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Artisanal Spirits Company PLC (The)
18 September 2023

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

Interim Results for the Six Months to 30 June 2023

Continued positive progress towards our 2024 ambition

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") which marks 40 years since its inception this year, is pleased to announce its half year results for the six months ended 30 June 2023. The Group has continued to deliver on its strategic plan and objectives - progressing a disciplined investment programme and range of operational initiatives to facilitate the Group's long term, sustainable growth.

Performance highlights

- Ongoing strategic progress maintaining consistency of delivery against expectations.
- Revenue of £10.2m representing +3% increase in H1-23, with growth momentum gained in Q2-23, delivering +7% growth following a relatively flat Q1.
- SMWS membership growth of 9% vs H1-22, with double digit growth in Europe, US, Japan and Franchises. China also returned to membership growth through Q2, with membership up +8% vs H1-22.
- Europe online and UK Venues continued to achieve strong outperformance with 21% and 23% growth respectively.
- Adjusted EBITDA in H1-23 represents a loss of £1.8m against a prior year EBITDA loss of £0.3m. Revenue growth and profit delivery are weighted to the second half, and we remain on track to deliver positive EBITDA in the full year.
- SMWS was again recognised in 2023 for the quality of its spirits at awards from the top international competitions including The International Spirits Challenge, Scotch Whisky Masters, San Francisco World Spirits Competition and The Tokyo Whisky and Spirits Competition.

Continued progress against strategic objectives

- Continued successful international expansion;
  - Post period-end launched a new Joint Venture subsidiary in Taiwan (replacing a Franchise agreement) in the world's 3rd biggest total addressable whisky market.
  - Successfully established the new franchise in South Korea
  - Signed new franchise agreements in Malaysia and Singapore
- Completed the final development phase of Masterton Bond: e-fulfilment. The site is now completing all bottling and despatch activities for the Group.
- Re-opening of Vaults Members' room, the heart of the SMWS brand home, due this month following refurbishment investment of £0.5m.
- In line with our strategy, realised value of our existing spirit stock through private cask sales to members and selected industry partners.
- Continued to balance our cask spirit holding by also seeking opportunities to acquire old and rare spirit.
- Ongoing exploration of development opportunities in the American Whiskey Market. Growth in American Whiskey sales via SMWS USA ($120k in H1-23, up 50% on full year FY22) and first shipment of JGT to the market in H1, with £130k potential sales value.
- Continued commitment to investment in digital transformation and on track to launch a new Members' app by the end of 2023.
- Further development of management, talent and expertise within the business, with the promotion of Billy McCarter to CFO, promotion of Rebecca Hamilton to Chief Marketing & Experience Officer and the

appointment of Chris Leggat (former Chief Executive of Douglas Laing & Co) as new Business Development Director.

Remain confident in delivering full year growth expectations

- Like many other companies, we have felt the impact of the changing macroeconomic conditions and cost of living pressures during 2023, and we expect them to remain over the course of the next 12-18 months. Our globally diversified footprint, growing membership and pioneering model, combined with the demographics of our loyal and engaged customers make us better placed to continue to grow despite these wider market conditions. We therefore remain confident that we are on track to deliver growth in line with full year expectations, including inaugural positive EBITDA.
- We expect to see an acceleration in revenue growth during H2-23 (full year consensus revenue expectation represents c25% revenue growth vs H2-22), with positive impact of the Taiwan & Korea launches, weaker comparatives in China from H2-22, and further progress on cask sales.
- The SMWS membership product offer is being broadened in H2 with the introduction of private cask sales which allow members to more actively participate in the whisky curation process and which opens up a complementary revenue stream.
- We also anticipate continued strong performance in UK venues and the launch of the refurbished venue at the Vaults in Leith at the end of September coupled with a Guinness World Record attempt for the largest whisky tasting worldwide.
- Alongside this, further progress on strategic objectives will be made with the launch of a new SMWS App in the UK, new membership & bottle product and first "prestige" 40-year-old product designed to complement the existing Vaults Collection range and further develop our prestige pricing.

