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Artisanal Spirits Company PLC (The)
14 September 2022

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The Artisanal Spirits Company plc
('Artisanal Spirits', 'ASC' or 'the Group')

Interim Results for the Six Months to 30 June 2022

Six months of further significant progress towards our ambition to double revenue by 2024

The Artisanal Spirits Company (AIM: ART), curators of the world's favourite, single-cask and limited-edition whisky, and owner of The Scotch Malt Whisky Society ("SMWS"), is pleased to announce its half year results for the six months ended 30 June 2022. The Group has continued to deliver on the strategic plan and objectives outlined at IPO - progressing its disciplined investment programme and range of operational initiatives to facilitate the Group's long term, sustainable growth.

Financial highlights

- Revenue increased 25% to £9.9 million (H1-21: £7.9 million) with significant growth in UK venues, Europe and China and gross margin of 63%, ahead of the 61% achieved in FY21
- Gross profit increased 21% to £6.2 million (H1-21: £5.1 million)
- EBITDAE loss of £0.3 million (H1-21: profit of £0.2 million) following planned ongoing investment for growth
- Loss before tax of £1.1 million (H1-21: £0.9 million loss)
- The Group's net debt position was £8.2 million (June 2021: £1.9 million; December 2021: £5.2 million), as the Group continued to invest in planned strategic initiatives (most notably investment in spirit and wood and the new supply chain facility "Masterton Bond")
- Stock-in-cask at 30 June 2022 had an increased notional retail sales value of approximately £455 million (31 December 2021: £430 million)
- The Group remains fully funded to finance its expansion plans for the foreseeable future

£'m	Note	6 months to 30 June 2022	6 months to 30 June 2021	% change
Revenue	6	9.9	7.9	25%
Gross profit		6.2	5.1	21%
Gross margin		63%	65%	(2ppt)
EBITDAE*	9	(0.3)	0.2	n.a.
Loss before tax		(1.1)	(0.9)	17%
Loss after tax		(1.4)	(1.1)	27%.
Net Debt		(8.2)	(1.9)	n.a.
Cask inventory	14	22.8	19.6	16%
Notional retail value of cask inventory+		455	375	21%
Aggregate Life Time Value^		62	28	118%
*EBITDAE is a non IFRS measure and is defined as earnings before interest tax, depreciation, amortisation and exceptional costs, details set out in Note 9				

+Notional retail value is a non IFRS measure and is calculated as total litres of spirit in casks, converted to bottle equivalent (based on 70cl) multiplied by average net revenue per bottle in the period
^ Aggregate Life Time Value is a non IFRS measure and is calculated as number of members at the period end date, multiplied by the average member life time value for the preceding 12-month period.

Operational highlights:

Global membership			
'000s	**June 2022**	**June 2021**	**% change**
UK	17.7	13.4	31%
US	5.5	4.8	15%
China	1.6	1.4	15%
Europe*	3.9	2.9	33%
Australia	1.5	1.2	28%
Japan	1.6	1.4	15%
Rest of World	3.8	3.6	7%
Total members	**35.6**	**28.7**	**24%**
*Europe represents direct sales markets within continental Europe, but excludes franchise markets in Denmark and Switzerland which are shown within Rest of World			

- SMWS membership growth (a leading indicator of future revenue growth) increased by 24% to over 35,600 (30 June 2021: 28,700). This included robust growth in European members since the launch of the new EU route to market towards the end of FY21
- Healthy supply chain situation and good stock availability across markets
- £2.4 million investment in new spirit stock, taking the total number of casks to c.15,700
- Masterton Bond facility progressing on time and on budget ahead of operations beginning in H2-22
- On track to deliver full year performance in line with market expectations[+]
- Confident of delivering ambition to double revenue between 2020 and 2024

+The Board of The Artisanal Spirits Company considers that current consensus revenue expectations for the year ending 31 December 2022 are £21.6 million (2021: £18.2 million).

Post-period highlights:

- Further progress made during July and August towards delivery of full year financial forecasts
- Continued growth in global SMWS membership, which is now just over 36,000, including a return to growth in China during Q3 and acceleration in growth in the US (up by c.200 since 30 June 2022)
- Value of US shipments in Q3-22 planned to exceed the £1.6 million achieved in the entirety of H2-21
- First J.G. Thomson export sale made to La Maison du Whisky in France.

David Ridley, Managing Director of Artisanal Spirits Company, commented:

"We are pleased with the Group's strong first half performance which has once again delivered significant membership growth, whilst simultaneously continuing to build our business in terms of appreciating whisky stocks and infrastructure to support our future growth ambition for the medium to longer term. We continue to benefit from structural tailwinds as premiumisation, digitalisation, experience and convenience combine to accelerate the appeal of our proposition to our expanding global membership base.

