

26 May 2020

## Western Gate Private Investments Limited

### Western Gate comment on Stock Spirits Interim 2020 Results

Western Gate Private Investments Limited (“Western Gate”) a 10% long term shareholder in Stock Spirits, is pleased with the Interim 2020 results of the Stock Spirits Group and the way it has dealt with the present COVID-19 situation. The support The Group has shown towards its employees has been noticed as it has always been the view of Western Gate that the Company should look after all stakeholders.

Stock Spirits reported robust results with what concerns both top and bottom-line growth and this has been noted by Western Gate and indicates that the underlying business is continuing to improve. Western Gate would like to take this opportunity to touch base on certain issues that were highlighted in the run up to the 2020 AGM.

In July 2017 Stock Spirits entered into an agreement to acquire 25% of Quintessential Brands for a cash consideration of 15m euro. The 2020 interim results announced that this investment was attributed an impairment of 14m euro which has left the carrying value of the investment at 14% of what has been invested so far. This reinforces Western Gate’s past issues with the M&A policy of The Group, as essentially one third of the investments has now been impaired. Given the nature and relative size of the impairment, Western Gate feels that The Group should have provided more clarity on “range of economic conditions” that were used to support this impairment. The Group cannot expect shareholders to accept the (almost) full impairment of an investment without providing any information or strategic guidance. This situation also casts doubts on the progress of this investment before the COVID-19 crisis. We hope that shareholders will get more information on this in the next announcement.

Western Gate understands that until this crisis has passed, Stock Spirits will need to maintain a strong balance sheet as it has done in the past. However, we would like to reiterate that once the crisis has been overcome, Stock Spirits must look to complete meaningful M&A and, if this is not possible, then surplus cash should be distributed to shareholders.

**Francisco Santos, Director, Western Gate said:**

***“We are mostly pleased with the results of the underlying business, however, would like a further explanation with regards to the total impairment of the QE business.”***

**Link for Stock Spirits Announcement:**

[https://www.stocksprits.com/investors/regulatory\\_news/default.aspx](https://www.stocksprits.com/investors/regulatory_news/default.aspx)

## Contact

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### **About Western Gate**

Western Gate is a large individual shareholder in Stock Spirits holding an interest in 10% of the Company's outstanding share capital. Western Gate is a long-term investor with a 10-year investment horizon and represent the private family office of Luis Amaral.