£'m	**Note**	**6 months to 30 June 2023**	**6 months to 30 June 2022**	**% change**
Revenue	6	10.2	9.9	3%
Gross profit		6.2	6.2	-
Gross margin		61%	63%	(2ppt)
Adjusted EBITDA*	9	(1.8)	(0.3)	(500%)
EBITDA	9	(2.0)	(0.3)	(567%)
Loss before tax	9	(3.5)	(1.1)	(218%)
Loss after tax		(3.6)	(1.4)	(157%)
Net Debt		(18.8)	(8.2)	(128%)
Cask inventory	14	23.9	22.8	5%
Notional retail value of cask inventory+		492	455	8%
*Adjusted EBITDA is a non IFRS measure and is defined as earnings before interest tax, depreciation, amortisation and exceptional and restructure 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.				

Operational highlights:

Global membership			
'000s	**June 2023**	**June 2022**	**% change**
UK	18.2	17.7	3%
US	6.3	5.5	15%
China	1.7	1.6	8%
Europe*	4.8	3.9	22%
Australia	1.5	1.5	-
Japan	1.9	1.6	20%
Rest of World	4.3	3.8	13%
Total members	**38.7**	**35.6**	**9%**
*Europe represents direct sales markets within continental Europe, but excludes franchise markets in Denmark and Switzerland which are shown within Rest of World			

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 £1.07m (2022: Adjusted EBITDA £0.4m)

Post-period highlights:

- Continued growth in membership, now above 39,000.
- Successful launch of newly established SMWS Taiwan subsidiary. 500 members enrolled on the first day of trading. We now plan to drive sales and engagement through the SMWS website, in-person events and digital marketing, as well as social media activity, building on launch activity for media, whisky clubs, brand ambassadors and retailers.
- Reopening of refurbished Vaults venue to reinforce members' proposition and positive growth of venue revenue.

Andrew Dane, CEO of Artisanal Spirits Company, commented:

"We are pleased to have achieved year on year revenue growth, particularly within the context of challenging macroeconomic headwinds in some of our key markets and cost of living pressures, with an increase of +7% in Q2 (following a relatively flat Q1) and are proud to have also continued to deliver strong member growth, +9% up on prior year, which is a leading indicator of future revenue growth.

"We have also made continued progress against our strategic objectives with Masterton Bond now fully operational, the successful launches of the South Korea franchise and Taiwan subsidiary and further strengthening of the Exec Team and talent within the business.

"As we look ahead to trading in the balance of the year, despite the ongoing macroeconomic backdrop, we remain focused on delivering EBITDA at the consensus level, with the continued premiumisation trend, our expanding, loyal and engaged membership base and diversified global business model supporting our growth ambitions.

"We also look forward to further delivery of our strategic objectives for the year including continuance of the private cask programme and launch of the new App all on track for this year."

Sellside analyst presentation

Andrew Dane, CEO, and Billy McCarter, CFO, 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 11.30 hours BST on Wednesday 20th September. 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:

https://www.equitydevelopment.co.uk/news-and-events/artisanal-results-presentation-20sept2023

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

For further enquiries:

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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 - marking its 40th anniversary this year - and currently has a growing worldwide membership of over 39,000 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.

Interim Statement

Introduction

The first half of 2023 was another period of progress against our stated strategy with improved sales and membership growth. We continue to believe that our pioneering model, long-term global growth opportunity and robust business is well positioned to deliver. Underpinning the Group's success remains our ability to consistently deliver the very highest quality experiences to our members with a range of exclusive and unique single malt Scotch Whisky. The Artisanal Spirits Company ("ASC") has proven strategies for growth around the world, further augmented 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.

Our business fundamentals remain strong, and we achieved year on year membership growth of +9% and member retention of 74%, demonstrating the continued appeal of our membership proposition and demand for our curated range of premium single malt whiskies. Despite a relatively flat Q1, momentum was gained in Q2 achieving +7% against Q2-2022, culminating in overall revenue increasing +3% to £10.2 million in the six months to 30 June 2023, building on a significantly strong H1-22 which delivered +25% year-on-year (2022: £9.9 million). Our industry-leading gross margins were broadly maintained vs H1-22, at 61%, (2022: 63%).

The Group has continued to invest in 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. In addition, and in line with our strategy, we continue to enhance the value of our cask stock, capitalising on the opportunity to further balance our cask spirit holding, acquiring additional old and rare spirits to add to our existing portfolio and recognise value from certain other appreciating assets within our existing stock.

