RNS Number : 4142I
Artisanal Spirits Company PLC (The)
27 March 2024

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The Artisanal Spirits Company plc

("The Artisanal Spirits Company", "ASC" or "the Group")

Preliminary results for the year to 31 December 2023

Strong H2-23 Revenue and EBITDA[1] delivery signals positive momentum for FY24

The Artisanal Spirits Company (AIM: ART), the creator of outstanding, limited-edition whiskies and experiences around the world, and owner of The Scotch Malt Whisky Society, Single Cask Nation & J.G. Thomson is pleased to announce its preliminary results for the year ended 31 December 2023 ("FY23").

The Group has delivered another year of revenue growth and diversification. FY23 results marginally exceed the update given in early December 2023, with 8% revenue growth at £23.5 million and adjusted EBITDA[2] of £0.1 million.

The delivery of revenue growth and adjusted EBITDA[2] profit, despite the headwinds prominent in 2023 and the macro-economic conditions in China, serves to support the Board's confidence in the ability of the business to deliver more substantial EBITDA[1] in 2024 and thereafter, in line with consensus forecasts*.

Headlines

- Continued improvement across key metrics, most notably Revenue, Gross Profit and Membership, though not at the level we had targeted for the year
- The successful Scotch Malt Whisky 40th anniversary celebrations - including the surpassing of 40,000 members in year (over 41,000 at year-end)
- Acquisition post year-end (4th January 2024) of Single Cask Nation ("SCN") in the USA
- Investment in and completion of key strategic initiatives detailed in the Operational Highlights section, including the launch of our new Cask Sales member offering
- Substantial growth in market value of cask inventory - this inherent value of our spirit stock evidenced through cask sales delivered in FY23 at 4.5x NBV and new debt facility valuation in year of 4.8x NBV

Financial Headlines

- Revenue increased 8% to £23.5 million (2022: £21.8 million), slightly ahead of expectation. Increasingly diversified revenue streams came to the fore with significant growth in cask sales, contributing £2.7 million of revenue in FY23, offsetting a challenging period of trading in China
- Gross margin improved to 63.8% (2022: 63.6%) and gross profit delivery increased by 9% to £15.0 million (2022: £13.8 million)
- EBITDA[1] loss of £0.5 million (2022; £0.2 million), which excluding non-recurring costs, resulted in an adjusted EBITDA[2] profit of £0.1 million (2022; £0.4 million) with strong H2 contribution of £1.9 million (2022; £0.7 million)

- Loss before tax of £3.6 million (2022; £2.1 million), predominantly due to an increase of £1.1 million of interest cost and depreciation of the now fully operational new supply chain facility, Masterton Bond.
- Further investment in spirit and wood stock, resulting in 100% demand cover through to FY28 and 75% through to FY35
- Cask stock holding of £25.3 million (2022; £23.3 million) with a notional retail value of approx £500 million
- A new debt facility of £15 million with specialist lender Ferovinum and total debt facility headroom, including RBS RCF, at 31 Dec 2023, of £14.0 million
- FY23 strategic and operational progress supports a path from low to high single digit EBITDA[1] margin by 2026

Operational Headlines

- SMWS membership growth of 10% in FY23 to over 41,000 members (2022: 37,400), supported by growth in USA and mainland Europe, +17% and +29% respectively as well as the new Asian markets
- The launch of our new member cask sale programme with the launch initiative being the '50th Anniversary Cask Club'. This complementary and incremental member initiative further broadens the offer to members
- Further expansion of the Group's Asia presence with the launch of a new subsidiary in Taiwan and new franchise operations in South Korea, Malaysia and Singapore
- Membership loyalty and engagement remains strong, with retention remaining close to the all-time high level at 74% combining with annual contribution per member of around £300 (2022; £326) to deliver a lifetime value per member of £1,173 (2022; £1,387) - up 25% since IPO
- Launch of the new SMWS app in the UK during December 2023 facilitating ease of ordering
- Further product innovation: "Membership and a Bottle" and "Drop and Dram" subscription option in Q4-23 to drive additional member recruitment
- Refurbishment of the members rooms at our spiritual home, The Vaults, in Leith in September 2023

Global Membership			
	December 2023	December 2022	% Change
Europe	25,900	24,500	6%
Americas	8,300	7,100	16%
Asia	4,900	3,800	29%
Other	1,900	2,000	(1%)
Total	**41,000**	**37,400**	**10%**

Current trading/post period highlights

- Trading in the early part of 2024 has been positive, with revenue performing in line with expectation representing 10% growth on prior year with delivery from Taiwan and Single Cask Nation supported by growth in franchises and cask sales
- As a result, expected FY profit delivery remains in line with consensus market expectations, which would represent a significant improvement in profitability and a positive step on the path to high single digit EBITDA[1] margin by FY26
- Acquisition of Single Cask Nation (SCN) on 4 January 2024, complementing SMWS' existing US business. SCN enhances ASC's ambition to further grow its presence in the USA and further leverage the sizable and growing American whiskey market. Entirely self-funded from existing bank facilities, it is anticipated SCN will be PBT positive in FY24
- Celebration of SCN being awarded Independent Bottler of the Year Award at the prestigious 'Icons of Whisky Awards' in Louisville, Kentucky in February 2024 - further emphasising the quality and appeal of SCN's exquisitely curated whiskies

* *The Board of The Artisanal Spirits Company considers that current consensus market expectations for the year ending 31 December 2024 are revenue of £25.0m and EBITDA[1] of £1.0m.*

[1] *EBITDA, a non-IFRS metric, is Earnings before interest, tax, depreciation and amortisation (see note 7)*

[2] *Adjusted EBITDA, a non-IFRS metric, is calculated as EBITDA[1] excluding exceptional and non-recurring costs (see note 7)*

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

Despite the globally challenging economic environment in 2023, the Group emerged stronger, more resilient and increasingly well positioned for continued growth.

I was particularly pleased to see the strong revenue and EBITDA[1] delivery in H2-23 which provides momentum for growing profitability in 2024. This has continued with a positive start to 2024, with revenue performing in line with expectation in the first two months.

The core of the Group remains the SMWS, which celebrated its 40th anniversary in 2023, with a unique and exciting range of celebrations and product developments. In January 2024, we were also thrilled to welcome Single Cask Nation (SCN) to the Group, alongside SMWS and JGT. This acquisition is a strong strategic development and is both complementary and incremental to SMWS in the significant and growing US whisky market. We remain confident in this US market opportunity, with the very strong finish to 2023 for in-market depletions for SMWSA, continuing with double digit growth in early 2024.

