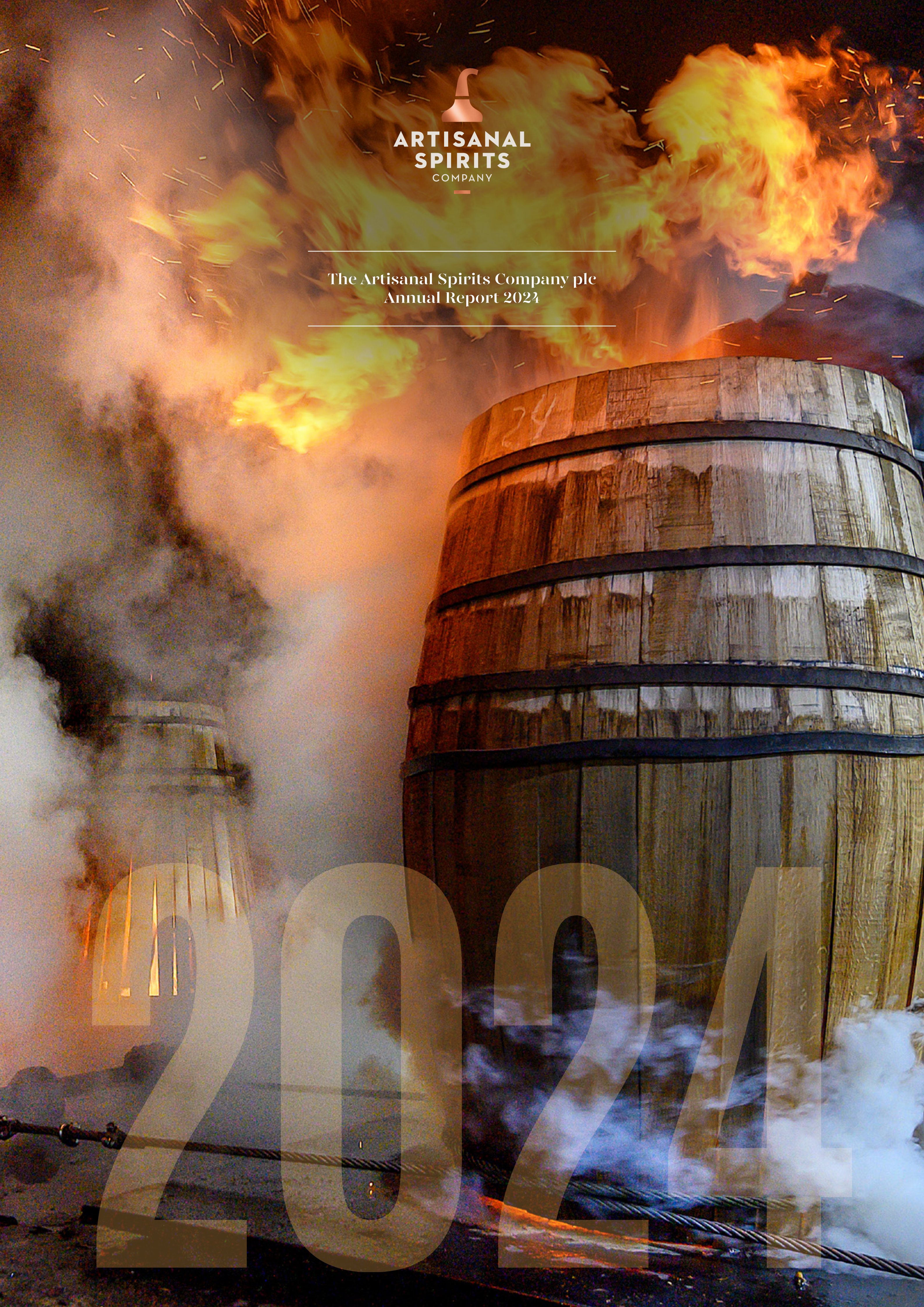

The Artisanal Spirits Company plc
Annual Report 2024

CURATORS OF THE WORLD'S FAVOURITE SINGLE CASK AND LIMITED-EDITION WHISKIES

The Artisanal Spirits Company plc's purpose is to captivate a global community of whisky adventurers by 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, the Company owns The Scotch Malt Whisky Society (SMWS), Single Cask Nation (SCN) and J.G. Thomson (JGT). Owning over 18,000 casks primarily of Single Malt Scotch Whisky, ASC's stock includes outstanding whiskies (and other spirits) from over 150 different distilleries across 20 countries which is sold directly to consumers around the world.

Established in 1983, SMWS currently has a worldwide membership of over 42,000 members. With an established global presence in some 30 countries, SMWS operates a direct-to-consumer model 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, single cask Scotch malt whiskies.

You can also read our Annual Report online at
artisanal-spirits.com/ar2024

AT A GLANCE
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INVESTMENT CASE
PAGE 14

Highlights of the year

EBITDA
£1.1m
+£1.6m*

Membership
42,700
+4%

Revenue
£23.6m
+0.4%

Cask spirit asset valuation
£102m

Acquisition of Single Cask Nation (SCN)
In January 2024, ASC successfully completed the acquisition of SCN, a US business that is both complementary and incremental to our existing business, aligning with our stated ambition to further grow our presence in the USA and address the growing American Whiskey market. In its first year of operation, SCN delivered PBT to the Group of £0.3 million.

Loyal and growing membership
Total SMWS membership has increased to 42,700, with significant growth and trajectory achieved in the UK in H2-24.

Initial launch from the SMWS Range Review
During 2024 we undertook a range review, the first part of which, the Creator's Collection, was released in November and was well received, with more to come in 2025 as New Product Development continues alongside the ongoing success of the Heresy range.

Valuation of cask spirit holding
In July 2024, the ASC Group carried out its first formal independent valuation of the cask spirit inventory. The 18,000 casks were valued at around £102m, representing around 4x the NBV and Net Debt of the Group.

*PY EBITDA (£0.5m), adjusted EBITDA £0.1m

In this report

SUSTAINABILITY REPORT PAGE 22

STRATEGY IN ACTION PAGE 18

WE CAPTIVATE A GLOBAL COMMUNITY OF WHISKY ADVENTURERS BY CREATING AND SELLING OUTSTANDING, LIMITED-EDITION WHISKIES AND EXPERIENCES AROUND THE WORLD

At our heart, The Artisanal Spirits Company plc is driven by The Scotch Malt Whisky Society, supported by additional brands, all focussed on creating, curating and selling outstanding, limited–edition whisky and artisanal spirits to premium drinks lovers around the world.

The Artisanal Spirits Company (ASC)

Founded to acquire The Scotch Malt Whisky Society 10 years ago in 2015, the ASC ambition is to create a high quality, highly profitable and cash generative global business.

ASC now owns three brands, SMWS, JGT and SCN and is supported by the Group's supply chain facility at Masterton Bond.

The Scotch Malt Whisky Society (SMWS)

Established in 1983, SMWS currently has a worldwide membership of over 42,000 paying members. With an established global presence in 30 countries, SMWS operates a direct-to-consumer model 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, single cask Scotch malt whiskies.

Single Cask Nation (SCN)

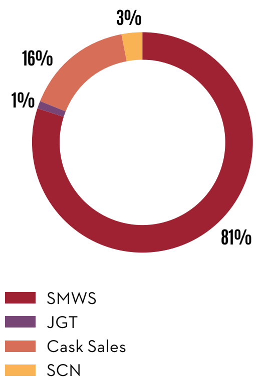
ASC completed the acquisition of SCN in January 2024.

SCN sources, curates and bottles single-cask whiskies and other spirits, with an emphasis on American whiskies, selling both online and via traditional retail channels to its following of around 8,000 whisky enthusiasts in the USA and international markets.

J.G. Thomson (JGT)

Launched in the UK in late 2021 and now expanded into international markets, 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.

Revenue breakdown by entity/product



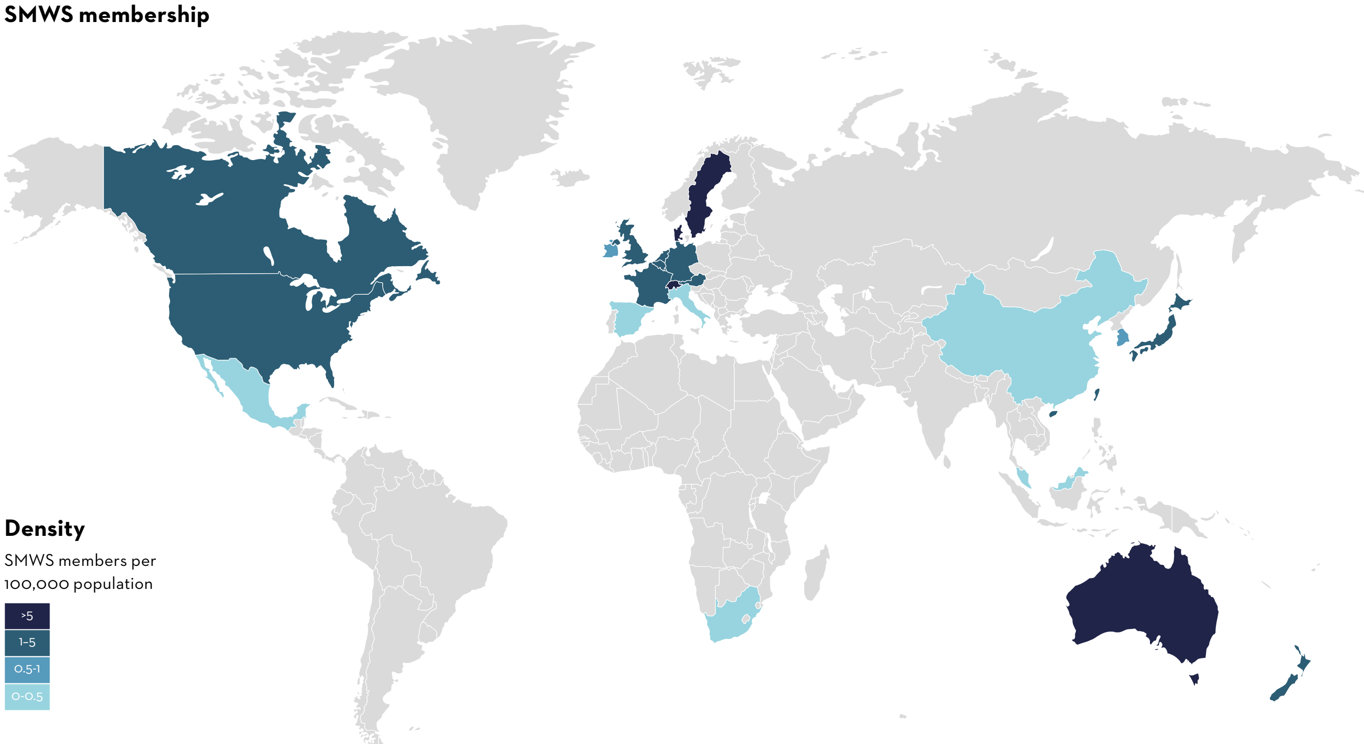
Masterton Bond

Opened in November 2022, the Group's multi-purpose supply chain facility provides full bottling and fulfilment operations for the Group as well as cask storage facilities.

Presence

EXPANDING GLOBALLY

SMWS membership



Europe
Europe is where it all began, with the establishment of SMWS in the UK in 1983. Membership is now over 27,000 (over 60% of global membership), with a strong omni-channel offering, including online direct to consumer (D2C) sales, the four UK member rooms (across Edinburgh, Glasgow and London) and the strategic cask sales offering to members.

Within continental Europe, we have a direct online presence across most of the region including the key markets of Germany, France and Sweden, as well as strong franchises in Denmark and Switzerland.

Americas
The Americas is the second largest region for SMWS, based on revenue, and is the largest global market for ultra-premium Scotch whisky[1]. Consisting of SMWS America and SCN, supported by the Canadian and Mexican SMWS franchises. The region represents around 20% of global membership and revenue.

Asia
Asia includes the markets of China, Japan and Taiwan alongside franchise operations in Korea, Malaysia and Singapore. The region in total represents 18% of global revenue and 13% of total membership.

Australia, South Africa and New Zealand
Our Australian subsidiary, together with franchise operations in South Africa and New Zealand represent 4% of the Group in terms of revenue and membership.

Total membership (December 2024)
42,700
+4%

EBITDA
£1.1m
+£1.6m

Membership retention
71%
(3%)

Average member lifetime value
£927
(21%)

1 IWSR 2023 Data

Key Performance Indicators

RESILIENT BUSINESS PERFORMANCE ACHIEVING PROFITABILITY AND CASH IMPROVEMENTS

In challenging industry and economic conditions, the financial performance of the business has been one of improvement.

FINANCIAL KPIs

Global revenue

+0.4%

2024	£23.6m
2023	£23.5m
2022	£21.8m
2021	£15.0m

Gross profit

No change

2024	£15.0m
2023	£15.0m
2022	£13.8m
2021	£11.2m

Gross margin

(0.1ppt)

2024	63.7%
2023	63.8%
2022	63.6%
2021	61.5%

EBITDA[1]

+£1.6m

2024	£1.1m
2023	-£0.5m
2022	-£0.2m
2021	-£0.6m

Net debt*

(£1.5m) vs Jun 24

£2.7m vs Dec 23

Dec24	£25.5m
Jun24	£27.0m
Dec23	£22.8m
Dec22	£14.7m
Dec21	£5.2m

Loss before tax

£0.5m improvement

2024	-£3.1m
2023	-£3.6m
2022	-£2.1m
2021	-£2.7m

1 EBITDA calculation contained within Note 6 to the Financial Statements.

* Net debt calculation contained within the Glossary.

FINANCIAL & NON-FINANCIAL KPIs

Members (year end)

+4%

2024	42,700
2023	41,000
2022	37,400
2021	33,300

Lifetime value[2]

(6%) vs Jun 24

(21%) vs Dec 23

Dec24	£927
Jun24	£989
Dec23	£1,173
Dec22	£1,387
Dec21	£1,445

Annual membership retention[2]

Flat vs June 24

(3%) vs Dec 23

Dec24	71%
Jun24	71%
Dec23	74%
Dec22	77%
Dec21	77%

Annual contribution per member[2]

(7%) vs Jun 24

(11%) vs Dec 23

Dec24	£269
Jun24	£288
Dec23	£303
Dec22	£326
Dec21	£332

Number of casks held

+9%

2024	18,900
2023	17,300
2022	16,500
2021	15,300

Retail value of spirit stock*

£501m

2024	£501m
2023	£481m
2022	£493m
2021	£430m

2 Definition of calculation contained within the Glossary.

* 4.0 million bulk litres of stock held within cask inventory equating to 5.7 million 70cl bottles at an average selling price in 2024 of £88 (excluding VAT).

Chair's Statement

STRONG FOUNDATIONS

Despite the globally challenging environment in 2024, the Group continued to grow, delivered on its commitments, and is well positioned for continued growth in 2025 and beyond.

I am pleased to present this year's Chair's report, following a year where the global whisky market faced headwinds, but the Group was able to deliver membership growth, revenue stability and EBITDA growth.

The Board continue to focus on four broad areas – governance, strategy, performance and culture – ensuring that the business is well led and well run.

Despite ongoing business progress, frustratingly the market valuation of ASC materially lags both its performance trajectory and its asset value. This remains a key focus for the Board and Executive team as we seek to drive total shareholder returns. Through a review of our capital allocation strategy alongside active conversations with a number of our shareholders, profit growth and cash generation remains the absolute focus.

We will strengthen our balance sheet ensuring capital is deployed against building business momentum including cask purchases, deleveraging, retaining optionality for strategic M&A (with Single Cask Nation a good example of this) and then longer-term consideration of a dividend policy or share buy backs.

Strategic priorities focus delivers first positive EBITDA delivery since IPO

This year marks a significant milestone for our Company as we delivered our first positive EBITDA since our IPO. This achievement is a testament to our focus on our strategic priorities and operational efficiencies. Our guidance indicates an improving revenue and EBITDA trajectory and strengthening balance sheet, reflecting our commitment to sustainable growth and profitability.

Growing SMWS Membership and Aspirations for Further Growth

SMWS membership continues to grow, reflecting the value and appeal of our offerings. We have ambitious aspirations to further increase our membership numbers, which we believe is the gateway to future growth. Our strategies are designed to attract, retain and engage members, driving long-term value. We are also proud to report that member retention rates for SMWS have held up strongly. This stability is a key indicator of member satisfaction and loyalty, which are critical to our ongoing success. We remain committed to enhancing the member experience and delivering exceptional value both through the on-line and in person offering.

SMWS venues continue to perform solidly, contributing to our overall success. We have focused on optimising our venue operations to ensure they deliver exceptional experiences for our members and guests and will continue to enhance our flagship "storefronts" for the Group's products.

Positive developments in the USA

We have taken major steps to unlock the potential of the US market as we take more active control over operations allowing us to expand more rapidly and more efficiently in the USA. This complements the 2024 acquisition of the Single Cask Nation business, which has overdelivered on expectations, and continues to win awards and delight the "members of the nation" with outstanding whiskies.

As we head into 2025, while there is no specific new tariff currently being proposed on our products, the threat of tariffs remains a possibility and the group is taking steps to minimise any potential impact through management of our US stockholding, the optimal route to market, and our ability to utilise a greater percentage of US whiskey, should this be required at any stage.

China and Asia: a more manageable risk

While China and the Far East remain important markets for the Group, our exposure to the Chinese market has reduced, limiting the risk to the Group of further downside while being positioned to capitalise on any recovery.

Our international expansion efforts continue with Vietnam being our next target market. We are confident that our proven strategies and strong brand will resonate with consumers in Vietnam, opening new avenues for growth and success. This will build on previous expansions into Taiwan, South Korea and across South-East Asia, where demand for ultra-premium whisky remains strong.

Evolving the SMWS Portfolio

We are excited about the evolution of the SMWS range to provide our members with exclusive opportunities to explore and enjoy a wider range of products, further enhancing their experience and delivering outstanding whisky at multiple price points. Innovation remains at the heart of our product portfolio strategy. We are accelerating our efforts to introduce new and exciting products that meet the evolving needs and preferences of our members. The introduction of the Creators Collection is a fine example of this, with the first release generating over £250,000 of sales in the first few weeks after launch. Additionally SMWS will continue to develop private cask sales as a strategic priority giving existing and new members the opportunity to acquire full casks of our outstandingly curated whiskey.

Improving Balance Sheet

Our balance sheet is improving as we see a reduction in net debt in the second half, cash generative in FY24-H2, reflecting our disciplined financial management and capital allocation strategy. This improvement provides us with the financial flexibility to pursue growth opportunities and navigate potential challenges. The balance sheet is underpinned by the exceptional stocks of whisky and spirits held by the Group, with over 18,000 casks in ownership with a current replacement valuation of over £100 million. Our asset value remains robust and is well ahead of our market capitalisation. This strength underscores the inherent value of our business and provides a solid foundation for future growth and value creation.

People and Culture

People are central to everything we do and the results of our 2024 culture survey demonstrated that we have an engaged team who are passionate about delivering world class experiences for our members around the world.

We continue to invest in people development ensuring that we have a work environment that represents the premium experiences that we seek to deliver.

In conclusion, we have made significant progress this year, achieving key milestones and positioning ourselves for continued success. I am confident that our strategic initiatives and dedicated team will drive our company forward, delivering value for our members and shareholders.

Thank you for your continued support.

Mark Hunter
Chair

Chief Executive's Review

DELIVERING PROFITABLE GROWTH

In 2024, the Group delivered its strongest EBITDA performance to date, as well as progressing key strategic initiatives which further reinforce our foundation for continued, sustainable profitable growth and cash generation, underpinned by our exceptional asset backing.

Creators of outstanding, limited-edition whisky and experiences
At the Artisanal Spirits Company, we aim to captivate a global community of whisky adventurers, and we do that by creating and selling an unrivalled selection of outstanding, limited-edition whisky and experiences.

Our ambition is to create a high quality, highly profitable and cash generative, premium global business and I am delighted to report that we have delivered our strongest EBITDA performance to date and have transitioned into a cash generative business from the latter part of FY24, as we make progress against that ambition.

This progress would not have been possible without the amazing team at ASC, and I would like to thank them for the quality and commitment of their efforts throughout the year.

Significant progress made since IPO
Whilst the journey to date has not been without its challenges, I thought it would be helpful to reflect on the substantial progress that has been made since our IPO in H1-21.

Both revenue and SMWS membership have each grown by 57% since 2020 (with membership at 31 December 2024 now over 42,000), supported by significant revenue diversification, product quality and innovation, international expansion, new brands and investment in marketing.

The Scotch Malt Whisky Society remains at the heart of the business; however we were delighted to welcome Single Cask Nation into the Group in January 2024, with a very positive inaugural year since acquisition.

The overall mix of the business has continued to evolve, with China gradually increasing to almost a quarter of the business in 2022, before reducing to only 10% in FY24, reflecting the economic headwinds in the market.

In response to this, we have been able to show strong agility, and revenue diversification, and excluding China, the rest of the business delivered a 15% CAGR between 2020 and 2024.

I am pleased with our ability to move with pace on these long term strategic opportunities for the group, with launches in new markets like Korea and significant growth in Taiwan, the successful acquisition of Single Cask Nation, as well as product development such as our 50th Anniversary Cask Programme and more generally our development of our cask sales offering helping to reduce dependency on individual markets, products or brands.

From a strategic investment perspective, we have successfully deployed the £15m of new equity raised on IPO. This, together with debt, has been primarily used to fund the £14m investment in spirit between 2021 and 2024, and a further £3m on cask wood during the same period. Following this significant investment in the cask inventory, we now hold all spirit required to meet demand through to the next decade. As a result, the cash profile of the Group is improving; and we believe that net debt has peaked, as we transition from material net cash investments in stock to a replenishment approach.

The new equity at IPO also helped us to complete our £2.5m investment in our Masterton Bond supply chain facility where we have now produced over 335,000 bottles and have over 2,300 casks in storage, helping to reduce our third party costs and dependency.

We have also been able to invest in our international markets, in particular south-east Asia, and more recently in the USA, as well as to improve our IT and e-commerce systems across the business and undertake the substantial refurbishment of the SMWS brand home at the Vaults in Leith in 2023.

This investment in the Vaults helped to deliver the joint fastest growth of any venue in FY24 (+£0.1m = 8%). Overall the member rooms remain a critical part of our member proposition, with around 100,000 visitors to our venues across 2024, helping to recruit around 1,000 new members and support almost £4m of revenue in the year. We have continued to invest in these member rooms during the year, with the successful roll out of a new electronic point of sale ("EPOS") till system across the venues in Q4-24 which is already driving benefits to members and our business.

As we look ahead, the level of capital investment has reduced, meaning that since June 2024, we have now transitioned into a cash generative phase for the business.

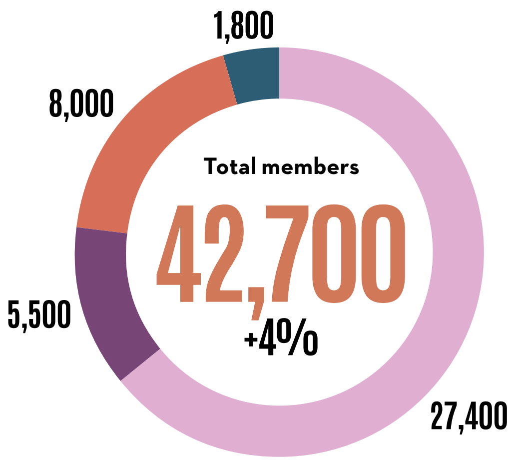
Profitable Growth

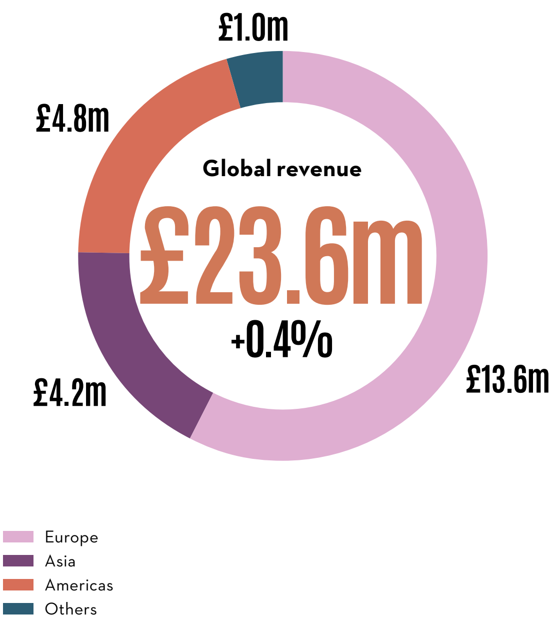
For 2024, we delivered a £1.6m year on year improvement in reported EBITDA (FY23: £0.5m loss) and a £1m improvement in Adjusted EBITDA (FY23: £0.1m), in the context of revenue being broadly flat at £23.6m (FY23: £23.5m).