The Group incurred an adjusted EBITDA loss of £1.8 million (2022: £0.3 million loss (adjusted and unadjusted EBITDA)) and a loss before tax of £3.5 million (2022: £1.1 million loss). However, the Board remains confident we remain on track to deliver inaugural positive EBITDA, our strategic objectives delivery and revenue diversification allowing us to manage the impact of the evident macroeconomic headwinds suffered. We remain confident that the investment we are making now will see margins continue to grow over the longer term and deliver sustainable profits.

The Group is well positioned for the remainder of the year. Whilst the wider challenging economic backdrop and general cost of living concerns stubbornly remain, the global trend of growth in spirits - particularly Scotch malt whisky, premiumisation, digitalisation and consumer desire for experiences, underpins our continued confidence in the future growth prospects for ASC. It is anticipated that the full year performance will be in line with market expectations and the Group remains on track to meet its aim of doubling revenue between 2020 and 2024.

Operational progress and continued delivery of strategic objectives

Group revenue in the period increased 3% overall, further building on an exceptionally strong period of growth of 25% in the prior year. Trading improved following a broadly flat Q1 and although May and June were tougher months in the UK and China, momentum increased with the result that the Group delivered +7% growth in Q2-2023 versus Q2-2022. This performance evidenced strong growth in Europe in the six-month period, with membership up 22% and revenue up 21% versus 2022, as we continue to consolidate our position in this key strategic growth area. There were encouraging signs of recovery in China which delivered Q2-2023 revenue growth of 50% on Q1-2023 and membership increased 6% year on year. The US, Japan and Franchises also delivered double-digit membership growth of 15%, 20% and 15% respectively.

UK Venues continued to achieve strong outperformance with 23% revenue growth during H1-2023 against the same period in the prior year - marking this division's strongest six-month performance on record - as we see increase in member usage and spend per head. Investment of £0.5 million in refurbishment of the Group's member rooms at the Vaults in Edinburgh is due to complete at the end of Q3 and we look forward to welcoming back our members for our busy Christmas period.

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 e-commerce platform and four member venues in London, Glasgow, Edinburgh and Leith. 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 60% of revenues generated in international markets across c.30 countries, 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 9% in H1-2023 to 38,700 (30 June 2022: 35,600, 31 December 2022: 37,400). The Group experienced strong growth in membership numbers in Europe, the US and Japan. Following a slow start in China in Q1, due to significant levels of Covid following the easing of lockdown and the macro-economic challenges, encouragingly, Q2-23 saw improving momentum and both revenue and membership have now returned to growth.

Lifetime member value reduced slightly to £1,261 - albeit this remains up 35% since IPO, further demonstrating the intrinsic value inherent within ASC's business model.

Continued international expansion

The period under review saw ASC continue to expand its geographic footprint in additional key markets. The Group entered into a new franchise operation in South Korea, achieving 300 new members on initial launch in April 2023. We also signed new franchise agreements in Malaysia and Singapore, where we expanded our relationship with La Maison du Whisky.

Post the period end, a new Joint Venture subsidiary was successfully launched in Taiwan in July 2023, a key strategic objective for 2023. Taiwan is the third largest market for Ultra-Premium Scotch Whisky globally based on value, with an estimated total addressable market of $593 million (source: IWSR 2022) and our previous presence in this market had been limited to a franchise agreement. The newly established SMWS Taiwan subsidiary provides direct sales access to the Taiwanese market and marks the next milestone in the Group's strategic expansion in Asia where SMWS already has similar subsidiary operations in China and Japan as well as franchise partners in a range of markets, including those referenced above. ASC has 70% ownership of the new entity which is led by an experienced management team of Murphy Chang, former Brand Heritage Manager for Moët Hennessy Taiwan, as Country Director who will oversee operations, supported by Eric Huang, the former franchise partner and one of the foremost whisky experts in Asia. Whilst still early days, this operation has got off to an encouraging start with 500 members enrolling on launch day. We look forward to building on this success over the coming months as we continue to expand our representation within this important market and in Asia more generally.