This sits alongside the range of other strategic initiatives which were delivered in 2023. These, together with the revenue growth and impressive membership expansion give us confidence to support further profitable growth in 2024 and beyond.

I would like to extend my thanks and recognition to all the fantastic employees within ASC for the hard work and commitment displayed during the year - their resilience, innovation and delivery of outstanding experiences for our members continuing to reach new heights.

[1] *EBITDA, a non-IFRS metric, is Earnings before interest, tax, depreciation and amortisation (see note 7)*

[2] *Adjusted EBITDA, a non-IFRS metric, is calculated as EBITDA[1] excluding exceptional and non-recurring costs (see note 7)*

Sellside analyst presentation

Andrew Dane, Chief Executive Officer, and Billy McCarter, Chief Financial Officer, will host an in-person presentation for sellside equity analysts today/Wednesday, 27 March at 09.00 hours GMT. Analysts wishing to join should register their interest by contacting: artisanalspirits@instinctif.com

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

For further enquiries:

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Notes to Editors:

About The Artisanal Spirits Company

ASC's purpose is to captivate a global community of whisky adventurers, creating and selling outstanding, limited-edition whiskies and experiences around the world with an ambition to create a high quality, highly profitable and cash generative, premium global business.

Based in Edinburgh, ASC owns The Scotch Malt Whisky Society (SMWS), Single Cask Nation (SCN) and J.G. Thomson (JGT). Owning over 17,000 casks primarily comprising Single Malt Scotch Whisky, ASC's stock includes outstanding whisky (and other spirits) from 150 different distilleries across 20 countries which is sold to members both as individual bottles and whole casks.

Established in 1983, SMWS currently has a growing worldwide membership of over 41,000 paying members. With an established global presence in some 30 countries, SMWS operates a direct-to-consumer model (90% of revenue) primarily through e-commerce, in addition to four member rooms in the UK. SMWS provides members with inspiring experiences, content and exclusive access to a vast and unique range of outstanding, expertly curated Scotch malt and other whiskies.

In January 2024, ASC acquired SCN which sources, curates and bottles single-cask whiskies and other spirits selling both online and via traditional retail channels to its following of over 10,000 whisky enthusiasts in the USA. SCN also retails to international markets including the UK, Germany, Sweden, Japan, Israel and Canada.

Launched in the UK in late 2021, JGT has a focus on outstanding small batch blended malt whiskies and other spirits, available both through direct-to-consumer online sales and through traditional retail channels. The award-winning brand has subsequently expanded into international markets.

With proven e-commerce reach and a growing family of brands, ASC is building a portfolio of limited-edition and small-batch whisky and other spirits brands for a global movement of discerning consumers - delivering revenue of £23.5 million in FY23, predominantly from outside the UK, with an expanding presence in the other key global whisky markets including USA, China, Europe, Japan, Australia and Taiwan.

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

Chair's Statement

Despite the globally challenging environment in 2023, the Group has weathered the storm and emerged stronger, more resilient and increasingly well positioned for continued growth.

The global whisky market continued to deliver compound growth in 2023, despite the global macro-economic and geo-political situation. Against this background, while the Group grew revenue by 8%, we were disappointed not to have delivered the growth in profitability we wanted and generated a loss before tax of £3.6 million (£2.1 million), reflecting increased interest costs, depreciation of our new supply chain facility and below expectation results in some markets such as China. This resulted in the Group resetting its growth and revenue targets for 2024 and beyond, with the delivery of the long-term plan set out at IPO being delayed by a year. Despite this temporary rephasing of growth, the Group is becoming increasingly diversified - both in terms of its geographic footprint and expanding offering, leaving it less exposed to any one market - and has the clear foundations in place to deliver ongoing and growing profitability.

In 2023 the SMWS celebrated its 40th anniversary, and the Group implemented a number of strategic actions which pave the way for the Society's continued future growth. Membership of SMWS has grown, with year-end membership at over 41,000, representing a 10% increase year-on-year. The four member venues in the UK have continued to deliver excellent results, bringing unique and memorable experiences to our members, with The Vaults in Leith, the spiritual home of the SMWS, benefitting from a fabulous renovation as part of the Society's 40th anniversary milestone celebrations.

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 2023 we further added to our world-beating stock of whisky, deploying the Group's funds well to ensure that we have forward stock cover well into the next decade, with 100% to FY28.

To support this membership growth in 2023, we launched the newly re-packaged Membership & Bottle and the Drop & Dram subscription service across the UK, both designed to increase our membership offers and drive recruitment. To further improve our membership experience we successfully launched the SMWS app in late 2023 enabling members to order from their mobile devices with good feedback received from members supported by encouraging download levels and average engagement time.

The end of 2023 also saw SMWS embark upon offering cask sales to members. Under the 50th Anniversary Cask Club, SMWS members can purchase the contents of a cask of new-make spirit and experience its maturation journey over the next decade to the Society's 50th Anniversary - an innovative option for the Society's whisky afficionados.

In January 2024 we acquired an additional brand, Single Cask Nation (SCN), the award-winning independent bottler based in the USA. SCN will further strengthen our position in the US market with an orientation towards American whiskies to complement the existing SMWS business in the USA.

In addition, the Group continued to expand its global footprint into new growth markets through SMWS. It further consolidated its go to market approach in Taiwan, the world's third largest ultra-premium whisky market*, targeting a discerning customer base in that market by migrating from a franchise to a majority
owned joint venture, while retaining the franchise partners as part of this growing business.

ASC is conservatively financed and has ample funds to continue to invest in and grow the Group for the foreseeable future.

Investors

As we build on strategic delivery and deliver future growth, profit and cash conversion, I would like to thank investors for their continued support since we completed the IPO in June 2021. The business has come a long way

in that time, a credit to your belief in what we are doing.

There is frustration with the current share price, impacted by the AIM small cap performance since 2021; however we continue to have a clear strategy we will deliver against as we do everything we can to drive a more representative valuation of our great business.

Governance

Over the last year the Board continued to pursue exemplary standards of corporate governance and drove 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.

People

In early 2023, the former Managing Director David Ridley and the Board agreed that he would step down following six years with the Group, during which time the business delivered sustained revenue growth in 2021 and 2022, including the successful IPO on the AIM market of the London Stock Exchange under his stewardship.

Andrew Dane (previously the Finance Director) was appointed as our new CEO in January 2023 and Billy McCarter, formerly Group Financial Controller, was appointed as Chief Financial Officer in May 2023 after a successful assessment and selection process, and I would like to take this opportunity on behalf of the Board to congratulate both of them on their appointments and their excellent leadership throughout 2023.

I would like to thank the Board and the ASC team for their hard work, commitment and resilience during 2023.

