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Artisanal Spirits Company PLC (The)
16 September 2021

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The Artisanal Spirits Company plc

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

Half Year Results

Strong trading and well-positioned to deliver full year performance in line with market expectations

The Artisanal Spirits Company (AIM: ART), the owner of The Scotch Malt Whisky Society ("SMWS"), the leading curator and provider of premium single cask Scotch malt whisky and other spirits for sale primarily online to a discerning global membership, is pleased to announce its half year results for the six months ended 30 June 2021.

Financial highlights:

- Revenue increased 20% to £7.9m (H1 2020: £6.6m), slightly ahead of management's expectations
  - Strong international sales growth, particularly in the US with performance boosted by the suspension of US tariffs on imports of single malt Scotch whisky in March 2021
  - Recovery in UK venue & events sales following phased reopening in Q2
  - Excluding UK venues & events, Group revenue grew by 25%
- Gross profit increased 31% to £5.1m (H1 2020: £3.9m). This resulted from the revenue volume growth, as well as the gross margin improvement to 65% (H1 2020: 59%), which reflected the positive impact of the suspension of US tariffs
- EBITDA before exceptional costs ("Adjusted EBITDA") of £0.2m (H1 2020: £0.0m), with planned ongoing investment for growth largely offsetting the increase in gross profit
- Loss after tax of £1.1m (H1 2020: loss of £0.7m), a slight improvement on management's expectations at the time of IPO
- The Group's net debt position as at 30 June 2021 improved to £1.9m (31 December 2020: £13.7m) reflecting the proceeds from the IPO

£'m	**6 months to 30 June 2021**	**6 months to 30 June 2020**	**% change**
Total sales	7.9	6.6	20%
Gross profit	5.1	3.9	31%
Gross margin	65%	59%	6ppt
*Adjusted gross profit**	*5.1*	*4.3*	*20%*
*Adjusted gross margin**	*65%*	*65%*	-
Adjusted EBITDA	0.2	0.0	nm
Net Debt	(1.9)	(13.7)	nm

*Excluding the impact of US tariffs

Operational highlights:

'000s	30 June 2021	31 December 2020	% change
UK members	13.4	13.7	(2%)
International members	15.3	14.6	4%
Total members	**28.7**	**28.3**	**1%**

- Successful admission to AIM in June 2021, raising £15m of proceeds for the Company
- Continued strong international member growth
- Following the decline in UK member numbers during Q1, four consecutive months of UK member growth to period end:
    - Q2 UK recruitment more than double that of the corresponding period in the prior year
- Demand from European members remained robust, despite Brexit related challenges
- Over £1m investment in spirit stock post-Admission, continuing to build on the Group's vast and unique range of outstanding single cask Scotch malt whiskies
- Record number of awards across this year's International Wine & Spirits Competition and Ultimate Spirits Challenge, two of the most prestigious competitions in the global whisky calendar
- Bottled more product in the first six months of 2021 than in the entirety of 2019 (and up by almost 60% on H1-20), positioning the Group well to meet growing demand
- Key senior hires made including new Marketing and e-Commerce Director (non-board position) and completion of the Group's company culture project, helping to codify and communicate the Company's purpose, ambition and values.

Post-period highlights:

- Growing demand and trading momentum in international markets and continuation of strong progressive recovery in UK venue & events give confidence in ability to meet market expectations for the full year
- Total membership up 4% (International +6% and UK +2%) in the eight months to August 2021 (29,400) with:
    - Focus on high growth high margin markets (China +25% and US +13%)
    - Continued rebound in UK member numbers now up 9% from the low point in Q1.
- Continued decisive progress against strategic objectives outlined at IPO
    - Ongoing material investment (over £1m) in spirit and cask wood. The Group now holds 100% of the stock we plan to sell through to the end of 2026 (up from 95% at the time of the IPO).
    - Heads of terms agreed for 10-year lease of new facility as part of the Group's strategy to improve margins by in-sourcing more elements of its supply chain
    - First orders for JG Thomson, the Group's new blended malt Scotch whisky brand, from wholesale customers and the direct-to-consumer e-commerce website
- Record number of awards across this year's Spirits Business' Luxury Masters, including a top prize and three gold medals for the Group's new JG Thomson range

David Ridley, Managing Director of the Company, said:

"Momentum in key international markets continues to build on the back of growing demand for our products and we have seen a strong and sustained recovery in UK venue & events sales since their phased reopening from COVID from mid-May onwards, giving us confidence in meeting market expectations for the full year. While Brexit continues to present some logistical challenges for exports to certain EU markets, we continue to work through them.