ASC now has an SMWS presence in the world's six largest markets and our enlarged global footprint provides us with coverage of over 80% of the $8.1 billion Ultra-Premium Scotch Whisky Market (2022 IWSR) as we continue to grow our global reach.

International industry recognition

The limited-edition nature and outstanding reputation for the quality of ASC's whisky continues to attract a growing number of industry accolades, now totalling over 300 awards since 2018. This third-party endorsement from prestigious awards globally, which are judged by many of the most respected professionals in our industry, further authenticate our credentials in producing outstandingly high-quality single malt Scotch malt whiskies, thereby driving demand and engendering a loyal, growing and high spending membership of whisky-loving aficionados globally. ASC currently sells over 1,000 different products per annum with an average revenue per bottle of around £97.

Once again, H1 saw SMWS recognised for the quality of its spirits at awards from the top competitions around the world, including a record success in the International Spirits Challenge, as well as achieving its best-ever result in the Scotch Whisky Masters 2023. In addition, SMWS was recognised in the US at the 2023 San Francisco World Spirits Competition, as well as the 2023 The Tokyo Whisky & Spirits Competition (TWSC) in Japan. These awards

are testament to the outstanding quality of our single malt Scotch whiskies which are appreciated around the world for their unique flavours.

Investing to support long-term global growth

ASC remains on track to double sales between 2020 and 2024 and with it sustainable profit delivery. 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 £1.2 million in new spirit stock and wood, taking the total number of casks to around 16,700 (31 December 2022: 16,500). During this period the holding of New Make Spirit (NMS) casks rose to over 50% of our total cask holding, over time feeding through to deliver increases in gross margin.

As normal course of business, we continue to enhance the value of our cask stock by taking advantage of the opportunities to grow and realise value of this substantial and appreciated asset base in line with our strategy. The flexibility of our model is such that we proactively look to rebalance the Group's cask spirit holdings from time to time (including cask swaps and sales) either by acquiring additional old and rare spirits to add to our existing portfolio or realising value from certain other appreciating assets within our existing stock. An additional potential new revenue stream currently under consideration includes the development of member cask sales as part of the ongoing strategic development of our membership offer to deliver additional value from our appreciating asset base.

Embracing premiumisation and ecommerce growth

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. The Group is committed to continued investment in digital transformation to further enhance member experience and is on track to launch a new Members' app by the end of 2023.

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 - each a limited edition 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 continues to grow and prove its resilience in spite of the ongoing challenging economic backdrop. Today, the Ultra-Premium and above whisky sector is estimated to be worth $8.1 billion, of which ASC has a small but growing share, achieving 12% CAGR since 2012 and grown by 52% by 2020.

Robust business characteristics

Whilst the macro-economic climate continues to be challenging, and along with many other businesses the Group continues to face 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.

Further strengthening of Board and management team

The Group benefits from an experienced Board and management team, with a proven track record of delivery. H1 saw further strengthening of the Executive management team, talent and expertise within the business with the promotion of Billy McCarter to CFO and to the Board.

In addition, Chris Leggat (former Chief Executive of Douglas Laing & Co) was appointed as the new Business Development Director and Rebecca Hamilton as Chief Marketing & Experience Officer (CXO).

Outlook and current trading

ASC continues to deliver against its stated strategy. The Group enters H2 well positioned, and management remains confident in continuing to progress the Group's strategic ambition of doubling revenue between 2020 and 2024. We continue to face a challenging economic landscape, noted by many within the spirits industry, but remain on track to deliver positive EBITDA in 2023 and utilise our loyal and growing membership base globally (now at over 39,000 members), diversified revenue portfolio and strategic delivery to manage many of the challenges we currently face, and expected to remain over the next 12-18 months.

Trading in the early weeks of H2 has been positive, with the momentum evidenced in Q2 continuing into Q3, with performance supported by growth in membership and robust demand for our exclusive, curated and unique products and membership venues. Europe and UK Venues are expected to continue to outperform the prior year and momentum looks set to continue in China on strong Q2 membership growth of +8%.

Finalisation of the Vaults Member's Room refurbishment in September following an investment of £0.5 million is on schedule to plan and budget as we invest in the heart of the SMWS brand home.