Looking to the future

We have a clear strategy focussed on delivering sustainable, profitable growth. This remains primarily driven by continuing to develop, engage with and grow 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 shareholder value.

Our increasingly globally diversified footprint means that the Group is not over exposed to any one geography or market, further derisking the overall business. Expanding our product offering with the acquisition of SCN allows the Group to further expand sales in the valuable US market, complementing the existing SMWS America proposition.

2024 will not be without its own set of challenges, but we are navigating these well and planning accordingly. We welcomed the Chancellor's duty freeze in the recent Spring statement and remain optimistic that economic conditions will improve in the medium term, underpinning our confidence that our business will benefit from its unique and global credentials, serving our dedicated customer base in all major markets. We will continue to focus on delivering compelling whisky experiences for all of our members throughout 2024 and beyond.

We anticipate further revenue growth in 2024, albeit slightly reduced from the c20% growth rates experienced in 2021 and 2022, as we focus on driving margin and delivering sustainable profitability. As we do this, we are committed to doing so responsibly, working within The Scotch Whisky Association's Sustainability Strategy, which strives to achieve best practice. At ASC, 2024 will continue to focus on making our supply chain and packaging efficient and sustainable, as well as various efforts to reduce our carbon footprint while also reducing costs.

The Group has come through 2023 bigger and better than ever, with an expanding portfolio of quality brands and the core SMWS business in as strong a position as it has ever been. I thank you all for your continued support of the ASC business and look forward to delivering for you and our members in 2024 and beyond.

** IWSR Database - 2022 data*

Chief Executive's Review

Through 2023, we continued to grow both revenue and membership, as well as making good progress on our strategic initiatives. These positive steps reinforce the Group's confidence in its model and its ability to continue to grow profitably.

We did suffer headwinds during the year, most notably the macro-economic conditions in China, with consumer spending behaviour significantly knocked; however, we have delivered further diversification in our revenue delivery to achieve year on year improvement that has helped us reduce the impact at an EBITDA[1] level, further boosted by our 50th Anniversary Cask Sale launched in Q4.

Particular strategic highlights from the year included the launch of the new subsidiary in Taiwan, the world's third largest market for Ultra-Premium Scotch whisky;* the refurbishment of The Vaults member room in Leith (heart of the SMWS brand, with investment of £0.5 million); the creation of innovative new revenue streams (including cask sales, the Membership & Bottle product, and a monthly subscription service); digital developments including a new US website and launch of a new UK mobile app, as well as further developments in Asia with the successful launch of a new franchise in South Korea and appointment of new franchise partners in Malaysia and Singapore.

I would like to extend my thanks and recognition to all the fantastic employees within ASC for the hard work and commitment displayed during the year - their resilience, innovation and delivery of outstanding experiences for our members continuing to reach new heights.

In year, we have made changes to the Executive and Senior Management Team to support the appointment of myself as CEO and Billy McCarter as CFO, welcoming Anne Phillips as the new Marketing Director as well as key external hires to the wider Management team.

I believe the current team within ASC will significantly aid us in achieving our future ambition.

Continued growth momentum

During 2023 we delivered £23.5 million of revenue and adjusted EBITDA[2] of £0.1 million and a strong H2 delivery of £1.9 million of adjusted EBITDA[2].

We had previously set out an ambitious target of doubling ASC's revenue between 2020 and 2024, and while we have already grown by 56% since 2020, challenging trading conditions in some markets during 2023 resulted in a temporary reset of our ambitions, delaying our growth targets by 12 months, i.e. now doubling revenue by 2025. Despite this we have continued to work hard to deliver an expanded platform to drive through growth in revenue, sales and ultimately profit in 2024 and beyond. The Group is well financed for the future and remains set on a transitional path to high single digit EBITDA[1] margin by FY26.

Building a high quality, highly profitable and cash generative, premium global business

ASC is the creator of outstanding, one-of-a-kind whisky and experiences around the world and our ambition remains to create a high quality, highly profitable and cash generative, premium global business.

The core of the Group remains the Scotch Malt Whisky Society. SMWS operates a pioneering model with a loyal and growing membership who can exclusively purchase unique, award winning, limited-edition whiskies. Developing additional markets for SMWS and for our growing stable of other retail facing brands diversifies our proposition,and allows us to still deliver growth over the year despite economic uncertainty and fluctuating markets in various parts of the world.

Underlying structural dynamics growing the addressable market

Regardless of the geo-political turmoil around the world, 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. Trends such as premiumisation and experiential demand further add to the appeal of the category - 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 primarily D2C model.

The overall addressable market opportunity remains significant, with the global Scotch whisky market for Ultra-Premium price points, valued by IWSR data for 2022, at $8.1 billion, having grown by 52% since 2020. Of this, $6.3 billion is in markets where we already have a well-established presence and, within these markets, ASC has a market share of only 0.3% representing a significant and growing opportunity.

Globally diversified SMWS celebrates 40th year with continued growth

This year saw us grow global membership of SMWS once again, up 10% to 41,000 at the year end. 2023 experienced particularly strong membership growth in Europe (+29%) the USA (+17%) and new Asia markets, while the slower sales performance in China was also reflected in flat membership during the year. The Society has maintained its high levels of loyalty from our existing members, delivering recurring revenues with retention rates close to last year's historically high level at 74%.

2023 was a very special 40th anniversary year for the Society, with a number of events marking this milestone held around the world, including the global Guinness world record for the largest online tasting, which saw members from almost 20 different countries take part in a simultaneous whisky tasting hosted online from the spiritual home of the Society, The Vaults in Edinburgh. SMWS revenue continued to grow underpinned by the growth in global membership, while spend per member reduced slightly from the record levels seen in 2022. 2023 also saw the launch of the new Membership & Bottle and Drop & Dram subscription offerings, designed to engage and entice new members, as well as the SMWS app supporting the existing members' experience and making purchase of our award-winning whisky more accessible.

November 2023 also saw the Society offer its members the chance to buy the full contents of a cask for the first time, with the launch of the 50th Anniversary Cask Club. This initiative enables members to secure the contents of a cask of new-make spirit and experience its maturation towards a 50th anniversary bottling in 2033. While the initial pace of sales was slower than forecast, dozens of members joined the programme in the first few weeks following launch. Sales are continuing in early 2024 and we are focussed on delivering the full value of this programme during the year.

We further enhanced our globally diversified range of markets by completing the transfer of the Taiwanese chapter of SMWS into a majority-owned joint venture launching in 2023 and selling out 500 memberships within a

day. The new franchise in South Korea achieved 300 new members on initial launch in April with a further 150 added in October.