"Our opportunity remains compelling, exciting and highly relevant for today's marketplace. Furthermore, and as evidenced by the continued growth by many of the global spirits majors, whisky continues to demonstrate its strong and enduring credentials. ASC's unique portfolio of curated, limited edition whisky benefits from natural price elasticity which,

in turn, provides strong gross margin appreciation and a natural inflation hedge. Financially strong with current stock value over 2x consensus December 2022 net debt, we remain on track to deliver a doubling of revenue from 2020 to 2024."

Sellside analyst presentation

David Ridley, Managing Director, and Andrew Dane, Finance Director, will host a physical, in person presentation for sellside equity analysts, followed by Q&A, at 09.00 hours BST today. Analysts wishing to join should register their interest by contacting: artisanalspirits@instinctif.com

Investor presentation

In addition, management will host a live online investor presentation and Q&A at 16.00 hours BST today.
The Group is committed to ensuring that there are appropriate communication channels for all elements of its shareholder base so that its strategy, business model and performance are clearly understood.

The presentation is open to all existing and potential shareholders. To register to attend, please use the link below:

www.equitydevelopment.co.uk/news-and-events/artisanal-results-presentation-14september2022

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

For further information, please contact:

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David Ridley, Managing Director	
Andrew Dane, Finance Director	
Singer Capital Markets	**020 7496 3000**
(Nominated Adviser & Sole Broker)	
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Justine Warren	
Matthew Smallwood	
Sarah Hourahane	

Notes to Editors:

The Artisanal Spirits Company (ASC) are curators of the world's favourite, single-cask and limited-edition whisky.

Based in Edinburgh, ASC owns The Scotch Malt Whisky Society (SMWS) which was established in 1983 and currently has a growing worldwide membership of just over 36,000 paying members.

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.

Since producing the Society's very first cask, we have created around 10,000 different whisky releases, producing a constant flow of unique and exciting one-of-a-kind whiskies.

With proven e-commerce reach and new brands like J.G. Thomson, ASC is building a portfolio of small-batch spirits brands for a global movement of discerning consumers - delivering c.£20 million in annual revenues with over 80% of revenue generated online and over 65% from outside the UK, with a growing presence in the key global whisky markets including UK, China, USA and Europe.

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

Interim Statement

Introduction

The first half of 2022 was another period of substantial progress from both a strategic and commercial perspective and we continue to believe that our pioneering model, long-term global growth opportunity and robust business is primed to deliver. Core to the Group's success has been our ability to deliver the very highest quality experiences to our members on a consistent basis with a range of exclusive and unique, single malt Scotch Whisky. The Artisanal Spirits Company ("ASC") has proven strategies for growth around the world. This is further underpinned by the combination of the Group's online digital platform and exclusive membership club venues/in person experiences which enable the maximisation of our opportunity in both online and offline markets.

We continue to deliver on our strategic framework and have achieved another period of sales growth in excess of 20% - a record which has been achieved every year since ASC commenced operations in 2015, with the exception of the Covid impacted 2020. The strategy, financial metrics and KPIs outlined at the time of IPO have been met consistently. The six months to 30 June 2022 are no exception with revenue up 25% to £9.9 million, albeit against a Covid-impacted period in the previous year (H1 2021: £7.9 million). Whilst our industry-leading gross margins reduced slightly vs H1-21, at 63%, they remain ahead of full year FY21 and in line with consensus estimates for FY22.

At this stage of the Group's development, and in line with the plan set out at the time of the IPO, we have intentionally taken the decision to reinvest current profits into additional future whisky stocks, infrastructure, systems and people to support ASC's future growth, laying the foundations for delivery of significantly enhanced shareholder value over time. As the business continues to be developed, we continue to invest in cask stocks (up 16% at £22.8 million as at 30 June 2022) and the Group incurred an EBITDAE loss of £0.3 million and a loss before tax of £1.1 million. However, the Board's expectation, unchanged since IPO, is that our growth trajectory will deliver meaningful profits in the medium term, underpinned by our direct-to-consumer model and our policy of in-house maturation which, together, generate industry-leading margins. Furthermore, we are confident that the investment we are making now will see margins continue to grow over the longer term. Minimising the timeline for delivery of sustainable profits is a key objective for management.

With the first half successfully behind us, the Group is well positioned for the rest of the year. Against the wider economic backdrop, and general concerns over cost of living, there appears to be no let-up in the global trend of growth in spirits, particularly Scotch malt, premiumisation, digitalisation and the desire for experiences, even in the most recent period. It is anticipated that the full year performance will be in line with market expectations and the Group remains firmly on track to meet its aim of doubling revenue between 2020 and 2024.

