RNS Number : 5985U
Artisanal Spirits Company PLC (The)
29 March 2023

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The Artisanal Spirits Company plc
('Artisanal Spirits', 'ASC' or 'the Group')

Preliminary Results for the year to 31 December 2022

Another strong year of delivery, with double digit revenue and membership growth, margin expansion and positive progress on our clear path to sustained and growing profitability.

The Artisanal Spirits Company (AIM: ART), curators of the world's favourite, single-cask and limited-edition spirit brands for a global movement of discerning consumers, and owner of The Scotch Malt Whisky Society ("SMWS"), is pleased to announce its preliminary results for the year ended 31 December 2022. The Group has delivered another year of significant progress in which the strategic plan has continued to be executed and the objectives outlined at IPO to achieve long term sustainable growth continue to be met.

Reported today are results which slightly exceed market consensus expectations with 19% revenue growth, 12% membership growth and adjusted EBITDA* improved by £1.0 million. Alongside this, the Group delivered double digit growth in whisky stock and value appreciation.

Consequently, the Board remains confident in delivering its ambition of doubling revenue between 2020 and 2024 and building on the progress made in 2022 towards delivering sustained profitability.

Highlights

- Continued improvement across all key financial and non-financial metrics, demonstrating profitable growth, supported by a loyal, growing and highly engaged global membership, underpinned by a substantial high-quality asset base

Financial highlights:

- Revenue increased 19% to £21.8 million (2021: £18.2 million) ahead of expectations+ with significant revenue growth in China and UK venues and strong membership growth in Europe, Australia, the US and Japan
- Gross margin of 63.6% up by 2.1ppt from 61.5% in FY21
- Gross profit increased 23% to £13.8 million (2021: £11.2 million)
- Continuing our path to profitability, adjusted EBITDA* in positive territory with £0.4 million achieved (2021: loss of £0.6 million)
- Loss before tax of £2.1 million (2021: £2.7 million loss)
- Around £5.5 million of further investment in both cask spirit and wood (c£3m), taking the total number of casks to 16,500 (2021: 15,300) as well as completion of the new state-of-the-art, multi-purpose Supply Chain Facility at Masterton Bond (c£2.5m)
- Stock-in-cask at 30 December 2022 increased its notional retail sales value by 15% to approximately £493 million (31 December 2021: £430 million)
- ASC's current whisky stocks are sufficient to satisfy demand through to 2028 and beyond
- Well-funded to continue to invest in growth for the medium and long term with an increased facility to £21.5million with RBS agreed in H2

** Adjusted EBITDA defined as earnings before interest tax, depreciation, amortisation and non-underlying costs (see note 7)*
+ The Board of The Artisanal Spirits Company considers that current consensus revenue expectations for the year ending 31 December 2022 are £21.6 million (2021: £18.2 million) and consensus adjusted EBITDA expectations for the year ending 31 December 2022 is £0.1 million (2021: negative £0.6 million).

Operational highlights:

- SMWS membership growth increased by 12% to over 37,400 (2021: 28,700). This included robust growth in European members since the launch of the new EU route to market towards the end of FY21
- Annual contribution per member rose by 11% and retention maintained at an all-time high level of 77%
- Lifetime value per member rose to £1,457 (2021: £1,445)

- Our member venues recovered from the disruption of the pandemic and recently recorded a record month in December 2022

Global membership			
	December 2022	**December 2021**	**% change**
UK	18,029	16,445	10%
US	6,058	5,207	16%
China	1,659	1,732	(4%)
Europe*	4,327	3,349	29%
Australia	1,659	1,337	24%
Japan	1,809	1,496	21%
Rest of World	3,875	3,761	3%
Total members	**37,416**	**33,327**	**12%**
*Europe represents direct sales markets within continental Europe, but excludes franchise markets in Denmark and Switzerland which are shown within Rest of World			

Current trading/Post period insights

- Revenue in Q1-23 broadly flat year on year vs the exceptional growth experienced in Q1-22. Growth phasing in line with management expectations to deliver full year consensus forecasts for FY2023
- YTD growth in UK & EU, offset by Covid impacted performance in China in the early part of the year, with signs of recovery in China now emerging
- Continued strong performance in UK venues with the record December 2022 performance followed by new records for January and February in 2023
- Continued membership growth +10% year-on-year
- Successful change of leadership in January 2023, with David Ridley stepping down as Managing Director and Andrew Dane appointed as CEO
- Further consolidation of production, with around 70,000 bottles now produced and on target to achieve full operations at new Masterton Bond Supply Chain facility early in Q2

Andrew Dane, CEO of The Artisanal Spirits Company, commented:

"Our ambition is to create a global, premium business which is highly profitable and cash generative by delivering the world's best whisky experiences.

We have a pioneering model, a long-term global growth opportunity on which we are primed to deliver. We are making significant strategic progress with strong membership growth and delivery of another strong year of profitable growth supported by improvement across all financial and operational KPIs. Over the last year we have continued to make investment for the future in further spirit and wood, as well as our own supply chain facility, and while the rate of cash spend on this has peaked, we will continue to invest, with a focus for FY23 on IT and technology to deliver and accelerate our growth even further.

Our markets benefit from underlying structural dynamics which have increased our addressable market. We are seeking to exploit this opportunity by growing our international footprint, including in South Korea and Malaysia.

The new financial year has begun well. We remain on track to meet our 2024 revenue target of £30m and deliver significant progress on our path to sustained profitability."

Sellside analyst presentation

Andrew Dane, CEO and Billy McCarter, Interim Finance Director, will host an in person presentation for sellside equity analysts, followed by Q&A, at 09.30 hours BST today, 29 March 2023. Analysts wishing to join should register their interest by contacting: artisanalspirits@instinctif.com

Investor presentation

In addition, management will host a live online investor presentation and Q&A at 14.00 hours BST tomorrow, 30 March 2023.

The Group is committed to ensuring that there are appropriate communication channels for all elements of its shareholder base so that its strategy, business model and performance are clearly understood.

The presentation is open to all existing and potential shareholders. To register to attend, please use the link below:

https://www.equitydevelopment.co.uk/news-and-events/artisanal-fyresults-presentation-30march2023

A recording of the presentation will also be made available via the Group's website following the webinar.

For further information, please contact:

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Andrew Dane, CEO	
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Matthew Smallwood	
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Notes to Editors:

The Artisanal Spirits Company (ASC) are curators of the world's favourite, single-cask and limited-edition whisky.

Based in Edinburgh, ASC owns The Scotch Malt Whisky Society (SMWS) which was established in 1983 and currently has a growing worldwide membership of just over 37,400 paying members.

