

Hills whisky boost raises spirits at Mighty Craft

BUSINESS

More than 70,000 litres of mature Adelaide Hills whisky this year will supercharge listed beverage company Mighty Craft's and fuel its rise to becoming one of Australia's biggest craft beverage players.



Adelaide Hills Distillery founder Sacha La Forgia with Mighty Craft products including his 78 Degrees Australian Whisky.

The company that last month announced a \$47 million plan to buy SA producers Adelaide Hills Distillery, Mismatch Brewing and Hills Cider yesterday reported sales revenue for the June quarter of \$8.9 million, taking its financial year cash receipts to \$31 million.

A further 63,000 litres of Adelaide Hills Distillery whisky is expected to reach maturity before the end of 2023 adding to the about 45,000 of other Mighty Craft whisky set to reach maturation by 2026.

Future whisky stocks increased by 27,556 litres during the June quarter, mainly driven by production of Hidden Lake and the Adelaide Hills Distillery brands.

That whisky will not reach maturity until at least 2024.

The acquisition is expected to help grow Mighty Craft's total spirit production capacity to 1.5 million bottles next financial year, making it one of the largest Australian craft spirit producers and a leading player in the emerging Australian whisky market.

Adelaide Hills Distillery founder Sacha La Forgia has been appointed to Mighty Craft's whisky acceleration committee along with Chris Malcolm and George Campbell.

The Adelaide Hills transaction is now complete with the group of craft brands officially joining Mighty Craft on July 19 with the organisational structure to be finalised in the first 90 days.

Mature Litres of whisky (44% ABV equivalent)			
Maturity	Hidden Lake / KIS	AHD	TOTAL
CY21		78,487	78,487
CY22	2,339	42,784	45,123
CY23	6,172	20,300	26,472
CY24 - 26	14,053	13,504	27,557
Total	22,563	155,075	177,638

Source: Mighty Craft's July 29 ASX release.

The deal also includes 75 per cent ownership of the popular LOT.100 venue, a destination distillery, cellar door, restaurant, and function centre on an 84-hectare property near Nairne in the Adelaide Hills.

The brands join SA's Kangaroo Island Spirits and Sparkke in the Mighty Craft stable, which also includes Seven Seasons, which was started in Darwin by former Port Adelaide footballer and Something Wild founder Daniel Motlop.

Interstate craft brands include Ballistic Beer Co (Qld), Sauce Brewing (NSW), Slipstream Brewing (Qld), Brogan's Way Distillery (Vic), Torquay Beverage Co (Vic), Foghorn Brewery (NSW) and Jetty Road Brewery (Vic)

Mighty Craft purchased KI Spirits and the 20-acre Cygnet River property its distillery sits on from founders Jon and Sarah Lark in March 2020 for just over \$2 million. Established by the Larks in 2006, KIS was one of Australia's first dedicated craft gin distilleries. In recent years it began making the island's first single malt whiskies. In July last year, the company unveiled a \$3 million masterplan development for the Kangaroo Island distillery including a third still to increase the production capacity for the domestic and export market and a spirit tasting room and education space, which will overlook production. The project will create 20 jobs during construction and around 25 ongoing jobs once completed.

The existing cellar door will also be upgraded to focus on serving visitors KIS spirits and cocktails in the native botanical garden that is home to over 75 native species used in the making of the botanical driven gins including Native Juniper, Coastal Daisy Bush, Anise Myrtle, and Lemon Myrtle.

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In March this year, Mighty Craft also received a \$500,000 grant from the South Australian Tourism Commission (SATC) to develop a world-class experimental distillery on the island.

The company announced yesterday it had also invested an additional \$780,000 in the June quarter on a property on Kangaroo Island that will house distillery staff, provide a future facility to train distillers and eventually provide accommodation on the Island for tourists.

“This property investment will, in the long term, generate a strong return for shareholders and is a key step towards realising our vision to make Kangaroo Island Distillery an iconic “must visit” tourist destination,” the company said in its update to the ASX yesterday.

Previously known as Founders First, the company changed its name to Mighty Craft in November and has been on a sustained period of acquisitions, culminating in the Adelaide Hills Group purchase.

Commenting on the quarterly update, Mighty Craft's Managing Director, Mark Haysman said the growth achieved in the 2021 financial year was very strong.

“Mighty Craft is executing on its strategy by growing and acquiring scale quickly, exactly as we have outlined to the market.

“We remain very positive about the year ahead and will continue to update the market on our progress towards hitting our stated FY22 guidance.”

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