Operational progress

Group sales in the period were very strong with revenue increasing by 25%. This performance reflects robust growth: in Europe, reflecting the positive impact of the launch of the new EU route to market towards the end of FY21; in the UK, where venue sales recovered very strongly against lockdown-affected 2021 comparables; and in China, where exceptional growth in membership numbers during 2021 and an improving trend in retention rates combined to drive sales growth in the period.

In the US, ASC recognises revenue on a shipment basis and therefore the Group's revenue profile is dependent upon the timing of consolidated shipments which by their nature are uneven, thereby distorting performance trends in the short term. The reported performance of our US business during H1-21 has been distorted in this way by the timing of shipments to that market and we anticipate a more balanced picture to emerge over the full year. Whilst the headline figures show a decline in revenues in the US in the first half of approximately 25%, in-market stock depletions in the US were broadly flat year on year and membership grew by c.300 (5%) in H1-22. We expect US revenue to be H2 weighted this year (vs H1 weighted in FY21), with growth in US membership

numbers accelerating in Q3 (up by c.200 since 30 June 2022) and the value of Q3-22 shipments planned to exceed the £1.6 million achieved in the entirety of H2-21.

A pioneering model relevant for today's consumer

ASC is a creator and curator of outstanding single cask and limited-edition whisky and, through its pioneering business model, it combines a vertically integrated business, through its prowess and expertise in acquiring and maturing limited edition whiskies, with a horizontally integrated model - through its digital ecommerce platform - and revenue derived from its four member venues in London, Glasgow and Edinburgh. The Group has a robust and well-financed business model which is arguably unique in combining the attractions of direct-to-consumer attributes through membership of The Scotch Malt Whisky Society ("SMWS"), with the benefits that e-commerce brings, together with its physical member venues which provide a rich source for recruitment and an additional level of exclusivity for members.

SMWS benefits from a unique market position with its global membership model which comprises an invested, loyal, growing and high spending community, which is both scalable and geographically diverse, with characteristically affluent members. An established global brand with over 65% of revenues generated in international markets, SMWS continues to grow its presence and standing in the world's key whisky markets such as the UK, continental Europe, China and the US.

Loyal, valuable and growing global membership

Membership trends are a leading indicator of future revenue growth, courtesy of SMWS' high member retention rates which, in turn, deliver a stream of recurring annual revenue in the key markets in which the Group operates. In addition, the breadth of SMWS' international membership base diversifies the Group's risk, and its affordable entry level membership fee delivers immediate payback on average member acquisition cost.

Overall, membership grew by 24% year-on-year to 35,600 (30 June 2021: 28,700, 31 December 2021: 33,300). The Group experienced strong growth in membership numbers in the UK, Europe, the US and Australia. ASC delivered exceptionally strong membership growth in China last year, with growth continuing into Q1-22; however, Q2-22 was temporarily impacted by strict Covid lockdowns in the region in April and May. While members continued to place orders during this period, it affected our ability to fulfil deliveries, as well as resulting in cancellations of face-to-face marketing and member recruitment events. These factors temporarily disrupted our membership growth trajectory in the region. Encouragingly, once restrictions were lifted, membership in China returned to growth in Q3-22 and is now broadly back to 2021 year end levels and ahead by 15% year-on-year.

Overall, member retention rates continued to rise year on year to over 80% and, by implication, member churn has reduced by over 35% since IPO in June 2021 which is encouraging. Correspondingly, an increase in member retention delivers improved lifetime value which has increased to over £1,700 for the 12 months ended 30 June 2022, representing a further demonstration of the intrinsic value inherent within ASC's business model.

Constant stream of unique, award-winning products

The limited-edition nature and outstanding reputation for quality of ASC's whisky has resulted in a plethora of industry accolades, winning over 270 awards in the last three years, which, in turn, drive demand and engender a loyal, growing and high spending membership of whisky-loving aficionados. ASC currently sells over 1,000 different products per annum with an average revenue per bottle of around £95.

Investing to support the long-term global growth opportunity

ASC has a clear flightpath to double sales between 2020 and 2024. It has made significant investment for future growth with spirit and stocks acquired to satisfy demand through to the end of FY28 and beyond, providing a

significant inflation hedge for the Group from a supply perspective, with further potential upside from stock appreciation over time. During the period under review, ASC invested £2.5 million in new spirit stock and wood, taking the total number of casks to around 15,700 (31 December 2021 15,300). Importantly, during this period a further c500 casks of new make spirit were acquired which will continue to drive up gross margin over time. The proportion of casks which were less than three years old at time of acquisition was 45% at 30 June 2022, up from 38% at 30 June 2021. Stock-in-cask at the period end had an estimated retail sales value of approximately £455 million (31 December 2021; £430 million).