From an operational perspective, we continue to make decisive progress against the strategic objectives outlined at the time of IPO, with ongoing material investment in spirit and cask wood and good progress with our new supply chain facility, standing us in excellent stead for the future.

We are still at the very beginning of our journey as a listed company, but we have made a bright start. Against a backdrop of favourable market trends, we are optimistic about our ability to realise our growth ambitions to double ASC sales between 2020 and 2024, and we look forward to keeping shareholders updated as we work to deliver long-term value."

Investor presentation

The Company is hosting a live private investor presentation on Friday 17 September 2021 at 1:00pm BST. All existing and potential private investors interested in attending are asked to sign up to Investor Meet Company via the following link:
https://www.investormeetcompany.com/the-artisanal-spirits-company-plc/register-investor

A video overview of the results from the Managing Director, David Ridley, and Finance Director, Andrew Dane, is available to watch here: https://www.fmp-tv.co.uk/2021/09/15/artisanal-spirits-interim-results/

Enquiries:

The Artisanal Spirits Company plc — via Alma PR
David Ridley, Managing Director
Andrew Dane, Finance Director

Singer Capital Markets (Nominated Adviser and Sole Broker) — Tel: +44 (0) 20 7496 3000
Sandy Fraser
Rachel Hayes
George Tzimas
Asha Chotai

Alma PR (Financial PR) — Tel: +44 (0)20 3405 0205
Josh Royston — artisanalspirits@almapr.co.uk
David Ison
Harriet Jackson
Molly Gretton

About The Artisanal Spirits Company

Artisanal Spirits Company (ASC) is based in Edinburgh. It owns The Scotch Malt Whisky Society (SMWS) which was established in 1983 and currently has a growing worldwide membership of over 29,000 paying subscribers.

Harnessing the experience of some of the most knowledgeable stewards in the industry, SMWS provides members with inspiring experiences, content and exclusive access to a vast and unique range of outstanding single cask Scotch malt whiskies and other craft spirits, sourced from over 100 distilleries in 20 countries and expertly curated with diligence and care. In 2020 over 85% of Group revenue was generated online, whilst 9% was generated through SMWS's four UK venues.

Having initially proven its premium experience model in the UK, SMWS is now able to offer its unrivalled breadth of distinguished flavours to an expanding international market, with 69% of 2020 sales from outside the UK. SMWS has a growing presence in the key global whisky markets of UK, China, USA and Europe.

ASC is building a portfolio of premium brands that bring together some of the world's best producers with a growing movement of discerning consumers by curating unrivalled collections of craft spirits.

Chairman's Review

Introduction

I'm delighted to be able to introduce our first set of results post IPO and to report on a strong first half which has delivered results which exceeded management's expectations. Given the challenges presented by the ongoing pandemic and the impact that it has had on our venues as well as those posed by Brexit, this is a creditable performance and one which bodes very well for the future. We have successfully grown in the most important global whisky markets while remaining true to our ethos and core values.

IPO

The Company's successful IPO and Admission to trading on AIM was a significant milestone in our history, raising £15 million of new funds to support the Company's growth strategy. We were thrilled to welcome new shareholders, both institutional and retail, including a large number of members of the Scotch Malt Whisky Society. The SMWS is the lifeblood of ASC and in my short time as Chairman, I have been overwhelmed by members' understanding and passion for single malt Scotch whisky and their joy of sharing that enthusiasm with others. I look forward to meeting many more of them - both online and in venues - as we continue to emerge from lockdown restrictions. The funds raised at IPO will enable us to make their experience greater still and we have made a very strong start, investing over £1 million in new whisky stocks and securing a greater inventory of casks. Since the period end we have invested a further £1 million into new whisky stocks and also agreed heads of terms on a new supply chain facility, thereby giving us greater control of our supply chain and providing margin contribution over time.

Awards

We were also delighted that a number of our unique whiskies won awards throughout the year, with record performances at some of the most prestigious competitions, continuing our strong tradition and reflecting the sheer expertise of our curation team which is integral to all that we do. The quality of the SMWS product is the single greatest reason why our membership continues to grow and why our retention rates are so high and it is a great credit to the team that they continue to achieve universal recognition for our outstanding whiskies.

