

TOP SHELF
INTERNATIONAL

Net Sales Value of Maturing Spirit Inventory

22 July 2021

DARING AUSTRALIAN SPIRIT



TSI Highlights Summary

Top Shelf International ("TSI"), Australia's leading premium spirits company, provides an overview of its Maturing Spirit Inventory and Net Sales Value.

As at 30 June 2021

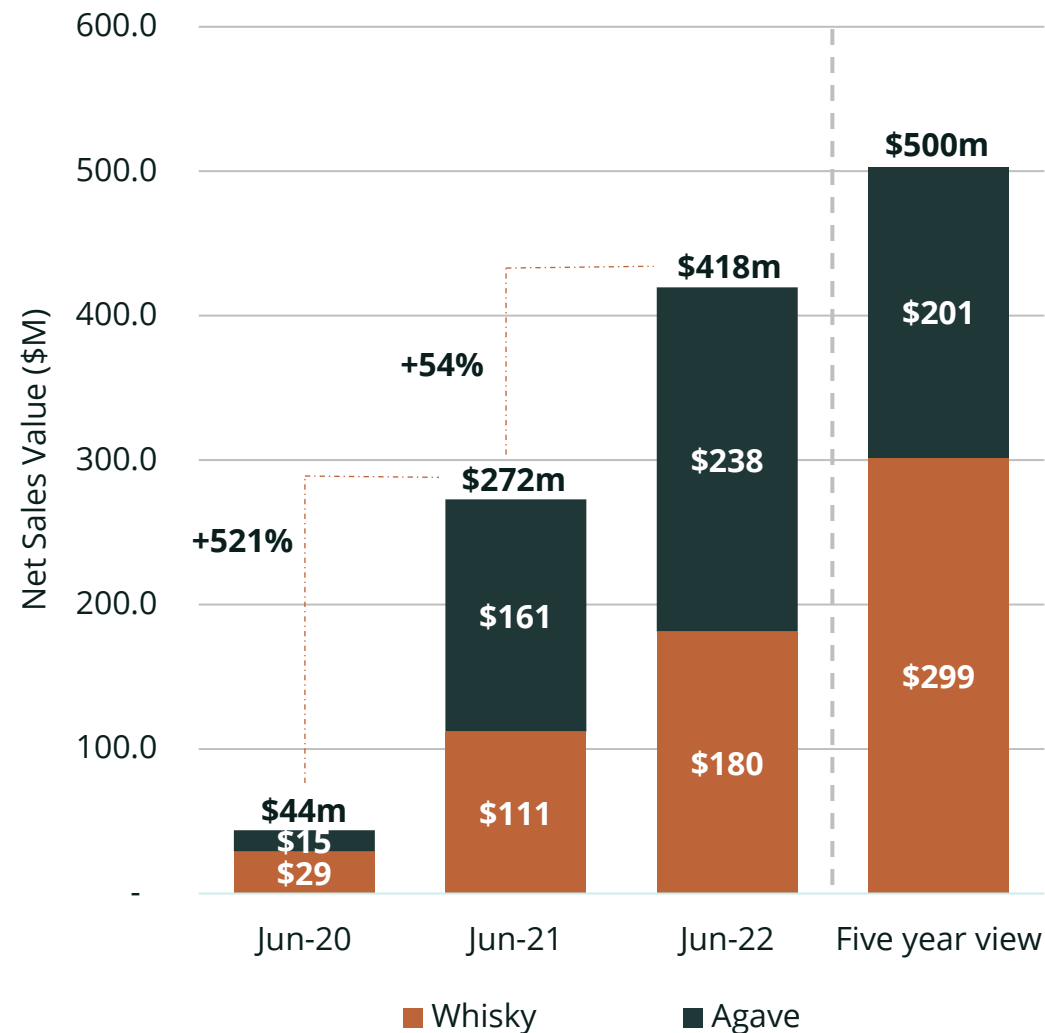
- At 30 June 2021, TSI had Maturing Spirit (Whisky & Agave) with a Net Sales Value of **\$272 million**, an increase of 521% YOY and 154% above Prospectus.
- TSI's total spirit inventory increased to **3.5 million litres** in FY21, an increase of 410% on 30 June 2020.
- In FY21 2H, TSI achieved an Average Net Sales Value per litre for NED Whisky of \$71.40 (an **increase of 23%** FY21 1H to FY21 2H).