SMWS provides members with inspiring experiences, content and exclusive access to a vast and unique range of outstanding single cask Scotch malt whiskies and other craft spirits, with current stocks sourced from over 100 distilleries in 20 countries and expertly curated with diligence and care.

Since producing the Society's very first cask, we have created around 10,000 different whisky releases, producing a constant flow of unique and exciting one-of-a-kind whiskies.

With proven e-commerce reach and new brands like J.G. Thomson, ASC is building a portfolio of limited-edition and small-batch spirits brands for a global movement of discerning consumers - delivering c.£20 million in annual revenues with over 80% of revenue generated online and over 65% from outside the UK, with a growing presence in the key global whisky markets including UK, China, USA and Europe.

ASC has a pioneering business model, a substantial and growing addressable market presenting a long-term global growth opportunity and a strong and resilient business primed to deliver growth.

Chair's statement

I am delighted to report that 2022 has been another year of significant progress in which we have continued to execute the strategic plan and objectives outlined at IPO focused on our disciplined investment programme and range of operational initiatives to facilitate the Group's long-term, sustainable growth.

The global whisky market continued to deliver compound growth in 2022, maintaining a trend which has now been established for many years with the Ultra-Premium and limited-edition market, in which we almost exclusively operate, being a stand-out performer. Alongside this, our member venues in the UK have benefitted from more normalised trading for the majority of the year, with a record December most recently bringing unique and memorable experiences to our members in the Group's four member venues in Edinburgh (Queen Street and Leith), Glasgow and Farringdon in London, and enabling marketing and member recruitment events in the UK to return in earnest.

Our model is unique and brings many benefits. Membership, which differs markedly from subscription, is synonymous with exclusivity, embedded customer engagement, relationships and community. This, combined with our powerful direct-to-consumer ("D2C") e-commerce platform, creates a global stage from which to promote and market our limited-edition portfolio of curated whiskies and precisely focus our sales efforts.

Alongside membership, the heartbeat of our proposition, is our focus on unique, high-quality whiskies that we purchase, curate and release in limited-editions. In 2022 we further added to our world beating stock of whisky, deploying funds from the IPO to ensure that we have forward stock cover well into the next decade.

ASC continued to substantially develop and progress its infrastructure in 2022. We further invested some of the proceeds raised at IPO in our own state-of-the-art, supply chain facility at Masterton Bond, near Glasgow, to bring elements of production, cask storage, bottling, fulfilment and distribution capabilities in-house. Opening on time

and within budget in Q4 2022, we expect to see the subsequent anticipated margin benefits of this facility during the course of 2023 and beyond.

The combination of our loyal and engaged members and our unique business model mean that we have managed to increase gross margin by over 2 percentage points, despite the impact of inflationary pressures seen across the wider economy in areas such as labour, raw materials, glass and storage. ASC is fortunate to have a model with high gross margins and a product where the price is relatively elastic.

Our brand continues to grow in awareness and desirability. This year has seen ASC achieve more accolades and global recognition for our outstanding, limited-edition whiskies having now won almost 300 awards in the last few years. We also continually strive to provide a unique and immersive experience for our SMWS members.

To have grown the business in the challenging conditions of last year is nothing short of exceptional and is testament to the quality of our product range and wider membership proposition. To help deliver this growth, we produced in 2022 around 1,000 different limited-edition whiskies, improved our e-commerce platform by continuing to make it even more engaging for our members, grew our recently launched brand, JG Thomson, and hosted hundreds of events worldwide for membership and recruitment.

In addition, SMWS continues to expand its global footprint into new growth markets. We furthered our international reach with a new franchise agreement in South Korea and a new partner, Alliance Drinks, in Malaysia - adding to our existing presence in the fast-growing Asian markets in our sweet spot of the Ultra-Premium Scotch malt whisky sector.

ASC is conservatively financed and has more than sufficient funds to continue to invest in and grow the Group for the medium to long term. In order to continue to provide additional headroom, we have extended our revolving credit facility with RBS, demonstrating the strength of our asset base which is now worth almost half a billion pounds at retail prices today. Our owned stock of spirit, ageing in casks, provides us with all of the liquid required to satisfy our demand beyond the end of FY28.

Our team has continued to develop; without their dedication and hard work, we would not have delivered these excellent results. In turn, the Group strives to deliver an outstanding working environment for its employees, together with the flexibility and respect which enables everyone to thrive. The Board wishes to express its heartfelt thanks to the entire ASC team.

Over the last year the Board has also continued to pursue exemplary standards of corporate governance and we strive to drive the ASC values across the business, particularly the uncompromising approach to keeping the interests of our loyal SMWS members firmly at the forefront of everything we do.

Post the year end, David Ridley and the Board agreed that he would step down as Managing Director of ASC following six years with the Group in that role, during which time the business delivered sustained revenue growth and, in 2021, successfully IPO'd on the London Stock Exchange under his stewardship. The Board would like to thank David for his leadership and significant contribution. He leaves ASC in excellent shape and leaves with our very best wishes for the future.

ASC has a strong and able successor to David in Andrew Dane who was appointed as our new CEO in January 2023. Since joining as Finance Director in 2020, Andrew has demonstrated strong strategic and operational credentials in addition to his proven financial skillset. He knows the business and ASC's wider market structure and has been instrumental in developing and implementing the Group's growth strategy in conjunction with the wider Executive team. These qualities equip him well to provide continued leadership as ASC progresses its strategy to unlock its significant future growth opportunity. Billy McCarter, formerly Group Financial Controller, has been appointed as Interim Finance Director and a search process, comprising both internal and external candidates, to identify a long-term CFO is well underway. Shareholders will be updated on the outcome of this process in due course.

Looking to the future

We have a clear strategy focussed on taking advantage of our global opportunity and achieving and delivering sustainable, profitable growth. This is primarily driven by developing and growing our membership base, enhancing the breadth and depth of our whisky stocks, further domestic and international expansion, continued enhancement of our e-commerce platform, increasing margins and delivering value. Our long-term future is underpinned by fundamental structural tailwinds: convenience, premiumisation, collectability and rarity value, as well as digitalisation, none of which show any sign of abating.

2023 will not be without its challenges. However, we are optimistic that economic conditions will improve and confident that our business will navigate whatever headwinds we may face. That said, we benefit from a diversified and global membership who are resilient and mostly affluent. We remain confident that they will continue to enjoy the exclusive benefits and products that membership of SMWS affords.

