Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Top Shelf International Holdings Ltd
ABN:	22 164 175 535
Reporting period:	For the year ended 30 June 2022 ("FY22")
Previous period:	For the year ended 30 June 2021 ("FY21")

2. Results for announcement to the market

$'000	FY22	FY21	Mvmt	Mvmt %
Revenue				
Statutory	25,283	19,161	6,122	32.0%
Pro forma	26,584	19,161	7,423	38.7%
Gross profit	5,463	4,667	796	17.1%
Gross profit %				
Statutory	21.6%	24.4%	(2.8%)	n/a
Underlying	27.0%	24.9%	2.1%	n/a
EBITDA				
Statutory	(17,987)	(10,318)	(7,668)	(74.3%)
Underlying	(13,971)	(6,245)	(7,726)	(123.7%)
Loss after income tax	(16,438)	(10,739)	(5,699)	(53.1%)

Comments:

Refer to the Directors' report within the attached annual report of Top Shelf International Holdings Ltd for commentary on results for the year ended 30 June 2022 inclusive of a reconciliation of pro forma and underlying results to statutory results.

3. Net tangible assets

$	30 June 2022	30 June 2021
Net tangible assets per ordinary security	0.64	0.69

Net tangible assets include right of use assets and the corresponding lease liabilities. Intangible and deferred tax assets have been excluded from the net tangible assets per ordinary share calculation.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period:

There were no dividends paid, recommended or declared during the current financial period.

Previous period:

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit / review dispute or qualification (if any):

The financial statements of Top Shelf International Holdings Ltd for the year ended 30 June 2022 have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The annual report of Top Shelf International Holdings Ltd for the year ended 30 June 2022 is attached.

12. Signed

Authorised for release by the board of directors of Top Shelf International Holdings Ltd.

Top Shelf International Holdings Ltd

ABN 22 164 175 535

Annual Report - 30 June 2022

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30 June 2022

Corporate directory
30 June 2022

Directors	Adem Karafili – Executive Chairman Drew Fairchild - Chief Executive Officer Peter Cudlipp Michael East Lynette Mayne (appointed effective 28 April 2022) Ken Poutakidis (resigned effective 28 April 2022)
Company secretaries	Kim Graves, Carlie Hodges
Registered office	16-18 National Boulevard Campbellfield VIC 3061 Telephone: +61 3 8317 9990
Share register	Boardroom Pty Limited Level 12 225 George Street Sydney, NSW 2000 Telephone: +61 2 9290 9600
Auditor	Ernst & Young 8 Exhibition Street Melbourne VIC 3000
Securities exchange listing	Top Shelf International Holdings Ltd shares are listed on the Australian Securities Exchange (ASX)
Website	topshelfgroup.com.au
Business objectives	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 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 Agave tequilana (Blue agave). 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.
Corporate governance statement	https://www.topshelfgroup.com.au/investors

Directors' report
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter asthe 'Group' or 'Top Shelf') consisting of Top Shelf International Holdings Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were directors of the Company during the financial year ended 30 June 2022 and up to the date of this report, unless otherwise stated:

Adem Karafili	Executive Chairman
Drew Fairchild	Chief Executive Officer
Peter Cudlipp	Non-Executive Director
Michael East	Non-Executive Director
Lynette Mayne	Non-Executive Director (appointed effective 28 April 2022)
Ken Poutakidis	Non-Executive Director (resigned effective 28 April 2022)

1. Principal activities

During the financial year the principal activities of the Group have included:

- the production, marketing and selling of NED Australian Whisky and Grainshaker Hand Made Vodka spirit products;
- the continued investment in whisky production and maturation;
- continued development of an Australian agave spirit farm in The Whitsundays region of Queensland, the largest single agave estate outside of Mexico;
- commencement of development of a dedicated on-farm agave distillery facility with the ambition of becoming Australia's first producer of an agave spirit range; and
- the provision of contract packaging services to a portfolio of major beverage and craft customers.

2. Operating and Financial Review

Top Shelf International is a Melbourne based distiller and marketer of premium Australian spirits. The Group 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 Group is participating in the world's largest and fastest growing spirit categories. Its domestic and international ambitions are backed by an enviable asset base and a portfolio of premium brands, NED Whisky, Grainshaker Vodka and a soon-to-be-released Australian Agave spirit brand, that are distinctively Australian in style and personality, and which are growing by a multiple against their respective category competitors.

The Group 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 Group is also creating Australia's first agave spirit range from its magnificent Agave spirit farm in The Whitsundays region of Queensland, the largest single agave estate outside of Mexico. This location has been specifically chosen for its climatic suitability for growing Agave 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.

2.1 Key operational achievements

The key operational achievements of the Group during FY22 included:

Retail ranging and distribution
Top Shelf commenced national ranging of NED Australian Whisky and Grainshaker Hand Made Vodka products in Coles Liquor Group stores (Liquorland, First Choice and Vintage Cellars), initially with ready to drink (RTD) products in late March 2022 and expanding to glass spirit products in May 2022. The Group expects to further expand the NED Whisky and Grainshaker Vodka product range in partnership with Coles Liquor Group during FY23 Q1.

Access to mature whisky supply from March 2022 and a national sales team established over the course of FY22 enabled the Group to replenish retailers in the independent off premise channel during the fourth quarter of FY22, after a period of limited whisky availability in FY22 1H. Coles Liquor Group and independent retailers facilitated growth of 221% during FY22 of Top Shelf's off premise distribution points from 2,450 at June 2021 to 7,900 at June 2022.

Investment
Ongoing investment in maturing spirit inventory continued during FY22 and at 30 June 2022 Top Shelf had over 2.0 million litres of whisky under maturation (@ 43% ABV) (June 2021: 1.6 million) and an equivalent of 2.6 million litres of agave spirit (@ 43% ABV) (June 2021: 1.9 million).

The Group's maturing spirit inventory net sales values at 30 June 2022 was $359.6 million (30 June 2021: $271.8 million). Whisky under maturation represented $144.9 million ($71.4 per litre) and agave spirit represented $214.7 million ($83.5 per litre). The whisky and agave spirit net sales value per litre applied at 30 June 2022 was consistent with 30 June 2021.

The equivalent agave spirit under maturation reflects 483,000 plants in ground (June 2021: 282,000) at Top Shelf's Eden Lassie agave farm with an additional 208,000 plants in nursery.

Capital
In November 2021, the Group completed a $35.0 million capital raise to help fund the development of Australia's first integrated agave distillery at Eden Lassie in The Whitsundays region of Queensland, and to accelerate the growth of Top Shelf's spirit portfolio and business performance initiatives. In June 2022, Top Shelf received development approval from the Whitsunday Regional Council for its Australian Agave distillery project.

Subsequent to financial year end, on 29 August 2022 Top Shelf executed a facility agreement amendment deed with its existing debt financier, Longreach Credit, extending the secured financing facility agreement limit by $20.0 million to $45.0 million. This additional funding will facilitate continued investment in Top Shelf's brands and business performance.

Capability
In August 2021, Top Shelf announced the appointment of Trent Fraser to lead the Group's Australian Agave Project and International expansion. Trent brings more than two decades of wine and spirits experience to the Group including the last 13 years in New York City with Moet Hennessy Louis Vuitton (LVMH). Prior to joining Top Shelf, he led the build and launch of a new international tequila brand, Volcan De Mi Tierra.

Recognition
In December 2021, Top Shelf received gold medals at the 2021 Melbourne Royal Australian Distilled Spirit Awards (ADSA) for two of its super premium, limited batch NED Whisky Wanted Series releases, Flair and Loyalty. FY22 was the first time that Top Shelf's portfolio has been entered in industry awards and the gold medals were among 21 accolades bestowed upon NED Whisky and Grainshaker Vodka in FY22 2H. The ADSA gold medals and other awards reflect the industry's recognition of the innovation, skill and expertise of Top Shelf's distilling team.

Innovation
In December 2021, Top Shelf launched an Australian Agave NFT program enabling token holders to secure a unique and bespoke offering inclusive of providing access to spirit from the Group's first agave harvest. These first release tokens sold for $10,000 each, with holders to receive a minimum of 35 litres of Australian Agave spirit when plants are mature and available for harvest. The Australian Agave NFT program represents the first sales of Top Shelf's agave spirit, providing an indicator of the potential opportunity for this pioneering Australian spirit category.

2.2 Financial Performance

Revenue and gross margin

The Group's branded business performance encountered challenging trading conditions in FY22, particularly in the first half of the financial year, with COVID-19 related lockdowns in Victoria and New South Wales. Top Shelf also had limited mature whisky to harvest until March 2022 reflecting the maturation cycle from 2019 when the Group was transitioning whisky production from third parties to its Campbellfield distillery.

In FY22, the Group recognised revenue on a pro forma basis of $26.6 million, an increase of $7.4 million or 39% on the prior comparative period.

Branded product revenue increased by $1.0 million or 8% in FY22 to $13.7 million (on a pro forma basis). In FY22 branded product revenue reflected:

- national ranging with Coles Liquor Group (Liquorland, First Choice and Vintage Cellars) of NED Whisky and Grainshaker Vodka products from late March 2022;
- the launch of 16 new products to service on and off premise, and direct to customer channels; and
- strong demand for branded products, particularly Grainshaker Vodka, from the on premise and summer festivals and outdoor event channels.

Access to mature whisky from March 2022 enabled the fulfilment of Coles Liquor Group and replenishment of retailers in the independent off premise channel. Growth of Top Shelf's off premise distribution points from 2,450 at June 2021 to 7,900 at June 2022, an increase of 221%, was most notable in the fourth quarter of FY22 with increased access to mature whisky.

Contract packaging revenue increased by $6.4 million or 99% in FY22 relative to the prior comparative period. Demand for the Group's contract packaging services reflected growth from existing major retail and craft beverage customers and the onboarding of new customers during FY22. Top Shelf is continuing to experience strong demand and inbound enquiries to source locally based, reliable, high quality contract packaging services.

The Group's gross margin reflected an increase of $0.8 million to $5.5 million in FY22 relative to FY21.On an underlying basis, gross margin as a percentage of revenue increased by 2.1% in absolute terms to 27.0% in FY22 relative to 24.9% in FY21. The improved margin in FY22 reflected a focus on new product development, high margin channel prioritisation and pricing strategies across the branded product business. The contract packaging services margin was relatively stable in FY22.

Underlying EBITDA

The Group recorded an underlying EBITDA loss of $14.0 million in FY22 relative to $6.2 million in FY21.

In FY22, the underlying EBITDA reflected:

- gross margin contribution ($5.5 million) and fair value uplift of agave plants ($6.3 million) offset by:
- a 129% increase in strategic business investment expenditure to $5.1 million in FY22 incorporating marquee brand building sponsorships and the Australian Agave project;
- a 256% uplift in marketing expenditure to $3.6 million in FY22 reflecting TSI's investment in dedicated brand marketing capability and brand design and awareness; and
- a $1.8 million increase in selling expenditure to $5.9 million as TSI established a national sales team to service the independent retail channel and increased promotional and activation expenditure across all channels.

A reconciliation from underlying to statutory EBITDA is set out overleaf.

Financial position

The Group's net tangible asset position (net assets excluding intangibles and deferred tax assets) was $45.7 million at 30 June 2022, an increase of 32% from 30 June 2021.

The net tangible asset position at 30 June 2022 included:

- inventories at cost of $11.3 million (30 June 2021: $7.4 million) inclusive of maturing whisky inventories of $8.1 million (30 June 2021: $6.0 million). TSI invested over $2.0 million in new make whisky production and maturation activities during FY22;
- agave plant biological assets of $15.7 million (30 June 2021: $7.7 million) reflective of continued investment in agave agronomy and fair value uplift of the agave plants. TSI invested over $1.7 million in agave agronomy activities during FY22; and
- property, plant & equipment of $28.9 million (30 June 2021: $27.2 million) inclusive of capital expenditure of $4.5 million notably in relation to whisky maturation oak and racking equipment, and equipment and construction expenditure of the Australian Agave project agave distillery facility.

The Group's net debt position at 30 June 2022 was $4.9 million (30 June 2021: $5.5 million).

Non-IFRS financial information

The Directors use certain measures to manage and report on Top Shelf that are not recognised under Australian Accounting Standards (AAS) or International Financial Reporting Standards (IFRS). These measures are collectively referred to as non-IFRS financial measures under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. These non-IFRS financial measures do not have a prescribed meaning or standard definition under AAS or IFRS. The non-IFRS measures should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS.

The principal non-IFRS financial measure that is referred to in this Directors' Report is EBITDA, which represents earnings or losses before net finance costs, income tax, depreciation and amortisation. The directors consider the additional information of EBITDA is relevant and useful in measuring the financial performance of the Group.

The following table summarises key reconciling items between statutory loss after tax and EBITDA:

$'000	**FY22**	**FY21**
Loss after tax	(16,438)	(10,739)
Income tax	(5,273)	(3,147)
Finance costs	2,570	2,790
Earnings before interest & taxation (EBIT)	**(19,141)**	**(11,096)**
Depreciation & amortisation	1,154	778
Earnings before interest, taxation and depreciation & amortisation (EBITDA)	**(17,987)**	**(10,318)**

The pro forma gross margin and underlying EBITDA referred to in this Directors' Report have been calculated to exclude certain items described below. This has been done to more clearly represent the underlying financial results noting that this financial information has not been prepared in accordance with AAS or reviewed in accordance with Australian Accounting Standards.

Revenue

Pro forma revenue has been derived by the consistent recognition of all domestic channel revenue on a gross excise basis (FY22 incremental revenue on a pro forma basis: $1,300,100; FY21: $nil).

Gross margin percentage

Underlying gross margin performance has been derived by the exclusion of contract packaging excise passthrough revenue. Contract packaging excise passthrough revenue excluded from underlying gross margin percentage in FY22 was $5,067,000 (FY21: $422,000).

