Full Year Results

EAST IMPERIAL PLC

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East Imperial PLC

("East Imperial" or the "Company" or the "Group")

EAST IMPERIAL AUDITED FULL-YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

East Imperial, the global purveyor of ultra-premium beverages, today announces audited full-year results for the year ended 2021 and a strong start to 2022 in line with the Company's expansion plans.

Summary

- Admission to trading on the London Stock Exchange on 19 July 2021, raising £3m to fund the expansion of the Company and capitalise on the increasing demand across the ultra-premium beverage market.
- Sales up 62% over the year to £2.8 million driven by the lifting of Covid-19 restrictions in the second half of 2021 across key markets as well as growth in off-trade and Direct to Consumer (DTC).
- Strong balance sheet and cash to fund further expansion through 2022. Net cash of £0.3 million as of 31 December 2021 and £2.2 million as of 31 March 2022 following £3.4m placing in January 2022.

Strategic Highlights

- Significant new distribution agreements signed including SUTL Group in Singapore and the wider Indochina region, Leung Yick in Hong Kong and Republic National Distribution Company (RNDC) in the US (signed post period end).
- New supply agreements reached across Australia and New Zealand including 245 Dan Murphy's stores, one of Australia's largest and most-respected alcoholic beverage retailers, Woolworths New Zealand and Foodstuffs, New Zealand's largest supermarket chain.
- Successful new product launches including a popular can format as well as the release of Coffee and Tonic, the Company's first entry into the rapidly growing cold brew coffee market.
- Further progress attracting top industry talent including the appointment of a new Head of Sales in the US.

£m	***2021***	***2020***	***Change***
Revenue	*2.79*	*1.72*	*62%*
Gross Profit	*0.53*	*0.48*	*11%*
Operating Profit/(loss)	*(2.2)*	*(1.0)*	*(121%)*
Net Cash	*0.27*	*0.24*	*12%*

Net Cash	*0.27*	*0.24*	*12%*

Tony Burt, Founder and CEO, said:

"I'm delighted with the progress that we made last year and in particular the popularity of our premium product range among existing and new customers.

"Clearly the pandemic created some exceptional challenges with much of the on-trade market still shut for large parts of last year. However, we experienced strong growth in the off-trade market, benefitting from a number of new supply agreements with major retailers, and as the on-trade market began to open up, we've been very encouraged by the level of sales.

"We raised a further £3.4m at the start of this year to increase the pace of expansion, particularly in the US where we see the fastest growth opportunity. Our recent distribution agreement with RNDC, a major US distributor, was a huge step forward in our US strategy and we're excited about the opportunity to make a step-change in sales as a result.

"We have been encouraged by trading so far this year and the progress we are making against our strategy. Like every company in our industry, we are having to manage supply chain headwinds which are impacting costs. However, we do expect to mitigate this impact through greater operational efficiency this year.

"Today, the demand for 'premiumisation' by consumers continues unabated and underpins our strategy and the long-term opportunity for East Imperial. I am confident we have the platform, the team and the resources to become the most admired premium band of mixers and create a highly valued company for our shareholders."

For more information on East Imperial, please visit https://investors.eastimperial.com/

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Chairman's Statement

I am pleased to present the first financial results for the East Imperial Group as a listed company.

The Company's performance in 2021 was pleasing as we saw significant growth demonstrating its recovery from the COVID impacted 2021 year, reporting revenues of £2.8m up by 62%. Revenue improvement has come as a result of widening our channel extension strategy in New Zealand and seeing the Company extend its presence in retail. We have also seen our key customers in the US market return to more normalised trading patterns, which is encouraging. This in combination with the recent signing of a national distribution agreement with the Republic National Distributing Company (RNDC) highlights the importance of this market for us as part of our growth in 2022.

2021 was a transformational year for the Company as it listed on the London Stock Exchange and put in place the foundations for growth. The executive management has had to face some unprecedented headwinds due to the ongoing challenges and the effects of a global pandemic on both the demand and supply sides. But Tony Burt and the team have adapted brilliantly which is a testament to the strong culture of flexibility and innovation he has created and leads.

