



## Top Shelf International Holdings Ltd

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

**25 February 2021**

### **ASX ANNOUNCEMENT (ASX:TSI)**

**FY21 half year results release: ON TRACK and ON TREND**

#### **Top Shelf International is on track to deliver its IPO financial and operational targets**

Top Shelf International Holdings Ltd (Top Shelf or the Company) is pleased to announce its financial results for the first half of FY21 accompanied by an ASX Appendix 4D, interim financial report and first half investor presentation.

#### **FY21 1H Highlights**

Highlights of the Company during the first half of FY21 included:

- Completion of a successful initial public offering ('IPO') and listing on the Australian Securities Exchange ('ASX') in December 2020 to raise \$47.2 million including a primary raise of \$35.0 million.
- FY21 first half revenue of \$7.3 million, an increase of \$4.5 million or 159% on the prior comparative period, FY20 first half.
- The Company's flagship NED Whisky national ranging with Independent Brands Australia (IBA) from September 2020.
- Continued investment in NED Whisky inventory with approximately 950,000 litres on hand (litres of whisky at 40.0% ABV) (30 June 2020: 545,000 litres) or the equivalent of \$54.3 million in net sales at maturation (the litres of whisky on hand multiplied by the anticipated whole sales value per 700 mL bottle of \$40) (30 June 2020: \$31.2 million).
- Additional capital equipment installed at the Campbellfield distillery and expansion of storage capacity at the Somerton maturation facility. The capital investment at the distillery has completed Top Shelf's investment to double whisky production with the commissioning of a second whisky lauter tun.
- The launch of the Grainshaker Vodka brand on 27 October 2020 with Grainshaker Vodka available for sale in over 200 on-premise venues (including iconic inner metro and holiday coastal area venues such as The Arbory, Movida, and Hotel Sorrento) and Grainshaker Vodka bottle and ready-to-drink ('RTD') formats being listed with independent distribution networks: Australian Liquor Marketers, Paramount and Festival by 31 December 2020.
- Finalisation of the Eden Lassie agave farm acquisition in December 2020. As at 31 December 2020, 165,000 agave plants were planted at the Eden Lassie agave farm (30 June 2020: 50,000 plants). There are a further 244,000 nursery plants giving a total number of planted and nursery plants of 409,000, which is in line with the Company's FY21 forecast expectations.
- Continued investment in Top Shelf's leadership team during the second quarter with the appointment of a Chief Financial Officer and senior sales and marketing executives, including a Head of Sales and Brand and a National Account Manager. These appointments provide the Company with the necessary skills and experience to execute Top Shelf's growth strategy.

Top Shelf's Chief Executive Officer Drew Fairchild said "Top Shelf is focused on executing our growth plans in the second half of FY21 including:

- accelerating the market penetration of our portfolio of distinctive Australian spirits brands with major brand initiatives for NED Whisky with the Kelly Grove Racing team in the Australian Supercars Championship and the Australian Open and Welcome to Thornbury customer experience for Grainshaker Vodka;
- the continued build out of the NED Whisky and Grainshaker Vodka brand and product portfolios including release of the NED super premium limited addition series and the range extension of Grainshaker Vodka ready to serve products;
- the continued investment in the maturation of NED Whisky facilitated by commissioning of the second whisky lauter tun at Campbellfield and the opening of a second maturation barrel house (900,000 litre capacity) at Somerton, Victoria;
- ongoing development of the Eden Lassie agave farm and agave market opportunity in dry north Queensland with the secure supply of 244,000 hardening plants in nursery; and
- the completion of the Agave Brand work and release to market of our Australian Agave spirit.

### **FY21 1H financial summary**

A summary of key financial metrics on a pro forma basis of the Company is set out below:

<b>Financial results</b>	<b>Half year ended 31 Dec 2020 (\$m)</b>	<b>Half year ended 31 Dec 2019 (\$m)</b>	<b>Change (\$m)</b>	<b>Change (%)</b>
Revenue	7.3	2.8	4.5	159.2%
Gross profit	1.6	0.6	1.0	179.9%
Pro forma EBITDA	(3.6)	(1.6)	(2.0)	(128.4)%
Pro forma loss after tax	(3.1)	(1.5)	(1.5)	(102.4)%
Statutory loss after tax	(6.7)	(1.5)	(5.2)	(344.7)%
Revenue – branded product	4.0	1.5	2.5	167.5%
Revenue – contract packaging	3.3	1.3	2.0	149.6%
Cash gross profit margin	23.3%	21.6%	-	1.7%

Revenue and gross profit have not been subject to pro forma adjustment. A reconciliation of the statutory to pro forma EBITDA and loss after tax and commentary on the pro forma adjustments is set out in the Appendix 4D.