This creditable performance has been achieved despite ongoing challenging trading conditions in certain markets and further demonstrates the strength and flexibility of the ASC business model.

Growing profitability has been delivered through successful expansion into new markets and new brands with the acquisition of Single Cask Nation in the USA, quality product innovation, the evolution of our cask programme, all with a continued focus on efficient cost management, each of which is set out in more detail on the right.

Share of global membership





Chief Executive's Review continued

New markets

We have continued to deliver growth in new markets, most notably the first full year of trading for the Taiwan subsidiary and franchise in South Korea.

We are also pleased to be about to launch a new franchise in Vietnam, aligning with our strategy to expand internationally and further diversify the Group, by commencing operations in one of the world's top 20 markets for Ultra-Premium Scotch Whisky.

Early in 2025, we have also taken greater operational control of the SMWS America business as part of our stated ambition to further grow its presence in the USA and take a greater advantage share of the sizeable American market, confident that the £0.5m investment will enable us to deliver more substantial membership and profit growth.

Single Cask Nation

Named Independent Bottler of the Year at the Whisky Magazine's Icons of Whisky America awards for both 2024 and 2025, Single Cask Nation is regarded as the USA's premier bottler of rare and exceptional single cask whiskies. "Bottled by whisky geeks for whisky geeks the world over", the Single Cask Nation represents a passionate community of whisky lovers that spans the globe.

I am delighted with the performance of the business since acquisition, with the business and the team integrating well into the wider Group, and year one profitability exceeding our targets.

Product innovation

The SMWS has always been a haven of innovation with a prowess for creating and selling outstanding, limited-edition whiskies and experiences around the world. The Society recently launched its new "Creators Collection" with its inaugural release of the series, The Peat Plants Collection, at the end of November 2024. This was followed by the recently launched Homecoming Collection.

Complementing SMWS' existing Signature and Heresy ranges, the Creators Collection is a new series from the Society that showcases the liquid art of whisky making and the visual art of illustration, curating some of its oldest and rarest whiskies and collaborating to design beautiful labels to create the ultimate in whisky flights.

The first two releases of the Creators Collection have been met with encouraging demand by members of the Society, eager for each release, with strong trading results. The initial "Peat Plants Collection" generated over £250k of sales, with the second "Homecoming Collection" proving equally popular.

Through the Signature range, the SMWS is constantly innovating, showcasing exceptional single cask, single malt whiskies, bottled at cask strength to preserve their unique character and flavour. Following a number of new Japanese whisky distillery releases, we recently released our first casks from two exciting new Scotch whisky distilleries (numbers 161 & 163) to great acclaim, with more to come.

This sits alongside the ever-popular Heresy range of small-batch whisky from the SMWS, which allows the Society to explore new flavours by combining whiskies from different casks and distilleries, an innovative approach providing members with a unique tasting experience that challenges conventional whisky norms.

Similarly, our acquisition of Single Cask Nation in FY24, has not only delivered better than expected initial trading results, but also allows us to incubate and trial new product propositions in a low cost/low risk way with the scope to expand in due course, whilst accelerating our US operations.

Likewise, our ability to innovate also extends to our recently launched full bottling service for third party customers at our Masterton Bond Supply Chain Facility. Our experience in sourcing and supply of dry goods, spirit preparation, bottling, packing and customer service, particularly with regards to smaller volume runs, makes us well placed to take care of bottling and distribution requirements across the industry.

Cask programme

In addition to trade cask sales to trusted industry partners, we have also evolved our cask programme for SMWS members. Complementing the range, we also offer our members access to exclusive casks, recognising the different requirements each market has and the ability for us to offer unique offerings to the members in those markets.

Our 50th Anniversary Cask Club also gives our members the opportunity to purchase an entire SMWS cask, handpicked from Society favourite distilleries and flavour profiles. These casks will be bottled in 2033, the SMWS 50th anniversary, and decorated with a unique 50th Anniversary Club label design, personalised with the member's name, message and signature.

Cost Management

We have continued to focus on ensuring that we have the appropriate cost base to support the business' growth trajectory. During FY24, this meant we have been able to deliver substantial, recurring cost savings, with reductions in overheads, payroll, advertising and promotion and selling costs.

As we look ahead, with the progress made to date to deliver an optimised cost base, we are now in the position to translate future revenue growth more directly into bottom line improvements in profitability as we deliver continued profitable growth.

Cash Generative

Net Debt peaked at £27m in June 2024 (underpinned by whisky assets valued at c.£100m). The Group has now started to reduce net debt as it transitions into a phase of generating positive operating cash flows, with a £1.5m reduction in net debt during H2-24.

Looking ahead, the cash profile is expected to continue to improve. ASC has transitioned from material net cash investments in stock to a replenishment approach, with spirit and wood spend expected to further significantly reduce in FY25 vs FY24, which alongside positive operating cash flows from improved profitability, results in a net debt reduction trajectory for the Group.

Strong Asset-Backing

Our proven strategy of investing in whisky stock has built an impressive inventory to satisfy our requirements and deliver outstanding liquid to our members well into the next decade, as well as delivering a significant uplift in value creation.

We are driven by the quality of the liquid, and it's not just our members who love our whiskies, with the Group picking up a staggering 54 awards commending our spirit this year, taking the Group's total to 347 international awards since 2018. This reflects the significant investment from our team in creating a unique and outstanding cask holding.

> "We exit FY24 with a good set of results behind us, with a positive start to Q1–25 meaning that we are on track for a strong set of results and to deliver further profitable growth and cash generation in FY25 and beyond."

During H2-24, an independent cask spirit valuation was undertaken which assessed the value of our cask inventory at just over £100m, representing around 4x both our current Net Book Value (NBV) of cask spirit and our Net Debt.

This valuation has also been demonstrated by the c£4m of trade and private cask sales in the year which delivered an average of 4.9x NBV.

Current Trading

The opportunity for growth in the USA remains a key focus for the Group. Correspondingly, in January 2025 we made a £0.5m investment in The Scotch Malt Whisky Society in America ("SMWSA") which provided a transition to full operational control with effect from 1 January 2025. This one-off cost resulted in a (non-recurring) reduction to reported EBITDA in FY25.

We are excited by this change, whereby the in-country marketing and operations team have become ASC employees since the start of 2025, providing ASC with direct operational control as well as an optimised cost structure in the market. We are confident that this change will provide the Group with an enhanced platform from which to deliver more substantial membership and profit growth in the world's largest Ultra-Premium Whisky market.

We are pleased to have started FY25 strongly, delivering double digit growth in Q1-25 vs Q1-24. This has helped to support a year on year profitability improvement in Q1-25 which has more than offset this £0.5m investment in the US.

As we continue to improve the quality of our shareholder engagement, we are pleased to have launched a new ASC website www.artisanal-spirits.com and look forward to the imminent relaunch of our Spirited Shareholder benefit programme.

Overall, we therefore exit FY24 with a good set of results behind us, with a positive start to Q1-25 meaning that we are on track for a strong set of results and to deliver further profitable growth and cash generation in FY25 and beyond.

Andrew Dane
Chief Executive Officer

Strategic Framework

A CLEAR FRAMEWORK FOR PROFITABLE GROWTH

We have a clear framework for profitable growth that gives structure to our approach and underpins both our successful delivery to date and our future vision.

Strategic Pillars

WHISKY
Creating and selling outstanding limited-edition whisky

MEMBERSHIP
A global community of whisky adventurers

EXPERIENCES
Delivering the world's best whisky experiences

NEW BRANDS & AUDIENCES
Creating a premium global spirits business

PEOPLE
Recruit, retain and train the best

Progress

Profitable growth

Cash generative

Asset backed

Purpose

To captivate a global community of whisky adventurers

Proposition

We create and sell outstanding, limited–edition whisky & experiences around the world

Ambition

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

A UNIQUE AND EXCITING OPPORTUNITY

Our ambition is to create a high quality, highly profitable & cash generative premium global business.

Reasons to invest

Investing in The Artisanal Spirits Company is an exciting prospect because:

1 PROFITABLE GROWTH

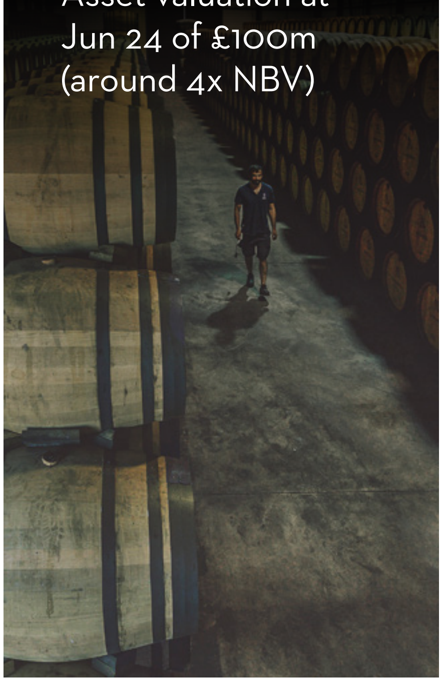
- EBITDA growth
- Gross margin of over 60%
- Optimised Cost Base

2 CASH GENERATIVE

- FY24 positive operating cash flow
- Net debt reduction
- Forward looking cash self-sufficiency

3 ASSET BACKED

- Over 18,000 casks of spirit
- NBV of over £27m
- Asset valuation at Jun 24 of £100m (around 4x NBV)




SOCIETY CASK NO: 53.344
A SEASIDE PICNIC
Barley, honey and biscuity notes are overtaken by brine – rock-pools, lobster claws, sea breezes over marram grass and Pernod over oysters.
12
DISTILLED:
REGION:
ISLAY
CASK:
SINGLE MALT SCOTCH WHISKY

Liquid Spirit

OUTSTANDING ASSETS

Over
18,000 *casks,*
equivalent to over 5 million bottles

Around
£500m
notional retail value

Over
£27m
Net Book Value

Asset valuation of cask spirit of over
£100m
representing around 4x NBV and Net Debt


CHERRY BLOSSOM COLLECTION
Velociraptor Vs Xenomorph
BRITTLE ROYALE
HOPPY ROCKET
PUTTY, PEAR, PAN AND PETRICHOR

Strategy in Action

SMWS RANGE

SIGNATURE

Our Signature Range showcases exceptional single cask, single malt whiskies, each bottled at cask strength to preserve its unique character and flavour. Hand-selected from a variety of distilleries, these unique expressions demonstrate the remarkable diversity of flavours that single casks have to offer. With evocative names and detailed tasting notes, every bottle invites members to embark on a flavour adventure unlike any other.

CREATORS COLLECTION

The Creators Collection is a new series celebrating innovative whisky releases. Each edition explores unique flavours inspired by themes like the Society's spiritual home at The Vaults in Leith, diverse peated whiskies, and interesting or unusual whisky production and cask maturation techniques.

It's not just our members who love our whiskies. The Society also picked up a staggering 54 awards commending our spirit this year.

2024 Independent Bottler of the Year

SMWS earned a record haul of six Gold medals and one Silver in the International Spirits Challenge, eight medals including one Master award in the Scotch Whisky Masters and the accolade of 2024 Independent Bottler of the Year in the New York International Spirits Competition – among many other titles.

Back in the UK, the Society took home seven awards from the International Wine and Spirits Competition (IWSC) with one gold, three silver and three bronze medals.

At the International Spirits Challenge (ISC) the judges recognised the outstanding quality of the Society's whiskies in this year's competition, landing a magnificent seven medals for our selection of sherry cask-matured whiskies, all part of our additional maturation programme.

We also won a total of eight medals in total at the Spirits Business Luxury Masters. In addition to three Masters medals, we took home three Golds and two Silver awards. This brings the Society's total number of awards since 2018 to 347.

HERESY

Heresy is a small-batch range which selects and blends casks for maximum flavour impact. This range departs from our traditional single cask offerings. It features blended malts, allowing us to explore new flavours by combining whiskies from different casks and distilleries. This innovative approach provides members with a unique tasting experience that challenges conventional whisky norms.

EXCLUSIVES

Complementing the range, we also offer our members access to Exclusives releases.

Through our market exclusive offerings, it allows us to recognise the different requirements each market has and gives us the ability to offer unique offerings to the members in those markets.

Our 50th Cask Club gives our members the opportunity to purchase an entire SMWS cask, handpicked from celebrated distilleries, which in 2033 (the SMWS 50th anniversary) will be bottled and decorated with a unique 50th Anniversary Club label design, personalised with the member name, message and signature.

JGT

J.G. Thomson & Co. celebrated an exceptional year in 2024, earning numerous prestigious awards. The company secured Master, Gold, and Silver accolades at the Scotch Whisky Masters and Spirits Selection CMB. Additionally, they achieved Gold and Silver in the Blended Malt Scotch Whisky category and a Silver in the Single Grain & Blended Grain category at the 2024 Scottish Whisky Awards.

The Group's awards total since 2018

347 *awards*

US Strategy and Growth

RAISING OUR PROFILE IN THE USA

The US spirits market is the largest Ultra–Premium Scotch Whisky market globally[1] at over \$1.5bn of value in 2023, over 20% of the total Ultra–Premium market and almost double the second biggest market (China).[1]

ASC's stated ambition is to further grow its presence in the USA and take a greater share of the sizeable and growing American market. In January 2024, to support this strategy, we completed the acquisition of Single Cask Nation. We followed up early in 2025 when we announced a £0.5m investment in The Scotch Malt Whisky Society in America (SMWSA) which provided a transition to full operational control with effect from 1 January 2025.

We are excited by this change, whereby the in-country marketing and operations team became ASC employees from the start of 2025, providing ASC with direct operational control as well as an optimised cost structure in the market.

We are confident that the SCN acquisition and the SMWSA change will provide the Group with an enhanced platform from which to deliver more substantial membership and profit growth in the world's largest Ultra-Premium Whisky market.

1 IWSR 2023 data

SINGLE CASK NATION (SCN)

Single Cask Nation (SCN) is America's leading Independent bottler that brings together a global community of passionate whisky lovers in search of rare and exceptional single cask and limited edition bottlings.

Acquired in January 2024, the addition of the SCN brand to the ASC portfolio has been a resounding success, integrating effortlessly within the Group and outperforming profit expectations.

Affectionately known as The Nation, followers of the brand welcomed the news of SCN joining the ASC family and applauded the brand's founders, Jason Johnstone-Yellin and Joshua Hatton, on the achievement.

In 2024, and recently again in 2025, SCN was named Independent Bottler of the Year by Whisky Magazine's Icons of Whisky America Awards. Single Cask Nation's special sauce lies in the unwavering trust whisky enthusiasts have in Joshua and Jason's discerning palates and ability to hand-pick and secure the most intriguing casks.

SMWS AMERICA (SMWSA)

In 2024, ASC took steps to reframe our route-to-market for SMWS and take greater control over operations and marketing in the United States. Moving forward in 2025 and beyond, a veteran team of Society employees will now work directly for our American business to grow it in three critical areas;

1

Whisky Selection & Pricing:
Closer collaboration with the central Commercial and Spirits teams in Edinburgh will allow us to better meet the distinct needs and interests of US members.

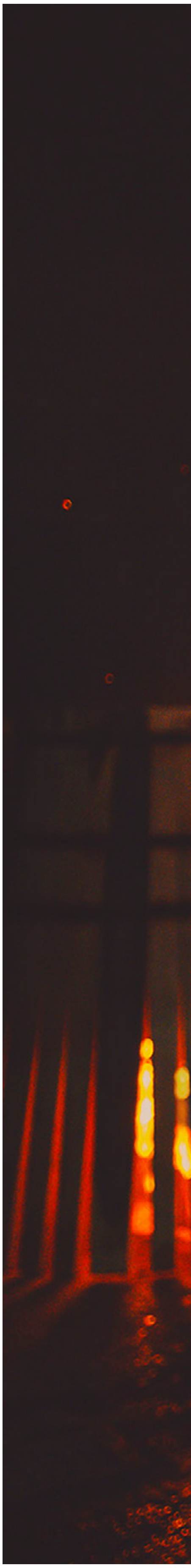
2

Member Experience:
A core objective for 2025 is to elevate the member experience through new approaches to events, whisky education, member features and CRM programs to engage members throughout the year.

3

Marketing & Recruitment:
Direct control over marketing will allow us to drive more visibility for the SMWS brand in the US market and prioritise a step change recruitment, tighter alignment with global marketing initiatives and compelling campaigns executed through PR, paid media and social channels.

INVESTING IN SUSTAINABILITY



The Group continues its commitment to becoming more sustainable and providing clear reporting on its sustainability to shareholders and all other interested stakeholders.

SMWS is a member of The Scotch Whisky Association (SWA) and the Directors are committed to the SWA's 'Sustainability Strategy'. The Sustainability Strategy is working to ensure that the Scotch whisky industry achieves its goal of zero emissions by 2040, five years in advance of the Scottish Government's 'Net Zero' target. The SWA's target is to move towards Net Zero across the industry's operations (Scope 1 and 2) by implementing carbon reduction and energy efficiency measures. Scope 1 refers to all direct greenhouse gas emissions within the boundaries of a company's operations, while Scope 2 refers to indirect greenhouse gas emissions from the consumption of purchased electricity, heat or steam.

The Sustainability Strategy focuses on four key goals:
1. Tackling climate change.
2. Using water responsibly.
3. Moving to a circular economy.
4. Caring for the land.

The Group is focussed on minimising its own impact, in particular with respect to the first and third of the SWA's key goals: tackling climate change and moving to a circular economy. All Group venues have committed to all local policies for recycling and the proportion of their waste that goes to landfill is less than 10%.

The Group is also working on the 'circularity' of its products as it continues to minimise the impact of packaging; aligned with the SWA's goal of encouraging innovation in packaging technology and design across the industry, the Group is actively reducing the amount of plastic packaging required for each delivery. Revised packaging introduced has already resulted in a significant reduction in protective and unrecyclable plastic. All packaging used for shipping to consumer is 100% recyclable and uses biodegradable components as much as possible. Ensuring all aspects of the supply chain are assessed for sustainability as well as efficiency and cost is built into the Group's supply chain processes.

According to the SWA, glass has the biggest impact on the industry's ability to use recycled materials in its operations: as at the end of 2018, the recycled content of the industry's product packaging was 37%.

The Group is committed to responsible sourcing of glass and our primary glass supplier has improved the percentage of recycled material within the glass used by SMWS to 73.3% in 2022, outperforming the goal of 70% recycled glass by 2025. All decoration on the glass bottles used by the Group is currently 100% recyclable.

The transportation of the Group's products forms another key component of tackling climate change and the continued movement to a circular economy. The Group is dedicated to ensuring that products are shipped in the most efficient and expedient manner, and the supply chain optimisation facility at Masterton Bond has significantly reduced the number of road miles involved in the manufacture and supply of the Group's products. Improved logistics and distribution across Europe have also contributed to greater efficiencies and has significantly improved customer experience at the same time.

The Company has adopted a travel policy encouraging staff to consider the environmental impact of travel as well as cost and time efficiency as part of all business travel arrangements.

STAKEHOLDER ENGAGEMENT

Stakeholders are relevant to everything that we do. The Board has a duty to run the Company for the benefit of its shareholders, and in doing so, to consider the long-term impact of any decisions and how those decisions could affect the interests of stakeholders, including employees, the Company's relationships with suppliers, customers and wider society, and the Group's impact on the community and the environment.

Directors must ensure that decisions take into account the need for the Company to maintain a reputation for high standards of business conduct and must ensure that different shareholders are treated fairly.

Under the Companies Act 2006 (the Act), the Directors must describe how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company.

Set out below are examples of how the Directors have considered the matters set out in section 172(1) of the Act in their decision making throughout the reporting period showing:

— The issues, factors and stakeholders considered relevant in complying with s172(1), and how the Board has formed that opinion.
— The methods used to engage with stakeholders and understand the issues to which they must have regard.
— The effect of that engagement and regard on the Company's decisions and strategies during the year.

Key decisions made

Throughout 2024 the key decisions made by the Board of Directors were:

— Reviewing the strategic direction for the Group over the next five to ten years to drive long-term benefits.
— The acquisition of the Single Cask Nation business, which has contributed more than £0.7m of revenue and £0.3m of EBITDA to the Group in its first year of operations.
— Overseeing the independent market valuation of the Group's existing cask spirit stock at current market rates.
— Reviewing updates to the SMWS range review, including the launch of the Creator's Collection.
— Taking full control of the Japanese subsidiary company.
— Reviewing and updating the Company's ESG proposal and policy, making sure the Company and Group are aligned with ESG factors over the long term.
— Consideration of, and final approval, to upgrade the member rooms ePos system to mitigate risks with the incumbent ePos system.
— Decision to extend the current revolving credit facility (RCF) agreement for a further 6 months to June 2026.
— Review and approval to dispose of the two non-core investment properties.

The Company has engaged with various stakeholders throughout the year:

Shareholders and investors

Who engaged	How we engaged	Outcome
Executive Directors	Regular meetings with shareholders and prospective shareholders throughout the year and following interim and full-year results.	Feedback collated and supplied to the Board.
The Leadership Team	Engagement with Spirited shareholder benefit events, where members of the Board, the Executive and the wider Leadership team met with shareholders in informal settings.	All feedback from shareholders collated and supplied to the Executive team and the Board, leading to discussion at Strategy setting sessions.
The Chair	Regular discussions with significant shareholders assisted by the Nominated Adviser.	Comments and feedback incorporated into strategic roadmap.

Employees

Who engaged	How we engaged	Outcome
The Executive Team	Ongoing staff engagement survey and pulse surveys.	Outcome of the staff engagement survey was analysed and resulted in an action plan for the Executive and Leadership teams.
The Leadership Team	Regular one-to-ones with staff at all levels within the business allowing two-way feedback. The annual staff 'Spirited Awards', recognising excellence in each of the Group's core values.	Any pertinent feedback from staff relayed to the Board, the Executive and the Leadership teams. Annual awards ceremony held, with winners from each category receiving their awards at the annual, all-staff event, embedding the Group's values.
The Executive Team	360-degree feedback surveys.	Feedback from 360-degree feedback sessions held with all direct reports incorporated into development plans and strategy.

Suppliers

Who engaged	How we engaged	Outcome
The Executive Directors	Regular engagement with key suppliers, site visits, update calls and ongoing communication, including discussions around the strategic aims of the Group.	Continuing strong relationships developed further.
The Leadership Team	Regular contact with suppliers forms part of the regular activity of the Leadership team members, with a year-through schedule of visits and other contact with distilleries, warehouse keepers and other key suppliers.	All key issues fed back to the Executive team and to the Board as necessary.

Customers and members of SMWS

Who engaged	How we engaged	Outcome
The Board	Membership surveys.	Outcome of surveys reported to the Board.
The Executive and Leadership Teams	The Executive team and members of the Leadership team have engaged with customers and members of SMWS through customer feedback surveys, the review of customer satisfaction reviews and through ad hoc face-to-face interactions with SMWS members at various SMWS events.	Feedback from customers and SMWS members has been supplied to the Board and factored into decision making.

Community and the environment

Who engaged	How we engaged	Outcome
The Board	Environmental, Social and Governance (ESG) Board and Committee meetings.	Receipt of regular ESG progress reports at each Board meeting.
The Executive Team	Attendance at industry ESG Forums and interaction with ESG experts.	Amendments to the ESG approach suggested to the Board for approval.

Chief Financial Officer's Review

HERALDING 2024 EBITDA DELIVERY AND IMPROVING CASH PROFILE

Significant progress made to deliver positive EBITDA and operating cash flow.

Full year EBITDA delivery and H2-24 cash generation sets us up strongly for sustainable profit and cash generation

I am pleased to share the financial results of ASC Group for FY24 and the achievement of EBITDA of £1.1 million. While the spirits market remained tough, we further strengthened the H1-24 EBITDA improvement of £1 million to deliver a full year EBITDA improvement of £1.6 million (£1.0 million at an adjusted EBITDA level).

The loss before tax of £3.1 million, an improvement on the prior year (FY23; £3.6 million loss), represents the EBITDA delivery of the Group, offset by increased interest costs.

