



Top Shelf International Holdings Ltd

Principal Place of Business:
16-18 National Boulevard
Campbellfield
Victoria
Australia 3061

25 February 2022

ASX ANNOUNCEMENT (ASX: TSI)

Financial results for the six-month period ended 31 December 2021 ("FY22 1H")

Top Shelf International: Premium spirits that embody the independent spirit and personality of Australia

Top Shelf International Holdings Limited ("Top Shelf" or "the Company") is pleased to announce its financial results for FY22 1H accompanied by an ASX Appendix 4D, Interim financial report and FY22 1H investor presentation.

Top Shelf's Chief Executive Drew Fairchild stated *"The FY22 1H revenue result of \$11.4 million and pro forma gross margin of 27.0%¹ demonstrates Top Shelf's growing momentum with our branded products experiencing a strong COVID-19 rebound in November and December and ongoing demand for our contract packaging services. "Our maturing whisky harvest profile coupled with the recent announcement of national ranging with Coles Liquor Group of NED Whisky and Grainshaker Vodka provide Top Shelf with significant opportunity to accelerate growth in 2022.*

"We have also invested in our future with over \$4.7 million invested in FY22 1H in brands and our maturing whisky and agave inventories. We will continue to do so with the recently announced Supercars Australia partnership providing Top Shelf with the opportunity to extend the distribution, reach and awareness of our premium, distinctively Australian brands."

FY22 1H highlights

Highlights during FY22 1H included:

Financial performance

- Revenue of \$11.4 million, inclusive of branded product (\$4.6 million) and contract packaging services (\$6.8 million), reflected growth of 57% on the prior comparative period. Pro forma gross margin performance of 27.0% reflected incremental improvement from 21.6% in the prior comparative period and 25.4% in FY21 2H.

Investment

- Investment in maturing spirit inventory continued during FY22 1H as Top Shelf invested \$1.9 million in whisky production and oak maturation costs to deliver a future net sales value uplift of \$26 million and an additional \$0.8 million in agave agronomy to achieve a future net sale value uplift of \$24 million.
- At 31 December 2021, Top Shelf's maturing spirit inventory net sales value was \$322 million (Whisky: \$137 million; Agave: \$185 million).
- In FY22 1H, Top Shelf invested \$2.0 million in marquee partnerships to scale NED Whisky and Grainshaker Vodka and agave distillery planning and brand development.

Capital

- In November 2021, Top Shelf completed a \$35.0 million capital raise to partly fund:
 - development of Australia's first integrated agave distillery at scale in north Queensland; and

¹ Pro forma gross profit % excludes contract packaging passthrough excise in FY22 1H and is disclosed on a consistent basis with the FY21 1H statutory gross profit.

- Top Shelf's brand acceleration and business performance initiatives.

Recognition

- NED Whisky and Grainshaker Vodka were awarded a combined 21 medals at Australian spirits awards, including three Golds. NED was the second most awarded whisky at the 2021 Australian Distilled Spirit Awards, taking home six medals including Gold for both The Wanted Series Flair and The Wanted Series Loyalty.

Innovation

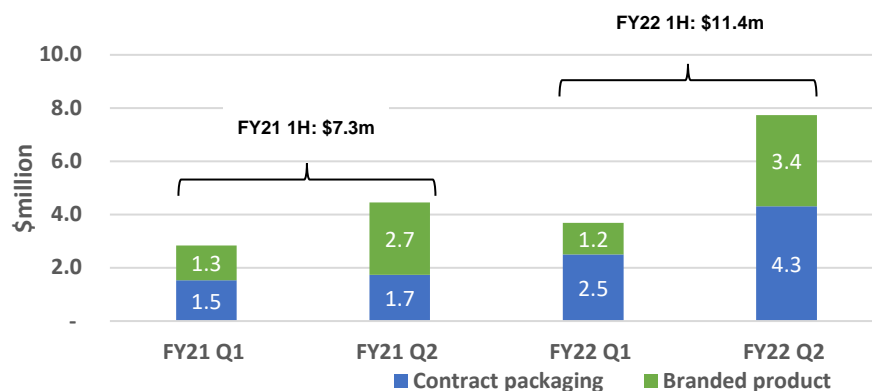
- In December 2021, Top Shelf released an Australian Agave NFT program enabling token holders to secure a unique and bespoke offering inclusive of providing access to spirit from the Company's very first agave harvest. The first release program tokens each sold for \$10,000.