### *Revenue and gross margin*

In FY21 1H Top Shelf reported revenue of \$7.3 million, an increase of \$4.5 million or 159% on the prior comparative period, FY20 1H. The revenue growth was attributable to branded product (NED Whisky and Grainshaker Vodka) sales (FY21 1H: \$4.0 million, up 168% on the prior comparative period (pcp) and third party contract packaging services (FY21 1H: \$3.3 million, up 150% on the pcp).

Branded sales growth in FY21 1H reflect:

- alignment with the significant growth in ready to serve markets;
- the national ranging of NED Whisky with IBA; and
- the launch of the Grainshaker Vodka brand;

Third party contract packaging services were fully operational in FY21 1H after being commissioned in October 2019 and continued to build a portfolio of national and boutique beverage customers.

In FY21 1H the Company reported gross profit of \$1.6 million and a gross profit margin of 21.6% (cash basis: 23.3%), an increase of \$1.0 million and 1.6% respectively in absolute terms on the prior comparative period.

### *Pro forma results*

On a pro forma basis, the Company reported an EBITDA in FY21 1H of \$(3.6) million, an increase of \$2.0 million and a loss after income tax of \$3.1 million, an increase of \$1.5 million, on the prior comparative period.

The pro forma financial results reflect:

- the strong revenue growth and margin improvement of the Company;
- Top Shelf's continued development of the NED Whisky and Grainshaker Vodka brand awareness and investment in strengthening distribution channels with sales & marketing and sales labour expenditure of \$2.1 million; and
- the ongoing investment in scalable resources and infrastructure required to support the revenue growth trajectory of the Company.

#### *Financial position*

At 31 December 2020, the Company reported a net tangible asset position of \$38.6 million (net assets excluding intangible and deferred tax assets) with a cash balance of \$16.1 million.

The Company executed a secured financing facility agreement with Longreach Credit in December 2020 with a facility limit of \$15.0 million by 30 June 2021. The new financing facility provides Top Shelf with enhanced flexibility and capacity to fund its future growth plans with the facility borrowing base aligned to growth of trade receivables, maturing whisky inventories and oak storage asset capacity. As at 31 December 2020, the facility was drawn to \$7.0 million. The pre-existing financing facility with Longreach Credit (\$10.0 million) was settled with the funds of the IPO.

In addition to available cash funds of \$16.1 million as at 31 December 2020, the Company will be able to draw an additional \$8.0 million between 1 January 2021 and 30 June 2021 from the secured financing facility reflecting total available funds of \$24.1 million.

#### **Investor conference call**

A presentation and discussion will be hosted by Adem Karafili, Executive Chairman, Drew Fairchild, Chief Executive Officer, and Ben Kennare, Chief Financial Officer on **Monday 1 March 2021 at 10:00 am (AEST)**.

You may access the call by registering via:

<https://s1.c-conf.com/diamondpass/10012658-Bo0Z3.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](mailto:info@topshelfgroup.com.au) or on (03) 8317 9990

#### **About Top Shelf**

Top Shelf is a Melbourne based producer and marketer of high-quality Australian spirit-based beverage brands, with an ambition to create high quality, authentic Aussie spirit brands, where each brand in its own distinctive way embodies an unmistakably Aussie taste, attitude and social experience.

Top Shelf has expertise in the development and production of distilled spirits, access to research and development expertise and modern, fully commissioned and operational fermentation, distillation and packaging facilities in Campbellfield, Victoria. In addition to distilling and manufacturing its own range of spirituous products, Top Shelf also provides canning, bottling and packaging services to a range of customers. Top Shelf operates a farm near Bowen in Queensland where it is planting agave plants to support an Australian Agave spirits business at scale.