Global Revenue Diversification

Revenue of the Group was up marginally on prior year, +£0.1 million, evidencing continued diversification and resilience of our revenue base, notably our ability to offset a 34% revenue decline in China where significant economic headwinds continued to exist.

Revenue movement compared to prior year – by Region

The ability to offset such challenge over the last 18-24 months, where China has moved from 25% to 10% of our global revenue is testament to the strategic moves we have made in Taiwan, Korea, Single Cask Nation (SCN) and cask sales (within Europe).

Europe

As the home of SMWS, the European region comprises UK online, UK Venues, Europe and our two franchise markets, Denmark & Switzerland.

Membership grew 6% in the period in the region, to just over 27,000 – making up 64% of the Group total – which along with contributing 58% of Group revenue, makes it our largest global market. Most of the growth in membership came through the UK with an online presence alongside four outstanding member rooms.

Revenue growth in the period of 7.6% was primarily delivered by the continued and planned success of the cask sales programme, with £4.0 million delivered within the Europe region. FY24 cask sales were primarily made to trusted trade partners, but as we enter 2025, we aim to further build on the strategic growth of private cask sales across the Group.

Americas

2024 saw the region welcome the newly acquired Single Cask Nation business, complementing the core SMWS America (SMWSA) brand and the franchises of Canada and Mexico. SMWS membership in the region was marginally down 3% at just over 8,000, with SMWSA retention levels falling slightly to 63%. We were pleased to see that the overlap between the c7,000 paying SMWS membership and the c8,000 on the SCN mailing list was less than 5%, supporting both the distinct propositions of the brands, and the overall size of the addressable market opportunity.

The first-year performance of SCN has been a resounding success, integrating well within the Group and surpassing profit expectations – achieving EBITDA and PBT margin of over 38% on £0.7 million of revenue.

The SMWS America business, which represents 80% of revenue delivery in the region, saw a 12% decline in revenue, based on reduced volume shipments to the market in line with many other spirits companies who continued to de-stock following strong Covid years. The SMWSA depletion performance was down 7% on prior year which reflects a relatively resilient performance compared with other spirits companies who have reported declines at high single digit or double digit levels over the past 12-18 months.

Overall, the region witnessed 3% revenue growth in year, with SCN offsetting the decline in SMWSA.

Going forward, the Americas region is a key strategic opportunity for the business as we build on the initial success of SCN with continued brand growth and special projects as well as greater control of the SMWSA business, taking more direct control of recruitment and marketing, pricing and whisky selection and further enhancing member experience.

Asia

Our key Asian markets consist of China, Japan, Taiwan and franchise partner Korea, alongside franchises in Malaysia and SE Asia. Membership in the region saw significant growth year on year, +12% to over 5,400, driven by +24% in China and +59% in Korea, the former increasing its retention levels from 49% to 62% and the latter further consolidating its new position in the region as a high performing franchise market.

In terms of revenue, the region saw another year of decline, minus 20%, predominantly driven by the challenging economic headwinds in China. However, the Group has offset this decline with stronger delivery within the Europe region as highlighted above and we remain well placed to benefit when the recovery in the market takes place.

In our internal forecasts we have assumed no material recovery in the China economy over the next 2-3 years, which will hopefully represent a relatively prudent assumption for medium term growth in the market.

In the other markets within the region, the first full year of Taiwan, delivering +150% on FY23 and continued strong delivery of the 2023 launched franchise in Korea, helped offset challenging conditions in Japan, where like China revenue was down around 30%.

Other

The other markets within SMWS, representing 4% of the Group business, both in terms of revenue and membership, consist of our wholly-owned subsidiary in Australia and franchise operations in New Zealand and South Africa.

Australia had a strong year with regards to its revenue delivery, achieving 10% growth, the region overall therefore achieving 4% growth. The New Zealand franchise saw decline year on year as it went through a destocking process ready for growth in FY25. Overall, the membership in region declined slightly, 6%, to just over 1,800.

> "Confidence is high following a successful year."

	Selling & Distribution Expenses		Administrative Expenses	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Commission	**1,071**	1,524	**-**	–
Advertising & Promotion (A&P)	**2,297**	3,081	**-**	–
Depreciation	**1,627**	1,455	**-**	–
FX Loss	**118**	178	**-**	–
Overheads	**-**	–	**3,485**	4,189
Payroll	**-**	–	**7,143**	6,712
Total	**5,114**	**6,238**	**10,628**	**10,901**

Cost base management and efficiencies

Throughout this year we have taken the opportunity to further review and manage the cost base of the business.

I am pleased to say we have achieved £1.4 million (8%) of long term sustainable savings across the full cost base (£1.5m (10%) across the core cost base of Commission, A&P, Payroll and Overheads) – leaving the business not only leaner in a more challenging spirits environment, but one that is equipped to deliver our ambitions of gross profit growth delivery to the bottom line.

Selling & Distribution Expenses

The biggest efficiency achieved in this area of spend was our Advertising & Promotion (A&P) cost, a 25% saving against the prior year representing a significant improvement on return on investment in this area. One of the key reasons for this further focus on costs is to ensure money is invested in the key area of recruitment and retention, where returns are more immediate – aided by the brand building we have achieved since IPO in 2021. This will remain the spend level, representing low double digit % of revenue going forward.

Within Commission, the £0.5 million reduction year on year represents the savings made through the agreement regarding the SMWS America brand. As part of this re-alignment, there is no commission agreement in place as we take on the employees of the SMWSA business direct. The saving shown took effect from September 2024.

The net FX loss in year was £0.1 million, predominantly the impacts of USD. For most of 2024 we chose not to hedge against our USD exposure, however in Q4 we did implement hedging of USD for FY25.

Administrative Expenses

The Overheads efficiency of £0.8 million represents management of key spend areas including travel costs, professional fees and recruitment costs, the latter a result of a more mature and stable employee base, our Culture and Values and strong employee engagement scores resulting in low employee turnover (outside our Venues) and significant improvement regarding direct employment, building a stronger Employee Value Proposition as an employer of choice within the locations we are based.

Another key reason is the first full year production of bottling within our wholly-owned Masterton Bond supply chain facility – enabling efficiency achievements and the cost allocation to cost of sales representing a full year view as opposed to part year in 2023.

> "Supporting the business' profitability ambition over the next 3 years is a cost base that has achieved £1.5 million of efficiencies across Advertising & Promotion (A&P), Commission, Payroll and Overheads in FY24."

In Payroll, we are slightly up on 2023, £0.4 million of additional cost, however, all of this additional cost, £0.4m, is related to the reinstatement of a bonus for our employees. After bonus reinstatement, the payroll base was largely flat on prior year, with the 3% inflation impact offset by vacancy management and efficiencies made in the second half of the year.

Share member schemes and EPS

We have followed up the award of share options in 2023 with further options within the scheme. In 2024, 1,282,848 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 and share price.

Our Earnings per Share at the end of 2024 is (4.6p), (2023; (5.5p)).

Balance sheet strength supported by cash generation

Our balance sheet remains strong, with net assets of £15.1 million supported by further gross investment in spirit and wood of around £2.9 million (2022: £4.7 million).

The cash profile has changed within the business over the past 12 months, notably the last 6 months, as we achieved EBITDA, managed our net working capital and pivoted our position regarding cask spirit investment.

In the year, cash flow from operations was £0.8 million, a significant change from prior year cash absorbed by operations of £4.3 million – reflected by improved profitability alongside lower levels of investment in cask spirit, £1.3 million, timing and collection of key US debtor, £1.3 million and creditors timing and lower spend of £1.3 million.

CapEx spend in year of around £0.9 million related to wood for cask spirit and replacement of our EPOS system in our Venues, £0.8 million and £0.1 million respectively.

In 2024, we took the decision to put on the market the two owned SMWS residential properties, recognising this is not a core part of our business and a sale provided the opportunity to reduce our net debt. At the end of 2024, one of the two properties had been sold with cash proceeds received of around £170,000, the term loan reduced by that value. The second sold in March 2025, resulting in a further £280,000 loan repayment made as a result.

The business Net Debt at the end of 2024 stands at £25.5 million, a £1.5 million reduction on the FY24 H1 position, and we remain committed to making further reductions in future years as the profitability growth alongside reduced spirit and wood investment means we become more cash self-sufficient.

In October 2024, the current revolving credit facility (RCF) agreement with The Royal Bank of Scotland was extended a further six months to June 2026.

Cask spirit valuation of £100m represents the inherent value of the business

Our cask inventory is held at cost in our Balance Sheet in line with accounting guidelines, and at the end of December 2024 NBV was £27.8 million.

In June 2024, we carried out our first ever independent valuation exercise with the purpose to more definitively state the inherent value of our cask spirit holding, resulting in a valuation of £102 million at June 2024, around 4x the current NBV.

This strong valuation highlights the delta that exists to our current market capitalisation of less than £24m and as we evidence this strong asset backing alongside profitable growth and cash generation, we believe our market capitalisation growth will follow.

Confidence as we look ahead

Our ability to deliver EBITDA profitability and cash generation in FY24 serves as a strong base to achieve our FY25 ambitions, grasping the opportunities that exist within the Group: the significant size of the global Ultra-Premium Scotch Whisky market ($7.1 billion), where our market share is only 0.4%, growth in the USA, the largest Ultra-Premium Scotch Whisky market and where SMWS America and Single Cask Nation are primed to deliver; increased membership and engagement in the Europe region; continued growth in our recently added strategic markets of Taiwan and Korea; and cask sales, both trade and private.

Supporting the business' profitability ambition over the next 3 years is a cost base that has achieved £1.6 million of efficiencies across Advertising & Promotion (A&P), Commission, Payroll and Overheads in FY24. These sustainable long term efficiencies support revenue and EBITDA growth and an improving cash and net debt profile as we benefit from cash investments in prior years and move to a cask spirit replenishment approach.

Following a successful year, and with the strategic plans in place over the next 3 years, confidence remains high that we will meet the business and financial objectives we have set ourselves.

B McCarter

Billy McCarter
Chief Financial Officer

Year end facility headroom:

£9.1m

Year end net assets:

£15.1m

MANAGING OUR RISKS

The Board reviews the effectiveness of the Group's risk management process. It also manages the Group's evolving risk environment as it approves the strategy, key decisions, budgets and annual operating plans.

The key elements of the Group's risk management control process are:

- The Group maintains a comprehensive risk register. The risk register contains details of all material risks which have been identified by Management which might impact the Group and its profitability. It includes an assessment of the likelihood of a risk event taking place, the expected severity of its impact, details of the mitigation strategies which Management have put in place in order to reduce either the likelihood of the risk taking place, the impact of that risk, or both, and the residual likelihood and impact of the risk, taking into account those mitigating factors.
- The Board determines the principal risk items for the Group following a recommendation by the Audit Committee once a year.
- The Board of Directors, assisted by the Audit Committee, oversees an annual rolling schedule of reviews of each of the categories of significant risks, including IT & Cyber security risk, with changes in the risk profile, impact, likelihood and mitigation strategy reviewed and agreed. This results in a full annual review of the risk register, in 2024 resulting in consolidated reporting of many, focusing on the 12 most pertinent risks to the business.
- Responsibility for maintaining the risk register, as well as implementing and monitoring mitigating actions, lies with the Executive Directors and the wider Senior Management team.

The Board is satisfied that, through the processes set out above, it is able to effectively identify, assess and manage the risks affecting the Group. The Board relies on the assurances provided through the periodic reports presented to the Board and Audit Committee.

Using the process set out above, the Board believes that it has undertaken a robust assessment of the principal risks which threaten the implementation of the strategy and the long-term viability of the Group and is satisfied that appropriate mitigation plans are in place.

Risk impact assessment

When considering the potential impact of our key risks, we have linked them to the key performance objectives that they are likely to impact if crystallised. We have not undertaken specific stress testing for every risk but, as part of our overall impact analysis as well as our going concern assessment, we have considered the likely magnitude of the realisation of major risks on the balance sheet and cash flow forecasts. These forecasts are based on detailed budgeting which is prepared for the next fiscal year with revisions done mid-year, together with a forward view of the subsequent 24 months (forecasts for 36 months). Based on its assessments, the Board believes that the Group is well-placed to withstand the impact of realisation of reasonably foreseeable risks over the forecast period through a combination of the mitigation in place, the strong balance sheet we closed FY24 with, and our ability to make adjustments to our plans, should they be required.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group are summarised below.

The Group has elected to list the principal risks and uncertainties thematically under the sub-headings which follow.

Risk trend
Increasing Unchanged Decreasing

Risk	Impact	Mitigation	Movement
SUPPLY CHAIN RISKS			
The Group is reliant on third party distilleries, warehousing and dry goods suppliers to supply its products, and any disruption to these third parties or the Group's internal warehousing, bottling or supply chain and distribution capabilities could have a significant impact on the Group's commercial or financial performance.	The Group does not currently distil its own spirits and is therefore highly reliant on distilleries to produce the spirits for its maturation process. The bottling operations of the Group are carried out materially at Masterton Bond, the Group's supply chain facility which went fully operational in 2023. Small levels of bottling take place at third party bottling plants. Over half of the Group's cask inventory stock is stored at a single bonded warehouse facility in the UK, with the remaining stock distributed, either in its own facility at Masterton Bond, or amongst a number of other bonded warehouses provided by third parties, including distilleries. The Group relies on distributors in relation to its UK and foreign operations. In the event of the insolvency of any one of the Group's production, storage or distribution providers, or any other termination of such operations, the Group may not be able to arrange for alternative production, storage or distribution on as favourable terms, or with sufficient speed to ensure continuity of business, or at all. Further, if there were a technical failure, fire, explosion or any other event resulting in a major or prolonged disruption at any of the facilities used by the Group, either in-house or through third party service providers, this could result in a significant loss in production capacity and significant costs and/or damage to the Group's reputation, all of which could have a material adverse effect on the Group's prospects, results of operations and financial condition. Although the Group carries insurance, not all risks may be covered by its policies, and any insurance coverage available may be insufficient to cover some or all costs. There may also be a disruption to sales which could impact relationships with members and in turn adversely affect the Group's prospects, results of operations and financial condition.	The Group does not have any significant reliance on any one distillery and senior management team have strong relationships with many individual distilleries and the whisky industry more generally. The Group has also accumulated a large stock of spirits, which is the equivalent of approximately 30 times the volume sold during FY24, and has coverage of 100% of the stock that it expects to sell into the next decade. The Group's own bottling facility has sufficient capacity to meet the Group's full bottling needs each year. External relationships with third party bottlers remain in place and could be used in the event of any disruption at Masterton Bond in either the short or the medium term. Making use of multiple warehousing arrangements spreads and minimises the risk of material disruption and has built in contingency. Third party distributors can be easily put in place in all of the material markets in which the Group operates. The Group's operations are carefully monitored with contingency plans in place to allow production to be potentially transferred to another provider in the event of a third party or in-house operational failure. Operational activities within the Group's in-house production, storage and distribution facilities are monitored and controlled, with remedial, risk mitigation and maintenance actions taken on a regular basis. The Group's insurance provisions are considered annually and are deemed to be appropriate and sufficient.	

Principal Risks and Uncertainties continued

Risk trend
Increasing · Unchanged · Decreasing

Risk	Impact	Mitigation	Movement
BRAND RISKS			
A reduction in the quality of the Group's products could harm the integrity of, or support from members for, the Group's brand and products and adversely affect sales.	The success of The Scotch Malt Whisky Society, J.G. Thomson and Single Cask Nation brands depend upon the positive image that members have of the product. A lack of quality in the products or contamination of the Group's products, whether accidental or deliberate, could harm the brand and could adversely affect sales.	The Group maintains stringent quality assurance measures. A mature and embedded spirits team is engaged to ensure that the quality of the Group's products remains high. The Group's products are regularly submitted to third-party tasting and continue to regularly win awards.	Unchanged
MULTI-JURISDICTIONAL RISKS			
The Group operates in a number of varied geographies and jurisdictions, where regulations and laws relating to the marketing and sale of alcohol, taxation, and corporate governance could change, which could require changes to the Group's activities or operating model.	The Group operates in a number of varied geographies and jurisdictions, with a range of regulations and laws relating to the marketing and sale of alcohol, taxation, and corporate governance which the Company and its subsidiaries must comply with. These regulations may be subject to change, which could require changes to the Group's activities or operating model, which in turn could impact the Group's commercial or financial performance.	The regulatory framework in each of the jurisdictions which the Group operates in is kept under regular review through industry forums, professional advisers, and in-house experts. The SWA keeps changes to regulation in a number of jurisdictions under review, and regularly consults with member companies on any upcoming changes. The Group operates across a number of different jurisdictions, most of which are well established in relation to the sale of the Group's products, and is not materially dependent on any one jurisdiction or market.	Increasing

Risk trend
↑ Increasing ÷ Unchanged ↓ Decreasing

Risk	Impact	Mitigation	Movement
MULTI-JURISDICTIONAL RISKS continued			
The Group's overseas operations are reliant on finding and maintaining reputable and appropriate importers, distributors and customer service providers on favourable commercial terms, either through franchises, partner bar relationships, or with joint venture partners. Inability to access suitable partners or providers at competitive rates would impact the Group's commercial or financial performance.	SMWS has seven franchise agreements in place covering the sale of products (and franchise operations) in each of Canada, South Korea, Denmark, Switzerland/ Liechtenstein, New Zealand, South Africa and Mexico. In addition, drams of SMWS whisky are sold in around 100 partner bars around the world. The franchises and partner bars are independent operators. The Group's image, brands and reputation may suffer in certain jurisdictions, if the franchises or partner bars that operate in those jurisdictions do not uphold the standards of the Group. This could have an adverse effect on the Group's ability to maintain and attract new members in those jurisdictions. The Group operates in China and Taiwan through joint venture companies. For some overseas territories, the Group enters into agreements with third-party importers for the distribution of the Group's products on an exclusive basis. This is particularly important in relation to the Group's US operations due to the unique three tier regulatory system in the US. These agreements are generally for a fixed term and terminable upon a short notice period. Any failure to renew agreements with third-party importers, the termination of these agreements or a dispute with importers, or the termination or failure of any other party or arrangement in the distribution chain could result in disruption to the Group's normal distribution channels, and loss of sales or members.	The Group maintains some control over the franchises through the enforcement of the franchise agreements. The Group regularly monitors partner bars, but for the most part has no contractual relationship with them. The Group owns 75 per cent. of SMWS China and 70 per cent. of SMWS Taiwan. The counterparty in China is an individual who is a longstanding professional partner of the Directors. The Directors in Taiwan were previously involved in the Taiwan franchise. All are key to the Group's operations in those jurisdictions. The shareholders' agreements with each joint venture partner contain "put and call options" over the shares allocated to the joint venture partner in the relevant joint venture company. The shares allocated to the joint venture partners represent minority positions in the joint venture companies. The Group keeps the various third party relationships with importers and other parties in the distribution chain under review. Alternative third parties are available in almost all cases.	↓

Principal Risks and Uncertainties continued

Risk trend
Increasing Unchanged Decreasing

Risk	Impact	Mitigation	Movement
MULTI-JURISDICTIONAL RISKS continued			
The Group operates in a number of varied geographies and jurisdictions, with a range of taxation regimes and rates in relation to the sale of alcohol. These taxes, duties and tariffs, and their rates may be subject to change, which could impact the Group's commercial or financial performance or its profitability.	Alcoholic beverages are subject to national excise, import duty and other duties in most countries around the world. Changes to the tax regime (such as an increase in VAT or equivalent taxes, including tariffs) could result in increases in prices of the Group's products to members and/or other consumers and impact demand for the Group's products and its overall profitability. The Directors believe a key risk to profit margins is the rate of duty on the sale of spirits set by HMRC. Duty represents a significant cost that is effectively passed on to the customer. Whilst duty is not paid by the Group directly in relation to exports, the price that overseas purchasers will pay for the Group's products is dependent on their expected margins after the payment of duty due in overseas territories. An increase in any such taxes or duties could have a material adverse effect on the Group's sales revenue or margin.	Tax and duty regimes are kept under regular review. The Group operates across a number of different jurisdictions and is not materially dependent on any one jurisdiction or market. The Group considers the impact any unexpected or additional tariffs would have on pricing and profitability, with mitigation plans in place to reduce the impact as far as possible, should any country inflict tariffs on Scotch Whisky imports.	Unchanged
CHANGES TO CONSUMER PREFERENCES			
Demand for the Group's products may be adversely affected by changes in consumer preferences outside the Group's direct control. This may include lifestyle, health considerations and attitudes towards alcohol, premiumisation, online shopping, and membership of a paid membership organisation.	Consumer preferences and spending habits may shift due to a variety of factors that are difficult to predict and over which the Group has no control (including lifestyle, nutritional and health considerations and regulatory changes). Any significant changes in consumer preferences or any failure to anticipate and react to such changes could result in reduced demand for the Group's products and weaken its financial performance and competitive position. SMWS, which is the main operational business of the Group, is reliant on acquiring and retaining quality members in sufficient numbers to sustain its projected sales, and changes in consumer sentiment may make that more difficult.	The Group continues to monitor consumer spending trends and has diversified into the production and sale of small batch premium spirits other than single malt Scotch Whisky through J.G Thomson & Co and the acquisition of Single Cask Nation with an emphasis on American whiskies, and will continue to explore other opportunities. Consumer trends still show a movement towards premium brands, which the Group is well positioned to exploit.	Decreasing

Risk trend
↑ Increasing ÷ Unchanged ↓ Decreasing

Risk	Impact	Mitigation	Movement
ECONOMIC RISKS			
The Group's financial performance is impacted by general economic conditions, particularly within our core markets of the UK and Europe, the USA, and China. A worsening of the economic outlook, sustained high inflation, or a reduction in consumer confidence in any of these regions could have a negative impact on the Group's performance.	The Group's results of operations are affected by overall economic conditions in its key geographic markets and the level of consumer confidence and spending in those markets. Any deterioration in the economic conditions in the Group's key markets could lead to reduced consumer confidence and spending and reduced demand for the Group's products. In addition, governments may impose taxes and implement other measures to manage the economic conditions in ways that adversely affect the Group's business.	The Group is diversified across a number of separate jurisdictions and regions, and is not wholly dependent on any one market for its continuing operations.	Increasing
CLIMATE-RELATED RISKS			
Impacts from changes in climate, such as water shortages, more frequent extreme weather events, and alterations to current grain growing cycles, may have an adverse effect on spirit production, or the supply or distribution of the Group's products.	Fertile land and reliable rainfall are essential to grow the grains used in the production of whisky and other spirits, and to provide a high quality water supply for distilleries. Adverse climate change could result in the disruption of infrastructure and negatively impact the Group's supply chain operations.	The Scotch Whisky Association has recognised the threat of climate change to the whisky industry and has introduced strategies to reduce the industry's environmental impact. The Group's primary supply chain facility, storage facility and bottling plant is located in an area which is at low risk of disruption through flooding, drought or extremes of temperature.	Unchanged

Principal Risks and Uncertainties continued

Risk trend
Increasing Unchanged Decreasing

Risk	Impact	Mitigation	Movement
PERSONNEL RISKS			
The Group's success depends on retaining and replacing key personnel and attracting highly skilled individuals.	The Group's success depends substantially upon the efforts and abilities of its key personnel, its ability to retain such personnel and to successfully manage succession in key roles. The loss of the services of any member of the executive management team and a failure to replace them with an individual who has similar levels of experience, knowledge and connections in the industry could have an adverse effect on the Group's operations. Competition for such individuals in the whisky industry is intense. The Group may not be successful in attracting and retaining such individuals in the future, which could have a material adverse effect on the Group's prospects, results of operations and financial condition. The loss of certain individuals in non-managerial positions may also have a material adverse effect on the Group's business where such individuals possess specialised knowledge that is not easily replaceable.	The Group's Executive and Leadership Teams have significant experience, knowledge and connections in the industry in which the Group operates. Executive succession plans are in place in respect of each member of the Board, the Executive Team and the Leadership Team, and are reviewed and approved by the Nomination and Governance Committee. Remuneration packages for Senior Executives are reviewed and approved by the Remuneration Committee and are designed to be competitive and considered within the context of industry peers.	Unchanged
DATA AND IT RELATED RISKS			
The Group's operations could be adversely affected by breaches of data security or a breakdown of its information technology systems or a failure to develop these systems.	The Group is highly reliant on its information technology systems for the processing, transmission and storage of electronic data relating to its operations and financial reporting. A significant portion of communications among the Group's personnel, members of The Scotch Malt Whisky Society and suppliers relies on the efficient performance of information technology systems. As an e-commerce focused business, the success of the Group is dependent on its technical capabilities and it relies to a significant extent on the efficient and uninterrupted operation of its website, and the systems of its third-party suppliers, such as external hosting providers, including the internet.	The Group has an IT strategy which makes use of material and well-known third-party providers for IT systems and support, in accordance with international standards, and keeps service levels and outage levels under constant review. Full mitigation plans are in place in the event of any material IT issues. Third-party support is in place and backup systems are regularly tested. In 2025, the Group carried out the upgrade to its member rooms ePos system to significantly reduce associated IT related risks.	Unchanged

Risk trend
Increasing Unchanged Decreasing

Risk	Impact	Mitigation	Movement
OUTSIDE RISKS			
The Group's operations may be impacted by geo-political upheavals such as any global pandemic, regional wars or political instability in any of its key markets, or further geopolitical instability such as that following the Russian invasion of Ukraine.	The Group's operations may be adversely affected by risks outside the control of the Group including labour unrest, civil disorder, hostilities, war, subversive activities or sabotage, fires, floods or other catastrophes, pandemics, epidemics or quarantine restrictions. Any further regional or global epidemics or pandemics may have an adverse effect on the Group's business, results of operations and financial condition. During 2022 Russia invaded Ukraine, which led to restrictions on the availability of oil and natural gas, energy cost increases and an increase in instability in the geopolitical arena. Conflict in Israel and the Middle East is impacting the region and may result in further instability in the region. It is not possible for the Directors to accurately predict the duration of the war in Ukraine or Israel, or the long term impact on the European and wider market.	The Directors consider that the growth in online revenues experienced by the Group during 2020 and 2021 was due, in part, to the Covid-19 lockdown restrictions in place in the jurisdictions in which the Group sells its products, and the resulting general shift to online purchases. The Group has no control over the nature or length of government-led restrictive measures and the impact these measures may have on consumer demand for the type of products the Group sells across the different channels through which the Group operates. The Group has no exposure to the Russian invasion of Ukraine in terms of membership or supply. The Group has limited exposure to Israel and the Middle East in terms of supply and overseas markets.	Unchanged

Principal Risks and Uncertainties continued

Risk trend
↑ Increasing ≑ Unchanged ↓ Decreasing

Risk	Impact	Mitigation	Movement
Outside Risks continued			
The Group requires access to financing at commercially viable rates to support its operations, and is therefore exposed to Financing and Interest Rate risk that could affect its operating ability, results and comparability of financial results between reporting periods.	The Group requires debt financing to maintain its cask spirit level and meet its future demand forecast. It is also subject to interest rate risk on the debt level, as a result, debt utilised to invest will attract significant interest costs in a high-interest environment, and the Group can't guarantee it will be able to compensate for or hedge against such interest rate risks and therefore interest rate movements could have a material adverse effect on the Group's business and prospects, and its financial performance.	The Group continually review the long-term demand forecast to ensure the optimal level of cask spirit holding and as a result optimal net debt position. The Group manage interest rate margin to as competitive a position as possible, with regards to the Revolving Credit Facility (RCF) and other loan agreements, ensuring the product interest and covenants work to ensure Group Going Concern.	↓

This Strategic Report was approved on behalf of the Board, by Andrew Dane, the Chief Executive Officer, on 28 March 2025.