Acquisition of Single Cask Nation (SCN)

In the second half of 2023 we laid the groundwork to acquire SCN, the award-winning independent bottler based in the USA. The acquisition of the SCN business, including its two founders Jason Johnstone-Yellin and Joshua Hatton joining the wider group, completed in early 2024.

SCN is an independent bottling brand which sources, curates and bottles rare single-cask and limited-edition whiskies, with an orientation to American Whiskies, and other spirits for sale both online and through specialty on-and off-premise accounts in the USA and other key international markets.

We have acquired a USA business that is both complementary and incremental to our existing USA business. SMWS will continue to focus on delivering outstanding Scotch Malt Whisky, while SCN will develop a greater focus on American whiskey. This will not only give consumers something which they seek, namely interesting, unique, curated, exquisitely selected and matured whisky, but also allows us to incubate and trial new product propositions in a very low cost/low risk way with the scope to expand in due course, whilst accelerating our US operations.

The acquisition of SCN builds on ASC's already globally diversified footprint and secures a greater presence in the world's largest premium whisky market.

JGT groundwork continues

We continued to grow our suite of superior quality spirit and complementary brands with further development of JGT with first shipments into the USA and first sales into Asia.

Masterton Bond now fully operational

Our production and supply chain facility at Masterton Bond, near Glasgow, is now fully operational, taking care of every stage of the supply chain process from cask storage, bottling, labelling and pick, pack and dispatch. Over 200,000 bottles have now been produced at the site since it opened in 2022. The first bottling of SCN has now completed and we will continue to service SMWS, SCN and JGT and potentially other brands from this state-of-the-art facility.

As the facility continues to meet the growing volume demand of the Group, in future years we look to drive improvement in margin.

Demonstrating inherent value

ASC generates value through two key components of its unique business model; firstly, acquiring a unique collection of Scotch malt whisky and other spirits, and capturing the value as these casks mature; secondly, using this liquid to create outstanding, limited-edition whisky and experiences around the world.

The long-term substantial value comes from this second element, with stock in cask at the year-end having an estimated retail value in bottle of approximately £481 million (31 December 2022: £493 million), a slight reduction as the average selling price has declined slightly due to lower Vaults Collection and Chinese market sales in 2023,

however still a significant value that represents the opportunity for around £300 million of future gross profit based on the current margin structure of the business.

While we continue on our path to realising this full value over time, the first part of the accretion capture has already delivered significant value. The Group now holds over 17,000 casks (up from 16,500 at the end of 2022) covering a vast range of styles, distilleries, makes, ages, and cask wood types. Though these casks are still carried in our accounts at the net book value of £25.3 million (31 December 2022: £23.3 million), the real current market value has increased substantially since acquisition.

This has been evidenced by both the value of casks sold during the period, which sold for an average of 4.5x the book value, but also the third-party valuation undertaken by Ferovinum; they valued the relevant inventory at 4.8x the net book value as part of the new £15 million facility announced in November 2023.

The path to profitability

During the course of 2023, we have continued to build on the significant investments across our business made in 2021 and 2022, have a clear strategy to drive profitable growth and anticipate growing EBITDA[1] and profit before interest and tax (PBIT) through 2024. Furthermore, the Group remains set on a transitional path to high single digit EBITDA[1] margin by FY26.

2024 will be a year of continued profitable expansion and development, focussing on maximising the benefits of the investments and developments already made in 2023, with concentration on the "brilliant basics" of the business that we expect to see deliver revenue and PBIT growth in line with forecasts.

Current trading and outlook

Whilst still early in the year, we are on track to meet our revised expectations for the full year. We remain positive about our ability to meet our strategic goals in the short, medium and long term, achieving revenue, EBITDA[1] and PBIT growth as we benefit from our investments and the momentum from a profitable FY23 H2 together with increased revenue diversification through cask sales and our new SCN acquisition.

Confidence is supported by stronger performance in the USA, with encouraging levels of in-market depletions revenue growth for Q4-23 (+29%) and continued double digit growth in early 2024 supporting our FY24 shipment revenue forecasts. In China, double digit growth in the early months of 2024 again supports our full year forecast on broadly flat revenue in the market for 2024.

We will continue to adhere to a disciplined investment programme, ensuring we balance conversion of profit delivery to cash with investment in spirit and wood to achieve the optimal levels required to meet our future growth ambitions. We have invested ahead in our supply chain facility and technology roadmap and now have the foundation in place for profitable cash conversion. We will continue to seek partnerships in major markets for ultra-premium whisky where we are not already presented.

Early in FY24-Q2, we plan to relocate to a new Edinburgh HQ Head Office. These premises in central Edinburgh facilitate our future growth ambitions and show a commitment to our People, one of our five strategic pillars - investing in facilities more reflective of modern working practices and further building our Employee Value Proposition (EVP), as morale, collaboration and an increased sense of pride drive further productivity within the business.

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.

* *IWSR Database - 2022 data*

[1] *EBITDA, a non-IFRS metric, is Earnings before interest, tax, depreciation and amortisation (see note 7)*

[2] *Adjusted EBITDA, a non-IFRS metric, is calculated as EBITDA[1] excluding exceptional and non-recurring costs (see note 7)*

Chief Financial Officer's Review

FY23 has been a year of challenge within the wider spirits Industry, most notably the economic climate in China, cost of living pressures and the US post-Covid market rebalancing.

We are disappointed to have not delivered the growth in profitability we wanted, generating a loss of £3.6 million (2022; £2.1 million), impacted by increased interest costs, depreciation of our new Supply Chain facility and below expectation results in some markets such as China.

This FY24 objective is supported by FY23-H2 momentum where we delivered strong results, recognising 12% revenue growth against H2-22, resulting in H2-23 adjusted EBITDA[2] profit delivery of £1.9 million. Full year growth in gross margin of 0.2ppt and completion of the key investments we set out to achieve by the end of FY23, setting us up well to achieve our EBITDA[1] and PBIT ambition, more importantly, sustained and growing profit and cash delivery in the near to medium term.

In FY23, we delivered revenue growth of +8%, achieving £23.5 million, and an EBITDA[1] loss of £0.5 million which, after accounting for non-recurring areas of spend (Executive and Senior Management Team restructure costs, pre-acquisition costs of Taiwan, Single Cask Nation (SCN) and final Masterton move costs), resulted in an adjusted EBITDA[2] of £0.1 million. The loss before tax was £3.6 million, impacted by lower profitability than expected, predominantly driven by market conditions in China.

At a Group level, I am enthused by our continued ability to strengthen the diversification of our business with regards to revenue and profit delivery - more than offsetting challenges in any one market.