We submitted our response to the Scottish Government consultation on restricting alcohol advertising and promotion. We share the Scotch Whisky Association's concern and support the view that the Scotch whisky industry already follows a robust marketing code which regulates how brands are advertised globally.

Similarly, we agree with the Scotch Whisky Association that "many concerns remain unanswered" in relation to the proposed Deposit Return Scheme in Scotland. While we continue to prepare for its scheduled launch in August of this year, we share the wider industry concerns around the impact of this scheme.

We are increasingly well positioned to take advantage of our global opportunity and to achieve our self-imposed goal of doubling revenue from 2020 to 2024. We therefore anticipate further revenue growth in 2023 as we pivot towards growing and sustainable profitability. As we do this, we are committed to doing so responsibly, working within the Scotch Whisky Association's Sustainability Strategy, focused on striving for best practice. ASC is on a journey in this regard, and we continuously seek to improve.

We continue to see a significant opportunity in the American Whiskey segment for ASC. The Board has agreed that some additional time is required to evaluate the various options open to us to ensure we optimise both the structure and our approach in this exciting market. Our enthusiasm for the American Whiskey opportunity remains and we look forward to updating shareholders on our plans in due course.

We have invested in our business and have whisky stocks to satisfy demand into the next decade hedging inflationary costs in our supply chain. Our cash intensive investment phase has now peaked as we enter into a new stage and move towards positive unadjusted EBITDA for 2023 and positive profit before tax for 2024 and remain well positioned for further profitable growth thereafter.

I am grateful to all shareholders for their continued support in a difficult year for the markets. ASC is a long- term business and whilst I believe we have played our part to date by consistently delivering on the goals and aspirations set out at IPO, we will continue to be totally focussed on endeavouring to do so again this year and beyond as we grow this unique business.

Chief Executive's Review

Another strong year of delivery

In our first full year as a listed business, we have successfully delivered on our promises. We have achieved both strategic development, most notably the new supply chain facility at Masterton Bond in Scotland, as well as an impressive financial performance, once again ahead of market expectations, with 19% revenue growth, growing margins and positive progress on our clear path to profitability.

We have a pioneering model, a long-term global growth opportunity and we are primed to deliver. We are making significant strategic progress with strong membership growth and delivery of another year of profitable growth supported by improvement across all financial and operational KPIs. Over the last year we have continued to make investment for the future in further spirit and wood, as well as our own supply chain facility, and while the rate of cash spend on this has peaked, we will continue to invest, with a focus for FY23 on IT and technology to deliver and accelerate our growth even further.

Delivering profitable growth

I have had the pleasure of helping to build our current strategy and help set our clear ambition to double revenue between 2020 and 2024. It is now my privilege to have the opportunity to lead the business towards achieving that ambition and to report on the success to date on delivering that.

In 2022, we have made good progress, achieving revenue growth ahead of market expectations and adjusted EBITDA improving by £1.0 million.

We continue to deliver against our strategic framework and successfully execute our strategy to build a unique portfolio of curated, limited-edition spirit brands for a global movement of discerning consumers, operating in a significant growing market globally with underlying structural change taking place. We also continue to meet, and in many cases exceed, the financial metrics and KPIs put in place at the time of the IPO.

To achieve our ambition, we operate a pioneering model with a loyal and growing membership who can exclusively purchase unique, award-winning, limited-edition whiskies. We aim to innovate relentlessly and deliver our members an outstanding experience through our direct to member platform, generating rich data which provides the Group with detailed customer insight to continually improve and target ever more effectively.

Underlying structural dynamics growing the addressable market

ASC is positioned to benefit from fundamental changes which are driving significant growth within the spirits industry. Scotch whisky remains a highly desirable category on the international stage. We operate primarily in the global Ultra-Premium segment which has seen substantial growth over the last decade and continues to do so as repeatedly reported by the leading spirit brands.

Trends such as premiumisation and experiential demand - with consumers seeking authenticity, status and exclusivity, the drive for increasing convenience and continued global digitalisation - combine to play to ASC's strengths as a limited-edition producer with our D2C model.

As these trends continue, this underpins the growth of the Group's addressable market. The global Scotch whisky market for Ultra-Premium price points (£35/bottle and above) was valued at $7.6 billion in 2021 having grown by

32% since 2020. Of this, $5.8 billion is in markets where we already have a well-established presence. In these markets, ASC has a market share of only 0.3% currently.

Strong SMWS growth

Revenue continued to grow impressively underpinned by the growth in global membership, combined with increasing spend per member.

SMWS Membership

This year saw us grow global membership of SMWS once again, up 12% to 37,400 at the year end. A further benefit of our global reach is that we have a diversified geography with markets performing at different rates of maturity and growth. 2022 experienced particularly strong membership growth in Europe, Australia, the US and Japan. This was driven by a material acceleration of membership sign-ups supported by strong returns on marketing campaigns, as well as effective targeting in those territories to potential new members.

This was also supported by high levels of loyalty from our existing members, delivering recurring revenues with retention rates maintained at last year's historically high level of 77%.

SMWS Revenue

From a revenue perspective, there were standout performances for a few areas in the year.

Firstly China, where revenue grew 28% despite the very strict Covid lockdown restrictions which impacted the business - in the context of membership recruitment in particular from April 2022 onwards. This result is testament to both the size of the opportunity that exists in this geographic market, as well as the outstanding quality of delivery and service provided by the ASC team.

Secondly, a strong performance from the UK member venue rooms helped drive the 27% revenue growth in the UK. The Group's four outstanding member rooms - in Edinburgh (Queen Street and Leith), Glasgow and London - rebounded following the easing of UK Covid restrictions in the early part of 2022, finishing the year strongly with record sales in December.

Thirdly, I was pleased to see the positive response from European members following the establishment of a warehouse in mainland Europe in December 2021 to mitigate the Brexit-related logistical challenges which occurred during 2021. This helped to deliver impressive membership growth of 29% (the fastest of any market) and 18% revenue growth.

In the US, membership grew strongly in the period (up by 16%), albeit market depletions were down slightly year on year as the level of bottle sales per member unsurprisingly reduced from the higher levels experienced during the Covid lockdown periods of 2020/21 to their pre-pandemic levels. The revenue effect of these was offset by the timing of shipments and positive movements in FX rates meaning that the total value of revenue grew by 6% in the period.

SMWS International Expansion

Over the past year we have continued to enhance and extend our international reach in some of the fastest growing markets in the world to take advantage of growth opportunities in those geographies. This follows our entry into Mexico and South Africa in recent years.

