



# **PREMIUM SPIRITS WITH AN AUSTRALIAN ACCENT**

## **2022 ANNUAL GENERAL MEETING**

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**TOP SHELF**  
INTERNATIONAL



# CROWNED

## AUSTRALIAN WHISKY OF THE YEAR 2022







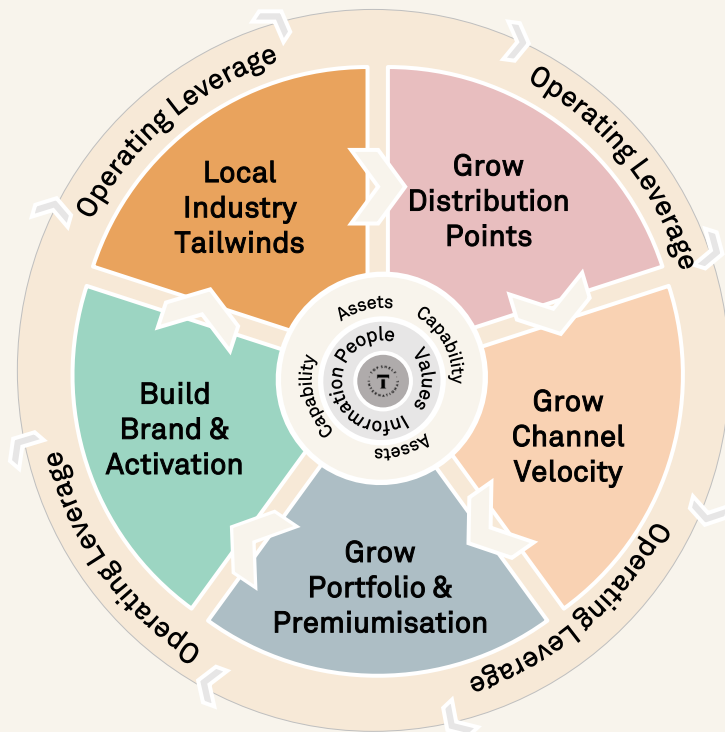
# AUSTRALIAN VODKA OF THE YEAR

You beauty!

Vodka with  
**Character**

# OUR AUSTRALIAN SPIRITS PLATFORM

**Only 8% of spirits consumed in Australia are Australian by provenance**

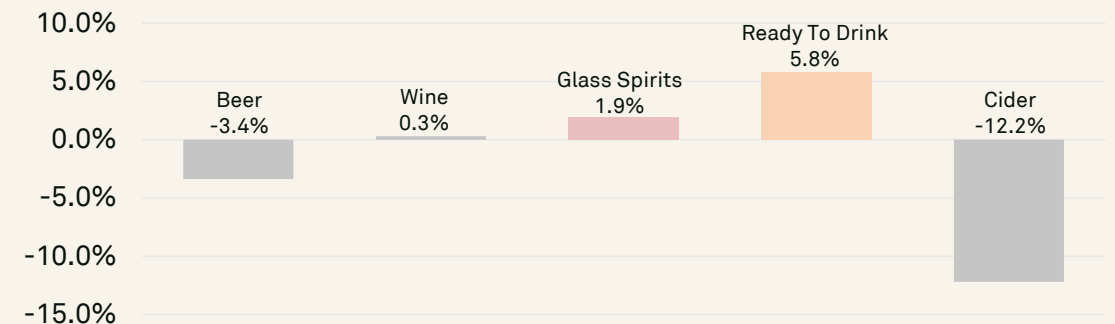


**Our brands are positioned in high growth categories, tail winds are in our favour**

We are participating in the world's largest, most popular and fastest growing spirits categories, positioning our brands in the premium segments of the market.

Our Australian Spirits Platform competes at scale with international competitors, capitalising on the global macro trends that are both driving category growth and at the same time applying significant, ongoing pressure on supply chains, the availability of bourbon-style whisky and agave spirit and the economic challenge of landing these products in Australia at a competitive price.

**Alcohol Category Performance - Australia<sup>1</sup>**



1. iRI Liquor Outlook September 2022 \$ MAT 01/10/22



# A MODERN AUSTRALIAN SPIRITS COMPANY

## THE PLEDGE

We are delivering a world-class premium spirits portfolio. Brands with a shared attitude of Australian ingenuity and character that service rising consumer momentum and unmet global demand for challenger spirit categories.

## THE PLAYERS

## THE PLAYING FIELDS



### FEARLESS

Breaking free  
from tired  
conventions

Born of the  
high country

WHISKY



### EXHUBERANT

Celebrating the  
character and warmth  
of Australian grain

Born of the sweeping  
plains

VODKA



### ROGUE

An ancient process  
meets Aussie know  
how

Born of the pristine  
coast

AGAVE

**TOP SHELF**  
INTERNATIONAL



# FY22 RESULTS



**#1**

**Australian Whisky Brand –  
Value<sup>4</sup> & Growth<sup>5</sup>**

## PRO FORMA REVENUE<sup>1</sup>

**\$26.6m**

(+39% on FY21)

Branded product revenue  
+96% H2 on H1

## GROSS MARGIN<sup>2</sup>

**27%**

(+2.1% on FY21)

## BUSINESS INVESTMENTS

Brand \$7.4m

Whisky \$3.7m

Australian Agave \$4.1m

## MATURING SPIRIT<sup>3</sup>

**Whisky 2.0m Litres**

**Agave 2.6m Litres**

(at 30 June 2022)

