GLENWYVIS

DISTILLERY

GlenWyvis Distillery Ltd Business Plan

March 2023

GlenWyvis Distillery 2023 Business Plan

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Statement of Vision and Values

GlenWyvis is a craft whisky distillery operated for the long-term benefit of its local community. GlenWyvis' core values are sustainability, fairness and inclusivity.

Strategy

To generate cash to support our community by producing premium quality whisky and other spirits. In so doing, connect to the whisky making tradition of Scotland and Ross-shire.

Tactics

It will always be necessary to balance three potentially competing requirements, as illustrated in Figure 1 below:

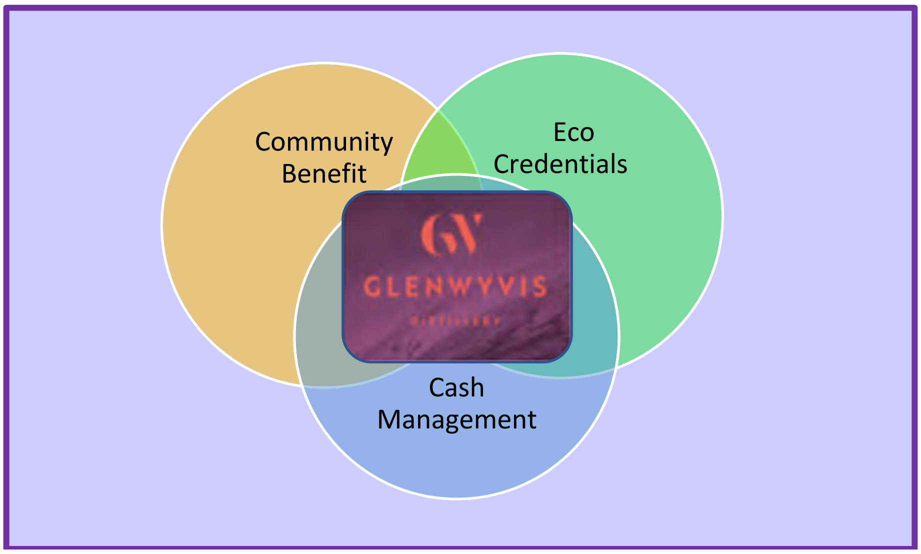

Figure 1 - - Competing Requirements

From time to time the Distillery will place greater emphasis on one requirement than another until there is harmony. At this early stage in the Distillery's development, you will understand that managing cash is the priority.

1. **Production methods**
    a. To use high quality ingredients
    b. To employ highly competent staff
    c. To use eco-friendly production techniques
        i. To use renewable energy without excessive cost

    ii. To use local suppliers where available and reasonably competitive

2. To generate profits and thereby generate cash greater than the Distillery's operational needs

a. To mitigate commercial risks to a tolerable level.
b. To market our products successfully, especially (but not exclusively) in the local area.
c. To share the surplus between members and community.
d. To distil GoodWill gins and sell them to help generate funds.
e. To sell some whisky at a young age to generate cash, while managing stock for older expressions.

3. To look after our stakeholders

a. To be a responsible member of the community and to engage in initiatives that support the local community.
b. To employ and train staff from the local area whenever possible.
c. Create and develop an inclusive, enjoyable and safe working environment.
d. As far as reasonably practical, minimise the impact on the surrounding countryside and environment. Install and promote, as far as we reasonably can, sustainable technologies.

4. To use surplus cash well

a. To increase contributions to the GoodWill Fund, providing more funds to encourage entrepreneurial activity, support the learning needs of disadvantaged children and young people and improve the knowledge of local history, all within the local area.
b. To encourage investors to provide funds in exchange for a reasonable return.
c. To provide the Distillery with sufficient funds to enable it to stockpile whisky.

Medium term - - visitor centre and low-volume bottling facility

When it becomes financially viable, to open a visitor centre in the local area, with a view to:

a. Promoting our brand, and selling our whisky and gin
b. Encouraging tourists to visit the area
c. Creating additional jobs in the locality
d. Providing a venue for local people, education, employment and business.

GlenWyvis Distillery 2023 Business Plan

Executive Summary

GlenWyvis Distillery ("the Distillery") was built in 2016. Since then, it has created both a single malt whisky of exceptional quality and a range of award-winning gins and new-make spirit. As well as its bottled spirits, it has sold casks to both private and trade investors and to independent bottlers. In 2021, it produced record revenues as well as its first-ever profit. It made a profit again in 2022. It has also raised over £50,000 for good causes.

The Distillery now needs to continue to build up a stockpile of maturing spirit for about 10 years. This is no small task, but necessary to satisfy demand for premium single malt Highland whisky bottled at 10 years old or more. At present, the Distillery is pouring new-make spirit annually into casks for maturation. This, as well as the associated bonded storage facilities for that sleeping spirit, creates considerable demand for additional long-term funding. This document sets out the Distillery's business plans and describes how the Management Committee proposes to grow the Distillery for the benefit of members and its community.

After careful consideration, the Management Committee has set out to achieve the following objectives. The extent to which we can achieve these objectives as discussed in the business case with respect to Baseline (continuation of five mashes per week) and Capacity Expansion (nine mashes a week) depends on the success of our call for additional funding:

1. **Increase our stockpile of maturing spirit**
2. **Reinforce onsite electricity and water supplies**
3. **Build and equip more bonded warehouse capacity**
4. **Increase our production from 5 mashes to 9 mashes a week from early 2025, and**
5. **Develop opportunities to provide a visitor centre and a low-volume bottling plant.**

The Distillery needs to raise £2.5 million by early 2027. If these offers together can provide a further £1 million - - bringing the total funds raised to a total of £4 million, before fundraising costs and expenses, then we can pursue the completion of all five objectives listed above. This is to be funded by the issuance of £2.5 million in new shares ("Third Share Offer") and £1.5 million in two Members' Bond Offers.

Recommended by the Management Committee on 6 March 2023,

David Graham, Chairman

Introduction

> **Our shareholder spread.** *At the end of 2022 GlenWyvis has 3,625 shareholders. Roughly 28% of them live in the immediate vicinity of the distillery, 44% live in the rest of Scotland, 16% in other parts of the UK and 12% in 36 different countries worldwide (some of whom may be avid whisky devotees and collectors, and others may be Scottish expatriates).*

The Distillery is one of the largest registered Community Benefit Societies in the United Kingdom. Two rounds of crowdfunding raised share capital of £3.7 million and created a very supportive shareholder body. The Distillery also benefitted from grants, donations and loan funding of £1.6 million, bringing the total equity and debt funding to date to £5.3 million.

Our core business is the manufacture of craft Highland single malt whisky and gin. Our small size and craft-style of production gives us opportunities to create excellent whiskies for the discerning drinker, using a variety of casks of different types to produce distinctive whiskies. Our Inaugural Release was acclaimed for a smoothness uncommon in such a young whisky, and for the sophistication of its palate from the subtle influence of moscatel casks.

> **Why stockpile?** *Raw spirit is legally required to be aged in a cask for a minimum of three years, before it can be called whisky. As you may know, the more the raw spirit ages and matures, the more its flavour and appearance is conditioned by the cask(s) in which it has been patiently sleeping. Older whisky generally becomes smoother and its taste more complex as it absorbs the influence from its maturation cask(s). Beyond a certain point (perhaps 20-25 years old - - but there is no hard-and-fast rule), some whiskies can absorb too much influence from the cask which might overwhelm their essential character. It's the refined skill and judgement of an experienced distiller and blender which determines when a particular whisky has reached its peak and should be bottled. This improving profile gives the whisky the ability to command a greater price in the market - - along with other factors such as the reputation of an individual brand for whiskies of consistently high quality.*

We commenced whisky distillation in February 2018. From then until end-December 2022, we have distilled some 181,000 litres of absolute alcohol (LAA), part of which has been sold to members and investors, and part to the trade. We now have in storage about 106,000 LAA (or about 730 casks of varying sizes) which belongs to the Distillery and forms the nucleus of our long-term stockpile [1]. More This stands in our inventory at about £910,000, in line with generally accepted accounting practice reports it at the lower of cost or market value. Its current market value, if bottled as young spirit or sold in cask, is currently more than that, and it is expected to increase as the whisky matures.

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[1] *Some of this will be used for bottling and sales to help fund cash flow and keep our brand in the public's mind.*

The Distillery launched its long-awaited first whisky (Batch #1) at the end of 2021 and its second release came out in June 2022 (Batch #2). Batch #3 is scheduled for the summer of 2023. The Distillery also produces a range of GoodWill gins, which includes Christmas Gin, and Quercus Alba and Quercus Robur, two characterful, cask-matured gins.

As well as bottled products, GlenWyvis has successfully sold casks of young spirit to individual investors under its annual Cask Offer scheme and to independent bottlers.

We are proud of our record to date in raising nearly £55,000 for good causes. However, with your help we can fulfil the proposals set out in this business plan to do so much more. Initially, until processes are established, most of the funds raised will be distributed to those living and operating in Easter Ross [2].

The Distillery is also proud of its green philosophy - - The Distillery is powered by electricity from renewable energy sources, we draw our process water from an onsite borehole, we use local materials and resources to the extent possible and we are careful in managing our carbon footprint. Again, the Distillery can do more with your help.

The Distillery has an online shop for all its products and ships to customers nationwide. Post-Covid, GlenWyvis is re-establishing its presence at local and national events where whisky is featured (including Whisky Festivals in Aberdeen, Dornoch, Edinburgh, Glasgow, Inverness and Oban). It is developing closer links to a range of specialist whisky retailers, online influencers and foreign distributors to penetrate the connoisseurs' market further. The Distillery has already achieved significant exports to Germany and negotiations are under way to enter other markets. On social media, GlenWyvis has a wide reach on Facebook (10,400 followers) and Twitter (3,500).

[2] *More detail about our GoodWill Fund and our proposals to engage more closely with the local community follows on page 38*

Summary of Achievements

Since it started distilling whisky in January 2018, the Distillery has achieved considerable successes, despite several challenges. They include the following:

1. **Recovery** from when the initial capital raised ran out.
2. Cask sales to maintain **good cash flow.**
3. **Inaugural Release** in December 2021.
4. **Second Release** in June 2022, including the Distillery's **first significant export** order (to Germany).
5. **Won acclaim** for the quality of GlenWyvis whisky.
6. Won **IWSC awards** - - Gold for spiced Christmas Goodwill Gin; Silver for both Quercus Alba GoodWill Gin and GlenWyvis New Make Spirit; and Bronze for GoodWill Gin.
7. **Improved profitability** - - making its first ever profit of £166,000 in 2021, followed by a profit of £43,000 in 2022.
8. Raised over £1 million in **new funding.**
9. Achieved investment-readiness and credibility through voluntary audit of accounts through **four full audit cycles.**
10. Recruited a **new distillery manager** with international distilling experience.
11. Recruited **new voluntary directors and officers.**
12. Raised over **£45,000** in the GoodWill Fund, as well as a further **£9,000** for Cornerstone, a national charity.
13. Recovered from a **fire** which caused 5 months' loss of production
14. Built up a **stockpile of maturing spirit** to support bottling older expressions of GlenWyvis in the future
15. Sourced **additional warehouse capacity** to augment the Distillery's onsite store which is now filled.
16. Commissioned a thorough professional study of the **planning conditions** relating to the overall site, including the refusal on appeal of permission for an onsite visitor centre
17. **Survived Covid**! - - producing continuously throughout lockdown, as well as producing some hand sanitiser for use in the local community

Why do we need to raise cash?

Figure 2 illustrates is how we raised cash:

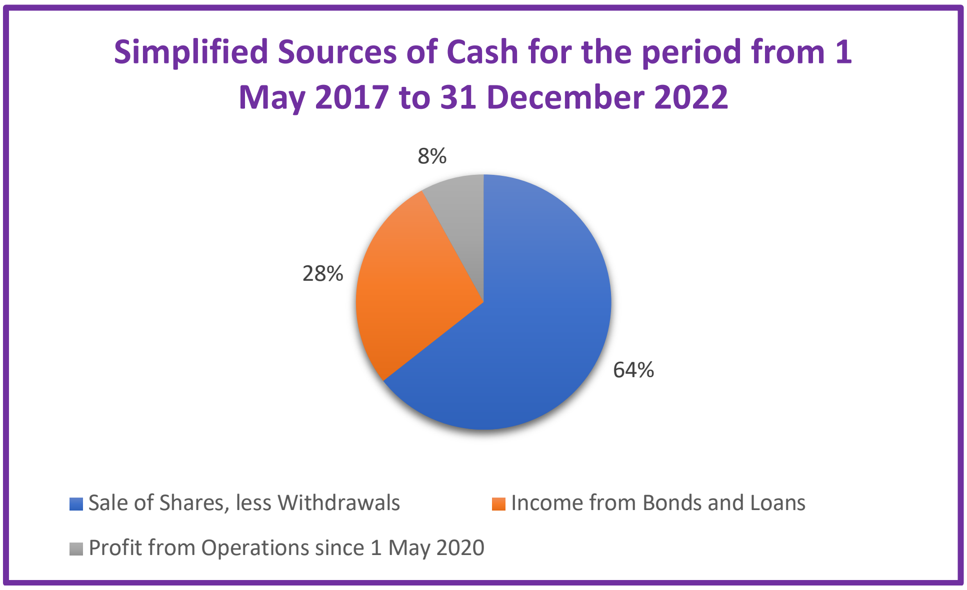

Figure 2 - - Sources of Cash

In total, GlenWyvis has raised £5.8 million from different sources - - 64% from shareholders, 28% from commercial loans, government grants, donations and members' bonds, and 8% from operating profits.

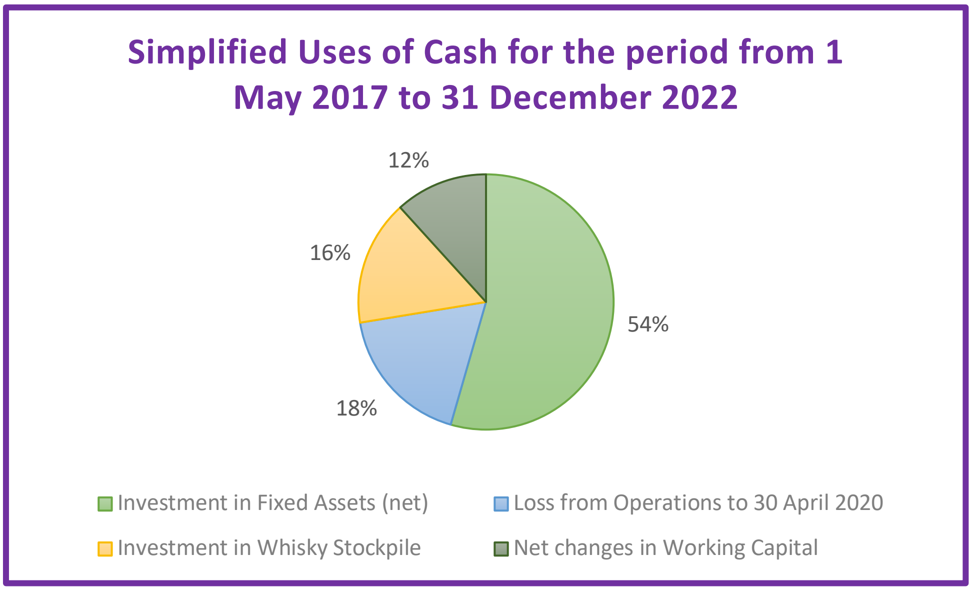

Figure 3 - - Uses of Cash

What this paid for is £3.1 million for the distillery buildings and equipment, £1 million of trading losses incurred in the difficult early years, a whisky stockpile of £910,000, and changes in net working capital of £670,000. Our closing cash balance was £80,000 - - but as you may appreciate that doesn't stretch as far as we need it to!

The Distillery has a restriction, agreed with its landlord, on its output. The Distillery is limited to five mashes a week, which means that it is operating at about a third of its installed capacity, and is therefore less efficient than it could be. Plans are in hand to increase capacity to nine mashes a week from 2025, when the restriction, by agreement, will be lifted. Ahead of that, the Distillery needs to pave the way for increased production.

In the coming four years, GlenWyvis will consume about £1.5 million of cash each year. The major elements of this will be payments for goods and services, salaries and servicing debt and interest, as well as an average annual increase of £350,000 in our stockpile of maturing spirit. Over the same period, forecast cash generation from sales will be close to £900,000.