EBITDA

The following table reconciles underlying EBITDA to reported EBITDA for FY22 and the previous corresponding period, FY21:

$'000	**FY22**	**FY21**
Reported	**(17,987)**	**(10,318)**
Share based payments	443	2,104
Asset write-downs	1,613	-
Loss on disposal of assets	939	-
Non-recurring expenses	1,020	-
IPO transaction and related costs	-	1,970
Underlying	**(13,972)**	**(6,244)**

The adjustment applied to statutory EBITDA to derive underlying EBITDA reflect the exclusion of:

- Share based payments, as a non cash cost, has been excluding from underlying performance of the Group;
- In FY22 the Group recognised asset write-down charges in relation to aged trade receivables in relation to customers whom the Group no longer directly trade and obsolete inventory;
- The Group recognised a loss of disposal of assets primarily in relation to the Group's cessation of The Distiller hospitality and experience venue at the Welcome to Thornbury precinct in Melbourne in June 2022;
- In FY22, the Group recognised costs in relation to discontinued consulting and employee arrangements, and non recurring corporate development activities; and
- In FY21, the Group recognised non recurring costs in relation to the Company's initial public offering in December 2020.

2.3 Material Business Risks

The below sets out key risks that may have an impact on the Group's ability to execute its business strategies and future growth realisation, and how the Group seeks to manage these risks.

Material Business Risk	Details of Risk	Mitigation strategies in place
Brand positioning	Risk of failing to reach realisation of benefits from brand, sales and marketing strategies, initiatives, and campaigns. The Group expects that the costs of developing its existing Ned Whisky and Grainshaker Vodka brands and upcoming Agave brand, and associated marketing strategies, initiatives and campaigns will continue to increase as Top Shelf's business and product range grow.	• Strategic investment in brand portfolio and product rationalisation and analysis. • Continued monitoring and analysis of consumer trend and sentiment.
Customer relationships	Risk of losing a key customer or customer support more generally. Key customer relationships may be lost or impaired, if customers experience any dissatisfaction with products or services or end consumers fail to purchase products. The loss of any key customers, or a significant reduction in volume may adversely impact operating or financial performance.	• Continued investment in sales and marketing capability to manage customer relationships and new product investment to engage with existing and perspective customers.
Safety and quality standards and other legal and regulatory requirements	The Group must comply with a range of laws and regulations including liquor licensing, beverage standards and product content requirements, labelling and packaging, biosecurity, fair trading and consumer protection, employment, health and safety, property and the environment, customs and	• Companywide policies, standards, and procedures. • Consultation with experts on provision of health,

	tariffs and direct and indirect taxation and excise duties. Failure to comply may result in a monetary fine or other penalty (such as loss of liquor or manufacturing licences) adverse publicity or a loss in consumer confidence.	safety, environment, and quality services. • Ongoing relationships and engagement with key government, industry, and regulatory bodies.
Supply chain risks	The quantity and quality of products may be adversely affected by supply chain disruptions or changes. Availability and price of key ingredients used may be influenced by global demand and supply factors.	• Continued focus on logistics and procurement initiatives. • Strategic planning of demand requirements. • Relationship management with key suppliers.
Business interruption	The equipment and management systems necessary for the operation of manufacturing facilities may break down, fail, or be impacted by a fire or major weather event, resulting in manufacturing delays, increased manufacturing costs or an inability to meet customer demand	• Comprehensive repairs and maintenance program. • Comprehensive insurance program.
Inability to access funding	The Group is currently loss making and is not cash flow positive, meaning it is reliant on raising funds from investors to continue to fund its operations. The Group may seek to raise additional debt finance or new equity in the future to continue to grow its business. If there is a deterioration in the level of liquidity in the debt and equity markets, or the terms on which debt or equity is available, this may prevent the Group from being able to raise the relevant debt or equity.	• Strong capital management and cost control program. • Dedicated investor relations strategy to engage with capital stakeholders to facilitate access to additional capital, if and when required.
Attract and retain key management personnel	The successful operation of the Group is dependent on its ability to attract and retain experienced, skilled and high performing key management and operating personnel. Failure to attract and retain certain personnel may adversely affect Top Shelf's ability to execute its business strategy and may result in a material increase in the cost of obtaining appropriately experienced personnel	• Employee safety focus. • Mentoring and provision of growth opportunities to employees. • Reward and Incentive programs aligned with key business measures and growth vision.

3. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

4. Significant changes in the state of affairs

The Company completed a $35.0 million capital raise in November 2021 to fund the development of Australia's first integrated agave distillery in Queensland and Top Shelf's brand acceleration and business performance initiatives.

There were no other significant changes in the state of affairs of the Group during the financial year.

5. Matters subsequent to the end of the financial year

On 29 August 2022, the Company executed a facility agreement amendment deed with its existing debt financier, Longreach Credit, extending the secured financing facility agreement limit by $20.0 million to $45.0 million. The facility agreement amendment deed specifies the Group will be able to immediately draw upon $10.0 million of the $20.0 million facility extension (subject to the Group's borrowing base position) with conditions precedent to enable the Group to draw upon the final $10.0 million. Details of the facility agreement amendment deed are provided in notes to the consolidated financial statements disclosed in this report. No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

6. Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

7. Environmental regulation

The Group is subject to a significant environmental regulation under State law, primarily a waste treatment agreement with the Yarra Valley Water pursuant to which the Group can only dispose of waste water with a pH value of between 6-10 and temperature less than 40 degrees Celsius. At the Eden Lassie farm, the Group is subject to a range of environmental regulations under State law, primarily the Environmental Protection Act 1994 and the Water Act 2000. The Group is in compliance with these regulations.

8. Information on directors

Name:	**Adem Karafili**
Title:	Chairman
Experience and expertise:	Adem spent seven years establishing Swisse Wellness before it's sale to Biostime International for nearly $1.7 billion USD in 2015. Adem held senior positions of CFO, COO and MD at Swisse Wellness. Adem currently chairs his investment vehicle ANGL Korp. Adem is a CPA, having studied a Bachelor of Business Administration (B.B.A.) – Accounting
Other current directorships:	The Hydration Pharmaceuticals Company Limited (Non-Executive Director), Light Warrior Wellness Pty Ltd (Non-Executive Director), Victoria Regional Games Taskforce (Chairman)
Former directorships (last three years):	-
Special responsibilities:	Chair of the Board and Chair of the Audit & Risk Committee
Interest in shares:	3,540,764 ordinary shares (held indirectly)
Interest in options:	1,238,093 options over ordinary shares

Name:	**Drew Fairchild**
Title:	Chief Executive Officer
Experience and expertise:	Drew commenced his career as a graduate with Shell Australia, becoming the Finance Director for Shell in Australia and a Director of Shell Australia Limited and its subsidiary companies. After leaving Shell, Drew became CFO of Fulton Hogan and then Cleanaway (whilst trading as Transpacific). Drew then pursued a number of entrepreneurial endeavours, including by co-founding Top Shelf International. Drew holds a Bachelor of Business, Master of Applied Finance, and is a graduate of the Group Business Leadership Program
Other current directorships:	Damstra Technology Limited (Non-Executive Director)
Former directorships (last three years):	-
Special responsibilities:	Chief Executive Officer
Interest in shares:	2,853,370 ordinary shares (held indirectly)
Interest in options:	1,238,093 options over ordinary shares

Name:	**Peter Cudlipp**
Title:	Non-Executive Director
Experience and expertise:	Peter has over 40 years of experience advising a wide range of large multinational and national companies around customer driven growth. Peter commenced his career in advertising and held executive roles in Australia's leading advertising agencies. In 2004 Peter joined the boutique management consulting firm Growth Solutions Group and in his role as Partner/Director, helped build the firm to be one of Australia's leading consultancies for customer and brand led growth specialising in the alcoholic beverages, retail, financial services and higher education sectors.

Other current directorships:	-
Former directorships (last three years):	-
Special responsibilities:	-
Interest in shares:	639,576 ordinary shares (held indirectly)
Interest in options:	256,133 options over ordinary shares

Name:	**Michael East**
Title:	Non-Executive Director
Experience and expertise:	Michael has 35 years of international and Australian experience within the wine and spirits industry. He has held senior executive positions as CEO Accolade Wines, Managing Director Fine Wine Partners and Southcorp Wines Australasia, and Sales Director Pernod Ricard. He is committed to delivering sustainable commercial partnerships, shareholder value and people and culture development. Michael has also served on the Boards of the Winemakers Federation of Australia and the Liquor Merchants Association Australia.
Other current directorships:	Taylors Wines Pty Ltd (Non-Executive Director)
Former directorships (last three years):	-
Special responsibilities:	Chair of the Nomination & Remuneration Committee
Interest in shares:	197,400 ordinary shares (held indirectly)
Interest in options:	98,213 options over ordinary shares

Name:	**Lynette Mayne**
Title:	Non-Executive Director (appointed effective 28 April 2022)
Experience and expertise:	Lynette is an experienced international Chair, Director and CEO. Currently Executive Chair of Richard Branson's B Team Australasia, having created The Climate Leaders, B Well and AI Coalitions. Lynette is a former CEO at Lendlease and has held senior executive positions for major companies in New York City.
Other current directorships:	Non-executive director of the Prime Minister's Australian Infrastructure Financing Facility for the Pacific and Accounting for Nature
Former directorships (last three years):	-
Special responsibilities:	-
Interest in shares:	-
Interest in options:	-

Name:	**Ken Poutakidis**
Title:	Former Non-Executive Director (resigned effective 28 April 2022)
Experience and expertise:	Ken is a corporate adviser and corporate finance executive with 20 years of finance experience. Ken is Managing Director and Founder of Avenue Advisory, a boutique advisory firm providing corporate finance and capital markets advice to emerging companies. Previously, Ken worked as a management consultant and a corporate finance executive with leading equity firms across Australia and Asia.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last three years)' quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

9. Company secretaries

Name:	**Kim Graves**
Title:	Company secretary
Experience and expertise:	Kim has over 30 years' experience in national and international project acquisition, finance, regulatory approvals, development and operations. He has been a member of wholly-owned and joint venture management teams for listed and non-listed companies, including Shell Australia. Kim is a founding shareholder of Top Shelf.

Name:	**Carlie Hodges** (appointed 27 January 2022)
Title:	Company secretary
Experience and expertise:	Carlie is an Executive Director at cdPlus Corporate Services, which provides outsourced corporate governance and company secretarial services to both private and public companies in Australia. In addition, she is a Senior Associate at Coghlan Duffy & Co. Carlie is also the Company Secretary of The Hydration Pharmaceuticals Company Limited and Damstra Holdings Ltd. Carlie holds a Bachelor of Science and Bachelor of Laws from Deakin University, a Master of Arts in Medical Ethics and Law from King's College London, a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia and is admitted as a solicitor in the state of Victoria.

10. Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

Board meetings [1]

Director	Attended	Held
Adem Karafili	15	15
Drew Fairchild	15	15
Peter Cudlipp	15	15
Michael East	15	15
Lynette Mayne	2	2
Ken Poutakidis	12	13

Audit and Risk Committee meetings

Director	Attended	Held
Adem Karafili	1	1
Peter Cudlipp	4	4
Michael East	4	4
Lynette Mayne	1	1
Ken Poutakidis	3	3

Remuneration and Nomination Committee meetings

Director	Attended	Held
Michael East	3	3
Peter Cudlipp	3	3
Lynette Mayne	-	1
Ken Poutakidis	2	2

Held: represents the number of meetings held during the time the director held office.

11. Loans to directors and executives

There were no loans to directors and executives as at 30 June 2022.

12. Shares under option

Unissued ordinary shares of Top Shelf International Holdings Ltd under option at the date of this report are summarised in note 37 of this report.

13. Shares issued on the exercise of options

There were no ordinary shares of Top Shelf International Holdings Ltd issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

14. Indemnity and insurance of officers and Auditor

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as adirector or executive, for which they may be held personally liable, except where there is a lack of good faith.
During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

15. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

16. Non-audit services

The following non-audit services were provided by the Company's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	$
Fees in relation to corporate advisory services	49,000
Total	**49,000**

Officers of the Company who are former partners of Ernst & Young

There are no officers of the Company who are former partners of Ernst & Young.

17. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

18. Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Letter from the Chairman of the Nomination and Remuneration Committee

Dear shareholders,

On behalf of the Board, I am pleased to present Top Shelf's FY22 Remuneration Report.

The financial year ended 30 June 2022 was a year of further expansion as we saw increases in distribution and sales velocity of the NED Whisky and Grainshaker Vodka brands, accompanied by the significant increase in matured inventory of NED Whisky to meet a sustainable mid to long term demand. Of particular note is the strong trading partnership with the Coles Liquor Group coinciding with our vastly increased availability of NED Whisky.

Our Australian Agave Project has continued to take shape with advancement of brand planning and distillery build preparations supporting the ongoing expansion of our agave agronomy operation.

Our key management personnel (KMP), in Adem Karafili and Drew Fairchild, have continued to steer the Group in our ambition to build the most inspirational company in Australian alcohol, notwithstanding the short term challenges caused in FY22 by COVID restrictions and limited mature whisky available to harvest. On behalf of the non-executive directors of the Board, I would like to thank Adem, Drew and all our team members for their continued hard work, passion and commitment breaking through milestones throughout the year.

TSI's strategy is to build sustainable, competitive advantage by establishing customer centric business partnerships, building the leading Australian made spirits brand portfolio, and by being operationally excellent in customer service, product quality and all facets of business execution. This strategy requires a highly skilled and motivated team of leaders and people.

As founding KMP from our initial public offering in December 2020, Adem and Drew are developing and mentoring an executive team capable of leading Top Shelf through the next phase of business growth and realising our stated ambitions. We must be able to attract, motivate, and retain world-class talent to have a culture grounded in superior performance that delivers our strategies, ensuring we achieve our financial commitments, that in turn brings value to our customers and our shareholders.

The Board's objective is to attract and retain our talent, build succession planning pathways for the future, remunerate and reward our people in a responsible manner in alignment with the realisation of shareholder value and make Top Shelf an employer of choice.

Michael East
Chairman of the Nomination and Remuneration Committee

Remuneration report (audited)

The directors present the Company's 2022 Remuneration Report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year. The report has been prepared and audited against the disclosure requirements of the Corporations Act 2001 (Cth).

