

ACQUISITION OF BOOST DRINKS HOLDINGS LIMITED

December 2022

AG Barr
BUILDING GREAT BRANDS



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Our M&A strategy

Ambitious and value-driven



Significant financial resources available

Continued ambition to grow through M&A, alongside organic growth

M&A target characteristics

FMCG
Branded

Beverage-
focused

Bolt-on

UK bias

M&A drivers

Significant
growth potential

Synergies

Operational
leverage



Shareholder value-focused M&A screening and execution process



Strategy in action



Acquisition

Acquisition

Acquisition

Equity
Investment

Acquisition

2006

2008

2015

2021

2022

Strong growth ambition with a particular focus on developing within high growth and functional categories

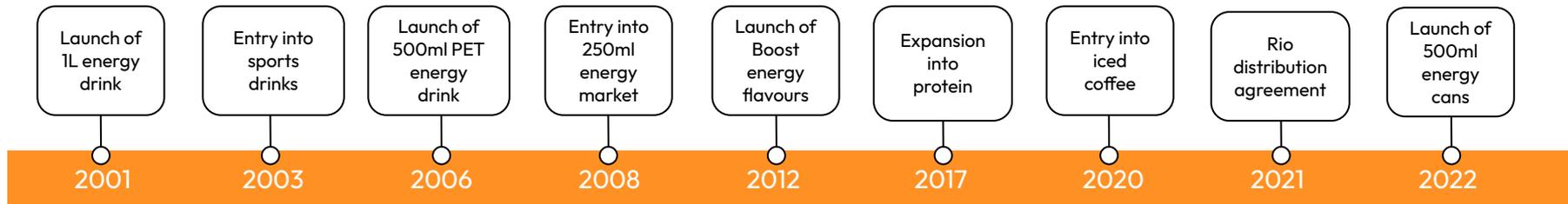
Deal overview

Acquisition of Boost Drinks Holdings Limited (Boost) by AG Barr plc

- The Boost brand, founded in 2001, primarily operates in the high growth functional beverage category spanning energy, sport, iced coffee and protein, with a strong market position in the UK independent retail channel
- Significant potential for further growth and development of the portfolio working in partnership with the A.G. BARR Group
- Experienced management team, led by Boost founder Simon Gray, will continue to lead the business, operating within the A.G. BARR Group as a standalone supported business unit
- Initial consideration of £20m, paid on completion on a cash free debt free basis
- Additional consideration of up to £12m, dependent on future performance of the Boost business over a two year period from completion
- EPS accretive in the first full year and funded by A.G. BARR cash reserves
- The enlarged Group will be able to leverage significant acquisition benefits

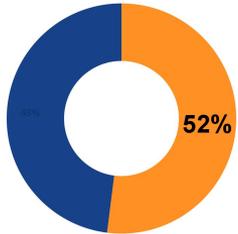
Boost - Basics

- Founded in Yorkshire in 2001 by Simon Gray - headquartered in Leeds
- A portfolio of attractive brands operating in high growth and functional categories spanning energy, sport, iced coffee and protein
- Strong market position in the UK independent retail channel
- Sales predominantly focused in England (75%) - strong business in Ireland
- Exclusive sales and distribution partnership with the fruit drinks brand Rio
- Asset-light - outsourced production, warehousing and logistics
- Experienced management team leading total team of 35