The Group's financial strength and industry reputation also facilitate tactical purchases of high value, vintage whisky stock which has the advantage of being more immediately marketable, enabling ASC to capitalise on the high levels of demand it is experiencing. Product stock and availability remains strong across all markets and the supply chain robust.

Positioned for increased premiumisation and ecommerce growth

Further underpinning the model is the fact that ASC is positioned at the forefront of key current structural consumer trends such as premiumisation and experiential demand, as consumers increasingly move away from mainstream brands to seek out higher quality, crafted products which demonstrate premium authenticity. These trends are particularly evident in the context of artisanal whisky and other spirits. Today's consumer both values - and demands - experience above all else, along with diversity of choice, convenience of access, purchase and delivery, as well as value for money. ASC's relevance for today's consumer is further illustrated by the way in which its ethos creates a sense of community, enabling its members to socialise and connect in a variety of physical, digital and virtual spaces through technology, data and its membership venues. In addition, SMWS is also a premier vehicle for investing in outstanding cask whisky and accessing often rare and exclusive whiskies. Through the provision of premium single cask whisky and other spirits - which are each limited editions by nature - ASC is able to capitalise on the rarity value of its portfolio, creating the desire for consumers to purchase each release before stocks run out.

Significant and growing addressable market opportunity

Scotch Whisky remains a highly desirable global category. The premium whisky sector in which we operate grew through the Covid-19 pandemic and continues to be buoyant as reflected in our strong growth and that achieved by industry majors. To put the Group's opportunity in context, the premium and super premium whisky sector is estimated to be worth $5.8 billion, of which ASC has a small but growing share. The Ultra-Premium market has grown over 200% (c10% CAGR) over the last decade and achieved 26% growth in 2021.

Building a growing portfolio of complementary small-batch spirits brands

The Group's first development brand, J. G. Thomson, delivers spirits which are a little out of the ordinary, such as small batch blended malt whiskies, grain whiskies, rum and gin. This ecommerce proposition provides the Group with direct-to-consumer access, complementing SMWS' core membership model. Its growing portfolio of spirits is also available via third party retailers and initial exports to France have commenced with internationally renowned partners such as Masters of Malt and La Maison du Whisky. Following its launch in 2021, this new, fledgling venture is now starting to build traction and some encouraging sales momentum.

As previously reported, the Group is advancing its plans to expand its addressable market in the US and making good progress in that regard. The domestic market for American Whiskey is estimated to be worth approximately $1.4 billion, opening up an entirely new but highly complementary market for ASC since less than $100k of SMWS US sales derive from the US Whiskey category. On a related point, it was pleasing to see American Single Malt Whiskey being proposed as a distinct category by the Alcohol and Tobacco Tax and Trade Bureau ("TTB") in the US at the end of July 2022, adding further credence to this exciting segment. ASC continues to progress detailed

market planning and assessment of its American Whiskey proposition, now expected to launch in H1 2023. We look forward to updating the market with further details in due course.

A financially strong business:

The Group's balance sheet remains strong. ASC owns all of the whisky stock required to satisfy forecast demand through to the end of FY28, with c75% coverage to 2033. Asset-based loan facilities are a long-established funding mechanism across the sector because of the highly tradeable and appreciating nature of the spirits stocks which provide the underlying security for such facilities and in which there is an active secondary market. Accordingly, debt represents a highly efficient and sustainable part of the Group's long term capital structure. Net debt of £8.2 million is in line with our expectations and is underpinned by the inventory value of the Group's current whisky stocks in cask. Based on consensus December 2022 net debt forecasts of around £13 million, the current indicative bulk market value of stock (over £30 million) would remain over 2x net debt, a level that the Directors perceive to be a prudent minimum stock cover ratio at this stage in the Group's development. The Group is fully funded to finance our expansion plans for the foreseeable future.

High and growing margin

As set out above, the core business model allows us to capture substantial value throughout the chain delivering an average of over £60 gross profit per bottle, while the evolving market mix and various initiatives outlined below will continue to improve this further in time.

Good progress continues to be made in fitting out the Group's new multi-purpose supply chain facility at Masterton Bond. This facility is progressing to schedule and on budget, ahead of becoming operational later this year. It is anticipated that this facility will further improve operating margins by c.2%, with the initial benefits expected to be gained early in FY23.