Andrew Dane
Chief Executive Officer

Board of Directors

Mark Hunter
Non-Executive Chair

Mark is the former President and CEO of Molson Coors Brewing Company, a top five global brewer which had revenues of $10.8bn, EBITDA of $2.45bn and operations in over 25 markets globally as at 31 December 2018 (the end of the last accounting period before Mark retired). Mark retired from this role on 30 September 2019. Mark recently served as a non-executive director of Treehouse Foods from April 2020 until April 2024.

Mark has 35 years of marketing, sales and business unit leadership experience in North America, Europe and internationally. He has a track record of successful portfolio development, mergers and acquisitions, business integration and synergy delivery including the $12bn acquisition of MillerCoors in the US and multiple brand acquisitions.

He is a people-orientated leader who believes passionately in clarity of purpose and ambition, aligning people to build enabling cultures and investing to build leadership capability, engagement and executional brilliance.

Paul Skipworth
Non-Executive Deputy Chair

Paul started his career in corporate strategy consulting for ten years at LEK Consulting, and was then a Partner in an Asian based venture capital fund. Paul then spent 13 years building consumer brands and leading consumer companies globally at LVMH, working across consumer markets in Europe, Asia Pacific and the USA. Paul was CEO and COO of Glenmorangie for five years, Regional Director Asia Pacific at Moet Hennessy, Senior Vice President of Strategy for Moet Hennessy and was a Partner in L Capital, LVMH's sponsored private equity fund focussed on the consumer sector.

Paul is a Keeper of the Quaich.

Andrew Dane
Chief Executive Officer

Andrew was appointed as Chief Executive Officer in January 2023 (Previously Finance Director of the Company since August 2020), and is responsible for creating and executing the strategy of the company, defining vision, mission and purpose of the business.

Since joining, Andrew's focus has been on delivering the company's ambition of creating a high quality, highly profitable & cash generative, premium global business. To support this, he has helped to deliver the flotation of the Artisanal Spirits Company on the AIM market, expansion for SMWS in markets such as Taiwan, Vietnam and Korea as well as leading the acquisition of Single Cask Nation at the start of 2024.

Prior to joining the Company, Andrew was the Finance Director at Argent Energy, helping grow the business from approximately £50 million turnover in 2014 to around £350 million turnover in 2020. He previously worked for eight years at KPMG transaction services in London, Edinburgh and Toronto, working on over 100 transactions covering multiple sectors, business sizes and geographies.

Andrew is a Liveryman of the Worshipful Company of Distillers.

Billy McCarter
Chief Financial Officer

Formerly Group Financial Controller, Billy was promoted to CFO and joined the Board in May 2023.

A qualified accountant with 18 years' experience in finance roles, Billy's career has spanned a number of senior roles over the last 12 years, across various sized businesses – SME to multinational.

His understanding of whisky and the spirits industry is strong having spent 8 years within Diageo, leading the financial areas of the whisky business as well as a number of global projects, working with a number of markets and senior leaders to drive performance and productivity opportunities.

	Mark Hunter	Paul Skipworth	Andrew Dane	Billy McCarter
Term of Office	Appointed 24 March 2021	Appointed 30 March 2015	Appointed 17 September 2020	Appointed 17 May 2023
Independent	Yes	No	No	No
External Appointments	None	Paul is the Managing Partner of Inverleith LLP. Independent Director and Chair of the Remuneration & Nomination Committee at Allied Blenders & Distillers plc, India. Chair, Eden Mill St. Andrews Ltd.	None	None
Committee Membership	Audit Committee Chair Nomination and Governance Committee	Audit Committee Nomination and Governance Committee		

Lesley Jackson
Non-Executive Director

Lesley is a Chartered Accountant, having qualified with KPMG. She was the Group Chief Financial Officer for Stock Spirits plc from 2011 to 2017, prior to which she held similar positions at William Grant & Sons, and at United Breweries (an Indian listed public company).

She is a Non-Executive Director for Aberforth Geared value and income Trust PLC. She has previously held Non-Executive Director appointments for Aberforth split Level Income Trust PLC, Devro PLC (where she served as Audit Committee Chair and Senior Independent Director) and Trackwise Designs PLC (where she also chaired both the Audit and Remuneration Committees).

Lesley has extensive finance and business experience from her roles in international manufacturing businesses.

Helen Page
Non-Executive Director

Helen has over 30 years experience across the Financial Services, Retail, Charity and Food and Drinks sectors, and is an experienced PLC Executive, Non-Executive Director and Board Chair. She has geographical experience across the UK, Europe, USA and Australasia.

In addition to The Artisanal Spirits Company, she is a Non-Executive Director of Bank of Ireland UK, The Scottish FA and Chair of Label Sessions. She is also a Board Trustee of both Scotland's Charity Air Ambulance and The SSPCA.

Helen's plc executive career was predominantly spent in Financial Services and Retail, holding executive roles at RBS Group, National Australia Bank, CYBG, Virgin Money, Argos and Abbey (now Santander). Her executive career spanned a number of senior roles and functions, including Marketing, Strategy, Innovation, Communications, Product Management, Complaint Handling and ESG.

Mark Bedingham
Non-Executive Director

Mark spent 20 years as the Regional Managing Director of Moet Hennessy Asia-Pacific, spearheading the Asia-Pacific growth of Moet Hennessy's portfolio of luxury wines and spirits, including Veuve Clicquot, Moet et Chandon, Hennessy, Dom Perignon, Krug and Glenmorangie, turning the region into the largest contributor to the Moet Hennessy Group's global turnover and profit. During this time, he also spent seven years as a non-executive director of the DFS Group. Part of the LVMH Group, DFS is a major travel retail company with a network of duty-free stores in major airports, as well as multibrand Galleria stores in key locations in Asia Pacific.

From 1997 to 2002, Mark was a director of Jardine Pacific, a subsidiary of Jardine Matheson.

More recently Mark was the vice chair and part of the founder investor group in Aspirational Consumer Lifestyle Corporation, a SPAC, which listed on the NYSE and completed a business combination with Wheels Up, the leading private aviation company in the USA. He has also been, until recently, Chairman of two hospitality and restaurant companies: CELAVI, based in Singapore with operations in Dubai, Tokyo and Taipei and Crystal Jade with over 60 outlets in Asia.

Gavin Hewitt CMG
Non-Executive Director

Gavin was the Chief Executive of The Scotch Whisky Association from October 2003 to December 2013. In November 2011 he was elected as president of spirits EUROPE (previously The European Spirits Organisation – CEPS) and held this role in conjunction with his position at The Scotch Whisky Association.

Gavin was the non-executive chair of Bladnoch Distillery Limited (2015 to 2017) and rejoined the Bladnoch board in 2024.

Before working in the alcohol industry, Gavin served in the British Diplomatic Service (1970-2003) and between 1994 and 2003 was successively the British Ambassador to Croatia, Finland and Belgium acquiring considerable expertise in international and EU trade matters and a close connection with many large UK companies operating overseas. He is a Companion of the Order of St Michael and St George (CMG), a Master of the Quaich and a Liveryman of the Worshipful Company of Distillers.

Term of Office

Lesley Jackson	Helen Page	Mark Bedingham	Gavin Hewitt CMG
Appointed 2 June 2021	Appointed 2 June 2021	Appointed 1 September 2015	Appointed 27 March 2015

Independent

Lesley Jackson	Helen Page	Mark Bedingham	Gavin Hewitt CMG
Yes	Yes	No	Yes

External Appointments

Lesley Jackson	Helen Page	Mark Bedingham	Gavin Hewitt CMG
Lesley is a non-executive director of Aberforth Geared value and Income Trust plc.	Helen is a non-executive director of Bank of Ireland (UK) plc and a member of its Risk, Nominations and Remuneration Committees, is a member of the Board of Trustees of Scotland's Charity Air Ambulance since July 2022, and since September 2022 is a member of the Board of trustees and Chair of Fundraising and Brand Committee of the Scottish SPCA. In December 2024 she was appointed as an Independent Non-Executive Director of the Scottish FA.	Mark is the non-executive director of OctoForce Management Co. Ltd, a company focused on food related, hospitality and entertainment businesses headquartered in Japan. Mark is the President and CEO of SMI Vantage, a company based in Singapore. He is also on the Advisory Board of Union, a POS and mobile/ ordering/payment system based in the USA.	Gavin is the non-executive director of Bladnoch Distillery Limited. Gavin is also Chairman of the Friends' Committee of Abbotsford, Melrose and runs his own whisky consultancy business.

Committee Membership

Lesley Jackson	Helen Page	Mark Bedingham	Gavin Hewitt CMG
Chair Audit Committee Remuneration Committee	Chair Remuneration Committee Audit Committee	Audit Committee	Nomination and Governance Committee Remuneration Committee

Chair's Introduction to Governance

GOVERNANCE TO ENSURE OUR LONG TERM SUCCESS

I'm pleased to present the Corporate Governance Report for the year ended 31 December 2024. This section of the Annual Report sets out the governance structure we follow and is intended to provide our stakeholders with a clear understanding of how the Board and its Committees operate, including how our corporate governance structures and processes have been put into practice. Given the Company's size and the constitution of the Board, we have opted to comply with the recommendations set out in the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The 2018 version of the code is applicable for financial years ended 31 December 2024. The QCA Code sets out a standard of minimum best practice for small and mid-sized quoted companies, particularly AIM companies.

The role of the Board is to promote the long-term success of the Company, ensuring that appropriate corporate governance principles are in place. We have worked and will continue to work to develop and embed the right processes, cultures and practices as an integral part of the operations of the Company. My role as Chair of the Artisanal Spirits Company is to ensure that the Board is performing its role effectively, overseeing its function and direction, and having ultimate responsibility for implementing the Company's corporate governance arrangements.

The Board and I fully recognise the value of a robust corporate governance framework and diverse opinion in the successful delivery and preservation of our future objectives and strategy, and in our accountability to all our stakeholders. We are fully cognisant of our responsibility to ensure the highest standards of corporate governance across all divisions of the business. Our goal remains to instil a progressive, innovative and respectful culture.

Effective governance has allowed us to continue to ensure sound strategic planning and to make critical business decisions which promote progress against the Group's strategic growth objectives.

The Board regularly meets to ensure that our corporate plans and goals are working well in practice, ultimately creating an effective and conducive environment to support the business' growth. Details on how frequently the Board and its Committees meet can be found on page 44.

We wish you a safe and healthy 2025.

Mark Hunter
Chair

Corporate Governance Report

Division of responsibilities
The Group operates within the following governance framework.

The Board
The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success in accordance with our purpose, culture and values. The Board is responsible for the overall management of the Group, including the formulation and approval of the Group's long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of Group strategy, policies and plans. The Board sets a strong governance tone from the top based on our core values centred around our five strategic pillars. While the Board may delegate specific responsibilities, there is a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters include approval of significant capital expenditure, material business contracts and major corporate transactions. The Board meets regularly to review performance.

The Board reviews reports from the Chief Executive Officer, the Chief Financial Officer and from members of the Executive and Leadership team on progress against approved strategies and the annual business plan. There are regular presentations from other key members of the Leadership team on each of the main areas of the Group's operations.

The Chair
The Chair:
- Leads the Board and ensures it operates in accordance with its corporate governance framework and with all relevant rules and regulations.
- Promotes high standards of corporate governance.
- Sets the agenda for the meetings of the Board.
- Ensures the Board members receive accurate, timely and quality information.
- Encourages open debate and constructive challenge from other members of the Board.
- Leads the performance assessment in respect of other Board members.
- Speaks on behalf of the Board to shareholders and other stakeholders.

Chief Executive Officer
The Chief Executive Officer is responsible for:
- Developing the strategic plans of the Group for presentation and agreement by the Board.
- Making and implementing operational decisions in respect of the Group's activities.
- Leading the Executive and Leadership teams in the day-to-day running of the Group's operations.
- Reporting to the Board with timely and accurate information.
- Together with the Chair, representing the Group to external stakeholders, including shareholders, customers, suppliers, regulatory bodies and the local and wider community.

Non-Executive Directors
The role of Non-Executive Directors is to:
- Participate in the Board's decision making.
- Advise and support the Executive team in the execution of the Group's strategy.
- Provide appropriate constructive challenge and oversight to management activities.

The Board has established an Audit Committee, Nomination and Governance Committee and a Remuneration Committee. The activities and responsibilities of the Committees are detailed below.

The Audit Committee
The Audit Committee is chaired by Lesley Jackson. Its other members are Helen Page, Paul Skipworth, Mark Bedingham and Mark Hunter. The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group and undertakes regular review of the principal risks facing the Group. The Audit Committee meets at least three times a year and has unrestricted access to the Group's auditors. It met five times in 2024.

The Nomination and Governance Committee
The Nomination and Governance Committee is chaired by Mark Hunter. Its other members are Gavin Hewitt and Paul Skipworth. The Nomination and Governance Committee identifies and nominates candidates to fill Board vacancies, as and when they arise, for the approval of the Board. The Nomination and Governance Committee also has delegated responsibility for establishing and promoting the Group's Environmental, Social and Governance (ESG) framework, which is then approved by the full Board. The Nomination and Governance Committee meets at least once a year. It met two times in 2024.

The Remuneration Committee
The Remuneration Committee is chaired by Helen Page. Its other members are Gavin Hewitt and Lesley Jackson. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Group are set by the Board. Throughout the year the Remuneration Committee has received advice on matters relating to Executive, Senior Management and Board remuneration, the Group's share schemes and the Group's remuneration policy. The Remuneration Committee meets as and when necessary, but at least twice each year. It met four times in 2024.

The Executive and the Leadership team

The Company's Executive Directors during 2024 were Andrew Dane (Chief Executive Officer) and Billy McCarter (Chief Financial Officer), who both sat on the Board of Directors. The Group's Executive team in 2024 consisted of The Executive Directors plus Kai Ivalo (Director, Spirits), Anne Phillips (Marketing and Experience Director) and Douglas Aitken (the Company Secretary and Legal Counsel).

The Executive team is responsible for assisting the Board of Directors in developing and executing the Group's strategy and in directing the day-to-day activities of the Group. In doing this they are assisted by the Leadership team which is made up of other senior managers across the Group.

Board and Committee meetings and meeting attendance

The Board and its Committees meet regularly, operating to an agreed timetable of formal meetings and informal Board update calls. The Board met formally seven times in 2024 (five full Board meetings and two Board Committee meetings) and held five informal update calls. Meetings are usually held in Edinburgh and may also take place by video conference. Directors who are based overseas will normally join the meeting virtually, although all Directors aim to meet in person at least once a year where circumstances permit this.

The Chair and the Non-Executive Directors also met during the year, formally at each Board meeting, and informally without the Executive Directors present and where matters including executive performance and succession and Board effectiveness were discussed.

Directors are expected to attend all meetings of the Board and the Committees they serve on, and to devote enough time to perform their duties. Board and Committee papers are distributed in advance of meetings other than, by exception, urgent papers which can be tabled at the meeting. If Directors are not able to attend a meeting because of conflicts in their schedules, they receive all the relevant papers and have the opportunity to submit their comments in advance to the Chair or to the Company Secretary. If necessary, they can follow up with the Chair of the relevant meeting.

The Chair is not a member of the Remuneration Committee. The Chair may attend meetings of all Committees, by invitation, in order to keep abreast of their discussions. All Directors are invited to attend all Committee meetings.

The table below reflects the composition of the Board and Board Committees during 2024 and records the number of meetings and members' attendance.

Committee members	Board	Audit Committee	Remuneration Committee	Nomination and Governance Committee
Mark Hunter	5/5	2/2		2/2
Paul Skipworth	5/5	5/5		2/2
Andrew Dane	5/5			
Mark Bedingham	5/5	5/5		
Gavin Hewitt	5/5		4/4	2/2
Lesley Jackson	4/5	4/5	4/4	
Helen Page	5/5	5/5	4/4	
Billy McCarter	5/5			

Board development

When new Directors join the Board, an induction programme takes place, which is tailored to their existing knowledge and experience. New Board members are also introduced to members of the Executive and Leadership Teams, other key employees and, as appropriate, external advisers. The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group's other professional advisers, where appropriate.

Executive Directors are included within the Group's performance review process, through which their performance against pre-determined objectives is reviewed annually. This process also considers their personal and professional development needs. Non-Executive Directors are encouraged to raise any personal development or training needs with the Chair and Company Secretary or through the Board effectiveness and evaluation process.

Board effectiveness and evaluation

The Board undertakes an effectiveness review each year which helps establish how effectively the Board and Committees are operating and how individual Board members have contributed to that performance. This is conducted through individual self-assessment and peer review, overseen by the Chair and the Chair of each Committee. Additional details on the evaluation of the Board's performance can be found in the Corporate Governance Statement. The Nomination and Governance Committee evaluates the balance of skills, knowledge, experience and diversity on the Board and makes recommendations to the Board with regard to any adjustments that are deemed necessary on an ongoing basis.

Information and support

The Chair, aided by the Company Secretary, is responsible for ensuring the Board members receive accurate, timely and quality information. Board and Committee papers are distributed in advance of meetings other than, by exception, urgent papers which can be tabled at the meeting. The Company Secretary leads this process and ensures that any suggested improvements or feedback on Board papers are supplied to Management. The Board and its Committees can receive advice from external advisers as required throughout the year, at the Company's expense, and have access to the Company Secretary, the Nominated Adviser, the auditors, external legal counsel and other professionals as needed.

Throughout 2024 the Board took material advice from the Nominated Adviser and Broker Panmure Liberum, and its financial public relations advisers Instinctif PR in relation to the announcement of the Group's interim and full-year financial results.

Time commitment

Each member of the Board is required to dedicate sufficient time to discharge their responsibilities. The Board is satisfied that the Chair and each of the Non-Executive Directors are able to devote sufficient time to the Group's business.

QCA Corporate Governance Code

The Company has elected to adopt the QCA Corporate Governance Code (the Code) and has done since it's admission to AIM in 2021. The Code consists of ten general principles. These are broadly split into the categories of: Delivering Growth, Maintaining a Dynamic Management Framework, and Building Trust. The Board, assisted by the Audit Committee, has assessed the Group's compliance with the Code, and has determined that throughout the year the Group has complied with the Code's requirements.

Annual General Meeting

The Annual General Meeting of the Company will take place on 21 May 2025. In accordance with the Code, all Directors will resign and will be submitted for re-election at this, and at each subsequent Annual General Meeting.

Mark Hunter
Chair

Audit Committee Report

I am pleased to present the report of the Audit Committee, which is responsible for ensuring that the financial performance of the Group is properly reported and reviewed. Its role includes monitoring the integrity of the financial statements (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies and advising on the appointment of external auditors as well as the effectiveness of their audit.

Committee members	Meetings attended
Lesley Jackson – Chair	4/5
Mark Hunter	2/2
Helen Page	5/5
Paul Skipworth	5/5
Mark Bedingham	5/5

Members of the Audit Committee

Lesley Jackson became Audit Committee Chair upon the IPO in June 2021. Mark Hunter, the Company Chair, formally joined the Audit Committee as a member in September 2024. Three members of the Committee, including the Committee Chair, are independent Non-Executive Directors. The Chief Executive Officer and the Chief Financial Officer routinely attend the Audit Committee meetings by invitation, but other members of the Executive and Leadership Teams may also be invited to attend meetings as required. Other Board Directors are welcome to attend Audit Committee meetings. The Non-Executive Directors are provided an opportunity at the Audit Committee meetings to discuss matters with the auditor without the presence of the Executive Directors. The Company Secretary acts as secretary to the Committee. The Board is satisfied that the Chair of the Committee, who is a chartered accountant, has recent and relevant financial experience.

The Committee meets at least three times a year and more frequently if required and has unrestricted access to the Group's auditor.

Duties

The main duties of the Audit Committee are set out in its terms of reference, which are available on the Group's website (www.artisanal-spirits.com). The work carried out by the Audit Committee during FY24 comprised the following:

- Review of the Company's statutory auditor.
- Reviewing the Committee terms of reference.
- Approving the 2024 full year audit fee and annual audit plan.
- Agreeing the approach to half year and full year results announcements.
- Ongoing review and monitoring of agreed actions in relation to the auditor management letter.
- Review of the risk management process, control framework and risk register.
- Review of the Group insurance arrangements.
- Approving the QCA Corporate Governance Code Compliance Assurance Framework.

Statutory auditors

Forvis Mazars LLP were appointed as the Company's statutory auditor in May 2022 and re-appointed at the AGM in May 2023 and 2024. The Senior Statutory Auditor is Thomas Cooke.

The Committee is responsible for reviewing the effectiveness of the auditor. The following processes are used for this purpose:

- The Committee received a detailed audit plan from the statutory auditors at the beginning of the annual audit process which included an outline of the proposed scope of the audit, and identification of key audit risks and areas of focus. This was discussed and agreed with the Committee.
- The Committee challenged the work done by the statutory auditor to test Management's assumptions and estimates in relation to the significant issues.
- At the completion of the statutory audit, the Committee received feedback from the Chief Financial Officer and the Finance Team on how effectively issues were addressed at the statutory audit clearance meetings.

Based on the above processes and feedback, and its own ongoing assessment of the statutory auditor's performance, the Committee was satisfied with the independence, objectivity and overall effectiveness of the statutory auditor with regard to the 2024 audit process.