To meet our stockpiling costs and the bonded warehousing and production facilities discussed in detail in this business plan, the Distillery must raise new funds. At minimum, this will be £ 2.5 million to maintain the present level of operations, which we refer to as "Baseline". A further £1.5 million will be needed to prepare for future expansion, which we refer to as "Capacity Expansion". Therefore, in total we are looking to raise £4 million.

The Distillery proposes to raise this capital by means of two new Members' unsecured bonds, augmented by a new public share offer. Recognising the more challenging economic environment, we have prepared a prioritised capital spending list. There is a risk that we may not achieve the fullest extent of our ambitions at this time - - in which case we will apply the money sequentially against each item on the list as far as it is affordable. This will be followed through as new money comes in and we shall report progress against our objectives to our members.

For any items remaining on the list, the Distillery will pursue other options to raise finance for them. This may include the pursuit of grants, matched funding, 'soft loans' at low rates of interest and long-term financing at commercial rates of interest, or a further share offer in a couple of years' time when the fundraising climate may be better.

In the business plan put before members in January 2021, we aspired to a recovery plan to regain lost ground against the objectives set out in the original share offers of 2016 and 2017. We recognise that such a plan is now beyond our reach, partly because of external restrictions limiting our spirit production.

Performance against original objectives

The second share prospectus issued in 2017 envisaged that by 2029 annualised production would have risen to 105,000 LAA, with sales approaching £2.5 million. Pre-tax profits were predicted to exceed £500,000, and the Distillery would have had whisky inventory exceeding £4 million and twelve employees. There would be enough cash to offer shareholders a return on their investments, as well as making substantial donations to community. The 2017 prospectus also indicated that there would probably be a need for further funding rounds. Unfortunately, '*the best-laid schemes o' mice an' men gang aft agley!*'.

In practice, the initial funding was heavily overcommitted. As a result, the Distillery faced real financial challenges in early 2019 which accelerated the need to raise additional funding. Despite the highly successful fundraising campaign, there were insufficient funds to construct an urgently needed second onsite bonded warehouse. Instead, available funds were channelled towards branding of the newly insourced production of GoodWill Gin, and the creation of a virtual visitor facility on the shore of Loch Ness. Ambitious gin sales targets and margins were not met, which denied the business a steady flow of working capital.

In just over a year, seven key office-bearers (including the managing director, finance director, business planning director, HR director, communications and marketing director, vice-chairman and chairman) out of the twelve members of the Management Committee stood down from their positions.

In the two years ending April 2018, fees for consultancy and purchased services totalling £146,000 were paid to five serving directors. These were cut back dramatically at the end of 2018 as a cost-saving measure. However, there was no plan to provide for the gap left behind. Equivalent fees in the year ended April 2019 were just under £42,000.

Faced in March 2019 with the risk of insolvency, the directors acknowledged that they had no recovery plan. They resolved unanimously to commission such work immediately. This was led by an existing member, who brought significant experience as a turnaround practitioner in manufacturing businesses, including food and drink, and who was willing to devote his time and attention to rebuilding the distillery dream for its many investors both at home and abroad. The fee for writing the plan (to be set by the Management Committee *'at a level which the distillery could afford')* and an associated fundamental review of the company's financial system was £14,000 (of which roughly half was funded by Highlands and Islands Enterprise). New, appropriately experienced directors (including the turnaround practitioner) were elected at the AGM in October 2019 to strengthen the board, to address financial weaknesses, to achieve investment-readiness through having a fully audited set of accounts and to enhance the business recovery plan. The new chairman of the board has continued to provide his services to the distillery *pro bono* during the past four years (much of which has required full-time working) on the basis that the Distillery could not afford to pay for a full-time chief executive. This is unsustainable and our succession plan requires the hiring of a new senior manager to drive the business and support the governance and policy-making role of the voluntary board.

There were initial production setbacks, including a small fire in the woodchip store in October 2019. The cause of the fire was investigated as part of a successful insurance claim. The fire is believed to have been caused by spontaneous combustion of the woodchip fuel due to excessive moisture. Although it was quickly dealt with and only limited damage was caused, it halted spirit distillation for five months owing to the requirement for specialised replacement parts and denied the Distillery production of about 17,000 LAA. Several design improvements were made during the rebuild to avoid an accumulation of damp wood chippings and reduce the risk of future fires. Production began again in March 2020, just days before lockdown started.

In our 2021 Business Plan, we identified three bottlenecks inhibiting our growth: warehouse space; finance; and our relations with our Landlord. Progress has been made to address each of those, summarised below, although work remains to be done.

The Distillery was designed to support a nominal production capacity of 140,000 LAA over a seven-day production period. There is nothing in the Distillery's Lease to restrict working hours. However, in negotiations with our Landlord, who lives next door to the Distillery, we agreed to restrict the Distillery's operating pattern to five days a week and 46 weeks a year until the end of 2024. In return, the Landlord agreed to grant a Minute of Variation of the Lease (a legal obligation) and his preparation of a Supplemental Lease which would provide him with rental income in respect of the apron in front of the distillery from 2026. The Distillery's production is limited to five mashes per week over a 46-week production calendar. This equates to the distillation of about 43,000 LAA annually - - representing about 30% utilisation of the Distillery's installed capacity. We also agreed with our Landlord that the Distillery would increase production to nine mashes a week (equivalent to over 75,000 LAA annually) from 2025.

We now recognise that the 'Catch-up scenario' recovery plan put forward in our 2021 Business Plan and accepted by our members is no longer attainable. Among other factors, the Management Committee's view is set out below:

1. The acquisition of the Landlord's farm would not be an effective use of the Society's resources.
2. We cannot see a way to overcome the objections raised by the planning authority to create a visitor centre on the site.
3. The planning permission to build a second bonded warehouse on the lower subjects of the Lease has expired.

Litres of Absolute Alcohol (LAA)

When you buy a bottle of whisky (or any other spirit, for that matter) its alcohol content is stated on the label and may, for example, be 40%abv (alcohol by volume). That means that 60% of the liquid in the bottle is water and the rest (40%) is alcohol. Within a distillery, there are liquids with many differing alcohol strengths. The 'low wines' are the product of the first distillation and may be around 25%abv; the spirit from the second distillation is expected to be much stronger - - around 70%abv.
Conventionally, most casks are filled at 63.5%abv, and will gradually lose strength during the maturation period. Whisky is generally bottled at strengths between 40%abv and 46%abv.
LAA is used as a standardised measure across the industry. It effectively ignores the water and expresses everything as equivalent to a litre of pure alcohol or part thereof. So a newly-filled cask which holds 200 litres of spirit at 63.5%abv is described as holding 127LAA; and a 1 litre bottle of whisky at 40%abv is described as 0.4LAA. Having a consistent, common measurement like this makes it much easier for the authorities to levy and collect excise duty and taxes.

Why don't we just count casks?

Maturation casks come in a variety of sizes from firkins at 55L to sherry butts at 500L. So, just counting casks is like adding apples to oranges, pears and bananas! In addition, as each cask ages, the amount of spirit it contains diminishes with evaporation - - so two casks of the same size won't necessarily hold the same quantity of spirit. These losses occur in two ways - - partly by diffusion into the wood of the cask when the spirit is first poured into it; and partly by evaporation over the period of storage, colloquially known as "the angels' share".

4. Despite requests, the Management Committee has not received costing information from the Landlord to assess the likely cost and legal terms for converting the Landlord's existing cow shed as an expedient, low-cost warehousing solution, and are therefore not able to consider this as a feasible option for development.

Bottlenecks

Warehouse space: the Distillery's bonded warehouse onsite has been full since late 2020. Before Covid, the Management Committee negotiated the lease of Inchberry, characterful old steadings at Lentran, obtained planning permission and sought quotations for the necessary works including internal fire and employee protection measures. In line with GlenWyvis' green credentials, the utilisation of embedded carbon in an existing building and the rejuvenation and repurposing of a heritage property were also significant contributors to the choice. Post Covid, the availability of labour and materials and significant price escalation meant that progress towards commissioning the site was delayed. Consequently, casks were sent to a commercial warehouse in Craigellachie. That space is also fully utilised and we are now sending our casks further afield until Inchberry comes on stream - - which we hope will be in 2023. An alternative proposal put forward for the conversion of an existing cow shed at Scroggie Farm has not progressed because we have been unable to obtain enough relevant information to allow us to establish its feasibility, nor have we been provided with heads of terms for its potential lease.

The lease for the Inchberry steading was signed in February 2021. The Distillery did not immediately have the cash reserves to undertake the range of improvements demanded by the local council.

Realistic quotes have now been obtained for the works at Inchberry and we can now proceed as soon as funds are in place.

Finance: The Distillery's business remains cash hungry. The Management Committee raised £411,000 from the 4% Members' Bond issued on 1 July 2021, and negotiated an increase of £200,000 in an existing HP facility. We have continued to pursue opportunities for government loans and grants yielding some £50,000, and we have successfully negotiated a revolving credit facility with Clydesdale Bank which will provide initially up to £325,000 of working capital, secured against the GlenWyvis-owned whisky we hold in casks. We maintain ongoing exploratory discussions with other potential sources of funding.

The Landlord: After his resignation as Managing Director, relationships with Mr John McKenzie, the founder of GlenWyvis and Landlord, deteriorated. A significant number of issues were raised by him - - some relating to interpretation of the Lease, some to management and operation of the Distillery, and some relating to the impact of the business (which is adjacent to his home) on his family life. Following five months of negotiation, both parties signed a Mediation Agreement on 1 May 2021, the outcome of which was notified to members at the June 2021 AGM. The mutual objective of both parties is to see the Distillery succeed whilst operating in peaceful co-existence. Although the Management Committee has worked hard to deliver its obligations, there remain outstanding issues and areas of disagreement.

Legal Action

The Management Committee was compelled to take legal action against the Landlord in November 2021. In our opinion, the Landlord's actions were likely curtail production and disrupt the operation of the Distillery; were a violation of the Distillery's rights in respect of its Leased premises; and, most concerningly, amounted to harassment of the Distillery's employees. In the circumstances the Management Committee considered it vital that action be taken to protect the interest of the Society's members and the welfare of its employees - - and so the Distillery initiated court proceedings to restrain the Landlord's actions. This action before Inverness Sheriff Court has been suspended while fresh negotiations initiated by the Management Committee to seek a settlement take place, and we await the outcome.

Separately, there is an arbitration to resolve disputes under the Lease. We anticipate that an award will be issued in 2023.

Where are we now?

Members' Survey 2020

We know that most of our members are interested in community and environmental good, rather than a financial return; and they know the project is risky because of its long-term nature.

We received over 1,300 responses - - representing the views of 36% of all shareholders - - a huge testimony to shareholder involvement! The vast majority of respondents (97%) were in favour of capacity expansion at the earliest opportunity, and many indicated their willingness to give it financial support through buying shares, making loans or buying casks. Despite their disappointment that the earlier planning application for an onsite visitor centre had failed to win approval, several members voiced their desire to see a fresh visitor centre proposal brought forward and the creation of closer links with the community. Here are just some of their comments:

Our Shareholders' comments

- *Keep up the good work! Proud to be a shareholder and looking forward to that whisky maturing :)*
- *Difficult period past and even more difficult ahead, so vital that members are involved and can assist the distillery to achieve both the distillery and shareholders goals.*
- *Support the direction in which the Distillery is trying to grow its business*
- *I would like to see the distillery open to visitors with the idea of a shuttle minibus to take them there*
- *I have been impressed by your business plan and approach since the start of the company. I invested in order to create sustainable jobs in the village and area. I wish you the best of luck for the coming year, as it won't be easy in this economic climate. Keep up the good work.*
- *I haven't invested to make a packet but to support your brave and goodhearted venture in the North. Clearly you have had setbacks, but as long as you keep investors informed - of the good and the more difficult issues - you will retain loyalty. Lang may your lum reek!*

We are pleased to report that we have done the following:

a) Maintained production and full customer service **throughout lockdown.**

b) **Re-established a sales presence** at local events and with key retailers

c) Improved our **website**.

d) Maintained communications with our members throughout, including holding **virtual members' meetings** during lockdown.

e) **Defended the interests of our 3,625 members** against interference with their interests.

What about our financial performance?

Here are the highlights from our financial statements since the year ending 30 April 2019. Whisky distillation started in January 2018, so this period reflects the first full year of operation after that. [3]

Historic Income Statements

Year Ended	*30 Apr 2019 (restated)*	*30 Apr 2020*	*31 Dec 2020 (8 months)*	*31 Dec 2021*	*31 Dec 2022 (unaudited)*
Income Statements					
Turnover	*290,195*	*343,881*	*153,527*	*626,640*	*587,948*
Gross Profit	*91,211*	*58,034*	*58,484*	*361,599*	*295,272*
Other Income	*36,509*	*163,340*	*28,856*	*12,045*	*11,034*
Administrative expenses	*(543,124)*	*(357,656)*	*(137,432)*	*(201,398)*	*(263,185)*
Interest		*(2,500)*		*(6,243)*	
Net Profit / (Loss)	*(415,404)*	*(138,782)*	*(50,092)*	*166,003*	*43,121*

Figure 4 - - Historic Income Statements

The key elements in Figure 4 illustrate our improved margin performance on growing sales volume, and better control of administrative costs - - despite a large increase for legal fees incurred in the disputes with our Landlord[4].) for the dispute with the landlord.

[3] *Members approved the recommendation to change our accounting period from one ending on 30 April to one ending on 31 December with effect from 2020. There was a transitional reporting period of 8 months from 1 May to 31 December 2020 and the first full calendar year report ended on 31 December 2021.*

[4] *£60,300 in 2022; £12,300 in prior years*

Historic Balance Sheets

Balance Sheets / *Year Ended*	*30 Apr 2019 (restated)*	*30 Apr 2020*	*31 Dec 2020 (8 months)*	*31 Dec 2021*	*31 Dec 2022 (Forecast)*
Fixed Assets	*2,800,420*	*2,683,609*	*2,647,095*	*2,579,445*	*2,547,347*
Whisky Stockpile *(at cost)*	*219,234*	*280,638*	*520,715*	*704,683*	*909,599*
Other Current Assets	*232,960*	*416,683*	*396,600*	*430,794*	*254,663*
Current Liabilities	*(239,088)*	*(305,267)*	*(561,455)*	*(346,513)*	*(121,567)*
Long-term Liabilities	*(560,923)*	*(741,092)*	*(728,726)*	*(931,027)*	*(1,114,039)*
Total Assets	*2,452,603*	*2,334,571*	*2,274,229*	*2,437,382*	*2,476,003*
Share Capital	*3,733,900*	*3,754,650*	*3,744,400*	*3,741,550*	*3,737,050*
Reserves	*(1,281,297)*	*(1,420,079)*	*(1,470,171)*	*(1,304,168)*	*(1,261,047)*
Net Worth	*2,452,603*	*2,334,571*	*2,274,229*	*2,437,382*	*2,476,003*

Figure 5 - - Historic Balance Sheets

Our balance sheets, Figure 5, illustrate the steady growth of our stockpile ("Whisky Stockpile") of maturing spirit, stated at the lower of cost or market value in line with normal accounting convention (now £909,599). At a conservative estimate, the Management Committee considers the market value of the Whisky Stockpile is already significantly higher, even as immature spirit, and will continue to appreciate.

Historic Funding

As well as the share capital from the first two share offers, GlenWyvis has raised £1.77 million in the following ways. It benefited from government grants of just over £305,000 as well as private donations. Additional working capital came from a seven-year asset-backed hire purchase facility (increased to £700,000 from the £500,000 negotiated in 2018), augmented recently by a six-year coronavirus Bounce-Back Loan of £50,000. In 2021, a 4% Members' Bond raised £411,000 - - repayable in three equal tranches in 2025, 2026 and 2027. The Distillery also negotiated a revolving credit facility with Clydesdale Bank to generate working capital finance of up to £325,000 over the coming three years.

The principal pressure comes from the very long-term nature of distilling and maturing whisky. This ties up money in the maturing spirit, the provision of physical storage and security facilities and servicing the finance required. In other words, while the Distillery is in the Whisky Stockpiling phase of its development more money is being poured into casks than is generated in sales revenue.

Audits

We have successfully completed four full professional audit cycles of our accounts, including two since we made radical changes to our accounting system to make it fit for purpose. These external audits have not raised significant concerns about the integrity of our new systems and controls, and all comments made by our auditors have been addressed to their satisfaction.