People

The IPO would not have been possible were it not for the hard work and commitment of our staff, against the very difficult backdrop of the pandemic, and on behalf of the Board I would like to offer them my sincere thanks. David Ridley has built a strong team who are clearly passionate about the experiences that we create and it is that passion, combined with the diligence they have shown, which will help us to achieve our growth ambitions. We have invested further in people through the first half, including a new Marketing and e-Commerce Director and, post-period, a new Company Secretary and Legal Counsel. I have thoroughly enjoyed the first few months of working with my new Board colleagues and I am fortunate to be able to draw on the experiences of those who have been at the helm before me. I believe we have the right blend of knowledge and experience to take full advantage of the opportunity ahead.

Managing Director's Review

Introduction

To have delivered such a strong trading performance against a backdrop of pandemic and Brexit-related logistical and administrative challenges whilst also preparing the business for life as a quoted company is testament to the hard work and resolve of our teams and I would like to personally thank them for their efforts.

At the heart of our success, as in previous periods, has been our ability to consistently deliver to our members experiences of the very highest quality and a range of genuinely unique single malt Scotch whiskies that live long in the memory. With the funds raised at IPO, we have the means to take our offering to the next level, providing members with an even greater variety of limited-edition spirits, which is an exciting prospect.

We have proven strategies for growth both in our UK home market and internationally, underpinned by first-class e-commerce capabilities and set against a global backdrop of growing interest in premiumisation, particularly in our chosen whisky markets. Looking ahead, we will need to continue to navigate the challenges we are facing - particularly where Brexit is concerned - but the situation is getting progressively better, and with momentum in trading and member numbers growing, I am optimistic about our ability to meet our ambitions for the second half and beyond.

Strategic progress

The Group has already made excellent progress against the strategic objectives outlined at IPO, particularly in acquiring more spirit and cask wood. Since IPO, we have invested over £2m in new spirit from some of the world's leading distilleries, around £250k in new cask wood (in particular sherry seasoned casks). The Group has also accelerated our bottling output and by the end of June 2021 we had already bottled more product in 2021 than we did in all of 2019 (and by the end of August had produced as much as during 2020). This puts us in a strong position to take advantage of growing demand across our markets, benefiting members and investors alike.

Post-period, as part of our strategy to improve the margin profile of the Group by in-sourcing more of elements of our supply chain, we agreed heads of terms on a 10-year lease for a new supply chain facility. Design work and the process of sourcing equipment is currently underway, with the installation scheduled to begin at the start of 2022. The facility is expected to become fully operational later that year.

As stated at IPO, a key facet of our long-term growth strategy is to extend our addressable market by launching complementary but independent brands. Production of the first 10,000 bottles of JG Thomson, the Group's new blended malt Scotch whisky brand, has been completed, with the first orders from wholesale customers and the direct-to-consumer e-commerce website having been placed. The consumer launch marketing campaign is ready and expected to launch imminently. JG Thomson will not operate under a membership model - in addition to a direct-to-consumer e-commerce offering, it will also be available through traditional channels such as third-party outlets.

Member digital engagement, which developed considerably during the pandemic, continues to be a major strategic focus for the Group. For the majority of our members, it remains the primary means of engagement, and so we continue to proactively explore new and innovative ways to enhance their experience. As restrictions ease and we ramp up the level of in-person engagement, activities such as online tastings will remain a core part of our offering.

Financial Review

We delivered strong revenue growth of 20% in the first half versus the prior year, slightly ahead of management's expectations at the time of IPO. This represented a continuation of the Company's track record of consistent growth with total sales in the six-month period growing to £7.9 million (H1 2020: £6.6m).

International sales grew by 24% to £5.7m (H1 2020: £4.6m), supported by faster rates of growth in both the US and China, the Group's key international markets. UK revenue grew by 12% to £2.3m (H1 2020: £2.0m), with 28% growth in UK online sales more than offsetting the negative impact of COVID-19 on venue sales (in particular during Q1). UK venue & events sales have experienced a recovery following the phased reopening in Q2.

Reported gross profit increased 31% to £5.1m (H1 2020: £3.9m). This primarily reflected the positive impact of the suspension of US tariffs on imports of Scotch whisky in March 2021. There were no tariff costs incurred in H1 2021 versus a negative £0.4m impact on H1 2020. The H1 2021 gross margin of 65% in part reflects the timing of high margin US shipments. Full year FY21 margin is expected to move to nearer the FY 2020 adjusted gross margin of 63%.