In January 2022 the Group raised £3.4m via a placement of new shares, largely to existing shareholders and we thank them for their ongoing support of the business, our people and our strategy. The funds raised will be used to cover the Group's working capital and general corporate needs as well as to finance ongoing growth initiatives.

The Board went through some changes at the end of 2021. I joined as Chairman and Colin Henry as independent Non-Executive Director. We are both excited about the opportunity ahead of us and are happy to report that we have joined a highly effective board with executive directors who hold the capabilities to ensure this business achieves its ambitions.

The Board is encouraged by a good start to the year and expects to make continued progress in the delivery of its growth strategies. The long-term growth drivers and in particular the premiumisation of the drinking experience globally remain strong. This sits positively with our vision of providing our end customers with exceptional drinking experiences.

Alistair McGeorge

Non-Executive Chairman

CEO Review

2021 was a transformative year for East Imperial in so many ways; it was the second year of managing our sales and operations through a global pandemic and with it the well-publicised travel and industry restrictions.

The Company successfully listed on the London Stock Exchange on the 19th of July 2021. At the same time, we raised £3m to fund the expansion of the Company and capitalise on the increasing demand across the premium beverage market.

With funding secured we had five clear months left in 2021 to make up the year and execute our plans; new products, new distribution, new people, and ways of working in a PLC environment. Of course, this has become more challenging with the backdrop of global supply chain challenges that all importers and exporters continue to experience, leading to delays and inflationary cost pressures.

Adding to this, 2021 was another year of disruption caused by COVID. Historically, our key markets have been New Zealand, Singapore, Hong Kong, China and the US, and our growth can be widely attributed to our focus and success in the luxury, quality, and high-end on-premise channel. COVID clearly disrupted our original plans for 2020 and this rolled into 2021. It meant we re-prioritised some of our key projects to adapt to new consumer behavior and opportunities, such as eCommerce, and off-premise activities. We made a number of key hires to reflect the shifting priorities of the business adding a Global Head of Supply Chain and a Global Head of Digital.

Our approach through the disruption has been to quickly adapt, and this informed our strategy for a more multi-channel approach across all regions we operate in. That said, I was pleased to see 2021 as a strong year of recovery for East Imperial. Sales were up 65% YoY in 2021, highlighting the Group's resilience and our ability to navigate the challenges presented to us and the scale of the opportunity ahead of us.

Strategic Highlights

- The Asia Pacific region is the cornerstone of the East Imperial brand story. We are a fiercely proud Asian Pacific brand, and it remains a tremendous asset for us globally. Through 2021. China, Singapore and Hong Kong sales have all continued to be affected, with our distributor partner challenged in adapting their own business model. This resulted in the appointment of our new distribution partner in Singapore and the wider Indochina region, SUTL Group. Also, the appointment of Leung Yick as our new distribution partner for Hong Kong. These are both important appointments for the Company and align with our strategy as we continue to go wider and deeper in the region.

- In August 2021, we achieved a significant step forward as we looked to accelerate our retail offering, a core element of our growth strategy. It was pleasing to announce a series of significant new supply agreements across Australia and New Zealand. Firstly, 245 Dan Murphy's stores, one of Australia's largest and most-respected alcoholic beverage retailers as well as an agreement with Woolworths New Zealand, where we have our range in Countdown stores across 110 locations in New Zealand. In a separate agreement, Foodstuffs, New Zealand's largest supermarket chain, also agreed to stock East Imperial's beverages in all of its New World supermarkets across New Zealand's South Island, in addition to the outlets already supplied on the North Island. Both these agreements provided a step-change in East Imperial's off-trade offering and took the total number of retailers supplied across the region to over 1,000 outlets.

- In the US, a number of notable luxury on-trade accounts started reopening their doors back in June 2021, albeit with tighter restrictions meaning depletions were naturally lower than normal. Sales improved in the second half of the year as restrictions eased and consumer confidence returned. It was pleasing to see depletions in the key cities of Los Angeles and Miami return and exceed pre-COIVD levels in Q4, in doing so providing positive momentum into 2022.
With funding secured in July 2021, the Company hired the Head of Sales for the US, Mark Zonghetti, who officially started in November 2021. Perhaps the biggest and most important development in the US was the recent announcement of a national distribution deal with the US's second-largest distributor, Republic National Distribution Company (RNDC). This agreement initially provides us with distribution into 11 states and is an exciting first step for us, aligning with our strategic focus for growth in the US, a region we see as a major contributor over the coming years.