Internal controls and environment

The Executive and Leadership teams continued to embed and enhance the internal control framework of the Group, building on the significant work undertaken prior to the IPO in June 2021. Recruitment to and enhancement of the Finance function has assisted this process, and progress on required actions to remediate risks, as well as items highlighted by the auditor during the year end audit management letter are monitored at each meeting of the Audit Committee.

Internal audit

At present the Group does not have an internal audit function and the Committee believes that Management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one. The Committee conducts rigorous reviews of monthly results and Key Performance Indicators. It also focuses on potential key risks and in the past year has paid particular attention to risks concerning cyber security and IT infrastructure, while also conducting reviews of each of the Group's principal risks over the year under a rolling review schedule.

To further support the delivery of the Company strategy, in addition to managing IT and cyber risk, additional investment has been made in resources and IT infrastructure during the course of 2024. This investment is assisting risk mitigation in this strategically important area.

Whistleblowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. During the year, there were no matters raised as a whistleblowing matter for consideration.

Fair, balanced and understandable reporting

The Audit Committee has provided advice to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy. Each Director was also asked to provide this confirmation.

Other significant matters

The Audit Committee has also reviewed whether other areas of material judgement or subjective decisions have been appropriately addressed in the Annual Report & Accounts. Specific areas considered include Going Concern and valuation of investments and goodwill. The Audit Committee was comfortable with the approach taken with respect to these matters.

On behalf of the Board
Lesley Jackson
Audit Committee Chair
28 March 2025

Nomination and Governance Committee Report

On behalf of the Board, I am pleased to present the Nomination and Governance Committee report of the Company for the year ended 31 December 2024. The Nomination and Governance Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes. The Nomination and Governance Committee also has delegated responsibility for establishing and promoting the Group's ESG framework, which is then approved by the full Board.

Committee members	Meetings attended
Mark Hunter – Chair	2/2
Paul Skipworth	2/2
Gavin Hewitt	2/2

Members of the Nomination and Governance Committee

During the year, the Committee consisted of myself (Mark Hunter), Gavin Hewitt and Paul Skipworth. All but Paul Skipworth are fully independent.

Duties

The Committee's principal duties are to:

- Monitor the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
- Give full consideration to succession planning for Directors and other senior executives in the course of its work, and the skills and expertise needed on the Executive and Leadership Teams in the future.
- Keep under review the leadership needs of the organisation, both Executive and Non-Executive.
- Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- Establishing and promoting the Group's ESG framework for approval by the full Board.

Committee attendance

The Nomination and Governance Committee met formally twice during 2024 with all members present.

Succession planning

The Committee conducted a review of succession plans during the year. Ensuring that there are robust succession plans in place at Board and Senior Management level is fundamental to the long-term prospects of the business. Succession plans for the Board and senior executives were reviewed and, where appropriate, adjusted during the year.

Board composition

The skills required, experience and background of all of the Board were considered as part of the Board review process, and this has been further considered as part of the Board's effectiveness review which took place in Q4 2024.

Nomination and Governance Committee in 2025

The Committee is scheduled to meet at least twice in 2025. The Committee will continue to review the balance of skills and diversity of the Board and promote and suggest amendments to the Group's ESG framework.

On behalf of the Board
Mark Hunter
Nomination and Governance Committee Chair
28 March 2025

Remuneration Committee Report

This Remuneration Report summarises the remuneration paid to the Directors for the year ended 31 December 2024. As an AIM-quoted company, the information is disclosed to fulfil the requirements of AIM Rule 19. The Company is not required to comply with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The information is unaudited except where stated. The report also reviews the role and activities of the Remuneration Committee in 2024.

Committee members	Meetings attended
Helen Page – Chair	4/4
Gavin Hewitt	4/4
Lesley Jackson	4/4

The Remuneration Committee was formally established by the Board, and I was appointed its Chair in June 2021. Gavin Hewitt and Lesley Jackson are the other members of the Committee. All Committee members are deemed independent by the Board. The Remuneration Committee meets at least twice each year.

The Committee operates under terms of reference approved by the Board and is responsible for reviewing the performance of the Executive Directors and other designated senior executives and determining their remuneration packages. The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Company are set by the Board.

The Company's approach to Remuneration

The Company has adopted a remuneration policy which is designed to encourage the recruitment of high quality applicants, retain existing talent, incentivise the Senior Management and the rest of the workforce to deliver against the Company's strategic goals and share in the company's success. Wherever possible the Group seeks to develop and promote within its existing workforce and the Company makes use of share options and other long-term incentives to motivate staff and ensure their interests are aligned with shareholders.

Duties

The key objectives of the Remuneration Committee are:

- To develop remuneration packages which motivate the Executive Directors and senior executives and support the delivery of business objectives in the short, medium and long term.
- To align the interests of the Executive Directors with the interests of long-term shareholders.
- To encourage senior executives to operate within the risk parameters set by the Board.
- To ensure the Company can recruit and retain high quality executives through packages which are fair and attractive, but not excessive.

It is the Remuneration Committee's intention that remuneration should reward achievement of objectives aligned with shareholders' interests over the medium to long term. Executive Director and senior executive remuneration consist of the following elements: basic salary, benefits, pension contribution, performance-related annual bonus, Long-Term Incentive Plan (LTIP).

The Executive Directors each have a service agreement containing six months' notice. The Non-Executive Directors each have letters of appointment with a three-month notice period.

Remuneration in 2024

Throughout 2024, the salaries of the Chief Executive Officer and the Chief Financial Officer were set at £175,100 and £128,750 respectively. Executive Directors participated in the Group pension scheme on the same terms as are available to the rest of the workforce with a Group contribution of 7% of salary. In addition, Executive Director benefits comprised free SMWS membership and £500 product allocation in line with the benefit available for other staff within the Company.

The Executive Directors were eligible to be considered for an annual discretionary bonus of up to 30% of their basic annual salary, as determined by the Remuneration Committee with discretion to increase this up to 50% in the event of substantial out-performance of objectives.

In the light of company performance in 2023 no discretionary bonus was paid in 2024.

Summary of 2024 remuneration

	Salary	Compensation for loss of office	Bonus	Pension	Total
Andrew Dane	£175,100	–	£40,458	£11,537	£227,095
Billy McCarter	£128,750	–	£31,072	£8,304	£168,126
Mark Hunter	£78,750	–	–	–	£78,750
Paul Skipworth	£44,625	–	–	£3,124	£47,749
Helen Page	£44,625	–	–	£2,231	£46,856
Lesley Jackson	£44,625	–	–	£3,124	£47,749
Mark Bedingham	£31,500	–	–	–	£31,500
Gavin Hewitt	£31,500	–	–	–	£31,500
David Ridley	–	£14,101	–	–	£14,101

The table above shows the value of actual salary received relating to 2024.

The bonus shown is the value of the bonus to be paid in relation to the 2024 financial year. During 2024, no bonuses were paid in relation to the 2023 financial year.

Non-Executive Director fees were set at £78,750 per annum for Mark Hunter, Chair, £44,625 per annum for Paul Skipworth, Deputy Chair, and for Lesley Jackson and Helen Page, who chair the Audit and Remuneration Committees respectively, and £31,500 per annum for the other Non-Executive Directors. The fees were unchanged from the prior year as no increase was made in 2024.

Directors' interests – Interests in share options (audited)

Details of options held by Directors who were in office at 31 December 2024 are set out below. No options were exercised by Directors during the year (2023: 783,000). Details of the Group's option schemes are set out in Note 26 to the Financial Statements.

The closing market price of the Group's shares at 31 December 2024 was 37 pence. The range of daily closing market prices during the period of the financial year end was 35 pence to 50 pence.

Options granted before IPO

	Date of grant	Number of options at 31 December 2023	Exercised	Number of options at 31 December 2024	Exercise price	Earliest exercise date
Paul Skipworth*	27 March 2016	326,000	–	326,000	30p	27 March 2021
Paul Skipworth*	16 April 2018	148,000	–	148,000	39.75p	16 April 2022
Andrew Dane	24 February 2020	212,700	–	212,700	0.25p	4 August 2025

* Paul Skipworth was awarded these share options when he was engaged as an Executive Director of the Company in 2016 and 2018, prior to IPO.

Options granted before IPO can normally only be exercised from the fifth anniversary of grant. Options granted before IPO vest as to one-third on grant and one-third on the first two anniversaries of grant.

Options granted on IPO

	Date of grant	Number of options at 31 December 2023	Options Lapsed	Number of options at 31 December 2024	Exercise price	Earliest exercise date
Andrew Dane	4 June 2021	319,050	–	319,050	0.25p	4 June 2024
Andrew Dane	4 June 2021	319,050	–	319,050	0.25p	4 June 2025

Options granted on IPO are subject to three- and four-year performance conditions weighted 33% on absolute share price performance, 33% on revenue and 33% on EBITDA. They are subject to malus and clawback provisions.

Directors' interests – Interests in shares (audited)

The interests of Directors who were serving as at 31 December 2024 and their immediate families and any persons connected with them (within the meaning of section 252 of the Act) in the Ordinary Shares of the Company are set out below:

	Holding balance at 31 December 2024	% of share capital at 31 December 2024
Mark Bedingham*	2,456,47	3.48%
Mark Hunter	1,427,310	2.02%
Paul Skipworth	803,884	1.14%
Gavin Hewitt	104,883	0.14%
Andrew Dane	92,545	0.13%
Lesley Jackson	64,560	0.09%
Helen Page	53,693	0.08%
Billy McCarter	21,727	0.03%

* Mark Bedingham's holdings are held through Birdwing Investments Limited.

Remuneration in 2025

The Chief Executive Officer and Chief Financial Officer's salaries will remain at £175,100 and £128,750 respectively – no increase on 2024. The Company pension contribution remained at 7% of salary, in line with arrangements for the wider workforce.

Annual bonus in 2025 will operate in a similar way to 2024. The Chief Executive Officer and Chief Financial Officer will be eligible to be considered for an annual discretionary bonus of up to a normal maximum amount of 30% of basic salary, with the Remuneration Committee having the ability to pay amounts above this limit, up to a maximum total of 50% of salary, in the event of substantial outperformance of objectives. The performance targets will be reflective of the delivery of objectives across the business and subject to an overall profit target underpin.

The Company has implemented an additional short term incentive programme applicable to the Executive Directors in 2025, the purpose of which is to achieve results in excess of the base internal and market targets, as a result self funded and payable as cash and shares, should the targets be achieved. The targets are focused on revenue, EBITDA and cash (net debt).

The Chair and Non-Executive Director remuneration for 2025 will remain at 2024 levels, subject to a mid-year review as we assess business performance against expectations.

Shareholder engagement

The Group welcomes shareholder feedback on its Directors' remuneration arrangements. A resolution to approve this Remuneration Report will be put to an advisory resolution at our 2025 AGM. Our engagement with wider stakeholders is set out on page 25.

On behalf of the Board
Helen Page
Remuneration Committee Chair
28 March 2025

Directors' Report

As required under the Companies Act 2006, the Directors present their report together with the audited financial statements for the year ended 31 December 2024. The Directors' report, along with the information from the Chair's statement on page 6, and the Statement of Directors' responsibilities on page 54 constitutes the Directors' Report in accordance with the Companies Act 2006.

Dividends
The Directors do not wish to recommend any payment of dividend for the financial year 2024 (2023: nil).

Directors
The Directors of the Group during the period and to the date of this report are as follows: Mark Hunter, Paul Skipworth, Andrew Dane, Mark Bedingham, Gavin Hewitt, Lesley Jackson, Helen Page and Billy McCarter.

The names of the Directors, along with their brief biographical details, are given on pages 40-41.

Directors' interests
The Directors' interests in the Group's shares and options over Ordinary Shares are shown in the Remuneration Report on pages 49-51.

Directors' and Officers' liability insurance
The Group purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Political donations
The Group made no political donations in the financial period.

Disclosure of information to auditor
As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's auditor in connection with preparing their Report) of which the Group's auditor is unaware, and each Director has taken all reasonable steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Future Developments
Trading performance is discussed in the CFO's report on pages 26-29 and the Group's future developments and strategic direction is discussed on page 11.

Financial instruments
The financial risk management objectives of the Group, including credit risk, interest rate risk and currency risk, are provided in Note 24 to the Financial Statements.

Subsidiaries
The Group has 12 subsidiaries; a complete list is provided at Note 14 to the Financial Statements.

Share capital structure
31 December 2024, the Group's issued share capital was £176,399.44 divided into 70,559,774 Ordinary Shares of 0.25p each. Further details of the Group's issued share capital are given in Note 25 to the Financial Statements.

The Group's Ordinary Shares rank pari passu in all respects with each other, including for voting purposes and for all dividends. Each share carries the right to one vote at general meetings of the Group. Further information on the voting and other rights of shareholders, including deadlines for exercising voting rights, are set out in the Group's Articles of Association, which are available on the Group's website (www.artisanal-spirits.com).

Restriction on shares
The Group's Ordinary Shares are freely transferable and there are no restrictions on the size of a holding. Transfers of shares are governed by the provisions of the Articles of Association and prevailing legislation. The Ordinary Shares are not redeemable; however, the Group may purchase any of the Ordinary Shares, subject to prevailing legislation and the requirements of the Listing Rules. No shareholder holds securities carrying any special rights or control over the Group.

Significant shareholders
As of 31 December 2024, the Group is aware of the following holdings of significant shareholders in the Group (as defined in the AIM Rules).

Name	No. of shares	% of issued share capital
Inverleith (ASC) Limited	12,177,764	17.26%
BGF Investment Management Ltd	6,250,000	8.86%
Mehdi Shalfrooshan	6,220,000	8.82%
Benjamin Thomson	5,675,976	8.04%
Canaccord Genuity Wealth Limited	4,715,000	6.68%
John Dunsmore	3,239,384	4.59%
Birdwing Investments Limited	2,501,476	3.48%

Insofar as it is aware, as at 31 December 2024 the percentage of the Group's Ordinary Shares that were not in public hands was 27.53%.

Share option schemes
Details of employee share schemes are set out in Note 25 to the Financial Statements.

Appointment and retirement of Directors
The Board may from time to time appoint one or more additional Directors so long as the total number of Directors does not exceed the limit prescribed in the Articles of Association (12).

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 with an extension in November 2024 and is not due for renewal until June 2026 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 (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 2024.

In the context of the above, the Directors have prepared cash flow forecasts for the period to 30 April 2026 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 2025 figures in this forecast are based on the Group's 2025 budget, which is compiled using board approved forecasts and reflecting current performance, expected revenue growth and membership retention. The 2026 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 a global economic downturn, exacerbated by a geopolitical shock event with a resultant shut down of Asian operations impacting revenue in excess of £5m per annum, together with an associated reduction in global sales based on recent experience from other economic downturns. 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, investment in spirit and wood continues as per current forecasts, albeit at a lesser level than in previous years. 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 ongoing conflict in Ukraine presents, alongside other geo-political factors, 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, noting the current financing agreement runs beyond the 12 month period and steps are already underway to agree and implement a new financing agreement in FY25. Therefore, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Directors' Statement

The Directors believe that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the Annual Report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated.

The Directors' Report for the year ended 31 December 2024 comprises these pages and other relevant sections of the Annual Report which are incorporated into the Directors' Report by reference. In addition, certain disclosures required to be contained in the Directors' Report have been incorporated into the 'Strategic Report' as set out above.

Annual General Meeting

The Annual General Meeting will be held on 21 May 2025.

The ordinary business comprises receipt of the Directors' Report and audited financial statements for the year ended 31 December 2024, the re-election of Directors, the re-appointment of the Company's Auditor and authorisation of the Directors to determine the Auditor's remuneration.

Approval

This Directors' Report was approved by the Board and was signed on its behalf on 28 March 2025.

Andrew Dane
Chief Executive Officer

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards in accordance with the provisions of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period, and have concluded the accounts do give a true and fair view of the Group and Company. In preparing these financial statements, International Accounting Standard 1 requires that Directors:
- Properly select and apply accounting policies;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Group and Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group and Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group and Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.


PM

Independent Auditor's Report to the Members of The Artisanal Spirits Company plc

Opinion
We have audited the financial statements of The Artisanal Spirits Company Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:
- give a true and fair view of the state of the group's and of the parent company's affairs as of 31 December 2024 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In addition to those matters set out in the "Key audit matters" section below, we identified going concern of the group and of the parent company as a key audit matter. The group is within its investment and growth phase and, consequently, continues to be loss making. The group currently has access to a Revolving Credit Facility (RCF) of £21,500k with a term extended through to 19 June 2026. Ferovinum also extended £2,600k in cash to the Group through a cask spirit parcel valuation at 70% loan to value ratio. As the renewal of the facility is so close to the end of the going concern period of assessment we have considered this an area that is key to our understanding of the going concern of the group and company and thus a key audit matter.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:
- Undertaking an initial assessment at the planning stage of the audit;
- Obtaining an understanding of the relevant controls relating to the going concern assessment;
- Making enquiries to understand the period of assessment considered, the assumptions considered and the implication of those when assessing the future financial performance;
- Challenging the appropriateness of the key assumptions in the cash flow forecasts, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the consideration of severe but plausible scenarios. This includes assessing the viability of mitigating actions;
- Testing the accuracy and functionality of the forecasts;
- Assessing the historical accuracy of forecasts prepared in the past;
- Engaging in discussions with management regarding their ability to re-finance the RCF facility which expires in June 2026, corroborating to supporting evidence, to assess the likelihood of re-financing being successfully achieved;
- Obtaining all signed agreements for financing facilities and confirming the repayment terms, expirations, interest payments and covenants have been appropriately factored into Management's going concern assessment;
- Assessing the cash requirements of the Group against the available facilities;
- Examining the Directors' forecast covenant calculations to confirm that the covenants relating to the revolving credit facility are forecast to be met throughout the going concern period; and
- Reviewing disclosures within the financial statements to ensure appropriate and in agreement to management's assessment.
- Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures. The matters set out below are in addition to going concern which, as set out in the "Conclusions relating to going concern" section above, was also identified as a key audit matter.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Inventory Valuation – casked goods (Group) The accounting policy for inventory is shown in Note 2.12 of the financial statements on page 70 and the corresponding disclosure is Note 16 on page 84. As of 31 December 2024, the gross value of inventories amounted to £31,768k which represented the largest asset class on the Group balance sheet. Cask goods are the key component of inventories with a value of £27,810k at year end. Due to their nature, casked goods are stored for an extended period of time to mature and therefore costs of conversion such as rent and insurance are also allocated to each cask along with the depreciation charge cost associated to each cask. The total casked goods of the Group provide the security on which the Group's inventory secured revolving credit facility (RCF) is based. Selected casks also provide security for the Group's new stock-based financing facility. Given the value of inventories relative to the net assets of the business and relative to materiality we have spent a significant amount of audit effort, including the time of senior members of our audit team, in assessing the appropriateness of the valuation of casked goods.	Our audit procedures included, but were not limited to: — confirming that management have accounted for inventories in accordance with the Group's accounting policies and IAS 2; — tracing a sample of cask stock balances at year-end to purchase invoices during the year to verify that the cost of casks is accurate; — agreeing the allocation of rent and insurance costs of conversion to supporting documentation; — testing of costs of conversion absorbed into stock to ensure they are appropriate and accurately recorded; — assessing the depreciation charge absorbed into inventory is accurately calculated based on reasonable rates and that its absorption is appropriate; and — testing the carrying value of casked goods against current average selling price per bottle to ensure that the inventories are stated at the lower of cost and net realizable value. The margins on sale are high and there is a very low risk that the valuation of inventory is held at the lower of cost or net realisable value, or impaired at year-end. **Our observations** Based on the testing performed we are satisfied that casked goods valuation is appropriate and we consider to be reasonable under IAS 2. Internal control recommendations made in this area have been communicated to the Audit Committee.

Independent Auditor's Report to the Members of The Artisanal Spirits Company plc continued

Key Audit Matter	How our scope addressed this matter
Valuation of investment in and recoverability of intercompany balances in subsidiaries (parent Company) The accounting policy for parent company investments is within Note 3 of the accounting policies and the corresponding disclosure is within Note 14 on page 81 of the financial statements. The intercompany receivable is disclosed within Note 17 of the financial statements on page 84. The main assets of the Parent company relate to the investments in subsidiary companies and intercompany receivables from subsidiaries. The parent company holds an investment in subsidiaries with carrying value as at 31 December 2024 of £16,298k, and intercompany receivables of £9,514k. The Company considers whether any impairment indicators exist at least annually. Where impairment indicators exist or the carrying value of net assets does not support the carrying value of the investment an impairment review is prepared by management based on the projected value in use for each relevant subsidiary. Impairment indicators were identified and as such an impairment review was conducted on those investments. Intercompany receivables are assessed for risk of impairment. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cashflows. We determined that the valuation of investments in subsidiaries and intercompany receivables due from subsidiaries, relative to the overall net assets of the parent company together with the degree of estimation uncertainty in relation to the value in use models, could result in a range of reasonable outcomes greater than our materiality for the financial statements as a whole.	— assessing management's evaluation of impairment indicators; — comparing the net assets of subsidiaries to the investment value to determine whether there are signs of impairment; — comparing the carrying amount with the expected value of the business based on a value in use model; — critically assessing management's discounted cashflows, challenging key assumptions and inputs thereon and reviewing the appropriateness of management's sensitivity analysis performed to assess the model's breakpoint; — reviewing the historical accuracy of management's forecasting against actual results in the period, and considering the impact on current forecasts; — engaging our internal valuations experts to review and challenge management's discount rate applied in the value in use calculation; — critically assessing the intercompany receivable for recoverability through assessing available cash resources and overall ability to repay the debt; and — reviewing the adequacy of the disclosures in the financial statements. **Our observations** Based on the results of audit work performed we consider the methodologies and assumptions used by management to determine whether there were any indicators of impairment in subsidiaries to be appropriate. Where indicators were identified the methodologies and assumptions used in determining the recoverable amount under IAS 36 and in assessing whether intercompany balances were recoverable under IFRS 9 are reasonable. We are satisfied that the carrying values of the parent company's investments in its subsidiaries and intercompany receivables are materially accurate.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group	Parent company
Overall materiality	£425,000 (2023; £422,000)	£367,000 (2023; 267,000)
How we determined it	1.8% of Group revenue	1.2% total assets (2023; 0.9% of total assets)
Rationale for benchmark applied	The Group is loss making and there is a clear focus on continued growth, therefore revenue is deemed the most appropriate measure of the Group's performance.	The parent company is primarily a holding company with investments in subsidiaries within the Group. Investments make up 53% of total assets (excluding intercompany balances). The entity has no revenues and therefore the users of the financial statements will focus on the value of the investments held.

	Group	Parent company
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £297,000 (2023; £317,000) which represents 70% (2023; 75%) of overall materiality. We reduced the threshold from prior year based on the number of audit findings noted.	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £257,000 (2023; £200,000) which represents 70% (2023; 75%) of overall materiality. We reduced the threshold from prior year based on the number of audit findings noted.
Reporting threshold	We agreed with the Directors that we would report to them misstatements identified during our audit above £13,000 (2023; £12,600) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.	We agreed with the Directors that we would report to them misstatements identified during our audit above 11,000 (2023; £8,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements in addition to further scoped in group entities in line with ISA 600 Revised. Based on our risk assessment, three of the thirteen components of the group, including the parent company, were deemed key components and subject to full audit performed by the group audit team with a further four components audited to specific scope. This ensured there was no unaudited material financial statement areas. The unaudited six entities remaining were individually and in aggregate immaterial to financial statement areas, this was confirmed on our assessment of the final consolidation schedule.

For the three key component scope entities, the group engagement team audited these directly. The group engagement team also directly audited the material and non-significant entities that were scoped in for specific procedures. For one of these, Forvis Mazars China audited the Shanghai based component. The Chinese team's work was reported on to the group engagement team in line with instructions that we issued, and their file reviewed by the group engagement team at a senior level. We are confident that we have provided sufficient guidance and review over this component's audit. Across all of the components an individual materiality level was assigned and work carried out to this. The range of financial statement materiality across components, audited to the lower of local statutory audit materiality and materiality capped for Group audit purposes, was between £30,000 and £230,000, being all below Group financial statement materiality.

Furthermore, we performed some procedures across all group entities to ensure there was no risk of material misstatement. These included a full reconciliation of intercompany balances, an assessment of group tax and obtaining bank confirmations for all components.