Adjusted EBITDA increased to £0.2m in H1 2021 (versus a small loss in H1 2020) with an increase in administrative expenses offsetting much of the gross profit increase. This reflects ongoing investment across the Group, particularly in people and systems, to help support the continued growth of the business. There were also some additional costs incurred at the time of the IPO which were not deemed to be exceptional in nature (for example the employers national insurance costs on the exercise of employee options). Exceptional costs of £0.5m in the period related entirely to legal/professional and other fees associated with the IPO. Overall this resulted in a loss for the period of £1.1m (H1 2020: loss of £0.7m). This was again a slight improvement on management's expectations at the time of the IPO. The growth strategy remains focussed on delivering both revenue volume and gross margin improvement to deliver profitability in the medium term.

Total cash absorbed by operations during H1 2021 was £2.4m (H1 2020: £0.9m). This increase reflected three key factors, namely the exceptional IPO costs, material investment in new spirit stock (in particular post-IPO, with over £1m investment in spirit stock in the latter part of June) and the growth in US debtor balances, reflecting the timing of significant shipments to the US in the latter part of the period. Excluding exceptional costs and working capital movements, the operational cash inflow in H1 2021 was £0.4m (H1 2020: £0.0m).

During the period, the net increase in cash and cash equivalents was just over £1.0m to £3.3m. While total financial liabilities reduced by £10.7m from £15.9m to £5.2m, these liabilities primarily related to the inventory-secured RCF facility (£4.1m at 30 June 2021). The previous asset-based lending facility (£14.8m at 31 December 2020) was available to drawdown or repay on demand and was repaid in full from a new inventory-secured RCF facility during January 2021. As noted in the Company's Admission Document, pending deployment of the proceeds of the fundraising, the proceeds have initially be applied towards reducing outstanding Group borrowings, with the £18.5m inventory secured RCF available for utilisation when required.

Operational Review

£'m	**6 months to 30 June 2021**	**6 months to 30 June 2020**	**% change**
UK online sales	1.7	1.3	28%
UK venue & events sales	0.6	0.7	(17%)
International sales	5.7	4.6	24%
Total sales	**7.9**	**6.6**	**20%**

NB - figures are shown to the nearest £0.1m and therefore totals may appear not to sum

International

SMWS has a growing presence across key international whisky markets including the US, China, Japan and Australia as well as a number of major European markets such as France, Germany and Sweden.

Pleasingly, international sales grew 24% against the corresponding period last year to £5.7m (H1 2020: £4.6m), accounting for 71% of total sales in the first half (H1 2020: 69%). International membership growth was also encouraging, growing 4% to approximately 15,300 (H1 2020: 14,600).

Our strongest territory in the half by sales performance was the US. The US is the largest market in the world and although we are making excellent headway there, we are still only scratching the surface in terms of market penetration. In June, we were buoyed by the US Government's decision to extend the suspension of tariffs on imports of Scotch whisky for a period of five years. This allows us to plan with much greater certainty, as well as having a positive impact on profitability with the Group having budgeted to absorb those costs.

Revenues from China also continued their upward trend. Optimising our route to market and consumer accessibility in the territory has been a key strategic focus, and we are now seeing the benefits of the partnerships we established with purchasing platforms in prior periods filter through strongly both from a sales and member recruitment perspective.

Australia was a stand-out success story for us during the half. We have now transitioned from a franchise model to a wholly-owned subsidiary and, although from a low base, Australia was our best performing market by sales growth. We are also excited about the launch of two unique whiskies created and curated in the territory. The first batch will be released in October 2021 whilst the second will be made available to Australian SMWS members in early 2022. This is the first time that we have bottled Australian single malt whisky in Australia and, if successful, is an initiative that we will look to recreate in other geographies.

In our EU markets, while order demand across the continent as a whole remained steady, as with many UK-based businesses exporting into the EU, we have not been immune to the logistical impacts of Brexit. The bureaucracy associated with exporting products to the EU post-Brexit - particularly where alcohol is concerned and each bottling is considered unique - caused some shipment delays in the half. We also experienced a delay in launching our new dedicated EU website as we waited for clarification on its requirements, which impacted sales in the first month of the year.

