

05.10.20.



**The British Honey Company plc
("British Honey", "BHC" or the "Company")**

2020 Interim Results for the 5 month Period ended 31 August 2020

Revenues up 440%; Net cash of £3.45 million at period-end;
Well positioned for profitable growth;

The British Honey Company plc, the producer of premium British Honey, Honey-infused spirits and alcohol sanitiser products, is pleased to announce Interim Results for the five-month period ended 31 August 2020. These are the first interim results since its successful IPO and admission to trading on the Aquis Growth Exchange in March 2020.

Commenting on the Interim results, British Honey's CEO, Michael Williams said:

"Like so many other businesses, the largest single influence on the period has been the Covid-19 pandemic, which has been prevalent throughout. I am pleased to report that the Company reacted quickly and positively last March to the changed economic environment and its effects on "on-premise" spirits sales, switching spare production capacity to alcohol-based sanitiser products and enhancing its online spirits offering both in terms of direct B2B sales and the integration of the Company's proprietary software systems into third party online systems. These included Ocado, Amazon and The MidCounties Co-operative. This strategy proved to be very successful."

Key points (financial)

- Oversubscribed Placing and IPO in March 2020 raising £4.25m for the Company
- Revenue from continuing operations during the period increased over 440% to £1.04 million (2019: £0.19 million)
- Gross profit increased twelvefold to £0.69 million (2019: £0.057 million)
- Operating loss before exceptional items halved to (£0.345 million) (2019: (£0.612 million))
- Healthy net cash position at period-end of £3.45 million

Key points (operational)

- Further expansion into huge US spirits market with Collaboration Agreement and subsequent Share-Swap with List Distillery LLC of Florida
- Joint-venture Agreement with Cottisford Limited; expansion into whiskey production with second distillery and bonded warehouse under construction, with completion in 2021
- Exclusive international Licensing Agreement signed with English Heritage

On current trading and prospects, Mr Williams added:

"The Company is well placed to adapt to the continuing uncertainties surrounding Covid-19 and for further profitable growth. It is financially robust, with a strong cash position, an extensive and growing premium quality spirits range, a flexible business model and a highly skilled workforce.

"With ongoing changes to the behaviour of consumer spending, the Company is also able to deploy the necessary resources and investment to meet this demand and to drive its growth strategy forward, maximising the opportunities available to it. I look forward to reporting on further progress at the year-end."

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Notes to Editors

About British Honey Company

Launched in 2014, BHC is famed for its award-winning fruit and honey infused spirits, marketed under the Keepr's brand. Many of the Keepr's spirits are infused with BHC's proprietary British Honey from its fully traceable apiaries. The impressive spirits range with seasonal lines spans eight gins, four vodkas, two rums, two bourbons and a whiskey. All of BHC's spirits are distilled onsite in the company's specially customised Still. In March 2020 BHC diversified its product range by developing its first alcohol sanitiser product in the UK in response to the Covid-19 outbreak. This was produced using BHC's excess alcohol supplies and under authorisations obtained from HMRC to use denatured alcohol for alcohol sanitiser use.

THE BRITISH HONEY COMPANY PLC
(The ‘Company’)
INTERIM RESULTS

The British Honey Company PLC is pleased to provide its interim results for the five-month period ending 31 August 2020. As previously announced, the accounting reference date has been changed from 31st March to 31st December. The next statutory financial statements will be prepared for the 9 months ended 31 December 2020. The Company has been authorised by Aquis Stock Exchange to prepare interim financial statements for the 5 months to 31 August 2020 as a result of the shortened 9-month accounting period.

Chief Executive’s Report

Like for so many other businesses the largest single influence on the period has been the COVID-19 pandemic, which has been prevalent throughout. This caused the Company’s ‘on premises’ sales to be curtailed as some of these venues were forced to close. It also pushed consumer spending online as customers strived to reduce their time in supermarkets and convenience stores. The Company therefore sought to enhance its online offering both in terms of direct B2C sales but also the integration of the Company’s software systems into third party online systems such as Ocado, Amazon and The Midcounties Co-operative. This strategy has proved very successful.