Diversified Global Revenue

Europe
As the home of SMWS, the European region remains our largest global market, with around 60% of total Group membership comprising UK Online, UK Venues, Europe and our two franchise markets, Denmark & Switzerland. The region delivered 29% revenue growth year-on-year, within markets like Germany and France as well as another year of continued growth within our UK venues, achieving 9% revenue improvement on FY22.

This omni-channel approach in the UK, with four outstanding member rooms complementing the online presence at www.smws.com, remains a key recruitment tool for the Group, with over 1,200 new members joining via venues in 2023.

The biggest driver of Europe growth was the delivery of £2.7 million in cask sales to members and where appropriate to the trade, up from £0.5 million in 2022. This is further testament to our ability to deliver new revenue streams and increase diversification.

Asia
Our key Asian markets of China, Japan and Hong Kong were joined in year by the launch of a new subsidiary in Taiwan and a new franchise operation in South Korea. The launch of Taiwan and South Korea in H2-23, resulting in 1,000 new members, ensured the region closed the year with over 4,850 members, signifying an almost 30% growth year-on-year.

As stated, the Chinese economy faced significant challenges in 2023, resulting in a 30% revenue decline to £3.5 million in year (2022; £5.0 million), a return to pre-2021 levels.

We expect the recovery in China will be at a steady pace over the next 2 to 3 years. Our outlook for FY24 as a Group starts from the current base and a prudent growth trajectory over the next few years, seeking to take

opportunity in China as it recovers, over the medium term.

Japan closed a successful 2023 with 20% revenue growth, achieving £1 million of sales in 2023, and a closing membership of almost 2,000 members, +5% year-on-year.

Our other Asian markets operate on a franchise basis, with new partners taking on Malaysia and Singapore during the year.

Americas
The North American market is led by the United States, supported by franchises in Canada and Mexico - with the US business representing over 90% of the region based on revenue delivery. From a shipment viewpoint, the market achieved flat performance year-on-year, heavily impacted in the first half by volume declines in the USA as a result of de-stocking as consumer behaviour and on-trade consumption fell back to pre-Covid levels.

Q4 in the market from a depletions perspective was strong, achieving three consecutive months of growth and a December out-turn that achieved the second highest month of depletion sales on record. With full year depletions up 5%, and membership growth of +17%, the encouraging end to 2023 gives us strong momentum heading into FY24.

Other (Australia, New Zealand and South Africa)
The other markets within SMWS, representing 4% and 5% of the Group business based on revenue and membership respectively, consist of our wholly-owned subsidiary in Australia and franchise operations in New Zealand and South Africa.

Performance was 20% down on prior year from a revenue perspective, driven by economic conditions and high inflation in Australia where consumer spending has been cautious. Membership growth achieved was 5% year on year, again driven by the Australian market, providing a good base for 2024.

Cost base investment setting us up for greater Gross Profit delivery to the bottom line

Further investment in systems was made in 2023, in line with our technology roadmap. As we enter 2024, the major investments of 2023 and earlier years have materially concluded, meaning future revenue growth will ensure gross profit flow-through to PBIT level.

The main elements of our cost base (advertising & promotion (A&P), payroll and wider business overhead costs), have seen increases year-on-year as a result of our strategic investment plans. Importantly however, our H2 EBITDA[1] delivery was supported by a cost base 16% lower than H1, a result of investment predominantly made in H1. This gives substance and focus for a well-controlled cost base in 2024 and beyond.

	Selling & Distribution Expenses		**Administrative Expenses**	
	2023 £'000	*2022 £'000*	*2023 £'000*	*2022 £'000*
Commission	1,524	1,461		
Advertising & Promotion (A&P)	3,081	2,743		
Depreciation	1,455	1,259		
FX Loss	178	40		
Overheads			4,191	3,849
Payroll			6,712	6,026
Total	**6,238**	**5,503**	**10,903**	**9,875**

Within A&P, we have spent £3.1 million (2022; £2.7 million), the increase of £0.4 million driven by marketing for our new product offerings. Investment in 2024 will remain around the same level as 2023 as we seek continued improvement on the return on our investment and less cost-intensive marketing of product innovations.

From a payroll perspective, the £0.7 million increased spend in 2023 at £6.7 million (2022; £6.0 million) is driven by two key elements - the high-inflationary impact of pay increases in 2023, at an incremental cost of £0.3 million in year, as we remain committed to being a Real Living Wage employer and utilising CPI as the main independent determinant of pay review increases, and the organisational restructure costs of £0.4 million following changes to our Executive and Management team in the year.

Within wider business overhead costs, investment of £0.3 million in our technology roadmap and initial set-up costs of £0.1 million for new ventures in the year relating to the Taiwan subsidiary and Single Cask Nation (SCN) have resulted in a spend in 2023 of £4.3 million (2022; £3.9 million).

At a depreciation level, the increased depreciation of £0.2 million relates to our new Supply Chain Facility.

During the year we chose not to hedge against our USD exposure, choosing to self-hedge alongside our planned Single Cask Nation investment, resulting in £0.2 million FX loss in year. This will be further reviewed in 2024.

Share Incentive Schemes and EPS

We have followed up the award of share options in 2022 with further options within the scheme. In 2023, 670,000 new share options were issued, consisting of time vesting options for central office and venue staff. Senior Management options are all performance related, based on revenue, EBITDA[1] and share price.

Our Earnings per Share at the end of 2023 is (5.5p) as a result of the loss-making position, with positive bottom-line return expected by 2026.

Balance sheet strength, supported by cash liquidity through asset backed funding, allows for continued cask investment

Our balance sheet strength remains strong, with net assets of £18.3 million supported by further gross investment in spirit and wood of around £4.7 million (2022: £3.0 million).

At a cash level, net cash from financing activities increased by £6.6 million, more than planned due to the greater loss after tax position; £3.7 million (2022; £1.7 million), interest costs of £1.5 million (2022; £0.5 million), as UK interest rates have climbed to their highest rate in over 15 years, and inventory holding - predominantly further net spirit investment of £2.3 million (2022; 4.5 million), allowing us to fully meet forecast demand for the next 5 years and 75% long into the next decade.

We have also made strong investment in key strategic areas in the business over FY23, with £2.1 million (2022; £3.3 million) consisting of final elements of Masterton Bond, fully operational midway through FY23, supported by refurbishment of The Vaults in Edinburgh, our technology roadmap including the launch of our new member app and continued investment in cask wood.

During the year, we entered into a new £15 million facility arrangement with Ferovinum to allow draw down of more debt, which recognises the strength of the cask spirit on our balance sheet and allows us to recognise relevant stock at a truer market valuation to that of the more cautious valuation approach used by banks in a classic asset based facility.