We are satisfied from the approach taken that our audit meets the requirements of ISA 600 Revised and that sufficient coverage has been obtained over the consolidated figures within the financial statements.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a

Independent Auditor's Report to the Members of The Artisanal Spirits Company plc continued

material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities set out on page 54, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the parent Company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, consumer rights laws and data protection.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of Management and, where appropriate, those charged with governance, as to whether the Group and the parent Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the parent Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the Directors' and Management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the occurrence and cut-off assertions), disclosure of exceptional and non-recurring costs and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:
- Making enquiries of the Directors and Management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through Management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with Management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

TDCooke

Thomas Cooke
(Senior Statutory Auditor) for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

30 March 2025

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024

	Notes	**2024 £'000**	2023 £'000
Revenue	4	**23,601**	23,500
Cost of sales		**(8,576)**	(8,499)
Gross profit		**15,025**	15,001
Selling and distribution expenses		**(5,114)**	(6,238)
Administrative expenses		**(10,628)**	(10,901)
Finance costs	6	**(2,461)**	(1,516)
Other income	4	**36**	79
Loss on ordinary activities before taxation	6	**(3,142)**	(3,575)
Taxation	8	**(109)**	(158)
Loss for the year		**(3,251)**	(3,733)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Movements in cash flow hedge reserve		**–**	(8)
Movements in translation reserve		**(71)**	(64)
Tax relating to other comprehensive loss		**–**	–
		(71)	(72)
Total comprehensive loss for the year		**(3,322)**	(3,805)
Loss for the year attributable to:			
– Owners of parent company		**(3,300)**	(3,848)
– Non-controlling interest		**49**	115
		(3,251)	(3,733)
Total comprehensive loss for the year attributable to:			
– Owners of parent company		**(3,371)**	(3,920)
– Non-controlling interest		**49**	115
		(3,322)	(3,805)
Basic EPS (pence)	10	**(4.6p)**	(5.5p)
Diluted EPS (pence)	10	**(4.6p)**	(5.5p)

Consolidated Statement of Financial Position
As at 31 December 2024

	Notes	**2024 £'000**	2023 £'000
Non-current assets			
Investment property	11	**285**	420
Property, plant and equipment	12	**10,734**	10,426
Intangible assets	13	**2,352**	2,389
		13,371	13,235
Current assets			
Inventories	16	**31,768**	30,564
Trade and other receivables	17	**4,286**	4,787
Cash and cash equivalents	18	**2,868**	1,235
		38,922	36,586
Total assets		**52,293**	49,821
Current liabilities			
Trade and other payables	20	**3,459**	3,216
Current tax liabilities		**705**	702
Financial liabilities	19	**3,032**	272
Lease liability	21	**513**	384
		7,709	4,574
Net current assets		**31,214**	32,012
Non-current liabilities			
Financial liabilities	19	**25,938**	23,809
Lease liability	21	**2,920**	2,575
Deferred tax liabilities	9	**–**	–
Provisions	22	**670**	589
Total non-current liabilities		**29,528**	26,973
Total liabilities		**37,237**	31,547
Net assets		**15,056**	18,274
Equity			
Called up share capital	25	**176**	176
Share premium account	25	**15,255**	15,255
Translation reserve	25	**(211)**	(140)
Retained earnings	25	**(424)**	2,789
Cash flow hedge reserve	25	**–**	–
Equity attributable to owners of the parent		**14,796**	18,080
Non-controlling interest		**260**	195
Net assets		**15,056**	18,275

Approved by the Board for issue on 28 March 2025 and signed on its behalf by:

B McCarter

Billy McCarter
Chief Financial Officer
Company Registration No. SC490305

Company Statement of Financial Position
As at 31 December 2024

	Notes	**2024 £'000**	2023 £'000
Non-current assets			
Property, plant and equipment	12	**3,772**	3,689
Intangible assets	13	**573**	392
Investments	14	**16,298**	16,298
		20,643	20,379
Current assets			
Trade and other receivables	17	**9,772**	11,236
Cash and cash equivalents	18	**225**	172
		9,997	11,408
Total assets		**30,640**	31,787
Current liabilities			
Trade and other payables	20	**3,542**	3,004
Financial liabilities	19	**119**	121
Lease liability	21	**211**	211
		3,872	3,336
Net current assets		**6,125**	8,072
Non-current liabilities			
Financial liabilities	19	**121**	233
Lease liability	21	**2,239**	1,617
Provisions		**250**	175
Non-current liabilities subtotal		**2,610**	2,025
Total liabilities		**6,482**	5,361
Net assets		**24,158**	26,426
Equity			
Called up share capital	25	**176**	176
Share premium account	25	**15,255**	15,255
Retained earnings	25	**8,727**	10,995
Equity attributable to parent company		**24,158**	26,426

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £2,403k (2023 – £2,442k).

Approved by the Board for issue on 28 March 2025 and signed on its behalf by:

B McCarter

Billy McCarter
Chief Financial Officer
Company Registration No. SC490305

Consolidated Statement of Changes In Equity
As at 31 December 2024

£'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 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 (Note 25)	–	–	(48)	–	–	–	(48)	–	(48)
Transactions with non-controlling interest	–	–	–	–	–	–	–	65	65
Dividend payable	–	–	–	–	–	–	–	(213)	(213)
Other comprehensive loss	–	–	–	(8)	(64)	–	(72)	–	(72)
Balance at 31 December 2023	176	15,255	2,789	–	(140)	–	18,080	195	18,275
Issue of share capital	–	–	–	–	–	–	–	–	–
(Loss)/profit for the period	–	–	(3,300)	–	–	–	(3,300)	49	(3,251)
Share-based compensation (Note 25)	–	–	135	–	–	–	135	–	135
Transactions with non-controlling interest	–	–	(48)	–	–	–	(48)	16	(32)
Other comprehensive loss	–	–	–	–	(71)	–	(71)	–	(71)
Balance at 31 December 2024	**176**	**15,255**	**(424)**	**-**	**(211)**	**-**	**14,796**	**260**	**15,056**

Company Statement of Changes In Equity
For the year ended 31 December 2024

£'000	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance at 31 December 2022	174	14,997	13,485	28,656
Issue of share capital	2	258	–	260
Share-based compensation	–	–	(48)	(48)
Loss for the period	–	–	(2,442)	(2,442)
Balance at 31 December 2023	176	15,255	10,995	26,426
Issue of share capital	–	–	–	–
Share-based compensation	–	–	135	135
Loss for the period	–	–	(2,403)	(2,403)
Balance at 31 December 2024	**176**	**15,255**	**8,727**	**24,158**

Consolidated Statement of Cash Flows
As at 31 December 2024

	Notes	2024 £'000	2023 £'000
Loss for the year after tax		**(3,251)**	(3,733)
Adjustments for:			
Taxation charged		**109**	158
Finance costs		**2,293**	1,415
Interest income		**(1)**	(4)
Movements in provisions	22	**16**	9
Share-based payments	25	**135**	(48)
Investment property fair value movement		**(20)**	(15)
Investment property gain on disposal		**(14)**	
Lease interest		**151**	101
Depreciation of tangible assets	12	**1,308**	1,171
Amortisation of intangible assets	13	**321**	282
Movements in working capital:			
Increase in inventory		**(560)**	(1,863)
Decrease/(increase) in trade and other receivables		**486**	(1,073)
Increase/(decrease) in trade and other creditors		**1**	(700)
Cash flow from/(absorbed by) operations		**974**	(4,301)
Income taxes(paid)/received		**(104)**	139
Interest paid excluding lease interest		**(1,676)**	(1,379)
Net cash outflow used in operating activities		**(806)**	(5,541)
Cash flow from investing activities			
Purchase of intangible assets	13	**-**	(422)
Purchase of property, plant and equipment	12	**(948)**	(1,657)
Sale of investment property		**169**	
Sale of property, plant and equipment	12	**19**	23
Cash paid to acquire trade and assets of J&J Spirits	13	**(238)**	–
Interest income		**1**	4
Net cash used in investing activities		**997**	2,052
Cash flows from financing activities			
Share issue		**-**	260
Transactions with non-controlling interest	14	**(16)**	65
Dividend paid to non-controlling interest	14	**(213)**	–
Asset backed lending received	19	**4,343**	2,592
Repayment of asset backed lending	19	**(116)**	–
Inventory secured RCF facility	19	**500**	5,000
Loan received	19	**-**	1,450
Repayment of loan	19	**(487)**	(2,336)
Repayment of leases	19	**(504)**	(461)
Net cash from financing activities		**3,507**	6,570
Net increase/(decrease) in cash and cash equivalents		**1,704**	(1,023)
Cash and cash equivalents at beginning of year		**1,235**	2,331
Foreign currency translation		**(71)**	(73)
Non-controlling interest movement		**-**	-
Cash and cash equivalents at end of year		**2,868**	1,235
Relating to:			
Bank balances and short term deposits		**2,868**	1,235

Note: The prior period Statement of Cash Flows has been re-presented to reduce the non-cash charge to depreciation of tangible assets and the increase in inventory by £398k, due to depreciation charges for production assets absorbed within inventory.

Notes to the Financial Statements

1 Corporate information

The Artisanal Spirits Company plc ('the Company') was incorporated in Scotland on 3 November 2014, is a public limited company by shares, and is domiciled in the United Kingdom. The Company's registered office is The Vaults, 87 Giles Street, Edinburgh, EH6 6BZ.

The Group consists of the Company and its subsidiaries. The Group sells whisky and associated products and services in the United Kingdom and internationally.

2 Accounting policies

2.1 Accounting convention

The Group's consolidated financial statements have been prepared under the historical cost convention, with the exception of investment properties and derivatives recognised at fair value in accordance with UK adopted International Accounting Standards and with the requirements of the Companies Act 2006.

The Company's financial statements have been prepared under the historical cost convention and are presented as required by the Act, in accordance with UK-adopted international accounting standards including FRS 101 Reduced Disclosure Framework. The financial statements are prepared on a going concern basis.

The principal accounting policies adopted are set out below; unless otherwise stated these policies have been applied consistently to all periods presented in these Group and Company financial statements. The Company's accounting policies are consistent with those of the Group.

As permitted by FRS 101 the Company has availed of disclosure exemptions available under that standard in relation to share-based payments, financial instruments, fair value measurement, capital management, preparation of a cash flow statement, impairment of assets, comparative information and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements. The Company has also taken advantage of exemptions available under section 408 of Companies Act 2006 not to present an Income Statement or a Statement of Comprehensive Income.

The Company's functional and presentational currency is the pound sterling. Monetary amounts in the Financial Statements are rounded to the nearest thousand (£'000). The foreign subsidiaries have different functional currencies – see further detail in Note 2.6.

The following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the UK, were adopted by the Group from 1 January 2024 with no material impact on the disclosures or amounts recorded in the financial statements:

IAS 1	Presentation of Financial Statements	Amendments regarding;	
		> Classification of liabilities	1 January 2024
		> Non-current liabilities regarding long term debt with covenants	1 January 2024
IAS 7	Statement of Cash Flows and IFRS 7 Financial Instruments	Disclosure amendment regarding supplier finance arrangements	1 January 2024
IFRS 16	Leases	Lease liability in a Sale and Leaseback	1 January 2024

The following amendments, as issued by the IASB and endorsed by the UK, have not yet been adopted by the Group and are not expected to have material impact on the disclosures or amounts recorded in the financial statements:

IAS 21	The Effects of Changes in Foreign Exchange Rates	Amendments regarding the lack of exchangeability	1 January 2025
	Annual improvements cycle – improvements to IFRS standards IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Amendments regarding hedge accounting for first time IFRS adopters, financial instrument disclosures, derecognition of lease liabilities, determination of a "de facto agent" and the cost method in the statement of cash flows	1 January 2026

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The Group does not anticipate that any of the amendments detailed below will have a significant impact on the classification of its liabilities.

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

2 Accounting policies continued

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial information of the Company and its subsidiary undertakings (collectively the 'Group' and individually 'Group companies'), made up to 31 December 2024 and 31 December 2023. Intra-Group sales and profits are eliminated fully on consolidation. Consistent accounting policies are applied across the Group.

The subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date on which control commences until the date on which control ceases.

2.3 Business combinations and goodwill

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred at the acquisition date plus any deferred or contingent consideration. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group recognise the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Where fair value of the aggregate consideration paid is below the fair value of the separately identifiable assets and liabilities at the acquisition date, the balance is recognised as a gain on bargain purchase immediately in the Statement of Comprehensive Income.

Where fair value of the aggregate consideration paid is above the fair value of the net assets acquired, goodwill is recognised in the Statement of Financial Position. It is initially measured as an asset at cost and is subsequently measured at cost less impairment losses. Any contingent consideration is measured at fair value at the date of acquisition.

2.4 Transactions

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated on consolidation.

2.5 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 from the date of approval of these financial statements. 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 with an extension in November 2024 and is not due for renewal until June 2026 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 (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 2024. The Directors have considered the availability of continued financing beyond the current revolving credit facility's expiry in June 2026, which is outside of the going concern measurement period. The Directors have made enquiries and are satisfied that sufficient facilities are expected to remain available on satisfactory commercial terms beyond this date.

In the context of the above, the Directors have prepared cash flow forecasts for the period to 30 April 2026 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 2025 figures in this forecast are based on the Group's 2025 budget, which is compiled using board approved forecasts and reflecting current performance, expected revenue growth and membership retention. The 2026 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.
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 a global economic downturn, exacerbated by unexpected or additional tariffs alongside geopolitical shock events with a resultant shut down of Asian operations impacting revenue in excess of £5m per annum, together with an associated reduction in global sales based on recent experience from other economic downturns. 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 ongoing conflict in Ukraine presents, but after assessing the risks do not believe there to be a material risk to going concern. The Directors have also considered the potential impact on going concern from the potential imposition of tariffs, and have mitigating plans to offset a material portion of the potential impact. 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.

2.6 Foreign currency transactions

In preparing the financial information, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

The assets and liabilities of operations whose functional currency is not sterling are translated to sterling at exchange rates ruling at the Statement of Financial Position date. The revenues and expenses of these operations are translated to sterling at rates approximating to the exchange rate ruling at the dates of the transactions. Exchange rate differences arising on retranslation are recognised in other comprehensive income and accumulated within a separate component of equity, the translation reserve, and are released upon disposal of the non-sterling operation.

2.7 Revenue

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to customers.

For sales of whisky, other spirits or goods the Group recognises revenue at the point in time that the goods are transferred to the customer, in line with contractual arrangements, which is at the point of delivery for online sales, at the point of sale for UK Member Rooms, and at the point of dispatch for all other sales which are issued on an "ex works" basis whereby the buyer takes on ownership from that point and is responsible for shipping. For private cask sales, revenue is recognised on transfer of liquid ownership in line with contract terms. Revenue relating to the sale of whisky and other spirits includes excise duty. Payment terms are in advance for private customers, 30 days for partner bars and 120 to 210 days on sales to the USA.

The Group generates some of its revenue from sales of membership subscriptions to members on an annual contract obligation. Revenue is deferred and recognised evenly over the 12 months of the contract, in line with the period of performance obligation.

Where the membership sale consists of a bundle of components, e.g. membership with a bottle of whisky, the sale of the physical goods is recognised at the point of sale and the membership income is recognised evenly over the 12 months of the contract, in line with the period of performance obligation. The revenue allocated to each of the bundled components is apportioned with reference to the standalone selling price of each component.

In China and Japan, a customer loyalty programme is operated where members accumulate points for purchases which entitle them to a discount on future purchases. A contract liability for the award points is recognised at the time of sale. However, as unused points expire when a member subscription is not renewed, Management make a judgement on the likely percentage of points that will be renewed. This is based on actual member retention levels in those markets. The liability recognised within Other Payables in the Consolidated Statement of Financial Position is the percentage of the total value of unused points at the end of the year.

2.8 Property, plant and equipment

Property, plant and equipment are stated at historic cost, less accumulated depreciation and any accumulated impairment losses. Assets under construction are stated at historic cost and will not be subject to depreciation until completed and in operational use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings freehold	50 years
Land and buildings leasehold	10–25 years
Leasehold improvements	4–10 years
Fixtures, fittings and equipment	4–10 years
Cask wood	20 years
Right-of-use properties	6–25 years

Freehold land is not depreciated. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the Statement of Comprehensive Income.

Right-of-use assets are depreciated over the term of the relevant lease, including extension option periods where the Directors are reasonably certain the extensions will be executed.

Notes to the Financial Statements continued

2 Accounting policies continued

2.9 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated impaired losses. Initial recognition is at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, adjusted for non-controlling interests and previous interests held by the Group.

Trademarks and customer lists

Trademarks and customer lists are initially recognised at their fair value on acquisition. Trademarks and customer lists are amortised over their useful life of 14 and 7–8 years respectively. Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Website

The carrying value of the website represents the fair value of the domain name and the cost of the compilation of the website. The website is amortised over its useful life of 4–5 years. Amortisation methods and useful life are reviewed at each reporting date and adjusted if appropriate.

Computer software

Computer software represents the cost less accumulated amortisation of the ERP systems used within the Group. The software is amortised over four years.

Amortisation methods and useful lives for trademarks, customer lists, website and computer software are reviewed at each reporting date and adjusted as appropriate.

2.10 Impairment of tangible and intangible assets

At each reporting end date, the Group reviews its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Additionally the carrying value of investments in the Parent Company balance sheet are considered annually to determine whether there are any indications of impairment. If there are indications of impairment or reversal of impairment, an assessment is made of the recoverable amount of each asset or significant cash generating unit, which is performed at an individual CGU level, to which the asset belongs. An impairment loss is recognised where the recoverable amount is lower than the carrying value of assets, including goodwill. The recoverable amount is the higher of value in use and fair value less costs to sell. The impairment loss is recognised in the income statement.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

2.11 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and is subsequently measured using the fair value model and stated at its fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the Statement of Comprehensive Income.

The valuation basis incorporates consideration in respect to IFRS 13 'Fair Value Measurement' which requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:
Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – inputs for the asset or liability that are not based on observable market data.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and related fixed and variable production overheads. Where multiple inventory items are purchased in a single transaction the total cost is allocated using the FIFO method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs to make the sale. The Group has dedicated financing facilities under which a portion of its inventories are financed. In these instances the inventories are subject to repurchase agreements and have not been derecognised as the Group has not transferred control.

2.13 Cash and cash equivalents

Cash and short term deposits in the Statement of Financial Position comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. In the Consolidated Statement of Cash Flows the inventory secured RCF is presented as a financial liability rather than as a negative cash or cash equivalent, in accordance with accounting standards.

2.14 Financial instruments

Financial instruments are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial information only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

Regarding impairment, IFRS 9 requires the Group to record expected credit losses on all applicable financial assets, e.g. trade receivables and bank balances, either on a 12-month or lifetime basis. The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and other receivables. To measure expected credit losses on a collective basis, trade receivables and other receivables are grouped based on similar credit risk and aging. The Company measures expected credit losses on amounts receivable from subsidiaries at an amount equal to lifetime expected credit loss, based on an assessment whether they are credit impaired. They are considered credit-impaired where events have occurred which have a detrimental impact on estimated future cash flows in relation to the asset.

Current receivables and payables

The carrying value of trade and other receivables/payables classified as financial assets/liabilities measured at amortised cost approximates fair value.

These are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

2.15 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in the Statement of Comprehensive Income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Comprehensive Income depends on the nature of the hedge relationship. A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

2.16 Hedge accounting

During the year to 31 December 2024 and 31 December 2023, the Group did not enter into forward contracts to hedge against foreign currency risk on receivables.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income (OCI). Any ineffective portion of the hedge is recognised immediately in the Statement of Comprehensive Income.

For cash flow hedges, where the forecast transactions resulted in the recognition of a financial asset or financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the Statement of Comprehensive Income immediately.

2.17 Borrowings

Revolving Credit Facility

The Company and SMWS hold a revolving credit facility agreement with RBS of £21.5 million until June 2026. The availability of funds under the facility agreement is linked to a calculation of eligible inventory. The facility is available for three years and therefore outstanding balances are accounted for as Long Term Liabilities.

Interest under the RBS facility agreement is calculated based on the prevailing Bank of England sterling overnight index average (commonly referred to as SONIA). Security is granted by the Company via a separate floating charge over the Company's property, undertakings, assets and rights owned at the time the floating charge was granted and in the future.

The facility is committed, subject to compliance with representations, undertakings and events of default, including financial covenants in respect of minimum EBITDA and net tangible assets, tested only if the cover afforded by inventory levels falls below a stated level.

Notes to the Financial Statements continued

2 Accounting policies continued

Inventory Financing Facility

The Group entered into an inventory financing facility with Ferovinum on 6 November 2023. The total financing available under the facility is £15m, on an evergreen basis. Under the facility, Ferovinum undertakes a market-based valuation of cask inventory against which SMWS may raise finance. Each cask or grouping of casks financed is covered by a single trade, with the maturity specific to that contract note, typically 24 months. The Group retains flexibility to repay earlier should the cask goods be required and may roll-over contracts at the maturity of the contract. Security is granted through transfer of title to the inventory, however it remains under the Group's control and the Group retains exposure to the risks and rewards of ownership. At the point of redemption, which comprises repayment of principal and interest, the title to the goods is returned to the Group.

Interest under the Ferovinum facility is paid at a margin of 2.25% over the prevailing Bank of England base rate. Costs incurred that are directly attributable to the facility are recognised using the effective interest method.

2.18 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

2.19 Taxation

Corporation tax is accounted for using the taxes payable method. The corporation tax expense recorded in the Statement of Comprehensive Income for the period represents the corporation tax payable for the period.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and are recognised only when it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.20 Employee benefits

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the Statement of Comprehensive Income in the year they are payable.

2.21 Leases

Right of use assets and lease liabilities are recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value. The right-of-use asset represents the Group's right to use the underlying leased asset and the lease liability represents its obligation to make lease payments.

The lease liability is recognised as the present value of committed lease payments, discounted using either the interest rate implicit in the lease or, where that rate cannot be readily determined, the Group's incremental borrowing rate.

The right-of-use asset is recognised at an amount equal to the total of the lease liability, plus any lease payments made at or before the commencement date, any initial direct costs and the estimated future dismantling, removal, and site restoration costs.

Leases in which the Group is lessor are classified operating leases as the lease does not transfer substantially all of the risks and rewards of ownership to the lessee. Lease income under operating leases is recognised as revenue in the income statement on a straight-line basis over the lease term.

2.22 Exceptional and non-recurring costs

Exceptional and non-recurring costs are defined as those items of income and expense which, because of the materiality, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to enable users of the financial statements to better understand elements of financial performance in the period, so as to facilitate comparison with future and prior periods. Details in respect of such exceptional and non-recurring costs recognised in the prior period are provided in Note 5.

2.23 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted, measured by use of a relevant option pricing model. The fair value determined at the grant date is expensed over the vesting period of the options. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the Company as a capital contribution and presented as an increase in the Company's investment in that subsidiary.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employees leaving the business) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

For new share options issued during the year which carry performance conditions, the Directors have made critical judgments in relation to the likelihood of achieving the future performance conditions of these options. Further details on assumptions made are included in Note 25.

2.24 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

The Group has a provision in place for dilapidations on two of its venues, its Head Office and Masterton Bond. A corresponding right-of-use asset has been included in property, plant and equipment.

3 Critical accounting estimates and judgements

In preparing this consolidated financial information, Management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The critical accounting estimates and judgements are stated below.

Carrying value of Investments in Subsidiaries

The Company's investments in subsidiaries as set out in Note 14 are reviewed for impairment annually, calculating discounted future cash flows on performance obtained from the Group's 3 year budget expectation. Management exercises judgement in determining the key inputs in calculating the value in use of the subsidiaries, including estimation of certain key assumptions.

The key assumptions for the value in use calculations are those regarding the discount rates and growth rates during the assessment period. Management estimates discount rates based on the Group's weighted average cost of capital.

4 Operating Segments

As the business has grown the level of information presented to the chief operating decision maker has continued to develop to better support business needs and inform decision making. The geographical markets in which the Group operates are allocated to a business segment, consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision maker has been identified as the Board of Directors, which is responsible for developing strategy and leading its execution. The Board includes the Chief Executive Officer, Chief Financial Officer, Chair and Non-Executive Directors.

