flavours including Natural Quinine

8g sugar
36 cals

SKINNY**Skinny Tonic - 150ml serving**

0g sugar
0 cals





OUR BUSINESS APPROACH



MISSION

Keeping kids
healthy, happy,
and hydrated!

VISION

Number one drink,
loved by kids and
accessible to all.



OUR BUSINESS APPROACH

Obesity is one of the biggest health crises the UK faces, with 1 in 3 children aged 10-11 years old overweight.

1 IN 3

children aged 2-15 are overweight or obese

1500

children in the UK are living with Type 2 diabetes induced by obesity caused through excess sugar consumption

23KG

of sugar is consumed every year by an average child

To cheat the system manufacturers have reformulated their products to reduce or remove sugar content...

...but have ramped up their use of artificial sweeteners like aspartame, acesulfame k which have severe health risk associations.

A raft of measures have been initiated as part of the governments obesity strategy which include the introduction of the sugar tax levy and HFSS, but can we let you into a little secret?

OUR BUSINESS APPROACH

MARKET OPPORUNITY



DRNK EMOJI VS COMPETITION



No added sugar - Acesulfame K, Sucralose, Preservatives, Xanthan Gum

2.4g sugar



No added sugar, fruit juice from concentrate, Sweetener (Steviol Glycosides)

3.2g sugar



No artificial colours, No artificial flavours, sugar, Acesulfame K, Sucralose

11.5g sugar



Spring water, natural flavourings and plant-based sweetener (Steviol Glycosides)

0g sugar

**NO SUGAR
NO NASTIES!**



*Majority based on Apple & blackcurrant kids drink per serve (various brands) Reminder: the recommended daily sugar intake for a child aged 5 is 19g

OUR BUSINESS APPROACH

PARTNERSHIP WITH EMOJI

DRNK Emoji is a truly unique and exclusive brand collaboration!



3RD MOST
INFLUENTIAL BRAND
(POWER LIST)



UNIVERSAL APPEAL:
BRINGING
CREATIVITY TO LIFE



ICONIC BRAND AWARENESS
MORE THAN 6 BILLION ICONS
ARE USED BY MANKIND



THE POWER TO
COMMUNICATE
25,000 ICONS



OUR BUSINESS APPROACH



EDEN BAY

← TONIC^{CO} →





OUR BUSINESS APPROACH

WE TRULY BELIEVE IN MAKING HIGH-QUALITY PRODUCTS AFFORDABLE AND ACCESSIBLE TO EVERYONE.

Consumers are our priority and this is really reflected in our long-lasting market position!

3RD

Eden Bay is the 3rd biggest tonic water brand in the UK and Ireland.

300%

Increase in distribution over the last 12 months.

1.3s

Eden Bay can is sold every 1.3 seconds!

Our Premium Tonic Water is made with Natural Quinine, Staffordshire spring water and the finest ingredients.



WHAT DOES THIS MEAN FOR OUR STAKEHOLDERS?

We're committed to doing business in a way that is beneficial to all our stakeholders.



HAPPY SUPPLIERS

As our business grows, so does the demand for our suppliers' products and services.

We believe that this growth is a critical part of our evolution as a company.



HAPPY PEOPLE

Providing employment and personal development opportunities aligned with our strong company values.



HAPPY CUSTOMERS

At Happy Drinks Co, we believe in working with our customers, not for them. We don't see ourselves as a filler who is just selling manufacturing — we see ourselves as partners.



HAPPY CONSUMERS

We have the perfect mix of drinks to serve our wide and diverse consumer base.

From avid tonic drinkers to kids who want the latest trend we have a brand suited for them.



HAPPY INVESTORS

Our investors are crucial to the success of this business.

They make the past, present and future possible. Believing in what we do and being behind us every step of the way.



FUTURE PLANS

OUR TRAINING ACADEMY

The Happy Academy is a product of the long-term strategic plan to invest in the people who are the heartbeat of our business. An internal centre of excellence to drive our mission.

A progressive, forward-thinking approach to scout and recruit local young talent to develop their capabilities and career prospects. Individual training and coaching plans will be offered to realise the potential and ambitions of every team at every level.