1. Key Management Personnel ("KMP")

Key management personnel (KMP) are those individuals that have the authority and responsibility for planning, directing and controlling the activities of the Company. For FY22, our KMP are:

Executive Directors	Position	Term
Adem Karafili	Executive Chairman	Full year
Drew Fairchild	Chief Executive Officer	Full year

Non-executive Directors (NEDs)	Position	Term
Peter Cudlipp	Non-executive Director	Full year
Michael East	Non-executive Director	Full year
Lynette Mayne [1]	Non-executive Director	Appointed 28 April 2022
Ken Poutakidis [2]	Non-executive Director	Resigned 28 April 2022

[1] Lynette Mayne was appointed to the Board of the Company as a Non-executive director on 28 April 2022, and was considered to be KMP at that point in time.
[2] Ken Poutakidis resigned as a Non-executive director on 28 April 2022 and was considered to be KMP until that date.

2. Remuneration at a glance

2.1 Our remuneration philosophy

Our remuneration philosophy is reflective of our core purpose, which is to promote, celebrate and enjoy our distinctive Australian way of life, for both our shareholders and our people. Our remuneration framework reflects our journey and our position as a company in the pre-profit phase of our growth cycle.

We have made a number of key talent hires throughout our second year as a listed company to help further our ambition of becoming a globally relevant premium spirits brand business with an Australian accent. Our remuneration framework is key to continuing to attract, retain and motivate our people, and has two key elements: fixed remuneration and long-term incentives. Refer section 2.2.

Our remuneration framework is simple, and focused on leveraging reward that only has value to an executive where our share price has significantly increased over time. We chose this framework to reflect our ambitions for growth, but also our desire to strongly align Executive KMP outcomes to our new and existing shareholders' experience.

2.2 Remuneration principles

The following chart outlines the remuneration principles agreed by the Board and the Remuneration & Nominations Committee, which have guided our remuneration structure for FY22:

Our Strategic Objectives...

Premium Brand Portfolio	Market Position	Brand Access
A premium portfolio of successful spirit brands with an Australian accent	Achieving #1 market position of Australian sourced spirit products in whisky, vodka and agave, with an initial focus on Australia	Delivering high levels of psychological (brand salience and distinctive market assets) and physical availability (channel access) of its brands in its target markets

...which translate into our Remuneration Principles

Recognition for where we've come from	Attract and retain the 'right' talent	Aligning our pay to the outcomes of our shareholders
We seek to recognise the contribution of key staff for their hard work in getting Top Shelf to where it is today and incentivise retention and performance in future periods.	We seek to attract the right talent for our business - individuals who think outside the box - and our remuneration framework should reflect that.	Incentivise our talented people for meeting our Premium Brand Portfolio, Market Position and Brand Access strategic objectives, in a way which also reflects our shareholder experience

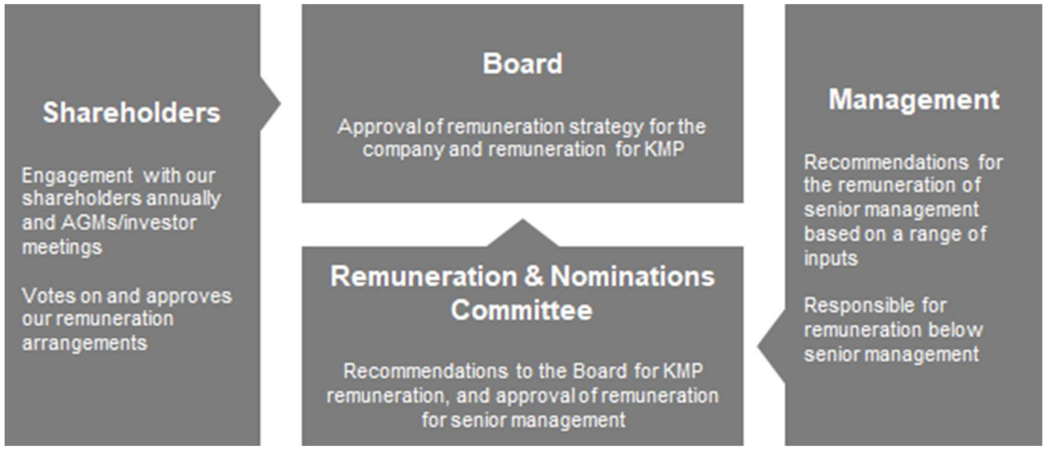
2.3 Remuneration framework

The executive remuneration framework is comprised of two key components, representing both fixed and variable reward at Top Shelf. The purpose, link to performance, and delivery mechanism, is summarised below. Refer section 4 for further detail.

Element of reward	Purpose	Link to performance	Delivery
Fixed remuneration, which reflects base salary, superannuation at the prevailing rate, and employee benefits	• Set at a level to attract and retain top talent to Top Shelf • Takes account of the strategic value of the role, individual responsibilities and experience	N/A	Cash, superannuation and motor vehicle allowance
Long term incentive, which is an award of premium-priced options that recognise past performance, and reward for future sustained growth in the business	• Rewards executives for contributing to the achievement of key growth targets (share price, revenue and other KPIs), and provides value to the participant for sustainable long-term growth aligned to shareholder value creation.	For FY22, the LTI rewards key measures of performance: • Share price growth over three years • Group revenue growth • Achievement of individual KPIs aligned to the growth of the business In addition, all options have premium-priced exercise prices, requiring a significant increase in share price above our listing price before they are in the money for the participant.	Premium-priced options, requiring a significant increase in the share price over the listing price in order for any value to be attained by participants. Award of 125% of base salary for each Executive KMP participant. Subject to malus and clawback provisions

3. Remuneration governance

The chart below outlines the role of each key role in the setting and assessing of remuneration at Top Shelf:



Role of the Board and Remuneration and Nomination Committee

Amongst other responsibilities, the Remuneration and Nomination Committee makes recommendations to the Board regarding:

- The remuneration strategy, policies and outcomes applicable to the Chief Executive Officer and Executive Chairman, as well as other members of the Board.
- On the recommendation of the Chief Executive Officer, reviews and recommends the remuneration strategy, policies and outcomes of the other members of the senior management team at Top Shelf.

The Committee reviews and determines the remuneration policy and structure annually to ensure it remains aligned to business needs, and meets the remuneration principles. In particular, the Committee seeks to confirm that remuneration practices are:

- Encouraging and sustaining a culture aligned with the Company's values;
- Supporting the Company's strategic objectives and long-term financial soundness; and
- Aligned with the Company's risk management framework and risk appetite

Use of independent remuneration consultants

From time to time, the Committee may seek independent external advice from an external remuneration consultant. No external remuneration recommendations were received by the Committee during FY22.

Minimum shareholding requirements

We have not set minimum shareholding requirements for Executive or Non-executive Director KMP. All members of KMP will progressively build up their shareholdings in Top Shelf over a period of time, and in the view of the Board, it is not yet appropriate to mandate a minimum holding.

Dealing in Securities Policy

Top Shelf has put in place a policy with regards to trading in Top Shelf securities ("Securities Dealing Policy"). The policy prohibits all employees and connected persons from dealing in the Company's securities if they are aware of confidential information that is price sensitive, or the Company has notified the employee that they must not deal in securities (whether for a specified period, until further notice is provided by the Company). A copy of the policy can be found on our website.

4. Executive KMP remuneration components

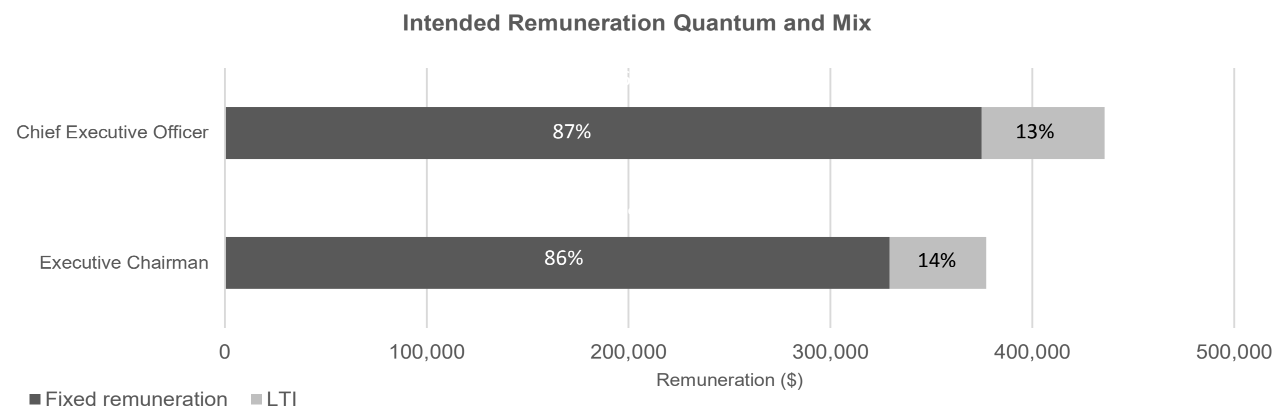
4.1 Service agreements

The following table outlines the summary terms of employment for the Executive KMP:

Terms	Executive Chairman	Chief Executive Officer
Appointment date	1 April 2018 - Non-executive Director and Chairman 19 October 2020 - Executive Chairman	1 June 2017 – Co-founder 1 September 2020 – Chief Executive Officer
Fixed remuneration	Adem is entitled to receive annual total fixed remuneration of $329,000 (inclusive of base salary, superannuation and motor vehicle allowance).	Drew is entitled to receive annual total fixed remuneration of $375,000 (inclusive of base salary and superannuation).
Long-term incentive	Adem is eligible to participate in the Long Term Incentive Plan, at 125% of base salary	Drew is eligible to participate in the Long Term Incentive Plan, at 125% of base salary
Contract duration	Open ended	
Notice period and termination	Employment may be terminated by either party upon giving 6 months' notice. Top Shelf may make payment in lieu of notice. In the event of serious misconduct or other circumstances warranting summary dismissal, Top Shelf may terminate the employment contract immediately without payment in lieu of notice.	
Post-employment restraint period	Following termination of employment, each executive will be subject to post-employment non-competition and non-solicitation restraints that apply across Australia for a period of 12 months. The enforceability of the restraint clause is subject to all standard legal requirements.	

4.2 Executive KMP fixed and variable remuneration

The following chart outlines the intended remuneration quantum and mix for the Executive Chairman and the Chief Executive Officer, based on FY22 fixed remuneration and the variable (LTI) opportunity:



4.3 Fixed Remuneration

Executives may receive their fixed remuneration as cash, or cash with non-monetary benefits, as well as superannuation. Fixed remuneration is reviewed by the Board from time to time, or on promotion. When reviewed in future, fixed remuneration may be benchmarked against market data for comparable roles in companies in a similar industry and of a similar size and complexity.
Superannuation is included in fixed remuneration at the prevailing rate (FY22: 10.0% per annum).

No fixed remuneration increases were made to members of KMP in FY22.

4.4 Short-term incentive

In the year ended 30 June 2022, no STI arrangements were offered to members of KMP.

4.5 Long-term incentive

The Company granted Options to Executive KMP under the terms of the Long-Term Incentive Plan (LTIP) for FY22 (the “FY22 Offer”).

The purpose of the FY22 Offer is to reward executives for performance achieved in FY22 and to further align their interests with the interests of Shareholders into the future.

The FY22 Offer is performance-based and is moderated based on Group revenue and Personal KPI performance in FY22, and a share price hurdle requiring the share price to grow beyond the grant price over a three year period.

All options awarded to Executive KMP under the FY22 Offer have premium-priced exercise prices, and will deliver no value to the Executive if the share price does not reach the stretch premium-priced exercise price set at the date of grant, which represents a 219% premium to the share price at 30 June 2022.

The Board strongly believes that the combination of revenue, personal KPIs aligned to our strategic objectives and share price growth, coupled with premium-priced exercise pricing, is sufficiently challenging and that any award that ultimately vests will have seen considerable shareholder wealth generation. In addition, the Board sought to recognise the achievements and successes of key management in taking the company to listing and the potential that the listing offers for our future growth.

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Eligibility</td><td>Executive Chairman and Chief Executive Officer</td></tr>
<tr><td>Award opportunity</td><td>125% base salary</td></tr>
<tr><td>FY22 Offer performance measures and period</td><td>Performance-based vesting after three years

The FY22 Options are subject to a service condition, such that one-third of the Options granted vest on each anniversary from the date of the grant over the three year performance period. The service condition is satisfied if each executive remains employed by the group on a continuous basis until each the following anniversary dates: 30 June 2022, 30 June 2023 and 30 June 2024.

The number of Options that can ultimately vest are moderated by Group Revenue and Personal Contribution KPI performance at the end of the first year, and then vest subject to a performance based vesting condition, which is linked to the share price growth achieved by the Company based on the 5 day VWAP immediately prior to the 3rd anniversary of the grant of the Options, as outlined in the table below:

<table>
<tr><th>After the year end 30 June 2022</th><th>Vesting date</th></tr>
<tr><td>Two moderators apply to the Options that will be capable of vesting in three years:

1, A revenue moderator applies to 70% of the FY22 Offer Options:
• Where FY22 revenue is equal to or greater than a target established by the Board, all FY22 Options subject to this moderator are capable of vesting.
• Where FY22 revenue is less than the established target, only 80% of the FY22 Options subject to this moderator are capable of vesting.</td><td>The number of Options that are capable of vesting is determined by the moderators to the left.

The number of these Options that ultimately vest to each executive is linked to share price performance based on the 5 day VWAP immediately prior to the 3rd anniversary of the grant of the options, based on the following scale:</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><td></td><td>
<table>
<tr><td>2. A Personal Contribution KPI moderator applies to the remaining 30% of the FY22 Offer Options:

Each individual’s aggregate FY22 performance rating on 5 personal KPIs is used to downward moderate the number of Options that can vest, with thresholds required to be met on 3 of the 5 KPIs for these Options to be capable of vesting.
For the FY22 Options subject to this moderator to be capable of vesting, the executive would need to achieve the maximum on all KPIs.