The Group is organised in three distinct geographical segments for which summarised management information is available to the Board plus a fourth segment which makes up the rest of the world. These geographical markets as set out in the table overleaf represent the operating segments of the Group. Australia, New Zealand and South Africa, which do not sit within the identified

Notes to the Financial Statements continued

geographical segments, are aggregated and presented within Other. Whilst Central costs are not considered at an operating segment level, they are reported to the Board and are included to aid reconciliation to the Consolidated Statement of Comprehensive Income. Sales are allocated to the geographical market in which the sale is fulfilled. The Board receives monthly financial information to a Gross Profit level, in addition to Central Costs, and utilise this information to monitor performance and allocate resources.

2024	**Europe £'000**	**Asia £'000**	**Americas £'000**	**Other £'000**	**Group £'000**
Revenue	**13,785**	**4,191**	**4,657**	**968**	**23,601**
Cost of Sales	**(5,826)**	**(1,243)**	**(1,086)**	**(421)**	**(8,576)**
Gross Profit	**7,959**	**2,948**	**3,571**	**547**	**15,025**
Selling & distribution costs					**(5,114)**
Administrative costs					**(10,628)**
Finance Costs					**(2,461)**
Other income					**36**
Loss before tax					**(3,142)**
Taxation					**(109)**
Net Loss					**(3,251)**

2023	Europe £'000	Asia £'000	Americas £'000	Other £'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)

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

Within Europe, the UK represents the largest market, split UK Online and UK Venues, delivering £3.2 million (2023: £3.5 million) and £4.1 million (2023: £4.0 million), respectively.

In the Americas region, the largest market being the USA, shipment sales of £4.0 million were 10% lower than the prior year (2023: £4.4 million), with in-market depletions 9% lower than the prior year.

China represents the largest market in Asia, revenue in the year of £2.4 million (2023: £3.5 million) was 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 (2023: £0.8 million).

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

2024	Revenue[1] £'000	Year End Members	Average Members	Annual Revenue/ Member £	Annual Contribution/ Member £[2]	Retention %	Expected Years[3]	LTV (Members) £[4]
Europe	**9,911**	27,359	24,979	397	183	74%	3.9	705
Asia	**4,166**	5,455	5,265	791	552	75%	4.0	2,187
Americas	**4,179**	8,041	8,410	497	345	63%	2.7	943
Other	**968**	1,867	1,917	505	281	72%	3.5	997
Total	**19,224**	**42,722**	**40,571**	**474**	**269**	**71%**	**3.4**	**927**
Change vs prior year	**-9%**	**4%**	**5%**	**-13%**	**-11%**	**-4%**	**-12%**	**-21%**

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

1 Total revenue excludes sales totalling £4,377k (2023: £2,347k) which relate to trade cask sales, JG Thomson and Single Cask Nation, and are unrelated to membership proposition.
2 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).
3 Expected Years is a non-IFRS measure, and is defined by Management as one divided by one minus retention 1/(1-r%).
4 Lifetime Value (LTV) is a non-IFRS measure, and is defined as Annual Gross Profit per member, multiplied by expected years.

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

	2024 £'000	2023 £'000
Revenue from sale of whisky	**18,291**	18,161
Membership income	**1,794**	1,724
Revenue from sale of other spirits	**125**	143
Member rooms	**2,218**	2,244
Events and tastings	**953**	886
Other	**220**	342
Total revenue	**23,601**	23,500

Other includes revenue from sales of merchandise, rental income from investment properties, shipping charges billed to customers, and income from bottling services provided to third parties.

Other operating income

	2024 £'000	2023 £'000
Other income	**36**	79
	36	79

Other income in 2024 and 2023 relate to refunds of previously overpaid expenses in SMWS China.

5 Exceptional and non-recurring costs

	2024 £'000	2023 £'000
Organisational restructuring costs	–	418
Acquisition and transaction-related costs	–	138
Masterton pre-operational costs	–	91
	–	647

In 2023 non-recurring costs comprised 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.

6 Loss for the year

The Group measures its performance using EBITDA and Adjusted EBITDA, which are non-GAAP measures. EBITDA and adjusted EBITDA are reconciled to statutory loss before tax as below:

	2024 £'000	2023 £'000
Operating loss is stated after charging:		
Amortisation of intangible assets	**321**	282
Depreciation on tangible assets	**1,308**	1,173
Cost of inventories recognised as an expense	**6,000**	5,759
Net foreign exchange loss	**58**	79
Reconciliation of adjusted EBITDA:		
Loss on ordinary activities before taxation	**(3,142)**	(3,575)
Add back; Depreciation of tangible assets	**1,308**	1,173
Add back; Depreciation of production assets within cost of sales	**123**	106
Add back; Amortisation of intangible assets	**321**	282
Add back; Finance Costs – interest on loans	**2,293**	1,415
Add back; Finance Costs – leases	**151**	101
EBITDA	**1,055**	(498)
Exceptional and non-recurring costs	**–**	647
Adjusted EBITDA	**1,052**	149

Adjusted EBITDA and loss for the year are stated after including £0.1m (2023: £nil) of share based payment costs.

Services provided by the Group's auditor and associates

During the year the Group received the following services from the Group's auditor, Forvis Mazars LLP and associates:

	2024 £'000	2023 £'000
Statutory audit – Company	**60**	50
Statutory audit – Subsidiaries(i)	**256**	174
	316	224

(i) During the current year, additional fees of £50k were incurred in respect of overruns on the 2023 audit. During the prior year, additional fees of £75k were incurred in respect of overruns on the 2022 statutory audit; these costs are expensed in the year but have not been included in the disclosure of the current year audit fee as they relate to the prior year.

7 Employees

	2024 £'000	2023 £'000
Wages and salaries	**6,331**	5,873
Social security costs	**499**	524
Pension costs	**313**	315
	7,143	6,712

The average monthly number of employees (including Directors) during the year was:

	2024 Number	2023 Number
Management	**45**	33
Venue staff	**42**	37
Other support staff	**41**	63
	128	133

All employment costs are recognised in administrative expenses.

8 Income tax

	2024 £'000	2023 £'000
Current income tax		
UK corporation tax		
Adjustment in respect to prior periods	–	(45)
Foreign tax	109	203
Current tax charge	–	158
Deferred tax		
Deferred tax charge	–	–
Tax on ordinary activities	109	158

Reconciliation of effective tax rate		
Accounting loss before tax	(3,142)	(3,575)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 25% (2023: 23.5%)	(786)	(840)
Expenses/(income) not deductible in determining taxable profit	159	295
Adjustment in respect of prior years	–	24
Tax rate changes	–	–
Deferred tax not recognised movement	930	488
Impact of (lower)/higher non-UK tax rates	(194)	203
Other movements	–	(12)
Total tax charge	109	158

9 Deferred tax

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Deferred tax liabilities	924	729	207	67
Deferred tax assets	(924)	(729)	(207)	(67)
Net deferred tax liability	–	–	–	–

Reconciliation of deferred tax liability	£'000	£'000	£'000	£'000
Opening liability	–	–	–	–
Adjustment in respect of prior period	–	–	–	–
Recognised in other comprehensive income	–	–	–	–
Recognised in profit or loss	–	–	–	–
Closing liability	–	–	–	–

The UK corporation tax rate for the period ended 31 December 2024 is 25% (2023: hybrid 23.5%), following the increase in corporation tax from 19% to 25% with effect from 1 April 2023. Deferred tax assets at 31 December 2024 and 31 December 2023 have been measured using this enacted tax rate. The deferred tax asset arising on losses carried forward has not been recognised in these financial statements.

The above represents the Group deferred tax position. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. Unused losses have no expiry period and carry forward indefinitely, subject to maximum allowable relief in a period of £5m plus 50% of unrelieved profits above this amount.

The deferred tax liabilities and assets are made up as follows:

	Accelerated tax depreciation	Others £'000	Losses £'000	Total £'000
As at 1 January 2023	915	142	(1,057)	–
Charge to profit or loss	(352)	24	328	–
As at 1 January 2024	563	166	(729)	–
Charge to profit or loss	139	56	(195)	-
As at 31 December 2024	702	222	(924)	-

Notes to the Financial Statements continued

9 Deferred tax continued

The entity has recognised deferred tax assets during the period to offset the deferred tax liability in full. There is a deferred tax asset remaining of £3,573k (2022: £2,247) which has not been recognised as follows;

	2024 £'000	2023 £'000
Trading losses	3,286	2,048
Temporary trading differences	192	199
Corporate interest restriction	81	–
Unrecognised Deferred Tax Asset	3,559	2,247

10 Earnings Per Share (EPS)

	2024 £'000	2023 £'000
Earnings used in calculation	**(3,320)**	(3,848)
Number of shares	**70,559,774**	70,214,725
Basic EPS (p)	**(4.6p)**	(5.5p)
Number of dilutable shares	**76,058,111**	74,989,595
Diluted EPS (p)	**(4.6p)**	(5.5p)

All dilutable potential shares relate to share options as disclosed in Note 25. A loss per share is not diluted. The number of shares and number of dilutable shares shown represent the weighted average for the period.

11 Investment property

	Total £'000
Valuation	
As at 1 January 2023	405
Revaluation	15
As at 31 December 2023	420
Revaluation	20
Disposal	(155)
As at 31 December 2024	**285**
Carrying amount[(i)]	
As at 31 December 2023	420
As at 31 December 2024	**285**

(i) No impairment is recognised as at 31 December 2024 or 31 December 2023.

During 2024 Management elected to dispose of the investment property portfolio. During the year investment property with a fair value of £155k was disposed of for net sale proceeds of £169k. The resultant gain on disposal is reflected within the Statement of Comprehensive Income. Net sale proceeds have been applied to the reduce Group's term loan as set out in Note 19.

Investment property is initially measured at cost and is subsequently measured using the fair value model and stated at its fair value at the reporting end date. The valuation of the remaining property as at 31 December 2024 is based on a valuation carried out by independent valuers Graham + Sibbald LLP, not connected with the Group. Graham + Sibbald LLP are Chartered Surveyors and have recent experience in the location and category of the investment property being valued.

The property is a residential flat located in Leith, Edinburgh and is owned by Group subsidiary, The Scotch Malt Whisky Society Limited. The valuation basis reflects expected saleable value of the property together with other assumptions that market participants would use, such as reflects recent transaction prices for similar properties, which is then reflected within the valuation basis as a multiple of the rental income. As at 31 December 2024 it was considered that the unobservable Level 3 input for the rental income is a significant input to the valuation and as such Level 3 was the most appropriate categorisation for these fair value measurements overall.

The Directors continue to consider that the cost is materially equivalent to fair value and that a reasonably possible change in rental income or multiple is not likely to result in a material movement in the valuation.

Subsequent to the year end the remaining investment property has been marketed and at the time of approving these Financial Statements a sale has been agreed, subject to completion. The sale price is materially consistent with the book value at 31 December 2024.

Rental income achieved from investment property in 2024 is £23k (2023: £30k) with direct operating expense of £1k (2023: £1k).

12 Property, plant and equipment
Group

	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 2023	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
Additions	–	–	25	144	779	1,159	2,107
Disposals	–	–	–	(19)	–	–	(19)
As at 31 December 2024	**678**	**1,441**	**528**	**5,087**	**5,068**	**5,664**	**18,466**
Accumulated depreciation							
As at 1 January 2023	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
Charge for the year	15	53	51	844	237	579	1,779
As at 31 December 2024	**211**	**1,220**	**404**	**2,863**	**899**	**2,134**	**7,731**
Net book value							
As at 31 December 2023	482	274	150	2,943	3,627	2,950	10,426
As at 31 December 2024	**467**	**221**	**123**	**2,224**	**4,169**	**3,530**	**10,734**

£226k (2023: £151k) of the depreciation charge for cask wood, £62k (2023: £65k) of the depreciation charge for fixtures, fittings and equipment and £66k (2023: £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, the Group's Head Office in Edinburgh, and 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	Head office	Total
As at 1 January 2023	1,332	2,038	–	3,370
Depreciation	(187)	(233)	–	(420)
As at 31 December 2023	1,145	1,805	–	2,950
Additions	75	–	1,084	1,159
Depreciation	(201)	(232)	(146)	(579)
At 31 December 2024	**1,019**	**1,573**	**938**	**3,530**

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

	Venues	Supply Chain Facility	Head office	Total
As at 1 January 2023	1,279	2,040	–	3,319
Interest payment	51	50	–	101
Repayment of lease liability	(199)	(262)	–	(461)
As at 31 December 2023	1,131	1,828	–	2,959
Additions	37	–	789	826
Interest payment	63	44	44	151
Repayment of lease liability	(249)	(255)	–	(504)
At 31 December 2024	**983**	**1,617**	**833**	**3,433**

Notes to the Financial Statements continued

12 Property, plant and equipment continued

Company

	Land and buildings leasehold £'000	Fixtures, fittings and equipment £'000	Right of use asset £'000	Total £'000
Cost or valuation				
As at 1 January 2023	36	2,342	2,324	4,702
Additions	–	233	–	233
As at 31 December 2023	36	2,575	2,324	4,935
Additions	–	32	1,084	1,116
Disposals	–	(18)	–	(18)
As at 31 December 2024	**36**	**2,589**	**3,408**	**6,033**
Accumulated depreciation				
As at 1 January 2023	–	97	286	383
Charge for the year	–	630	233	863
As at 31 December 2023	–	727	519	1,246
Charge for the year	–	640	375	1,015
As at 31 December 2024	**–**	**1,367**	**894**	**2,261**
Net book value				
As at 31 December 2023	36	1,848	1,805	3,689
As at 31 December 2024	**36**	**1,222**	**2,514**	**3,772**

The Company's Right of Use Assets and Lease Liability are those set out above within the Group relating to the Supply Chain Facility and Group Head Office.

13 Intangible assets

Group

	Goodwill £'000	Trade marks £'000	Customer database £'000	Website and computer software £'000	Total £'000
Cost					
As at 1 January 2023	1,323	1,071	416	954	3,764
Additions	–	26	–	396	422
As at 31 December 2023	1,323	1,097	416	1,350	4,186
Recognised on acquisition	219	–	74	–	293
Disposal	–	–	–	(10)	(10)
As at 31 December 2024	**1,542**	**1,097**	**490**	**1,340**	**4,470**
Accumulated depreciation					
As at 1 January 2023	–	540	360	615	1,515
Charge for the year	–	80	25	177	282
As at 31 December 2023	–	620	385	792	1,797
Charge for the year	–	72	28	220	321
As at 31 December 2024	–	**692**	**413**	**1,012**	**2,118**
Net book value					
As at 31 December 2023	1,323	477	31	558	2,389
As at 31 December 2024	**1,542**	**405**	**77**	**328**	**2,352**

The Group conducts an impairment annual exercise to ensure that the carrying value of goodwill is supported by the recoverable amount, determined as the net present value of the future cash flows arising from the associated cash generating unit (CGU). £1.4m of goodwill relates to the operating segment of the Americas, which is considered to be a CGU. The remaining amount relates to other CGU's, which is immaterial. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by Management for the next three years and extrapolates cash flows for the following years. The growth rate applied does not exceed the average long-term growth rate for the relevant markets. The recoverable amounts are determined from value-in-use calculations.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates based on the Group's weighted average cost of capital. The growth rates are based on business performance insight that drive 3 year forecast plan, covered as part of business strategic planning cycles reverting to 2% (2023: 2%) long-term growth rate thereafter. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. Applying sensitivities to the pre-tax cash flows, a 10% reduction in EBITDA, a 2% point increase in the discount rate and a reduction in long term growth rate to 0% do not result in material impairment. The pre-tax discount rates used range between 12.1% and 12.7% (2023: 12.1% to 12.7%).

Company

	Goodwill £'000	Customer Database £'000	Trademarks £'000	Website and computer software £'000	Total £'000
Cost or valuation					
As at 1 January 2023	–	30	–	57	87
Additions	–	–	7	350	357
As at 31 December 2023	–	30	7	407	444
Recognised on acquisition	219	74	–	–	293
As at 31 December 2024	**219**	**104**	**7**	**407**	**737**
Accumulated amortisation					
As at 1 January 2023	–	11	–	1	12
Charge for the year	–	4	1	35	40
As at 31 December 2023	–	15	1	36	52
Charge for the year 2024	–	13	1	99	113
As at 31 December 2024	–	**28**	**2**	**135**	**165**
Net book value					
As at 31 December 2023	–	15	6	371	392
As at 31 December 2024	**219**	**76**	**5**	**272**	**573**

14 Investments

	Shares in subsidiary undertakings £'000
Cost	
As at 1 January 2023	16,111
Addition (capitalisation of subsidiary)	187
As at 31 December 2023	16,298
As at 31 December 2024	**16,298**

During the prior year the Company established a new subsidiary to operate in Taiwan, with a 70% controlling interest. The Company invested £187k of start-up capital into its subsidiary. The Company received £65k from non-controlling interests in relation to their initial investment in a 30% interest in the subsidiary. The amount paid is equivalent to the proportionate share of the net assets acquired.

Notes to the Financial Statements continued

14 Investments continued

For the Company's investments a full impairment analysis was conducted to ensure that the recoverable amount exceeded the carrying value of the associated investment. The recoverable amount was determined to be the present value of the future cash flows arising from the associated investment, based on financial budgets approved by Management for the next three years and extrapolates cash flows for the following years. The key assumptions included with the cash flow models relate to the future cash flows of the investment together with the long term growth rate of 2% and the discount rate utilised in the net present value calculations of 12.5%.

The forecasts used indicate sufficient headroom above carrying value for the Company's investments. Sensitivity analysis has been undertaken over the key assumptions of long term growth rate and discount rate to assess the impact of any reasonably possible change in key assumptions. On the basis of the analysis performed, there are no reasonably possible changes that would cause the carrying values to exceed the recoverable amounts.

Principal investments

At 31 December 2024, the company held investments in the following subsidiary undertakings, which principally affected the profits or net assets of the Group:

Name of undertaking	Country of incorporation or residency	Address	Nature of business	Class of shareholding	% Held Direct	% Held Indirect
The Scotch Malt Whisky Society Japan Limited	Japan	Quaranta 1966-406, 1-4-10, Jiyugaoka, Meguro-ku, Tokyo, Japan	To import and distribute whisky in Japan	Ordinary	–	100.00(i)
The Scotch Malt Whisky Society Limited	Hong Kong	Room 2609, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong	To import and distribute whisky in China	Ordinary	–	75.00
The Scotch Malt Whisky Trading (Shanghai) Limited	China	Room 1125, 11th Floor, Building 1, No, 55, Aona Road, China (Shanghai) Pilot Free Trade Zone	To import and distribute whisky in China	Ordinary	–	75.00
The Artisanal Spirit Company Hong Kong	Hong Kong	Suite 3101, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong	To import and distribute whisky in Hong Kong	Ordinary	–	75.00
The Scotch Malt Whisky Society Taiwan Co. Ltd.	Taiwan	8F, No.8, Lane 360, Sec. 1 Neihu Road, Taipei City, Taiwan 114686	To import and distribute whisky in Taiwan	Ordinary	70.00	–
The Scotch Malt Whisky Society Limited	UK	The Vaults, 87 Giles Street, Edinburgh, EH6 6BZ	Sales and marketing of malt whisky	Ordinary	100.00	–
ASC Scotland Limited	UK	The Vaults, 87 Giles Street, Edinburgh, EH6 6BZ	Group support services	Ordinary	100.00	–
J.G. Thomson Limited	UK	The Vaults, 87 Giles Street, Edinburgh, EH6 6BZ	Creation and sale of blended malt	Ordinary	100.00	–
The Artisanal Spirits Company (Ireland) Limited	Ireland	Coliemore House, Coliemore Road, Dalkey, Co Dublin, ROI, A96 A8D5	To import and distribute whisky in Europe	Ordinary	100.00	–
The Artisanal Spirits Company Pty Ltd	Australia	750a Barrenjoey Road, Avalon Beach, NSW Australia 2107	To import and distribute whisky in Australia	Ordinary	100.00	–
The Artisanal Spirits Company (America), Inc	United States	108 West Thirteenth Street, Wilmington, Newcastle, Delaware, 19801	Sale of American whiskey in United States	Ordinary	100.00	–
The Independent Spirits Company Inc	United States	108 West Thirteenth Street, Wilmington, Newcastle, Delaware, 19801	Sale of American whiskey in United States	Ordinary	100.00	–

(i) During November 2024, The Scotch Malt Whisky Society Limited purchased the remaining Non-Controlling Interest's 20% share in the Scotch Malt Whisky Japan Limited. The consideration for the purchase comprised £16k cash and £16k forgiveness of a directors' loan extended to the Non-Controlling Interest. The resultant increase in net liabilities attributable to the Group's owners of £48k is recognised in equity within the Statement of Changes in Equity.

The registered office of the UK businesses is The Vaults, 87 Giles Street, Edinburgh, EH6 6BZ.

J.G. Thomson Limited and ASC Scotland Limited are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Company guarantees all outstanding liabilities to which each subsidiary company is subject.

Dividend payments shown in the Prior Year Consolidated Statement of Changes in Equity relate to dividends payable to the minority shareholder in SMWS China, who is also the Managing Director of SMWS China. The dividend remained unpaid as at 31 December 2023 and was settled during 2024, reported within financing activities in the Consolidated Statement of Cash Flows.

15 Business Combinations

On 3 January 2024 the Group acquired 100% of the trade and trading assets of J&J Spirits, trading as Single Cask Nation. Single Cask Nation is a US-based membership society that purchases single cask whiskies and other spirits to distribute and sell direct to consumers and through retail and distribution channels in the USA, UK, Germany, Sweden, Japan, Israel and Canada.

Details of the acquisition are as set out below:

	2024 £000
Purchase consideration:	
Cash paid	**160**
Deferred consideration	**307**
	467
Less: fair value of identifiable net assets acquired	**(248)**
Intangible asset recognised	**219**

Goodwill recognised is attributable to the workforce assumed with the acquisition, and synergies expected to be achieved as part of the Group.

Deferred consideration recognised is contingent upon the future revenue, profitability and membership growth in the acquired business during the financial years 2024 and 2025. This comprises a base earn out and stretch target with the amount payable ranging from £nil to £397k. The deferred consideration recognised on acquisition of £307k has been valued based on forecast trading performance at the acquisition date; these forecasts remain the basis for measurement as at the Balance Sheet date.

During the year to 31 December 2024, £78k of deferred consideration was settled.

The fair value of net assets acquired comprise:

	2024 £000
Cask whisky and other spirits	**99**
Bottled stock and other inventory	**74**
Customer list intangible	**75**
	248

During the period, the acquired business contributed £684k revenue and £263k profit before taxation. Had the business been under the Group's control from 1 January 2024, the Group's revenue and profit before tax would remain as reported, due to the minimal time period between 1 January and the acquisition date. As set out in Note 5, certain non-underlying costs incurred in 2023 related to this acquisition. Of the non-underlying acquisition and transaction costs in the year ended 31 December 2023, £58k related to the completed acquisition.

16 Inventories

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Cask Goods	**27,810**	25,887	**–**	–
Bottled stock	**2,515**	3,092	**–**	–
Other inventory	**1,443**	1,585	**–**	–
	31,768	30,564	**–**	–

The cost of inventories recognised as an expense during the year was £6,000k (2023: £5,759k). The cost of inventories recognised as an expense includes £39k (2022: £151k) in respect of write-downs of bottled stock and other inventory.

Inventories with a carrying amount of £4,423k (2023: £795k) have been pledged as security for certain of the Group's financing facilities. See Note 19 for further details.

17 Trade and other receivables

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Trade receivables	**3,298**	3,562		–
Other receivables	**988**	1,225	**258**	288
Amounts owed by subsidiaries	**–**	–	**9,514**	10,948
	4,286	4,787	**9,772**	11,236

The trade receivables balance is shown net of an expected credit loss (ECL) provision for £23k (2023: £25k). The Company has assessed ECL in respect of amounts owed by subsidiaries to be low and has made no provision for impairment.

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value. No significant receivable balances have been impaired. See Note 24 for information on the currency denomination of trade receivables. Other receivables are denominated 84% Sterling, 8% Yen, 5% Renminbi (2023: 65% Sterling, 29% Yen, 6% Renminbi).

18 Cash and cash equivalents

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Cash on hand and balances with banks	**2,868**	1,235	**225**	172

The Directors consider that the carrying amount of cash and cash equivalents is approximately equal to their fair value.