DON'T JUST EXPECT A CLASSROOM AND TEXTBOOKS, WE TEACH AS WE DO!

We have identified any future skill gaps and market challenges across the business which has driven the targeted Academy content with real purpose.

The Happy Drinks DNA runs through the Academy in the style, content and delivery touching every area of the business, continuing the development and input from all.

We recognise people's development along the way. Creating and retaining a skilled, hungry and passionate winning team, loyal to the Happy culture and our mission.

WHY HAPPY? WELL...



Progressive culture with learning and sharing at all levels as the norm.



Happy Training Team dedicated to delivering our own content.



Supported by validating partners for professional qualifications.



Egoless and collaborative in our approach. We can always learn something from each other.



Valued stakeholder in local community.



The employer of choice and place to realise your full potential and career aspirations.

HAPPY
ACADEMY



OUR B-CORP JOURNEY

For those who are unaware B Corp is short for B Corporation, and certified B Corps are for-profit companies that use their business to create a more inclusive and sustainable economy.

Since the B Corp movement began back in 2015, its mission has been to create a community of businesses that are leaders in the global movement for an inclusive, equitable, and regenerative economy.

Awareness and recognition around B Corp is increasingly growing and it is becoming a daily topic of discussion as a new dawn of priorities and ambitions for UK startups has risen, among them the goal to become more sustainable, inclusive and ethically viable.

There are many reasons why we are starting the B Corp journey. Besides the obvious, we really want to strengthen our commitment to our people and the planet with something tangible.

B Corp is a way to make sure we are holding ourselves fully accountable for every decision we make, from choosing our packaging and ingredients, to how we choose our suppliers and partners.

B Corp Certification will allow us to build credibility, trust, and value especially now, in times of uncertainty, social disruption and climate crisis.

More information on our progress will be provided accordingly.





SALES UPDATE

OUR GLOBAL SALES FOOTPRINT

2022 has seen amazing growth for our international sales and with the introduction of Happy Soda and DRNK Emoji we are excited to see our international presence amplify.



INTERNATIONAL

We have seen growth through our international partners in both Iceland and UAE. Our Icelandic partners, Reykjavik Spirits, have secured listings of Skinny Tonic in 3 of the leading Supermarket chains across the country.

They have recently developed an e-commerce platform to sell directly to consumers and are putting in place a sales team to expand their On Trade presence.

Within UAE Skinny Tonic is listed in the premium retailer Spinneys who operate across the region in partnership with Waitrose. Within these stores Skinny Tonic has a premium position and sits proudly on shelf above Fever Tree tonic.

FUTURE PLANS

Reykjavik Spirits have already agreed to list Happy Soda and distribute through Icelandic retailers and e-commerce from October 2022.

The new Skinny Mixers and Ginger range will also be listed Q4 2022. They will list DRNK emoji in Q1 in 2023.

Spinneys will phase in the revamped Skinny Mixer range in Q4 2022. They are currently looking at Happy Soda in line with their carbonates range review.

We are currently in discussions with distributors in a number of international markets including USA, France, Czech Republic, Netherlands, India, Kuwait, Turkey and Mauritius, to distribute our portfolio in their respective regions.

We are currently in discussions with an Irish distributor to manage our portfolio across both NI and ROI.



RETAILERS

Our contract customers M&S and Lidl have experienced rapid growth with average monthly revenue now c.50% more than prior year. This is due to an increase in visibility in store, product mix and NPD launches with M&S.

Eden Bay within Lidl continues to perform well, and we have launched a 3rd flavour, Mediterranean, alongside the existing Indian and Light Indian variants.

Over the past 6 months we have rolled out Eden Bay across other retailers which has increased our distribution by over 300%. In addition to the 900+ stores with Lidl we are now distributed in 595 Home bargain stores, 686 B&M stores, 154 Iceland Food Warehouse stores, and, after a successful trial through July, from the 16th September 300 Asda stores.

Rate of Sale is strong with Eden Bay light performance in Home Bargain growing by 68% month on month.

Eden Bay is now the fastest growing tonic in retail across the UK and Ireland.