These investments facilitate a strong foundation for the future, delivering a number of strategic priorities in 2023 that will deliver returns in 2024 onwards. The major system investment planned for 2024 is our ePos improvement programme, estimated at around £0.3 million.

The above investments, together with a greater than expected loss before tax and additional interest costs of around £1.0 million has resulted in a net draw-down of debt of £7.9 million.

Improved optionality and flexibility for Group investment through our complementary cask spirit, asset backed, Ferovinum financing facility

Complementing our £21.5 million existing revolving credit facility with The Royal Bank of Scotland (RBS), of which £1.5 million headroom remains at the end of FY23, the Group agreed a new financing facility of £15 million with Ferovinum, giving the Group further financial flexibility to develop its business via recognition of the significant appreciating cask spirit asset base.

The Ferovinum platform allows the Group to convert our maturing stock into a financial asset at a truer market valuation compared to the net book value held in the balance sheet, and the only other externally guided amount provided by the Bank (RBS). As part of the initial agreement, Ferovinum extended to ASC £2.6 million in cash, through a cask spirit parcel valuation of £3.8 million at 70% loan to value ratio, for a maximum period of two years with the same headline interest margin as ASC's existing RBS banking facility.

To highlight the significant value increment achieved via Ferovinum, the Net Book Value of the casks within the initial £3.8 million transaction held on the Balance Sheet was £0.8 million, the RBS valuation was £1.3 million and Ferovinum's valuation, using market generated intelligence was £3.8 million, representing a 380% and 191% incremental valuation on the net book value and bank value respectively.

[1] *EBITDA, a non-IFRS metric, is Earnings before interest, tax, depreciation and amortisation (see note 7)*

[2] *Adjusted EBITDA, a non-IFRS metric, is calculated as EBITDA[1] excluding exceptional and non-recurring costs (see note 7)*

Consolidated Statement of

Comprehensive Income for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Revenue	6	**23,500**	21,781
Cost of sales		**(8,499)**	(7,936)
Gross profit		**15,001**	13,845
Selling and distribution expenses		**(6,238)**	(5,503)
Administrative expenses		**(10,901)**	(9,875)
Finance costs	6	**(1,516)**	(576)
Other income	9	**79**	37
Loss on ordinary activities before taxation	7	**(3,575)**	(2,072)
Taxation	11	**(158)**	359
Loss for the year		**(3,733)**	(1,713)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Movements in cash flow hedge reserve		**(8)**	31
Movements in translation reserve		**(64)**	(59)
Tax relating to other comprehensive loss		**-**	-
		(72)	(28)
Total comprehensive loss for the year		**(3,805)**	(1,741)
Loss for the year attributable to:			
- Owners of parent company		**(3,848)**	(2,010)
- Non-controlling interest		**115**	297
		(3,733)	(1,713)
Total comprehensive loss for the year attributable to:			
- Owners of parent company		**(3,920)**	(2,038)
- Non-controlling interest		**115**	297
		(3,805)	(1,741)
Basic EPS (pence)	12	**(5.5p)**	(2.9p)
Diluted EPS (pence)	12	**(5.5p)**	(2.9p)

Consolidated Statement of Financial Position as at 31 December 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Investment property		**420**	405
Property, plant and equipment	13	**10,426**	10,362
Intangible assets		**2,389**	2,249
		13,235	13,016
Current assets			
Inventories	14	**30,564**	28,303
Trade and other receivables		**4,787**	3,714
Cash and cash equivalents		**1,235**	2,331
		36,586	34,348
Total assets		**49,821**	47,364
Current liabilities			
Trade and other payables		**3,216**	3,703
Current tax liabilities		**702**	405
Financial liabilities	15	**272**	357
Lease liability		**384**	360
		4,574	4,825
Net current assets		**32,012**	29,523
Non-current liabilities			

Financial liabilities	15	**23,809**	16,984
Lease liability		**2,575**	2,959
Deferred tax liabilities		**-**	-
Provisions		**589**	580
Total non-current liabilities		**26,973**	20,523
Total liabilities		**31,547**	25,348
Net assets		**18,274**	22,016
Equity			
Called up share capital		**176**	174
Share premium account		**15,255**	14,997
Translation reserve		**(140)**	(76)
Retained earnings		**2,789**	6,685
Cash flow hedge reserve		**-**	8
Equity attributable to owners of the parent		**18,080**	21,788
Non-controlling interest		**195**	228
Net assets		**18,275**	22,016

Consolidated Statement of Changes In Equity For the year ended 31 December 2023

£'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 2021	174	14,938	8,505	(23)	(17)	-	23,577	304	23,881
Issue of share capital	-	59	-	-	-	-	59	-	59
(Loss)/profit 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
Issue of share capital	2	258	-	-	-	-	260	-	260
(Loss)/profit for the period	-	-	(3,848)	-	-	-	(3,848)	115	(3,733)
Share-based compensation	-	-	(48)	-	-	-	(48)	-	(48)
Transactions with non-controlling interest	-	-	-	-	-	-	-	65	65
Dividend payable	-	-	-	-	-	-	-	(213)	(213)
Other comprehensive gain/(loss)	-	-	-	(8)	(64)	-	(72)	-	(72)
Balance at 31 December 2023	**176**	**15,255**	**2,789**	**-**	**(140)**	**-**	**18,080**	**195**	**18,275**

Consolidated Statement of Cash Flows For the year ended 31 December 2023

	Notes	**2023 £'000**	2022 £'000
Loss for the year after tax		**(3,733)**	(1,713)
Adjustments for: Taxation charged		**158**	(359)
Finance costs		**1,415**	494
Interest receivable		**(4)**	(4)
Movements in provisions		**9**	10
Share-based payments		**(48)**	190
Investment property fair value movement		**(15)**	(14)
Lease interest		**101**	82
Depreciation of tangible assets	13	**1,568**	1,000
Amortisation of intangible assets		**282**	259
Movements in working capital:			
Increase in inventory		**(2,261)**	(4,496)
Increase in trade and other receivables		**(1,073)**	(746)
(Decrease)/increase in trade and other creditors		**(700)**	240
Cash absorbed by operations		**(4,301)**	(5,057)
Income taxes received/(paid)		**139**	(75)
Interest paid		**(1,379)**	(494)
Net cash outflow used in operating activities		**(5,541)**	(5,626)

Cash flow from investing activities			
Purchase of intangible assets		**(422)**	(88)
Purchase of property, plant and equipment	13	**(1,657)**	(2,911)
Sale of property, plant and equipment	13	**23**	
Acquisition of subsidiary		**-**	(359)
Interest receivable	4	**4**	4
Net cash used in investing activities		**(2,052)**	(3,354)
Cash flows from financing activities			
Share issue		**260**	59
Transactions with non-controlling interest		**65**	-
Asset backed lending received		**2,592**	-
Inventory secured RCF facility		**5,000**	10,300
Dividends paid		**-**	(373)
Loan received		**1,450**	-
Repayment of loan		**(2,336)**	(148)
Repayment of leases		**(461)**	(354)
Net cash from financing activities		**6,570**	9,484
Net (decrease)/increase in cash and cash equivalents		**(1,023)**	504
Cash and cash equivalents at beginning of year		**2,331**	2,012
Foreign currency translation		**(73)**	-
Non-controlling interest movement		**-**	(185)
Cash and cash equivalents at end of year		**1,235**	2,331
Relating to:			
Bank balances and short term deposits		**1,235**	2,331

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 2023 and the comparative figures for the twelve months ended 31 December 2022.