In October 2022, the inaugural franchise agreement in Korea, the world's 10th largest market for Ultra-Premium Scotch malt whisky, was signed with F.J. Korea (a market leading distributor). We also strengthened our presence in Malaysia with a new partner, Drinks Alliance, which provides a new route to market and reinforces our footprint in that region.

The Group will continue to seek opportunities to extend the international reach of SMWS with further partnerships and franchise agreements.

First year of trading for J.G. Thomson

We continued to grow our new suite of superior quality spirit and complementary brands under the heritage moniker of J.G. Thomson which is available both to SMWS members and through selected independent retail

channels.

The first full year of J.G. Thomson helped deliver over £200,000 of additional revenue to the Group, with most of that arising in H2 through initial exports to La Maison du Whisky in France, as well as cross sales to SMWS members.

We continue to market and build the brand's presence through innovative events such as Fringe by the Sea, an Arts Festival in North Berwick, and at Hamlet by Ian McKellan in partnership with influencers such as Bross Bagels.

The American Whiskey Opportunity

We continue to see a significant opportunity in the American Whiskey segment for ASC. To that end, we remain focused on exploring the various options open to us to enter and maximise our opportunity in this exciting market. In order to take the right approach to launch and sustainably grow our operations in this market for the long term, the Board has agreed that some additional time is required to evaluate the various options open to us.

Whilst this will require more time than originally anticipated to ensure we optimise both the structure and our approach; one positive impact of this extension is that short-term EBITDA drag which a launch would be expected to incur would be avoided in FY23. Our enthusiasm for the American Whiskey opportunity remains and we look forward to updating the market on our plans in due course.

Investing for Growth

ASC is financially strong and fully funded to deliver its stated ambitions. Its balance sheet is primarily supported by its whisky stock, and we were delighted to agree the extension to the inventory secured RCF facility with RBS in December 2022 which provides additional flexibility with regards to our investment in our strategic priorities.

Overall, we have now materially deployed the IPO proceeds as planned, with key investments in the supply chain facility at Masterton Bond, continued investment in expansion of our spirit and wood stocks and marketing spend to grow membership, as well as ongoing new brand development such as the launch of J.G. Thomson and exploration of the American Whiskey opportunity and market expansion in Asia in particular.

The Group has accumulated - and is further investing in - our unique range of outstanding single cask Scotch malt whiskies. In 2022 around £3 million was invested in new whisky spirit and wood stocks, increasing the total number of casks to 16,500 (15,300 at the end of 2021) and investing in more ex-sherry casks which now represent 25% of all production. The acquisition of new spirit and the continued appreciation of in-cask whisky will stand us in good stead to satisfy demand in future years, as well as providing a substantial inflation hedge against future increases in the cost of whisky. Our current whisky stocks are sufficient to satisfy our projected demand beyond the end of 2028 and 75% of demand well into the next decade. Stock in cask at the year-end had an estimated retail value of approximately £493 million (31 December 2021: £430 million), representing further value appreciation of a further 15% over the period.

In Q4 2022 we began the initial production phase at our new Masterton Bond multipurpose supply chain facility near Glasgow. With bottling operations commenced, c20,000 bottles were produced prior to the year end. Since then, production has continued to increase with c.70,000 bottles produced as at the date of this report. The facility will provide production, cask storage, fulfilment and distribution of the Group's whisky and other spirit products in due course. We are already beginning to benefit from the improved operating margins (anticipated to be c.2% this year) from this state-of-the-art facility.

The path to profitability

During the course of 2022 we have made significant investments across our business, have a clear strategy to drive profitable growth and anticipate growing EBITDA through 2023 and generating profit before tax in 2024, a goal set at the time of IPO. Continued growth in membership, prudent and selective investment in interesting and rare whisky spirit and wood, conservative financing and international expansion are the embedded disciplines for growth and sustained future profitability.

Particularly pleasing has been the growth in gross margin which has been faster than forecast, reflecting both underlying improvements in the cost structure (despite wider economic pressures) - supporting the strong inflation hedge provided by ASC's substantial spirit stock - as well as improvements in pricing driven by both product and market mix.

Overall, this has enabled us to deliver a £1.0 million increased in adjusted EBITDA, equating to an equivalent incremental EBITDA margin of almost 30%, lending further support to the significant profit potential of the Group.

Our talent

The Group's key focus is people development and living ASC's values and the team has come together well following the influx of new staff pre and post IPO. We have a strong culture which develops pride in what we do and respect for others in the business. While we are delighted with the results of our employee survey during the year (and in particular the employee engagement index score of 81), we recognise there is always more to be done in this area and we intend to continue to further develop and implement the talent and organisational development plan originally launched in 2021.

Current trading and outlook

Whilst still early in the year, we remain on track to meet our expectations for the full year. Revenue to date has seen growth across many territories including UK and Europe albeit this was offset by the impact of continued Covid in China in Q1. Overall, revenue is broadly flat, lapping a record Q1 in 2022, and we anticipate further strong growth in sales in the second half. Encouragingly, membership has continued to grow, including increasing momentum in China most recently, and both January and February 2023 have seen venues continue to trade at record levels.

The Group will benefit from £220,000 (net of fees) in relation to R&D tax credits received in January of this year for 2020 and 2021. We remain on target for the Group's new Masterton Bond supply chain facility to be fully operational early in Q2.

We remain focussed on developing and progressing our business through the continued growth of membership globally, building a sustainable platform for the future and driving ASC towards profitability which should be achieved in the near-term. We will continue to benefit from the structural tailwinds of digitalisation, premiumisation and convenience which underpin our unique business model and the continued global growth of the Ultra-Premium whisky segment.

Finance Director's Review

Continued Growth Driving Aim of Near-term Profit Delivery

Another year of exceeding performance expectation and investing in the future growth of the business
Strong 2022 performance as the basis for future years delivery

It is a pleasure and honour for me to step into the Finance Director role on an interim basis, following Andrew's move into the CEO role as David Ridley leaves the business. We wish him all the best in his next endeavour. Overall, 2022 was another strong year of performance for the Group with the headlines showing we have exceeded market expectations on revenue and ensuring as a result that we deliver the associated EBITDA profit expectation. Another period of delivery gives us confidence we are on track to continue to meet our future profit objectives in the near to medium term.

To further support the strategy long-term, we have made significant further investment during the year in cask spirit and we also reached a major investment milestone in completing the fit-out and operational commencement of our new self-contained Supply Chain Facility, Masterton Bond. The completion, on time and within budget, allows us to achieve not only margin improvement in the near-term with regards to operational costs, but also allows us to take control of operations from third parties.