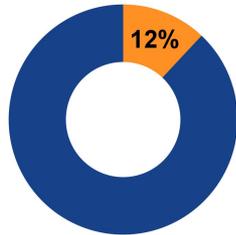


Boost - Brands

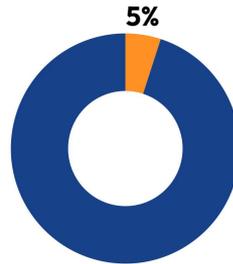
Energy



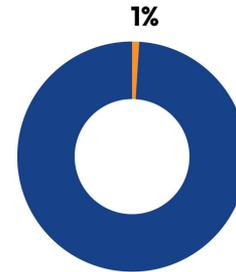
Sport



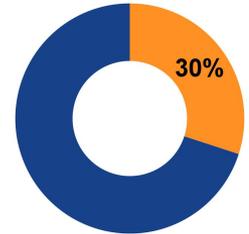
Iced coffee



Protein

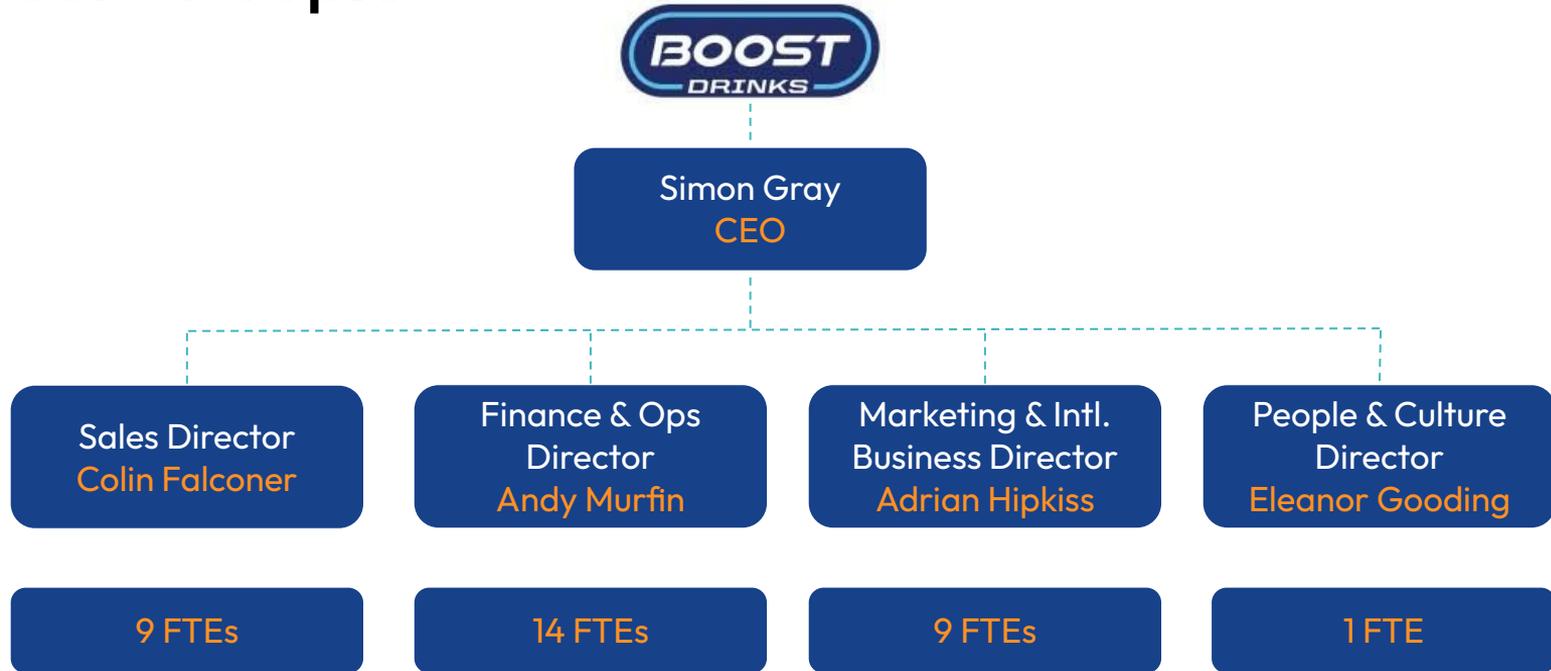


Rio



Percentage of FY21A gross sales

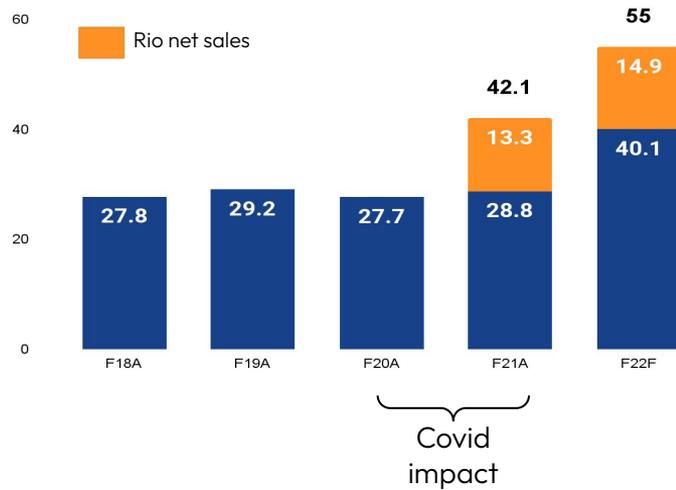
Boost - People



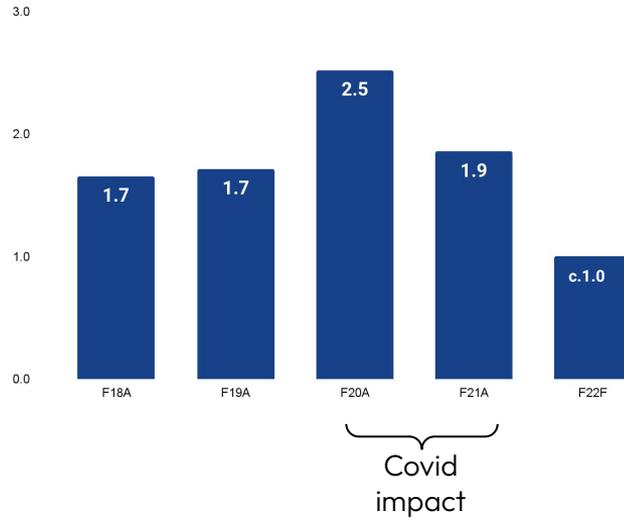
Operating as a founder-led business with an experienced management team

Boost - Financials

Net sales (£m)



Reported PBT (£m)



Strategic rationale

- Acquisition aligned with M&A strategy
- Transaction structure - earn-out linked to two year revenue and profitability performance
- The enlarged Group will be able to leverage significant acquisition benefits including
 - expertise in innovation and new product development
 - access to channel development opportunities and new routes to market
 - operational infrastructure

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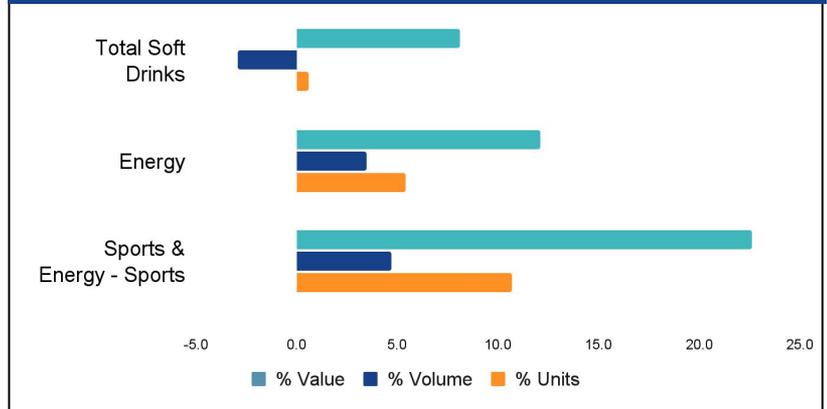
M&A drivers

Significant
growth potential

Synergies

Operational
leverage

High growth energy & sports sub categories



AG Barr financial impact

- AG Barr acquires 100% of Boost Drinks Holdings Limited share capital at completion for initial consideration of £20m on a cash free debt free basis
- Boost will operate as a standalone business unit during a two year earn-out period with an additional consideration of up to £12m, dependent on future performance of the Boost business
- **Financial consolidation :**
 - Boost revenue recognised within 'Soft Drinks' segmental reporting
 - Initial payment accounted for as capital consideration
 - Earn-out will be charged through P&L and reported as an adjustment to statutory profit
- **Current year financial impact :**
 - Minimal profit impact to AG Barr Group's 2022/23 financial performance
 - Boost full year 2022 revenue estimated to be c.£55m with full year PBT forecast of c.£1m
- **2023 :**
 - Growth in volume and value expected - revenue estimated at £65+m
 - Boost expected to deliver PBT benefit to the Group of c.£1-2m
 - Overall Group operating margin will be diluted in the short term
- **Post earn-out period :** Group operating margin recovery



Summary

- Today's announcement is further evidence of our strategy to grow the business, with a particular focus on developing within high growth and functional categories
- Boost is one of the UK's most recognisable functional drinks brands, and we are delighted to welcome the team into the A.G. BARR Group
- The Boost portfolio offers premium taste and performance at a competitive price, with a strong market position in the UK independent retail channel
- We look forward to working with Simon and the team to ensure Boost continues to grow and develop under our ownership