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 2023 or 2022. The statutory accounts for 2022 have been delivered to the Register of Companies, and those for 2023 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 27 March 2024.

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 2023, 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 Group has further access to a £15.0m inventory financing facility which can be drawn upon if required. The revolving credit facility was renewed in December 2022 and is not due for renewal until December 2025 whilst the inventory financing facility has an evergreen term.

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[1] (Earnings before Interest, Tax, Depreciation and Amortisation) and Net Assets (excluding Intangibles) exist if the springing test is not met.

The Group remained compliant with its banking covenants throughout the year to 31 December 2023.
In the context of the above, the directors have prepared cash flow forecasts for the period to 31 April 2025 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 future impacts of geopolitical risk and have modelled scenarios as follows:

1. A base cash flow forecast. The 2024 figures in this forecast are based on the Group's 2024 budget, which is compiled using board approved forecasts and reflecting current performance, expected revenue growth and membership retention. The 2025 figures in the base cash flow forecast are taken from the Group's 3-5 year long range planning. This base case assumes a more prudent growth trajectory than in previous years, with organic market growth rate at single digit, supported by full year delivery of strategic initiatives secured. 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 severe but plausible downside scenario assumes an escalation of geopolitical tensions in Asia with a resultant shut down of Asian operations impacting revenue in excess of £5m per annum, together with an associated reduction in global sales to a level similar to that experienced during the recent Covid-19 pandemic. Under this scenario, one-off costs to implement the required cost-base reductions are assumed in the impacted markets.

In this scenario, capital expenditure has been reduced whereas investment in spirit and wood continues on a replenishment basis. Throughout the severe but plausible downside scenario the Group would remain within its facility limits and in compliance with the relevant covenants, with further cash mitigation opportunities available through capital expenditure, spirit and wood investment.

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.

[1] EBITDA, a non-IFRS metric, is Earnings before interest, tax, depreciation and amortization (see note 7)

[2] Adjusted EBITDA, a non-IFRS metric, is calculated as EBITDA[1] excluding exceptional and non-recurring costs (see note 7)

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) Operating Segments

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

2023	Europe £'000	Asia £'000	Americas £'000	Others £'000	Group £'000
Revenue	**12,570**	**5,223**	**4,722**	**985**	**23,500**
Cost of Sales	**(5,783)**	**(1,415)**	**(896)**	**(405)**	**(8,499)**
Gross Profit	**6,787**	**3,808**	**3,826**	**580**	**15,001**
Selling & distribution costs					**(6,238)**
Administrative costs					**(10,901)**
Finance Costs					**(1,516)**
Other income					**79**
Loss before tax					**(3,575)**
Taxation					**(158)**
Net Loss					**(3,733)**

2022	Europe £'000	Asia £'000	Americas £'000	Others £'000	Group £'000
Revenue	9,804	6,099	4,670	1,208	21,781
Cost of Sales	(5,076)	(1,664)	(997)	(617)	(8,354)
Gross Profit	4,728	4,435	3,673	591	13,427
Selling & distribution costs					(5,503)
Administrative costs					(9,875)
Finance Costs					(576)
Other income					37
Loss before tax					(2,072)
Taxation					359
Net Loss					(1,713)

Within Europe, the UK represents the largest market, split UK Online and UK Venues, delivering £3.5 million (2022: £3.3 million) and £4.0 million (2022: £3.7 million), respectively.

In the America's region, the largest market being the US, shipment sales of £4.4 million was flat on prior year (2022: £4.4 million), with in-market depletions +5%, and Q4 alone +29%, year on year.

China represents the largest market in Asia, revenue in the year of £3.5 million (2022: £5.0 million) representing a 30% decline on the prior year, impacted by the economic headwinds within the market.

Other is predominantly represented by Australia, with revenue of £0.8 million (2022: £1.0 million).

The Board does not receive a segmental breakdown of assets and liabilities, depreciation or capital expenditure.

An analysis of the Group's revenue by product category is as follows.

	2023 £'000	2022 £'000
Revenue from sale of whisky	**18,161**	16,972
Membership income	**1,724**	1,479
Revenue from sale of other spirits	**143**	149
Member rooms	**2,244**	2,025
Events and tastings	**886**	827
Other	**342**	329
Total revenue	**23,500**	21,781

Revenue from the sale of whisky in 2022 has been adjusted to include £344k of trade sales of cask whisky, previously presented within other.

7) Loss on ordinary activities before taxation

	2023 £'000	2022 £'000
Operating loss is stated after charging:		
Amortisation of intangible assets	**282**	259
Depreciation on tangible assets	**1,173**	1,000
Cost of inventories recognised as an expense	**5,759**	6,111
Net foreign exchange loss	**79**	11
Reconciliation of adjusted EBITDA:		
Loss on ordinary activities before taxation	**(3,575)**	(2,072)
Add back; Depreciation of tangible assets	**1,173**	1,000
Add back; Depreciation of production assets within cost of sales	**106**	-
Add back; Amortisation of intangible assets	**282**	259
Add back; Finance Costs - interest on loans	**1,415**	494
Add back; Finance Costs - leases	**101**	82
EBITDA	**(498)**	(237)
Exceptional items and non-recurring costs	**647**	631
Adjusted EBITDA	**149**	394

Adjusted EBITDA and loss for the year are stated after including £nil (2022: £0.2m) of share based payment costs.