- Direct to Consumer (DTC) continues to make a meaningful contribution to overall numbers, with East Imperial stores now present and operational in New Zealand, Australia and the US. Amazon US and Australia both went live in late November 2021.

Operationally, 2021 has seen us continue to refine and develop the relationship with our new New Zealand based bottler whom we started with in December 2020. Together we have introduced our core range, a new format in cans and equipment into their business and we are now one of their top 2 volume customers. In anticipation of the continued global logistics challenges, combined with the strategic importance of the US, we are now working to bring bottling to the US in 2022. This will allow us to control costs more effectively and become more proactive to the demands of this market.

The team have done an incredible job operating in such a challenging environment to successfully bring to the market a number of new products. Leading with the can format is an important prerequisite for our DTC and off-premise strategy. Added to this, Coffee & Tonic has now been successfully canned and launched in the New Zealand and Australian market, with other regions earmarked for Q2 2022. All of which reaffirm East Imperial's reputation as an innovator within the market and the team's ability to deliver under the restraints of the current operational environment.

We enter 2022 with a strong balance sheet and cash to fund further expansion throughout the year.

<u>Sustainability</u>

Ingredient sourcing, manufacturing, packaging and distribution all affect people, communities and environments. Our vision is to build a sustainable global beverage business, delivering ethically manufactured products with a minimal negative impact on the environment.

We are committed to creating products that are as sustainable as possible without compromise. We remain committed to our journey to continue to reduce our greenhouse gas emissions and operational waste through:

- Evaluating all operational decisions against the carbon footprint they create.
- Commitment to produce our products closer to our key markets.
- Optimise distribution networks and utilisation across our operations.

In no way have we arrived at our final destination, but we have already taken a number of positive decisions and steps to protect the environments we operate within. These include:

- We have never, nor do we plan to ever use PET bottles.
- We only use 100% recyclable cans and bottles.
- Reduction in packaging requirements for our direct to consumer orders and deliveries.
- We use no plastic in any of our primary packaging. Our cardboard packaging is 100% recyclable, and we will continue to increase the proportion of recycled material across all our packaging solutions.
- Water conservation and quality are pivotal to the East Imperial brand story and as such we only source our water from springs that are sustainably managed.

<u>People</u>

Our people and our team are our most important assets. We remain committed to attracting and retaining the very best people while ensuring a diverse, sustainable, and high performing workforce.

We are committed to creating the next generation of industry leaders who will in turn support their own communities and help them thrive. As we grow our team, we will also continue to provide them with the following:

- Opportunities for training and career progression.
- Personal development and continuous improvement.
- Financial reward is based upon personal and company performance.
- Help in achieving the ideal work/life balance.

- Always provide them with a safe workplace where everyone is treated with respect.

We actively promote diversity within our team and wholly support equal opportunities in employment. We know that diversity can only be achieved through a team made up of differing backgrounds and perspectives and that this is the prerequisite to creating a more dynamic and inclusive environment.

We are already an incredibly diverse bunch, from our executive team, operational team to our board of directors. We walk the walk and are staunch advocates of diversity that reflect the communities in which we operate.

Strategy and Outlook

Sharing Our Brand With More of the World

COVID and the knock-on effect of extended lockdowns on both the on-premise channel and global supply chains disrupted our original plans for 2021, but the Company and team remained agile in adapting in the face of global headwinds and seeking out new opportunities for growth. It meant we re-prioritised some of our key projects to adapt to new consumer behaviour and opportunities, such as eCommerce, and off-premise activities.

As the overall global premium mixer category continues to grow, so does the placement of our competitor's product in channels traditionally reserved for budget brands. It is this continued shift we are seeing in the market, we believe, that is allowing East Imperial to fill the demand for a more discerning consumer at the upper-end of the market.