Continued improvement in Group financial performance

As a Group, we have delivered revenue, gross profit, adjusted EBITDA and membership growth in the year, this momentum serving to ensure we deliver on the expectations of our growth journey over the next few years.

Revenue growth of 19%, at £21.8million which was above expectation, has resulted in a step-change delivery at an adjusted EBITDA level, our gross margin improvement of 210 basis points a key factor as we manage costs and drive profitable sales. This gives us significant confidence that alongside our strategic plans, we can achieve profit in the near-term as expected. Our adjusted EBITDA achievement excludes pre-operational non-underlying costs within our Income Statement in 2022, Masterton Bond and American Whiskey costs, which together represented a £0.6 million investment in the year.

Membership has grown 12% over the year and we remain committed to ensuring our membership proposition is strong and always looks to seek improvement and meet member expectations. A maintained retention rate is pleasing in year, and a key focus of our strategic priorities are geared toward improvement of this - ensuring members feel engaged in what we offer, part of a 'whisky club' that has community and togetherness at its heart.

Membership has performed strongly across all regions, with significant growth in Europe and the US, 29% and 16% respectively, supported by 10% in the UK and 5% across Asia. In the US, we have seen the growth come from a 900bps improvement in retention and within the UK the growth is mainly driven by new members. Europe is benefitting from the improved supply following Brexit, and as a result membership has increased across new and renewing members.

Growing Global Revenue

United Kingdom

As the home of the Scotch Malt Whisky Society, the UK remains our longest standing and largest global market, with around half of total membership and around a third of global revenue. In the UK we have a truly omni-channel approach, with four outstanding member rooms complimenting the online presence at www.smws.com. Growth within the UK was a very strong 27%, predominantly driven by our venues as we recovered from the restrictions of Covid. Online sales continued with another strong year-on-year improvement of 5%, with delivery across the region of £7.4 million (2020: £5.8 million). As a result, the UK business has reinforced its position as the biggest individual market within the Group having contributed 34% of revenue in the year. Membership also grew double digit at 10%.

Asia

The Asian markets continue to be a key area of growth for the business, with China now our second largest overall market after the UK. This is despite the fact that SMWS China only celebrated its five-year anniversary of launch in November 2022. This is a testament to both the size of the opportunity that exists there, as well as the outstanding quality of delivery and service provided by the team.

China revenue grew by 28% in the year, representing the fastest growth of any market. However this growth was delivered in the face of some very challenging conditions in the country with the rate of growth slowing in H2 as a result of the continued "Zero Covid" policy which was pursued until the tail end of 2022. This impacted both logistics in Q2-22 when some of the strict lockdown periods in Shanghai began, and also the whisky festivals which would normally be a key source of recruitment, but which were cancelled in 2022. This meant that after a record period of membership growth in 2021, and a strong start to 2022, membership at 31 December 2022 was similar to 31 December 2021 at around 1,700 members.

The wider Asian market growth was supported by performance in Japan with double digit revenue growth supported by over 20% membership growth in the year, delivered through both growing recruitment and improvements in retention to an outstanding level of 85%, reflecting the extreme focus by the local team on member satisfaction.

More broadly, we were pleased to announce in October that SMWS had signed a new franchise agreement with F.J. Korea ("FJK") in South Korea, Asia's fourth largest economy and the world's tenth largest market for Ultra-Premium Scotch whisky. Alongside that we entered a new partnership agreement in Malaysia, providing a new route to market (the 12th largest market within the global Ultra-Premium Scotch malt whisky sector) and further strengthening the Group's geographic footprint in South-East Asia.

North America

The North American market is led by the United States which represented around 20% of total global sales for the year. Membership levels in the US grew strongly in the period, up by 16% in the period and breaking through the 6,000 member milestone. However, in market depletions were down slightly year on year as the levels of bottle sales per member fell from the higher levels during the Covid lockdown periods of 2020/21 to their pre-pandemic levels. The revenue effect of these was offset by the timing of shipments and positive movements in FX rates meaning that the total value of revenue grew by 6% in the period. More generally, performance in the Canadian franchise was positive, with sales up 29% and with a very modest contribution from the relatively new Mexican franchise which began operating fully in 2022.

Europe

2022 performance built on the progress made at the tail end of 2021- with the establishment of a warehouse in mainland Europe, enabling the Group to mitigate Brexit-related logistical challenges and reduce shipping and delivery times to EU members. This new set-up operated throughout 2022 with the dramatic reduction in delivery times and increase in level of online and in person support for membership recruitment and engagement helping to deliver 29% membership growth in the year (the fastest rate of any market) and helping to deliver 18% revenue growth, with the growing number of members also increasing their average spend and contribution in the period.

Australia

Strong performance in the Australian market was led by 24% membership growth in the period, supported by some very strong campaign activations which have now been replicated both in Australia and other markets. This helped to deliver double digit revenue growth in the period, as well as giving a strong basis for further growth in future periods.

Cost base maturation ensuring gross profit delivery and growth delivers EBITDA

As we have invested in our cost base over recent years to deliver growth, we have built a strong and experienced team within the business who have ultimately helped us achieve our growth to date, and although we will always look to invest in skilled employees who bring attributes and new ways of thinking, that investment level is starting to mature. Payroll costs in the year (including share options) were £6.0 million (2021: £4.5 million). Significant

further investment has been made in a new Technology Team and continues to be made on the digital transformation of the business which will be instrumental in helping us achieve the next stage of our strategic opportunities.

As we enter 2023, our payroll base is maturing, opportunities being specific and tactical as opposed to the last few years of growth and expertise requirement. We will continue to ensure we invest wisely in Advertising and Promotional spend ("A&P"). This helps to ensure we manage costs within a high inflation environment, supporting revenue and EBITDA delivery ambitions. A&P spend saw a 9% year on year increase representing good management and return against the backdrop of our 19% revenue increase and £1.0 million additional adjusted EBITDA delivery. Other major costs within the year include Share Options costs of £0.2 million (2021: £0.3 million), IT and Systems Costs of £0.7 million (2021: £0.6 million) as we continue to invest and improve in our IT infrastructure to deliver strategic priorities and drive efficiencies, including the new Masterton Bond Supply Chain facility, which itself had £0.3 million of pre-operational cost expensed within the year. Earnings per share at the end of the year (2.9p) is an improved closing of 2021: (5.9p) our growth and EBITDA conversion delivering on our journey to EBITDA and shareholder return over the medium-term.