Capacity to also distil 1.2m  
litres of Vodka per year

## BUSINESS ASSETS

**IN USE**

**\$152.4m**

(incl. Brand assets: \$43.8m)

## AVAILABLE FUNDING

**\$38.7m**



**#1**

**Australian Vodka Brand –  
Value<sup>6</sup> & Growth<sup>7</sup>**

1. FY22 revenue has been presented on a pro forma basis with the consistent recognition of all domestic channel revenue on a gross excise basis (FY22 incremental revenue on a pro forma basis: \$1.3m; FY21: \$nil). Branded product revenue has also been presented on this pro forma basis (FY22 2H incremental revenue on a pro forma basis: \$1.3m; FY22 1H: \$nil), 2. Gross margin is presented exclusive of contract packaging passthrough revenue (Excise passthrough revenue excluded from the gross margin calculation: FY21: \$0.4m; FY22 \$5.0m), 3. TSI ASX Announcement FY22 Q4 Quarterly Report and Appendix July 2022, 4. AU Liquor (CLG & ALM) Dollars MAT 31/7/22 and Dollars Growth 4 Weeks 31/7/22 (NED Glass & RTD), 5. AU Liquor (CLG & ALM) Dollars Growth % 4 Weeks 31/7/22, Brands >\$0.5m RSV (NED Glass & RTD), 6. Management Estimate (AU Liquor Dollars MAT 31/7/22 + Direct Sales Volume TSI, Glass & RTD), 7. AU Liquor (CLG & ALM) Dollars Growth % 4 Weeks 31/7/22, Brands >\$1.5m RSV



# BRANDS PERFORMING STRONGLY IN MARKET...

## NED Australian Whisky

**+139%** **+52%**

Growth Retail Scan<sup>1</sup> Distribution Growth<sup>2</sup>

Top 10 Australian & American-Style Whiskies 700mL<sup>3</sup>

Ranking	Product
1	Jim Beam White 700ml
2	Jack Daniels Old #7 700ml
3	Wild Turkey Original 700ml
4	Makers Mark 700ml
5	Gentleman Jack 700ml
6	Woodford Reserve 700ml
7	<b>NED Whisky 700ml *</b>
8	Cougar 700ml
9	Jim Beam Black 700ml
10	Starward Two Fold 700ml

1. 23/10/22 4 weeks. 2. End Q1 FY22, 3. Rankings based on 4-Week Retail Sales Value (to 4 October 2022)



**19**

Medals at  
Australian &  
International  
Spirits  
Competitions

**12**

Medals at  
Australian &  
International  
Spirits  
Competitions



## Grainshaker Australian Vodka

**+252%** **+37%**

Growth Retail Scan<sup>1</sup> Distribution Growth<sup>2</sup>

Top 10 Vodka 700mL<sup>3</sup>

Ranking	Product
1	Smirnoff 700ml
2	Absolut 700ml
3	Finlandia 700ml
4	Belvedere 700ml
5	Vodka O 700ml
6	Grey Goose 700ml
7	Haku 700ml
8	Skyy 700ml
9	Pure Origins 700ml
10	<b>Grainshaker 700ml *</b>

1. 23/10/22 4 weeks. 2. End Q1 FY22, 3. Rankings based on 4-Week Retail Sales Value (to 4 October 2022)