Within Booths we have increased the range of Skinny Tonic SKU's from 5 to 7. This has improved instore visibility and customer awareness leading to sustainable and consistent growth. 2 flavours which have performed particularly well are Ginger and Indian which have seen performances of +133% and +259% respectively in the last period.



E COMMERCE

Our e commerce sales are focused on our own Shopify platforms, Amazon and Ocado. Over the past 12 months this has been focused on Skinny and M&S branded products (Ocado only).

We continue to see month on month growth across these platforms in both sales, new shoppers and subscribers.

Future - Our Happy Soda ecommerce platform will go live on the 14/09/22. Happy Soda will also launch on Amazon on the same day.

The Amazon logo, featuring the word "amazon" in a black, lowercase, sans-serif font, with a curved orange arrow underneath it.The "HAPPY." logo, featuring the word "HAPPY." in a bold, blue, sans-serif font, with a light blue rectangular background behind the text.The Ocado logo, featuring a stylized purple circular icon followed by the word "ocado" in a purple, lowercase, sans-serif font.The "SKINNY" logo, featuring the word "SKINNY" in a bold, black, uppercase, sans-serif font.



OUR SALES FOOTPRINT

FUTURE PLANS

We continue to have productive long term discussions around our branded portfolio across all of the major retailers. Tesco are currently reviewing Skinny and Happy Soda and will review DRNK emoji for their range review Q1 2023.

RETAIL PARTNERS

ASDA, Sainsburys, Ocado and Morrisons would all like to review Skinny, Happy Soda and DRNK emoji for their range reviews in 2023. We will work with food on the move operators and convenience retailers, through cash & carry, for Happy Soda and DRNK emoji over the coming months.

BOOTH'S
FOOD, WINE AND GROCERY

TESCO

ASDA

| HAPPY DRINKS CO





OUR SALES FOOTPRINT



Matthew Clark

THE REAL GREEK
EAT. TOGETHER.

OUT OF HOME

Our product format currently focusses on retailer distribution, this will evolve as we move into Aluminium bottles for Skinny, Happy Soda and DRNK emoji all of which will be appropriate for this channel.

That being said we do have quality distribution of Skinny Tonic in a couple of operators, most notably Real Greek Restaurants where we have fantastic menu visibility.

FUTURE

We have a number of discussions underway across National Restaurant groups, Hotels, Theatre, experiential venues and pub operators for Happy Soda.

We are also in advanced talks with the biggest UK wholesaler to this sector, Matthew Clark, for a listing of Happy Soda and Skinny. This should be finalised alongside a National bar operator listing in Q4 2022.

From a DRNK perspective, we have also engaged food service operators with a view of distribution across schools and visitor attractions.

OUR JOURNEY TO BRCGS



OFFICIALLY AWARDED AA

BRCGS is the Global Standard for Food Safety which sets out the authenticity, legal, safety, and quality obligations for businesses working with food and drink. We're delighted to announce that we've become one of the elite few Awarded AA on our first audit, which is the highest score attainable.

OVERVIEW

To achieve BRCGS certification, producers and manufacturers must undertake a robust assessment process. It can take years for some businesses to achieve AA standard, but we're extremely proud to state we've achieved this phenomenal success in just under 9 months.

The BRCGS sets the benchmark for good manufacturing practice and helps provide assurance to customers that products are safe, legal, and of high quality.

This accreditation creates further opportunities to create with high profile retailers.



Retailer Requirements

Provides confidence that we operate to the highest standards and that the products produced at our site are safe, legal, authentic and of high quality.



Supply Chain

Increases market access in the global supply chain.



Quality

Demonstrates to our customers that we are highly competent at monitoring and continually improving the quality and safety of our products and theirs.



Processes

Streamlines and standardises our processes and promotes confidence in our operational staff.



Operational

Allows us to achieve operational efficiencies – such as less waste.



Brand protection

Provides us with a Consumer Product Certification.