The Directors believe that East Imperial's positioning as the ultra-premium choice, combined with a notable shift in consumer consumption and behaviour continues to present the unique opportunity to grow market share in key strategic territories. In the new COVID-19 world it means we will continue to serve our traditional luxury and high-end on-premise accounts as they come back online, whilst pulling forward our plans for a multi-channel approach, including off-premise (specialty food and liquor stores) and direct to consumer, both with a deep digital customer acquisition focus.

Through investing in marketing, collaborations, new products, technology, and people, it is our intent to continue to focus on growing our leadership position in the Asia Pacific, whilst continuing to pursue strong multi-channel growth in the US. We have been encouraged by trading so far this year and the progress we are making against our strategy. Like every company in our industry, we are having to manage supply chain headwinds which are impacting costs. However, we do expect to mitigate this impact through greater operational efficiency this year and are excited for the growth opportunities ahead of us.

Financial Review

The Group's performance in 2021 was pleasing as we saw significant growth demonstrating its recovery from the COVID impacted 2020 reporting revenues of £2.8m up by 62%. Revenue improvement has come as a result of widening our channel extension strategy in New Zealand and seeing the Company extend its presence in retail. This is an important element of de-risking the business from its on-premise channel reliance of the past. We have also seen our key customers in the US market return to more normalised trading patterns, which will become a key element of our 2022 growth.

The 2021 gross margin of 21.4% reflects a drop compared to 29.4% in 2020. Both years reflect the industry-wide challenges of the supply chain through this period. Continued issues with shipping availability, in addition to the escalating costs, meant we had to move and hold additional product in the US market so to ensure supply continuity. This added additional costs due to the elevated warehousing capacity required.

The pressures on margins will be addressed as volume grows and as we move to bottle products closer to key markets in 2022. In anticipation of the continued global logistics challenges, combined with the strategic importance of the US, we are now working to bring bottling to the US in 2022. This will allow us to control costs more effectively and become more proactive to the demands of this market. We remain focused on margin improvement opportunities in the medium term while also focusing on driving significant top-line growth.

Emerging from the impacts of COVID, we have remained focused on the significant opportunity ahead for the Group. We have continued to invest in the brand, our people and our ability to execute on growth. This led to underlying operating expenses increasing by 64.4% to £2.45m (2020: £1.49m). As a percentage of the Group's revenue, this has remained steady at 88% for 2021 compared to 87% for 2020.

People costs increased by 36.3%, while sales and marketing-related expenses increased by 61.2%, both reflecting the investment in growth opportunities. We will continue to invest in the building of our team in 2022, with a particular focus on the building of capability and growth capacity in the US. We remain a lean operating organisation but will invest in people where there are significant growth opportunities.

The Group generated an operating loss before exceptional costs of £2.2m (2020: £1.0m) was in line with expectations reflecting the ongoing investment in growth.

The Group generated an NPAT loss of £5.37m (2020: £0.97m) which included exceptional costs of £3.06m.

Exceptional costs represent one-off costs incurred by the Group in connection with the listing on the London Stock Exchange on 19 July 2021. The amount of £2,536,000 represents the deemed cost of listing in the period, being the excess fair value of the shares deemed to have been issued to acquire Bermele Plc over its net assets acquired.

	2021	**2020**
	£000	**£000**
Listing costs - transaction and advisor fees	520	-
Listing costs - reverse acquisition expense	2,536	-
	3,056	-

Tax

On 31 December 2021 the company had unutilised tax losses of £6,766,000 (31 December 2020: £5,412,000). A deferred tax asset of £1,345,000 (31 December 2020: £1,081,000) has not been recognised due to the uncertainty around the timing of the availability of taxable income to utilise the losses

Cash Position

At the year-end, the Group had cash balances of £266,000 (2020: £244,000) and net current assets of £1,211,000 (2020: net current liabilities £710,000). The company raised a further £3,400,000 as part of a private placement of new share issuance in January 2022, which is to be used to cover working capital, and to finance ongoing growth initiatives.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have carefully assessed the Group's ability to continue trading and have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements and for the foreseeable future.

