

The Single Malt Fund Trading Company

Whisky Investment and Market Report – Q1, 2022

Welcome to the Q1 2022 Single Malt Fund Trading Ltd report, where we comment on the latest developments in the rare whisky as well as broader industry markets and give an update on our trading operations.

Rare Whisky Q1 results

The Rare Whisky 101 Apex 1000, the barometer of the UK auction market for rare whisky, shows that the market remains very buoyant indeed, with a 5.2% growth v LY in Q1 2022. The Macallan, the dominant force in the category, shows no signs of lagging, with an impressive +12.6%. A healthy Macallan is a healthy secondary market for rare whisky.

RW100 icons double digit growth (+11.5%) shows the top end of the market is leading the way. This includes, of course, the main collectible Macallans, but also Japanese whisky which remains in hot demand at +9%. The two big hitters, Karuizawa and Yamazaki are fighting out an even contest with both up 10.9%

Diageo brands stand out; whether it be the recently re-opened silent distillery of Brora (12.2%), the silent but soon to be reopened Port Ellen (5.2%), or the core brands of Talisker (11.8%) and Caol Ila (10.1%), Diageo brands had a noteworthy quarter. Only Lagavulin (-2%) and Clynelish (1.3%) let the side down a bit.

Springbank, that small distillery in Campbeltown, has long been a top choice for whisky enthusiasts and true malt collectors. It has now fast become a legend in the world of whisky investment, with prices up over 400% in five years. Rarity is the key contributor with Springbank, being such a small distillery. Rosebank (6.5%) shows that a recent burst was not a one off, while Highland Park delivered strong growth (4.8%) after being flat for a while.

Sotheby's inaugural spirits sales in France and launches biggest sale ever of American whiskeys

On January 21st, Sotheby's held their first ever spirits auction in France, the first of a planned regular series of auctions in Europe. This expansion into Europe is a recognition of the growth of whisky collectors across Europe and adds a fourth selling centre for Sotheby's alongside London, New York and Hong Kong. The highlight of this first auction, which featured 11 lots and raised Euro 886,875, was a Yamazaki 50-year-old, third edition, which sold for Euros 375,000. The Single Malt Fund just happens to own a bottle of this highly sought after, rare bottling.

Meanwhile, over in New York, Sotheby's marked another milestone with what was expected to be the biggest sale of rare American whiskeys in history. This was a combination of

two big collections and was made up of a mammoth 750 lots. As expected, there were several classic bottles from Pappy Van Winkle, Four Roses and Old Weller. The auction generated US\$ 1.6 million in sales.

Irish Whisky Merchant launches its first auction

Another sign of the growing interest in rare and collectible Irish whiskey saw Irish Whisky Merchant, Northern Ireland's first online whiskey auction house, launch in March. This is the second significant online whiskey auction house on the island of Ireland,

following Irish Whiskey Auctions's emergence on the scene in the past few years. The highlight of the Irish Whisky Merchant's

sale was a bottle of The Brolloch single malt Irish Whiskey, which fetched GBP 6,100.

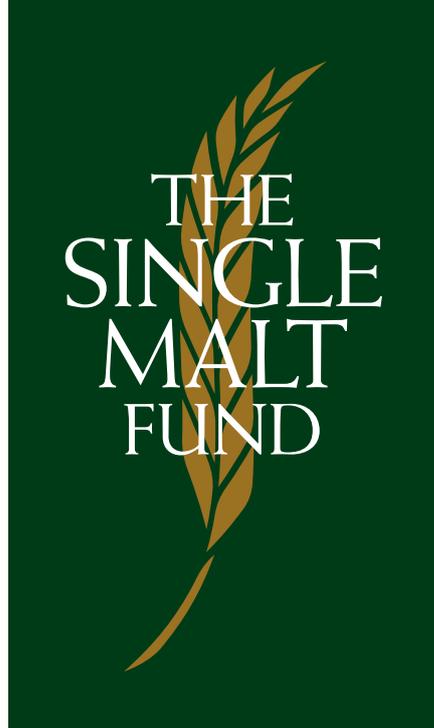
Q1 Highlights

- Very strong start to the year
- Macallan and premium whiskies driving the rare whisky market
- Springbank enters legendary status
- Sotheby's extends into Europe and America while the Irish whiskey auction market has a new player
- Record breaking first half for Pernod Ricard. Diageo and BF publish solid results
- The Single Malt Shop off to a good start



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Diageo Interim results

On January 27th, Diageo published its interim results for the first half ending Dec 31st, 2021. Highlights were as follows:

- Strong net sales results across all regions; GBP 8 billion in net sales, +16% v LY, with organic sales up 20%.
- Operating profit of GBP 2.7 million, + 23% v LY. To quote, Diageo; “Growth reflects continued recovery in the on-trade, resilient consumer demand in the off-trade and market share gains and was underpinned by favourable industry trends of spirits taking share of total beverage alcohol and premiumisation”. Scotch, tequila and beer were the categories mentioned as main contributors.