# ... AND BEING RECOGNISED FOR QUALITY

## AUSTRALIAN WHISKY OF THE YEAR

MELBOURNE INTERNATIONAL SPIRITS COMPETITION



TASTING AUSTRALIA SPIRITS AWARDS



AUSTRALIAN DISTILLED SPIRITS AWARDS



AUSTRALIAN LIQUOR INDUSTRY AWARDS

Finalist Liquor Brand of the Year

DRINK EASY AWARDS

#6 Australian Spirit of the Year

HONG KONG INTERNATIONAL WINE & SPIRITS COMPETITION



## AUSTRALIAN VODKA OF THE YEAR

MELBOURNE INTERNATIONAL SPIRITS COMPETITION



TASTING AUSTRALIA SPIRITS AWARDS



AUSTRALIAN DISTILLED SPIRITS AWARDS



HONG KONG INTERNATIONAL WINE & SPIRITS COMPETITION





# LEVERAGING ASSET CAPACITY

## Strategic Partners

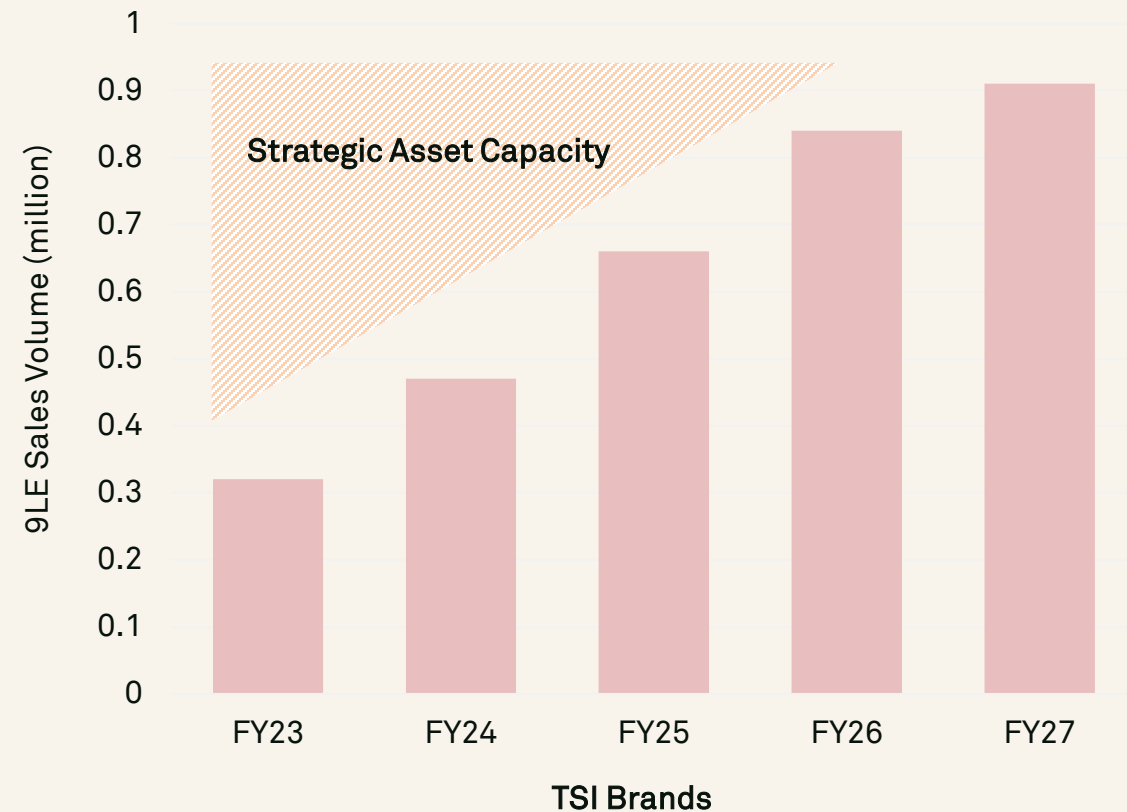
As TSI's brand portfolio is scaled, we have available capacity within the existing asset base that can be leveraged by strategic partners, notably in co-packing.

**Canning** - 1m cases/annum

**Bottling** - 700k cases/annum



## Co-Packing – Available Capacity





# CREDENTIALS TO BE A GLOBAL SUCCESS



## PORTFOLIO

Compelling portfolio of on-trend, distinctive premium spirit brands making TSI one of Australia's fastest growing spirits companies

## GLOBAL TRENDS

Well-positioned to benefit from structural changes in global spirits including rising consumer momentum and significant unmet global demand across its key categories

## CONSUMER PREFERENCES

Shifting consumer preferences in the Australian market; significant opportunities to capture market share from incumbent international players

## CAPACITY & PLATFORM

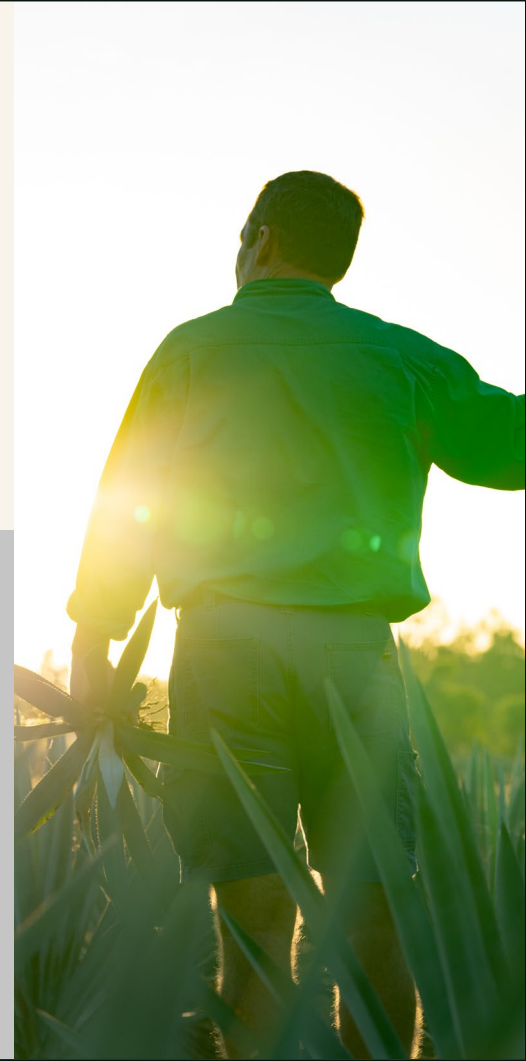
Well-invested footprint with ample capacity to support growth and one of the few agave platforms outside Mexico

## CUSTOMER

Established distribution relationships, significant available inventory and replicable proof of concept enabling rapid domestic and international scaling