To be clear, under the law relating to Community Benefit Societies, we are not required to have a formal audit.[5] However, when new directors were appointed in October 2019, they recommended that GlenWyvis should submit itself to a full audit because, at the time, the directors had identified inconsistencies in the Distillery's accounting practices. Now that these inconsistencies have been addressed, the systems overhauled thoroughly, and following the four successive audit cycles, the Management Committee is now satisfied that it can recommend that the Society is subject only to an independent verification of the inventory of maturing spirit instead of full audits. This will reduce costs but retain appropriate and adequate checks. This will take effect from the 2022 accounts.

What lies ahead?

The Management Committee has prepared a thorough forecast of our sources and uses of cash running forwards to the end of 2032. This forecast is based on restricting production to only five mashes a week until the end of 2024.

[5] *The current thresholds are gross assets in the previous year below £5.1 million and turnover below £10.2 million.*

GlenWyvis forecast annual whisky production volumes

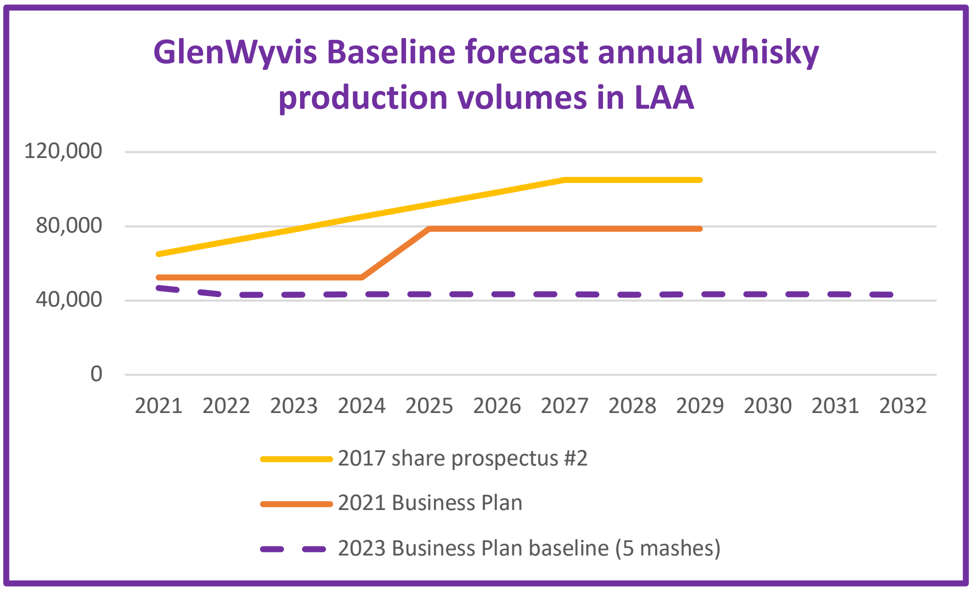

Figure 6 - - Forecast Baseline annual whisky production volumes in LAA

Figure 6 compares production forecasts from the 2017 share prospectus #2, the 2021 Business Plan and this, the 2023 Business Plan. It shows what production will be, compared to earlier forecasts, if the Distillery continues at the present Baseline level of five mashes per week.

Five mashes a week therefore is our "Baseline". Under the Baseline forecast, our Whisky Stockpile will grow to some 544,000 LAA by 2032 - - refer to Figure 7. The combined capacity at the Distillery and Inchberry is about 240,000 LAA, which will be surpassed by mid 2025 - - refer to Figure 8. This clearly demonstrates the gap in storage capacity. Extensive enquiries have demonstrated that there is no available bonded warehouse space in the locality to meet our needs.

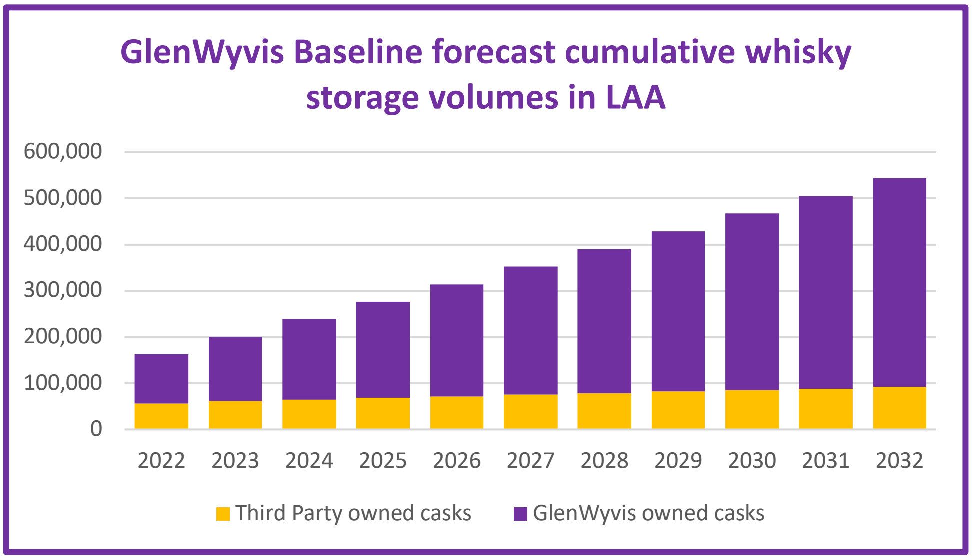

Figure 7 - - Forecast Baseline cumulative whisky storage volumes in LAA

In addition to the casks owned by GlenWyvis, we are obliged to provide storage for up to 10 years for the casks which were allocated as share rewards as well as for private and trade cask investors through our Cask Offers.[6]

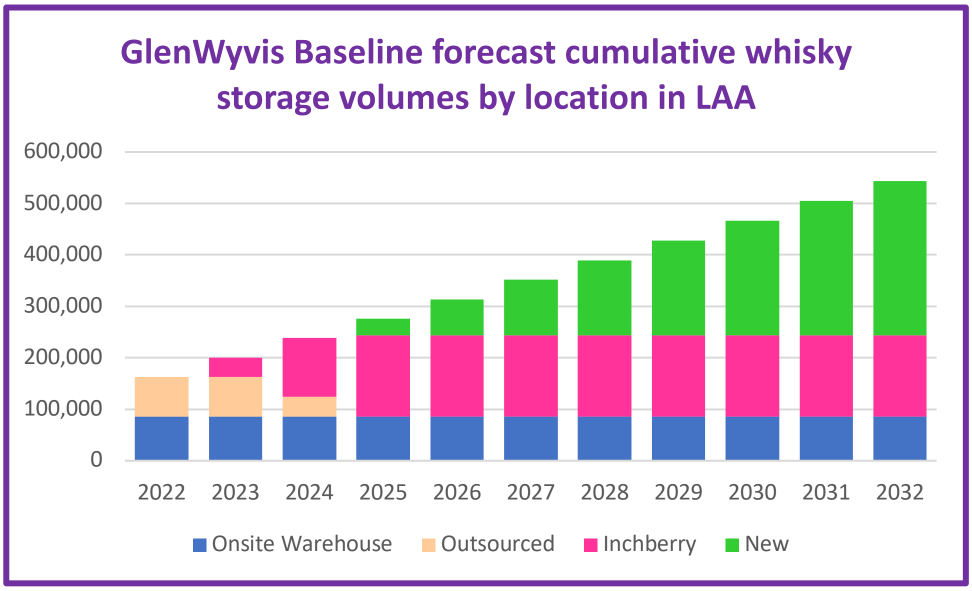

Figure 8 - - Forecast Baseline cumulative whisky storage by location in LAA

We consider that it will be beneficial to use local storage rather than to continue outsourcing. If we continue to use our outsourced storage and progressively transfer it to Inchberry during 2024, new production in 2025 will overtake the total space available to us. Knowing that we must obtain the necessary planning permission and other consents in addition to the construction lead time, we need

[6] *We expect that many investors may choose to bottle their casks before their whisky becomes 10 years old (those owning the smaller firkins and quarter casks will discover that their spirit will mature more quickly due to the greater ratio of the contact surface area of the cask to its liquid contents). For those who elect to keep their casks longer, we shall introduce a storage, sampling and annual inspection charge which reflects the continuing costs to the Distillery.*

to start the project for our next increment of warehousing not later than mid-2023 to have the facility ready for operation at the end of 2024.

We have limited onsite bottling facilities at present. However, we will look to create an improved facility which will allow us to bottle an individual member's single casks as well as limited volumes of gin or other products.

Recruitment

The Distillery is understaffed and we intend to recruit and train an additional stillroom operator by late 2023 to ensure that there is adequate vacation and illness cover, and to release the Distillery Manager to concentrate more of his time to sales and marketing and new product development. As both home and export sales increase, we need to put more staff resource into sales and marketing, especially since most events inevitably require weekend working. As a responsible employer, we also want to afford our loyal staff opportunities to follow relevant vocational training and development, and to attain recognised industry qualifications.

Furthermore, as previously discussed, we plan to recruit an experienced manager to carry out tasks including these: Support the distillery team.

1. Oversee the training and development of the team.
2. Manage a full warehouse, bottling facility and visitor experience construction programme and associated reconfiguration.
3. Engage with our members and external organisations, including local community groups and funders.
4. Drive the team forward to success in all our markets to help the Society achieve its goals.

In summary, the *status quo*, for the reasons discussed below, is not sustainable or appropriate. To date, these tasks have been shouldered by our brilliant Distillery team led by our Distillery manager and by the personal sacrifice and expense of volunteer directors, generously given for the benefit of the Society.

Effectively more than one director has had to act in an executive capacity, taking responsibility for the following:

1. Interaction with our Landlord.
2. Recruitment of new directors and staff.
3. Appointment of professional advisers.

4. Researching and writing the business plans.
5. Managing members' meetings.
6. Negotiating new tranches of funding including bank and commercial lending, grant applications.
7. Establishing the members' bond offers.
8. Design, specification and implementation of the new accounting system.
9. Managing the audits.

This has been done in addition to the normal policy-making, governance and supervisory roles of the Management Committee. You will appreciate that it is neither unsustainable, nor appropriate for this situation to continue.

Cost pressures

In recent months we have seen very significant increases in the costs of all raw materials and transportation, many in double-digit percentages. Malted barley, casks and glass have been particularly affected, owing to the energy used in their production. Suppliers and contractors are experiencing severe delays within their own logistics chains and critical spare parts from Europe can face lead times of 10-16 weeks. Our business plan has been based on the latest available pricing from our suppliers so that we avoid the worst surprises as costs escalate. Unfortunately, we are unable to predict how far the inflationary experience of recent months will continue.

GlenWyvis funding requirement to support Baseline production

In order to continue with the baseline plan, we estimate that we need to raise an additional £3.1 million by 2032. That would allow us to grow the whisky stockpile from £909,000 to £4.4 million. In addition we would need about £400,000 to build another warehouse of capacity equivalent to Inchberry - - or find affordable bonded storage to rent long-term.

GlenWyvis forecast whisky production "Capacity Expansion"

Our commitment to members was to recover as much lost ground as possible against the projections made in the original share prospectus. The Management Committee acknowledges that the earliest opportunity to increase production is at the beginning of 2025, when we could move from five mashes to nine mashes per week - - an increase of 80%. We consider that this increase in production is within our capability without significant investment in distilling plant and equipment. In other words, it can be achieved substantially by a change in shift patterns and longer working hours.

Under this scenario, from the beginning of 2025, the Distillery will increase production to nine mashes a week as agreed in 2021. If we restrict the amount we allocate to cask and bottled sales to no more than 25% of production annually, this will give us 770,000 LAA by the end of 2032. This compares with 485,000 LAA under the Baseline case. In absolute terms, that is close to the level we wanted to achieve in the 2021 Business Plan, but of course it impacts on the opportunities to generate cash from sales in the intervening years.

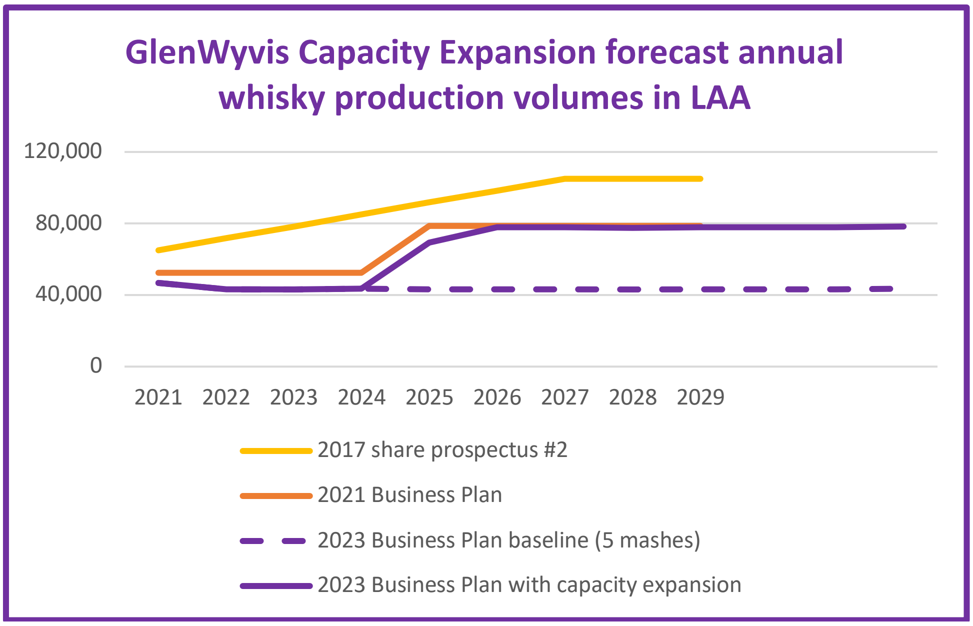

Figure 9 - - Forecast Capacity Expansion cumulative whisky production volumes in LAA

Figure 9 shows the impact of raising our production forecast - - from 43,300 LAA annually to 78,000 LAA with effect from the beginning of 2025. It allows for a launch curve in the first quarter while we build experience of the new working pattern and iron out any issues which may arise. This will take us from five mashes per week to nine mashes per week for 46 weeks per year, each mash yielding an average of nearly 190 LAA.

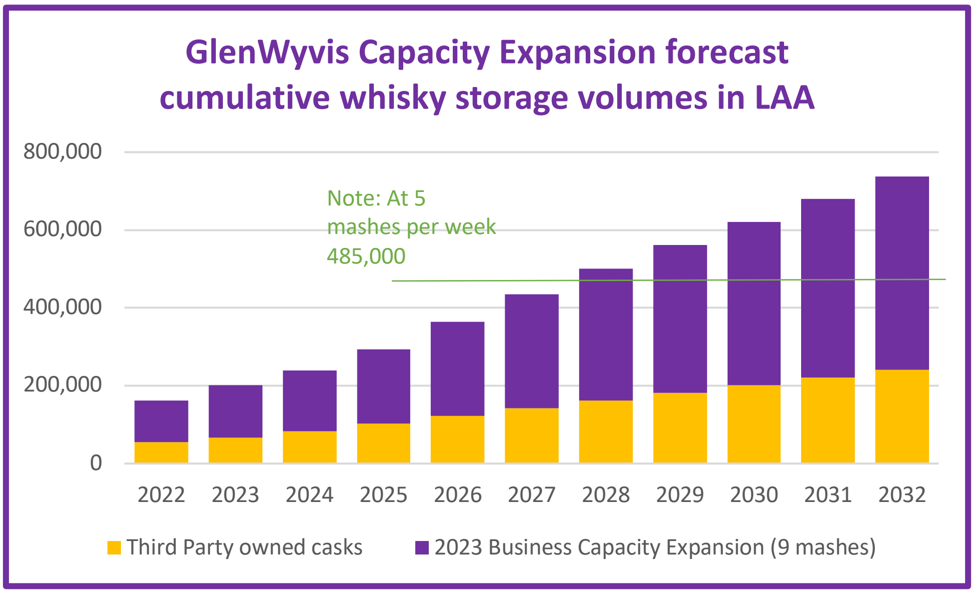

Figure 10 - - Forecast Capacity Expansion cumulative whisky storage volumes in LAA

Capacity increases our stockpile from 485,000 LAA in 2032 to 738,000 LAA - - an increase of close to 60%.