Delivering the very best experience to our members is central to everything we do, and to that end our teams have worked tirelessly to anticipate and address issues, ensuring disruption is kept to a minimum. Being largely unchartered territory, it has been a learning process, but we have adapted well and continue to make headway in enhancing and streamlining our EU export operations. As we move through the second half, we are investigating ways to improve availability of stock and the accuracy of estimated delivery times for our members on the continent. This will remain a key strategic focus in the second half. We are incredibly grateful to our members in the affected EU countries, who have shown exceptional patience and understanding.

UK

Overall UK sales in the first half were up 12% on the corresponding period in 2020.

UK online sales grew 28%. While lockdown conditions in the first quarter of 2021 meant sales were up dramatically on the corresponding period in 2020 (pre-pandemic) as people pivoted to digital, encouragingly, we saw double-digit growth maintained in the second quarter even as restrictions eased.

As expected, UK venue & events sales were down 17% in the period as a result of government-mandated closures during the first quarter. Pleasingly, as we predicted at the time of IPO, we saw a progressive recovery following a phased reopening of venues in the second quarter, and trading has continued to improve subsequently in line with management's expectations.

For similar reasons, UK member numbers were down 2% at 30 June 2021 compared to 31 December 2020. Venues have historically been a key recruitment channel for SMWS - in 2019 approximately 1,000 new members joined in-venue - so the closures in the first quarter have had a negative impact. In the second quarter of 2021, as venues began to re-open, we saw recruitment more than double versus the second quarter of 2020, with increased sign-ups both in our venues and online and by 31 August 2021, UK member numbers were up by 4% vs the 30 June 2021 position and 2% vs the 31 December 2020 position.

While we expect the revenue mix in the UK will continue to shift and change as conditions normalise, we continue to see strong growth momentum across both online and in venue, giving us confidence in our ability to make further progress in our home market in the second half and beyond.

Product innovation

Flavour profiling is integral to the Group's proposition and is why whisky lovers choose to become SMWS members. We are obsessed with delivering unique whisky experiences that encompass flavour, variety and quality, and are constantly striving for perfection. In the first half of 2021, we were delighted to receive a record number of awards across this year's International Wine & Spirits Competition and Ultimate Spirits Challenge, two of the most prestigious competitions in the global whisky calendar. Post-period, we had our best ever Spirits Business' Luxury Masters event, taking home a top prize and three gold medals for the Group's new JG Thomson range. This success provides further evidence that the Group's innovative whiskies are among the best in the world. With the funds secured from the IPO, we are working on many and various new and exciting whiskies and experiences for members, and I'm excited to see how they're received in the coming months.

Current trading and outlook

Momentum in our international markets continues to build on the back of growing demand for our products and we have seen a strong and sustained recovery in UK venue & events that has continued into the second half, giving us confidence in meeting market expectations for the full year.

While Brexit continues to present some logistical challenges for exports to certain EU markets, we continue to work through them.

From an operational perspective, we continue to make decisive progress against the strategic objectives outlined at the time of IPO, with accelerated membership acquisition versus the first half, ongoing material investment in spirit and cask wood and good progress with our new supply chain facility standing us in excellent stead for the future.

We are still at the very beginning of our journey as a listed company, but we have made a bright start. Our strategic ambition is to double ASC sales between 2020 and 2024 and, against a backdrop of favourable structural market trends, we are optimistic about our ability to realise that ambition. We look forward to keeping shareholders updated as we work to deliver long-term value.

Consolidated Statement of Comprehensive Income

For the period ended 30 June 2021

£'000	Notes	6 months to 30 June 2021 (Unaudited)	6 months to 30 June 2020 (Unaudited)	Year Ended 31 December 2020 (Audited)
Continuing operations				
Revenue	**6**	**7,946**	**6,614**	**15,026**
Cost of sales		(2,816)	(2,696)	(6,222)
Gross Profit		**5,130**	**3,918**	**8,804**
Selling & Distribution expenses		(1,534)	(1,466)	(2,979)
Administrative expenses		(4,451)	(3,110)	(6,938)
Finance costs		(237)	(232)	(499)
Other income	**7**	151	216	410
Loss on ordinary activities before taxation	**8**	**(941)**	**(674)**	**(1,202)**
Taxation	**10**	(147)	(54)	(418)
Loss for the period		**(1,088)**	**(728)**	**(1,620)**
Other comprehensive income:				
Item that will not be reclassified to profit or loss:				
Movements in cash flow hedge reserve		(56)	(31)	51
Tax relating to other comprehensive profit/(loss)		11	5	(11)
		(45)	(26)	40
Total comprehensive loss for the period		**(1,133)**	**(754)**	**(1,580)**
Loss for the period attributable to:				
- Owners of parent company		(1,198)	(916)	(1,688)
- Non-controlling interest		110	188	68
		(1,088)	**(728)**	**(1,620)**
Total comprehensive loss for the period attributable to:				
- Owners of parent company		(1,243)	(942)	(1,648)
- Non-controlling interest		110	188	68
		(1,133)	**(754)**	**(1,580)**
Basic EPS (pence)	**11**	**(1.8p)**	**(1.8p)**	**(3.0p)**
Diluted EPS (pence)	**11**	**(1.8p)**	**(1.8p)**	**(3.0p)**