</td><td>
<table>
<tr><th>Share price at vesting date</th><th>Proportion that vest</th></tr>
<tr><td>5 day VWAP <= $2.03</td><td>0% vest</td></tr>
<tr><td>5 day VWAP between $2.03 and $6.33</td><td>Straight line vesting in between</td></tr>
<tr><td>5 day VWAP is > $6.33</td><td>100% vesting</td></tr>
</table>
Regardless of the share price achieved and Options that vest, all Options remain subject to the premium-priced exercise price before they can be exercised, ensuring strong alignment to shareholder wealth creation.
</td></tr>
</table>
</td></tr>
<tr><td>Delivery of awards and exercise price</td><td>The FY22 Offer awards are delivered as premium-priced options.
The exercise price was set at $3.445 per option, being 219% of the 30 June 2022 share price.</td></tr>
<tr><td>Expiry date</td><td>The FY22 options award will expire on 14 December 2027 unless exercised first.</td></tr>
<tr><td>Board discretion</td><td>The Board retains the overarching discretion to determine the vesting outcomes of Options, to protect against perverse outcomes.</td></tr>
<tr><td>Forfeiture and termination</td><td>The options will lapse if performance conditions are not met. Unvested options will be forfeited on cessation of employment unless the board determines otherwise, e.g. the participant is determined to be a ‘good’ leaver for reasons of death, disability or redundancy. Vested options will be retained, subject to the payment of the premium-priced exercise price before value is delivered to the executive.</td></tr>
<tr><td>Malus and clawback</td><td>At the Board’s discretion, awards of options will lapse in the event of serious misconduct, misstatement of results, or any act that brings the company into disrepute, amongst other trigger events.</td></tr>
</table>

5. Company performance

5.1 Statutory key performance indicators

The table below shows measures of the Group’s financial performance over the last five years as required by the Corporations Act 2001. As the Group is still within its pre-profit growth phase, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Performance element ($’000)	2022	2021	2020	2019	2018
Revenue	25,283	19,161	7,679	2,163	671
Gross profit	5,463	4,667	1,803	598	(119)
EBIT	(19,141)	(11,096)	(4,680)	(1,639)	(1,376)

Share price at year end	1.08	1.76	n/a	n/a	n/a
Dividend (cents)	Nil	Nil	Nil	Nil	Nil
Basic loss per share (cents) [2]	0.26	0.25	0.16	0.12	0.21

No dividend was payable to shareholders in FY22.

5.2 Discussion of key business outcomes

The Nomination and Remuneration Committee has assessed as a result of the performance condition outcome that no options of the FY22 Offer shall be capable of vesting for Executive KMP. Directors and employees remain focused on executing the Group's strategic plan and realising long term value for shareholders.

Long-term incentive outcomes

FY21:

In respect of the moderator performance conditions the number of FY21 Offer options unvested at 30 June 2021 capable of vesting, subject to the share price hurdle being achieved, for Executive and Non-executive KMP was assessed to be 80% of those awarded under the FY21 Offer.

As Ken Poutakidis resigned effective 28 April 2022 as a non-executive director, his FY21 Offer options subject to service conditions to 15 October 2022 and 15 October 2023 were forfeited.

FY22:

In respect of the moderator performance conditions that determine the number of FY22 Options that are capable of vesting, subject to the share price hurdle being achieved, the following performance objectives have been achieved in FY22:

Executive	FY22 Group Revenue Target	% of 70% of FY22 Offer LTI Options capable of vesting	Personal Contribution KPI	% of 30% of FY22 Offer LTI Options capable of vesting
Drew Fairchild	Not achieved	Nil%	Not achieved	Nil%
Adem Karafili		Nil%	Not achieved	Nil%

As a result of the performance condition outcome as determined by the Nomination and Remuneration Committee, all FY22 Offer options granted to Executive KMP have been forfeited.

6. Non-executive directors' remuneration

6.1 Policy and structure

Non-executive directors receive a board fee for their services as a Director of the company, and for chairing or participating on board committees, see table 6.2 below. They do not receive performance-based pay or retirement allowances. Annual Non-executive directors' fees, inclusive of superannuation, are $60,000 including any Committee membership.

Fees may be reviewed from time to time by the board taking into account comparable roles and market data. The current base fees were set with effect from 1 July 2020.

Under the Company's Constitution, the Board decides the total amount paid to each Non-executive director as remuneration for his or her services as a Director to the Company. The total amount paid to all Non-Executive Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in a general meeting of shareholders. This amount has been fixed by the Company at $350,000 per annum.

The Directors are entitled to be paid all travelling and other expenses they incur in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. Such amounts will not form part of the aggregate remuneration amount approved by Shareholders.

Any Director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a non-executive director, may be remunerated for the services (as determined by the Board) out of the funds of the Company. Any amount paid will not form part of the aggregate remuneration amount approved by Shareholders.

6.2 Board and committee fees

FY22 board fee element (annual)	Member ($)
Board	60,000
Audit & Risk Committee	-
Remuneration & Nomination Committee	-

7. KMP statutory remuneration tables

7.1 Statutory KMP remuneration table

FY22

The following table shows details of the remuneration expense recognised for the group's executive and non-executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

	Financial year end 30 June	Short-term benefits			Post-employment benefits	Share-based payments [1]	Total benefits and payments	% of total remuneration that is performance based
		Base Salary / Directors fees ($)	Non-monetary benefits ($) [2]	Annual leave ($)	Superannuation ($)	Long-term incentive ($)	Total remuneration	
Executive directors								
Adem Karafili	2022	268,536	31,453	20,603	29,204	(19,652)	330,144	-%
Drew Fairchild	2022	340,906	-	26,128	34,091	(19,652)	381,473	-%
Non-executive directors								
Peter Cudlipp	2022	42,772	1,127	-	4,390	(3,518)	44,771	-%
Michael East	2022	42,772	-	-	4,277	(3,518)	43,531	-%
Lynette Mayne [3]	2022	10,476	-	-	1,048	-	11,524	-%
Ken Poutakidis [4]	2022	32,772	-	-	3,277	(12,898)	23,151	-%

[1] The long term incentives of Executive KMP were forfeited in FY21 and FY22. Refer to section 5 with regard to the FY22 Offer.
[2] Non-monetary benefits reflect the provision of motor vehicle leases during FY22.
[3] Lynette Mayne was appointed as a non-executive director effective 28 April 2022.
[4] Ken Poutakidis resigned as a non-executive director effective 28 April 2022.

FY21

	Financial year end 30 June	Short-term benefits			Post-employment benefits	Share-based payments [1]	Total benefits and payments	% of total remuneration that is performance based [3]
		Base Salary / Directors fees ($)	Non-monetary benefits ($)	Other ($)	Superannuation ($)	Long-term incentive ($)	Total remuneration	
Executive directors								
Adem Karafili [2]	2021	160,372	13,230	12,015	16,492	200,320	390,504	10.3%
Drew Fairchild [2]	2021	203,793	-	21,844	19,360	200,320	423,473	9.5%
Non-executive directors								
Ken Poutakidis [4]	2021	-	-	-	-	175,797	175,797	Nil%
Peter Cudlipp [4]	2021	-	-	-	-	210,698	210,698	Nil%
Michael East	2021	-	-	-	-	79,032	79,032	Nil%
Bruce Peterson	2021	-	-	-	-	-	-	-

[1] Share based payments reflects the accounting cost of the Company's FY21 offer and non-executive director offer in accordance with AASB 2 *Share-based Payment*.
[2] The short-term benefits and post-employment benefits of Adem Karafili and Drew Fairchild reflect employment commencement as of 19 October 2020 and 1 September 2020 respectively.
[3] The remuneration of the Executive directors that was performance based relate only to Tranche 2 of the FY21 Offer as there were no performance conditions associated with Tranche 1.
[4] Share based payments to Ken Poutakidis and Peter Cudlipp include the value of the ordinary shares issued in September 2020 as part of the pre initial public offering share based payment to select directors and employees.

7.2 Equity award tables for FY22

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Offer	Grant date	Vesting and exercise date	Expiry date	Exercise price	Fair value per option at grant date	Performance achieved	% vested and exercisable	Value ($)
FY22 Offer	14 December 2021	30 June 2022 (33%) 30 June 2023 (33%) 30 June 2024 (33%)	14 December 2027	$3.45	$0.11	Refer section 5.2	-%	$108,728

The number of options over ordinary shares in the company provided as remuneration to KMP are shown in the table below. The options carry no dividend or voting rights. When exercisable, each option can be converted into one ordinary share of Top Shelf International Holdings Ltd upon the receipt of a notice of exercise and payment of the exercise price (where applicable).

The table below shows a reconciliation of options held by each KMP from the beginning to the end of FY22.

Name and grant date	Balance at the start of the year		Granted as remuneration	Vested		Exercised	Forfeited		Other changes	Balance at the end of the year	
	Vested and exercisable	Unvested		Number	%		Number	%		Vested and exercisable	Unvested
A Karafili											
FY21 offer [1]	915,936	402,696	-	-	-	-	80,539	20.0%	-	915,936	322,157
FY22 offer [3]	-	-	439,779	-	-	-	439,779	100.0%	-	-	-
D Fairchild											
FY21 offer [1]	915,936	402,696	-	-	-	-	80,539	20.0%	-	915,936	322,157
FY22 offer [3]	-	-	558,644	-	-	-	558,644	100.0%	-	-	-
P Cudlipp											
FY21 offer [1]	208,757	59,220	-	-	-	-	11,844	20.0%	-	208,757	47,376
FY22 offer	-	-	-	-	-	-	-	-	-	-	-
M East											
FY21 offer [1]	50,837	59,220	-	-	-	-	11,844	20.0%	-	50,837	47,376
FY22 offer	-	-	-	-	-	-	-	-	-	-	-
L Mayne											
FY22 offer	-	-	-	-	-	-	-	-	-	-	-
K Poutakidis											
FY21 offer [2]	208,757	59,220	-	-	-	-	43,428	73.3%	-	208,757	15,792
FY22 offer	-	-	-	-	-	-	-	-	-	-	-

[1] In FY22 it was assessed that the performance conditions of Executive and Non-executive KMP were 80% achieved, and on this basis 20% of unvested options from the FY21 Offer were forfeited.
[2] Ken Poutakidis resigned as a non-executive director effective 28 April 2022. On this basis, the service condition of unvested options from the FY21 Offer was not achieved.
[3] The Executive KMP FY22 Offer was 100% forfeited. Refer section 5.2.

7.3 *KMP shareholdings*

FY22	Opening balance start of year (#) [1]	Shares issued upon exercise of options under incentive plan (#)	Shares issued on completion of the Company's capital raise in October 2021 (#)	Shares purchased / (disposed) on market during FY22 (#)	Closing balance end of year (#)
Adem Karafili	3,067,072	-	366,792	106,900	3,540,764
Drew Fairchild	2,758,120	-	62,500	32,750	2,853,370
Peter Cudlipp	639,576	-	-	-	639,576
Michael East	197,400	-	-	-	197,400
Lynette Mayne	-	-	-	-	-
Ken Poutakidis	532,980	-	-	67,694	600,674 [2]

[1] The 30 June 2021 annual report stated the KMP shareholdings of Adem Karafili of 2,951,572. This balance as of 30 June 2021 has been correctly restated at 3,067,072.
[2] At 30 June 2022.

7.4 Related party transactions

Transactions with related parties

Top Shelf engaged Fairchild Advisory, a controlled entity of Chief Executive Officer Drew Fairchild, in relation to the provision of health, safety, environment, and quality services during the year ended 30 June 2022.

Top Shelf subleased office floorspace from Damstra Holdings Limited, an entity of which Chief Executive Officer Drew Fairchild was a non-executive director for the year ended 30 June 2022.

	Consolidated Entity	
Related party transactions	**30 June 2022 $**	**30 June 2021 $**
Top Shelf engaged Fairchild Advisory, a related party of Chief Executive Officer Drew Fairchild, in relation to the provision of health, safety, environment, and quality services.	53,436	106,436
Top Shelf subleased office space from Damstra Holdings Limited, an entity of which Chief Executive Officer Drew Fairchild is a non-executive director.	139,653	-

The health, safety, environment, and quality services and office space sublease were provided on normal commercial terms and conditions and at market rates.

Receivables from related parties

There were no trade receivables from related parties at the current or prior reporting date.

Loans to/from and payable to related parties

There were no loans with related parties during the current reporting period. At 30 June 2022, Top Shelf recognised amounts payable to Damstra Holdings Limited of $99,387.