In terms of future developments, H2 will see further development of our cask sales, building on the selective re-balancing of cask spirit holdings initiatives undertaken in H1, as well as development of private 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. Our new proprietary member app remains on course to go live later this year bringing increased functionality and ease of engagement to our loyal and growing members.

The Board remains confident in the future opportunity for ASC and that market expectations for the year ended 31 December 2023 including inaugural positive EBITDA. Looking forward, the Group looks increasingly well positioned to deliver significant future value for shareholders.

Financial Review

The Group has delivered year-on-year sales growth of 3%, trailing an H1-22 that was +25% vs prior year. Delivery of £10.2 million in the six months to June 2023 represents another period of revenue growth.

Our H1-23 performance signifies strongly the diversified global portfolio of our business. Despite a decline in China performance given the particular economic conditions in that market, we have successfully grown year on year. Some stand out performances include;

1) The best six-month performance on record within our UK Venues, achieving £2.0 million in H1-23, an increase of 16% against H1-22;

2) Further growth in Europe, delivering 23% revenue growth, driven by 22% increase in membership, against the prior year

3) Cask sales in the first half equating to £0.5 million, H1-22 delivering £0.1m. This remains a strategic opportunity for the business as we look at the potential of a cask sale offering to members as a premium service and the opportunity to ensure we continually balance our cask spirit holding portfolio, any sales replaced with spirit that creates a better re-balance.

Within China, we have seen momentum as we exit H1 and sales in Q2 were up more than 50% on Q1, however we recognise we won't achieve the level of growth in year as was expected at the start of the year as a result of the economic headwinds.

At a Gross Profit level, we are maintaining a strong return on the costs of our product, delivering 61% in H1-23. This was slightly lower than the prior year 63% as a result of Group level margin mix from reduced sales in China, lower average selling price, predominantly through re-pricing of some our premium Vaults Collections and FX

impacts relating to the Asia and US markets. The expectation remains we will deliver in line with consensus margin expectation, H2 trading margins and mix closing the current gap.

The adjusted EBITDA loss of £1.8 million, and Loss before Tax of £3.5m in the first half, down from a loss of £0.3 million loss (adjusted and unadjusted EBITDA) and £1.1m respectively in the same period of 2022, is a result of the continued investment in systems and people, the second half delivering the greater proportion of revenue and therefore EBITDA as our busiest trading periods. EBITDA has been adjusted for two key items in 2023; Masterton Bond costs, as we moved to our own self-sufficient supply chain facility; £0.1m, which are exceptional by nature, and restructuring costs that took place following the change of CEO, £0.1m, non-recurring costs which have also been adjusted to ensure we show representative underlying EBITDA (there were no adjustment items in H1-22 EBITDA).

The Group's balance sheet retains a strong net asset value of £18.7m, supported by continued investment in an appreciating cask spirit asset held at cost value but with an external bank valuation of +50% on holding value, and a retail value of almost £0.5bn.

Within Cash, we continue to invest in cask wood and spirit stock, per our strategy, £1.2m in the period, as well as the final elements of investment in our Masterton Bond Supply Chain facility, initial investment in the Vaults refurbishment and restructuring costs within the business as a result of the change in CEO.

The Artisanal Spirits Company plc
Consolidated Statement of Comprehensive Income

For the period ended 30 June 2023

£'000	Notes	6 months to 30 June 2023 (Unaudited)	6 months to 30 June 2022 (Unaudited)	Year Ended 31 December 2022 (Audited)
Continuing operations				
Revenue	6	**10,226**	**9,933**	**21,781**
Cost of sales		(4,014)	(3,719)	(7,936)
Gross Profit		**6,212**	**6,214**	**13,845**
Selling & Distribution expenses		(3,390)	(1,819)	(5,503)
Administrative expenses		(5,774)	(5,316)	(9,875)
Finance costs		(629)	(195)	(576)
Other income	8	77	12	37
Loss on ordinary activities before taxation	9	**(3,504)**	**(1,104)**	**(2,072)**
Taxation		(8)	(279)	359
Loss for the period		**(3,512)**	**(1,383)**	**(1,713)**
Other comprehensive income:				
Item that will not be reclassified to profit or loss				
Movements in cash flow hedge reserve		0	31	31
Movements in translation reserve		(127)	0	(59)
		(127)	31	(28)
Total comprehensive loss for the period		**(3,639)**	**(1,353)**	**(1,741)**