Our ex-sherry cask programme is on track to deliver around 35% of whisky with a sherry cask influence by FY24 (vs c15% in FY18), typically achieving c10% price uplift per bottle (reflecting the strong member demand for whisky with this profile) and giving >200% payback on first use of the cask. Furthermore, ex-sherry casks characteristically benefit from a c.20 year useful lifetime cycle.

Robust business, primed to deliver

Whilst the macro-economic climate cannot be ignored, and along with many other businesses the Group is facing certain inflationary pressures, the whisky category has historically been highly robust, and stocks have typically appreciated significantly through challenging periods protecting gross margins and representing a natural inflation hedge. Furthermore, our substantial stock holding not only provides protection against supply side inflation but also potentially delivers incremental value given the high degree of price elasticity open to us as an 'ultra-premium' supplier and the appreciating nature of our curated, finite spirits portfolio.

Experienced Board and management leading a passionate and engaged team

We have an experienced Board and management team, with a proven track record of delivery. We were proud to receive an overall Employee Engagement Index score of 81 from our staff survey during H1. While improving this aspect of the business is an ongoing process, this score is significantly higher than reported UK and global averages, demonstrating the commitment of our colleagues to making The Artisanal Spirits Company and its brands successful and further enhancing the Group's reputation as a great place to work.

Outlook and current trading

ASC continues to deliver against its stated strategy. The Group enters H2 well positioned, and management remains confident in its ability to realise the Group's strategic ambition of doubling revenue between 2020 and

2024. ASC has more than sufficient stock to achieve its plans through to FY28 and beyond. The Group's Masterton Bond facility is progressing to plan and on budget to come on stream in H2 and the Group is advancing preparations for the launch of its American Whiskey proposition, whilst continuing to expand its membership base globally in key whisky markets.

Trading in the early weeks of H2 has been positive, with continued growth in membership and robust demand for our exclusive, curated and unique products and membership venues. The Board remains confident that market expectations for the year ended 31 December 2022 will be met.

Financial Review

The Group delivered strong revenue growth, with sales up by 25% compared to the first half versus the prior year. This represented a continuation of the Group's track record of consistent growth with total sales in the six-month period growing to £9.9 million (H1-21: £7.9 million).

The three largest drivers of sales growth during the period were:

1) The UK, where sales grew by £1.0 million, primarily reflecting the full reopening of member rooms which were closed for much of H1-21;
2) China, where sales grew by around £0.9 million, supported by the significant growth in members delivered during FY21; and
3) Europe, where sales grew by around £0.4 million, reflecting the positive engagement from European members since the launch of the new EU route to market towards the end of FY21.

The impact of these was offset to an extent by a £0.6 million decline in the value of US shipments during the period. In market sales were broadly flat during the period, and this decline reflects the timing of shipments (noting that of the total £4.1 million of shipments in FY21, £2.5 million were delivered in H1-21 and £1.6 million were delivered in H2-21).

Reported gross profit increased 21% to £6.1 million (H1-21: £5.1 million). This was clearly driven by the revenue growth as set out above, partially offset by a small decrease in gross margin vs the comparative period. Note that while gross margin reduced slightly vs H1-21 (in part reflecting timings of high margin US shipments noted above), it remained ahead of full year FY21 and in line with consensus estimates for FY22.

EBITDAE swung to a loss of £0.3 million in H1-22 (£0.2 million profit in H1-21), reflecting increased investment in marketing spend and administrative expenses, as well as the removal of other income (CJRS and Government Grants in H1-21) offsetting much of the gross profit increase. As set out previously, this planned investment reflects ongoing development across the Group, particularly in people and systems, to help support the ongoing and future growth of the business. Also included in this cost are £0.1m of non-cash share option charges, around £0.1 million of expenditure associated with the initial set up of the Masterton Bond facility (in anticipation of commencing operations before the end of FY22) and similar spend on progression of our American Whiskey venture. The non-recurring pre-launch costs attributable to the American Whiskey venture will increase further in the second half in advance of expected market readiness in the first half of next year.

Overall, this (together with £0.2 million of depreciation for the Masterton Bond site) resulted in a loss for the period of £1.4 million (H1-21: loss of £1.1 million). We remain in a growth and reinvestment phase while retaining a focus on gross margin improvement, with the goal of returning to positive EBITDAE in the near term and delivering bottom line profitability in the medium term.

Total reported cash absorbed by operations during H1 2021 was £2.0 million (H1 2020: £2.4 million). However, this outflow primarily reflected the material investment in new spirit stock of £2.4 million during H1-22 (H1-21: £0.7 million), which is a long-term investment in nature, but is disclosed within "movement in working capital". Excluding this investment (as well as exceptional costs of £0.5 million relating to the IPO incurred during H1-21), the operational cash inflow in H1-22 was £0.4 million (H1-21: outflow of £1.2 million).