FY22 1H financial summary

Top Shelf's key financial metrics for FY22 1H relative to the prior comparative period are set out below:

Financial results (\$m)	FY22 1H	FY21 1H	Change	Change (%)
Revenue	11.4	7.3	4.1	56.7%
Gross profit	2.4	1.6	0.8	50.6%
Operating result ²	(1.5)	(1.2)	(0.3)	(28.4%)
Underlying EBITDA ³	(6.8)	(3.6)	(3.1)	(87.2%)
Statutory EBITDA	(7.8)	(7.1)	(0.7)	(10.0%)
Loss after tax	(9.6)	(6.7)	(2.8)	(42.0%)
Pro forma gross profit margin ⁴	27.0%	21.6%	-	5.4%

FY22 1H quarterly revenue profile



Revenue in FY22 1H of \$11.4 million represented growth of 57% above the prior comparative period.

TSI recognised branded product revenue of \$4.6 million in FY22 1H with, importantly, \$3.4 million in FY22 Q2 as the eastern seaboard states rebounded strongly from four months of COVID-19 related lockdowns. The branded product revenue result was achieved with limited available whisky to harvest reflecting the commissioning of the Campbellfield distillery in the comparable period in 2019.

² Operating result represents performance before investment in brand and agave, group support function costs including listed company costs and nonrecurring costs.

³ Underlying EBITDA represents group performance before nonrecurring items, depreciation & amortisation, finance costs and tax.

⁴ Pro forma gross profit % excludes contract packaging passthrough excise in FY22 1H and is disclosed on a consistent basis with the FY21 1H statutory gross profit.

Demand for TSI's contract packaging services was strong in FY22 1H with underlying revenue growth of 28% or \$0.9 million (underlying revenue: excluding excise passthrough). The customer demand came from TSI's portfolio of major retail and craft beverage customers.

Funding

At 31 December 2021, the Company had cash on hand of \$38.7 million. The Longreach Credit secured finance facility, that was extended during FY22 1H from \$15.0 million to \$25.0 million, was fully drawn at 31 December 2021.

Investor conference call

A presentation and discussion will be hosted by Adem Karafili, Executive Chairman, Drew Fairchild, Chief Executive Officer, Ben Kennare, Chief Financial Officer and Matt Slade, Investor relations and Brand Director on **Friday 25 February 2022 at 11:30 am (AEDT)**.

Conference Call Dial-In Details

You may access the call by registering via:

<https://s1.c-conf.com/diamondpass/10020225-4jl1mk4.html>

Please note that registered participants will receive their dial in number upon registration.

Webcast URL

A live audio webcast of the event will also be available. To access the audio webcast please use the following link:

<https://ccmediaframe.com/?id=6L4A42Nf>

End

This announcement was approved by the Company's Chief Executive Officer Drew Fairchild, on behalf of the Top Shelf Board.

For more information (investors and media):

For further information, please visit our investor website <https://www.topshelfgroup.com.au/investors> or contact investor relations at investor@topshelfgroup.com.au or on +61 (03) 8317 9990.

Media enquiries, please contact Matt Slade on +61 409 916 474.

About Top Shelf

Top Shelf International is a Melbourne based distiller and marketer of premium Australian spirits, with distinctive brands in NED Australian Whisky and Grainshaker Hand Made Australian Vodka. The Company has a track record of success creating high quality, premium Australian products and brands; each in its own way encapsulating a distinctive Aussie attitude, social experience and flavour profile.

The Company has expertise in the development and production of distilled spirits, undertakes a significant level of research and development and operates modern fermentation, distillation and packaging facilities in Campbellfield, Victoria.

The Company is creating Australia's first agave spirit range from its magnificent Agave farm in The Whitsundays region of Queensland. This location has been specifically chosen for its climatic suitability for growing *tequilana* blue agave. The farm is being developed using the most up-to-date and innovative agronomy and horticultural practices.

In addition to distilling and manufacturing its own portfolio of spirit brands, Top Shelf also provides canning, bottling and packaging services to a range of customers.