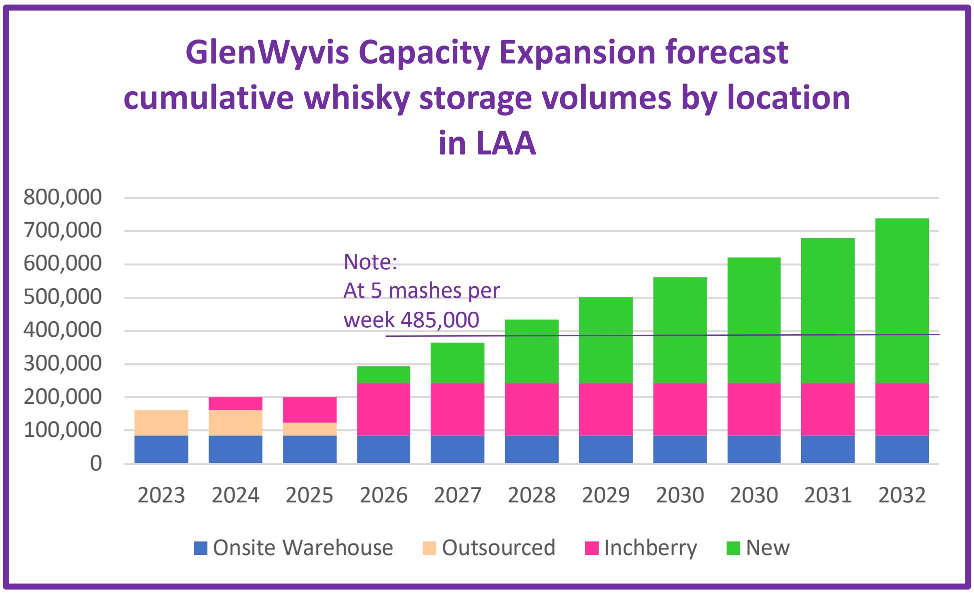

Figure 11 - - Forecast Capacity Expansion cumulative whisky storage by location in LAA

It is clear from Figure 11 that with Capacity Expansion, our requirement for additional bonded warehousing almost doubles by 2032. In fact, it may trigger the need for a further new warehouse from about 2029-30.

Spirit Retention Policy

The Management Committee has decided to retain a high proportion of the early-vintage whisky (typically about 75%) so that we will have enough in the years from 2029 onwards to satisfy demand for GlenWyvis whisky aged 10 years and more. This is being done to capitalise on the premium price for older whiskies. We cannot sell the same whisky twice, so that places restrictions on the volume of whisky we can sell from the early distillation years 2018-2023. In the interim period, a strictly limited quantity of this precious early whisky may still be available to private investors through our Cask Offer, some may be available to bulk trade customers, and some may be bottled for sale to our members and through specialist retail outlets in the UK and selected export markets.

Our whisky retention policy required careful thought. We will have 10-year-old whisky available for bottling from 2029. It is a fact of life that the older it becomes, the greater the *'angels' share',* or loss by evaporation. Here's a chart which illustrates what we predict may be available. You will see that as time goes by the quantity of 2018 vintage whisky reduces by roughly 2% annually. In terms of standard 70cl bottles at a strength of 46%abv, 5,000 LAA should yield just over 10,000 bottles, which would be sufficient for a single release slightly larger than our Second Release in June 2022.

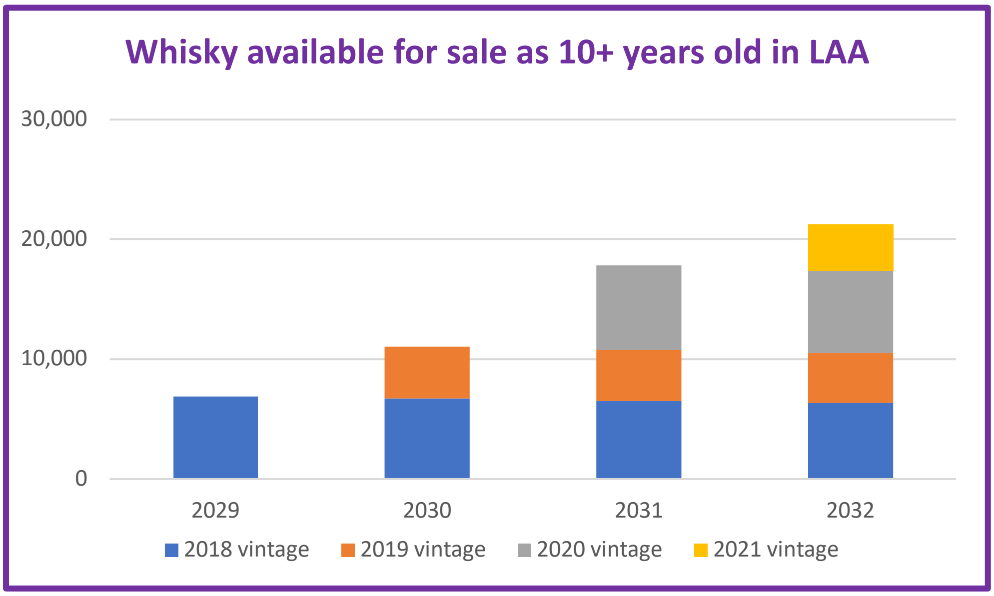

Figure 12 - - Baseline Forecast Ten-year-old plus for Sale in LAA

We must carefully balance our stewardship of the maturing whisky against the need to generate cash. We believe that the route to market through specialist retailers is key to the Distillery's success - -

GlenWyvis simply doesn't have deep enough pockets to fund the promotions and campaigns which supermarkets demand, nor can it make a realistic margin at the critical price points supermarkets set.

GlenWyvis funding requirement to support expanded production from 2025

Increasing the Distillery's capacity from 2025 will afford opportunities to increase sales from the baseline plan - - especially cask sales. We estimate that, instead of the £3.1 million by 2032 required by the baseline plan, we need to raise £3.5 million. That would allow us to grow the whisky stockpile from £909,000 to £5.1 million. The Management Committee recommends that we engage a local developer to build a large bonded warehouse, a low-volume bottling plant and a visitor centre which would be funded by a commercial mortgage over a 15-20 year period. A further warehouse would be required later in the cycle - - probably by 2029-30 - - and there is sufficient space on the plot to accommodate it.

Capacity Expansion will be covered in more detail from page 42 onwards.

Meanwhile, there are some infrastructural activities which need to be considered because they will require to be in place in advance of Capacity Expansion.

Green credentials

The Distillery benefits at present from renewable generation sources - - a combination of hydro, solar and wind power. In anticipation of capacity expansion to nine mashes a week from 2025, a study has been commissioned to describe what impact that expansion will have on our demand for power.

Existing Onsite Resources

GlenWyvis benefits from the availability of onsite resources - - owned by our Landlord. Although these have been sufficient to meet our needs, it is clear that Capacity Expansion will be at risk if action is not taken to establish more robust solutions.

Electricity supply:

The Landlord owns renewable energy resources generated onsite from a combination of hydro, solar and wind facilities. Under the terms of both share prospectuses and the Lease, the Distillery has the benefit of free energy up to a total of 67,000 kWh annually, subject to 5,000 kWh always being available to the Landlord. The Distillery was also granted the right to connect to the grid and to lay cables over the Landlord's surrounding property to facilitate this.

Clearly, these forms of renewable energy are dependent on weather conditions. When energy needs to be imported from the grid, the high-voltage input from the grid complements the renewable energy facilities and protects against loss of production. In recent months, as the energy crisis developed, the Landlord notified the Management Committee that the Landlord intends to disconnect the high-voltage mains supply.

Seen in context, this is a fundamental issue for the Distillery. Under the terms of the lease, the Distillery has the right to use electricity from the landlord's renewable sources, which both previous share prospectuses indicated would provide about 67,000 kWh annually. Within the distillery construction programme, GlenWyvis bought and paid for the high-voltage connection to be procured and installed which fed directly into the Landlord's control box. This feeds renewable energy directly to the Landlord or the Distillery in line with demand, and when there is an excess of supply over demand it exports green energy to the grid under the Feed-In Tariff scheme, generating income for the Landlord.

Water supply:

The Lease grants the Distillery non-exclusive access to water from the Landlord's existing borehole, as well as the right to drill a further borehole should the need arise. During 2022, we lost fourteen days' production due to a dry period that brought groundwater levels critically low around Scotland. Although not the only distillery to suffer shortages, GlenWyvis has a comparatively low demand. The Distillery's highly efficient plant allows the recycling of process water 3 or 4 times over for various tasks. However, it makes sense for the Distillery to establish an additional backup water source sufficient to cover for dry periods. When production expands to nine mashes a week, it becomes more necessary still.

New, independent Renewable energy sources

Given the concerns discussed above, the Management Committee is actively pursuing opportunities to establish its own independent utility supplies as a safeguard against shortages when production is ramped up in 2025 under the Capacity Expansion scenario.

Independent Electricity supply:

We expect that the Distillery will require to instal its own sources of renewable energy.[7] We want to retain our high-voltage connection to the grid to protect against of loss of production when generation of renewable energy is temporarily inadequate to meet production demands. We anticipate that we shall need several months to evaluate this proposal properly, obtain the appropriate permissions and then install it. Therefore, it makes sense to begin the planning process early so that the power generation resources will be available in good time to achieve Capacity Expansion.

The Management Committee has commissioned expert help to determine how an independent grid connection can be established and routed directly to the Distillery, how the sourcing of supply from the Landlord's renewables can best be continued, and separately how the Distillery might set up its own renewable energy generation equipment in support of Capacity Expansion in 2025 (which could foreseeably increase electricity demand by up to 80%). While production remains capped at five mashes a week, the distillery believes that its annual consumption is likely to be within the 67,000kWh available under the Lease. Because there is variation between the timing of energy generation and Distillery energy demand, it accepts that there will be times when energy needs to be imported from the grid. In addition, there will be times (such as holidays and weekends) when the energy generated will be exported to the grid because the Distillery is silent and has minimal demand.
The investment required to resolve this situation is not yet known but is estimated to be up to £60,000. However, the Management Committee is also pursuing opportunities for grant funding or low-cost community loans to fund this proposal.

[7] *Solar and wind generators, plus appropriate battery storage so that it can make the maximum use of power generated while the distillery demand is low - - at weekends, for example.*

Supplementary Water supply:

To mitigate against the risk of recurrent water shortages, we have reviewed the options: firstly, of sinking a second borehole to provide backup and potentially additional capacity; and secondly, to evaluate the costs and benefits of a mains water connection to provide backup in dry summer months. There are inherent risks in sinking a new borehole: if it merely taps into the same underground reserves as the existing one, it may be less productive than expected; or the hole may be dry. We consider that the best way ahead is to commission the drilling of a new borehole and to instal a mains water connection direct to the Distillery as backup.

The exact investment required to resolve this situation has not been fully costed - - but drilling a borehole should be in the region of £15,000, but the cost of the related facilities, storage tanks and connection to existing distillery plumbing is dependent on the exact yield and location of the borehole in relation to our requirements. For the time being, we assume that the total costs will not exceed £40,000.

Meanwhile, we have received assurance from the water authority that the local mains water supply has adequate capacity to meet our needs, but a full connection survey would require our Landlord’s full cooperation.

Effluent Disposal

The way in which the Distillery was constructed means that effluent disposal doesn’t match our environmental goals. We have engaged professional consultants to advise us on effluent disposal. At present, our effluent comprises three distinct streams which are brought together in one tank. This is emptied on a regular basis and taken to an anaerobic digester (which, in turn generates electricity) for appropriate safe disposal.

One of our significant regular expenses is the removal of effluent, which costs about £22,000 annually. We expect this to increase proportionately with Capacity Expansion in 2025 - - bringing it closer to £40,000 annually.

Studies to date have identified opportunities to manage our effluent collection and disposal differently, but so far we have not identified a cost-effective or scalable solution. Our suppliers have reduced the number of trucks used to dispose of the effluent by using articulated vehicles. This has also generated savings of £18,000 annually.[8]

Effluent Content.

Our effluent is made up of three different waste streams:

- 'pot ale' which is the residue from the first distillation;
- 'spent lees' which is the residue from the second distillation and which may contain traces of copper from the stills as well as a heavy fusel oil residue, which are probably the most toxic and difficult to dispose of; and
- caustic solution used in the cleaning process

These elements are run together, then stored in a large tank onsite. Because of the cross-contamination, there is no readily available method to safely dispose of the effluent, except through an anaerobic digester.

[8] *Our suppliers of bulk malt and our duty-suspended haulage contractors, who take filled casks away to our bonded warehouse or to our bottlers, have already been using articulated vehicles since 2018.*

Effluent Disposal Strategy - - Comparison of Vehicle Options

An HGV is smaller than an articulated lorry so would take up less space on the access road, less space in the Distillery car park and therefore is less dominant and visually intrusive when operating at the Distillery and when viewed from the farmhouse. However, if the main impact on the Landowner's/Farmer's house is noise from the pump required to empty the effluent and an occasional smell during this process, then using an articulated lorry significantly reduces these problems.
It is also arguably more sustainable because less miles are undertaken by the lorry every year and use of the existing access is halved.
The financial cost of using an articulated lorry is also substantially less for the Distillery.
Please refer to the table below which highlights the main differences between the two lorry options:

RIGID HGV	***ARTICULATED LORRY***
1) Less dominant and visually intrusive	*1) More dominant and visually intrusive*
2) Landowners preferred option for road safety	*2) Landowner has road safety concerns*
3) Approx. 1 hour to empty with pump	*3) Approx. 40 minutes to empty with pump*
4) Needs emptied approx. every week	*4) Needs emptied approx. every two weeks*
5) Approx. 52 hours of effluent removal annually	*5) Approx. 17 hours of effluent removal annually*
6) Approx. £18,000 more expensive per annum	*6) See opposite*
7) 3,120km annually (Dingwall / Agrivert round trip 60Km)	*7) 1,560km annually (Dingwall / Agrivert round trip 60km)*
8) Number of times access used annually – 104	*8) Number of times access used annually – 52*

In conclusion, using a rigid HGV, instead of an articulated lorry, for emptying the Distillery effluent, may improve levels of privacy and amenity in one way for the farmhouse, but clearly there would also be some negative outcomes, including increased use of the existing road access.

Sales outlook

GlenWyvis annual sales revenue forecast

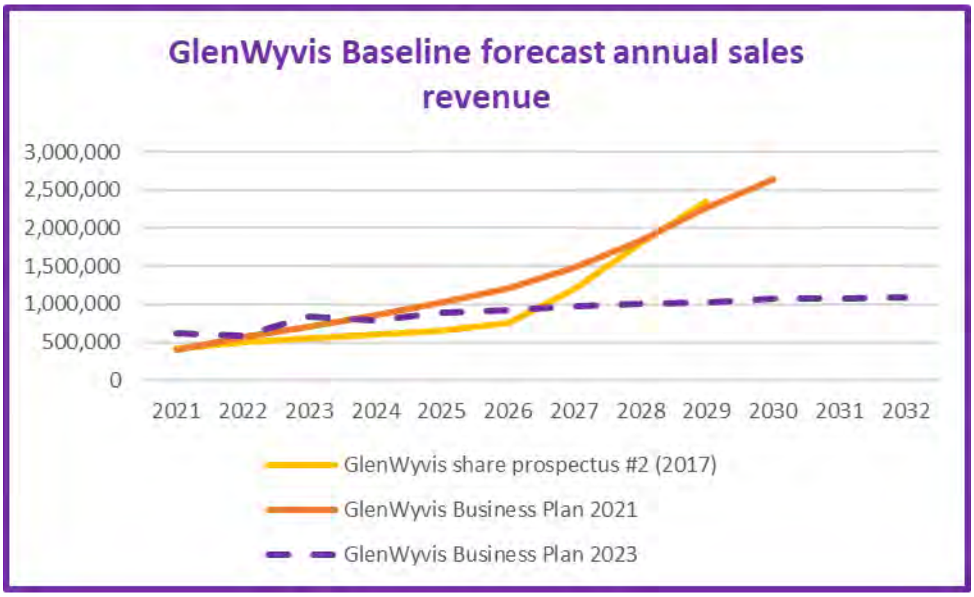

Figure 13 - - Baseline Forecast of Sales revenue

Our sales revenue forecast, Figure 13, is primarily determined by our whisky retention policy - - meaning that we do not wish to sell high volumes of our early whisky. Even if we expand production capacity in 2025, spirit distilled in that year will not mature for bottled sales until 2028 at the earliest - - so our revenue forecast will not show a significant uptick much before 2029.

While we will continue to produce and sell GoodWill gin to satisfy demand, its margins are comparatively poor in today's overcrowded and highly competitive gin market. It is difficult for us to transform the economics of this product when we are unable to achieve the over-optimistic volume projections[9] claimed at the outset. GlenWyvis merchandise cannot play a meaningful role in the Distillery's revenue calculations when there is no visitor centre to attract tourists and customers.

Consequently, although we had a very successful year in 2021, our forward revenue projections are much lower now than those on which the share prospectuses were based.