During the period, the net increase in cash and cash equivalents was just over £2.2 million to £4.2 million. While total financial liabilities increased from £7.2 million to £12.8 million, these liabilities primarily related to the inventory-secured RCF facility (£11.85 million at 30 June 2022). The inventory secured credit facility, is a 3-year £18.5 million facility committed until January 2024 and bears interest at a rate of 2.5% per annum over SONIA.

The Artisanal Spirits Company plc
Consolidated Statement of Comprehensive Income
For the period ended 30 June 2022

£'000	Notes	6 months to 30 June 2022 (Unaudited)	6 months to 30 June 2021 (Unaudited)	Year Ended 31 December 2021 (Audited)
Continuing operations				
Revenue	6	**9,933**	**7,946**	**18,237**
Cost of sales		(3,719)	(2,816)	(7,026)
Gross Profit		**6,214**	**5,130**	**11,211**
Selling & Distribution expenses		(1,819)	(1,534)	(4,046)
Administrative expenses		(5,316)	(4,451)	(9,694)
Finance costs		(195)	(237)	(348)
Other income	8	12	151	160
Loss on ordinary activities before taxation	9	**(1,104)**	**(941)**	**(2,717)**
Taxation		(279)	(147)	(631)
Loss for the period		**(1,383)**	**(1,088)**	**(3,348)**
Other comprehensive income:				
Item that will not be reclassified to profit or loss				
Movements in cash flow hedge reserve		31	(56)	(113)
Tax relating to other comprehensive profit/(loss)		0	11	23
		31	(45)	(90)
Total comprehensive loss for the period		**(1,353)**	**(1,133)**	**(3,438)**
Loss for the period attributable to;				
- Owners of parent company		(1,562)	(1,198)	(3,653)
- Non-controlling interest		179	110	305
		(1,383)	**(1,088)**	**(3,348)**

Total comprehensive loss for the period attributable to;				
- Owners of parent company		(1,532)	(1,243)	(3,743)
- Non-controlling interest		179	110	305
		(1,353)	**(1,133)**	**(3,438)**
Basic EPS (pence)	12	(2.2)	(1.8)	(5.9)
Diluted EPS (pence)	12	(2.2)	(1.8)	(5.9)

The Artisanal Spirits Company plc
Consolidated Statement of Financial Position
As at 30 June 2022

£'000	**Notes**	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
Non-current assets			
Investment property		391	391
Property, plant and equipment	13	8,883	8,377
Intangible assets		2,316	2,420
		11,591	**11,188**
Current assets			
Inventories	14	26,725	23,719
Trade and other receivables		3,594	2,968
Cash and cash equivalents		4,200	2,012
		34,518	**28,699**
Total assets		**46,109**	**39,887**
Current liabilities			
Trade and other payables		5,784	3,949
Current tax liabilities		238	277
Financial liabilities	15	360	392
Lease liability	15	360	259
Forward currency contracts		-	31
		6,741	**4,908**
Net current assets		**27,778**	**23,791**
Non-current liabilities			
Financial liabilities	15	12,402	6,796
Lease liability	15	3,139	3,332
Deferred tax liabilities		571	563
Provisions		407	407
		16,519	**11,098**
Total liabilities		**23,260**	**16,006**
Net Assets		**22,849**	**23,881**
Equity			
Called up share capital		174	174
Share premium account		14,997	14,938
Translation reserve		(22)	(17)
Retained earnings		7,037	8,505
Cash flow hedge reserve		180	(23)
Equity attributable to parent company		**22,366**	**23,577**

Non-controlling interest	483	304
Net assets	**22,849**	**23,881**

The Artisanal Spirits Company plc

Consolidated Statement of Cash Flows

For the period ended 30 June 2022

£'000	**Notes**	6 months to 30 June 2022 (Unaudited)	6 months to 30 June 2021 (Unaudited)	Year Ended 31 December 2021 (Audited)
Loss for the period after tax		(1,383)	(1,088)	(3,348)
Adjustments for:				
Taxation charged		279	147	631
Finance costs		195	237	348
Interest receivable		-	-	(5)
Movement in provisions		-	(33)	3
Share based payments		94	111	216
Depreciation of tangible assets		505	327	671
Amortisation of intangible assets		133	128	271
Movement in working capital:				
(Increase)/decrease in stocks		(3,005)	(1,317)	(2,068)
(Increase)/decrease in debtors		(627)	(1,532)	(929)
Increase/(decrease) in creditors		1,794	647	252
Cash absorbed by operations		**(2,015)**	**(2,373)**	**(3,958)**
Income taxes paid		(131)	(135)	(360)
Interest paid		(195)	(233)	(347)
Net cash outflow from operating activities		**(2,341)**	**(2,741)**	**(4,665)**
Cash flow from investing activities				
Purchase of intangible assets		(31)	(87)	(92)
Purchase of property, plant and equipment		(1,010)	(199)	(1,101)
Purchase of investment property		-	2	-
Interest receivable		-	-	5
Net cash used in investing activities		**(1,041)**	**(283)**	**(1,188)**
Cash flows from financing activities				
Asset backed lending drawn down		-	(10,724)	(14,823)
Dividends paid		-	**-**	(385)

