



Top Shelf International Holdings Ltd

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

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Placement and Entitlement Offer

TOP SHELF ANNOUNCES CAPITAL RAISING TO RAISE UP TO \$40M

Top Shelf International Holdings Limited (**Top Shelf** or the **Company**) is pleased to announce that it has successfully concluded a \$19 million institutional placement (**Conditional Placement**), with cornerstone support by existing major shareholders and new shareholders, subject to shareholder approval at a General Meeting to be held in late June 2023.

If the Conditional Placement is approved by shareholders, the Company has agreed to conduct a \$21 million accelerated non-renounceable entitlement offer (**Entitlement Offer**) immediately following the General Meeting.

The Company has also received formal confirmation from Salter Brothers Capital Pty Ltd (**SB Capital**) as the lead manager of the capital raising, that it has a further \$8m of pre-commitments from investors (including institutional shareholders of the Company) in respect of the Entitlement Offer.

The binding commitments are conditional on the Entitlement Offer raising at least \$16 million, or an aggregate minimum raising of \$35 million. The Company intends to obtain pre-commitments covering at least that amount prior to the General Meeting.

Top Shelf CEO Trent Fraser said:

“We are appreciative of the continued belief and support from our existing shareholders. This capital raise will assist us to reduce debt while supporting the agave launch to market, completion of the agave spirit production facility and ongoing brand growth.

“Despite interest in the Sale & Leaseback of our Australian agave spirit farm, after carefully considering our options, this capital raise is a superior outcome for shareholders as we seek to reduce debt and fund the business through to profitability.”

KEY HIGHLIGHTS

- Completion of \$19m Conditional Placement with cornerstone support from existing shareholders.
- Early commitments of \$8m in respect of the \$21m Entitlement Offer to be launched after shareholder approval of the Conditional Placement, with the inclusion of a shortfall facility allowing existing shareholders the opportunity to apply for shares greater than their pro-rata entitlement.
- The Conditional Placement and Entitlement Offer are being undertaken as part of Top Shelf's ongoing recapitalisation and cost reduction program, allowing for a reduction in its senior secured loan facility with Longreach Credit Investors Pty Ltd (Longreach).
- Proceeds from the Conditional Placement and Entitlement Offer will be used:
 - to repay a portion of the Company's senior secured loan facility with Longreach;

- to complete the Company's integrated agave spirit production facility
- to launch of the Act of Treason Australian Agave brand; and
- for general working capital purposes.
- If the Conditional Placement is not approved by shareholders, neither the Conditional Placement nor the Entitlement Offer will proceed and the board of the Company intends to continue with the proposed sale and leaseback of the Company's Australian Agave land, agronomy and production assets.
- The Board considers that the proposed capital raising is a superior outcome for shareholders of Top Shelf than the sale and leaseback alternative, as it:
 - significantly reduces the Company's debt and associated interest expenses;
 - avoids locking in ongoing lease requirements at the Agave Farm
 - allows the Company to retain ownership of its Australian Agave land, agronomy and production assets, which the Board believes will appreciate in value and provide Top Shelf with an improved competitive position over the medium- to long- term; and
 - Provides for fully funded business model
- New Shares under both the Conditional Placement and the Entitlement Offer will be issued at a price of \$0.25 per New Share (**Offer Price**), which represents:
 - a 6% discount to the last closing price of Top Shelf shares on ASX on 19 May 2023 of \$0.265 per share;
 - a 16.8% discount to 5-day VWAP of Top Shelf shares; and
 - a 19% discount to 10-day VWAP of Top Shelf shares.
- SB Capital will be entitled to the following consideration for acting as lead manager and arranger of the Conditional Placement and Entitlement Offer:
 - a management and selling fee of 6% of the offer proceeds; and
 - 5 million options to be granted to SB Capital or its nominees under a prospectus (comprising 2 million options with an exercise price of \$0.50 and 3 million options with an exercise price of \$0.75 and in each case having a two year term).
- SB Capital and the Company have agreed that 15% of SB Capital's management and selling fee shall be settled by way of additional Shares at the Offer Price, subject to shareholder approval at the General Meeting to be held in late June 2023.
- SB Capital's engagement as Lead Manager is subject to customary conditions, including but not limited to the Company's compliance with the timetable, the receipt of all necessary shareholder approvals for the Conditional Placement, and there being no material adverse effect on the Company prior to the issue and allotment of the New Shares.

Full details of the Conditional Placement (including an indicative timeline) will be included in the notice of meeting to be sent to Top Shelf shareholders. It is intended that the Conditional Placement and the institutional component of the Entitlement Offer will both settle on or prior to 20 July 2023.

-END-

This announcement was approved by the Top Shelf Board.

For more information (investors and media):

For further information, please:

- visit our investor website <https://www.topshelfgroup.com.au/investors> or contact investor

relations at info@topshelfgroup.com.au or on (03) 8317 9990; or

- contact Matt Slade on +61 409 916 474.

About Top Shelf

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

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

The Company is creating Australia's first agave spirit range and is developing an Agave farm in The Whitsundays region of Queensland specifically chosen for the suitability of its climate for growing blue agave. In development of the farm the Company has committed to the application of up-to-date and innovative 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.

Not an offer in the United States

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