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Drew Fairchild
Chief Executive Officer

Adem Karafili
Executive Chairman

30 August 2022

Melbourne

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ey.com/au

Auditor's Independence Declaration to the Directors of Top Shelf International Holdings Ltd and its Controlled Entities

As lead auditor for the audit of the financial report of Top Shelf International Holdings Ltd the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b) no contraventions of any applicable code of professional conduct in relation to the audit; and

c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Top Shelf International Holdings Ltd and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Brett Croft
Partner
30 August 2022

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Revenue from contracts with customers	5	25,283	19,161
Cost of sales			
Product cost of sales	6	(8,886)	(7,979)
Excise	6	(10,934)	(6,515)
Cost of sales – total		(19,820)	(14,494)
Gross Profit		**5,463**	**4,667**
Other Income	7	149	564
Fair value gain on biological assets	18	6,305	5,596
Expenses			
Distribution expense		(962)	(669)
Selling expenses		(5,935)	(4,158)
Marketing expense		(6,484)	(3,022)
Operating, general & administration expenses	8	(16,440)	(11,443)
Share based payments	37	(443)	(2,104)
Depreciation & amortisation	8	(794)	(527)
Finance costs	8	(2,570)	(2,790)
Loss before income tax benefit		**(21,711)**	**(13,886)**
Income tax benefit	9	5,273	3,147
Loss after income tax benefit for the year attributable to the owners of Top Shelf International Holdings Ltd		**(16,438)**	**(10,739)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Top Shelf International Holdings Ltd		**(16,438)**	**(10,739)**
		Cents	**Cents**
Basic earnings per share	36	(25.69)	(25.38)
Diluted earnings per share	36	(25.69)	(25.38)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position
As at 30 June 2022

		Consolidated	
Assets	**Note**	**2022 $'000**	**2021 $'000**
Current assets			
Cash and cash equivalents	10	20,129	9,467
Trade and other receivables	11	6,475	8,018
Inventories	12	11,257	7,447
Other assets	13	1,930	2,400
Total current assets		39,791	27,332
Non-current assets			
Property, plant and equipment	14	28,939	27,227
Right-of-use assets	15	6,227	6,346
Intangible assets	16	2,211	2,040
Biological assets	18	15,669	7,673
Deferred tax assets	9	12,616	6,856
Other assets	13	352	353
Total non-current assets		66,014	50,495
Total assets		105,805	77,827
Liabilities			
Current Liabilities			
Trade and other payables	19	13,064	11,910
Lease liabilities	21	1,042	933
Provisions	22	844	409
Total current liabilities		14,950	13,252
Non-current liabilities			
Borrowings	20	23,913	14,877
Lease liabilities	21	6,073	5,986
Provisions	22,23	357	324
Total non-current liabilities		30,343	21,187
Total liabilities		45,293	34,439
Net assets		60,512	43,388
Equity			
Issued capital	24	95,569	62,450
Reserves		2,136	1,693
Accumulated losses		(37,193)	(20,755)
Total equity		60,512	43,388

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of changes in Equity
For the year ended 30 June 2022

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total Equity $'000
Balance at 1 July 2020	26,621	-	(10,016)	16,605
Loss after income tax benefit for the year	-	-	(10,739)	(10,739)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(10,739)	(10,739)
Transactions with owners in their capacity as owners:				
Contributions of equity	37,993	-	-	37,993
Share issue transaction costs (net of tax)	(2,575)	-	-	(2,575)
Pre-IPO share-based payments	411	-	-	411
Share-based payments		1,693	-	1,693
Balance at 30 June 2021	62,450	1,693	(20,755)	43,388
Balance at 1 July 2021	62,450	1,693	(20,755)	43,388
Loss after income tax benefit for the year	-	-	(16,438)	(16,438)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(16,438)	(16,438)
Transactions with owners in their capacity as owners:				-
Contributions of equity (note 24)	35,000	-	-	35,000
Share issue transaction costs (net of tax)	(1,881)	-	-	(1,881)
Share-based payments	-	443	-	443
Balance at 30 June 2022	**95,569**	**2,136**	**(37,193)**	**60,512**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		30,014	16,972
Payments to suppliers and employees (Inclusive of GST)		(52,778)	(32,097)
Government grants received		60	38
Research and development income		307	289
Interest received		-	2
Net cash used in operating activities	35	(22,397)	(14,796)
Cash flows from investing activities			
Receipts from R&D claim allocated to assets		922	763
Receipts from disposal of property, plant and equipment		60	-
Payments for property, plant and equipment		(4,809)	(3,654)
Payments for intangibles		(194)	(726)
Payments for biological assets		(1,691)	(1,709)
Payments for security deposits		-	(127)
Net cash used in investing activities		(5,712)	(5,453)
Cash flows from financing activities			
Proceeds from issues of shares	24	35,000	48,153
Payment of proceeds to selling shareholders	24	-	(12,200)
Share issue transaction costs	24	(2,367)	(5,014)
Proceeds from borrowings – external financier		10,000	8,000
Proceeds from loans from related parties		-	2,408
Repayment of borrowings – external financier		-	(3,000)
Repayment of borrowings – related parties		-	(4,961)
Repayment of lease liabilities – land		-	(2,330)
Repayment of lease liabilities – buildings & equipment		(335)	(131)
Interest and finance costs on borrowings		(2,772)	(2,215)
Interest on lease liabilities		(755)	(650)
Net cash from financing activities		**38,771**	**28,060**
Net increase in cash and cash equivalents		10,662	7,811
Cash and cash equivalents at the beginning of the financial year		9,467	1,656
Cash and cash equivalents at the end of the financial year	10	**20,129**	**9,467**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Top Shelf International Holdings Ltd as a Group consisting of Top Shelf International Holdings Ltd ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to hereafter as the 'Group' of 'Top Shelf'). The financial statements are presented in Australian dollars, which is Top Shelf International Holdings Ltd's functional and presentation currency.

Top Shelf International Holdings Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. The Company listed on the Australian Securities Exchange ('ASX') on 9 December 2020.

Its registered office and principal place of business is:

16-18 National Boulevard
Campbellfield VIC 3061

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted a number of new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. The adoption of these accounting standards and interpretations did not have any significant impact on the financial performance or position. Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet mandatory, have not been early adopted for the financial year ended 30 June 2022.

Going concern

During the year ended 30 June 2022, the Group has continued to invest in the core capabilities required to achieve its aspirational objective of being the most inspirational company in Australian alcohol. These investments have included marquee brand building sponsorships and development of marketing and sales capability, production of new make whisky and maturation capacity, and development of an agave farm and distillery facility in The Whitsundays region of Queensland required to execute the Company’s growth strategies. These investments have resulted in the Group recognising a loss before tax for the year ended 30 June 2022 of $21.7 million (FY21 loss: $13.9 million).

The Group has net current assets of $24.8 million (June 2021: $14.1 million) and net assets of $53.2 million (June 2021: $43.4 million). The Group has cash reserves of $20.1 million relating as at 30 June 2022 and additional undrawn funds of $18.6 million relating to a facility agreement amendment deed executed on 29 August 2022 in accordance with the Group’s secured finance facility with Longreach Credit. The facility agreement amendment deed provides Top Shelf with unconditional access to funds of $8.6 million from 1 October 2022.

These financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business.

In assessing the Group’s ability to continue as a going concern, the directors have considered the Group’s future financial plans and associated capital requirements, existing available funds, and the Company’s ability as an ASX listed company to secure further funding to support its strategic objectives and growth plans.

Should the Group be required to conserve cash, the Group will restrict and slow its investment and growth plans accordingly and tailor the business to meet ongoing trading requirements, implement cash preservation measures and efficiency actions, and consider additional near-term revenue generation activities.

The Directors are satisfied that these actions are practical and achievable and are therefore satisfied there are reasonable grounds to conclude the Group can continue as a going concern.

Note 3. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, biological assets which have been measured at fair value less costs to sell.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Consolidated statement of financial performance expense classification change
The Group has revised the classification of operating expenses in the presentation of the consolidated statement of financial performance. The Group believes the revised presentation is more representative of Top Shelf's operating structure and on this basis more informative to users of this report.

The Group has defined expense categories as follows:

- Selling expense as costs inclusive of employee benefits associated with Top Shelf's selling activities;
- Marketing expense as costs inclusive of employee benefits relating to Top Shelf's brand development and marketing activities
- Operating, general and administration expenses inclusive of employee benefits reflecting operating costs of business activity and group support functions in addition to costs associated with the Group operating as a publicly listed company.

The table below summarises the reclassification of operating expenses for the comparative period, the financial year ended 30 June 2021.

Original presentation			**Revised Presentation**	
Operating Expenses	**$'000**		**Operating Expenses**	**$'000**
Distribution expense	(672)		Distribution expense	(669)
Employee benefit expense	(4,763)		Selling expense	(4,158)
Sales & marketing expense	(6,194)		Marketing expense	(3,022)
Administration & operating expense	(7,663)		Operating, general and administration expenses	(11,443)
Share based payments	(2,104)		Share based payments	(2,104)
Depreciation & amortisation Expense	(527)		Depreciation and amortisation expense	(527)
Finance costs	(2,790)		Finance costs	(2,790)
Operating Expenses - Total	**(24,713)**		**Operating Expenses - Total**	**(24,713)**

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Top Shelf International Holdings Ltd as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue Recognition

The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised when or as Top Shelf International transfers control of goods or services to a customer at the amount to which Top Shelf International expects to be entitled. If the consideration promised includes a variable component, Top Shelf International estimates the expected consideration for the estimated impact of the variable component at the point of recognition e.g. discount and re-estimated at every reporting date.

The Group is producer and marketer of high-quality Australian spirits-based beverage brands and provider of contract packaging services. The Group generates revenue from the sale of its branded products and by providing contract packing services to third parties for alcoholic and non-alcoholic products.

Revenue from the sale of these goods is recognised when control over the inventory has transferred to the customer. Control is generally considered to have passed when:

(a) Physical possession and inventory risk is transferred to the customer;

(b) Payment terms for the sale of goods can be clearly identified through invoices issued to customers; and

(c) The customer has no practical ability to reject the product where it is within contractually specified limits.

Sale of branded goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery of the product at the customers location. The normal credit term is 30-60 days upon delivery.

NFT Program
The Group has identified distinct performance obligations reflected in the customer contract associated with the agave NFT program. Revenue is recognised at the point in time when the Group satisfies a performance obligation with the consideration allocated to each performance obligation on a stand alone selling price basis.

To determine the stand alone selling price, the Group has adopted an expected cost plus margin approach for each performance obligation with a residual approach for the initial performance obligation of the non-fungible token transfer. With this approach, direct costs to fulfil each performance obligation are recognised.

Contract packaging services
Revenue from the sale of contract packaging services is recognised at the point in time to which the customer obtains control of the goods, at the time of delivery/collection of the finished product. Goods manufactured under contract packaging are subject to 30 day terms from dispatch from the Group's production facility in Campbellfield, Victoria.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of branded products, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration
If the consideration promised includes a variable component, Top Shelf estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of branded products provide customers with rebates and discounts which give rise to variable consideration. The Group provides retrospective rebates to certain customers, which are offset against amounts payable by the customer.

Excise Duty
The Group incurs excise duties which are effectively a production tax which becomes payable when the product is removed from bonded premises and is not directly related to the value of sales.

It is not included as a separate item on external invoices; increases in excise duty are not always passed on to the customer and where a customer fails to pay for products received the Group cannot reclaim the excise duty. The Group therefore recognises excise duty, unless it regards itself as an agent of the regulatory authorities, as a cost to the Group and recognised as cost of sales in the statement of profit or loss.

Interest
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions pursuant to which they have been granted and that the grants will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Government grants in respect of property, plant and equipment, intangible, biological or inventory assets are deducted from the asset that they relate to, reducing the depreciation expense charged to the income statement.

Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Top Shelf International Holdings Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Trade receivables are generally due for settlement within 30 to 60 days from end of month.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Inventory cost is measured at the weighted average purchase price of raw materials, net of trade rebates and discounts received, plus the costs incurred in bringing its inventory to its present condition and location including direct expenses, an appropriate proportion of production and other overheads, but not borrowing costs.

Maturing inventories which are retained for more than one year are classified as current assets, as they are expected to be realised in the normal operating cycle.

Inventory is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Property, plant and equipment

Land is stated at historical cost less impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the land.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to allocate the cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	10 - 25 years
Plant and equipment - Other	4 - 30 years
Computer equipment	2 - 4 years
Office equipment	10 - 25 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Plant and equipment - Production assets

In relation to production specific plant and equipment the Group has adopted the policy to depreciate on a units of production method. This method is calculated by dividing the cost of the asset (less its salvage value) by the total units expected to produce over its useful life, multiplied by the actual units produced during the year. The Group considers this was a more accurate representation of the expected pattern of consumption of economic benefit embodied in the equipment.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intellectual property

Intellectual property relates to trade secrets such as the formation and development of the recipe. These costs are not subsequently amortised. Intellectual property are protected by trademarks, which are renewable indefinitely. There are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of these assets. The nature of the drinks industry is that obsolescence is not a common issue, with indefinite lived intangible assets being commonplace. Accordingly, the Directors believe that it is appropriate that the brands are treated as having indefinite lives for accounting purposes and are therefore not amortised.

Trademarks

Significant costs associated with trademarks are capitalised as an asset. These costs are not subsequently amortised.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Biological Assets

Biological assets represent any unharvested agave valued in accordance with AASB 141 Agriculture. Agricultural produce is measured at their fair value less harvesting and selling costs on initial recognition and at each reporting date. The fair valuation takes into account selling prices and anticipated farm operating, freight, processing, packaging and selling costs.

Net increments and decrements in the fair value of the growing assets are recognised as income or expense in profit or loss, determined as:

- The difference between the total fair value of the biological assets recognised at the beginning of the reporting period and the total fair value of the biological assets recognised at reporting date; and
- Costs incurred in maintaining or enhancing the biological assets.

Impairment of tangible and intangible assets

All indefinite-lived intangible assets that are not subject to amortisation are assessed for impairment at least on an annual basis, or whenever an indication of impairment arises. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use. Fair value less cost of disposal is measured with reference to quoted market prices in an active market. Value in use represents the present value of the future amount expected to be recovered through the cash inflows and outflows arising from the asset's continued use and subsequent disposal.

Impairment losses are recognised in the income statement in the reporting period when the carrying amount of the asset exceeds the recoverable amount. The Group recognises any reduction in the carrying value as an expense in the income statement in the reporting period in which the impairment loss occurs.

Impairment assessment is performed at the level of our Production, Brands and Agave cash generating units (CGU).

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days from end of month of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted, using an appropriate valuation model. The option pricing model can be either the Binomial or Black-Scholes, this takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend return and the risk free interest rate for the term of the option, together with the non-vesting conditions.

The costs of equity-settled transactions are recognised, together with the corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee become full entitled to the award (the “vesting date”). For cash settled share-based compensation, the expense is determined based on the fair value of the liability at the end of the reporting period until the award is settled.

The cumulative expense is recognised for equity-settled transactions at each reporting date until the vesting date reflects the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period and the corresponding amount is represented in the options reserve. At the end of each reporting period, the Group re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of the revisions in the consolidated statement of profit and loss.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense if recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the Group or counterparty, any remaining element of the fair value of the award is expensed immediately through the consolidated profit and loss.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share at a point when the Group recognises profit after tax.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Reserves

The option reserve is used to recognise the value of unvested equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. The amounts are transferred out of the reserve when the shares are issued.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss ('ECL'), grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Biological assets fair value measurement
The unharvested agave plants are classified as a biological assets and valued in accordance with AASB 141 Agriculture. In applying this standard, the Group has made various assumptions at the reporting date as the selling price of the plants can only be estimated and the actual yield not harvested at the reporting date will not be known until it is completely processed and sold. Agricultural produce is measured at fair value less costs to sell. The fair value inputs are considered Level 3 with reference to the fair value hierarchy.