The Artisanal Spirits Company plc

Consolidated Statement of Financial Position

For the period ended 30 June 2021

£'000	Notes	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Non-current assets			
Investment property		391	391
Property, plant and equipment		5,658	5,785
Intangible assets		2,555	2,599
		8,604	**8,775**
Current assets			
Inventories		22,967	21,651
Trade and other receivables		3,036	1,956
Forward currency contracts		28	83
Cash and cash equivalents		3,311	2,176
		29,342	**25,866**
Total assets		**37,946**	**34,641**
Current liabilities			
Trade and other payables		(3,311)	(3,157)
Current tax liabilities		(418)	(332)
Financial liabilities	**12**	(133)	(14,963)
Lease liability		(144)	(139)
		(4,006)	**(18,591)**
Net current assets		**25,336**	**7,275**
Non-current liabilities			
Financial liabilities	**12**	(5,031)	(901)
Lease liability		(1,354)	(1,428)
Deferred tax liabilities		(313)	(324)
Provisions		(405)	(404)
Total non-current liabilities		**(7,103)**	**(3,057)**
Total liabilities		**(11,109)**	**(21,648)**
Net assets		**26,837**	**12,993**
Equity			
Called up share capital		174	135
Share premium account		14,938	99
Translation reserve		(53)	(15)

Retained earnings	11,482	12,544
Cash flow hedge reserve	22	67
Other reserves/Options reserve	-	-
Equity attributable to parent company	**26,563**	**12,830**
Non-controlling interest	274	163
Net assets	**26,837**	**12,993**

The Artisanal Spirits Company plc

Consolidated Statement of Cash Flows

For the period ended 30 June 2021

£'000	6 months to 30 June 2021 (Unaudited)	6 months to 30 June 2020 (Unaudited)	Year Ended 31 December 2020 (Audited)
Loss for the period after tax	(1,088)	(728)	(1,620)
Adjustments for:			
Taxation charged	147	54	418
Finance costs	237	232	499
Interest receivable	-	-	(19)
Movement in provisions	(33)	12	2
Share based payments	111	-	51
Depreciation of tangible assets	327	310	683
Amortisation of intangibles assets	128	128	283
Profit/loss on disposal of assets	-	(1)	250
Movement in working capital:			
(Increase)/decrease in stocks	(1,317)	136	(698)
(Increase)/decrease in debtors	(1,532)	125	591
Increase/(decrease) in creditors	647	(1,165)	(655)
Cash absorbed by operations	**(2,373)**	**(897)**	**(215)**
Income taxes paid	(135)	(54)	(327)
Interest paid	(233)	(232)	(477)
Net cash outflow from operating activities	**(2,741)**	**(1,183)**	**(1,019)**

Represented by:			
Operating cashflows before working capital movements	345	41	939
Net movement in working capital	(2,202)	(904)	(762)
Income tax and interest payments	(368)	(286)	(804)
Exceptional costs	(516)	(34)	(392)
Net cash outflow from operating activities	**(2,741)**	**(1,183)**	**(1,019)**

Cash flow from investing activities			
Purchase of intangible assets	(87)	(175)	(437)
Purchase of property, plant and equipment	(199)	(445)	(660)
Purchase of investment property	2	-	-
Proceeds received on sale of fixed assets	-	6	1
Interest receivable	-	-	19
Net cash used in investing activities	**(283)**	**(614)**	**(1,077)**
Cash flows from financing activities			
Asset backed lending drawn down	(10,724)	2,154	1,980
Dividends paid	-	-	(254)
Loan received	93	54	214
Repayment of loan	(71)	(41)	(103)
Share issue	14,878	-	991
Repayment of lease	(69)	(73)	(125)
Net cash from financing activities	**4,107**	**2,094**	**2,703**
Net increase in cash and cash equivalents	**1,083**	**297**	**607**
Cash and cash equivalents at beginning of period	**2,176**	**1,536**	**1,536**
Reserve movements	52	38	33
Cash and cash equivalents at end of period	**3,311**	**1,871**	**2,176**