Record breaking 1st half for Pernod Ricard

On Feb 10th, Pernod Ricard announced record breaking results for the 1st half ending Dec 31st, 2021. Sales for H1 FY22 totalled €5,959m, with an organic growth of +17%. To quote Pernod Ricard;

“Strategic International Brands +19%: broad-based rebound with all brands growing, notably Jameson, Martell, Ballantine’s, Absolut and Chivas Regal, all double-digit. Strategic Local Brands +14%: driven by recovery of Seagram’s Indian whiskies. Specialty Brands +21%: continued very dynamic momentum of American whiskeys, Malfy, Monkey 47, Redbreast, Lillet and agave portfolio”.

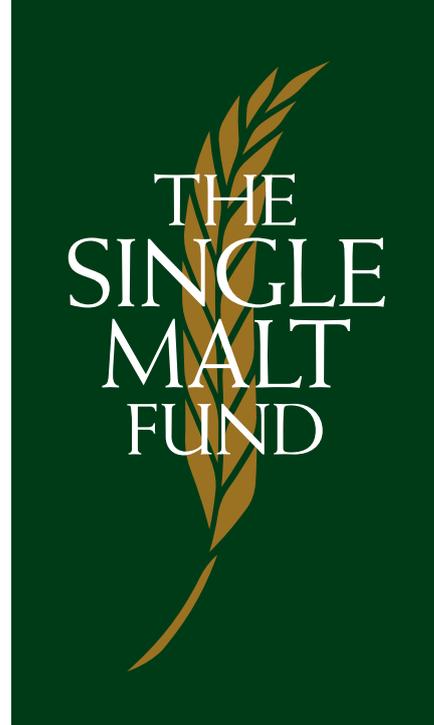
Jack’s Back

Brown Forman reported net sales growth of 11% (+14% organic) for the three quarters to end January 2022. Led by emerging and developed international markets, with solid growth in the United States and a rebound in our Travel Retail channel. The Jack Daniel’s family of brands grew reported net sales 12% (+14% organic) powered by 17% reported net sales growth (+20% organic) from Jack Daniel’s Tennessee Whiskey. Premium bourbons, led by Woodford Reserve and Old Forester, grew reported net sales 10% (+10% organic).



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The Single Malt Fund Trading Activities in Q1 2022

www.thesinglemaltshop.com off to a strong start to the year

In Q1, we were active in some opportunistic offline trading, which produced significant results.

Beyond this, our e-commerce site continues to attract more and more customers and build a solid foundation. Sales were 51% ahead of budget, with 384 customers, 484 orders and 783 bottles sold. We shipped to 18 countries in Q1 and one person in five ordered twice from us in the first three months of the year. While we are focusing on recruiting new customers, this high frequency of purchase is critical to our success as it shows that, when people discover us, they like what they see and experience.

Dalmore, The Glendronach and Redbreast were our top 3 brands, with The Glendronach proving particularly popular with customers in South Korea. Our Redbreast 22 single cask bottling continues to perform, demonstrating the importance of exclusivity to our business.

We continue to show that we can sell across the full range of price points and age groups.

Our Facebook fan page has increased by 18,000 at the beginning of the year to 28,000 by end March and our e-mail database is growing steadily every week.

Purchasing-wise, the key highlights for Q1 were as follows; Caol Ila 24-year-old 175th anniversary bottling; Middleton Very Rare 2022; Tamdhu Cigar Malt; Bushmills Marsala and Sauternes cask bottlings.

We would like to take this opportunity to thank all our suppliers and partners for all their support in and look forward to building on a strong start to 2022 for The Single Malt Fund.

Slainte!

Ed Forrest

Managing Director – The Single Malt Fund Trading Ltd.