Judgements within the valuation calculation include in-ground growth cycle, harvest forecasts and a conversion ratio from pina weight to agave spirit, as well as the selection of risk factor, indexation and discount rates. The valuation model considers projected sales volume and revenue, as well as anticipated farm operating, processing, packaging, selling and marketing cost assumptions, which are based on five-year management-approved forecasts.

Determination of CGUs and their recoverable amounts
We apply management judgement to establish our cash generating units ('CGU') and determine their recoverable amounts using a value in use calculation for our impairment assessment.

We have determined that the assets within the Group compromise three CGUs. We have referred to these CGUs as Production, Brands and Agave in this report.

Judgements within the value in use calculation include cash flow forecasts, as well as the selection of growth rates, terminal growth rates, contributory asset charges and discount rates based on past experience and our expectations for the future. Our cash flow projections are based on five-year management-approved forecasts. The forecasts use management estimates to determine income, expenses, capital expenditure and cash flows for each asset and CGU.

Depreciation method and estimation of useful lives of assets

The Group has adopted the policy to depreciate plant and equipment relating to production assets on a units of production method. The Group considers the depreciation in line with the estimation of production of units over its useful life to be the measure that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The impact of the production units will be variable in any given financial period and as the business moves towards the full name plate capacity of the assets, it is expected that the annual rate of depreciation under this method will normalise. Any changes made to the assets could impact the estimation of the production capacity of units over its useful life which would change the depreciation per unit. For all other asset classes, it determined that straight-line is the appropriate method of depreciation. These judgements will be applied consistently each period unless there is a change in the expected pattern of consumption of those future economic benefits.

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and tax losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses in a reasonable timeframe determined with reference to the long term strategic plans of the Group.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into one operating segment as the Group operated only in Australia and one industry, as a producer of branded beverages and provision of contract packing services to third party beverage manufacturers. This is based on the internal reports that are reviewed and used by the Chief Executive Officer (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly, the information provided in this report reflects the one operating segment.

Major customers

During the year ended 30 June 2022 approximately 34% (FY21: 31%) of the Group's external revenue was derived from sales to one major customer.

EBITDA

Earnings before interest, taxation and depreciation and amortisation ('EBITDA') is a financial measure monitored by the CODM, which is not prescribed by AAS or IFRS. The directors consider the additional information of EBITDA is relevant and useful in measuring the financial performance of the Group.

A reconciliation of EBITDA from loss after income tax is illustrated in the table below:

	Year ended 30 June 2022 $'000	Year ended 30 June 2021 $'000
Loss after tax	(16,438)	(10,739)
Income tax expense/(benefit)	(5,273)	(3,147)
Finance costs	2,570	2,790
Earnings before interest & taxation (EBIT)	**(19,141)**	**(11,096)**
Depreciation & amortisation	1,154	778
Earnings before interest, taxation and depreciation & amortisation (EBITDA)	**(17,987)**	**(10,318)**

Note 5. Revenue from contracts with customers

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2022 $'000	2021 $'000
Major product lines		
Branded (net of discounts and rebates)	12,368	12,686
Contract Packaging	12,915	6,475
	25,283	19,161

Note 6. Cost of sales

	Consolidated	
	2022 $'000	2021 $'000
Raw materials	7,231	6,795
Employee benefits expense	997	933
Excise	10,934	6,515
Manufacturing overhead	658	251
	19,820	14,494

Note 7. Other Income

	Consolidated	
	2022 $'000	2021 $'000
Research and development (‘R&D’) income	-	1,229
Allocation of R&D income to property, plant and equipment, intangible, biological and inventory assets	-	(740)
Government grants	60	38
Other	89	37
	149	564

Government grants

During the year ended 30 June 2022 the Company received payments from the Australian Government amounting to $60,000 as part of its Export Market Development Grants scheme (2021: nil).

During the year ended 30 June 2021 the Company received payments from the Australian Government amounting to $37,500 as part of its 'Boosting Cash Flow for Employers' scheme in response to the Coronavirus ('COVID-19') pandemic.

Research and development (R&D) income

During the year ended 30 June 2021, the Company recognised accrued R&D income in relation to expected eligible expenditure associated with Top Shelf's research and development into the production of NED Australian whisky and New Australian Agave Spirit with agronomy and production streams, and improving plant sugar extraction in cereals and agave, creation of low/no sugar products and identification of Australian plant alternatives.

R&D income in relation to property, plant and equipment, intangible, biological or inventory assets are deducted from the asset to which the R&D expenditure related.

The R&D income is recognised within other assets in the statement of financial position. The R&D income claimed and approved by the Australian Taxation Office in relation to the financial year ended 30 June 2021 ($1.2 million) was received by the Company in November 2021. The Company has now exceeded the turnover threshold and did not receive any additional R&D income from the Australian Tax Office in the financial year ended 30 June 2022.

Note 8. Expenses

Loss before income tax includes the following specific expenses:

	Consolidated	
	2022	**2021**
	$'000	**$'000**
Depreciation		
Leasehold improvements	114	72
Plant and equipment – production infrastructure	250	197
Other assets	74	52
Right-of-use asset	332	183
Total depreciation	770	504
Amortisation		
Software	24	23
Total amortisation	24	23
Total depreciation and amortisation	**794**	**527**
Finance costs		
Interest and finance charges paid/payable on borrowings	1,372	1,136
Interest and finance charges paid/payable on lease liabilities	763	655
Fees on borrowings	435	999
Finance costs expensed	**2,570**	**2,790**
Operating, general & administration expenses		
Employee benefits expense	7,193	3,778
Professional and consulting fees	2,459	2,449
Insurance premiums	793	502
Rental and lease costs	426	532
Production and consumable & waste costs	1,239	627
Travel and vehicle costs	353	599
Provision for expected credit losses	706	283
Loss on sale of fixed assets	939	-
Inventory write down costs	1,044	152
Research and development costs	-	230
IPO transaction costs	-	1,418
Other	1,288	873
Total administration and operating expenses	**16,440**	**11,443**

The above breakdown reflects reclassified expense categories in line with the revised presentation as at 30 June 2022. Please refer to note 3 Basis of Preparation for further detail.

Note 9. Income Tax

	Consolidated	
Income tax benefit	**2022 $'000**	**2021 $'000**
Current tax	-	-
Deferred tax – origination and reversal of temporary differences and tax losses	(5,273)	(3,147)
Aggregate income tax (expense) / benefit	(5,273)	(3,147)
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets	(7,267)	(5,167)
Increase in deferred tax liabilities	1,994	2,020
Deferred tax – origination and reversal of temporary differenced	(5,273)	(3,147)
Numerical Reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(21,711)	(13,886)
Tax at the statutory rate of 25% (comparative rate 26%)	(5,428)	(3,610)
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
Cash flow boost payment	-	(10)
R&D expenditure non-deductible	-	289
R&D grant income non-assessable	-	(274)
Deferred tax on R&D expenditure reduction in tax base	-	192
Sundry items	155	266
	155	463
Income tax expense / (benefit)	**(5,273)**	**(3,147)**
Amounts credited directly to equity		
Deferred tax assets	(486)	(1,020)

	Consolidated	
Deferred tax asset	**2022 $'000**	**2021 $'000**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	14,461	7,477
Property, plant and equipment	41	12
Right-of-use assets	305	211
Employee benefits	221	152
Provisions	143	169
Trade and other payables	529	322
Intangible assets	38	81
	15,739	8,424
Amounts recognised in equity:		
Capital raising costs	1,811	1,372
Deferred tax asset	17,550	9,796
Movements:		
Opening balance	9,796	3,609
(Debited) / Credited to profit or loss	7,267	5,167
Credited to equity	487	1,020
Closing balance	17,550	9,796

The value of unbooked tax losses at 30 June 2022 is $1,052,000 (2021: $1,052,000).

Deferred tax liability	Consolidated 2022 $'000	2021 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	955	853
Biological assets	2,975	1,455
Intangible assets	274	194
Amortisation of capital raising costs	723	376
Sundry	7	62
Deferred tax liability	4,934	2,940
Movements:		
Opening balance	2,940	920
Debited to profit or loss	1,994	2,020
Closing balance	4,934	2,940

	Consolidated 2022 $'000	2021 $'000
Net deferred tax asset		
Deferred tax asset (per above)	17,550	9,796
Deferred tax liability (per above)	(4,934)	(2,940)
Deferred tax asset (as disclosed in the statement of financial position)	12,616	6,856

Note 10. Cash and cash equivalents

	Consolidated 2022 $'000	2021 $'000
Current Assets		
Cash at bank	20,129	9,467

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Note 11. Trade and other receivables

	Consolidated 2022 $'000	2021 $'000
Current Assets		
Trade Receivables	6,443	8,141
Less: Allowance for expected credit losses	(198)	(213)
	6,245	7,928
Other receivables	-	90
GST recoverable	230	-
	6,475	8,018

Allowance for expected credit losses

The Group has recognised a loss of $706,000 (2021: $283,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected Credit Loss Rate		Carrying Amount		Allowance for Expected Credit Losses	
	2022 %	2021 %	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Not overdue	1.4%	-	4,741	5,972	66	-
0 to 3 months overdue	4.6%	-	1,601	1,052	74	-
3 to 6 months overdue	64.0%	8.9%	25	338	16	30
Over 6 months overdue	55.3%	23.5%	76	779	42	183
			6,443	8,141	198	213

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2022 $'000	2021 $'000
Opening balance	213	53
Additional provisions recognised	706	269
Receivables written off during the year as uncollectable	(721)	(109)
Closing Balance	198	213

Note 12. Inventories

	Consolidated	
	2022 $'000	2021 $'000
Current Assets		
Raw Materials	1,793	1,254
Intermediate Inventories	196	95
Maturing Inventories	8,130	5,982
Finished Goods	1,511	515
Less: Provision for impairment	(373)	(399)
	11,257	7,447

Intermediate inventories
Intermediate inventories include produced vodka and agave as at 30 June 2022 that has yet to be packaged into finished goods.

Maturing inventories
Maturing inventories include whisky in barrels and vats. As at 30 June 2022, the Group recorded $4,146,000 (2021: $5,126,000) of maturing inventories that are expected to be utilised after more than one year.

Inventories recognised as an expense
During the financial year, the group incurred inventory write down costs of $1,044,000 in relation to obsolete packaging materials and expired finished products.

Note 13. Other Assets

	Consolidated	
	2022 $'000	2021 $'000
Current Assets		
R&D grant income receivable	-	1,240
Prepaid expenses and other current assets	811	671
Deposits with suppliers	1,119	489
	1,930	2,400

Note 13. Other Assets (continued)

Non Current Assets		
Security Deposits	352	353

Note 14. Property, Plant and Equipment

Non-current assets	Consolidated	
	2022	**2021**
	$'000	**$'000**
Land – at cost	2,817	2,815
Leasehold improvements - at cost	1,794	1,698
Less: Accumulated depreciation	(241)	(127)
	1,553	1,571
Plant and equipment - production assets - at cost	15,026	14,913
Less: Accumulated depreciation	(1,187)	(623)
	13,839	14,290
Plant and equipment – production infrastructure – at cost	3,883	3,602
Less: Accumulated depreciation	(650)	(401)
	3,233	3,201
Plant and equipment – maturation assets – at cost	5,141	3,723
Less: Accumulated depreciation	(765)	(223)
	4,376	3,500
Other Assets – at cost	825	837
Less: Accumulated depreciation	(181)	(107)
	644	730
Assets under construction	2,477	1,120
	28,939	27,227

Reconciliations

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Land	Leasehold Improvements	P&E - Production	P&E - Infrastructure	P&E - Maturation	Other assets	Assets Under Construction	Total
Balance at 1 July 2020	-	1,130	14,754	2,837	2,104	328	-	21,153
Additions	-	513	7	597	1,542	454	1,120	4,233
Transfer in from ROUA [1]	2,815	-	-	-	-	-	-	2,815
Depreciation Expense	-	(72)	(471)	(233)	(146)	(52)	-	(974)
Balance at 30 June 2021	2,815	1,571	14,290	3,201	3,500	730	1,120	27,227
Additions	2	322	114	379	1,418	383	1,909	4,527
Disposals	-	(749)	-	(127)	-	(395)	-	(1,271)
Transfers	-	523	-	29	-	-	(552)	-
Depreciation Expense	-	(114)	(565)	(249)	(542)	(74)	-	(1,544)
Balance at 30 June 2022	2,817	1,553	13,839	3,233	4,376	644	2,477	28,939

[1.] The asset reclassification in FY21 of $2,815,000 from Right-of-use assets (Note 15) reflects $2,822,000 adjusted for final settlement costs

Assets under construction

The carrying amount of assets under construction relates to assets that have been paid for before year end, arrived on site during the year, but are yet to be commissioned for use as at 30 June 2022 inclusive of agave distillery and oak maturation assets.

Impairment testing

The carrying amount of non-current assets have been allocated to the Production, Brands and Agave CGUs. Refer to Note 17 for consideration of the Group's impairment testing as at 30 June 2022.

Note 15. Right-of-use assets

	Consolidated 2022 $'000	Consolidated 2021 $'000
Equipment	732	307
Less: Accumulated Depreciation	(160)	(44)
	572	263
Buildings	6,501	6,501
Less: Accumulated Depreciation	(846)	(418)
	5,655	6,083
	6,227	6,346

Reconciliations

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Buildings $'000	Equipment $'000	Total $'000
Balance at 30 June 2020	4,714	-	4,714
Additions	1,787	307	2,094
Depreciation Expense	(418)	(44)	(462)
Balance at 30 June 2021	6,083	263	6,346
Additions	-	425	425
Depreciation Expense	(428)	(116)	(544)
Balance at 30 June 2022	5,655	572	6,227

For other AASB 16 and lease related disclosures, refer to the following:

- Refer note 8 for details of interest on lease liabilities and other lease payments;
- Refer note 21 for lease liabilities and maturity analysis at 30 June 2022; and
- Refer consolidated statement of cash flows for repayment of lease liabilities.