Total revenue for the period was £1.044M, of which c.£500,000 was derived from the sales of alcohol sanitiser which significantly exceeded management’s expectations. Production commenced at the end of March in response to exceptional demand and available distilling capacity, with the temporary reduction in “on-premises” spirits sales being more than compensated for. During the past three months, spirits sales have increased with the partial relaxation of Covid-19 restrictions, whilst hand sanitiser sales, have settled to now account for approximately 10% of sales. We believe that this proportion of revenue will continue for the foreseeable future.

During the year to 31 March 2020 significant time and effort was invested in establishing a broad based and integrated platform for growth in terms of the commissioning of our distillery, the establishment of a bonded warehouse and the development of our bespoke IT system. I am pleased to report that we are now starting to experience some of the financial benefits of the changes that were made during that period. However, we have not rested on our laurels and have during the period under review further developed our platform, with the aim to continue to provide quality products to our customers, flexibility on new product development and paperless control of all its processes through the bespoke software. The software we have developed is, we believe, unique in the UK market place as it enables the Company to track every element of production to comply with SALSA & HMRC standards. The efficiency of the platform can also be utilised for new brands, either owned by the Company or third parties, as an end-to-end service. For example, it can provide a back-office system to less established producers as well as a means to achieve cost savings for that organisation.

In terms of B2C marketing, the Company has sought to promote its products more frequently and widely through direct mail and social media platforms and has recruited additional personnel to its sales and marketing team. Integration with third party platforms which provide key online sales channels, has been facilitated by the very successful adoption of Shopify which has allowed seamless order management with a number of larger online retail platforms. This has resulted in the Company being able to offer next day delivery for all of the online channels it has integrated into the Company’s system. In particular, throughout July and August 2020, the Company went live on the Amazon Seller Central platform which is already showing promising sales. An additional functionality of Shopify is that it allows the Company to offer wholesale sites and shops for third parties with its platform, further enhancing our ability to service third party brands.

The Company has also been active corporately. Our first move into the huge US spirits market has provided a number of exciting opportunities consistent with the Company’s stated aims at the time of its IPO in March. In the previous period we established a trading relationship with List Distillery LLC in Florida, USA (“List”). This was cemented by the announcement of a joint venture and a share swap in June 2020 which included an option to purchase the remainder of List. This has enabled BHC to expand its product range to include products based on List’s rum, bourbon and rye whiskey and it has also generated export sales of the Company’s London Dry Gin which List is selling through its US distribution channels.

Furthermore, in July 2020 the Company entered into a joint venture with Cottisford Limited to build a whiskey distillery and bonded warehouse on the 3,000 acre Tusmore Estate in Oxfordshire. It is planned that this distillery will utilise the barley and rye grown on the estate and will enter production in 2021. Work to adapt existing buildings on the estate commenced at the beginning of August 2020 and we arranged for the barley from the estate to be transported to our partner distillery in Ballykeefe, Kilkenny, Ireland, which has been used to produce the first Tusmore branded whiskey. This is an exciting development as a whiskey distillery creates a long-term source of revenue that will create a solid foundation on which to build.

The addition of List's products and Tusmore Whiskey were not our only product developments in the period. As we have our own distillery we are able to achieve new product development quickly, which we consider essential in order to respond to market demands in the crowded gin market. The Company has also sought to grow its range of brands organically by creating new flavours for gin and vodka and releasing a new range of Ready-to-Drink (RTDs) products in June 2020 to enter the fast-growing category of Hard Seltzers and Ultra Low Alcohol and take full advantage of changing consumer tastes.

We are actively seeking new opportunities to deploy our new product development skills in partnership with others and are pleased to have signed an exclusive international licence with English Heritage in August to produce and sell spirits and spirit based products under the English Heritage brand. We believe that the brand can be successful both in the UK and abroad and will seek to use our existing international relationships to grow this brand.

The Company's expansion has been carefully managed with a brand strategy established to ensure flexibility within its spirits offering and the avoidance of cross competition. The following diagram demonstrates the strategic branches of our brands.



Financial Report

BHC's positioning of the business for growth over this last financial year is now showing promising results, which is borne out by its financial performance in the period under review. Sales in the 5 months to 31 August 2020 exceeded sales in the previous 12 months, whilst gross profit generated was over two and half times that generated in the last financial year.