Loan received	-	93	93
Repayment of loan	(78)	(71)	(145)
Share issue	59	14,878	14,878
Repayment of lease	(92)	(69)	(139)
Inventory secured RCF facility	5,650	-	6,200
Net cash from financing activities	**5,539**	**4,107**	**5,679**
Net increase in cash and cash equivalents	**2,157**	**1,083**	**(174)**
Cash and cash equivalents at beginning of period	**2,012**	**2,176**	**2,176**
Reserve movements	31	52	10
Cash and cash equivalents at end of period	**4,200**	**3,311**	**2,012**

The Artisanal Spirits Company plc

Consolidated Statement of Changes in Equity

For the period ended 30 June 2022

£'000	**Called up share capital**	**Share premium account**	**Retained earnings**	**Cash flow hedge reserve**	**Translation reserve**
Balance at 31 December 2020	**135**	**99**	**12,544**	**67**	**(15)**
Issue of share capital	39	15,579			
Share issue direct costs		(740)			
Loss for the period			(3,653)		
Adjustment to non-controlling interest			(252)		
Share-based compensation			216		
Dividend paid					
Investment in subsidiary			(350)		
Other comprehensive gain				(90)	(2)
Balance at 31 December 2021	**174**	**14,938**	**8,505**	**(23)**	**(17)**
Issue of share capital	0	59			
Loss for the period			(1,562)		
Share-based compensation			94		
Other comprehensive gain				203	(5)
Balance at 30 June 2022	**174**	**14,997**	**7,037**	**180**	**(22)**

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 2022 and the comparative figures for the six months ended 30 June 2021 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 the Company's Annual Report and Accounts for the 12 months ended 31 December 2021.

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 2023, availability of financing and the impact of subsequent events in making their assessment.

The directors have considered in detail both the impact COVID-19, Brexit and the wider inflationary environment 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 Annual Report and Accounts for the 12 months ended 31 December 2021.

5. Dividends

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

6. Revenue

An analysis of the Group revenue is as follows:

£'000	6 months to 30 June	6 months to 30 June 2021 (Unaudited)	Year Ended 31 December

	2022 (Unaudited)		2021 (Audited)
Revenue from the sale of Whisky	7,660	6,632	14,439
Membership Income	740	610	1,591
Revenue from the sale of other spirits	74	187	395
Member rooms	910	258	1,095
Events & tastings	352	103	467
Other	197	155	250
	9,933	**7,946**	**18,237**

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

£'000	6 months to 30 June 2022 (Unaudited)	6 months to 30 June 2021 (Unaudited)	Year Ended 31 December 2021 (Audited)
UK	3,297	2,268	5,788
US	1,867	2,457	4,095
China	2,346	1,461	3,864
Europe	915	488	1,706
Rest of World	625	545	1,150
Australia	439	390	905
Japan	444	337	729
	9,933	**7,946**	**18,237**

7. KPIs

	LTM Revenue £'000	Period End Members ('000s)	Average Members ('000s)	Retention %	Revenue/ Member	Contribution[1]/ Member	Expected Years[2]	LTV[3] (Avg Members)
UK	**6,818**	17.7	15.9	89%	429	200	9.0	1,810
United States	**3,505**	5.5	5.2	68%	675	370	3.1	1,147
China	**4,748**	1.6	1.6	45%	2,984	2,042	1.8	3,747
Europe[4]	**2,163**	3.9	3.3	80%	654	227	5.0	1,127
Australia	**954**	1.5	1.4	82%	692	347	5.5	1,906
Japan	**836**	1.6	1.5	82%	552	412	5.5	2,270
Rest of World	**1,199**	3,832	3,725	81%	322	199	5.3	1,048
Total	**20,223**	**35.6**	**32.6**	**81%**	**621**	**336**	**5.2**	**1,744**
Change[5]	*24%*	*24%*	*15%*	*18%*	*7%*	*7%*	*65%*	*76%*

