



Top Shelf International Holdings Ltd

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

26 October 2022

ASX ANNOUNCEMENT (ASX:TSI)

FY23 Q1 Quarterly Report and Appendix 4C

Top Shelf International Holdings Limited (“Top Shelf” or “the Company”), Australia’s leading premium spirits company, provides an update for the first quarter of FY23 in accordance with ASX listing rule 4.7C.

Highlights

- NED Whisky named Australian Whisky of the Year at the Melbourne International Spirits Competition
- Grainshaker Vodka named Australian Vodka of the Year at the Melbourne International Spirits Competition
- Branded product revenue growth in FY23 Q1 of 252.3% compared to FY22 Q1
- Distribution point growth of 3,789 (+48%) compared to previous quarter, FY22 Q4
- Group revenue over the last twelve months (LTM to Sep 30th 2022) has increased to \$28.5m
- NED Whisky¹, after only 26 weeks is already the 7th highest selling whisky in Coles Liquor Group passing many leading international brands. Next in line are the category giants.
- Grainshaker Vodka¹, is the 3rd highest selling Australian white spirit in Coles Liquor Group (behind Four Pillars). Grainshaker sales have surpassed leading brands Tito’s, Stoli, Croc and Ketel One.

Top Shelf’s Chief Executive said *“NED Whisky and Grainshaker Vodka being recognised as Australian Whisky of the Year and Australian Vodka of the Year, is an outstanding achievement.*

“We are now seeing the repeatable, demonstrable in-market performance of both brands in their respective categories. They are the number one Australian Whisky and Australian Vodka brands in terms of both sales revenue and growth rates, are also now taking on and beating long established global liquor brands. This demonstrates the strength of our brand portfolio and capability to execute on our ambition. Our brand portfolio will be further enhanced by the release of our Australian Agave brand Act of Treason in 2023.

“We expect the growth in branded revenue and the momentum behind our brands demonstrated through the first quarter to continue into Q2 FY23 and beyond. Branded revenue growth continues to be supplemented by the ongoing strength of our contract packaging business.

“We have built a spirits platform and brand portfolio without peer in Australia. Given the fragility of international supply chains, currency depreciation and inflation, we really are well placed to take advantage of current market conditions. We are now focused on delivering on the growth objectives for our premium Australian spirits portfolio domestically and internationally.”

This FY23 Q1 quarterly report and Appendix 4C should be read in conjunction with the Company’s ASX announcement “Business Performance Update” dated 26 October 2022.

End

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

¹ In 700ml glass, the headline stock keeping unit (SKU)

For more information (investors and media):

For further information, please visit our investor website <https://www.topshelfgroup.com.au/investors> or contact investor relations at investor@topshelfgroup.com.au or on +61 409 916 474.

Media enquiries, please contact Matt Slade on the above number.

About Top Shelf

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

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

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

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Top Shelf International Holdings Ltd

ABN

Quarter ended ("current quarter")

22 164 175 535

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers (incl. GST)	8,184	8,184
1.2 Payments (incl. GST) for		
(a) research and development	-	-
(b) product manufacturing and operating costs ¹	(7,585)	(7,585)
(c) advertising and marketing	(2,960)	(2,960)
(d) leased assets	-	-
(e) staff costs	(2,813)	(2,813)
(f) administration and corporate costs	(1,803)	(1,803)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities Note 1: Product manufacturing and operating costs include: <ul style="list-style-type: none"> investment in new make whisky inventory of \$0.4m in the quarter branded product and contract packaging excise impost (recognised at the point of sale) of \$3.1m in the quarter 	(6,997)	(6,997)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(1,008)	(1,008)
	(d) investments	-	-
	(e) intellectual property	(101)	(101)
	(f) other non-current assets (biological asset development)	(419)	(419)
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-

Quarterly cash flow report for entities subject to Listing Rule 4.7B

2.5	Other (R&D refund associated with capital activities)	-	-
2.6	Net cash from / (used in) investing activities	(1,528)	(1,528)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	5,000	5,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(1,717)	(1,717)
3.8	Dividends paid	-	-
3.9	Other (provide details if material):		
	Payment of lease liability principal – buildings and equipment	(83)	(83)
	Interest and other finance costs - borrowings	(456)	(456)
	Interest and other finance costs - leases	(189)	(189)
3.10	Net cash from / (used in) financing activities	2,555	2,555
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	20,129	20,129
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,977)	(6,977)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,528)	(1,528)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,555	2,555
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	20,129	20,129

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	14,179	20,129
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	14,179	20,129

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	17
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>In accordance with ASX listing rule 4.7C.3, the following summarises the related party transactions of the Company in the first quarter of FY23.</p> <p>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. The Company has incurred fees of \$16,550 (excluding GST) in relation to these services.</p>		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	45,000	30,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	45,000	30,000
7.5 Unused financing facilities available at quarter end		15,000
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Top Shelf International Holdings Ltd 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.</p> <p>The facility limit is \$45.0 million and the interest rate is 8.25% provided the market capitalisation of Top Shelf exceeds \$75.0 million. The alternative interest rate is 10.25%. The facility matures in December 2024.</p> <p>At 30 September 2022, the facility was drawn to \$30.0 million with an additional \$5.0 million subsequently drawn in October 2022.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(6,977)
8.2 Cash and cash equivalents at quarter end (item 4.6)	14,179
8.3 Unused finance facilities available at quarter end (item 7.5)	15,000
8.4 Total available funding (item 8.2 + item 8.3)	29,179
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.2
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>	

Quarterly cash flow report for entities subject to Listing Rule 4.7B

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 October 2022

Authorised by: Drew Fairchild, Chief Executive Officer

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

Quarterly cash flow report for entities subject to Listing Rule 4.7B

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.