## PEOPLE

Experienced and passionate management team with proven track record





# RISING CONSUMER MOMENTUM & UNMET GLOBAL DEMAND

## Challenger categories are gaining traction across the industry

- 1

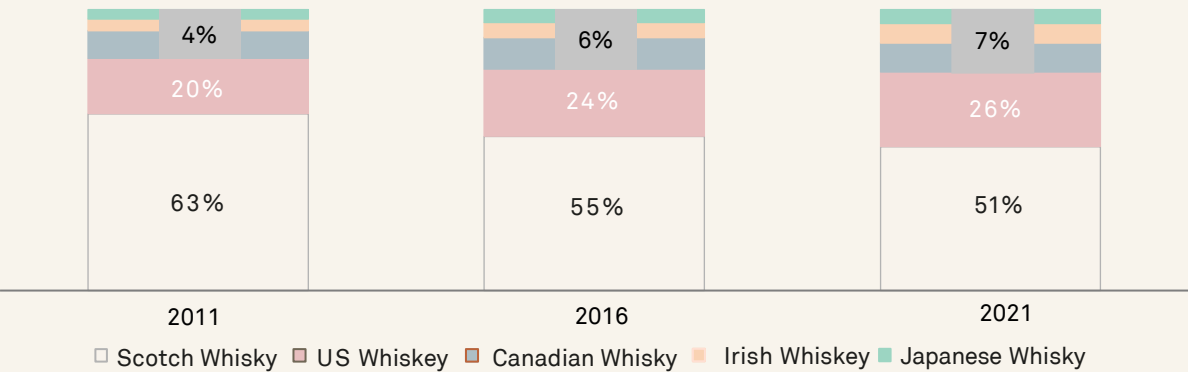
Scotch whisky, the undisputed leader in the space, has seen the **rise in popularity of international whiskies**, particularly Bourbon and Irish Whiskey
- 2

The Gin segment, previously dominated by the London Dry variety, has experienced a **new beginning** in more recent years driven by very successful **flavoured alternatives**
- 3

In Sparkling Wine, **Trento DOC and Franciacorta wine are gaining popularity against Champagne**, as proven by Formula One Grand Prix choosing Italian sparkling wine to celebrate victories for the first time since the 1950s



International whiskies have steadily gained share over the last decade



## Why Tequila’s Growth Could Blaze Trail For Others

JUST DRINKS

“If there is a **complication that might undermine the growth of Tequilas** such as Bacardi’s Patrón, or Diageo’s Don Julio and Casamigos, it is the category’s reliance on the **timely supply of an agricultural product, agave**. The blue weber agave specified to make Tequila can only be sourced from a legally limited zone of production and the plants take several years to reach full maturity. [...] Consumers are drawn to 100% agave because of its perceived greater authenticity and quality. [...]

Meanwhile, the presence of numerous celebrity faces fronting Tequila brands, spearheaded by the US\$1bn example of George Clooney and Casamigos, has broadened the interest in Tequila among previously underexploited demographic groups.

All of these factors have helped to boost Tequila’s appeal – and now **other categories are beginning to cash in on its success too**. This is most obvious in the stratospheric (off a small base) growth of **mezcal** in the US.

There’s also **no reason why this trend shouldn’t expand further** – after all, **agave is grown in a number of locations** around the world from **Texas to Australia**, and agave spirits have been distilled in South Africa for decades. GI law means that these products cannot be called Tequila or mezcal, but that doesn’t mean – as long as the quality and marketing are right – that people won’t buy them.

One possible analogy would see **Tequila cast in the role of Scotch whisky**, with **other origins playing the role of Irish, American, Japanese, etc.**”





# GLOBALLY SIGNIFICANT AGAVE ASSET



## SCALE

Largest producer in Southern Hemisphere.  
1 million agave plant capacity with scope for further expansion



## PLANTS

Sugar (Brix) rating at 19 after 18 months reducing risk on growing cycle



## LOCATION

Ideally located  
provenance 20 degrees below equator – same as Mexican industry is above the equator



## AGRONOMY

Precision agriculture delivering industry leading product quality and sustainability farming



## DISTILLATION

Distillery under construction due for completion in early FY24



**Q1 FY24**

Act of Treason in market

# BUILDING FOUNDATIONS FOR NEW WORLD AGAVE

## Agave category continues to explode

In the US, premium Tequila has grown at 45% per year over last 5 years<sup>1</sup>.

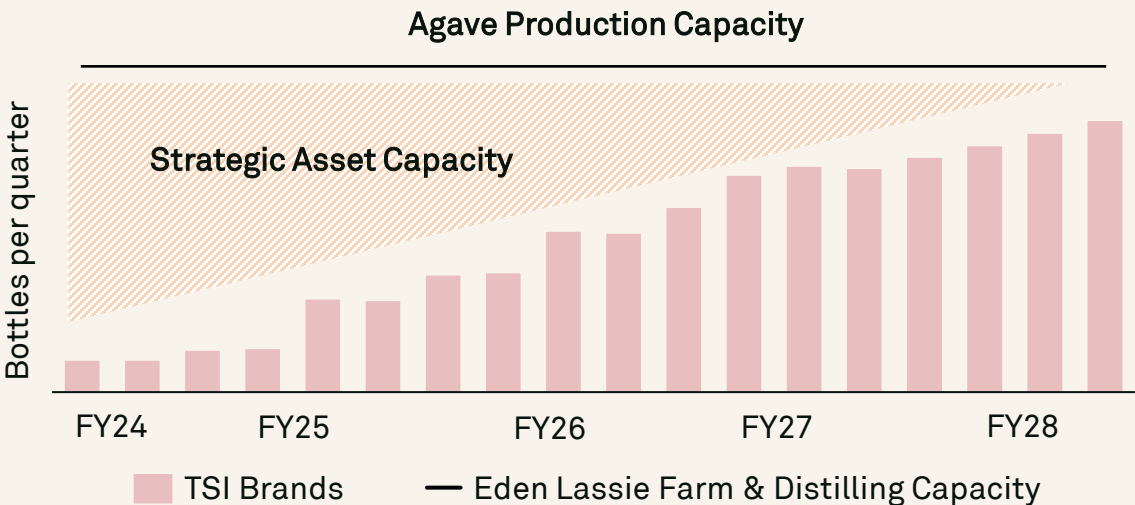


1. The Distilled Spirits Council's Luxury Brand Index (LBI). Sales of spirits brands that have a 750ml retail price of \$50 or more. <https://www.distilledspirits.org/news/luxury-brand-index-2022-second-quarter-report-premiumization-trend-continues-to-grow-at-remarkable-rate-despite-economic-downturn/>