1) Contribution is a non-IFRS measure, and is defined by management as Gross Profit less Commission

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

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

4) Europe represents direct sales markets within continental Europe, but excludes franchise markets in Denmark & Switzerland which are shown within Rest of World

5) Change is shown versus the twelve-month period ended 30 June 2021

8. Other Operating Income

£'000	6 months to 30 June 2022 (Unaudited)	6 months to 30 June 2021 (Unaudited)	Year Ended 31 December 2021 (Audited)
Coronavirus Job Retention Scheme	-	49	50
Government Grants (UK)	-	102	105
Other Income	10	-	5
	10	**151**	**160**

9. Loss on ordinary activities before taxation

£'000	6 months to 30 June 2022 (Unaudited)	6 months to 30 June 2021 (Unaudited)	Year Ended 31 December 2021 (Audited)
Presented as;			
EBITDAE*	(313)	226	(626)
Depreciation of tangible assets	(462)	(286)	(576)
Amortisation of intangible assets	(133)	(128)	(271)
Finance costs	(195)	(237)	(348)
Exceptional items	-	(516)	(897)
Loss on ordinary activities before taxation	**(1,104)**	**(941)**	**(2,717)**

* EBITDAE defined as earnings before interest, tax, depreciation, amortisation and exceptional costs

10. Exceptional Items

£'000	6 months to 30 June 2022 (Unaudited)	6 months to 30 June 2021 (Unaudited)	Year Ended 31 December 2021 (Audited)
IPO related legal and professional fees	-	516	897
	-	**516**	**897**

11. Taxation

The results include a tax charge against the profits of the Group's Chinese subsidiary at the rate of 25% in both 2020 and 2021. There have been no corporation taxes due against other Group companies due to carried forward trading losses.

12. Earnings Per Share (EPS)

	6 months to 30 June 2022 (Unaudited)	6 months to 30 June 2021 (Unaudited)	Year Ended 31 December 2021 (Audited)
Earnings used in calculation (£'000)	(1,532)	(1,243)	(3,743)
Number of shares	69,638,840	56,303,222	63,009,163
Basic EPS (p)	(2.2p)	(2.2p)	(5.9p)
Fully diluted number of shares	74,673,842	61,940,980	68,272,288
Diluted EPS (p)	(2.2p)	(2.2p)	(5.9p)

13. Property, Plant & Equipment

	Land and buildings freehold £'000	Land and buildings leasehold £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Casks £'000	Right of use asset '£000	Total £'000
Cost or valuation							
As at 1 January 2021	678	1,405	498	1,549	2,099	2,181	8,410
Additions	-	36	-	419	646	2,162	3,263
As at 31 December 2021	678	1,441	498	1,968	2,745	4,343	11,673
Additions	0	0	5	683	325	0	1,010
As at 30 June 2022	678	1,441	503	2,651	3,070	4,343	12,686
Accumulated Depreciation							
As at 1 January 2021	153	957	200	614	227	474	2,625
Charge for the year	15	70	51	230	118	187	671
As at 31 December 2021	168	1,027	251	844	345	661	3,296
Charge for the 6 months	18	24	27	120	71	247	507
As at 30 June 2022	186	1,051	278	964	416	908	3,803
Net book value							
As at 31 December 2021	510	414	247	1,124	2,400	3,682	8,377
As at 30 June 2022	492	390	225	1,687	2,654	3,435	8,883

Investment in the period is driven by progression in the build and fit-out of our new Supply Chain facility, Masterton Bond, and continue to invest in our Cask Wood £1,010; (2021; £199k).

14. Inventories

£'000	As at 30 June 2022 (Unaudited)	As at 30 June 2021 (Unaudited)	As at 31 December 2021 (Audited)
Cask whisky & other spirits	22,804	19,613	20,406
Other inventory	3,921	3,354	3,313
Total inventory	**26,725**	**22,967**	**23,719**

The above balance is net of a provision for aged stock of £83k (Jun-21: £83k). This provision is with regards to glass and dry goods entirely, relating to potentially obsolete designs.

The movement in inventory is primarily driven by continued investment in our cask stock inventory as we invest to meet future demand, with net cask investment representing £2.4m in the six-month period (H1-21: £0.7m).

15. Financial Liabilities

£'000	6 months to 30 June 2022 (Unaudited)	Year Ended 31 December 2021 (Audited)
Inventory secured revolving credit facility	11,850	6,200
Bank loans	846	913
Other loans	65	75
Financial liabilities	12,761	7,188
Lease liability	3,499	3,591
	16,260	**10,779**

The inventory secured credit facility, is a 3 year £18.5m facility committed until January 2024. The 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.

16. 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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