8) KPIs

Certain KPIs relating to membership are monitored by the Board and by Management, as follows:

2023	**Revenue £'000**	Year End Members	Average Members	Annual Revenue/ Member £	Annual Contribution/ Member £	Retention %	Expected Years	LTV (Members) £
Europe	**10,231**	25,921	24,987	409	187	78	4.6	866
Asia	**5,223**	4,865	4,249	1,229	878	63	2.7	2,355
Americas	**4,722**	8,281	7,511	628	366	67	3.0	1,107
Other	**977**	1,977	1,958	499	291	70	3.3	970
Total	**21,153**	**41,044**	**38,706**	**547**	**303**	**74**	**3.9**	**1,173**
Change vs prior year	**-**	**+10%**	**+9%**	**-9%**	**-7%**	**-3%**	**-9%**	**-15%**

2022	Revenue £'000	Year End Members	Average Members	Annual Revenue/ Member £	Annual Contribution/ Member £	Retention %	Expected Years	LTV (Members) £
Europe	9,408	24,494	23,304	404	173	80	5.1	885
Asia	6,056	3,770	3,668	1,651	1,180	64	2.7	3,234
Americas	4,618	7,148	6,632	696	392	68	3.1	1,235
Other	1,129	2,004	1,818	620	318	80	4.9	1,556
Total	21,209	37,416	35,422	599	326	77	4.3	1,387

1. Contribution is a non-IFRS measure, and is defined by Management as Gross Profit less Commission paid on sales (primarily in relation to the USA)

2. Expected Years is a non-IFRS measure and is defined by Management as one divided by one minus retention 1/(1-r%).

3. Lifetime Value (LTV) is a non-IFRS measure, and is defined as Annual Gross Profit per member, multiplied by expected years.

4. Total revenue excludes trade cask sales within Europe and JG Thomson trade sales totaling £2,347k (2022: £572k) which are unrelated to membership proposition.

9) Other operating income

	2023 £'000	2022 £'000
Other income	**79**	37
	79	37

Other income in 2023 relates to a refund of previously overpaid expenses in SMWS China, other income in 2022 is predominantly the ageing of gift vouchers past expiry as well as interest received on VAT refunds from HMRC.

10) Exceptional and non-recurring costs

	2023 £'000	2022 £'000
Organisational restructuring costs	**418**	1
Acquisition and transaction-related costs	**138**	288
Masterton pre-operational costs	**91**	342
	647	631

In 2023 non-recurring costs comprise; executive and senior management team restructuring costs, pre-acquisition costs in relation to the Group's new operations in Taiwan and the Group's acquisition of Single Cask Nation subsequent to the year end, and costs relating to finalisation of the Masterton Bond start-up which became operational in 2022.

The 2022 non-recurring 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

	2023 £'000	2022 £'000
Current income tax		
UK corporation tax		
Adjustment in respect to prior periods	**(45)**	(250)
Foreign tax	**203**	454
Current tax charge	**158**	204
Deferred tax		
Relating to origination and reversal of temporary timing differences	**-**	(386)
Adjustment in respect to prior periods	**-**	(52)
Effect of changes of tax rates	**-**	(125)
Deferred tax credit	**-**	563
Tax on ordinary activities	**158**	(359)

12) Earnings per Shares (EPS)

	2023 £'000	2022 £'000
Earnings used in calculation	**(3,848)**	(2,010)
Number of shares	**70,214,725**	69,708,374
Basic EPS (p)	**(5.5p)**	(2.9p)

Number of dilutable shares	**74,989,595**	74,746,138
Diluted EPS (p)	**(5.5p)**	(2.9p)

All dilutable potential shares relate to share options. A loss per share is not diluted. The number of shares and number of dilutable shares shown represent the weighted average for the period.

13) Property, plant and equipment

	Land and buildings freehold £'000	Land and buildings leasehold £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Cask wood £'000	Right-of use asset £'000	Total £'000
Cost or valuation							
As at 1 January 2022	678	1441	498	1,968	2,745	4,343	11,673
Additions	-	-	5	2,202	704	162	3,073
As at 31 December 2022	678	1,441	503	4,170	3,449	4,505	14,746
Additions	-	-	-	817	840	-	1,657
Disposals	-	-	-	(25)	-	-	(25)
As at 31 December 2023	**678**	**1,441**	**503**	**4,962**	**4,289**	**4,505**	**16,378**
Accumulated depreciation							
As at 1 January 2022	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	1,172	493	1,135	4,384
Charge for the year	15	70	47	849	169	420	1,570
Released on disposal	-	-	-	(2)	-	-	(2)
As at 31 December 2023	**196**	**1,167**	**353**	**2,019**	**662**	**1,555**	**5,952**
Net book value							
As at 31 December 2022	497	344	197	2,998	2,956	3,370	10,362
As at 31 December 2023	**482**	**274**	**150**	**2,943**	**3,627**	**2,950**	**10,426**

£151k (2022: £88k) of the depreciation charge for cask wood, £65k of the depreciation charge for fixtures, fittings and equipment.

£74k of the depreciation charge for right-of-use assets have been capitalised as costs of stock. The remaining balance has been expensed to the Statement of Comprehensive Income.

Leases are in relation to the Group's supply chain facility at Masterton Bond in addition to venues at Queen Street in Edinburgh and Bath Street in Glasgow.

Right of use assets included in the Consolidated Statement of Financial Position were as follows.

	Venues	Supply Chain Facility	Total
At 1 January 2022(i)	1,520	2,162	3,682
Additions	**-**	162	162
Depreciation	(188)	(286)	(474)
At 31 December 2022(i)	1,332	2,038	3,370
Depreciation	(187)	(233)	(420)
At 31 December 2023	**1,145**	**1,805**	**2,950**

(i) Right of Use Assets at 1 January 2022 and at 31 December 2022 has been adjusted to reclassify £187k of assets from Supply Chain Facility to Venues, with no change to the reported total balance.

Lease Liabilities included in the Consolidated Statement of Financial Position were as follows.

	Venues	Supply Chain Facility	Total
At 1 January 2022	1,428	2,163	3,591
Additions	51	31	82
Depreciation	(200)	(154)	(354)
At 31 December 2022	1,279	2,040	3,319
Interest payment	51	50	101
Repayment of lease liability	(199)	(262)	(461)
At 31 December 2023	**1,131**	**1,828**	**2,959**

14) Inventories

	Group	
	2023 £'000	2022 £'000
Cask Goods	**25,343**	23,034
Bottled stock	**3,092**	3,298
Other inventory	**2,129**	1,971
	30,564	28,303

The cost of inventories recognised as an expense during the year was £5,759k (2022: £6,111k). The cost of inventories recognised as an expense includes £151k (2022: £4k) in respect of write-downs of bottled stock and other inventory.

Inventories with a carrying amount of £795k (2022: £nil) have been pledged as security for certain of the Group's financing facilities.

15) Financial liabilities

	Group	
	2023 £'000	2022 £'000
Inventory Secured RCF	**20,000**	16,500
Inventory financing	**2,628**	-
Bank loans	**1,418**	784
Other loans	**35**	57
Total financial liabilities	**24,081**	17,341

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