## Our Agave Spirit Farm

Our Agave Spirit Farm has been sized to support TSI's brand ambition and the broader category opportunity. We are perfectly placed to capitalise on the emergence of new world agave and the surging demand for agave plants around the world.

This allows TSI to scale its Act of Treason brand and soon-to-be-released second agave brand, while exploring partnerships to leverage this globally significant and valuable asset.





# ACT OF TREASON

(WITH A SECOND BRAND ON THE WAY 2H FY23)

build

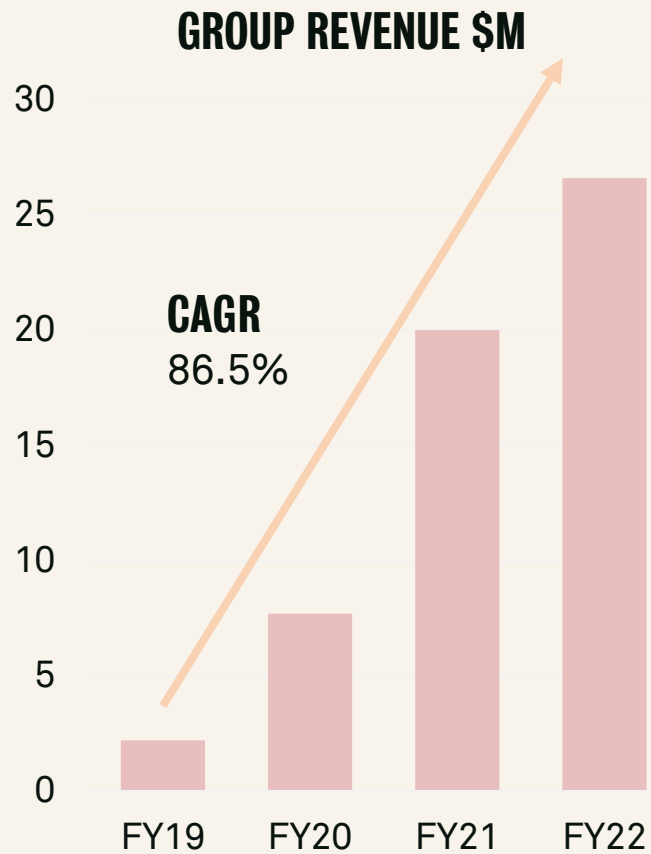
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## NEW WORLD AGAVE

Our spirit will deliver a truly regional,  
expressive and distinctive profile that  
exemplifies the very best of Australian terroir.



# CONSISTENT DELIVERY OF STRATEGY



**BRAND REVENUE<sup>1</sup>**

**\$23.3m**

LTM Nov 22 period  
(Comparative LTM Nov 21 period:  
\$11.8 million)

**BRAND REVENUE GROWTH**

**97.4%**

LTM Nov 22 period

Notes: 1.Brand revenue reflects TSI's NED Australian Whisky and Grainshaker Australian Vodka and excludes TSI's third party contract packaging revenue stream. Brand revenue is disclosed on a pro forma gross excise basis for consistency across all domestic sales channels.