Loss for the period attributable to;				
	- Owners of parent company		(3,593)	(1,562)	(2,010)
	- Non-controlling interest		81	179	297
			(3,512)	**(1,383)**	**(1,713)**
Total comprehensive loss for the period attributable to;					
	- Owners of parent company		(3,720)	(1,532)	(2,038)
	- Non-controlling interest		81	179	297
			(3,639)	**(1,353)**	**(1,741)**
Basic EPS (pence)		12	(5.3)	(2.2)	(2.9)
Diluted EPS (pence)		12	(5.3)	(2.2)	(2.9)

The Artisanal Spirits Company plc
Consolidated Statement of Financial Position
As at 30 June 2023

£'000	**Notes**	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Non-current assets			
Investment property		405	405
Property, plant and equipment	13	10,212	10,362
Intangible assets		2,139	2,249
		12,756	**13,016**
Current assets			
Inventories	14	29,780	28,303
Trade and other receivables		3,773	3,714
Cash and cash equivalents		1,506	2,331
		35,059	**34,348**
Total assets		**47,815**	**47,364**
Current liabilities			
Trade and other payables		4,459	3,703
Current tax liabilities		327	405
Financial liabilities	15	281	357
Lease liability	15	360	360
Forward currency contracts		-	-
		5,427	**4,825**
Net current assets		**29,632**	**29,523**
Non-current liabilities			
Financial liabilities	15	20,282	16,984
Lease liability	15	2,780	2,959
Deferred tax liabilities		-	-
Provisions		584	580
		23,646	**20,523**

Total liabilities	**29,073**	**25,348**
Net Assets	**18,742**	**22,016**
Equity		
Called up share capital	176	174
Share premium account	15,255	14,997
Translation reserve	(196)	(76)
Retained earnings	3,192	6,685
Cash flow hedge reserve	8	8
Equity attributable to parent company	**18,435**	**21,788**
Non-controlling interest	307	228
Net assets	**18,742**	**22,016**

The Artisanal Spirits Company plc
Consolidated Statement of Cash Flows
For the period ended 30 June 2023

£'000	**Notes**	6 months to 30 June 2023 (Unaudited)	6 months to 30 June 2022 (Unaudited)	Year Ended 31 December 2022 (Audited)
Loss for the period after tax		(3,512)	(1,383)	(1,713)
Adjustments for:				
Taxation charged		8	279	(359)
Finance costs		579	195	494
Interest receivable		(2)	-	(4)
Movement in provisions		4	-	10
Share based payments		100	94	190
Investment in property fair value movement		-	-	(14)
Lease interest		50	-	82
Depreciation of tangible assets		760	505	1,000
Amortisation of intangible assets		124	133	259
Movement in working capital:				
(Increase)/decrease in stocks		(1,477)	(3,005)	(4,496)
(Increase)/decrease in debtors		(64)	(627)	(746)
Increase/(decrease) in creditors		756	1,794	240
Cash absorbed by operations		**(2,674)**	**(2,015)**	**(5,057)**
Income taxes paid		(86)	(131))	(75)
Interest paid		(579)	(195)	(494)
Net cash outflow from operating activities		**(3,339)**	**(2,341)**	**(5,626)**
Cash flow from investing activities				
Purchase of intangible assets		(14)	(31)	(88)
Purchase of property, plant and equipment		(610)	(1,010)	(2,911)
Purchase of JV China share		-	-	(359)
Interest receivable		2	-	4
Net cash used in investing		**(621)**	**(1,041)**	**(3,354)**

activities			
Cash flows from financing activities			
Asset backed lending drawn down			
Dividends paid			(373)
Loan received			
Repayment of loan		(78)	(148)
Share issue	252	59	59
Repayment of lease	(230)	(92)	(354)
Inventory secured RCF facility	3,221	5,650	10,300
Net cash from financing activities	**3,243**	**5,539**	**9,484**
Net (decrease)/increase in cash and cash equivalents	**(718)**	**2,157**	**504**
Cash and cash equivalents at beginning of period	**2,331**	**2,012**	**2012**
Reserve movements	120	31	-
Non controlling interest movement	(228)		(185)
Cash and cash equivalents at end of period	**1,506**	**4,200**	**2,331**