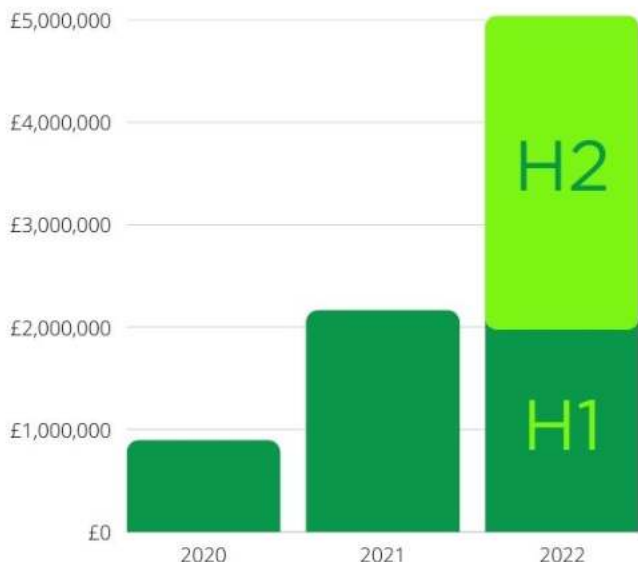


FINANCIAL REVIEW



FINANCIAL PERFORMANCE

REVENUE



TOTAL REVENUE 2022

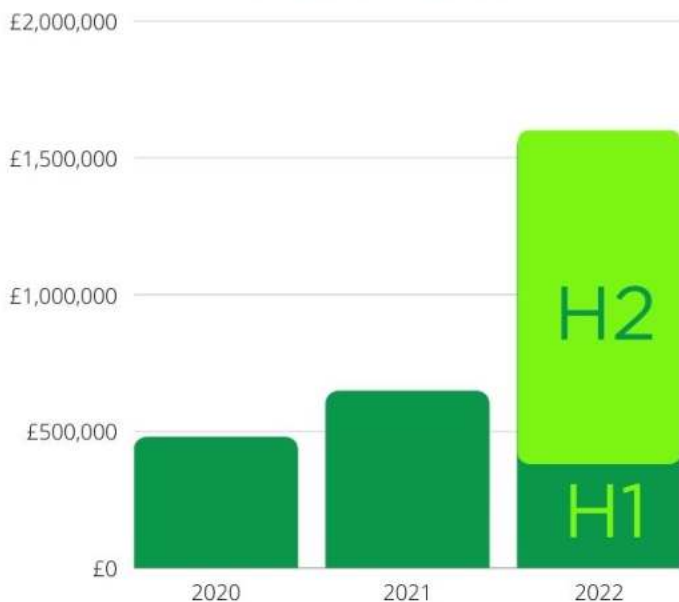
£4,978,827

- 2022 (H1): £2,045,504
- 2022 (H2): £2,854,496 (July actual revenue £270,000; August actual revenue £430,000)
- 2021: £2,161,591
- 2020: £892,281

YOY increase in Revenue driven by strong growth in contract manufacturing for 2 major UK retailers.

H1 2022 has seen revenues (£2m) almost surpass full year 2021 numbers (£2.1m). Significant investment into a new canning line during 2021 has allowed Happy Drinks Co to secure large contracts with major retailers producing own branded tonic waters and sparkling soft drinks.

GROSS PROFIT



TOTAL GROSS PROFIT 2022

£1,585,787

- 2022 (H1): £440,507
- 2022 (H2): £1,145,280
- 2021: £646,845
- 2020: £479,189

Minimum order quantities have allowed us to cut back on delivery costs and had a positive impact on GP. There is also a positive impact for the planet.

GP % margin across H1 2022 was 22%, this is due to mix largely impacted by both Eden Bay and M&S tonic which are focused on volume. As we enter H2 2022 our mix and therefore %GP will improve, driven by M&S plant-based sodas, with a higher rate of sale, along with our own brands, Skinny and Happy Soda, which have an average GP c.50%



COVID-19

DESCRIPTION OF THE RISK

The biggest impact across the past 3 years has been Covid. The impact on OOH is well published and saw the complete closure of out of home businesses across the country and internationally.

There was a shift into more convenience shopping with shoppers preferring to stay closer to home which was seen in improved performances across cash & carry businesses along with Coop, spar, etc. convenience retail has retained some of this growth but the majority has moved back to larger retail stores.