Forecast

- With planned production considered:
 - By 30 June 2022, TSI forecasts that Net Sales Value of Maturing Spirit (Whisky & Agave) will increase to **\$418 million**.
 - TSI will have a total of **6.6 million litres** of Mature Spirit (Whisky & Agave) available for sale within the next five years (prior to 30 June 2026) with a Net Sales Value of **\$500 million**.
- Net Sales Value over a five year period is an important metric for TSI. It provides an indication of timeframes in which inventory can be expected to be available for sale. The five year period corresponds with:
 - Two maturation cycles of Whisky, and;
 - One maturation cycle of Agave.

Note: TSI engaged PwC to perform certain procedures on the calculations and methodology to derive the 30 June 2021 whisky Net Sales Value per litre calculation.

Net Sales Value of Maturing Spirit Inventory



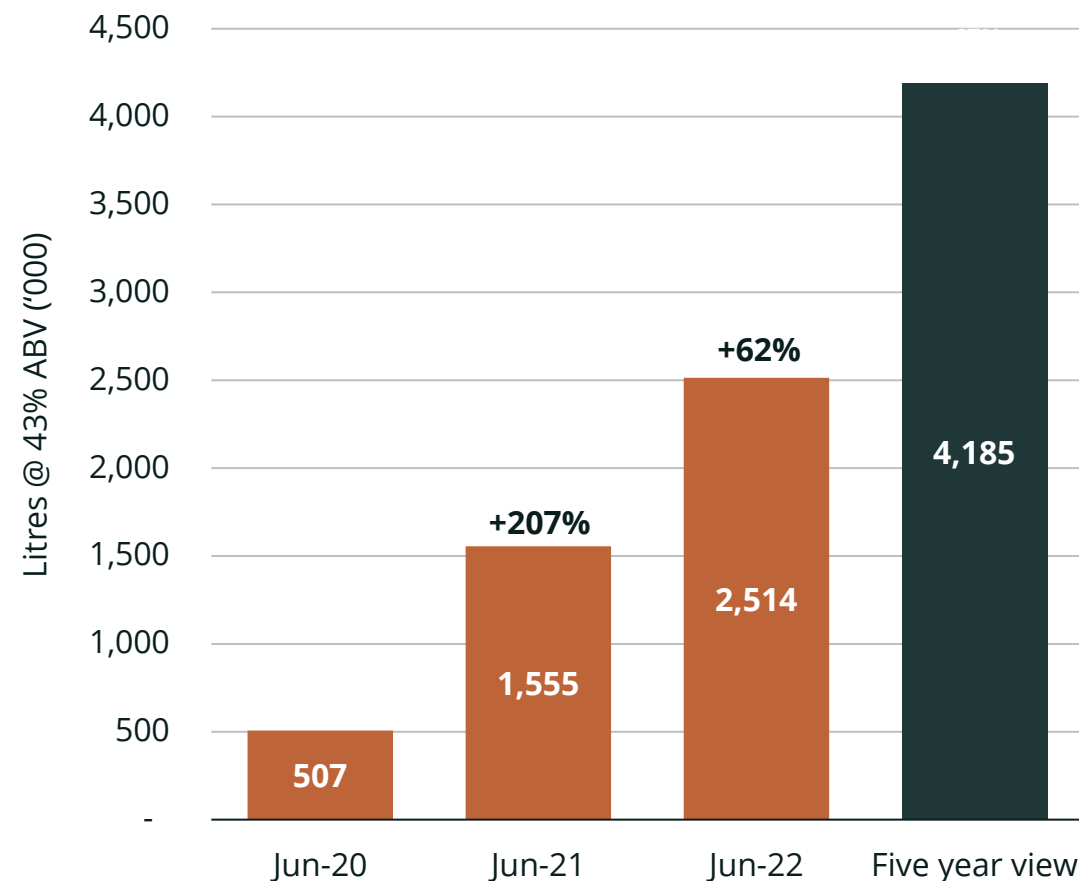
Note: Vodka is excluded from above Net Sales Values. Vodka production capacity at TSI's Campbellfield distillery is 1,154,360 litres per year. Current production is 14% of capacity. Contract packaging services are also excluded.

Whisky Spirit Under Maturation

- At 30 June 2021, TSI held whisky under maturation of **1.6 million litres** at 43% ABV, an **increase of 207%** on FY20.
- With planned production considered:
 - By 30 June 2022, TSI forecasts that the volume of whisky under maturation will increase to **2.5 million litres**. TSI forecasts it will have a total of **4.2 million litres** of mature whisky available for sale within the next five year (prior to 30 June 2026).
- TSI has completed its investment in its distillery. All whisky is matured in-house and TSI is continuing to see the benefit of increased quality of spirit produced and matured with direct control of its operations.
- TSI's existing two whisky barrel houses support the maturation volumes.