Note 16. Intangible assets

Non Current Assets	Consolidated 2022 $'000	Consolidated 2021 $'000
Intellectual property	1,255	1,192
Trademarks	806	675
Software - at cost	214	214
Less: Accumulated amortisation	(64)	(41)
	150	173
	2,211	2,040

Intellectual property and Trademarks are renewable indefinitely in all of the major markets where they are registered. There are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of these trademarks. The nature of the industry is that obsolescence is not a common issue, with indefinite brand lives being commonplace. Accordingly, the Group believe that it is appropriate that the trademarks and intellectual property are treated as having indefinite lives for accounting purposes and are therefore not amortised.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Intellectual Property	Trademarks	Software	Total
	$'000	$'000	$'000	$'000
Balance at 30 June 2020	957	459	187	1,603
Additions	465	216	9	690
R&D income allocated	(229)	-	-	(229)
Amortisation expense	-	-	(23)	(23)
Balance at 30 June 2021	1,193	675	173	2,041
Additions	63	131	-	194
Amortisation expense	-	-	(24)	(24)
Balance at 30 June 2022	1,256	806	149	2,211

Note 17. Impairment testing

The carrying amount of the Group's property, plant & equipment and intangible assets have been allocated to the Production, Brands and Agave CGUs.

The Group has used the following assumptions in determining the recoverable amount of our CGU's:

	Production	Brands	Agave
Discount Rate	10.3%	10.3%	10.3%
Terminal value growth rate	3.0%	3.0%	3.0%

Discount rate represents the pre-tax discount rate applied to the cash flow projections (All CGU's 2021: 10.0%).

Terminal value growth rate represents the growth rate applied to extrapolate our cash flows beyond the five-year forecast period (2021: 10.0%). These growth rates are based on the Group's expectation of the sustainable growth at maturity.

Sensitivity analysis also examined the effect of a change in key assumption on the CGUs. The discount rate would need to increase by 2.7% before the recoverable amount of any of the CGUs would equal its carrying value. No other changes in key assumptions will result in a material impairment charge for any of the CGUs.

Note 18. Biological assets

	Consolidated	
	2022 $'000	2021 $'000
Non-current assets		
Agave plants - at fair value	15,669	7,673

Agave plants growing in the ground or nursery are accounted for as biological assets until the point of harvest. Biological assets are measured on initial recognition at the end of each reporting period at fair value less costs to sell. Changes in the fair value of growing plants are recognised in the profit or loss as other income. Costs related to growing the plants and harvesting are capitalised into the carrying value in the statement of financial position. At the time of harvest, agave plants (pina) are measured at fair value less costs to sell and transferred to inventories.

Note 18. Biological assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Agave plants $'000
Balance at 30 June 2020	729
Expenditure	1,703
R&D income allocated	(355)
Fair value gain during the financial year ended 30 June 2021	5,596
Balance at 30 June 2021	7,673
Expenditure	1,691
Fair value gain during the financial year ended 30 June 2022	6,305
Balance at 30 June 2022	15,669

The Group has determined the fair value less costs to sell of the 478,000 plants in ground as at 30 June 2022 (2021: 282,000) with reference to the following assumptions:

- an in-ground growing cycle of 3.5 years from planting date with the pina weight of a harvested plant of 28.0 kilograms;
- a conversion ratio of 7.5 kilograms of pina to 1.0 litre of agave spirit (at 43.0% alcohol to volume (ABV))
- projected agave spirit sales volume and revenue determined by the Group's long term planning and external market information
- anticipated farm operating, processing, packaging, selling and marketing costs
- discount rate of 10.3% (2021: 10.0%)
- risk factor of 30% (2021: 30%)
- indexation rate of 4.0% (2021: nil)

The Group has determined that cost is a reasonable estimate of fair value less costs to sell of plant stock in nursery as at 30 June 2022 (207,000 plants valued at $629,000).

Valuation techniques and significant unobservable inputs

Type	Description	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Harvested own grown inventory Agave pina	The agave pina is harvested by extracting the agave plant and removal of leaf and root matter	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the agave plants in ground as at 30 June 2022	Inclusive of: • Estimated farming, harvest, processing, transportation and selling costs • Estimated plant size and pina yield • Estimated future selling price of agave spirit • Risk adjustment factors	The estimated fair value would increase / (decrease) if: • the estimated farming, harvest, processing, transportation and selling costs were lower (higher); • the estimated plant size and pina yield was higher (lower); • the estimated future sales price of agave spirit was higher (lower); or • the risk adjustment factors were lower (higher).

Note 18. Biological assets (continued)

Asset Security

The Group's agave plants are pledged as security for the Group's secure financing with Longreach Credit.

Note 19. Trade and other payables

	Consolidated	
	2022 $'000	2021 $'000
Current liabilities		
Trade payables	9,169	9,400
GST	-	100
Accrued expenses and employee related payables	3,527	2,410
Customer deposits received in advance	368	-
	13,064	11,910

Refer to note 26 for further information on financial instruments.

Note 20. Borrowings

	Consolidated	
	2022 $'000	2021 $'000
Non-current liabilities		
Loan from Longreach Direct Lending Fund - interest bearing	25,000	15,000
Borrowing Costs	(1,087)	(123)
	23,913	14,877

Refer to note 26 for further information on financial instruments.

Financing Facility with Longreach Direct Lending Fund

The Company has a secured financing facility agreement arranged by Longreach Credit Investors Pty Ltd with AMAL Trustees Pty Ltd as trustee for the Longreach Direct Lending Fund. The fixed interest rate is 7.25% provided the market capitalisation of Top Shelf exceeds $75.0 million. If the market capitalisation does not exceed $75.0 million, the interest rate is 10.0%. The maturity date of the facility is currently 15 December 2023.

The Company executed an Amendment Deed with Longreach Credit Investors on 18 October 2021 to extend the facility from $15.0 million to 25.0 million. The facility was fully drawn to $25.0 million at 30 June 2022.

The facility agreement has a minimum cash balance financial covenant to the equivalent of a cash balance and available undrawn funds from committed facilities being greater than the sum of 12 month forecast net loss before tax and 12 month forecast cash outflows from investing activities. The 12 month forecast net loss before tax and 12 month forecast cash outflows from investing activities may exclude expenditure considered to be uncommitted and / or discretionary in nature.

Financing Facility Extension

On 29 August 2022, the Company executed a facility agreement amendment deed with Longreach Credit extending the secured financing facility agreement limit by $20.0 million to $45.0 million.

The fixed interest rate is 8.25% and the maturity date has been extended to 15 December 2024. The borrowing base and minimum cash balance financial covenant terms and conditions of the facility remain unchanged.

The facility may be drawn in three tranches subject to the Group's borrowing base position. The tranche A ($10.0 million) is unconditionally accessible from 1 October 2022. Tranches B ($5.0 million) and C ($5.0 million) are accessible by April 2023 and May 2023 respectively subject to the Group achieving 80% of agreed revenue performance targets (tranches B and C) and practical completion of the Group's agave distillery project at Eden Lassie (Tranche C).

The facility extension structuring fee is $1.4 million payable on drawing of Tranche A.

Note 20. Borrowings (continued)

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated	
	2022 $'000	2021 $'000
Loan from Longreach Direct Lending Fund – non current	25,000	15,000

Assets pledged as security
The Group's tangible assets are pledged as security with the secured financing facility with Longreach Direct Lending Fund.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2022 $'000	2021 $'000
Total facilities		
Loan from Longreach Direct Lending Fund	25,000	15,000
Used at the reporting date		
Loan from Longreach Direct Lending Fund	25,000	15,000
Unused at the reporting date		
Loan from Longreach Direct Lending Fund	-	-

Note 21. Lease Liabilities

	Consolidated	
	2022 $'000	2021 $'000
Current liabilities		
Lease liability - buildings	896	870
Lease liability - equipment	146	63
	1,042	933
Non-current liabilities		
Lease liability - buildings	5,664	5,812
Lease liability - equipment	409	174
	6,073	5,986

Maturity analysis
The maturity analysis of lease liabilities is as follows:

	Consolidated	
	2022 $'000	2021 $'000
Maturity Analysis - contractual undiscounted cash flows		
Less than one year	1,042	933
One to five years	5,346	4,947
More than five years	6,707	7,749
Total undiscounted lease liabilities at 30 June	13,095	13,629
Lease liabilities included in the statement of financial position		
Lease liabilities included in the statement of financial position at 30 June	7,115	6,920
Represented by:		
Lease liabilities - current	1,042	933
Lease liabilities - non-current	6,073	5,987
	7,115	6,920

Note 22. Employee Benefits

	Consolidated	
	2022	2021
	$'000	$'000
Current liabilities		
Annual leave	844	409
Non-current liabilities		
Long service leave	42	15

Note 23. Other Provisions

	Consolidated	
	2022	2021
	$'000	$'000
Non-current liabilities		
Lease make good	315	309

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	2022	2021
Leasehold make good	**$'000**	**$'000**
Carrying amount at the start of the year	309	295
Additional provisions recognised	-	8
Unwinding of discount	6	6
Carrying amount at the end of the year	315	309

Note 24. Issued Capital

	Consolidated			
	30-Jun-22 Shares	30-Jun-21 Shares	30-Jun-22 $'000	30-Jun-21 $'000
Ordinary shares - fully paid	71,588,086	49,713,086	100,025	65,025
Share issue transaction costs, net of tax			(4,456)	(2,575)
	71,588,086	49,713,086	95,569	62,450

Movements in ordinary share capital

	Date	Shares	Issue Price	$'000
Opening Balance	30 June 2021	49,713,086		62,450
Issue of Shares (Placement and institutional entitlement offer)	27 October 2021	13,732,635	$1.60	21,972
Issue of Shares	11 November 2021	8,142,365	$1.60	13,028
Share issue transaction costs, net of tax		-		(1,881)
		71,588,086		95,569

Note 25. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 26. Financial Instruments

Financial risk management and objectives

The Group's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

The Group is exposed to risks arising from environmental changes as well as the financial risk in respect of agricultural activities.

The primary financial risk associated with the Group’s agricultural activity occurs due to the length of time between expending cash on the purchase, or planting and maintenance of agave plants, harvesting the plants and making the spirit, to receiving cash from the sale of spirits to third parties. The Group’s strategy to manage this financial risk is to actively review and manage working capital requirements, along with consultation with Agricultural experts.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Interest rate risk

The Group's secured financing facility with Longreach Credit has a fixed interest rate of 7.25% subject to the Group’s market capitalisation being above $75.0 million (otherwise the fixed interest rate if 10.0%).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity Risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. As described in Note 2 Going Concern, the Group does have cash preservation and efficiency actions available to implement if and when required.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 5 years	Over 5 years	Remaining contractual maturities
Group 2022	**%**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives					
Non-interest bearing					
Trade and other payables		13,064	-	-	13,064
Interest-bearing - fixed					
Lease liability - buildings	12.00%	897	4,910	6,706	12,513
Lease liability - equipment	2.56%	158	424	-	582
Interest- bearing - fixed rate					
Loan with Longreach Direct Lending Fund	7.25%	-	25,000	-	25,000
Total non-derivatives		14,119	30,334	6,706	51,159

Group 2021					
Non-derivatives					
Non-interest bearing					
Trade and other payables	-	11,910	-	-	11,910
Interest-bearing - fixed					
Lease liability - buildings	12.00%	870	4,764	7,749	13,383
Lease liability - equipment	1.60%	63	183	-	246
Interest- bearing - fixed rate					
Loan with Longreach Direct Lending Fund	7.25%	-	15,000	-	15,000
Total non-derivatives		12,843	19,947	7,749	40,539

Note 27. Fair Value Management

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

The Group’s biological assets are classified as Level 3 with reference to the fair value hierarchy.

The fair value measurements of the Group stated above refer to the fair value hierarchy. These include:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level during the year ended 30 June 2022 (2021: nil).

Note 28. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Group	
	2022 $'000	2021 $'000
Short-term employee benefit	818	411
Post-employment benefits	76	36
Share based payments [1]	(59)	866
Total	835	1,313

[1] Share based payments are subject to service, group and individual performance and share price growth vesting conditions. Refer to further detail set out in the Directors' report.

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company:

	Group	
	2022 $'000	2021 $'000
Audit services – Ernst & Young		
Category 1: Audit or review of the financial statements	390	545
Category 3: Investigating Accountant services in relation to the Company's IPO	-	484
Category 4: Tax advisory services in relation to the Company's IPO	-	140
Category 4: Other services	49	5
Total	439	1,174

Note 30. Contingent liabilities

The Group has given bank guarantees as at 30 June 2022 of $375,000 (2021: $375,000) to various landlords.

Note 31. Related party transactions

Parent Entity
Top Shelf International Holdings Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Receivable from related parties

There were no trade receivables from related parties at the current and previous reporting date.

Loans to/from and payables to related parties

There were no outstanding balances in relation to loans and payables with related parties at the current and previous reporting date.

Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022 $'000	2021 $'000
Loss after income tax	(3,047)	(4,561)
Total comprehensive income	(3,047)	(4,561)

Statement of financial position

	Parent	
	2022 $'000	2021 $'000
Total current assets	20,102	10,700
Total assets	118,966	74,739
Total current liabilities	696	727
Total liabilities	24,606	15,727
Net assets	94,360	59,012
Equity		
Issued capital	95,569	62,450
Reserves	2,136	1,693
Accumulated losses	(3,345)	(5,131)
Total equity	94,360	59,012

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	2021 %
Top Shelf International Packaging Pty Ltd	Australia	100%	100%
Top Shelf International Brands Pty Ltd	Australia	100%	100%
Top Shelf International Pty Ltd	Australia	100%	100%

Note 34. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Top Shelf International Holdings Ltd
Top Shelf International Packaging Pty Ltd
Top Shelf International Brands Pty Ltd
Top Shelf International Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Top Shelf International Holdings Ltd, they also represent the 'Extended Closed Group'.

The statement of profit or loss and other comprehensive income and statement of financial position are substantially the same as the Group and therefore have not been separately disclosed.