[9] *For example, in the original prospectus gin sales rose to £250,000 annually, but these are now expected to be less than £30,000 annually*

Profitability

At five mashes a week (Baseline), the Distillery does not have the capability to earn enough from sales to fund its stockpiling programme, cover its overheads and service its finance, as shown below. That is why we need to raise additional funds through a combination of new bonds and shares.

Based on these core elements, the Management Committee has prepared a forecast of sales revenues and profits through to the end of 2032 - - refer to Figure 14.

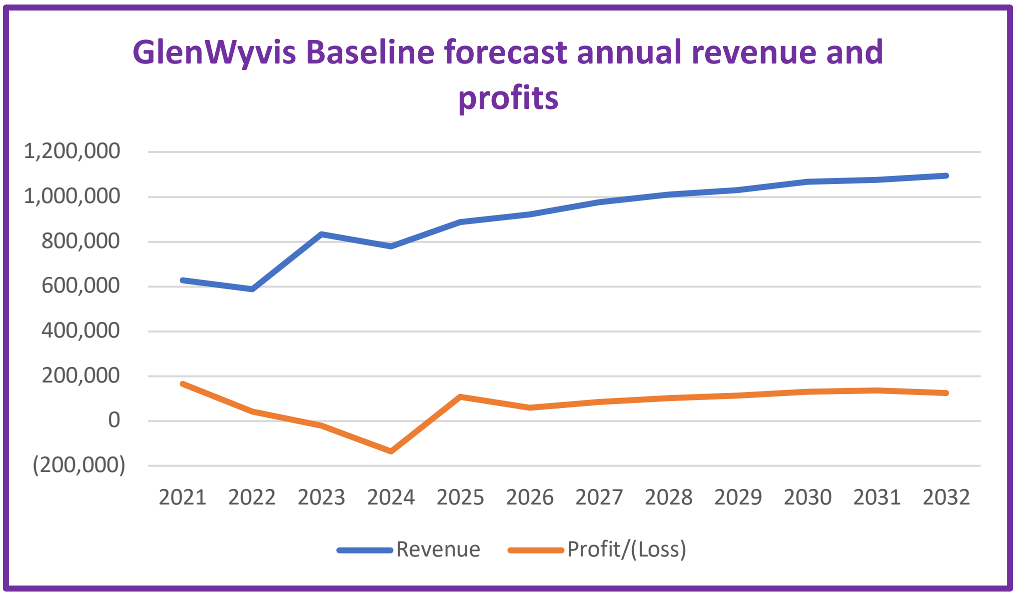

Figure 14 - - Baseline Forecast of Sales revenue and profits

Because it is driven by the production forecast and our retention policy, there is little scope to generate the levels of revenue and profit from incremental sales upon which the previous business plan was founded. These lower forecasts are based on what we will be able to fund in upfront bottling costs and reasonably expect to sell with our limited staff and budget resources.

Sales and Marketing initiatives

During lockdown, several businesses in the hospitality industry suffered: many were obliged to close for extended periods; some lost a significant number of customers and staff; and all of them faced significant financial challenges. GlenWyvis continued to operate throughout and strengthened its online offering.

Raising Awareness

The challenge now facing the Distillery is to raise brand awareness afresh, as well as giving people a compelling reason to choose GlenWyvis single malt and GoodWill gin through which they can help the distillery to raise funds for the benefit of its community. This message needs to be reinforced at all levels within the trade as well as with our members - - especially those living in the vicinity of Dingwall.

Our own feedback from stockists and customers at events suggests that there is much more work to be done locally to promote both our products and the GoodWill Fund. In a sense, we have to '*own our own backyard*' first before expanding further afield; but we have to balance that with support for our international distributors.

Despite our online social media presence - - followings of 10,400 on Facebook and 3,500 on Twitter - - we need to do much more work to be able to exploit the opportunity which this affords. A new website in early 2023 will help modernise our homepage and webstore and will substantially upgrade the technology behind it. We predict that this will make the online shop experience easier for customers to navigate and improve our online sales performance. The benefits of this include providing more features to support our members and the resources available to the GoodWill Fund.

Events

Attending events, such as all of the premier local and national Whisky Shows, is a high priority in reaching out to existing and new customers, telling them about the brand and the community benefit. So too is sponsorship. Many of these shows involve collaboration with distributors who will then order our product and increase our reach.

More focused advertising and better utilisation of our website traffic management should also extend our reach towards new customers.

Voluntary Help

In our 2020 shareholder survey, one of the questions was directed at voluntary help from members. In fact, over 100 respondents indicated a willingness to help with sales, events, blogs and tastings - - then Covid happened and we couldn't exploit these offers. There is an opportunity for one of our members to become a **Volunteers' Coordinator** to help us communicate with members willing to offer practical help - - so that they can be given basic training and be allocated to events within reach of their locality in conjunction with a member of GlenWyvis staff. We intend to advertise this position in the coming months.

Community Involvement

At the heart of the GlenWyvis ethos is our desire to foster community involvement with the Distillery. We want the Distillery to be intrinsically connected with Dingwall and the Scottish Highlands. This can take many forms, including:

- making the Distillery more accessible to visitors and townspeople alike,
- providing a venue where other local businesses can showcase their produce, products and services on a shared-facility basis,
- creating new jobs whether part time or full time, and
- creating a tourist experience which will draw visitors to the area

The Distillery is first and foremost a community-owned distillery. It was created through the vision of a local resident. Enthusiastic investors generously gave it financial support. If we count the support given by members living within 30 miles from the distillery, over a third of the share capital and nearly one-sixth of the bonds were provided by over 1,400 members; yet they feel it is remote from its community, partly because of its location and the difficulties of access to the site. It has created direct employment for five local people (on an equivalent full-time basis); its products have won awards and wide acclaim; and it has exported to Germany and Japan and will shortly export to New Zealand.

Creating a visitor experience should give local people the opportunity to share the facility to provide an outlet for their talents - - whether in catering, craft retailing, or becoming driver/guides - - and giving them the use of some meeting place facilities on a shared-cost basis.

The Management Committee is well aware that there are good reasons why the planning authority did not approve the previous proposal for an onsite visitor centre - - not least the steep access by a narrow, winding road which has no pavements, and its distance from the High Street. An earlier venture, '*Basecamp*' in the High Street, illustrated some of the challenges faced by a standalone facility, particularly in keeping it staffed potentially for seven-day trading and able to support evening events.

It has been a cornerstone of our development proposals that a future visitor centre should combine shuttlebus access to the Distillery, a warehouse and a bottling centre for the efficient use of staff resources, and be located in an area where there is good road access for heavy vehicles, tour buses and private cars. For pedestrians, ideally it should also be on a bus route, and within easy walking distance from the railway station and the High Street. It needs to be able eventually to support seven-day trading and evening opening.

The long-term development plan, Vision 2030, produced by the Dingwall Community Development Company, has set out the parameters for encouraging inward investment to the town. GlenWyvis Distillery believes that its future development should be influenced in accordance with these guidelines.

Community Outreach

During the planning of these facilities, the Management Committee will be open to consider whether to make provision in the design to support community outreach initiatives yet to be discussed and defined - - these could include the provision of facilities for meetings of clubs and societies and hosting some social events.

On a different level, GlenWyvis Distillery has benefitted from a great deal of advice and information received from people and organisations which have long established experience in the arena of community benefit societies. Consequently, we are willing to provide shared services - - access to our accounting and management reporting systems on a cost-sharing basis to any other community distillery in the UK (although those producing small-volume white spirits such as gin, rum and vodka which have no long-term maturation requirements may require less complexity than we do).

Beauty Research

A Highlands natural skincare business has used the research expertise of Robert Gordon University (RGU) to infuse by-product of the whisky distillation business in its beauty products.
Thorough research and specialisation from RGU's School of Pharmacy and Life Sciences helped discover that the antioxidants extracted from whisky prove beneficial for skin rejuvenation and a natural ingredient to be added to ZAZ & CRUZ's luxury skincare line.

It's thought to be the first time that whisky by-product has been utilised to investigate the antioxidant capacity on cells.

The project came to fruition when Interface, who connect organisations with academia, met with Rebecca Hastings, the owner of ZAZA & CRUZ which was founded in 2013 and specialises in high-quality, natural ingredient skincare.

The independent business was launched from Inverness and successfully operates under the ethos of making customers feel confident in their skin with a unique and natural blend of ingredients that not only rejuvenate and moisturise but also shield against cellular damage and anti-ageing.
*Having approached several whisky distilleries to no avail, it was one local to Rebecca, **GlenWyvis Distillery** in Dingwall, that gladly agreed to be part of the project and supply samples for testing.*

Funded through an innovation voucher via the Scottish Funding Council, the research results found that placing the nutrients and polyphenols from whisky in skincare can help to boost the skin; fight free radical damage from the environment; reduce inflammation and puffiness; and calm redness in the skin. The innovative use of whisky extract was initially inspired by the beneficial effects on the skin that the sake yeast fermentation process was proven to have by a Japanese company in the 1970s. It was that which sparked a further conversation between Rebecca and representatives at Interface.

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The GoodWill Fund

The GoodWill Fund is a core function of GlenWyvis Community Benefit Society. Under the leadership of Dr Jock Ramsay, our volunteers have set out full terms of reference for the administration of applications to the GoodWill Fund for grants to local worthy causes under our three beneficiary headings:

1) **Educational Element:** Support the learning needs of disadvantaged children in Ross-shire
2) **Cultural Element:** Provide education and information about the culture, history and society of Ross-shire
3) **Entrepreneurial Element:** Encourage economic activity in the IV postcode area

We launched the scheme publicly in early January 2023, with a deadline for applications to be received by Friday 3 March 2023. There is a specific landing page added to the GlenWyvis website for the exclusive use of the GoodWill fund.

To date we have raised over **£45,600** for the Fund, and in addition we raised **£9,000** for the Cornerstone charity at our 'Midsummer Night's Dram' event in June 2022. We are very proud of our achievements in this regard and are determined to do more.

GoodWill Levy

It is a matter of deep concern to us that the contributions to the GoodWill Fund may fall as a consequence of our production and sales cap. With reduced annual sales volume, the existing levy is unlikely to contribute more than £11,000 annually to the fund. Our funding has been achieved as a voluntary levy of 5% on all online sales - - justified by the fact that direct sales do not attract the commissions and discounts which would otherwise be paid to distributors or wholesalers. This levy was decided upon to generate momentum.

In the light of this, the Management Committee will also consider alternative proposals - - including an understanding of how important our members consider the community benefit to be, how we might increase the proportion of the levy, whether we should move to a share of profits by way of a community dividend, or whether we should seek to augment the fund by inviting direct donations from our members and the public.

Our share offer is expected to be available through a commercial platform like Crowdfunder - - which supported both previous offers - - as well as the GlenWyvis website. The bond offer will only be available through the GlenWyvis website. The Management Committee is considering setting a levy on the funds raised through the website, equivalent to the rate charged by the commercial partner, for the benefit of the GoodWill Fund.

How much do we need to raise?

The Distillery needs to raise £4 million by 2032 to commit to and implement the **Baseline** plan at a constant production rate of five mashes per week. This is proposed to be funded by the issuance of £2.5 million in new shares and £1.5 million in two bond offers.

Details of our profit forecasts for this scenario are shown in Appendix A. Figure 16 is a summary which shows our expected **Baseline** outcome at five mashes a week after the fundraising.

	Baseline Forecast for year ended 31 December									
Baseline - - 5 mashes	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Income Statement	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Turnover	833.0	780.2	886.2	921.5	975.1	1,010.2	1,030.6	1,067.3	1,075.1	1,094.5
Gross Profit	450.0	402.4	481.9	450.1	488.7	503.9	516.9	532.9	538.6	528.9
Other Income	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2
Administrative expenses	(481.2)	(548.1)	(385.3)	(399.7)	(412.6)	(412.6)	(412.6)	(412.6)	(412.6)	(412.6)
Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit / (Loss)	(21.0)	(135.5)	106.8	60.6	86.3	101.5	114.5	130.5	136.1	126.4

Figure 15 - - Baseline Forecast Income Statements

The Management Committee has constructed a forecast balance sheet as Figure 17 showing the projected growth in the whisky stockpile, as well as the increased share capital and debt funding. Utilising our present borrowings to the full and generating profits from operations is insufficient - - and the negative numbers show an anticipated cash requirement in 2031-32.

	Baseline Forecast for year ended 31 December									
Baseline - - 5 mashes	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Balance Sheet	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Fixed Assets	2,798.1	2,870.3	2,815.4	3,714.3	3,609.1	3,500.8	3,393.9	3,278.8	3,160.3	3,053.9
Cash	746.9	1,305.2	951.7	602.3	142.9	7.3	7.3	7.3	(109.7)	(350.0)
Whisky Stockpile (at cost)	1,252.2	1,625.8	2,006.4	2,438.2	2,894.6	3,339.8	3,798.8	4,263.7	4,738.5	5,186.4
Current Assets	187.6	191.4	196.0	200.5	209.6	208.4	210.5	210.9	207.8	213.5
Current Liabilities	(221.8)	(303.1)	(301.2)	(355.8)	(307.9)	(308.2)	(308.8)	(308.9)	(305.4)	(306.2)
Long-term Liabilities	(1,445.3)	(1,453.5)	(1,381.8)	(2,308.5)	(2,226.6)	(2,379.6)	(2,673.1)	(2,946.5)	(3,103.3)	(3,135.7)
Total Assets	3,317.6	4,236.2	4,286.4	4,291.0	4,321.8	4,368.4	4,428.6	4,505.3	4,588.2	4,661.9
Share Capital	4,599.7	5,653.7	5,597.1	5,541.1	5,485.7	5,430.8	5,376.4	5,322.6	5,269.4	5,216.7
Reserves	(1,282.0)	(1,417.5)	(1,310.7)	(1,250.1)	(1,163.9)	(1,062.3)	(947.8)	(817.3)	(681.1)	(554.7)
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Worth	3,317.6	4,236.2	4,286.4	4,291.0	4,321.8	4,368.4	4,428.6	4,505.3	4,588.2	4,661.9

Figure 16 - - Baseline Forecast Balance Sheets

GlenWyvis Distillery Baseline Cash Flow Forecast

Our cash flow forecast is based upon adding on average about £430,000 to the whisky stockpile every year through to 2032. Figure 18 demonstrates that, after fundraising, we shall remain cash positive until 2030. The cash flow assumes that we shall be able to rollover about 75% of the Series A 4% Members' Bonds as they mature in 2025-27. We may need to issue further bonds to cover the projected shortfall in 2031-32 to maintain distilling operations at the level of 5 mashes a week.

Baseline - - 5 mashes Cash Flow	2023 (000)	2024 (000)	2025 (000)	2026 (000)	2027 (000)	2028 (000)	2029 (000)	2030 (000)	2031 (000)	2032 (000)
	Baseline Forecast for year ended 31 December									
Opening Cash Balance	79.6	739.5	1,297.9	944.3	595.0	135.6	0.0	0.0	0.0	(117.0)
Cash Receipts	2,447.9	2,163.9	1,121.2	2,306.6	1,263.4	1,246.0	1,269.3	1,306.3	1,315.8	1,333.6
Growth of Whisky Stockpile	(342.6)	(373.6)	(380.6)	(431.9)	(456.4)	(445.2)	(458.9)	(464.9)	(474.8)	(447.9)
Cash Outflows	(1,294.1)	(1,232.0)	(1,094.2)	(2,224.1)	(1,266.5)	(1,173.5)	(1,191.3)	(1,205.9)	(1,209.2)	(1,257.1)
(Repayment)/Advance of RCI	(151.2)	0.0	0.0	0.0	0.0	237.1	381.0	364.5	251.2	131.1
Closing Balance	739.5	1,297.9	944.3	595.0	135.6	0.0	0.0	0.0	(117.0)	(357.3)

Figure 17 - - Baseline Cash Flow Forecast

In the near term, through to the end of 2025, our forecasts include commitments totalling £2 million, made up of the following:

- £1.1 million of stockpiling
- recruitment and training costs of up to £400,000 to fund incremental resources.
- an estimated £100,000, including preparatory surveys and feasibility studies, to provide security of supply of electricity and water ahead of the proposed production capacity increase in 2025.
- We estimate that the cost of raising new share capital, including the costs of professional fees, payment provider fees and shareholder incentives will be about £200,000.
- £175,000 in cumulative servicing costs for the new bond offers.

Capacity Expansion

Background

As previously discussed, in the 2021 business plan and under agreements with our Landlord, the Distillery will move to nine mashes a week from 2025.

This will lead to a 60% increase in our maturing spirit stockpile and a doubling of our warehouse space requirement by 2032.

