



Top Shelf International Holdings Ltd

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

27 August 2021

ASX ANNOUNCEMENT (ASX: TSI)

Financial results for the 12-month period ended 30 June 2021 ("FY21")

Delivering today, Primed for Tomorrow: Australia's largest and fastest growing premium spirits company

Top Shelf International Holdings Limited ("Top Shelf" or "the Company") is pleased to announce its financial results for FY21 accompanied by an ASX Appendix 4E, annual report and FY21 investor presentation.

Top Shelf's Chief Executive Drew Fairchild stated *"The growth achieved by Top Shelf in FY21 and delivery of IPO forecast targets inclusive of revenue, margin and EBITDA is an outstanding result."*

"In many ways FY21 has been a transformational year for Top Shelf, not least the successful completion of an IPO in December 2020 and navigating the inherent challenges presented by the COVID pandemic over the past 15 months."

"The revenue growth and margin enhancement recently achieved by Top Shelf, particularly in the second half of FY21, attests to brand resonance, ongoing establishment of distribution channels both here and abroad, the strength of our vertically integrated operating platform and recent investment in people, all of which support the scaling of our business and underpin our future growth ambitions."

"Over the course of FY21, Top Shelf has continued to invest in its maturing spirit inventory and maturation capacities, an indication of which is the equivalent net sales value of the Company's maturing whisky and agave spirit assets having increased to \$272 million at 30 June 2021 from \$44 million at 30 June 2020."

"The Company's recent commitment from its lender, Longreach Credit Investors, to increase the size of the existing finance facility from \$15.0 million to \$25.0 million is fantastic support for Top Shelf."

The Company has aligned its scale and capability with premium brands in high growth addressable markets, which form the catalysts to deliver on the Company's strategic ambition to be Australia's leading premium spirits company at scale."

FY21 highlights

Highlights during FY21 included:

- our NED Australian Whisky and Grainshaker Hand Made Vodka being recognised as the fastest growing whisky and vodka brands in Australia (source: IRI liquor data, 12 months ended 25 July 2021);
- national ranging of our NED Whisky with distribution via more than 1,800 outlets by 30 June 2021 inclusive of Independent Brands Australia (IBA), consisting of Cellarbrations, Bottle O and IGA liquor, from September 2020;
- the successful launch of our gold medal winning¹ Grainshaker Vodka in October 2020 supplying over 300 on premise venues by 30 June 2021 and confirmed ranging with IGA Liquor Victoria (Corn varietal bottle) and IBA Victoria and Queensland (Lime & Soda RTS) from July and September 2021 respectively;
- premiumisation of the NED Whisky product range contributing to a net sales value per litre of \$71.4 (at 43% ABV) in the second half of FY21 being a 23% uplift on the first half and reflected in Top Shelf's new make whisky of 1.6 million litres under maturation at 30 June 2021 representing a net sales value of \$111 million;

¹ Grainshaker Wheat varietal was awarded a gold medal at the 2021 Melbourne International Spirits Competition

- the continued investment in maturing whisky and also our agave assets in Dry North Queensland (the equivalent of 1.9 million litres of agave spirit under maturation at 30 June 2021) represents a total net sales value of \$272 million; and
- investment in capability with key executive appointments across multiple business functions inclusive of Trent Fraser, who will lead the Company's agave and international growth strategy from September 2021.

FY21 financial summary

Top Shelf's key financial metrics for FY21 relative to the prior comparative year are set out below:

Financial results	FY21 (\$m)	FY20 (\$m)	Change (\$m)	Change (%)
Pro forma				
Revenue	20.0	7.7	12.3	159.9%
Gross profit	4.8	1.8	3.0	164.8%
EBITDA	(6.1)	(4.3)	(1.9)	(43.2%)
Loss after tax	(6.4)	(4.8)	(1.6)	(32.7%)
Revenue – branded product	12.7	4.1	8.6	211.5%
Revenue – contract packaging	7.3	3.6	3.7	101.5%
Gross profit margin	23.9%	23.5%	-	0.4%
Statutory				
Revenue	19.2	7.7	11.5	149.5%
EBITDA	(10.3)	(4.3)	(6.0)	(140.9%)
Loss after tax	(10.7)	(4.8)	(5.9)	(122.3%)

Pro forma revenue

Top Shelf delivered pro forma revenue of \$20.0 million in FY21 representing achievement of the initial public offering (IPO) forecast and growth of 160% on the prior comparative year.

Branded product revenue growth of \$8.6 million to \$12.7 million in FY21 reflected:

- the increasing scale of Top Shelf's whisky maturation capability and quality enabling the sales expansion of the NED Whisky product range and complementary introduction of super premium product offerings;
- the national retail ranging of NED Whisky bottle and Ready To Serve (RTS) products with IBA from September 2020; and
- the brand launch of Grainshaker Vodka in October 2020 and strong subsequent on-premise demand.

Pro forma gross margin

Pro forma gross margin of 23.9% in FY21 (IPO forecast: 22.8%) increased from 21.6% in the first half of FY21 to 25.2% in the second half resulting from the introduction of new products and channel mix inclusive of the commencement of international sales of branded product to China supported by relationships established with locally based buyers.

Pro forma results

With the recognition of the fair value gain on Top Shelf's agave plants, FY21 pro forma EBITDA loss of \$6.1 million outperformed the IPO forecast of \$6.4 million².

Financial position

At 30 June 2021, the Group had tangible assets of \$68.9 million (net tangible assets: \$34.5 million) reflecting:

² The IPO forecast EBITDA is disclosed on a consistent basis with actual EBITDA, being exclusive of forecast share based payments (\$3.0 million) and additional listed company costs (\$0.5 million).

- Invested capital (\$26.7 million) in the plant & equipment and leased properties of Top Shelf's distillery, whisky maturation and canning & bottling capabilities at Campbellfield and Somerton, Victoria, and the agave farm property in Dry North Queensland;
- Working capital (\$13.2 million) inclusive of Top Shelf's investment in new make whisky (\$6.0 million) and agave plants (\$7.7 million); and
- Net debt of \$5.5 million.

Available funds

The Company has available funds for its FY22 operations of \$18.4 million reflecting cash as at 30 June 2021 of \$9.5 million and net available drawings of \$8.9 million from an extension of the Company's existing finance facility with Longreach Credit.

On 26 August 2021, the Company executed a credit approved term sheet with Longreach Credit extending the secured financing facility agreement limit from \$15.0 million to \$25.0 million. The borrowing base has been expanded to include the present value of Top Shelf's agave plant assets. The term sheet specifies conditions precedent prior to completion of the facility extension inclusive of the satisfactory insurance coverage of the Eden Lassie agave farm and agave plants and other conditions considered common for a transaction of this nature.

Investor conference call

A presentation and discussion will be hosted by Adem Karafili, Executive Chairman, Drew Fairchild, Chief Executive Officer, Ben Kennare, Chief Financial Officer and Trent Fraser, President – International and Agave on **Friday 27 August 2021 at 10:00 am (AEST)**.

You may access the call by registering via:

<https://s1.c-conf.com/diamondpass/10016133-j48f23.html>

End

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

For more information (investors and media):

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

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.