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Artisanal Spirits Company PLC (The)
18 July 2023

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The Artisanal Spirits Company plc

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

Half Year Trading Update

Positive momentum in Q2 as we continue progress towards our 2024 ambition

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, announces a trading update for the six months ended 30 June 2023.

Performance highlights

- Revenue performance of just over £10m in H1-23, with growth in Q2 of +7% (following a relatively flat Q1) and improvement on prior year (H1-22 £9.9m which represented significant growth on H1-21 of +25%).
- SMWS membership growth of 9% year-on-year, demonstrating the strength of our membership proposition and demand for our curated range of premium single cask whiskies.
- Continued strong performance in Europe and UK Venues.
- May and June on-line trading in the UK and China was softer than expected, however, Q2-23 in China showed positive momentum with revenue up more than 50% on Q1-23 and membership growth of 8% year on year.
- In line with our strategy, we further balanced our cask spirit holding to take advantage of opportunities (including swaps and brokerage) to acquire old and rare spirits (including a recent transaction at the end of H1-23) and realise value from our existing stocks.

Continued progress against strategic objectives

- Completed the final development phase of Masterton Bond: e-fulfilment. The site is now completing all bottling and despatch activities for the Company and delivering improved Group margins.
- Further strengthened the Executive Team with the promotion of Billy McCarter to CFO and the appointment of Chris Leggat (former Chief Executive of Douglas Laing & Co) as the new Business Development Director.
- Successfully launched the new franchise in South Korea, achieving 300 new members on initial launch in April 2023.
- Signed new franchise agreements in Malaysia and Singapore, where we expanded our relationship with La Maison du Whisky.

Confident in delivering full year growth expectations

- Europe and UK Venues to continue to outperform the prior year, momentum to continue in China, and a stronger H2 in the US and UK.
- Further re-balancing of cask spirit holdings, including development of member cask sales as a new revenue driver as part of the ongoing strategic development of our membership offer to deliver additional value from our appreciating asset base.
- Advanced plans to establish a new subsidiary in Taiwan (the world's third largest market for Ultra-Premium Scotch whisky) which is due to launch in Q3-23.
- We remain on track to deliver growth in line with full year expectations.

Andrew Dane, CEO of The Artisanal Spirits Company, commented:

"The first half of the year was another period of strategic delivery with improved sales and membership growth. Following a relatively flat start to the year, momentum has increased in Q2 with strong trading across Europe, continued recovery in China and a record performance at our UK Venues.

"SMWS membership, a key indicator of future sales growth, has increased to over 38,700, reflecting the enduring appeal and growing demand for our uniquely curated premium whiskies. We continue to expand our global footprint and capture increasing demand from enthusiasts in high-growth regions such as South-East Asia. This includes the upcoming launch of a new subsidiary in Taiwan, the world's third largest market for Ultra-Premium Scotch Whisky.

"We are well positioned to deliver further growth from our diversified end-markets and ultra-premium positioning. With increasing commercial momentum and the flexibility of our model to extract value from our extensive stock-in-cask, we are confident in delivering full year expectations."

Notes

1. The Board of The Artisanal Spirits Company considers that current consensus market expectations for the year ending 31 December 2023 are revenue of £25.2m (2022: £21.8m) and EBITDA of £1.1m (2022: Adjusted EBITDA £0.4m)

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About The Artisanal Spirits Company

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 over 38,000 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, with current stocks 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 limited-edition and small-batch spirits brands for a global movement of discerning consumers - delivering c.£22 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.

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