For the five-month period ended 31 August 2020 the Company reports a pre-tax loss of £435,459 (five months ended 31 August 2019: loss of £613,409). The Company's cash balance at 31 August 2020 was £3,453,853 (31 March 2020: £4,033,559).

Outlook

We believe the Company is well placed to adapt to the continuing uncertainties surrounding Covid-19, and for further profitable growth. It is financially robust, with a strong cash position, it has an extensive and growing premium quality spirits range, a flexible business model and a highly skilled workforce.

With ongoing changes in the behaviour of consumer spending, the Company is also able to deploy the necessary resources and investment to meet this demand and to drive its growth strategy forward, maximising the opportunities available to it.

I look forward to reporting on further progress at the Year-end.

Michael Williams

Chief Executive

5 October 2020

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

		5 months to 31/08/2020 Unaudited £	5 months to 31/08/2019 Unaudited £
	Notes		
Continuing operations			
Revenue		1,044,168	193,487
Cost of sales		<u>(350,635)</u>	<u>(136,270)</u>
Gross profit		693,533	57,217
Administrative expenses	4	(1,042,721)	(669,519)
Other operating income	5	<u>4,076</u>	<u>-</u>
Operating loss		(345,112)	(612,302)
Exceptional items	4	(90,580)	-
Finance costs		(2,216)	(1,672)
Finance income		<u>2,449</u>	<u>565</u>
Loss before income tax		(435,459)	(613,409)
Income tax		<u>-</u>	<u>-</u>
Loss for the period		(435,459)	(613,409)
Earnings per share expressed in pence per share:	8		
Basic		<u>(4.716)</u>	<u>(15.251)</u>
Loss for the period		(435,459)	(613,409)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the period		(435,459)	(613,409)

CONDENSED STATEMENT OF FINANCIAL POSITION

		31/08/20 Unaudited £	31/03/20 Audited £
	Notes		
Assets			
Non-current assets			
Intangible assets		243,379	231,860
Land, property, plant and equipment		659,724	636,801
Right of use asset		125,195	140,844
Investments at fair value through profit or loss	9	500,000	-
Investments in joint venture	6	50	-
		<u>1,528,348</u>	<u>1,009,505</u>
Current assets			
Inventories		571,697	408,904
Trade and other receivables		317,948	379,053
Income tax recoverable		-	40,398
Cash and cash equivalents		3,453,853	4,033,559
		<u>4,343,498</u>	<u>4,861,914</u>
Total assets		<u>5,871,846</u>	<u>5,871,419</u>
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings		(100,922)	(119,599)
Interest bearing loans and borrowings			
Current liabilities			
Trade and other payables		(242,842)	(417,975)
Financial liabilities – borrowings			
Interest bearing loans and borrowings		(47,319)	(44,864)
		<u>(290,161)</u>	<u>(462,839)</u>
Total liabilities		<u>(391,083)</u>	<u>(582,438)</u>
Net assets		<u>5,480,763</u>	<u>5,288,981</u>
Equity			
Shareholders' equity			
Called up share capital	7	952,546	909,993
Share premium	7	4,764,137	4,306,690
Share based payment reserve		403,382	276,143
Retained earnings		(639,302)	(203,845)
Total equity		<u>5,480,763</u>	<u>5,288,981</u>

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Called up share capital £	Share premium £	Share based payment reserve £	Retained earnings £	Total equity £
Balance at 1 April 2019	346,583	2,317,460	196,792	(1,497,560)	1,363,275
Changes in equity					
Issue of share capital	91,653	642,097	-	-	733,750
Equity-settled share-based payment transactions	-	-	(128,402)	133,416	5,014
Total comprehensive income	-	-	-	(581,108)	(581,108)
Balance at 31 August 2019	438,236	2,959,557	68,390	(1,945,252)	1,520,931
Balance at 1 April 2020	909,993	4,306,690	276,143	(203,843)	5,288,983
Changes in equity					
Issue of share capital	42,553	457,447	-	-	500,000
Equity-settled share-based payment transactions	-	-	127,239	-	127,239
Total comprehensive income	-	-	-	(435,459)	(435,459)
Balance at 31 August 2020	952,546	4,764,137	403,382	(639,302)	5,480,763

CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 31 AUGUST

		31/08/2020 Unaudited £	31/08/19 Unaudited £
Cash flows from operating activities	Notes		
Cash generated from operations	1	(449,597)	(426,559)
Interest element of HP & lease payments paid		<u>(2,216)</u>	<u>(1,667)</u>
Net cash from operating activities		<u>(451,813)</u>	<u>(428,226)</u>
Cash flows from investing activities			
Payments for internally generated software development costs		(22,894)	(17,500)
Payments for the purchase of brand intangibles		-	(1,045)
Payments for the purchase of property, plant and equipment		<u>(89,278)</u>	<u>(113,003)</u>
Proceeds from the sale of for property, plant and equipment		-	-
Payments to acquire investments		-	-
Interest received		<u>2,449</u>	<u>565</u>
Net cash from investing activities		<u>(109,723)</u>	<u>(130,983)</u>
Cash flows from financing activities			
Proceeds from long term borrowings		-	-
Principal elements of finance lease payments		(18,170)	(3,137)
Net proceeds from issue of shares		<u>-</u>	<u>652,006</u>
Net cash from financing activities		<u>(18,170)</u>	<u>648,869</u>
Increase/(decrease) in cash and cash equivalents		(579,706)	89,660
Cash and cash equivalents at beginning of period		4,033,559	499,959
Cash and cash equivalents at end of period		<u>3,453,853</u>	<u>589,619</u>

Non-cash transactions

The Company issued 425,532 shares as a share swap involving the acquisition of 10% of the shares in the List Distillery LLC. See note 9 for further information.

NOTES TO THE STATEMENT OF CASH FLOWS

1. Reconciliation of loss before income tax to cash generated from operations

	31/08/20 £	31/08/19 £
Loss before income tax	(435,459)	(613,409)
Depreciation and amortisation charges	94,813	72,018
Share based payment expenses	127,239	121,268
Gain on disposal of fixed assets	-	-
Net finance costs/ (income)	233	(1,107)
	(213,174)	(421,230)
Increase in inventories	(162,793)	(36,711)
Increase in trade and other receivables	101,503	43,126
Increase in trade and other payables	(175,133)	(11,744)
Cash generated from operations	(449,597)	(426,559)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Statutory information

The British Honey Company Plc is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page. The Company completed a capital reduction under Section 642 of the Companies Act 2006 on 1 January 2020, cancelling the share premium into retained earnings as a distributable reserve.

2. Basis of Preparation

The condensed interim financial statements have been prepared in accordance with the requirements of the AQSE Growth Market Rules. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The interim financial information set out above does not constitute statutory accounts. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Statutory financial statements for the year ended 31 March 2020 were approved by the Board of Directors on the 5th October 2020

Going concern

On 16 March 2020 the Company completed an initial public offering on to the AQSE Growth Market raising gross proceeds of £4,250,037. These funds are intended to provide working capital to the business during its current growth period. The directors consider that these funds, along with improved trading subsequent to the year end, are sufficient to fund the Company for a period of twelve months from the signing of this report.

In response to the impact the COVID-19 pandemic has had on the global economy and the beverage sector, the Company has reviewed its activities and expenditures for the coming months. The Company has diversified its product offering to include the production and sales of hand sanitiser, which has made a significant contribution since the year end.

Given the Company's cash position and diversified activities and notwithstanding the severity of the economic impact of COVID-19, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continues to adopt the going concern basis in preparing its financial statements.

Accounting policies

The same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 March 2020 except for the impact of the adoption of the Standards and interpretations described below and new accounting policies adopted as a result of changes in the Company.

New standards and interpretations not yet adopted

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and not early adopted.

Standard	Impact on initial application	Effective date
IAS 1	Classification of Liabilities as Current or Non-Current.	1 January 2022

**Subject to EU endorsement*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company.

New and amended standards adopted by the Company

The following standards were adopted by the Company during the period:

- IAS 1 & IAS 7 (amendments) - Definition of material

Of the IFRSs and IFRICs adopted in the period, none have had a material effect on the Company or the future Financial Information.

Accounting judgements and estimates

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 22 of the Statutory Financial Statements for the year ended 31 March 2020.