In the annual report, the Group's activities and an outline of the developments taking place in relation to its products, services and marketplace are considered in the Chief Executive's review. The principal risks and uncertainties and mitigations are included in the strategic report. The Directors have assessed the strategic plan and forecasts prepared for the next three years. An assessment of cash flows for the next three financial years has indicated an expected level of cash generation in combination with the capital raised in January 2022 would be sufficient to allow the Group to fully satisfy its working capital requirements and cover all principal areas of expenditure.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, events or actions, the actual results may ultimately differ from those estimates.
Having assessed the principal risks and the other matters discussed over a three-year period to December 2024, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

Principal Risk

The Group maintains a risk register and monitors risks associated with the business including finance, legal, personnel, and macro and micro environmental factors. Risks are assessed and discussed at the management and Board level on a regular basis, assessing the impact, likelihood and mitigation strategies are carefully considered. East Imperial's principal risks and uncertainties can be found in the annual report.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	2021	2020
	£000	£000
Continuing operations		
Revenue	2,779	1,719
Cost of sales	(2,243)	(1,236)
Gross Profit	**536**	**483**
Administrative Expenses	(2,449)	(1,490)
Exceptional costs	(3,056)	-
Other Operating Income	-	32
Share Based Payments	(248)	-
Operating (loss)	**(5,217)**	**(976)**
Finance income/(expense)	(153)	4
(Loss) before tax	(5,370)	(972)
Income tax	-	-
(Loss) for the year	**(5,370)**	**(972)**
Other Comprehensive Income		
Items that may be subsequently reclassified to profit or loss:		
Foreign exchange differences on consolidation	139	(91)
Total Comprehensive (Loss) for the Year	**(5,231)**	**(1,063)**
Loss attributable to :		
Owners of the company	(5,231)	(1,063)
Earnings per share (EPS)	**Pence**	**Pence**
Basic EPS	(0.0199)	(0.0040)
Diluted EPS	(0.0199)	(0.0040)

Consolidated Statement of Financial Position as at 31 December 2021

As at 31 December 2021

	2021	2020
Assets	**£000**	**£000**
Non - Current Assets		
Intangible assets	2,228	2,256
Property, Plant and Equipment	45	35
Right of Use Assets	62	-
Total Non-Current Assets	**2,335**	**2,291**
Current Assets		
Cash and Cash Equivalents	266	245
Trade and Other Receivables	566	412
Inventories	1,849	596
Total Current Assets	**2,681**	**1,253**
Total Assets	**5,016**	**3,544**
Current Liabilities		
Trade and Other Payables	1,535	2,114
Lease Liability	37	-
Total Current Liabilities	**1,572**	**2,114**
Net Current Assets/(Liabilities)	1,109	(861)

Non-Current Liabilities		
Lease liability	24	-
Total Non-Current Liabilities	**24**	**-**
Net Assets	**3,420**	**1,430**
Equity attributable to owners of the parent		
Share Capital	3,057	222
Share premium	4,033	1,098
Share option reserve	248	-
Reverse acquisition reserve	5,040	3,837
Foreign exchange reserve	48	(91)
Retained Earnings / (Losses)	(9,006)	(3,636)
Total Equity	**3,420**	**1,430**

Consolidated Statement of Cash Flows for the Year Ended 31 December 2021

For the year ended 31 December 2021

	2021	2020
	£000	£000
Cashflows from operating activities		
(Loss) for the year	(5,370)	(972)
Adjusted for:		
Depreciation, amortisation and impairments	55	34
Deemed cost of listing in reverse acquisition	2,536	-
Share based payments	248	-
	(2,531)	(938)
Decrease/(increase) in trade and other receivables	154	703
Increase/(decrease) in trade and other payables	491	159
(Increase)/decrease in inventories	(1,253)	(151)
Cashflows from operations	**(3,139)**	**(227)**
Cashflows from investing activities		
Acquisition of property, plant and equipment	(19)	(16)
Net cash flows from investing activities	**(19)**	**(16)**
Cashflows from financing activities		
Lease payments	(38)	-
Proceeds from issue of ordinary shares	3,082	-
Net cashflows from financing activities	**3,044**	**-**
Net increase/(decrease) in cash and cash equivalents	**(114)**	**(243)**
Foreign exchange differences to cash and cash equivalents on consolidation	(2)	(3)
Cash and cash equivalents at 1 January	245	84
	266	245
Cash and cash equivalents		
Overdraft	(137)	(407)
Cash and cash equivalents at 31 December	**129**	**(162)**