At some point around the mid-2030s, we expect the total warehouse requirement will plateau as the 2025 production capacity increase works its way up through the vintages to 10 years old and beyond. There will come a point at which annual additions to the maturing stockpile will roughly balance annual releases for sales of bottled vintage whisky.

New Facility

It is essential that we begin preparation for a projected new facility now. The Management Committee is considering a proposal for a new facility, which has the capability to accommodate significant warehousing space, a bottling facility and a visitor centre on a site nearer to the centre of Dingwall than Upper Dochcarty. It offers adequate access and parking for heavy vehicles, tour buses, delivery vans and private cars. The total facility cost could be in the region of £3 million - - which may be capable of being financed over 15 - 20 years.

Experience tells us that there will be a lot to do in terms of obtaining planning approvals, building warrants and other permissions before going out to tender for costings and the appointing contractors. The fees for these could easily run to £200,000.

The ideas are in the concept development stage and much more work needs to be done to bring forward a feasible plan, but first impressions are very encouraging. The warehouse facility offers an area of 600 sqm - - which is three times the footprint of our onsite warehouse and should accommodate roughly 240,000 LAA. We consider that would satisfy the distillery's storage requirements until 2029. With the capacity expansion, it is probable that the need for a further warehouse would be triggered by that time. There may be opportunity for the Distillery to defray some of its costs by offering short-term warehousing to other small Highland distillers.

Options to buy or lease are on the table for discussion. First sight warehouse building costs are expected to be in the region of £1 million.

There is enough space on the site to accommodate another warehouse and both a **visitor centre** and a **low-volume bottling plant.**

The Management Committee is considering a new visitor centre proposal which could create a bespoke facility adjacent to the warehouse and bottling plant mentioned above. It is thought that it would be more straightforward to achieve planning consent on a site already zoned for industrial use and with easy road access and adequate visitor parking facilities. It has the distinct advantage of being about three-quarters of a mile from Dingwall High Street, or a mile from the station, which puts it within walking distance.[10]

There is much work to do to evaluate the economics of this project, and there are several challenging questions, including how many visitors want to experience the physical sight, sounds and smell of the distilling operation itself, as opposed to those who want to enjoy tasting the product, learning about the history and culture of distilling single malt whisky, shopping for whisky, gin or related merchandise, or perhaps having a coffee and a light bite socially with friends in a convivial atmosphere. For those who definitely want the distillery tour, it may be possible to take groups of about 8-10 people at a time by minibus to the Distillery.[11]

It takes time to build up such a facility - - for example, an established whisky distillery 25 miles away, which has an installed capacity more than twelve times the size of GlenWyvis, publicly claims to have steadily grown its visitor numbers to 10,000 in 2019 (from a standing start 10 years earlier).

If built at the same time as the new warehouse and bottling facility mentioned above, the total cost of the development of both facilities is believed to be in the region of £3 million. Once again, the opportunity to lease or buy such a facility exists, and the Management Committee would want to research opportunities to benefit from grants or loans on favourable terms.

If approved, this scheme would create a second site for GlenWyvis, leaving Upper Dochcarty dedicated to production plus the existing warehouse, and would minimise traffic flows to the level which is essential for operations. The creation of a separate visitor centre will create a well-publicised tourist experience and

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[10] *The distillery site is two miles from Dingwall High Street, with a narrow road up a steep hill as its approach, and no pavement for safe pedestrian access.*
[11] *This is considered to be the maximum number who can be safely escorted around the Distillery at any one time.*

provide managed scheduled distillery tours escorted by trained guides. The proximity of the warehouse to the visitor centre could open up potential for specialist tasting experiences enhancing the visitor experience.

On a first sight assessment, it is reasonable to assume that the combined new facilities could create ten jobs - - two warehouse and bottling operators, two shuttlebus drivers/tour guides, two shop staff and two catering staff. If seven-day trading and extended working hours - - for at least the peak season - - were permitted, these numbers could grow further. New employees would also require to be trained in the necessary skills and be able to work on a shift system which could eventually support seven-day trading, with adequate absence cover. There is opportunity for some part of these services to be outsourced to other local businesses - - particularly the retail and catering elements - - and the driver/guide service may be suited to appropriately trained part-time volunteers at the height of the tourist season. For now, this is open to further discussion.

Low-volume bottling facility

Creating a low-volume bottling plant would allow GlenWyvis to be flexible enough to bottle investors' casks on maturity as well as much of its own gin and whisky. Our existing facilities are rudimentary and unsuited to cask handling. We believe that a better-equipped facility could provide us with the flexibility to bottle spirits in low volume batches - - improving the service we offer to our many private cask investors - - and a key motivator is to create at least two incremental jobs in the local area. Further study is required to assess fully the economic benefits of this proposal versus continuing to outsource bottling to established large-scale activities in Scotland's central belt. Generally, large-scale bottling plants discourage handling firkins and quarters, which many of our private investors hold, because these small casks just increase the amount of manual handling the large-scale bottlers must do to support a bottling run.
Given the recent growth in small craft distilleries in the Highland area, that there may be opportunities to provide a bottling service to other companies and the directors are willing to review this as an additional source of income.

Here is a summary of the outlook for the Capacity Expansion Plan:

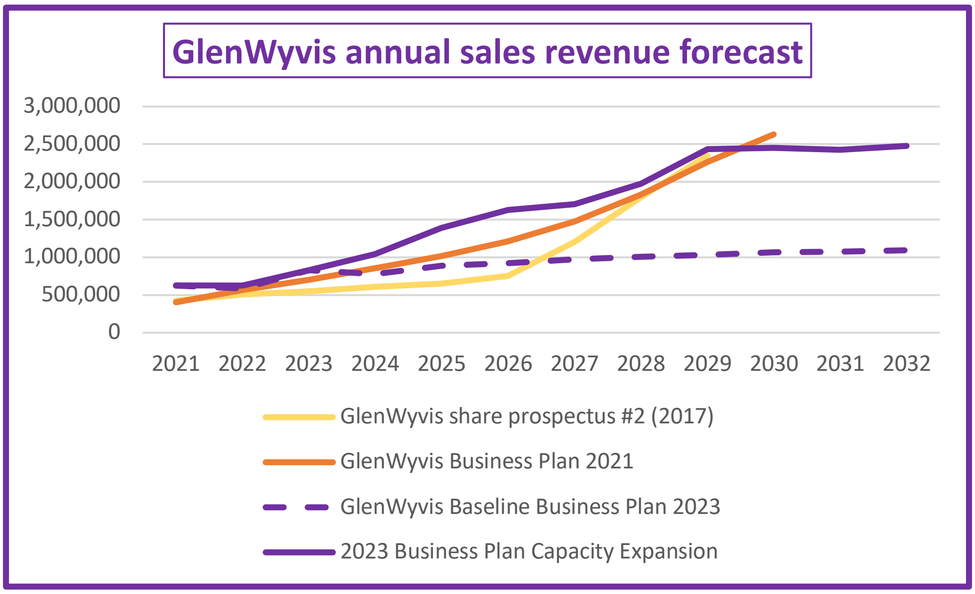


Figure 18 - - Capacity Expansion Sales Revenue Forecast

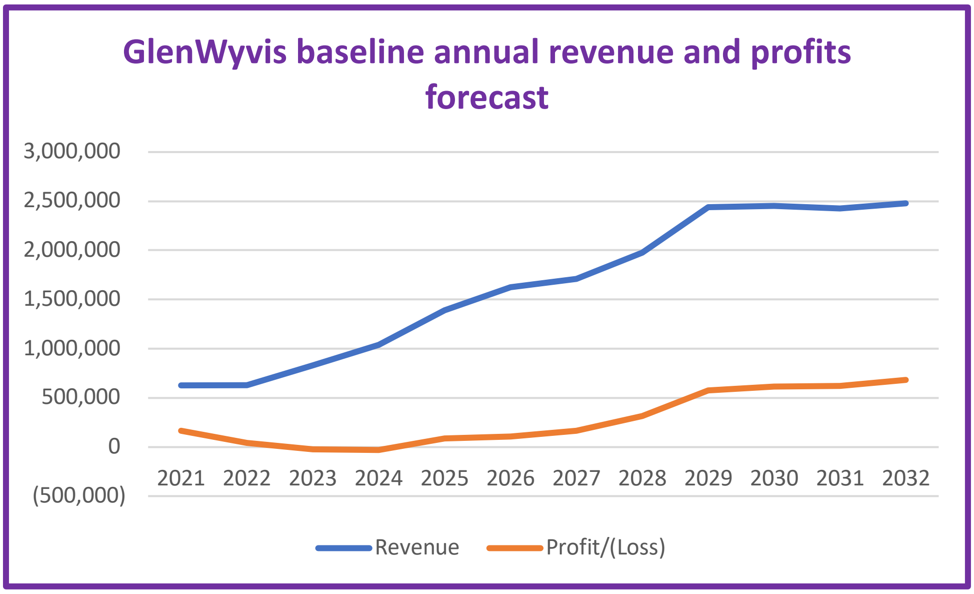


Figure 19 - - Capacity Expansion Plan Sales revenue and profits

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Income Statement	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Turnover	778.8	842.4	870.9	870.3	932.4	966.4	987.8	1,028.0	1,762.2	2,484.4
Gross Profit	399.3	429.3	465.3	455.7	493.7	507.8	510.6	533.8	996.0	1,428.2
Other Income	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2
Administrative expenses	(362.9)	(311.3)	(361.8)	(376.4)	(390.3)	(391.8)	(396.5)	(399.9)	(517.4)	(547.4)
Interest	(12.1)	(33.6)	(34.0)	(25.3)	(30.9)	(33.2)	(29.8)	(32.5)	(34.3)	(28.7)
Net Profit / (Loss)	34.5	94.6	79.7	64.2	82.7	93.1	94.6	111.7	454.5	862.3

Figure 20 - - Capacity Expansion Forecast Income Statements

Balance Sheet	2023 (000)	2024 (000)	2025 (000)	2026 (000)	2027 (000)	2028 (000)	2029 (000)	2030 (000)	2031 (000)	2032 (000)
Fixed Assets	2,732.4	2,694.8	2,614.1	2,816.9	2,717.4	2,899.6	2,780.0	2,937.1	2,798.5	2,672.3
Current Assets	1,049.9	972.8	1,026.1	829.2	985.7	1,077.8	1,423.3	1,359.6	1,338.1	1,195.1
Current Liabilities	(574.5)	(553.1)	(554.4)	(584.2)	(638.8)	(866.0)	(1,042.7)	(1,069.4)	(1,045.1)	(1,046.7)
Long-term Liabilities	(1,559.0)	(1,408.2)	(1,336.4)	(1,284.5)	(1,240.2)	(1,230.0)	(1,219.8)	(459.5)	(449.3)	(439.1)
Total Assets	1,648.8	1,706.4	1,749.4	1,777.3	1,824.1	1,881.5	1,940.9	2,767.7	2,642.2	2,381.6
Share Capital	3,704.4	3,667.3	3,630.7	3,594.4	3,558.4	3,522.8	3,487.6	3,452.7	3,418.2	3,384.0
Reserves	(2,055.5)	(1,961.0)	(1,881.2)	(1,817.1)	(1,734.4)	(1,641.3)	(1,546.7)	(685.0)	(776.0)	(1,002.4)
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Worth	1,648.8	1,706.4	1,749.4	1,777.3	1,824.1	1,881.5	1,940.9	2,767.7	2,642.2	2,381.6
Whisky Stockpile (at cost, incl	1,265.5	1,623.8	2,089.3	2,626.2	3,156.3	3,697.4	4,254.8	4,836.5	5,312.8	5,662.4

Figure 21 - - Capacity Expansion Plan Forecast Balance Sheets

Cash Flow	2023 (000)	2024 (000)	2025 (000)	2026 (000)	2027 (000)	2028 (000)	2029 (000)	2030 (000)	2031 (000)	2032 (000)
Opening Cash Balance	79.6	739.5	1,297.9	944.3	594.9	135.5	0.0	0.0	0.0	(117.1)
Cash Receipts	2,447.8	2,163.9	1,121.2	2,306.6	1,263.4	1,246.1	1,269.2	1,306.3	1,315.8	1,341.0
Cash Outflows	(1,636.7)	(1,605.5)	(1,474.8)	(2,656.0)	(1,722.8)	(1,618.7)	(1,650.2)	(1,670.8)	(1,684.1)	(1,705.0)
(Repayment)/Advance of RCI	(151.2)	0.0	0.0	0.0	0.0	237.1	381.0	364.5	251.2	131.1
Closing Balance	739.5	1,297.9	944.3	594.9	135.5	0.0	0.0	0.0	(117.1)	(350.0)

Figure 22 - - Capacity Expansion Plan Cash Flow Forecast

These tables demonstrate clearly how the Distillery can more effectively recover its original objectives with an increase in production come 2025. This requires both additional fundraising and the cooperation of our Landlord but we believe that these goals can be achieved with the support of our members.

What is the fundraising plan?

Members' Bonds

Why Members' Bonds?

We believe that we should keep things 'in the family' as far as possible. We want all bondholders to have their interests closely aligned with those of our shareholders. Therefore we have stipulated in the bond offer that it is only open to shareholders. If someone wants to invest in the bonds, they must become members of the Society and we shall recommend that they apply for the minimum shareholding of £250 on their bond investment between the minimum £1,000 and £4,000; for £500 of shares for bond investments from £5,000 to £9,000; and for at least £1,000 of shares on bond investments of over £10,000.

Although there is a clear preference to raise new money by the issuance of shares, GlenWyvis Distillery received advance authorisation from HMRC for Social Investment Tax Relief (SITR) on new debt totalling £1.5 million. To date, bond and shareholders have benefitted from £510,000, leaving £990,000 still available. This means that we can offer up to £990,000 of GlenWyvis Distillery Limited Members' Bonds which will attract SITR on a 'first-come, first-served' basis; the rest will not be eligible for SITR. We plan to offer two bonds - - £750,000 at 5.5% which will mature in equal instalments on their 5th, 6th and 7th anniversaries from the date of issue, with the final redemption taking place in mid-2030; and £750,000 at 6.25% which will mature in equal instalments on their 8th, 9th and 10th anniversaries from the date of issue, with the final redemption taking place in mid-2033. Because these bonds will carry entitlement to SITR, 30% tax relief will be available to UK taxpayers, making their net investment 70% of the gross amount. That makes the effective bond yields equivalent to 7.86% and 8.57% per annum respectively.

SITR Relief Deadline

Members wishing to take advantage of SITR will need to ensure that their **cash is received by GlenWyvis Distillery before Wednesday 5 April 2023**, because SITR tax relief will be withdrawn by HMRC and cease to be available immediately thereafter.

New Shares

The Management Committee has authorised a Third Share Offer with the objective of raising £2.5 million to ensure the growth of GlenWyvis Distillery and its ability to recover some of the lost ground since it was founded.

EIS Relief Availability

We remain in discussion with HMRC to confirm our eligibility for Enterprise Investment Scheme (EIS) tax relief at 30% for UK taxpayers on new shares issued. We are hopeful of a positive outcome, given that the first two share offers qualified. The Management Committee considers that the risk factors - - which HMRC use as criteria for eligibility - - have not changed significantly since then.

Share and Bond Offer costs

Based on experience, we expect the fundraising platform will charge at least 2.5% on the share capital raised through that route. Added to that will be 2.5% fees for the payment providers. If we achieved our £3.5 million fully, the costs would be £175,000. In addition, we expect that marketing through the offer period to keep the proposal visible and enticing could cost about £50,000.

We reviewed the timetables for our previous fundraisings. These are described in Appendix C. Share Offer #1 was open for 18 months; Share Offer #2 for 24 months; and Series A Members' Bond Offer was open for 12 months. In the absence of any better guidance, our cash flow projections assume that we will raise the share capital over 18 months, and we have assumed that 40% of the bond money will arrive in first quarter 2023, because of the SITR eligibility deadline; with the remainder coming in by mid 2024.

Share Rewards

Again, based on prior experience, we believe that share rewards will help investors to choose to invest in GlenWyvis - - even if their principal motivation is rather more altruistic.

Share Offer #1 gave investors the opportunity to obtain bottles of gin or whisky, distillery tours (subsequently withdrawn because planning consent had not been granted), helicopter tours and tastings, and T shirts. For those who invested £5,000 or more, there was a whisky cask the size of which was dependent on the level of investment.

Share Offer #2 gave investors bottles of gin and whisky plus GlenWyvis glasses. For those who invested £5,000 or more, there was a whisky cask the size of which was dependent on the level of investment.