Note 35. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Group 2022 $'000	2021 $'000
Loss after income tax (expense)/benefit for the year	(16,438)	(10,739)
Adjustments for:		
Depreciation and amortisation	1,154	778
Finance costs	2,570	2,790
Fair value gain on biological assets	(6,305)	(5,596)
Share based payments	443	2,104
Loss on sale of fixed assets	939	-
IPO transaction costs	-	1,418
Change in operating assets and liabilities:		
(Increase) / Decrease in trade and other receivables	1,427	(5,375)
Increase in inventories	(3,131)	(3,578)
Increase in net deferred tax assets	(5,273)	(3,147)
(Increase) / Decrease in other assets	218	(169)
Increase in trade and other payables	1,537	6,522
Increase in employee benefits	462	195
Net cash used in operating activities	(22,397)	(14,796)

Non-Cash investing and financing activities

	Group	
	2022 $'000	2021 $'000
Additions to the right-of-use assets (buildings and equipment)	368	1,999
Additions to the lease make good provision	-	(8)
Shares issued under employee share plan	-	384
Shares issued on conversion of loan	-	2,000
	368	4,375

Changes in liabilities arising from financing activities

Group	Borrowings - External financier $'000	Lease Liabilities - Buildings & Equipment $'000	Total $'000
Balance at 30 June 2020	10,000	4,964	14,964
Additions	5,000	2,094	7,094
Repayments of principal	(123)	(76)	(199)
Balance at 30 June 2021	14,877	6,982	21,859
Additions	9,041	425	9,466
Repayments of principal	-	(292)	(292)
Balance at 30 June 2022	23,918	7,115	31,033

Note 36. Earnings per share

	Consolidated	
	2022 $'000	2021 $'000
Loss after income tax attributable to the owners of Top Shelf International Holdings Ltd	(16,438)	(10,739)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	63,985,419	49,713,086
Weighted average number of ordinary shares used in calculating diluted earnings per share*	63,985,419	49,713,086
	Cents	**Cents**
Basic earnings per share	(25.69)	(25.38)
Diluted earnings per share	(25.69)	(25.38)

** Options are excluded from the above calculation as their inclusion would be anti-dilutive*

Note 37. Share-based payments

In FY22 the Group continued to operate a Long Term Incentive Plan ('LTIP') in accordance with the terms and conditions initially adopted by the Group when the LTIP was established in October 2020.

FY22 option offer

In FY22 3,198,530 share options were granted to directors and employees as part of the FY22 option offer in accordance with the terms of the Group's LTIP. In accordance with the terms of the LTIP, participants in the FY22 option offer were offered start-up options and premium priced options under the same conditions and basis as share options granted to directors and employees in the financial year ended 30 June 2021.

As part of the FY22 option offer, 486,956 Start-up options and 2,711,573 Premium priced options were issued. The exercise price for each form of option was $2.03 and $3.45 respectively.

The fair value of the Start-up and Premium priced options recognised for accounting purposes in accordance with AASB 2 Share Based Payments is as follows:
Start-up options: $0.1865
Premium priced options: $0.1089

FY21 and FY22 option offer performance and service based vesting conditions

The Group has assessed the number of options forfeited from the FY21 and FY22 option offers in relation to performance or service based vesting conditions not achieved. The performance vesting condition has been assessed with reference to group and individual performance during these respective periods, and with the discretion of the Group's Nomination & Remuneration Committee in accordance with the terms of the LTIP. On this basis, the following options have been forfeited:

In relation to the FY21 offer, 574,176 options were forfeited as of 30 June 2022 (start up options: 152,438; premium priced options: 421,738).

In relation to the FY22 offer, all start up and premium priced options granted during FY22 were forfeited as of 30 June 2022.

Share option reconciliation

Share option offer	Exercise price	Options exercisable at 1July 2021	Options outstanding at 1July 2021	Options granted during FY22	Options forfeited during FY22	Options exercisable at 30 June 2022	Options outstanding at 30 June 2022
Initial option offer – tranche 1 – start up options	$2.026	1,772,652	-	-		1,772,652	-
Initial option offer – tranche 1 – premium priced options	$3.445	2,716,224	-	-		2,716,224	-
Non executive director initial option offer	$nil	81,447	-	-		81,447	-
FY21 option offer – start up options [1]	$2.026	-	869,471	-	(152,438)	-	717,033
FY21 option offer – premium priced options [1]	$3.445	-	2,574,828	-	(421,738)	-	2,153,090
FY22 option offer – start up options	$2.026	-	-	486,956	(486,956)	-	-
FY22 option offer – premium priced options	$3.445	-	-	2,711,573	(2,711,573)	-	-
Total		**4,570,323**	**3,444,299**	**3,198,529**	**(3,772,705)**	**4,570,323**	**2,870,123**

[1] The FY21 option offer was described in the FY21 annual report as the Initial option offer – tranche 2 (start up options: 430,332; premium priced options: 1,476,552) and June 2021 option offer (start up options: 439,139; premium priced options: 1,098,276).

Share based payment expense

For the year ended 30 June 2022, the Group recognised $443,000 of share-based payment expense in relation to the plan in the statement of profit and loss being the fair value at grant date of options remaining on offer as of 30 June 2022 (FY21: $1,693,000).

Note 38. Events after the reporting period

On 29 August 2022, the Company executed a facility agreement amendment deed with Longreach Credit extending the secured financing facility agreement limit by $20.0 million to $45.0 million. The facility agreement amendment deed specifies the Group will be able to draw upon $10.0 million of the $20.0 million facility extension (subject to the Group’s borrowing base position) from 1 October 2022 with conditions precedent to enable the Group to draw upon the final $10.0 million. Details of the facility agreement amendment deed are provided in note 20 of this report.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become dueand payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deedof cross guarantee described in note 34 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations

Act 2001.On behalf of the directors

Drew Fairchild	Adem Karafili
Chief Executive Officer	Executive Chairman

30 August 2022

Melbourne

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Independent auditor's report to the members of Top Shelf International Holdings Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Top Shelf International Holdings Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

Valuation of Biological Assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2022, the biological assets of the Group amounted to $15.7 million. These biological assets are stated at fair value less costs to sell in accordance with AASB 141 Agriculture and the application of AASB 13 Fair Value Measurement principles. The fair value of the group's biological assets is calculated as the present value of future cash flows before tax and is classified as a Level 3 valuation as defined in AASB 13. The valuation process is complex since a quoted price in an active market does not exist for these assets. As a result, biological assets are valued based on the present value of future cash flows. Key assumptions are selling price, yield and discount rate which all require a high degree of estimation by the Group. Given this high degree of estimation we considered the Valuation of Biological Assets to be a key audit matter.	With the assistance of our valuation specialists, our procedures in relation to the Group's biological assets valuation included: ▶ Assessed the appropriateness of the application of valuation practices. ▶ Evaluated key assumptions underpinning cash flow calculations (including selling price, yield and discount rate). ▶ Assessed discount rate ("WACC") assumptions and other market/comparison data. ▶ Challenged outcomes based on assumptions used by performing sensitivity analysis on key estimates. ▶ Evaluated disclosures provided in Note 17 *Biological Assets* in the consolidated financial report (specifically disclosure of the assumptions that are the most sensitive to change in calculation of the fair value of the biological assets).

Going Concern

Why significant	How our audit addressed the key audit matter
The consolidated financial statements have been prepared on a going concern basis. The Group incurred a loss of $21.7 million during the year. As at 30 June 2022, accumulated losses of the Group totalled $42.6 million. The Group has prepared a cashflow forecast to support their going concern assessment. The Group's forecast growth in revenues and cash inflows will be influenced by the success of maturing inventories, agave plant growth and sales of branded products. If required, the directors have the ability to delay uncommitted expenditures and investments, and implement other cash preservation measures such as monetising maturing inventories. The Directors have considered existing cash and working capital balances, available current financing facilities, and forecasts of future cash flows for a period of at least 12 months from the date of the financial report. The cash flow forecast involves judgements and estimations based on management's view of business operations, expected growth and market conditions. Assessing the appropriateness of the Group's basis of preparation of the financial statements on a going concern basis required judgement in assessing the Group's forecast cashflows for a period of at least 12 months from the date of the audit report. The availability of sufficient cash flows/funding and the assessment of whether the group will be able to continue meeting its obligations under the financing covenants are important factors to support the going concern assumption and, as such, were a significant aspect of our audit and therefore Going Concern was considered a key audit matter.	Our procedures in relation to the Group's going concern assessment included: ▶ Evaluated the reasonableness of the inputs and assumptions used in the cash flow forecast by comparison against historical performance, current economic and industry indicators, publicly available information and the Group's strategic plans. ▶ Checked that the period covered by the assessment was for at least 12 months from the date of signing the financial report. ▶ Challenged the key assumptions including those relating to revenue growth and the timing of significant payments, including discretionary cash savings available, in the cash flow forecast for the 12-month period from the date of signing the financial report. ▶ Assessed the availability of finance facilities at year end (including the extension of finance facilities post year-end). ▶ Reviewed the Group's assessment of compliance with covenants, including reperforming the underlying calculations used in the assessment and checked that forecasts used to support compliance over the next twelve months had been prepared in accordance with the specific requirement of these arrangements. ▶ Inquired of management and the Board of Directors as to their knowledge of events or conditions which may cast significant doubt on the Group's ability to continue as a going concern. ▶ Evaluated disclosures provided in Note 2 *Going Concern* in the consolidated financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 27 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Top Shelf International Holdings Ltd for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Brett Croft
Partner
Melbourne
30 August 2022

Shareholder information
30 June 2022

The shareholder information set out below was applicable as at 30 August 2022.

Corporate Governance Statement

The Corporate Governance Statement can be found at https://www.topshelfgroup.com.au/investors.

Substantial Shareholders

The following holders are registered by TSI as a substantial holder, having declared a relevant interest in accordance with the Corporations Act 2001 (Cth), in the voting shares below:

Holder Name	Date of interest	Number of ordinary shares [1]	% of issued capital [2]
Dreaver Investments Australia Pty Ltd; Dreaver Holdings Australia Pty Ltd	28 October 2021	4,465,075	7.06%
Alceon Liquid Strategies Pty Ltd	8 October 2021	2,950,000	5.93%
Copia Investment Partners Ltd	7 September 2021	3,563,579	7.17%
Top Shelf International Holdings	28 February 2022	6,866,800	9.59%

[1] As disclosed in the last notice lodged with the ASX by the substantial shareholder.

[2] The percentage set out in the notice lodged with the ASX is based on the total issued capital of the Company at the date of interest.

Number of Security Holders

Securities	Number of Holders
Ordinary Shares	1,037
Unlisted options over ordinary shares (Options)	67

Voting Rights

Securities	Voting Rights
Ordinary Shares	Subject to any rights or restrictions for the time being attached to any class or classes at general meetings of shareholders or classes of shareholders: (a) each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative; (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, is entitled to one vote per share held.
Options	Options do not carry any voting rights.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary Shares		Options over ordinary shares	
	Number of holders	**% of Shares issued**	**Number of holders**	**% of Shares issued**
1 - 1,000	240	0.17	0	0
1,001 - 5,000	270	1.07	0	0
5,001 - 10,000	140	1.49	4	0.28
10,001 - 100,000	307	12.62	42	15.18
100,001 - 9,999,999,999	80	84.65	21	84.54
	1,037	100.00%	67	100.00%

Holders of Non-Marketable Parcels

Closing price of shares	*Number of holders*
$ 1.225	88

Equity security holders

Twenty largest quoted equity security holders

The top 20 largest fully paid ordinary shareholders together hold 64.99% of the securities in this class and are listed below:

	Ordinary Shares	
	Number Held	**% of total shares issued**
National Nominees Limited	10,538,016	14.72%
Dreaver Investments Australia Pty Ltd	4,715,847	6.59%
Hsbc Custody Nominees (Australia) Limited - A/C 2	4,449,942	6.22%
Grove Investment Group Pty Ltd	3,488,927	4.87%
Hsbc Custody Nominees (Australia) Limited	2,577,377	3.60%
J P Morgan Nominees Australia Pty Limited	2,388,476	3.34%
Ankara Holdings Pty Ltd	1,959,416	2.74%
Cs Fourth Nominees Pty Limited	1,941,770	2.71%
Fairchild Advisory Pty Ltd	1,768,704	2.47%
Citicorp Nominees Pty Limited	1,619,231	2.26%
Wee Dram Ltd	1,592,259	2.22%
Jason Redfern	1,330,476	1.86%
Ubs Nominees Pty Ltd	1,322,202	1.85%
Sandhurst Trustees Ltd	1,230,756	1.72%

Netwealth Investments Limited	1,168,430	1.63%
Quality Life Pty Ltd	1,054,116	1.47%
Glankara Investments Pty Ltd	992,156	1.39%
Bnp Paribas Nominees Pty Ltd	918,651	1.28%
Dandrewfairchild Pty Ltd	765,546	1.07%
Platform 77 Pty Ltd	702,744	0.98%
	46,525,042	64.99%

Restricted Securities

The following securities are subject to voluntary escrow restrictions or mandatory escrow restrictions under ASX Listing Rules Chapter 9.

Class	Date of Expiry	Number of Shares
Fully Paid Ordinary Shares subject to Mandatory Escrow for 24 Months from Quotation	10 December 2022	6,822,144
Fully Paid Ordinary Shares subject to Voluntary Escrow for 3 years from Issue	Various	32,452
		6,854,596

Class	Date of Expiry	Number of Shares
Unlisted Options subject to mandatory escrowed for 24 Months from Quotation	10 December 2022	4,246,587
		4,246,587

Unquoted Securities

The following Options are on issue:

Class	Date of Expiry	Exercise Price	Number of Options	Number of Holders
Unlisted Options (subject to escrow restrictions)	Various	Various	81,447	3
Unlisted Options	Various	$2.026	3,129,083	62
Unlisted Options	Various	$3.445	8,002,627	47
			11,213,157	**67**

No holder holds more than 20% Options in the Company outside of the LTIP.

Share Buy-Backs

There is no current on-market buy-back scheme.