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021

For the year ended 31 December 2021

	Share Capital £000	Share Premium £000	Share Option Reserve £000	Forex Reserve £000	Reverse Acquisition Reserve £000	Retained Earnings £000	Total Equity £000
At 1 January 2020	**222**	**1,098**	**-**	**-**	**3,837**	**(2,665)**	**2,493**

Loss for the year	-	-	-	-	-	(972)	**(972)**
Forex retranslation difference	-	-	-	(91)			**(91)**
Total comprehensive income	-	-	-	**(91)**	-	**(972)**	**(1,063)**
At 31 December 2020	**222**	**1,098**	**-**	**(91)**	**3,837**	**(3,636)**	**1,430**
At 1 January 2021	**222**	**1,098**	**-**	**(91)**	**3,837**	**(3,636)**	**1,430**
Loss for the year	-	-	-	-	-	(5,370)	**(5,370)**
Forex retranslation difference	-	-	-	**139**	-	-	**139**
Total comprehensive income	-	-	-	**139**	-	**(5,370)**	**(5,231)**
Reverse acquisition	2,467	415	-	-	1,203	-	**4,085**
Issue of shares	300	2,700	-	-	-	-	**3,000**
Share issue costs	-	(180)	-	-	-	-	**(180)**
Exercise of options	68	-	-	-	-	-	**68**
Share Based Payments	-	-	248	-	-	-	**248**
At 31 December 2021	**3,057**	**4,033**	**248**	**48**	**5,040**	**(9,006)**	**3,420**

1. General information and basis of preparation

East Imperial plc is a public company limited by shares and registered in England and Wales with company number 10973102. The company is domiciled in the United Kingdom and the registered office is 6thfloor, 60 Gracechurch Street, London, EC3V OHR. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Company changed its name from Bermele plc to East Imperial plc on 19 July 2021.

The principal activity of the Group is the sale and distribution of beverages in Australasia, United States, United Kingdom, Singapore and Europe.

The annual financial information presented in this preliminary announcement is based on, and is consistent with, that in the Group's audited financial statements for the year ended 31 December 2021 which have been prepared in accordance with UK adopted International Accounting Standards in conformity with the Companies Act 2006, and consistent with the accounting policies as disclosed in Part V 'Financial information of East Imperial Group' in the company's prospectus issued in connection with the readmission of the company's shares to trading on the Official

List on 19 July 2021. The Group's audited financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The independent auditors' report on those financial statements is unqualified and does not contain any statement under section 498 (2) or 498 (3) of the Companies Act 2006. The Independent auditors have drawn attention to a material uncertainty in relation to going concern arising from management strategies in place to increase revenue and cash generation still being in their implementation phase.

Information in this preliminary announcement does not constitute statutory accounts of the Group within the meaning of section 434 of the Companies Act 2006.

The financial statements of the Group are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise stated.

The Group financial statements consolidate those of the Company and its subsidiaries' undertakings drawn up to 31 December 2021. Subsidiaries are entities over which the Group has control. Control comprises an investor having power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

On 19 July 2021, the Company completed a reverse acquisition of East Imperial Pte, a company registered in Singapore. Further information about this transaction is disclosed in note 3.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra- group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

extent that there is no evidence of impairment.

The comparative period for the Group is 1 January 2020 to 31 December 2020 and includes the results of the subsidiaries only.

2. Reverse Acquisition

On 19 July 2021, the Company acquired through a share for share exchange the entire shares of East Imperial Pte. Limited whose principal activity is beverage distribution.

Although the transaction resulted in East Imperial Pte Limited becoming a wholly-owned subsidiary of the Company, the transaction constitutes a reverse acquisition as the previous shareholders of East Imperial Pte Limited own a substantial majority of the Ordinary Shares of the Company and the executive management of East Imperial Pte Limited became the executive management of East Imperial Plc, previously Bermele plc.