For Share Offer #3 we have followed similar principles and have drawn up the following proposal:

	Investment Level	Member's Benefits
A	£250 - £450	Membership of GlenWyvis Distillery gives you part ownership of a Highland single malt whisky distillery, the first community-owned whisky distillery in the world A single vote in all Members' Meetings The right to subscribe for Members' Bonds The right to participate in the Members' Annual Meeting The right to elect directors The opportunity to become a director, subject to your being able to demonstrate appropriate skills and experience Entitlement to Members' discount for online purchases from the GlenWyvis website shop
B	£500 - £950	All of A above, plus one 50cl bottle of a unique release of GoodWill cask-matured gin delivered in 2024
C	£1,000 - £2,450	All of A above, plus **one** 70cl bottle of a unique release of 2018 GlenWyvis cask-strength single cask whisky for delivery in 2025, along with **two** GlenWyvis whisky glasses
D	£2,500 - £4,950	All of A above, plus **three** 70cl bottles of a unique release of 2018 GlenWyvis cask-strength single cask whisky for delivery in 2025, along with **two** GlenWyvis whisky glasses
E	£5,000 - £9,950	All of A above, plus **six** 70cl bottles of a unique release of 2018 GlenWyvis cask-strength single cask whisky for delivery in 2025, along with **six** GlenWyvis whisky glasses
F	£10,000 - £19,950	All of A above, plus **one** firkin cask of your choice from our single cask offer
G	£20,000 and above	All of A above, plus **one** quarter cask of your choice from our single cask offer

Shares

The shares in the Society are issued in accordance with the Rules. A copy of the Rules is available for inspection on the Society's website. These may be amended from time to time with the consent of members attending a Special Members Meeting. Every effort is made to ensure that all members have the opportunity to review and participate in this process by electronic means if they are unable to attend the physical meeting in Dingwall.

Shares

Shares are not transferable, except on death or bankruptcy.

Withdrawable Shares

GlenWyvis Shares are withdrawable under certain conditions at the sole discretion of the Management Committee, subject to the Rules of the Society, including:

a) *Members must have held shares for a minimum of three years*
b) *Members must give three month's notice*
c) *The Management Committee may set a ceiling for total withdrawals in each financial year*
d) *Withdrawals must be funded from trading profits, reserves or new share capital raised from Members*
e) *The Society's policy on withdrawals deals with requests in the order in which they were received*

Shares will never go up in value but they could have their value reduced to zero if GlenWyvis Distillery *was to fail.*

Interest on Shares

Investors can expect a reasonable rate of return on their investment. The level of interest is expected to be in the range 2.5 - 4% and will be set by the Management Committee of GlenWyvis Distillery *annually, subject to adequacy of its reserves, the profitability of the business and its demands for operating cash. The directors will make a statement on this topic at each Annual Members' Meeting.*
Membership of GlenWyvis Distillery *is open to individuals, corporate bodies, voluntary organisations and public sector investors.*

UK Tax incentives

If you are a UK income tax payer, you may be eligible for tax relief at 30% on your investment through the Enterprise Investment Scheme (EIS) - - a government-backed scheme which is designed to encourage investment in smaller companies. Provided that HMRC approves our application for eligibility (as they did with our previous share offers), investors will be able to apply for the relief in the tax year in which their investment is made, subject to their own personal tax circumstances (which may affect the amount of relief which can be claimed). It is the individual's responsibility to make the claim; GlenWyvis cannot do this on your behalf. If you are in doubt about how to proceed, you should consult your own professional tax adviser. If you buy shares as a gift, the recipient (if a UK income taxpayer) will have the right to claim any relief.

HMRC rules state that shares must be held for at least three years from their date of issue to maintain eligibility for EIS; if this is not met, HMRC may withdraw the relief. It is your responsibility to declare to HMRC any income received from your investment. Any tax incentives remain subject to HMRC rules on eligibility.

Section 3 - - Risk Assessment

General

As GlenWyvis Distillery has been incorporated as a Community Benefit Society with limited liability, the liability of its members will be limited to the amount paid for their shares. However, prior to making any decision to subscribe for shares in GlenWyvis Distillery, you should carefully consider, together with all other information contained in this document, the specific risk factors described below which are considered to be material.

However, these risk factors are not set out in any particular order of priority and the list should not be regarded as exhaustive or a complete and comprehensive statement of all potential risks and uncertainties associated with the scheme. Additional risks and uncertainties that are not presently known or which are currently deemed immaterial may also have an adverse effect on operating results, financial condition and prospects.

Key Risks - - Financial targets

a. **Share and bond offers attract insufficient funding** **Level - - High**

   Mitigation - - in the present challenging economic climate, many investors are careful where they put their money. The Management Committee has worked hard to emphasise the real community benefits which it can bring to the Dingwall and wider Ross-shire area; to make membership as attractive as possible; to price the bond interest competitively; and to vigorously pursue eligibility to available tax reliefs for UK taxpayers.

   There is a natural breakpoint between continuation of production at the present rate of 5 mashes per week conservative plan and the expanded rate of 9 mashes per week. Your directors recommend that we proceed to the higher production level - - but recognise that we can only do so if we attract enough investment to be able to commit to that. The Management Committee will carefully consider opportunities to fund expansion through lease versus buy options, or to raise funds from grants, low-cost loans, or from commercial funders at higher rates of interest in order to bring home their plans.

b. **External disruptive factors** **Level - - High**

   Mitigation - - the Management Committee has robustly defended the interests of members in the face of existential threats, or when production or normal business activity has been disrupted - - whether by fire, water shortage, electricity supply issues, and Landlord dispute.

This may also impact on the following paragraph '**f**'. It will continue to seek ways to resolve these issues amicably, but if needs be it will seek the protection of its fundamental rights in law.

c. **Sales fall short of expectations either in volume or timing** **Level - - Moderate**

Mitigation - - the conservative forecast is driven by limited production, which constrains product availability in the marketplace. International distributors are being recruited to manage distribution into export markets and resources are being added internally to develop and increase brand awareness through specialist whisky retailers in the domestic market.

d. **Forecast sales price is unachievable** **Level - - Moderate**

Mitigation - - if funds permit, we will slow down sales to take advantage of any anticipated future rise. The market for craft distilled single malt whisky is currently vibrant, and we consider our prices to be well positioned when compared to the market.

e. **Gross margins come under pressure** **Level - - Moderate**

Mitigation - - our accounting system has been completely overhauled and the discipline of monthly revies of performance with the Management Committee mean that there is regular scrutiny of results to detect margin deterioration early and take appropriate corrective action either to reduce production costs or increase prices to recover target margins, or a combination of both.

f. **Administrative expenses increase** **Level - - Moderate**

Mitigation - - when this happens, it is important to look for offsetting expense reductions in other activities, review opportunities to improve product margins or sell assets (such as cask inventory) to make up the forecast shortfall.

g. **Threats to GlenWyvis Distillery's 'going concern' status** **Level - - Low**

Mitigation - - several members of the Management Committee have direct, relevant experience of business turnaround and the management of distressed businesses. They are aware of the signs and symptoms of operational and financial distress and know how to take prompt action to deal with these. Since March 2019, when GlenWyvis Distillery was in imminent danger of collapse, it has been actively managed through to recovery and to making its first ever profit - - despite a number of challenges along the way including those listed in '**b**' above as well as the global pandemic. During the four audit cycles we have experienced, the ability of GlenWyvis to assure its 'going concern' status has been robustly and professionally examined and tested annually.

Key Risks - - Continuity of production

h. **Staffing levels** **Level - - HIgh**

Mitigation - - The distillery requires at least one fully-trained operator at all times with working knowledge of GlenWyvis-specific practices. We currently employ a distillery operator and a distillery manager who are capable of running a full production day, and they alternate shifts and holidays to provide cover. It would not take a lot for sickness or emergency to result in an overlap, resulting in shutdown.

We propose using additional funding to bring on and train a second operator to provide redundancy and the ability to increase available production hours.

k. **Water** **Level - - Medium**

Mitigation - - GlenWyvis has historically faced water shortages from its onsite borehole during dry summer months, when the water table is at its lowest and both distillery and farm demand is at its highest. This has resulted in reduced production to preserve water or, in worst cases, complete shutdown.

GlenWyvis has commissioned expert help to assess the drilling prospects for a new borehole, as well as a back-up connection to mains water supply. The distillery proposes to use additional funding to secure a second borehole more suitable for increased production, with the option to use mains water as a backup.

l. **Compliance** **Level - - Medium**

Mitigation - - As the distillery's production, staff and exposure grow, its continuing requirement for various compliance will grow as well (including HSE, HMRC, HAACP, GDPR), requiring increasingly more time and expertise.

The distillery proposes to continue training staff in all aspects, but to use additional funding to secure reliable consultants who can ensure the business grows within its means.

m. **Supply chain** **Level - - Medium**

Mitigation - - As with most small businesses, GlenWyvis relies on a complex supply chain of raw materials to produce both its spirit (barley, yeast and casks) and its finished product (glass, cork, cartons, labour, and postage). Small volume orders often command higher pricing but, in times of supply chain crises, can also result in large delays or order shortfalls.

The distillery aims to use additional funding to secure higher volume, longer-term contacts on valuable materials and house them off-site when possible.

i. Interruption of electricity supply from Landlord's renewables **Level - - Medium**

Mitigation - - The Management Committee has commissioned an expert report on how to utilise its existing high-voltage connection to the grid to connect directly to the distillery, instead of to the landlord's control box; and to retain a supply of his renewables as granted under the original share prospectuses and the lease. It has also requested a feasibility study and costings to set up its own renewable energy supplies from solar and wind energy.

j. Mechanical breakdown **Level - - Low**

Mitigation - - The distillery is modern and highly-efficient, but at the expense of high inter-dependency. Many mechanical failures can result in loss of production or complete , temporary shutdown. An annual maintenance programme, primarily fulfilled by external, specialist contractors, exists and is expected to be refined as general wear-and-tear becomes more predictable. The distillery works with several local contractors for emergency breakdown repairs, and proposes to use additional funding to expand its inventory of spares or standby parts to avoid long lead times for replacement parts for items on the critical list.

Section 4 - - Meet the GlenWyvis Team

Staff

Matthew Farmer has been distillery manager since September 2020, bringing with him over 10 years of distilling experience, mostly in the American whisk(e)y industry. Growing up in Argyll, Matthew moved back to Scotland with his wife and 2 young daughters during Covid to take a role at GlenWyvis. He currently enjoys not finishing his coffee at Frankie & Lola's and pointing at the giant fish in the botanic gardens.

Josh Fraser Josh hails from Conon Bridge; making for a short commute to the distillery. He has been with GlenWyvis since the early years, playing a part in most areas of the business as Office Manager. With a keen eye for detail and excellent organisational skills, Josh's role is paramount to the everyday running of the Distillery.

Craig Macritchie Craig has been with GlenWyvis Distillery from the very start. Born and raised in Kiltarlity he originally worked at the whisky shop in Inverness before following in his grandfather's footsteps into the whisky industry. Craig works in production where he keeps a close eye on all of our operations.

Lindi Konoso Born and raised in Inverness, Lindi moved to Glasgow in 2011 where she received a degree in Marketing and began a career in the exhibitions and events industry before returning to the highlands in 2020 to set up home in Dingwall. Lindi is excited to bring fresh ideas from her experience in sales, marketing, and events to GlenWyvis.

Kay Graham Originally from Angus, Kay moved to Cannich with her family nearly 28 years ago. She joined the distillery in 2020 as part-time bookkeeper. She formerly worked in chartered accountants' practices for a variety of businesses and charities. When not making sure everything is accounted for and reconciled at the Distillery she enjoys Sudoku (sad she knows!) and the cinema.

Gord Nisbet Gord is a genuine bean counter! Early in his career he was sent to stocktake at a coffee wholesaler - - 3 days counting coffee beans. Since then he has worked in many areas: construction, transportation and produce processing & distribution.

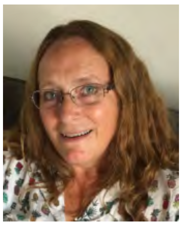
In 2022 Gord returned from Canada to his roots in Inverness, where he now enjoys exploring the Highlands and new hobbies such as 3D printing and modelling.

Committee Members and Volunteers

Jan Thomson In June 2022 Jan was elected onto the Standards Committee of GlenWyvis. Before retiring Jan owned and operated a small hotel in Sutherland for 15 years, prior to that she progressed through sales and management finally running a UK company within Johnson & Johnson Healthcare. As a member, Jan is passionate about the ethics of Goodwill!

Ann Mills-Duggan Semi-retired, Ann has been working for a grant-giving organisation for the past 11 years and has wide experience of assessing and reviewing funding proposals. She has been a welcome addition to the GoodWill Fund committee.

Frances Nixseaman Frances lives near Dingwall and was elected onto the GoodWill Fund Committee in 2022. She has been a Children's Panel member, foster carer, youth worker and, after graduating, worked in several charities going into strategic development for childrens' services in Highland and overseas.



Marnie Vincent is the Minutes Secretary. When not otherwise engaged in doting on her new grandchildren - - who are the source of great joy - - she keeps members of the Management Committee in check and makes sure all papers are in order.

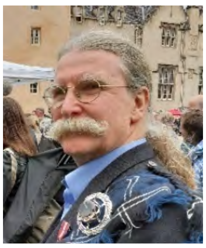
Directors

David Graham David has been Chairman since October 2019. He worked in various finance roles for Ford Motor Company, was finance director of Aston Martin Lagonda, and became an independent turnaround practitioner across several business sectors, before retiring. He was brought up in Inverness and is also a whisky collector and speaker.

David McIntyre David was elected in June 2021 and appointed to Vice-Chair in September 2022. David is a mechanical engineer and until last year a Partner in an international construction consultancy. In addition, to managing the technical services part of the business, David has been appointed many times as an expert witness in relation to complex multi-million dollar construction disputes.

Dickon Sandbach Dickon was first elected as a director in 2019, and has been Treasurer since then. He moved to Kiltarlity, Inverness-shire in 2018, following his retirement as Senior Partner in a firm of Chartered Accountants. He has considerable experience working with and in businesses and charities.

David Allan David Allan is a solicitor with fourteen years experience in commercial and company law, supporting businesses both large and small, and is currently Legal Counsel for Gamma Telecom. David has been a director and Secretary of GlenWyvis since June 2021 and sits on the GlenWyvis Standards Committee.



Dr Jock Ramsay Jock is a retired GP with 30 years of NHS service as a partner in Gairloch and as a Highland locum who enjoyed working in Dingwall. He has an interest in archaeology and is a keen metal detectorist. A member of GlenWyvis since its inception, he joined the Board in 2022, with responsibility for the GoodWill Fund

Euan Donaldson Euan is a commercial lawyer, based in Inverness, and is currently Head of Offshore Legal with an international renewable energy developer. He has previously worked across a broad range of industry sectors, enabling him to develop legal and commercial skills that he is keen to utilise in support of the successful operation of the distillery and the Society's aims.

Mike Evans In 2003 Mike and his family moved to The Highlands to ensure their daughter received a good Highland education and to run their own Accountancy business. Mike now provides his services throughout the Highlands and wants to use his skills to benefit GlenWyvis. He joined the board in 2021.

Andy Fisher is the Managing Director and co-founder of Integra Well Solutions Ltd, and has a wide range of commercial experience covering all aspects of business. He is also a passionate and knowledgeable collector of whisky.

David Norcom is a US financier with extensive experience of the capital markets. He was a substantial contributor to the first share offer and owns several private casks of GlenWyvis. He will be advising the board on several aspects of future capital raising.