**THANK YOU**





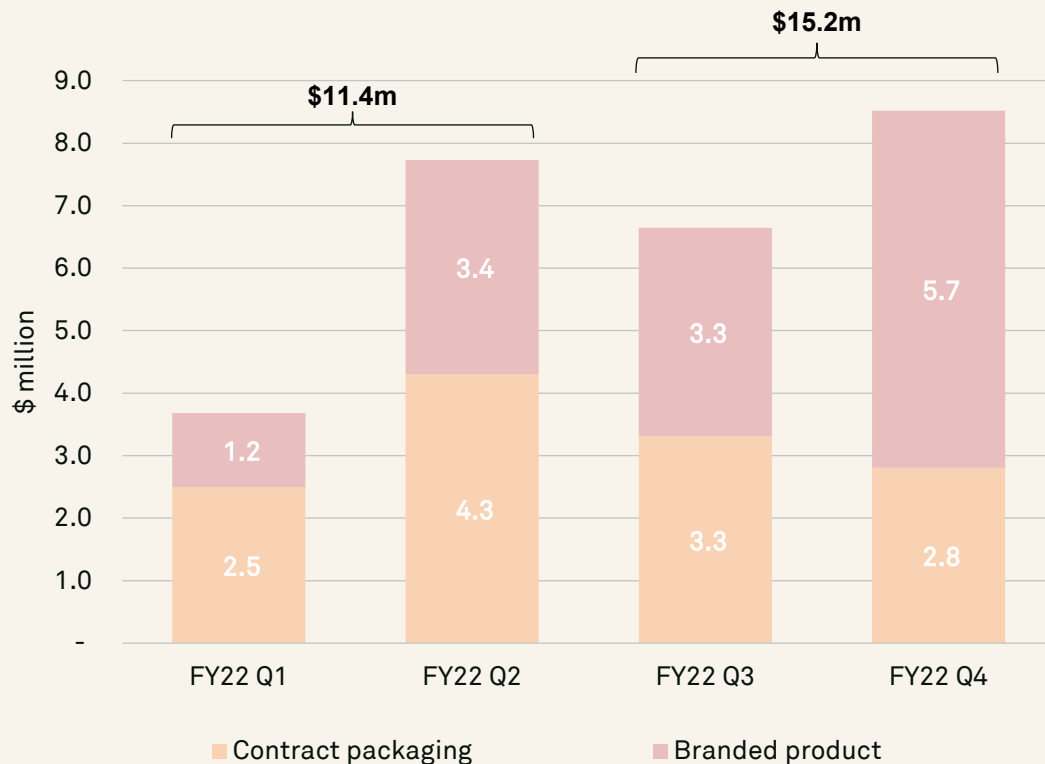
# APPENDIX





# REVENUE

## GROUP REVENUE (\$M)<sup>1</sup>



TSI's FY22 revenue of **\$26.6m** reflected growth of **38.7%** on a pro forma basis attributable to:

Branded product revenue of **\$13.7m**, up **7.7%** on FY21. Critically FY22 2H branded product revenue of **\$9.1m** was up **96.2%** on FY22 1H reflecting:

- unconstrained whisky supply from March 2022 enabling increased sales of NED Whisky, particularly into the off premise channel;
- distribution growth inclusive of commencement of ranging with Coles Liquor Group (Liquorland, First Choice and Vintage Cellars) of NED Whisky and Grainshaker Vodka from March 2022; and
- strong demand over the summer festival and event season and continued demand from the on premise channel after a severely impacted FY22 1H due to COVID-19 lockdowns, particularly in Victoria and New South Wales.

Contract packaging revenue of **\$12.9m**, up **99.5%** on FY21, reflecting ongoing demand from TSI's portfolio of major retail and craft beverage customers. Importantly, the contract packaging demand is optimising the utilisation and productivity of TSI's production assets.

TSI has commenced FY23 strongly with anticipated revenue growth of 184% in the July / August period above the prior comparative period in FY22 (branded product and contract packaging).

1. Group revenue is presented on a pro forma basis to reflect all domestic channel sales (inclusive of Coles Liquor Group) consistently on a gross excise basis (FY22 Q3: \$0.2m; FY22 Q4: \$1.1m).

# PROFIT OR LOSS

## GROUP PROFIT OR LOSS

	1H	2H	FY22	FY21
Revenue	11.4	15.2	26.6	19.2
Gross margin	2.4	3.1	5.5	4.7
Agave plant fair value gain	3.1	3.2	6.3	5.6
Distribution	(0.6)	(0.4)	(1.0)	(0.7)
Selling	(2.6)	(3.3)	(5.9)	(4.2)
Marketing	(1.7)	(1.9)	(3.6)	(1.0)
Operating	(2.1)	(2.2)	(4.3)	(2.6)
<b>Operating contribution</b>	<b>(1.5)</b>	<b>(1.5)</b>	<b>(3.1)</b>	<b>1.8</b>
Business investment	(2.0)	(3.0)	(5.1)	(2.2)
<b>Contribution margin</b>	<b>(3.5)</b>	<b>(4.5)</b>	<b>(8.1)</b>	<b>(0.5)</b>
Group support	(3.2)	(2.6)	(5.9)	(5.8)
<b>Underlying EBITDA</b>	<b>(6.8)</b>	<b>(7.2)</b>	<b>(14.0)</b>	<b>(6.2)</b>
Underlying gross profit % <sup>1</sup>	27.0%	27.0%	27.0%	24.9%
Net excise gross profit % <sup>2</sup>	36.8%	39.8%	38.1%	36.9%
Product COGS as % of net excise revenue	-63.6%	-51.6%	-56.7%	-63.0%
<b>Operating + Group Costs as % of revenue</b>	<b>-89.5%</b>	<b>-68.4%</b>	<b>-77.8%</b>	<b>-74.5%</b>

In FY22, TSI's revenue growth and underlying gross profit margin delivered gross margin of **\$5.5m** (up 17% from \$4.7m in FY21).

TSI's underlying gross profit margin reflected:

- price realisation through the brand update of NED Whisky and new product development;
- customer mix; and
- an increased focus on higher margin on premise and international activities.

In FY22, TSI has continued to invest in the enhancement of its operational capability and commenced the leverage realisation of this capability, reflected in:

- TSI continued with the establishment of a national sales footprint across on and off premise channels and marketing capability to serve the brand portfolio;
- across FY22, TSI's operating and group support function costs held steady, decreasing relative to revenue in FY22 2H.

TSI has maintained its investment in brand building (inclusive of marquee sponsorships) **(\$3.8m)** and the Australian Agave project **(\$1.3m)** (reflected in the Business investment line).

1. Underlying gross profit % is presented exclusive of contract packaging passthrough revenue. Excise passthrough revenue excluded from the underlying gross profit calculation: FY21: \$0.4 million; FY22 1H: \$2.6 million; FY22 2H: \$2.4 million.