Whisky Under Maturation



Whisky Net Sales Value

- In FY21 2H, TSI achieved an Average Net Sales Value per litre for NED Whisky of \$71.40 (an **increase of 23%** FY21 1H to FY21 2H).
- This increase was achieved through the execution of a number strategies, including the ongoing premiumisation of the NED Whisky portfolio and expansion of the channel mix.
- TSI engaged PwC to perform certain procedures on the calculations and methodology to derive the 30 June 2021 whisky Net Sales Value per litre calculation.

Portfolio

- Launch of The Wanted Series program with three limited batch releases.
- Launch of 8% Cola 375ml Ready-To-Serve (RTS) and deletion of 9% Cola 250ml RTS.
- Launch of 20-litre Small Barrel program.
- Special limited releases for DTC e-commerce channel.

Channels

- Launch of national ranging with IBA (including Cellarbrations, IGA Liquor, The Bottle-O).
- Launch of DTC e-commerce platform.
- Launch of international sales.

People

- Upgraded our capability with recruitment of sales and marketing director, marketing manager, major retail national sales manager and state retail sales managers in Queensland and Western Australia, and on-premise specialists in Melbourne and Sydney.



Cellarbrations

IGA LIQUOR

the Bottle-O

Whisky Net Sales Value - Spirit Under Maturation

- In FY21 2H, TSI achieved an Average Net Sales Value per litre for NED Whisky of \$71.40, an **increase of 23%** FY21 1H to FY21 2H.
- Based on the FY21 2H Average Net Sales Value, whisky under maturation at 30 June 2021 represents a Net Sales Value of **\$111 million**.
- At 30 June 2022, TSI forecasts that Net Sales Value of spirits under maturation will increase to **\$180 million**.
- With planned production considered, TSI will have 4.2 million litres of mature whisky available for sale within the next five years (prior to 30 June 2026) representing a Net Sales Value of **\$299 million**.
- TSI continues to participate in the largest retail whisky and bourbon segment in Australia (\$50-\$100 per litre). This segment represents approximately 70% of the total category. See Appendix 2 for details.



Whisky under maturation

30 June 2021 view

Maturing FY	Litres @ 43%	NSV / Litre	NSV (\$,000)
FY22	216,263	71.4	\$15,443
FY23	651,163	71.4	\$46,498
FY24	687,589	71.4	\$49,099
FY25	-	71.4	-
FY26	-	71.4	-
Total	1,555,015		\$111,039

This table represents a maturation profile of whisky on hand at 30 June 2021. 'On hand' is defined as whisky maturing in oak barrels and vats

Whisky under maturation

Five-year view from 30 June 2021

Maturing FY	Litres @ 43%	NSV / Litre	NSV (\$,000)
FY22	216,263	71.4	\$15,443
FY23	651,163	71.4	\$46,498
FY24	1,088,752	71.4	\$77,745
FY25	1,116,279	71.4	\$79,710
FY26	1,116,279	71.4	\$79,710
Total	4,188,736		\$299,106