Advisers

Accountants

Azets Chartered Accountants, 10 Ardross Street, Inverness IV3 5NS

Bankers

Handelsbanken, Camas House, Fairways Business Park, Inverness IV2 6AA

Clydesdale Bank, First Floor, 30 St Vincent Place, Glasgow G1 2HL

Lawyers

Wright, Johnston and MacKenzie, The Green House, Beechwood Park North, Inverness IV2 3BL

Public Relations

Whale-like-fish, Killearnan, Bogbain, Inverness IV2 5BD

Returning Officer and Community Benefit Society matters

Dave Hollings, CMS Coop, 16-16 Victoria Buildings, Waterside, Darwen BB3 3PA

Recommended by the Management Committee on 6 March 2023,

David Graham, Chairman

Appendix A

Baseline Forecast Income Statement and Balance Sheet, assuming five mashes per week to 2032

Baseline Forecast for year ended 31 December

Baseline - - 5 mashes Income Statement	2023 (000)	2024 (000)	2025 (000)	2026 (000)	2027 (000)	2028 (000)	2029 (000)	2030 (000)	2031 (000)	2032 (000)
Turnover	833.0	780.2	886.2	921.5	975.1	1,010.2	1,030.6	1,067.3	1,075.1	1,094.5
Gross Profit	450.0	402.4	481.9	450.1	488.7	503.9	516.9	532.9	538.6	528.9
Other Income	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2
Administrative expenses	(481.2)	(548.1)	(385.3)	(399.7)	(412.6)	(412.6)	(412.6)	(412.6)	(412.6)	(412.6)
Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit / (Loss)	(21.0)	(135.5)	106.8	60.6	86.3	101.5	114.5	130.5	136.1	126.4

Baseline Forecast for year ended 31 December

Baseline - - 5 mashes Balance Sheet	2023 (000)	2024 (000)	2025 (000)	2026 (000)	2027 (000)	2028 (000)	2029 (000)	2030 (000)	2031 (000)	2032 (000)
Fixed Assets	2,798.1	2,870.3	2,815.4	3,714.3	3,609.1	3,500.8	3,393.9	3,278.8	3,160.3	3,053.9
Cash	746.9	1,305.2	951.7	602.3	142.9	7.3	7.3	7.3	(109.7)	(350.0)
Whisky Stockpile (at cost)	1,252.2	1,625.8	2,006.4	2,438.2	2,894.6	3,339.8	3,798.8	4,263.7	4,738.5	5,186.4
Current Assets	187.6	191.4	196.0	200.5	209.6	208.4	210.5	210.9	207.8	213.5
Current Liabilities	(221.8)	(303.1)	(301.2)	(355.8)	(307.9)	(308.2)	(308.8)	(308.9)	(305.4)	(306.2)
Long-term Liabilities	(1,445.3)	(1,453.5)	(1,381.8)	(2,308.5)	(2,226.6)	(2,379.6)	(2,673.1)	(2,946.5)	(3,103.3)	(3,135.7)
Total Assets	3,317.6	4,236.2	4,286.4	4,291.0	4,321.8	4,368.4	4,428.6	4,505.3	4,588.2	4,661.9
Share Capital	4,599.7	5,653.7	5,597.1	5,541.1	5,485.7	5,430.8	5,376.4	5,322.6	5,269.4	5,216.7
Reserves	(1,282.0)	(1,417.5)	(1,310.7)	(1,250.1)	(1,163.9)	(1,062.3)	(947.8)	(817.3)	(681.1)	(554.7)
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Worth	3,317.6	4,236.2	4,286.4	4,291.0	4,321.8	4,368.4	4,428.6	4,505.3	4,588.2	4,661.9

Forecast Baseline Cash Flow, before New Investment and assuming five mashes a week to 2032

Baseline - - 5 mashes Cash Flow	2023 (000)	2024 (000)	2025 (000)	2026 (000)	2027 (000)	2028 (000)	2029 (000)	2030 (000)	2031 (000)	2032 (000)
Opening Cash Balance	79.6	746.9	1,305.2	951.7	602.3	142.9	7.4	7.4	7.4	(109.7)
Cash Receipts	2,455.2	2,163.9	1,121.2	2,306.6	1,263.4	1,246.0	1,269.3	1,306.3	1,315.8	1,333.6
Growth of Whisky Stockpile	(342.6)	(373.6)	(380.6)	(431.9)	(456.4)	(445.2)	(458.9)	(464.9)	(474.8)	(447.9)
Cash Outflows	(1,294.1)	(1,232.0)	(1,094.2)	(2,224.1)	(1,266.5)	(1,173.5)	(1,191.3)	(1,205.9)	(1,209.2)	(1,257.1)
(Repayment)/Advance of RCI	(151.2)	0.0	0.0	0.0	0.0	237.1	381.0	364.5	251.2	131.1
Closing Balance	746.9	1,305.2	951.7	602.3	142.9	7.4	7.4	7.4	(109.7)	(350.0)

Baseline forecast Whisky Production Volumes (in LAA) assuming five mashes a week to 2032

Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
2017 share prospectus #2	65,000	71,700	78,300	85,000	91,700	98,300	105,000	105,000	105,000			
2021 Business Plan	52,440	52,440	52,440	52,440	78,660	78,660	78,660	78,660	78,660			
2023 Business Plan baseline (5 ma	46,754	39,670	43,130	43,510	43,320	43,320	43,320	43,130	43,320	43,320	43,320	43,510

Baseline forecast Whisky Storage Volumes (in LAA) assuming five mashes a week to 2032

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Third Party owned casks	55,612	60,944	64,526	68,108	71,690	75,272	78,854	82,038	85,222	88,406	91,590
GlenWyvis owned casks	106,827	139,207	173,717	208,037	242,357	276,677	310,807	346,127	381,447	416,767	452,277
	162,439	200,151	238,243	276,145	314,047	351,949	389,661	428,165	466,669	505,173	543,867
Onsite Warehouse	85,525	85,525	85,525	85,525	85,525	85,525	85,525	85,525	85,525	85,525	85,525
Outsourced	76,914	76,914	38,457	0	0	0	0	0	0	0	0
Inchberry	0	37,712	114,261	158,000	158,000	158,000	158,000	158,000	158,000	158,000	158,000
New	0	0	0	32,620	70,522	108,424	146,136	184,640	223,144	261,648	300,342
	162,439	200,151	238,243	276,145	314,047	351,949	389,661	428,165	466,669	505,173	543,867

Baseline forecast Whisky available for sale as 10+ years old before any bottling (in LAA) assuming five mashes a week to 2032

	Forecast Whisky available for sale as 10+ years old (LAA)			
Year	2029	2030	2031	2032
2018 vintage	6,875	6,703	6,535	6,372
2019 vintage		4,373	4,264	4,157
2020 vintage			7,045	6,869
2021 vintage				3,845

Appendix B

Capacity Expansion forecast Income Statement and Balance Sheet with increase to nine mashes a week from 2025

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Income Statement	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Turnover	778.8	842.4	870.9	870.3	932.4	966.4	987.8	1,028.0	1,762.2	2,484.4
Gross Profit	399.3	429.3	465.3	455.7	493.7	507.8	510.6	533.8	996.0	1,428.2
Other Income	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2
Administrative expenses	(362.9)	(311.3)	(361.8)	(376.4)	(390.3)	(391.8)	(396.5)	(399.9)	(517.4)	(547.4)
Interest	(12.1)	(33.6)	(34.0)	(25.3)	(30.9)	(33.2)	(29.8)	(32.5)	(34.3)	(28.7)
Net Profit / (Loss)	34.5	94.6	79.7	64.2	82.7	93.1	94.6	111.7	454.5	862.3

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Balance Sheet	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Fixed Assets	2,732.4	2,694.8	2,614.1	2,816.9	2,717.4	2,899.6	2,780.0	2,937.1	2,798.5	2,672.3
Current Assets	1,049.9	972.8	1,026.1	829.2	985.7	1,077.8	1,423.3	1,359.6	1,338.1	1,195.1
Current Liabilities	(574.5)	(553.1)	(554.4)	(584.2)	(638.8)	(866.0)	(1,042.7)	(1,069.4)	(1,045.1)	(1,046.7)
Long-term Liabilities	(1,559.0)	(1,408.2)	(1,336.4)	(1,284.5)	(1,240.2)	(1,230.0)	(1,219.8)	(459.5)	(449.3)	(439.1)
Total Assets	1,648.8	1,706.4	1,749.4	1,777.3	1,824.1	1,881.5	1,940.9	2,767.7	2,642.2	2,381.6
Share Capital	3,704.4	3,667.3	3,630.7	3,594.4	3,558.4	3,522.8	3,487.6	3,452.7	3,418.2	3,384.0
Reserves	(2,055.5)	(1,961.0)	(1,881.2)	(1,817.1)	(1,734.4)	(1,641.3)	(1,546.7)	(685.0)	(776.0)	(1,002.4)
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Worth	1,648.8	1,706.4	1,749.4	1,777.3	1,824.1	1,881.5	1,940.9	2,767.7	2,642.2	2,381.6
Whisky Stockpile (at cost, incl	1,265.5	1,623.8	2,089.3	2,626.2	3,156.3	3,697.4	4,254.8	4,836.5	5,312.8	5,662.4

Capacity Expansion forecast Cash Flow, before New Investment with increase to nine mashes a week from 2025

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cash Flow	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Opening Cash Balance	79.6	739.5	1,297.9	944.3	594.9	135.5	0.0	0.0	0.0	(117.1)
Cash Receipts	2,447.8	2,163.9	1,121.2	2,306.6	1,263.4	1,246.1	1,269.2	1,306.3	1,315.8	1,341.0
Cash Outflows	(1,636.7)	(1,605.5)	(1,474.8)	(2,656.0)	(1,722.8)	(1,618.7)	(1,650.2)	(1,670.8)	(1,684.1)	(1,705.0)
(Repayment)/Advance of RC	(151.2)	0.0	0.0	0.0	0.0	237.1	381.0	364.5	251.2	131.1
Closing Balance	739.5	1,297.9	944.3	594.9	135.5	0.0	0.0	0.0	(117.1)	(350.0)

Capacity Expansion forecast Whisky Production Volumes (in LAA) with increase to nine mashes a week from 2025

Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
2017 share prospectus #2	65,000	71,700	78,300	85,000	91,700	98,300	105,000	105,000	105,000			
2021 Business Plan	52,440	52,440	52,440	52,440	78,660	78,660	78,660	78,660	78,660			
2023 Business Plan baseline (5 m	46,754	39,670	43,130	43,510	43,320	43,320	43,320	43,130	43,320	43,320	43,320	43,510
2023 Business Plan Capacity Expa	46,754	39,670	43,130	43,510	60,648	77,976	77,976	77,634	77,976	77,976	77,976	78,318

Capacity Expansion forecast Whisky Storage Volumes (in LAA) with increase to nine mashes a week from 2025

Year		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Third Party owned casks		55,612	66,362	83,762	102,962	122,762	142,562	162,362	182,162	201,962	221,762	241,562
2023 Business Capacity Expansion (9 mashes)		106,827	134,377	154,691	189,699	241,435	292,205	338,989	379,149	418,665	457,523	496,460
		162,439	200,739	238,453	292,661	364,197	434,767	501,351	561,311	620,627	679,285	738,022
Year		2023	2024	2025	2026	2027	2028	2029	2030	2030	2031	2032
Onsite Warehouse		85,525	85,525	85,525	85,525	85,525	85,525	85,525	85,525	85,525	85,525	85,525
Outsourced		76,914	76,914	38,457	0	0	0	0	0	0	0	0
Inchberry		0	38,300	76,014	158,000	158,000	158,000	158,000	158,000	158,000	158,000	158,000
New		0	0	0	49,136	120,672	191,242	257,826	317,786	377,102	435,760	494,497
		162,439	200,739	199,996	292,661	364,197	434,767	501,351	561,311	620,627	679,285	738,022
	5 mashes											543,867
												194,155

Capacity Expansion forecast Whisky available for sale as 10+ years old before any bottling (in LAA) assuming nine mashes a week to 2032

Year		2029	2030	2031	2032
2018 vintage		6,875	6,703	6,535	6,372
2019 vintage			4,373	4,264	4,157
2020 vintage				7,045	6,869
2021 vintage					3,845

Appendix C

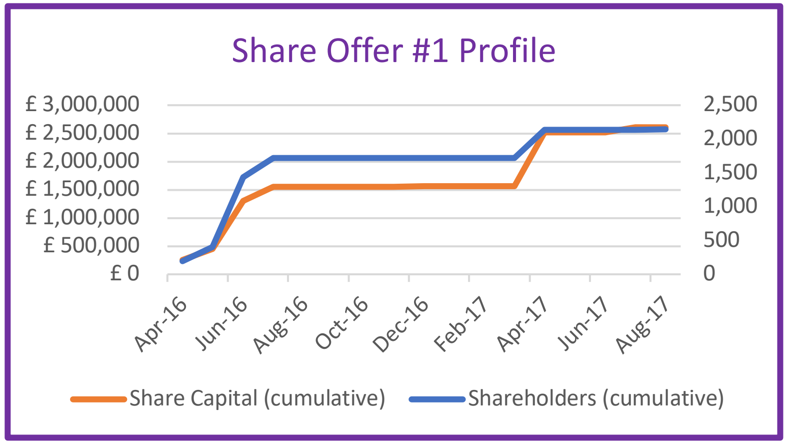
Share Capital Movements

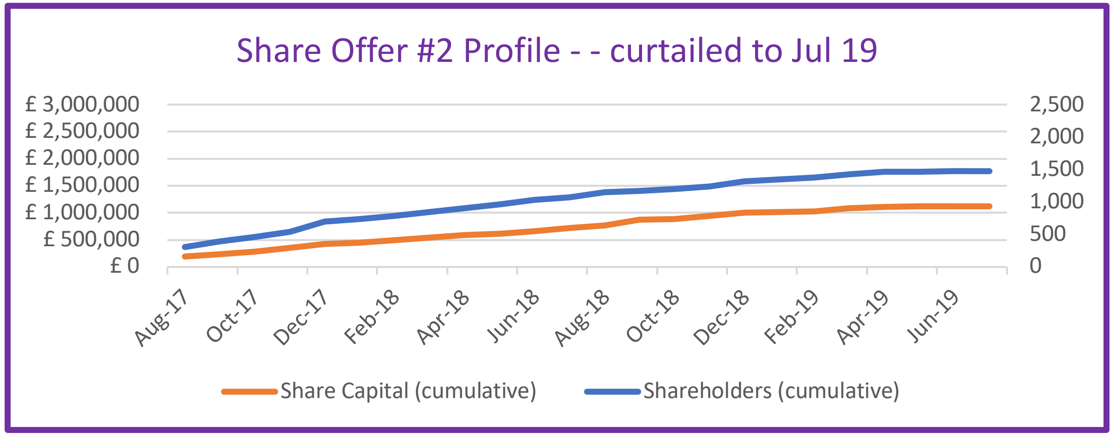
Members and Share Capital

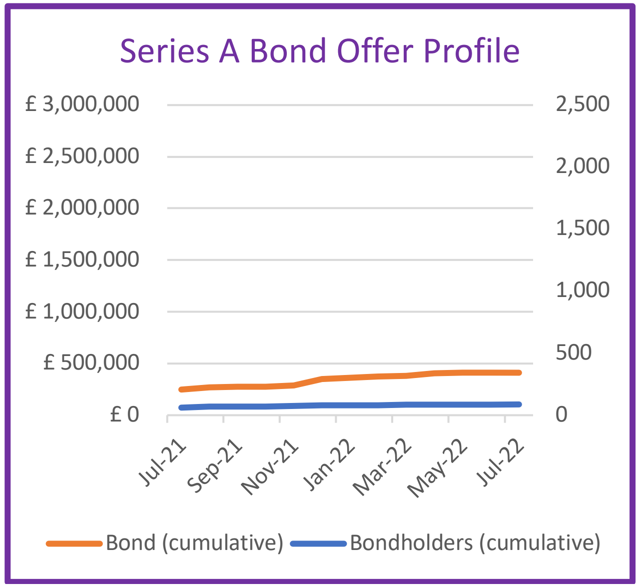
Financial year ended	*30 Apr 17*	*30 Apr 18*	*30 Apr 19*	*30 Apr 20*	*31 Dec 20*	*31 Dec 21*	*31 Dec 22*
				Number of Members			
Members at the beginning of the year	0	2,145	3,063	3,626	3,633	3,627	3,624
Members joining	2,145	918	563	9	0	2	1
Members leaving	0	0	0	(2)	(6)	(5)	0
Members at the end of the year	2,145	3,063	3,626	3,633	3,627	3,624	3,625
From Audited Accounts				Invested Share Capital			
Share capital at the beginning of the year	£ 0	£ 2,570,800	£ 3,214,050	£ 3,733,900	£ 3,754,650	£ 3,744,400	£ 3,741,550
Share capital added	2,570,800	643,250	519,850	21,500	0	500	250
Share capital withdrawn	0	0	0	(750)	(10,250)	(3,350)	(4,750)
Share capital at the end of the year	£ 2,570,800	£ 3,214,050	£ 3,733,900	£ 3,754,650	£ 3,744,400	£ 3,741,550	£ 3,737,050
Bondholders at the end of the year						78	87
Value of Bonds held at the end of the year						£ 350,000	£ 411,000

Share and Bond Offer Profiles

These graphs show the period of time over which our previous funding offers raised money for GlenWyvis







GLENWYVIS

DISTILLERY

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