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**	**Total controlling interest**	**N cont int**
Balance at 31 December 2021	**174**	**14,938**	**8,505**	**(23)**	**(17)**	**23,577**	**3**
Issue of share capital	0	59				59	
Share issue direct costs							
Loss for the period			(2,010)			(2,010)	2
Adjustment to non-controlling interest							
Share-based compensation			190			190	
Dividend paid							(3
Investment in subsidiary							
Other comprehensive gain				31	(59)	(28)	
Balance at 31 December 2022	**174**	**14,997**	**6,685**	**8**	**(76)**	**21,788**	**2**
Issue of share capital	2	258				260	
Loss for the period			(3,593)			(3,593)	
Share-based compensation			100			100	
Other comprehensive gain					(120)	(120)	
Balance at 30 June 2023	**176**	**15,255**	**3,192**	**8**	**(196)**	**18,435**	**3**

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 2023 and the comparative figures for the six months ended 30 June 2022 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 2022.

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 2024, 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 2022.

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	Year Ended 31 December

	2023 (Unaudited)	2022 (Unaudited)	2022 (Audited)
Revenue from the sale of Whisky	7,679	7,713	16,976
Membership Income	822	740	1,479
Revenue from the sale of other spirits	56	74	149
Member rooms	1,091	910	2,025
Events & tastings	455	352	827
Other	123	144	325
	10,226	**9,933**	**21,781**

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

£'000	6 months to 30 June 2023 (Unaudited)	6 months to 30 June 2022 (Unaudited)	Year Ended 31 December 2022 (Audited)
UK	3,990	3,252	7,703
US	1,833	1,867	4,353
China	1,756	2,346	5,002
Europe	1,109	915	2,014
Rest of World	682	670	907
Australia	383	439	1,001
Japan	473	444	800
	10,226	**9,933**	**21,781**

'Revenue from the Sale of Whisky' includes the revenue from sale of cask whisky spirit, £502k (H1-22; £53k, 2022 £348k).

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	**7,156**	18.2	17.8	76%	402	217	4.2	910
United States	**4,370**	6.3	5.9	68%	736	386	3.1	1,211
China	**4,455**	1.7	1.6	40%	2,739	1,931	1.7	3,210
Europe[4]	**2,388**	4.8	4.3	73%	553	236	3.7	873
Australia	**945**	1.5	1.6	75%	599	318	4.0	1,275
Japan	**829**	1.9	1.8	85%	464	358	6.7	2,393
Rest of World	**1,135**	4.4	4.0	81%	1,034	620	7.9	2,047
Total	**21,278**	**38.8**	**37.1**	**74%**	**574**	**330**	**3.8**	**1,261**
Change[5]	*0%*	*4%*	*5%*	*-4%*	*-4%*	*-3%*	*-11%*	*-13%*

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 December 2022

8. Other Operating Income

£'000	6 months to 30 June 2023 (Unaudited)	6 months to 30 June 2022 (Unaudited)	Year Ended 31 December 2022 (Audited)
Other Income	74	10	37
	74	**10**	**37**

Other income in the period relates to a refund from the Chinese government to SMWS China in relation to previously overpaid expenses.

9. Loss on ordinary activities before taxation

£'000	6 months to 30 June 2023 (Unaudited)	6 months to 30 June 2022 (Unaudited)	Year Ended 31 December 2022 (Audited)
Presented as;			
Adjusted EBITDA*	(1,811)	(313)	394
Depreciation of tangible assets	(760)	(462)	(1,000)
Amortisation of intangible assets	(124)	(133)	(259)
Finance costs	(629)	(195)	(576)
Exceptional and restructure costs	(180)	-	(631)
Loss on ordinary activities before taxation	**(3,504)**	**(1,104)**	**(2,072)**
Loss on ordinary activities before taxation	(3,504)	(1,104)	(2,071)
Add back; Depreciation of tangible assets	760	462	1,000
Add back; Amortisation of intangible assets	124	133	259
Add back; Finance costs	629	195	576
EBITDA	**(1,991)**	**(313)**	**(236)**
Exceptional and restructure costs	180	0	631
Adjusted EBITDA*	**(1,811)**	**(313)**	**395**

** Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation and exceptional and restructure costs*

10. Exceptional and Restructure costs

£'000	6 months to 30 June 2023 (Unaudited)	6 months to 30 June 2022 (Unaudited)	Year Ended 31 December 2022 (Audited)
Legal and professional fees	-	-	1
Non underlying American Whiskey pre operational costs	-	-	288
Non underlying Masterton pre-operational costs	91		342
Non recurring organisational restructuring costs	89	-	-
	180	**-**	**631**

Costs in the period relate to £91k (2022; nil) relating to final movement of Supply operations to our new Masterton Bond Supply Chain facility and £89k (2022; nil) and restructure costs relating to the change of CEO.

11. Taxation

The results include a tax charge against the profits of the Group's Chinese subsidiary at the rate of 25% in both 2022 and 2023. 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 2023 (Unaudited)	6 months to 30 June 2022 (Unaudited)	Year Ended 31 December 2022 (Audited)
Earnings used in calculation (£'000)	(3,720)	(1,532)	(2,038)

Number of shares	69,807,454	69,638,840	69,708,374
Basic EPS (p)	(5.3p)	(2.2p)	(2.9p)
Fully diluted number of shares	74,995,461	74,673,842	74,746,138
Diluted EPS (p)	(5.3p)	(2.2p)	(2.9p)

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 2022	678	1,441	498	1,968	2,745	4,343	11,673
Additions	-	-	5	2,202	704	162	3,073
As at 31 December 2022	678	1,441	503	4,170	3,449	4,505	14,746
Additions	-	-	-	287	322	-	609
As at 30 June 2023	678	1,441	503	2,651	3,070	4,343	12,686
Accumulated Depreciation							
As at 1 January 2022	168	1,027	251	844	345	661	3,296
Charge for the year	13	70	55	328	148	474	1,088
As at 31 December 2022	181	1,097	306	1,172	493	1,135	4,384
Charge for the 6 months	18	24	27	407	73	210	759
As at 30 June 2023	199	1,121	333	1,579	566	1,345	5,142
Net book value							
As at 31 December 2022	497	344	197	2,998	2,956	3,370	10,362
As at 30 June 2023	479	320	170	2,878	3,205	3,160	10,212

Investment in the period is driven by progression in the build and fit-out of our new Supply Chain facility, Masterton Bond, and continued investment in Cask Wood £322k; (2021; £199k).

14. Inventories

£'000	As at 30 June 2023 (Unaudited)	As at 30 June 2022 (Unaudited)	As at 31 December 2022 (Audited)
Cask whisky & other spirits	23,926	22,804	23,034
Other inventory	5,844	3,921	5,269
Total inventory	**29,780**	**26,725**	**28,303**

The above balance contains no provision for aged stock (Jun-22: £83k) as we have recognised write off costs direct to the income statement in 2023, £100k relating to aged stock encountered as a result of our move from third party supply chain support to sole inhouse operations at our new Masterton bond supply chain facility.

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 £0.9m in the six-month period (H1-22: £2.4m).

15. Financial Liabilities

£'000	6 months to 30 June 2022 (Unaudited)	Year Ended 31 December 2022 (Audited)
Inventory secured revolving credit facility	19,400	16,500
Bank loans	569	784
Other loans	45	57
Financial liabilities	20,014	17,341
Lease liability	3,139	3,319
	23,153	**20,660**

The revolving credit facility (RCF) is secured by a bond and floating charge over eligible inventory within the Group. The availability of funds under the facility agreement is linked to a calculation of

eligible inventory, which is predominantly the casked goods component of inventory assets.

In December 2022, the revolving credit facility was increased, as part of the accordion element within the original contract, by £3m, the total facility availability now £21.5m. The loan is interest bearing and interest is due at a rate of 2.25% over the Bank of England base rate.

The bank loan is secured by standard securities over the Ground Floor Premises of the Leith property and a legal charge over the Greville Street property. The loan is interest bearing and interest is due at a rate of 2.25% over the Bank of England base 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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