Initial spend on the American Whisky opportunity of £0.3 million spend in year (2021: zero) has given the business a good initial grounding on which to build as we consider our next move.

Share Incentive Schemes

We have followed up the award of share options in 2021 with further options within the scheme. In 2022, 139,000 new share options were issued, consisting of time vesting options for central office and venue staff, with senior management options all performance related, based on Revenue, EBITDA and Share Price. Further awards under the framework of the existing scheme, with new targets for the forthcoming years, are expected this year.

Balance sheet strength driven by continued cask investment and asset backed funding

Our balance sheet remains strong, with net assets of £22.0 million supported by further investment in year in spirit and wood of around £3 million, as well as around £2.5 million on our self-contained multi-purpose supply chain facility at Masterton Bond.

This further investment utilised our RCF facility as planned, as a result net debt at the end of 2022 at £14.7million, considered well manageable within the remit of our strong asset backed balance sheet, cask spirit stock holding at £23million.

These investments during the year give us a strong foundation to allow us to meet our future strategic priorities, delivering greater EBITDA and cash conversion as we hold stock coverage for sales through to 2028, and look to drive efficiencies across the supply chain leading to better cost of our the finished product through to the end consumer.

Improved inventory secured RCF with Royal Bank of Scotland (RBS)

In Q4 the Group extended its agreement with RBS to increase its existing revolving credit facility to £21.5 million (previously £18.5 million) and also lengthened the term of the commitment until December 2025, broadly extending the term by two years and on better terms saving the Group c. £40,000 per year. The RBS facility provides additional flexibility to expand and grow all aspects of the business including membership, whisky stocks and international reach. As at the end of 2022, the Group had £5 million of unutilised headroom on this facility.

Cash flow driving investment

2022 has been another year of significant investment, delivering business growth beyond expectations and plans, with around £5.5 million invested in spirit and other strategic opportunities, primarily the Masterton Bond supply chain facility completion, resulting in our ability to not only ensure coverage of stock until 2028 but also achieve our offering at a more productive and efficient, self-controlled bottling facility, driving gross margin benefits to the business for future return against investment.

As a result, during 2022 we have drawn down as planned around £10 million against our RCF agreement, as the source for the investment required. Our stock position has grown, as we control risks against changes in supply chain with Masterton Bond and a short stock position evidenced in earlier years. Looking forward, the level of cash investment, in particular in spirit and wood, has peaked and the business is expected to begin to generate cash inflows as profitability continues to grow.

Change of External Auditors

Following a number of years with our previous auditors, and our continued maturity, we appointed new external auditors in May 2022, Mazars LLP.

Looking ahead to 2023

We remain positive about our ability to meet our strategic goals in the short, medium and long-term following our achievements this year.

Our investment in spirit and supply chain safeguards our ability to deliver to our growth plans and, at the heart of all of this, deliver further improvements on our EBITDA and cash conversion, which we have seen in 2022 with regards to the revenue growth.

Our strategy is working, and we will maintain our confidence in that strategy, ensuring we continue to understand and invest in our membership proposition, achieving new and improved routes to market. This will include 2023 opportunities in Korea and Taiwan, as well as growth in key markets, particularly the US and China. The addressable market is significant ($5.8 billion) and growing, with over 50% of this addressable market in China, US, Taiwan and the UK. We are well placed to take advantage of this sizable and expanding market and have the strategy to deliver that growth and look forward to continuing to deliver that profitable growth ambition.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Revenue	6	**21,781**	18,237
Cost of sales		**(7,936)**	(7,026)
Gross profit		**13,845**	11,211
Selling and distribution expenses		**(5,503)**	(4,046)
Administrative expenses		**(9,875)**	(9,694)
Finance costs		**(576)**	(348)
Other income	9	**37**	160
Loss on ordinary activities before taxation	7	**(2,072)**	(2,717)
Taxation	11	**359**	(631)
Loss for the year		**(1,713)**	(3,348)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Movements in cash flow hedge reserve		**31**	(113)
Movements in translation reserve		**(59)**	-
Tax relating to other comprehensive loss		**-**	23
		(28)	(90)
Total comprehensive loss for the year		**(1,741)**	(3,438)
Loss for the year attributable to:			
- Owners of parent company		**(2,010)**	(3,653)
- Non-controlling interest		**297**	305
		(1,713)	(3,348)
Total comprehensive loss for the year attributable to:			
- Owners of parent company		**(2,038)**	(3,743)
- Non-controlling interest		**297**	305
		(1,741)	(3,438)
Basic EPS (pence)	12	**(2.9p)**	(5.9p)
Diluted EPS (pence)	12	**(2.9p)**	(5.9p)

Consolidated Statement of Financial Position
As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Investment property		**405**	391
Property, plant and equipment	13	**10,362**	8,377
Intangible assets		**2,249**	2,420
		13,016	11,188
Current assets			
Inventories	14	**28,303**	23,719
Trade and other receivables		**3,714**	2,968
Cash and cash equivalents		**2,331**	2,012
		34,348	28,699
Total assets		**47,364**	39,887
Current liabilities			
Trade and other payables		**3,703**	3,949
Current tax liabilities		**405**	277
Financial liabilities	15	**357**	392
Lease liability		**360**	259
Forward currency contracts		**-**	31
		4,825	4,908
Net current assets		**29,523**	23,791
Non-current liabilities			
Financial liabilities	15	**16,984**	6,796
Lease liability		**2,959**	3,332
Deferred tax liabilities		**-**	563
Provisions		**580**	407
Total non-current liabilities		**20,523**	11,098
Total liabilities		**25,348**	16,006
Net assets		**22,016**	23,881
Equity			
Called up share capital		**174**	174
Share premium account		**14,997**	14,938
Translation reserve		**(76)**	(17)
Retained earnings		**6,685**	8,505
Cash flow hedge reserve		**8**	(23)
Equity attributable to parent company		**21,788**	23,577
Non-controlling interest		**228**	304
Net assets		**22,016**	23,881