The Artisanal Spirits Company plc

Consolidated Statement of Changes in Equity

For the period ended 30 June 2021

£'000	Called up share capital	Share Premium account	Retained earnings	Cash flow hedge reserve	Translation reserve	Total controlling interest	Non-controlling interest	Total equity
Balance as at 31 December 2019	**131**	**15,980**	**(2,687)**	**27**	**(48)**	**13,403**	**349**	**13,752**
Issue of share capital	3	-	-	-	-	3	-	3
Loss for the period	-	-	(916)	-	-	(916)	188	(728)
Dividend paid	-	-	-	-	-	-	-	-
Other comprehensive gain	-	22	(19)	(26)	55	32	-	32
Balance as at 30 June 2020	**134**	**16,002**	**(3,622)**	**1**	**7**	**12,522**	**537**	**13,059**
Issue of share capital	1	987	-	-	-	988	-	988
Loss for the period	-	-	(772)	-	-	(772)	(120)	(892)
Share based compensation	-	-	51	-	-	51	-	51
Dividend paid	-	-	-	-	-	-	(254)	(254)
Share premium reduction	-	(16,868)	16,868	-	-	-	-	-
Other comprehensive gain	-	(22)	19	66	(22)	41	-	41
Balance as at 31 December 2020	**135**	**99**	**12,544**	**67**	**(15)**	**12,830**	**163**	**12,993**

Issue of share capital	38	15,579	-	-	-	15,617	-	15,617
Share issue direct costs	-	(740)	-	-	-	(740)	-	(740)
Loss for the period	-	-	(1,198)	-	-	(1,198)	110	(1,088)
Share based compensation	-	-	111	-	-	111	-	111
Dividend paid	-	-	-	-	-	-	-	-
Share premium reduction	-	-	-	-	-	-	-	-
Other comprehensive gain	-	-	25	(45)	(38)	(58)	-	(58)
Balance as at 30 June 2021	**174**	**14,938**	**11,482**	**22**	**(53)**	**26,563**	**274**	**26,837**

NB - figures are shown to the nearest £1,000 and therefore totals may appear not to sum

Notes to the unaudited interim financial information

1. Basis of preparation

The condensed interim financial information presents the consolidated financial results of The Artisanal Spirits Company plc and its wholly owned subsidiaries (together the "Group") for the six months ended 30 June 2021 and the comparative figures for the six months ended 30 June 2020 which are unaudited. This financial information does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006.

The condensed consolidated interim financial information, which is neither audited nor reviewed, has been prepared in accordance with the measurement and recognition criteria of adopted International Financial Reporting Standards ("IFRS"). This statement does not include all the information required for the annual financial statements and should be read in conjunction with the Group's Historical Consolidated Financial Information ("HFI") included within the Company's Admission Document for admission to the AIM market of London Stock Exchange plc.

There are no new IFRS which apply to the condensed consolidated interim financial information.

2. Accounting policies

The accounting policies applied in preparing the condensed consolidated interim financial information are the same as those applied in the preparation of the Group's HFI included within the Company's Admission Document.

3. Going concern

The financial information has been prepared on the basis that the Group will continue as a going concern. The directors have considered relevant information, including annual budget sensitivities, forecast future cash flows up until December 2022, availability of financing and the impact of subsequent events in making their assessment.

The directors have considered in detail both the impact COVID-19 and Brexit have had on the Group's business to date and based on their forecasts and sensitivity analysis including the potential impact of further lockdown scenarios, are satisfied there is sufficient headroom in their cashflow forecasts to continue to operate as a going concern.

Based on this assessment, and taking into account the Group's and the Company's current position, the directors have a reasonable expectation that the Group and the Company will be able to continue in operation and meet its liabilities as they fall due over the 12 month period from the date of this announcement.

4. Principal risks and uncertainties

The principal risks and uncertainties affecting the Group are unchanged from those set out in the Company's Admission Document for admission to the AIM market of London Stock Exchange plc.