3. Dividends

No dividend has been declared or paid by the Company during the five months ended 31 August 2020 (2019: nil).

4. Administrative expenses

	31/08/2020	31/08/2019
	Unaudited	Unaudited
	£	£
Advertising	98,088	43,615
Accountancy fees	4,610	2,200
Consultancy	32,668	66,475
Depreciation & amortisation	94,813	72,018
Heat & light	6,891	5,635
Insurance	7,009	19,631
IT costs	16,381	6,044
Legal & professional fees	12,528	2,508
Listing Fees	34,162	-
Motor expenses	13,384	14,799
Printing, postage & stationery	47,826	15,442
Rent & rates	27,574	29,760
Salaries & wages cost	471,724	230,067
Telephone & internet	5,465	4,845
Travel & subsistence	9,206	16,795
Shared based payment expense	127,239	121,265
Other expenses	33,153	18,423
	1,042,721	669,519

Exceptional items of £90,580 have been incurred in the period. These relate to:

Product development	2,745
Acquisition due diligence costs, legal and financial advisors	65,772
Joint Venture Costs	7,956
Software development	14,107
	90,580

5. Other operating income

Other operating income includes the recharge of expenses with a gross margin of 8% incurred in relation to the joint venture agreement with Tusmore Collection Limited as outlined in Note 6. The Company has incurred costs of £46,873 in relation to the joint venture and has accrued other operating income of £50,949 which will be recharged to the joint venture entity.

6. Joint venture

During the period, the Company entered into a Joint Venture Agreement with Cottisford Limited (“Cottisford”), the Company’s largest shareholder, controlling 20% of the Company’s issued share capital. Under the agreement, the Company and Cottisford will have equal ownership of a newly incorporated JV vehicle, Tusmore Collection Limited into which each party has committed to invest up to £1m.

The joint venture did not generate any revenue in the period.

Name of Entity: Tusmore Collection Ltd

Address of the registered office: Unit 3 Vista Place, Coy Pond Business Park, Poole, Dorset, BH12 1JY

% of ownership interest: 50

Nature of relationship: As above

Measurement Method: Equity

Investments in joint ventures	31/08/2020 (£)	31/08/2019 (£)
As at 1 April 2020	-	-
Investment additions	50	-
Share of profit/(loss)	-	-
As at 31 August 2020	50	-

7. Share capital and share premium

	Number of shares	Ordinary Shares (£)	Share Premium (£)	Total (£)
Issued and fully paid				
As at 1 April 2019	3,465,830	346,583	2,317,460	2,664,043
Shares issued during the period	916,530	91,653	642,097	733,750
As at 31 August 2019	4,382,360	438,236	2,959,557	3,397,793
As at 1 April 2020	9,099,930	909,993	4,306,690	5,216,683
Share swap – 15 July 2020	425,530	42,553	457,447	500,000
As at 31 August 2020	9,525,460	952,546	4,764,137	5,716,683

8. Loss per share

The calculation of the total basic loss per share of 4.716 pence (2019: 15.251 pence) is based on the loss attributable to equity owners of the company of £435,459 (2019: £613,409) and on the weighted average number of ordinary shares of 9,233,430 (2019: 4,022,112) in issue during the period.

No diluted earnings per share is presented as the effect on the exercise of share options would be to decrease the loss per share.

9. Investments at fair value through profit or loss

The acquisition of shares in List Distillery LLC, shown in Investments, is accounted for at fair value through profit or loss. The agreement was made on 15 July 2020, therefore any fair value adjustments are considered to be immaterial as at 31 August 2020 and cost has been assumed to be the fair value.

Investments at fair value	31/08/2020 (£)	31/08/2019 (£)
As at 1 April 2020	-	-
Additions	500,000	-
Disposals	-	-
As at 31 August 2020	500,000	-

10. Fair value of financial assets and liabilities measured at amortised costs

Financial assets and liabilities comprise the following:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

The fair values of these times equate to their carrying values as at reporting date.

11. Commitments

All commitments remain as stated in the Financial Statements for the year ended 31 March 2020.

12. Subsequent events

There were no disclosable transactions or events subsequent to the 31 August 2020.

13. Approval of interim financial statements

The condensed interim financial statements were approved by the Board of Directors on 5th October 2020