Consolidated Statement of Cash Flows
For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Loss for the year after tax		**(1,713)**	(3,348)
Adjustments for:			
Taxation charged		**(359)**	631
Finance costs		**494**	348
Interest receivable		**(4)**	(5)
Movements in provisions		**10**	3
Share-based payments		**190**	216
Investment property fair value movement		**(14)**	-
Lease interest		**82**	-
Depreciation of tangible assets		**1,000**	671
Amortisation of intangible assets		**259**	271
Movements in working capital:			
(Increase) in stocks		**(4,496)**	(2,068)
(Decrease)/increase in debtors		**(746)**	(929)
(Decrease)/increase in creditors		**240**	252
Cash absorbed by operations		**(5,057)**	(3,958)
Income taxes paid		**(75)**	(360)
Interest paid		**(494)**	(347)
Net cash outflow used in operating activities		**(5,626)**	(4,665)
Cash flow from investing activities			
Purchase of intangible assets		**(88)**	(92)
Purchase of property, plant and equipment	13	**(2,911)**	(1,101)
Purchase of JV China share		**(359)**	-
Interest receivable		**4**	5
Net cash used in investing activities		**(3,354)**	(1,188)
Cash flows from financing activities			
Share issue		**59**	14,878
Asset backed lending repaid		**-**	(14,823)
Inventory secured RCF facility	15	**10,300**	6,200
Dividends paid		**(373)**	(385)
Loan received		**-**	93
Repayment of loan		**(148)**	(145)
Repayment of leases		**(354)**	(139)
Net cash from financing activities		**9,484**	5,679

Net increase in cash and cash equivalents	**504**	(174)
Cash and cash equivalents at beginning of year	**2,012**	2,176
Other reserve movements	**-**	10
Non controlling interest movement	**(185)**	-
Cash and cash equivalents at end of year	**2,331**	2,012
Relating to:		
Bank balances and short term deposits	**2,331**	2,012

Consolidated Statement of Changes In Equity
For the year ended 31 December 2022

£'000	Called up share capital	Share premium account	Retained earnings	Cash flow hedge reserve	Translation reserve	Other reserves	Total controlling interest	Non-controlling interest	Total equity
Balance at 31 December 2020	135	99	12,544	67	(15)	-	12,830	163	12,993
Issue of share capital	39	15,579	-	-	-	-	15,618	-	15,618
Share issue direct costs	-	(740)	-	-	-	-	(740)	-	(740)
Loss for the period	-	-	(3,653)	-	-	-	(3,653)	305	(3,348)
Adjustment to non-controlling interest	-	-	(252)	-	-	-	(252)	252	-
Share-based compensation	-	-	216	-	-	-	216	-	216
Dividend paid	-	-	-	-	-	-	-	(280)	(280)
Investment in subsidiary	-	-	(350)	-	-	-	(350)	(136)	(486)
Other comprehensive gain/(loss)	-	-	-	(90)	(2)	-	(92)	-	(92)
Balance at 31 December 2021	174	14,938	8,505	(23)	(17)	-	23,577	304	23,881
Issue of share capital	-	59	-	-	-	-	59	-	59
Loss for the period	-	-	(2,010)	-	-	-	(2,010)	297	(1,713)
Share-based compensation	-	-	190	-	-	-	190	-	190
Dividend paid	-	-	-	-	-	-	-	(373)	(373)
Other comprehensive gain/(loss)	-	-	_	31	(59)	-	(28)	-	(28)
Balance at 31 December 2022	**174**	**14,997**	**6,685**	**8**	**(76)**	**-**	**21,788**	**228**	**22,016**

Notes to the Financial Statements

1) Basis of preparation:

The condensed interim financial information presents the consolidated financial results of The Artisanal Spirits Company plc and its subsidiaries (together the "Group") for the twelve months ended 31 December 2022 and the comparative figures for the twelve months ended 31 December 2021.

The Group's consolidated financial statements have been prepared on a going concern basis under the historical cost convention; in accordance with UK adopted International Accounting Standards.

This statement does not include all the information required for the annual financial statements and should be read in conjunction with the Annual Report & Accounts.

The financial information set out above does not constitute the company's statutory accounts for 2022 or 2021. The statutory accounts for 2021 have been delivered to the Register of Companies, and those for 2022 will be delivered in due course. The independent auditor has reported on these accounts, their reports were (i) unqualified, (ii) did not draw attention to any matter by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

This announcement was approved on behalf of the Board on 29 March 2023.

2) Accounting Policies:

The accounting policies applied in preparing the condensed consolidated financial information are the same as those applied in the preparation of the Annual Report and Accounts for the year ended 31 December 2022, and those applied in the preparation of the Group's Historical Financial Information included within the Company's Admission Document.

3) Going concern:

The Directors are, at the time of approving the financial statements, satisfied that the Group and Company have adequate resources to continue in operational existence for a period of at least 12 months. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group meets its day-to-day working capital requirements from a revolving credit facility of £21.5m together with cash balances. The revolving credit facility was renewed in December 2022 and is not due for renewal until January 2025. The revolving credit facility has quarterly leverage and covenants relating to minimum stock holding level as a percent of the facility drawn down, the 'springing test', which requires 135% of eligible inventory holding against the RCF balance, reviewed monthly. Secondary covenants of EBITDA and Net Assets (excluding Intangibles) exist if the springing test isn't met. The Group did not make use of government backed borrowing facilities such as the Coronavirus large business interruption loan scheme.

The Group remained compliant with its banking covenants throughout the year to 31 December 2022.

In the context of the above, the directors have prepared cash flow forecasts for the period to 31 April 2024 which indicate that, taking account of reasonably plausible downside scenarios, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The Directors have assessed the potential on-going impacts of the Covid-19 pandemic and have modelled scenarios as follows:

1. A base cash flow forecast. The 2023 figures in this forecast are based on the Group's 2022 budget, which is based on board approved forecasts and reflecting current performance, expected revenue growth and membership retention. The 2024 figures in the base cash flow forecast are taken from the Group's 3-5 year long range planning. Cost inflation has been considered and additional costs have been included to account for increased wage inflation.
2. A severe, but plausible downside scenario. The directors have also prepared a sensitised forecast which considers the impact of certain severe but plausible downside events, when compared to the base case. This scenario assumes a return of a covid-19 outbreak modelling the impact of a full national lock-downs of one month duration as a result of government-imposed restrictions together with an associated reduction in global online sales.

In this scenario, capital expenditure has been reduced to run-rate expenditure. This scenario demonstrates that the Group would remain within its facility limits and in compliance with the relevant covenants.

The Directors are mindful of the potential impacts to macro-economic conditions and further risk of disruption to supply chains that the conflict in Ukraine presents, but after assessing the risks do not believe there to be a material risk to going concern. Based on the above, the directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

4) Principal risks and uncertainties

The principal risks and uncertainties affecting the Group are separately disclosed in the Annual Report & Accounts.

5) Dividends

No dividend was declared or paid during the period (prior period £nil).

6) Revenue

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker; Revenue by geography and by type.