2. Net excise gross profit % is calculated by gross margin divided by statutory revenue net of excise.



# NET ASSET POSITION

## GROUP NET ASSET POSITION (\$M)

	Jun-22	Jun-21
Cash	20.1	9.5
Trade and other receivables	6.5	8.0
Inventories	11.3	7.4
Property, plant & equipment	28.9	27.2
Right-of-use assets	6.2	6.3
Agave plant biological assets	15.7	7.7
Other	17.1	11.6
<b>Assets – total</b>	<b>105.8</b>	<b>77.8</b>
Trade and other payables	(13.1)	(11.9)
Provisions	(1.2)	(0.7)
Lease liabilities	(7.1)	(6.9)
Borrowings	(23.9)	(14.9)
<b>Liabilities – total</b>	<b>(45.3)</b>	<b>(34.4)</b>
Net assets	60.5	43.4
<b>Capital in use</b>	<b>51.7</b>	<b>41.9</b>
<b>Business assets in use <sup>1</sup></b>	<b>152.4</b>	<b>n/a</b>

TSI has continued to invest in business assets during FY22 and at 30 June 2022 had capital in use of \$51.7 million (30 June 2021: \$41.9m). The investment in FY22 is reflected in the balance sheet:

- NED Whisky assets (\$3.7m) (inclusive of new make whisky inventory and maturation assets);
- Australian Agave assets (\$2.9m) (inclusive of agave agronomy and the distillery project); and
- Campbellfield production site efficiency improvement and capability assets (\$1.1m).

The investment is recognised on balance sheet at cost or accounting fair value.

TSI's strategic growth plans are underpinned by secure access to over 2.0 million litres of whisky under maturation (@ 43% ABV) and an equivalent of 2.6 million litres of agave spirit (@ 43% ABV) on hand at 30 June 2022.

The net sales values at 30 June 2022 of maturing spirit inventory totalled \$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.

1. Business assets in use calculated as capital in use (\$51.7m) (defined as net assets excluding cash, borrowings and deferred tax assets) and intangible assets recognised off balance sheet (\$100.4m). Intangible asset valuation at 30 June 2022 independently prepared by EverEdge Global Pty Ltd.

# CASH FLOWS

## GROUP CASH FLOWS (\$M)

	FY22	FY21
Statutory EBITDA	(18.0)	(10.3)
Exclude non-cash profit or loss items	(4.9)	(3.5)
Working capital investment (incl. agave agronomy)	(1.2)	(4.1)
Capital expenditure	(4.9)	(6.7)
Research & development income	0.9	0.8
Property security deposits	-	(0.1)
<b>Net cash flow before financing activities</b>	<b>(28.1)</b>	<b>(24.0)</b>
Lease payments	(1.1)	(0.8)
Net financing costs	(1.4)	(1.3)
Net proceeds from borrowings	8.6	1.5
Net proceeds from capital raising activities	32.6	32.4
<b>Net cash flow</b>	<b>10.7</b>	<b>7.8</b>
<b>Closing cash position</b>	<b>20.1</b>	<b>9.5</b>
<b>Available funds <sup>1</sup></b>	<b>38.7</b>	<b>18.3</b>

Notwithstanding the challenging trading conditions recently experienced, particularly in FY22 1H, TSI continued to invest in strategic priorities and business capabilities during FY22 to position the business for success in future periods.

This investment has been recognised through TSI's profit or loss and balance sheet:

Profit or loss:

- Investment in advance of revenue in TSI's national selling capability and brand activation in FY22 (\$5.9m). With an experienced sales force in place and access to whisky, the benefits are expected to be realised across FY23; and
- Brand asset investment (\$7.4m) (inclusive of NED Whisky brand refresh, new product development, in-house marketing capability and marquee sponsorships).

Balance sheet:

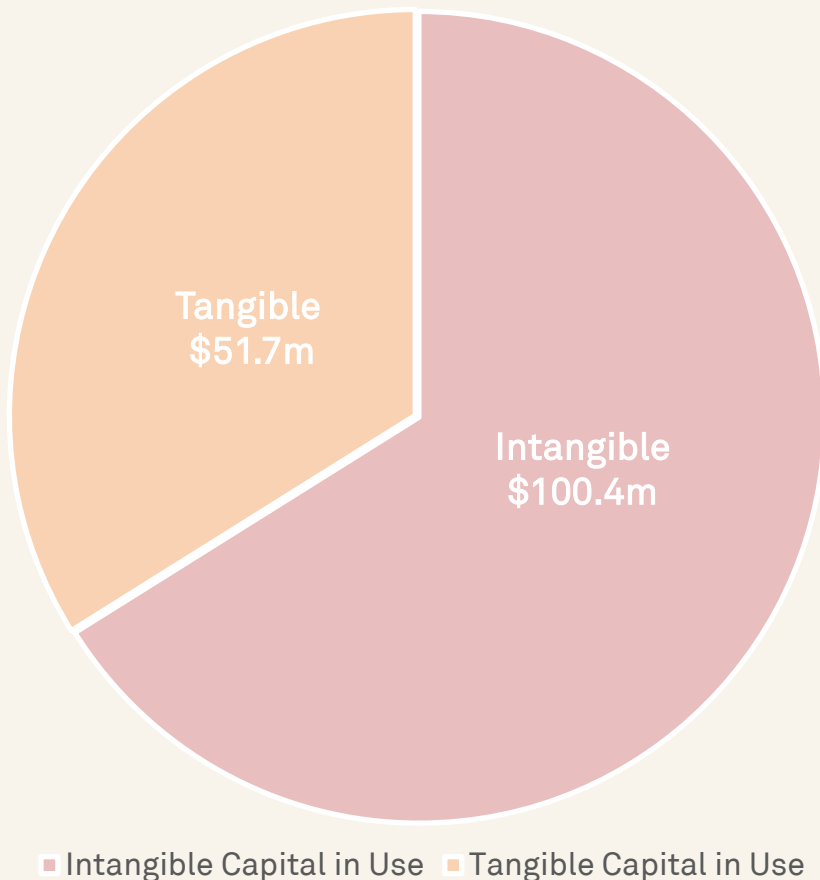
- NED Whisky future supply (\$3.7m); and
- the Australian Agave Project (BS: \$2.7m; P&L: \$1.3m) (inclusive of brand and market entry preparation, agave agronomy and the distillery project).