5. Dividends

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

6. Revenue

An analysis of the Company's revenue is as follows

£'000	6 months to 30 June 2021 (Unaudited)	6 months to 30 June 2020 (Unaudited)	Year Ended 31 December 2020 (Audited)
Revenue from the sale of whisky	6,638	5,082	12,047
Membership income	610	722	1,523
Revenue from the sale of other spirits	187	172	384
Member rooms	258	295	552
Events & tastings	103	181	340
Other	150	162	180
	7,946	**6,614**	**15,026**

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

£'000	6 months to 30 June 2021 (Unaudited)	6 months to 30 June 2020 (Unaudited)	Year Ended 31 December 2020 (Audited)
United Kingdom (Venue & Events)	590	713	1,503
United Kingdom (Online)	1,677	1,312	3,234
International	5,679	4,589	10,289
	7,946	**6,614**	**15,026**

7. Other operating income

£'000	6 months to 30 June 2021 (Unaudited)	6 months to 30 June 2020 (Unaudited)	Year Ended 31 December 2020 (Audited)
Coronavirus Job Retention Scheme	49	116	169
Government grants (UK)	102	100	187
Government grants (Australia)	-	-	35
Other Income	-	-	19
	151	**216**	**410**

8. Loss on ordinary activities before taxation

£'000	6 months to 30 June 2021 (Unaudited)	6 months to 30 June 2020 (Unaudited)	Year Ended 31 December 2020 (Audited)
Presented as:			
Adjusted EBITDA	226	(11)	572

Depreciation of tangible assets		(286)	(269)	(600)
Amortisation of intangible assets		(128)	(128)	(283)
Finance Costs		(237)	(232)	(499)
Exceptional items	**9**	(516)	(34)	(392)
Loss on ordinary activities before taxation		**(941)**	**(674)**	**(1,202)**

9. Exceptional items

£'000	6 months to 30 June 2021 (Unaudited)	6 months to 30 June 2020 (Unaudited)	Year Ended 31 December 2020 (Audited)
ERP system expenditure	-	-	240
IPO related legal and professional fees	516	34	152
	516	**34**	**392**

10. Taxation

The results include a tax charge against the profits of the Group's Chinese and Australian subsidiaries at the rates of 25% and 30% respectively in both 2021 and 2020. There have been no corporation taxes due against other Group companies due to carried forward trading losses. In the six months to 30 June 2020 a UK deferred tax credit of £10,000 was recorded. In the 12 months to 31 December 2020 a UK deferred tax charge was recorded of £72,000 relating to the origination and reversal of temporary timing differences.

11. Earnings Per Share (EPS)

	6 months to 30 June 2021 (Unaudited)	6 months to 30 June 2020 (Unaudited)	Year Ended 31 December 2020 (Audited)
Earnings used in calculation (£'000)	(1,243)	(942)	(1,648)
Number of shares	69,605,774	52,668,312	54,071,820
Basic EPS (p)	(1.8p)	(1.8p)	(3.0p)
Fully diluted number of shares	70,865,627	57,696,312	59,599,160
Diluted EPS (p)	(1.8p)	(1.8p)	(3.0p)

On the 4th June 2021, the Company completed a 4 for 1 share split. The number of shares and dilutable shares for the 6 months to 30 June 2020 and 31 December 2020 have been adjusted to reflect the effect of this split. All dilutable, potential shares relate to share options. A loss per share is not diluted.

12. Financial Liabilities

£'000	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Asset based lending facility	-	14,823
Inventory secured revolving credit facility	4,100	-
Bank loans	978	946

Other loans	86	95
	5,164	**15,864**

On 19 January 2021, the Company signed an agreement to change its previous asset based lending facility to a committed revolving credit facility of £18.5m. The new facility is secured by a floating charge covering all the property, undertaking, assets and rights owned now or in the future by the Group. The facility is interest bearing at a rate of 2.5% per annum plus Sterling Relevant Reference Rate.

13. Financial Instruments - accounting classifications and fair value

Financial assets

Trade and other receivables and cash and cash equivalents are classified as financial assets at amortised cost.

Derivative assets are classified as financial assets measured at fair value (level 2 - i.e. those that do not have regular market pricing) through other comprehensive income.

Financial liabilities

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

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

Derivative liabilities are classified as financial liabilities measured at fair value (level 2) through other comprehensive income.

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