An analysis of the Company's revenue is as follows:

	2022 £'000	2021 £'000
Revenue from sale of whisky	**16,628**	14,439
Membership income	**1,479**	1,591
Revenue from sale of other spirits	**149**	395
Member rooms	**2,025**	1,095
Events and tastings	**827**	467
Other	**673**	250
Total revenue	**21,781**	18,237

An analysis of Group revenue by geographical area is as follows:

	2022 £'000	2021 £'000
United Kingdom (venue)	**3,668**	2,291
United Kingdom (online)	**3,687**	3,497
US (shipments)	**4,353**	4,095
China	**5,002**	3,864
Europe*	**2,014**	1,706
Australia	**1,001**	905
Japan	**800**	729
Rest of World	**1,256**	1,150
	21,781	18,237

* *Europe represents direct sales markets within continental Europe but excludes franchise markets in Denmark and Switzerland which are shown within Rest of World.*

7) Loss on ordinary activities before taxation

Loss on ordinary activities before taxation:		
Adjusted EBITDA*	**395**	(626)
Depreciation of tangible assets	**(1,000)**	(575)
Amortisation of intangible assets	**(259)**	(271)
Finance Costs - interest on loans	**(494)**	(293)
Finance Costs - leases	**(82)**	(55)
Exceptional items	**(631)**	(897)
Loss on ordinary activities before taxation	**(2,072)**	(2,717)

** Adjusted EBITDA classed as earnings before interest, tax, depreciation, amortisation and exceptional costs (see note 10).*

8) KPIs

An analysis of Group KPIs by geographical area is as follows:

2022	Revenue £'000	Year End Members	Average Members	Annual Revenue/Avg Member £	Annual Contribution/ Avg Member £	Retention %	Expected Years	LTV (Avg Members) £
UK	**6,782**	18,029	17,382	390	215	80%	5.1	1,095
United States	**4,353**	6,058	5,560	783	438	69%	3.2	1,415
China	**5,002**	1,659	1,670	2,994	2,125	44%	1.8	3,768
Europe	**2,014**	4,327	3,799	530	110	79%	4.9	534
Rest of World	**1,256**	3,875	3,836	828	371	79%	8.0	1,539
Australia	**1,001**	1,659	1,523	657	332	80%	5.0	1,668
Japan	**800**	1,809	1,651	485	362	85%	6.9	2,487
Total	**21,209**	**37,416**	**35,421**	**599**	**339**	**77%**	**4.3**	**1,457**
Change vs prior year	**+16%**	**+12%**	**+20%**	**-3%**	**+2%**	**–**	**-2%**	**+1%**

1 Contribution is a non-IFRS measure, and is defined by Management as Gross Profit less Commission paid in on sales (primarily in relation to the US).
2 Expected Years is a non-IFRS measure, and is defined by Manager as one divided by one minus retention 1/(1-r%).
3 Lifetime Value (LTV) is a non-IFRS measure, and is defined as Annual Contribution per member, multiplied by expected years.
4 Europe represents direct sales markets within continental Europe, but excludes franchise markets in Denmark and Switzerland which are shown within Rest of World.
5 Revenue excludes JG Thomson and cask sales of £0.6m as they aren't sales related to membership proposition.

9) Other operating income

	2022 £'000	2021 £'000
Coronavirus Job Retention Scheme	–	50
Government grants (UK)	–	105
Government grants (Australia)	–	–
Other income	**37**	5
	37	160

10) Exceptional items

	2022 £'000	2021 £'000
Legal and professional fees	**1**	897
Non underlying American Whiskey pre-operational costs	**288**	–
Non underlying Masterton pre-operational costs	**342**	–
	631	897

The 2022 non underlying costs relate to pre-operational expenses in setting up the Masterton Bond site to be operational by the end of 2022, and the initial costs of the American Whiskey concept and brand assessment and development as well as establishment of relevant legal entities. These costs are fully expensed in the year with no revenue achievement and are therefore separately shown to make clear the underlying profitable performance of the business.

11) Taxation

	2022 £'000	2021 £'000
Current income tax		
UK corporation tax		(14)
Adjustment in respect to prior periods	**(250)**	
Foreign tax	**454**	382
Current tax	**204**	-
Deferred tax		
Relating to origination and reversal of temporary timing differences	**(386)**	263
Adjustment in respect to prior periods	**(52)**	
Effect of changes of tax rates	**(125)**	
Tax on ordinary activities	**(359)**	631

12) Earnings per Shares (EPS)

	2022 £'000	2021 £'000
Earnings used in calculation	**(2,083)**	(3,743)
Number of shares	**69,708,374**	63,009,163
Basic EPS (p)	**(2.9p)**	(5.9p)
Number of dilutable shares	**74,746,138**	68,272,288
Diluted EPS (p)	**(2.9p)**	(5.9p)

13) Property, plant and equipment

	Land and buildings freehold £'000	Land and buildings leasehold £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Casks £'000	Right-of use asset £'000	Total £'000
Cost or valuation							
As at 1 January 2021	678	1,405	498	1,549	2,099	2,181	8,410
Additions	–	36	–	408	646	2,162	3,252
As at 31 December 2021	678	1,441	498	1,968	2,745	4,343	11,673
Additions	–	–	5	2,202	704	162	3,084
As at 31 December 2022	678	1,441	503	4,170	3,449	4,505	14,746
Accumulated depreciation							
As at 1 January 2021	153	957	200	614	227	474	2,625
Charge for the year	15	70	51	230	118	187	671
As at 31 December 2021	168	1,027	251	844	345	661	3,296
Charge for the year	13	70	55	328	148	474	1,088
As at 31 December 2022	181	1,097	306	1,173	493	1,135	4,385
Net book value							
As at 31 December 2021	510	414	247	1,124	2,400	3,682	8,377
As at 31 December 2022	497	344	197	2,998	2,956	3,370	10,362

£88k (2021: £96k) of the depreciation charge for casks has been capitalised as a cost of stock. The remaining balance has been expensed to the Statement of Comprehensive Income.

Leases are in relation to venues Queen Street in Edinburgh and Bath Street in Glasgow as well as our new Masterton Bond supply chain facility.

14) Inventories

	Group	
	2022 £'000	2021 £'000
Cask Goods	**23,034**	20,095
Bottled stock	**3,298**	2,279
Other inventory	**1,971**	1,345
Total inventory	**28,303**	23,719

15) Financial liabilities

	Notes	Group	
		2022 £'000	2021 £'000
Inventory Secured RCF		**16,500**	6,200
Asset based lending facility		**–**	–
Bank loans		**784**	913
Other loans		**57**	75
Total financial liabilities		**17,341**	7,188

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