19 Financial liabilities

		Group		Company	
	Notes	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000
Inventory Secured RCF		**20,500**	20,000		–
Inventory financing		**7,505**	2,628		–
Bank loans		**950**	1,418	**225**	319
Other loans		**15**	35	**15**	35
Total financial liabilities		**28,970**	24,081	**240**	354

Inventory secured RCF The revolving credit facility (RCF) is secured by a bond and floating charge over eligible inventory within the Group. The availability of funds under the facility agreement is linked to a calculation of eligible inventory, which is predominantly the casked goods component of inventory assets. In December 2022, the revolving credit facility was increased, as part of the accordion element within the original contract, by £3m to £21.5m. The loan is interest bearing and interest is due at a rate of 2.25% over the Bank of England base rate, this new rate replacing the original rate of 2.5%. 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 is not met. The springing test has been met throughout the period. The Company has issued a parental guarantee to SMWS in favour of the lender.

Inventory financing As set out in Note 2, on 6 November 2023 the Group entered into a facility with Ferovinum under which the SMWS subsidiary may raise finance of 60% to 80% of current market value secured against cask spirit. The total available facility is £15.0m with utilisation as at 31 December 2024 of £6.9m. The facility carries interest on cash advanced at a rate of 2.25% over the Bank of England base rate, settled on settlement of the principal. The total outstanding balance is secured against cask inventory with a book (cost) value of £4,423k. The Company has issued a parental guarantee to SMWS in favour of the lender.

Bank loan The bank loan is secured by standard securities over the ground floor premises of the Leith property and a legal charge over the Greville Street property. The loan is interest bearing and interest is due at a rate of 2.5% over the Bank of England base rate.

Analysis of financial liabilities

Financial liabilities are classified based on the amounts that are due to be settled within the next 12 months and after more than 12 months from the reporting date as follows:

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Current liabilities	**3,032**	272	**119**	121
Non-current liabilities (1–5 years)	**25,938**	23,809	**121**	233
Total financial liabilities	**28,970**	24,081	**240**	354

No amounts fall due after more than five years for the Group or the Company.

The movement in the Group's liabilities arising from financing activities, as set out within the Cash Flow statement is:

	2024 £'000	2023 £'000
At the beginning of the year	**27,040**	20,659
Non-cash movements:		
Lease addition	**826**	–
Lease interest	**151**	101
Interest payable with principal	**650**	35
Cash movements:		
Proceeds from new borrowings	**–**	1,450
Repayment of borrowings	**(487)**	(836)
Lease repayments	**(504)**	(461)
Inventory financing drawn down	**4,343**	2,592
Inventory financing repaid	**(116)**	–
RCF repaid	**(2,500)**	(1,500)
RCF drawn down	**3,000**	5,000
	32,403	27,040
Represented by:		
Financial liabilities	**28,970**	24,081
Lease liability	**3,433**	2,959

Notes to the Financial Statements continued

19 Financial liabilities continued

	Balances due within 1 year £'000	Balances due after 1 year £'000	Total £'000
At 31 December 2023	643	26,397	27,040
Cash flows	(822)	4,558	3,736
Non-cash flows	3,724	(2,097)	1,627
At 31 December 2024	3,545	28,858	32,403

20 Trade and other payables

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Trade payables	**926**	547	**343**	193
Other payables	**1,721**	1,672	**343**	229
Deferred income	**812**	997	**–**	–
Amounts owed to Group undertakings	**–**	–	**2,856**	2,582
Total trade and other payables	**3,459**	3,216	**3,542**	3,004

All year end deferred income balances are recognised in full during the following financial year. Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (2023: 20 days). The group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21 Lease liability

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Current liabilities	**513**	384	**211**	211
Non-current liabilities	**2,920**	2,575	**2,239**	1,617
Lease liability	**3,433**	2,959	**2,450**	1,828

In respect of the Company lease liability, £440k (2023: £692k) falls due after more than five years.

Measurement of lease liabilities

	£'000
At 1 January 2023	3,319
Add: new leases in the year	–
Less: repayments	(461)
Interest	101
At 31 December 2023	2,959
Add: new leases in the year	789
Add: remeasurement	37
Less: repayments	(504)
Interest	151
At 31 December 2024	**3,433**

The reconciliation of the Company lease liability, relating to the Supply Chain Facility and the Head Office, is set out in Note 12.

The contractual undiscounted cash flows in relation to lease liabilities as at 31 December are as follows:

	2024 £'000	2023 £'000
Less than 1 year	**665**	465
Between 1 and 5 years	**3,033**	1,861
Beyond 5 years	**335**	1,259
Lease liability	**4,033**	3,585

22 Provisions

	2024 £'000	2023 £'000
Dilapidation provisions	**670**	589

Movement in the year:

	£'000
At 1 January 2023	580
Charge to Statement of Comprehensive Income	9
At 31 December 2023	589
Provision recognised	65
Charge to Statement of Comprehensive Income	16
At 31 December 2024	670

The addition in the year relates to the new lease for the Group's head office and the charge for the year relates to the unwinding of the discounted provision.

Provision for dilapidation costs is in relation to costs to reinstate the properties at the end of each individual lease term. Dilapidation provisions are held for Head Office, Masterton Bond, Edinburgh and Glasgow member venues, lease terms ending April 2029, October 2031, January 2029 and December 2034 respectively. The provisions are expected to be utilised in line with the contractual lease expiry dates, with the costs to reinstate Head Office and Masterton Bond based on third party estimates, and to reinstate the member venues as a proportion of the fit-out costs.

23 Financial instruments – accounting classifications and fair value

Financial assets

Trade and other receivables and cash and cash equivalents are classified as financial assets at amortised cost (see Note 17 and Note 18).

Derivative assets are classified as financial assets measured at fair value (level 2 – i.e. those that do not have regular market pricing) through the Consolidated Statement of Comprehensive Income.

Financial liabilities

Trade and other payables (excluding deferred income) are classified as financial liabilities and measured at amortised cost (see Note 20).

The fair value of both financial assets and financial liabilities have been assessed and there is deemed to be no material difference between fair value and carrying value.

Derivative liabilities are classified as financial liabilities measured at fair value (level 2) through the Consolidated Statement of Comprehensive Income.

24 Financial risk management

The Group has exposure to the following financial risks:

– Stock valuation;
– Credit risk;
– Liquidity risk;
– Market risk; and
– Capital management.

Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group on an ongoing basis.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

2024	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**More than 120 days past due**	**Total £'000**
Expected loss rate	**0%**	**0%**	**0%**	**0%**	**17.8%**	
Gross carrying amount	**2,866**	**164**	**100**	**38**	**129**	**3,298**
Loss provision	**–**	**–**	**–**	**–**	**23**	**23**

2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total £'000
Expected loss rate	0%	0%	0%	0%	10.9%	
Gross carrying amount	1,710	654	886	82	230	3,562
Loss provision	–	–	–	–	25	25

Trade and other receivables

The Group's sales are split between Direct to Consumer orders with payment on order, and sales to trade customers and franchises. Some trade sales have longer payment terms than standard, with no history or expectation of default.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade and other receivables and accrued income. To measure the expected credit losses, trade and other receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due. There is limited exposure to ECL due to the way the Group operates.

The Group will write off, either partially or in full, the gross carrying amount of a financial asset when there is no realistic prospect of recovery. This is usually the case when it is determined that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the Group may still choose to pursue enforcement in order to recover the amounts due.

On that basis, the loss allowance as at the period ended 31 December 2024 and 31 December 2023 was determined to be not significant for trade and other receivables, accrued income and cash and cash equivalents.

The Group does not require collateral in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables by geographic region was as follows:

Carrying amount	**2024 £'000**	2023 £'000
UK and Europe	**368**	651
North America	**2,742**	2,657
Rest of World	**188**	254
	3,298	3,562

The Company has minimal credit risk since it only holds intercompany receivables against which there is no ECL attributable and all amounts are considered to be recoverable.

Cash and cash equivalents

The Group held cash and cash equivalents of £2,868k at 31 December 2024 (2023: £1,235k) and a revolving credit facility of £20,500k (2023: £20,000k). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A-2 and P-2, based on Standard and Poor and Moody's ratings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that both the Group and parent Company have sufficient liquidity to meet their respective liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group maintains a balanced approach to managing liquidity risk, using a combination of facilities to maintain flexibility. As at 31 December 2024 the Group has undrawn facilities of £9,145k (2023: £14,126k). The parent Company holds cash balances of £225k (2023: £172k) and has access to the Group facilities should they be required. Its trade and other payables all have a maturity of less than 12 months whilst £121k of the total bank loans of £240k are repayable in over 12 months time.

Exposure to liquidity risk

The following are the contractual maturities of Group financial liabilities at the reporting date, excluding lease liabilities which are set out at Note 20. The amounts are undiscounted.

		Contractual cash flows			
31 December 2024	**Carrying amounts £'000**	**Total £'000**	**2 months or less £'000**	**2 months to 12 months £'000**	**Over 12 months £'000**
Non-derivative financial liabilities					
Trade payables	**926**	**926**	**926**	**–**	**–**
Other payables	**1,721**	**1,721**	**1,132**	**589**	**–**
Other loans	**15**	**15**	**–**	**15**	**–**
Bank loans	**951**	**987**	**55**	**264**	**668**
RCF	**20,500**	**23,729**	**–**	**1,076**	**22,653**
Inventory financing facility	**7,505**	**7,505**	**–**	**2,809**	**4,695**
	31,617	**34,882**	**2,113**	**4,754**	**28.016**

		Contractual cash flows			
31 December 2023	Carrying amounts £'000	Total £'000	2 months or less £'000	2 months to 12 months £'000	Over 12 months £'000
Non-derivative financial liabilities					
Trade payables	814	814	814	–	–
Other payables	1,672	1,672	1,459	213	–
Other loans	35	35	–	–	35
Bank loans	1,418	1,551	56	270	1,225
RCF	20,000	22,750	–	1,250	21,500
Inventory financing facility	2,628	2,981	–	–	2,981
	26,567	29,803	2,329	1,733	25,741

24 Financial risk management continued

The contractual undiscounted cash flows in relation to lease liabilities as at 31 December are as follows:

	2024 £'000	2023 £'000
Less than 1 year	**665**	461
Between 1 and 5 years	**3,033**	1,840
Beyond 5 years	**334**	658
	4,033	2,959

The Group does not face a significant liquidity risk with regard to its lease liabilities.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to currency risk to the extent that there is a fluctuation in foreign exchange rate between the date of the transaction and the date when amounts are paid. The functional currencies of the Group's trading subsidiaries are Sterling (GBP), Yen, Renminbi, Hong Kong Dollar (HKD) and Australian Dollar (AUD). The subsidiaries also make sales and purchases in Euros and US Dollars (USD). The subsidiaries predominantly sell in prices denominated in the same currency as the majority of their costs, to produce a natural hedge.

At each financial period end the percentages of trade receivables and payables in foreign currencies were as follows:

2024	**Trade receivables**	**Trade payables**
USD	**73.2%**	**13.6%**
Yen	**1.2%**	**16.9%**
Renminbi	**1.2%**	**5.0%**
Euro	**1.1%**	**2.0%**
HKD	**–**	**0.4%**
AUD	**0.1%**	**–**

2023	Trade receivables	Trade payables
USD	72.6%	33.4%
Yen	5.8%	–
Renminbi	0.5%	5.2%
Euro	2.5%	26.9%
HKD	0.1%	0.2%
AUD	0.1%	1.6%

The parent Company is not considered to have a material exposure to market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's debt obligations with floating interest rates. The Group seeks opportunities to mitigate interest rate risk both on a Group wide and parent Company level through a combination of fixed and floating interest, balancing this with the risk of securing unfavourable fixed rates and higher pricing. The Group's interest exposure is reviewed periodically to determine opportunities to mitigate the risk. At 31 December 2024, if market interest rates had been 25 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been £66k (2023: £52k) lower/higher, mainly as a result of lower/higher interest expense on floating rate borrowings.

The parent Company is exposed to interest rate risk through the debt facilities (bank loans) held; any risks associated with this debt is managed centrally alongside the Group risks.

Foreign exchange risk

At 31 December 2024, if GBP had strengthened/weakened by 10% against USD with all other variables held constant, post-tax loss for the year would have been £121k (2023: £132k) lower/higher, mainly as a result of foreign exchange gains on translation of USD trade receivables and trade payables. During the year to 31 December 2024, the Group did not hedge against the foreign currency risk on their USD aged receivables (2023: did not hedge). Net foreign exchange losses recognised in the income statement are £70k (2023: £79k). The parent Company has no exposure to foreign exchange risk.

The summary quantitative data about the Group's exposure to currency risk on trading balances as reported to the Management o f the Group is as follows:

2024	**Trade receivables £'000**	**Trade payables £'000**	**Net exposure £'000**
USD	**2,401**	**(146)**	**2,254**
Yen	**40**	**(182)**	**(142)**
Renminbi	**41**	**(54)**	**(13)**
Euro	**35**	**(22)**	**13**
HKD	**–**	**(5)**	**(5)**
AUD	**5**	**–**	**5**

2023	Trade receivables £'000	Trade payables £'000	Net exposure £'000
USD	2,585	(272)	2,313
Yen	208	–	208
Renminbi	19	(43)	(24)
Euro	91	(219)	(128)
HKD	2	(2)	–
AUD	4	(13)	(9)

The following significant exchange rates have been applied during the year:

Currency	**Average rate 2024**	**Year end spot rate 2024**	Average rate 2023	Year end spot rate 2023
Euro	**0.8444**	**0.8293**	0.8697	0.8675
USD	**0.7822**	**0.7971**	0.8019	0.7855
Yen	**0.0051**	**0.0051**	0.0057	0.0056
Renminbi	**0.1091**	**0.1092**	0.1135	0.1108
AUD	**0.5145**	**0.4955**	0.5320	0.5350

Capital management

For the purpose of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of investors. To maintain or adjust the capital structure, the Group may adjust the dividend paid to shareholders, return capital to shareholders or issue new shares. The Group's policy is to maintain sufficient capital to allow for future investment in growth of the business.

25 Equity

Share Capital

	2024 No.	**2024 £'000**	2023 No.	2023 £'000
Allotted, called up and fully paid				
Ordinary shares at 0.25p each	**70,559,774**	**176**	70,559,774	176
	70,559,774	**176**	70,559,774	176

During the prior period, a former employee exercised share options on 527,000 Ordinary Shares on 2 June 2023 and on 256,000 Ordinary Shares on 26 June 2023 at an exercise price of 0.25p per share as shown in following table. This resulted in Company issuing a total of 783,000 new ordinary shares, with the nominal value of 0.25p per share, increasing the shares in issue from 69,776,774 to 70,559,774.

Notes to the Financial Statements continued

Share premium

	2024 £'000	2023 £'000
Share premium net of issuance costs	**15,255**	15,255

Share premium is presented net of £740k (2023: £740k) of issuance costs incurred on placing. There has been no issuance of share premium during the current year.

Translation reserve

This reserve records foreign exchange movements on Group balances and represents the retranslation of amounts held in foreign subsidiaries on consolidation.

The loss in the year of £71k (2023: £72k), recognised within other comprehensive income, is attributable to the retranslation of the net assets of overseas subsidiaries, whose functional currency is not the British Pound.

Retained earnings

Retained earnings represents all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Share-based payments

2024	**Brought forward '000**	**Issued in the year '000**	**Forfeited in the year '000**	**Exercised in the year '000**	**Carried forward '000**	**Exercisable at year end '000**
Exercise price						
£0.25	**213**	**–**	**–**	**–**	**213**	**213**
£0.30	**568**	**–**	**–**	**–**	**568**	**568**
£0.3975	**1,197**	**–**	**–**	**–**	**1,197**	**800**
£0.0025	**2,100**	**1,283**	**(924)**	**–**	**2,459**	**–**
	4,078	**1,283**	**(924)**	**–**	**4,437**	**1,581**

2023	Brought forward '000	Issued in the year '000	Forfeited in the year '000	Exercised in the year '000	Carried forward '000	Exercisable at year end '000
Exercise price						
£0.25	213	–	–	–	213	213
£0.30	1,154	–	(59)	(527)	568	568
£0.3975	1,772	–	(319)	(256)	1,197	252
£0.0025	1,741	670	(311)	–	2,100	–
	4,880	670	(689)	(783)	4,078	1,033

All share options are equity settled and may be exercised upon satisfaction of certain performance conditions including remaining as an employee. The expenses recognised for share-based payments in respect of employee services rendered during the year to 31 December 2024 is £135k (2023: £48k credit).

There are options outstanding under two share option schemes. Options issued prior to June 2021 ('Legacy Options') and Options issued since the start of June 2021 under the new Long Term Incentive Plan ('New LTIP Options').

There were no options exercised in the year under either scheme.

The estimated fair value of the Legacy Options issued in the year was calculated by applying the Black Scholes Model. The weighted average fair value of the options at the measurement date was £nil (2023: £nil).

Options vest over a two-year period, with one-third vesting on grant date, one-third on the first anniversary of the grant date and one-third on the second anniversary of the grant date. However the option holder does not have the right to exercise the option until a minimum of five years from the option grant date (or earlier with Board approval).

The expected volatility assumption represents Management's estimate of this measure of the rate of fluctuations in the share price over time. It is used in the underlying Black Scholes option valuation model and indicates the level of risk associated with the price changes of a security.

For New LTIP Options

Options issued under the new LTIP have an exercise price of 0.25p per share and are subject to three and four year performance conditions weighted 33% on absolute share price performance, 33% on revenue and 33% on EBITDA. They are subject to malus and clawback provisions. Options may be exercised, subject to achievement the performance criteria, no earlier than the end of the three or four year measurement period and for up to ten years from the grant date.

The estimated fair value of the New LTIP Options issued in the year is measured at Grant Date based on Monte Carlo and Black Scholes models, applying a discount factor for performance conditions. The measurement incorporates Share Price as a market condition. The fair value of the options granted in the year at the measurement date was £0.91 (2023: £0.24).

The model inputs for New LTIP Options issued in the current year were as follows:

	2024	2023
Weighted average share price	**£0.53**	£1.06
Expected volatility	**38%**	20%
Risk-free interest rate	**4.20%**	2.87%
Option life	**10 years**	3-4 years
Dividend yield	**0%**	0%
Performance condition discount	**-**	75%

The weighted average fair value of all New LTIP options in issue as at 31 December 2024 is £0.16 (2023: £0.08). The weighted average remaining life of the New LTIP options is 1.6 years (2023: 1.3 years).

The expected volatility assumption represents Management's estimate of this measure of the rate of fluctuations in the share price over time. It is used in the underlying option pricing model and indicates the level of risk associated with the price changes of a security.

26 Control

In the opinion of the Directors there is no ultimate controlling party.

27 Related party transactions

The Group and Company have related party relationships with its subsidiaries and with the Directors. Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group. A list of subsidiaries can be found in Note 14. Intercompany balances are set out in Note 16 and Note 20. In addition to these, details of other related party transactions are set out overleaf.

Notes to the Financial Statements continued

Remuneration of key management personnel

The remuneration of the Directors, who are the only key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2024 £'000	2023 £'000
Short-term employee benefits	**663**	559
Post-employment pension and medical benefits	**40**	27
Compensation for loss of office	**14**	170
Total compensation paid to key management personnel		
Employer's National Insurance contributions	**99**	84
Total	**816**	840

During 2024, six Directors (2023: five) have pension benefits which are accruing under defined contribution schemes. The employer's national insurance contributions for the key management personnel were £99k (2023: £84k).

During 2024 the parent company paid £nil (2023: £nil) of Directors' fees and legal costs to entities with common directors.

Emoluments disclosed above include the following amounts paid to the highest paid Director:

	2024 £'000	2023 £'000
Remuneration for qualifying services	**175**	168
Company pension contributions to defined contribution schemes	**12**	11
	187	179

Other related party transactions

During 2024 the Group transacted with Bladnoch Distillery Limited, a supplier that shares a common director with the Company, on an arms-length basis. The total value of such transactions was £67k (2023: £203k).

Glossary

The following terms apply throughout this document, unless the context otherwise requires:

ABV	Alcohol by volume, a standard measure of how much pure alcohol is contained in an alcoholic beverage by volume.
Annual contribution per member	Contribution per average member.
ASC	The Artisanal Spirits Company.
Average Member	Average members over last 12 months, based on month end membership number.
CAGR	Compound annual growth rate.
Cask wood	A cask, being the wooden barrel that whisky and other spirits are stored in during the maturation process. The type of wood and the previous contents of the cask (for example a cask previously used to store sherry) play an important part in the maturation process and influence the finish or flavour of the whisky or other spirit.
Churn	Calculated as 1 minus Retention %.
Contribution	Gross Profit less Sales Commission paid.
CRM	Customer relationship management.
D2C	Direct to consumer.
Distillery	A primary production facility where whisky and other spirits are produced through the process of distilling.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation and exceptionals. See Note 6.
ERP	Enterprise Resource Planning system.
Expected years	Number of years a new member is expected to remain a member, calculated as 1 divided by Churn.
FY	Full year period ended 31 December.
H1	Six-month period ended 30 June.
H2	Six-month period ended 31 December.
IPO	Initial Public Offering.
IWSR	The International Wines and Spirits Record, a private organisation which is a widely used source of market segmentation data and data on global alcoholic beverage trends.
Lifetime Value (LTV)	Lifetime Value, calculated as annual contribution per average member multiplied by Expected Years.
Net debt	Defined as current and non-current financial liabilities less cash and cash equivalents per the Statement of Financial Position, less interest accrued on inventory financing.
Premium, Super-Premium and Ultra-Premium	The use of these terms in this document is in line with the IWSR price bands on spirit categories as set out below:

Price band	Amount in pounds sterling for a 70cl bottle
Prestige-Plus	Over 225.00
Prestige	75.00 to 224.99
Ultra-Premium	35.00 to 74.99
Super-Premium	28.75 to 34.99
Premium	22.50 to 28.74
Standard	13.50 to 22.49
Value	13.49 and under

In this document references to market sizes or market shares are taken to include the IWSR price band referenced and all bands above the band referenced. For example, references to the Premium market includes products falling within each of the Premium, Super-Premium, Ultra-Premium, Prestige and Prestige-Plus price bands.

Put and call options	An option to buy shares from another party at an agreed price (the call option) or to sell shares to another party at an agreed price (the put option).
Retention	Calculated as closing members, minus new members in the year, divided by opening members.
SECR	The streamlined energy and carbon reporting guidance published by the UK Government.

Glossary continued

Single cask Scotch malt whisky	As used in this document means (as distinct from the formal Scotch Whisky Association's (SWA) definition of the term 'single cask') a premium class of whisky in which each bottle comes from the contents of a single individual cask (which may have been re-racked) rather than the more common process for bottled single malt Scotch whiskies of blending together the contents of various casks from the same distillery to provide uniformity of colour and taste. Decisions on the appropriate route for these SMWS whiskies are based on providing the best possible quality and flavour to members of SMWS. As at the date of this document, the significant majority of casks curated by the Group fall within the SWA definition of 'single cask' with the balance being single casks of whisky which have then had a final period of additional maturation in another cask to develop their flavour or provide greater variety.
SMWS	The Scotch Malt Whisky Society.
SWA	The Scotch Whisky Association.
JGT	J.G. Thomson & Co. Ltd.
SCN	Single Cask Nation.

Annual Contribution/Average Member as defined above within the glossary is calculated as below:

	Total Revenue £'m	Non-Membership Related Revenue £'m	Membership Related Revenue £'m	Membership Related Gross Profit £'m	Commission £'m	Membership Related Contribution £'m	Average Member no.	**Membership Related Contribution/ Average Member £**
Europe	13,785	3,874	9,911	4,908	(337)	4,571	24,979	**183**
Asia	4,191	25	4,166	2,960	(54)	2,906	5,265	**552**
Americas	4,657	478	4,179	3,570	(669)	2,901	8,410	**345**
Other	968	–	968	550	(11)	539	1,917	**281**
Total	23,601	4,377	19,224	11,988	(1,071)	10,918	40,571	**269**

Net Debt, as defined above is calculated as below:

	As at 31 December 2024 £'000	**As at 30 June 2024 £'000**	**As at 31 December 2023 £'000**
Current Financial Liabilities	3,032	245	272
Non-Current Financial Liabilities	25,938	28,931	23,809
Total Financial Liabilities	28,970	29,176	24,081
Less; Interest accrued on inventory financing	(649)	(331)	–
Less; Cash and Cash Equivalents	(2,868)	(1,880)	(1,235)
Net Debt	**25,453**	**26,965**	**22,846**

Shareholder Information

Annual General Meeting

At the forthcoming AGM all of the current Directors of the Company shall retire, and being eligible, shall offer themselves for re-election.

The AGM will be held at 9.00 a.m. on 21 May 2025. The Notice of Meeting will be separately distributed to shareholders.

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