Take home, retail, business benefitted from the shut downs and within the alcohol and tonic markets the majority of out of home sales were transferred to an uplift in retail sales. Other soft drinks did see a decline due to loss of 'food on the move'.

ACTIONS TO MITIGATE

Happy Drinks are well positioned given that retail and ecommerce are the current key drivers of growth across the business.

SUPPLY CHAIN

DESCRIPTION OF THE RISK

Inflationary pressure on both raw material cost and to consumer disposable income, access to ingredients and raw materials due to ongoing war in Ukraine, access to quality labour market and Brexit implications.

ACTIONS TO MITIGATE

We have a range of products which cater for different consumer and socio-economic groups, Lidl to M&S, this allows us to flex between the different needs of the consumer market.

Volumes of the contract manufacturing give us greater buying power and access to rebates which we can then use to maintain pricing. We are sourcing ingredients further in advance to ensure consistent supply.

We have secured contracted supply of cans, RPET and Glass. We have increased our hourly rate of pay for operators to attract key workforce. we are then training and incentivising to ensure retention.



MARKET DYNAMICS

DESCRIPTION OF THE RISK

Across the total market we are starting to see a return to normality post pandemic with Out of Home improving and Retail settling back to pre pandemic levels although the mix of sales across the market is starting to shift from mainstream retail to discount and premium retailers.

The out of home market lost nearly £115 billion in sales between March 2020 and the end of 2021, but from the start of 2022 we are now seeing a recovery of the out of home market with performances vs. 2019, pre pandemic months, at +3%. This is perfect timing as we launch our out of home SKU's in Skinny, Happy and DRNK.

Take-home grocery figures show that supermarket sales rose by 0.1% in the 12 weeks to 10 July 2022. This is the first time the market has registered growth since April 2021, which is also at an elevated position vs. pre pandemic levels.

Grocery prices continue to soar to near record-breaking heights and have jumped by another 1.6 percentage points (July 22) since last month. This is the second highest level of grocery inflation since 2008 and we're likely to surpass the previous high come August. With grocery price inflation at almost 10%, people are now facing a £454 increase to their annual grocery bills.

ACTIONS TO MITIGATE

Despite the challenges facing the sector, the future is still exciting.

New technologies are paving the way for a more immersive online experience, new consumer behaviour is driving both product and business model innovation, and the world's biggest brands are putting aside local competitive pressures to tackle the biggest issues facing our society and planet.

The retail industry has always been resilient to the harshest of challenges and we have little doubt that businesses can emerge stronger.



A photograph of a business meeting. In the foreground, a person's hand holds a silver pen over a document. Another person's hand points at a line graph on a tablet. The background shows a laptop screen with a bar chart and a white coffee cup. The word 'GOVERNANCE' is overlaid in a green box.

GOVERNANCE

BOARD OF DIRECTORS

Our main Board of Directors monitors business performance and ensures the development of a governance framework that enables sustainable growth of the company on behalf of the shareholders of the business.

Whilst remaining sensitive to the pressures of short-term issues we also take into account and determine the longer-term vision and mission.



IAN MINTON
CEO



STEVE WILKINSON
INTERIM
CHAIRMAN



PETER FAWCETT
COMMERCIAL
DIRECTOR



KAVITA HEALY
CORPORATE
RELATIONS
DIRECTOR



NINA HEYES
MARKETING
DIRECTOR



GRAHAM SARATH
STRATEGIC
DEVELOPMENT
DIRECTOR



JON PUGSLEY
FINANCE
DIRECTOR



GINO PALMERI
NON-
EXECUTIVE
DIRECTOR



JAMES CURTIS
NON-
EXECUTIVE
DIRECTOR

ADVISORY BOARD

The advisory board is in place to provide strategic advice and offer assistance to the main board of Directors and Senior Management.

We draw on their considerable experience, knowledge, and expertise when considering the direction of the business.

They offer innovative advice whilst providing unbiased insights and ideas from a third-party point of view.

The role of our advisory board is not to make decisions, but rather to provide critical thinking, stimulate robust conversations and analysis to increase the confidence in the decision-making process of the main board.



DEBORAH JEVANS



ANDREW MARSDEN



PAUL E. BEAVIS



NICK DONALDSON



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