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Artisanal Spirits Company PLC (The)
24 January 2023

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The Artisanal Spirits Company plc

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

Full Year Trading Update & Board Changes

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"), today provides an unaudited trading update for the financial year ended 31 December 2022 ("FY 2022") and announces a change of leadership with David Ridley stepping down as Managing Director and Andrew Dane appointed as CEO following another year of strong growth.

Financial & Operational Highlights:

- Revenue for the year ended 31 December is expected to show growth of approximately 20% over the previous year (FY 2021: £18.2 million), with this strong year on year performance being slightly ahead of the consensus revenue forecast of £21.6 million
- Global membership grew by approximately 12% with c.37,000 members at the year-end, up from 33,000 at the end of 2021. Retention remained broadly consistent with the prior year level of 77%, demonstrating the loyal nature of the membership base
- Continued recovery in UK member venues and events: sales now seeing the benefits of more normalised trading conditions with a record December
- Masterton Bond, the Group's multi-purpose supply chain facility, became operational on time and to budget in Q4 2022
    - The facility has had an encouraging start and has commenced bottling operations with c.20,000 bottles produced, hundreds of casks delivered and first pallets dispatched from site prior to the year end
    - It is anticipated that, once fully operational, this facility will improve operating margins by c.2%, with the initial benefits now starting to be realised and the full effect expected early in the current financial year
- RBS revolving credit facility extended by two years and increased to £21.5 million on more favourable terms, providing additional flexibility to expand and grow all aspects of the business, ranging from membership, continued investment in the Group's brand, whisky stocks and international reach. This enhanced bank facility provides significant headroom to further grow the business
- Continued international expansion during the year with an inaugural franchise agreement in South Korea and a new partnership with Drinks Alliance in Malaysia
- An update on the American Whiskey Society proposition will be given with the Group's full year results in March 2023

- Confident of continued progress in FY 2023, entering the year from a position of strength, and continuing to deliver against the Group's stated strategy, consistent with market expectations

Board Changes:

- David Ridley and the Board have agreed that David steps down as Managing Director of ASC following six years with the Group in that role, during which time the business has delivered sustained revenue growth and, in 2021, successfully IPO'd on the London Stock Exchange under his stewardship

- The Board is pleased to announce that Andrew Dane, currently Finance Director, has been appointed as CEO with immediate effect. Andrew is charged with driving the next phase of growth in line with ASC's stated strategy which continues to serve the Group well. Billy McCarter, formerly Group Financial Controller, has been appointed as Interim Finance Director and the Board has initiated a search process, comprising both internal and external candidates, to identify a long-term CFO. Shareholders will be updated on the outcome of this process in due course

- David will remain available to support the Group until July 2023 in order to assist with an orderly transition, as required

Mark Hunter, Chairman, commented:

"2022 was another strong year of considerable strategic progress together with further consistent delivery of both financial and operational goals. We continue to leverage and evolve our pioneering business model to maximise our long-term global growth opportunity. Sales have increased by c.20% once again and membership by c.12% and we remain on track to meet our target of doubling revenue to £30m between 2020 and 2024, whilst continuing to improve our operating margins.

"We have invested simultaneously in additional whisky stocks which continue to appreciate, and in advancing our infrastructure and global reach through the development of our Masterton Bond multi-purpose supply chain facility and, most recently, new distribution capability in South Korea and Malaysia. Looking forward, the investments we have made in 2022 will enhance the business this year and beyond. With whisky stocks to satisfy demand into the next decade already acquired and investment-driven cash burn having already peaked as we pivot towards sustained profitability, we are well positioned to continue expanding our business, benefit from the growing appreciation globally of small batch whisky and the key underlying trends of convenience, premiumisation and digitalisation which are set to continue to drive consumer behaviour.

"I would like to take this opportunity on behalf of the Board to thank David for his leadership and significant contribution at the helm of ASC over the last six years. He has presided over impressive levels of consistent growth during his tenure and he leaves ASC in excellent shape. David leaves with our very best wishes and we wish him well for the future.

"ASC is fortunate to have a strong and able successor in Andrew Dane and the Board has confidence in his readiness and capability as CEO. Since joining in 2020, Andrew has demonstrated strong operational and commercial credentials in addition to his proven financial skillset. He knows the business and ASC's wider market structure well and has been instrumental in developing and implementing the Group's growth strategy in conjunction with the wider Executive team. These qualities equip him well to provide continued leadership as ASC progresses its stated strategy to unlock its significant future growth opportunity."

David Ridley, commented:

"I have thoroughly enjoyed my time with ASC and am proud of the Group's success to date. There is demonstrable momentum in the business and following another year of strong growth, I feel the time is now right for me to seek a fresh challenge and hand over the reins for the next phase of ASC's development. I wish Andrew and the wider team every success for the future."

Shares Magazine Investor Event

As part of its ongoing shareholder engagement programme, Artisanal Spirits Company will be presenting 'live' at the Shares Magazine investor event at The Radisson Hotel, Edinburgh on 9 February 2023 at 17.45 GMT. Existing shareholders and potential investors can register to attend and join the evening event at:

https://www.sharesmagazine.co.uk/events/event/shares-investor-evening-edinburgh-live-event-090223

For further information, please contact:

The Artisanal Spirits Company plc Mark Hunter, Chairman Andrew Dane, CEO	via Instinctif Partners
Singer Capital Markets (Nominated Adviser & Sole Broker) Sandy Fraser Phil Davies George Tzimas Asha Chotai	020 7496 3000
Instinctif Partners (Financial PR) Justine Warren Matthew Smallwood	020 7457 2020

About The Artisanal Spirits Company

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 over 37,000 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 over £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.

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