1. TSI executed a facility amendment deed in August 2022 to extend its borrowing base facility by \$20m to \$45m with the facility maturity date extended by 12 months to December 2024. \$10m of the facility extension is unconditionally available from September 2022.



# TSI – A BRANDED PREMIUM SPIRITS COMPANY

TSI Asset Portfolio \$A



TSI has been investing in a scalable platform for many years inclusive of infrastructure and capability, high quality spirit inventory, brand, customer relationships and other business assets.

As noted on the prior page, this investment has historically been recognised through TSI's profit or loss or balance sheet. As such, much of this investment has been recognised as expenditure or at cost on TSI's balance sheet for accounting purposes (as opposed to market or fair value).

TSI's asset portfolio has recently been independently valued by EverEdge Global Pty Ltd (EverEdge). The EverEdge valuation assessed that TSI had determinable intangible assets of \$100.4m as of 30 June 2022 incremental to the capital in use recognised on TSI's balance sheet.

The EverEdge valuation identified the following intangible asset categories:

- Brand (\$43.8m)
- Relationships (20.8m)
- Data, confidential information and capability (\$21.9m)
- Other (\$10.9m)

# REVENUE & MARGIN

## REVENUE AND MARGIN (\$M)

			FY22	FY21
	1H	2H	FY	FY
Revenue <sup>1</sup>				
Brand	4.6	7.8	12.4	12.7
Contract packaging services	6.8	6.1	12.9	6.5
<b>Revenue - total</b>	<b>11.4</b>	<b>13.9</b>	<b>25.3</b>	<b>19.2</b>
COGS				
Product COGS	(4.2)	(4.7)	(8.9)	(8.0)
Excise	(4.8)	(6.1)	(10.9)	(6.5)
COGS - total	(9.0)	(10.8)	(19.8)	(14.5)
<b>Gross margin</b>	<b>2.4</b>	<b>3.1</b>	<b>5.5</b>	<b>4.7</b>
Underlying gross profit % <sup>2</sup>	27.0%	27.0%	27.0%	24.9%
Net excise gross profit % <sup>3</sup>	36.8%	39.8%	38.1%	36.9%
Statutory gross profit %	20.8%	22.3%	21.6%	24.4%

1. Revenue in this appendix is presented on a statutory basis, 2. Underlying gross profit % is presented exclusive of contract packaging passthrough revenue. Excise passthrough revenue excluded from the underlying gross profit calculation: FY21: \$0.4m; FY22 1H: \$2.6m; FY22 2H: \$2.4m, 3. Net excise gross profit % is calculated by gross margin divided by statutory revenue net of excise.

## EBITDA TO NET LOSS AFTER TAX (\$M)

	FY22	FY21
<b>Underlying EBITDA</b>	<b>(14.0)</b>	<b>(6.2)</b>
Non-cash and non-recurring items	(4.0)	(4.1)
<b>Statutory EBITDA</b>	<b>(18.0)</b>	<b>(10.3)</b>
Depreciation and amortisation	(1.2)	(0.8)
<b>EBIT</b>	<b>(19.1)</b>	<b>(11.1)</b>
Net finance costs	(2.6)	(2.8)
Income tax	5.3	3.1
<b>Net loss after tax</b>	<b>(16.4)</b>	<b>(10.7)</b>

### Non recurring items

During FY22, the Group recognised the following non cash and non-recurring items that have been excluded from underlying EBITDA:

- Share based payments expense (\$0.4m)
- Write off of debtor amounts in relation to legacy customers, with whom TSI no longer directly trade (\$0.6m)
- Inventory write-off in relation to obsolete packaging and expired finished products (\$1.0m)
- Loss on disposal of fixed assets inclusive of cessation of The Distiller hospitality and consumer experience venue (\$0.9m)
- Corporate costs including employee termination and other non recurring corporate activities (\$1.0m)



# PREMIUM SPIRIT HOLDINGS

We currently have 2.0m litres of whisky maturing and the equivalent of 2.6m of agave spirit.

In next 5 years we will produce a further 3.9m litres of whisky, of which 2.2m litres will be available for sale within this period.

The total volume available for sale in this period is 5.9m litres.

In addition to our whisky and agave maturing spirit inventory, TSI also has the capacity to distil 1.2m litres of vodka per year at 43% ABV.