In substance, the shareholders of East Imperial Pte Limited acquired a controlling interest in the Company and the transaction has therefore been accounted for as a reverse acquisition. As the Company's activities prior to the acquisition were purely the maintenance of the LSE Listing, acquiring East Imperial Pte Limited and raising equity finance to provide the required funding for the operations of the acquisition it did not meet the definition of a business in accordance with IFRS 3 for the purpose of these consolidated financial statements of the Group.

Accordingly, in these consolidated financial statements, the reverse acquisition did not constitute a business combination and was accounted for in accordance with IFRS 2 "Share-based Payments" and the associated IFRIC guidance. Although the reverse acquisition is not a business combination, the Company has become a legal parent and is required to apply IFRS 10 and prepare consolidated financial statements. The Directors have prepared these consolidated financial statements using the reverse acquisition methodology, but rather than recognising goodwill, the difference between the equity value given up by the East Imperial Pte Limited shareholders and the share of the fair value of net assets gained by the East Imperial Pte Limited shareholders is charged to the statement of comprehensive income as a share-based payment on the reverse acquisition and represents in substance the cost of acquiring the main market listing.

In accordance with reverse acquisition accounting principles, these consolidated financial statements represent a continuation of the consolidated statements of East Imperial Pte Limited. and include

- The assets and liabilities of East Imperial Pte Limited at their carrying value amount and the results for both years; and
- The assets and liabilities of the Company as at 18 July 2021 and its results from the date of the reverse acquisition (19 July 2021) to 31 December 2021.

On 19 July 2021, the Company issued 240,702,581 ordinary shares to acquire the whole of the share capital of East Imperial Pte Limited. The prospectus dated 30 June 2021 had an issue price of £0.10 per share of the Company's share capital to be issued and therefore valued the investment in East Imperial Pte Limited at £24,070,258.

Because the legal subsidiary, East Imperial Pte Limited, was treated on consolidation as the accounting acquirer and the legal Parent Company, East Imperial Plc, was treated as the accounting subsidiary, the fair value of the shares deemed to have been issued by East Imperial Pte Limited was determined to be £2,828,805, being the number of shares in issue of East Imperial Plc of 28,288,054 valued at £0.10 share price.

The fair value of the net assets of East Imperial plc at acquisition was as follows:

	£'000
Receivables	427
Payables	(134)
Total Net Liabilities	293

The difference between the deemed cost (£2,828,805) and the fair value of the net assets acquired per above of £292,879 resulted in £2,535,927 being recognised as a reverse acquisition expense within Exceptional Costs in accordance with IFRS 2, Share-Based Payments, reflecting the economic cost to East Imperial Pte Limited shareholders of acquiring a quoted entity.

The reverse acquisition reserve which arose from the reverse takeover is made up as follows:

	£'000
Pre-acquisition equity	9,929
East Imperial Pte Limited equity at acquisition	6,565
Investment in East Imperial Pte Limited.	(24,070)
Reverse acquisition expense	2,536
	5,040

3. Segmental Reporting

The Group derives revenue from the sale of beverages. All entities in the group derive income from these products which, in all aspects except details of revenue, are reviewed and managed together within the Group and as such are considered to be the only segment.

The following information is given about the Group's reportable segments:

Type	%	Revenue by Country of destination	%
Beverage distribution	100	New Zealand/Australia	57%
		United States	15%
		China	8%
		Singapore	7%
		European Union	10%
		Rest of the world	3%
			100%

4. Earnings Per Share

	2021 £ 000	2020 £ 000
Net Loss from continuing operations	(5,370,000)	(972,000)
Weighted average number of shares (000)	270,295,861	240,702,581
Earnings per Share (£ .00)	(0.0199)	(0.0040)

As at 31 December 2021 there are 9,276,832 options that are exercisable at dates after 31 December 2021. These options are anti-dilutive. Diluted earnings per share is therefore equal to earning per share.
The issue of 32,398,999 shares in January 2022 will have a dilutionary effect on earnings per share in the next reporting period.

END

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