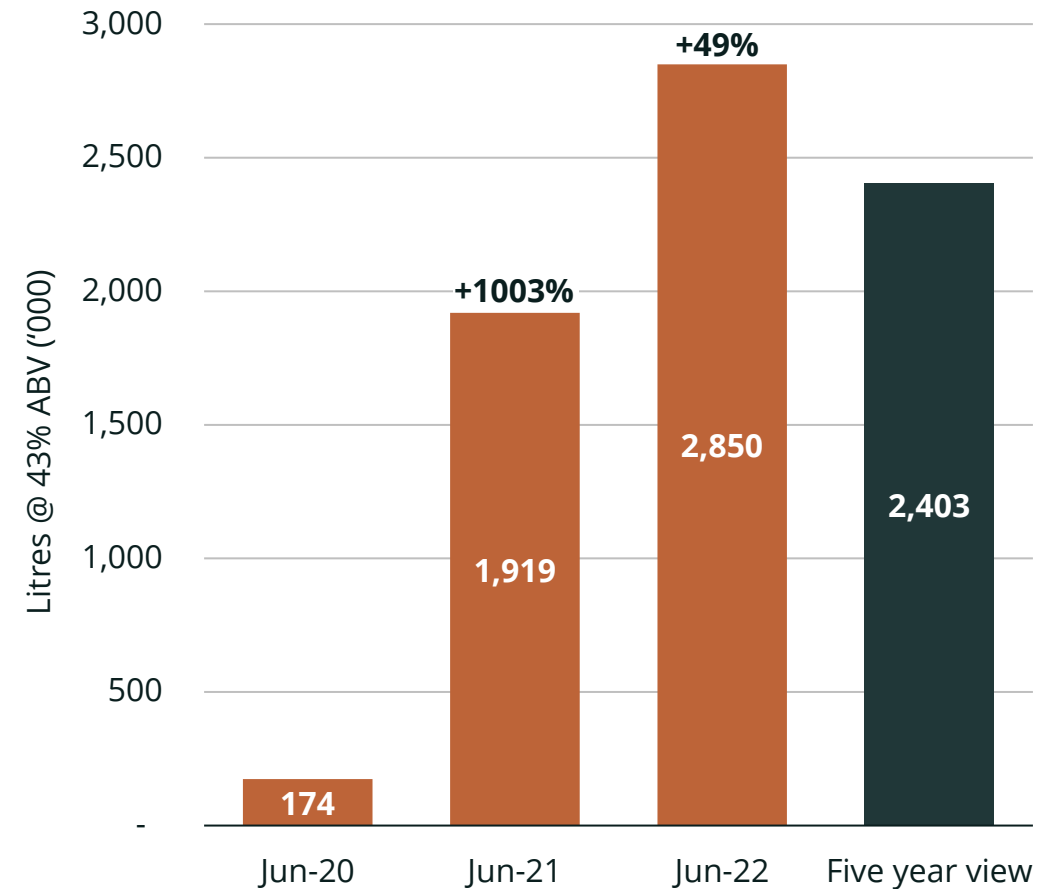
This table represents a maturation profile of whisky until 30 June 2026 inclusive of the respective spirits on hand at 30 June 2021 and planned production that will mature prior to 30 June 2026.

Agave Maturing Spirit

- With planned production considered, TSI will have **2.4 million litres** of agave spirit (at 43% ABV) for sale within the next five year period (prior to 30 June 2026). This represents one maturation cycle of agave plants and production.
- At 30 June 2021, TSI had the equivalent of **1.9 million litres** of agave spirit maturing at 43% ABV at its Australian Agave spirit farm, with harvest expected to commence from the first half of FY24.
- By 30 June 2022, TSI forecasts that the volume of agave spirit maturing will increase to **2.9 million litres**.¹
- Refer Appendix 3 for further commentary on calculation of agave spirit volumes.



Agave Maturing Spirit



1. Agave plants at Jun-21 will mature over FY24 – FY26. Agave plants at 30 June 2022 will mature over FY24 – FY27. On this basis, the agave maturing in FY27 is excluded from the five year view (to 30 June 2026)

Agave Net Sales Value - Maturing Spirit

- The Agave Net Sales Value per litre is \$83.50. The Net Sales Value of agave spirit for FY22 and FY23 is \$300 per litre, which reflects the scarcity of the product.
- TSI envisages its Australian Agave spirit portfolio will be sold in Blanco, Reposado (spirit aged less than 12 months from distillation), Anejo and Extra Anejo (spirit aged more than 12 months) products, as well as limited and special releases. As a result, the Average Net Sales Value per litre is expected to increase over time as the portfolio evolves and this portfolio is brought to market.
- With planned production considered, TSI will have 2.4 million litres of agave spirit available for sale within the next five years (prior to 30 June 2026) representing a Net Sales Value of **\$201 million**. This five year horizon represents one maturation cycle for agave plants.
- At 30 June 2021, agave maturing spirit represented a Net Sales Value of **\$161 million**.
- By 30 June 2022, TSI forecasts that Net Sales Value of maturing spirit will increase to **\$238 million**.¹
- Refer Appendix 3 for further commentary on calculation of agave spirit volumes and Net Sales Value.

1. Agave plants at Jun-21 will mature over FY24 – FY26. Agave plants at 30 June 2022 will mature over FY24 – FY27. On this basis, the agave maturing in FY27 is excluded from the five year view (to 30 June 2026)

Agave maturing spirit 30 June 2021 view

Maturing FY	Litres @ 43%	NSV / Litre	NSV (\$,000)
FY22	1,553	300.0	\$466
FY23	1,376	300.0	\$413
FY24	615,196	83.5	\$51,338
FY25	936,580	83.5	\$78,158
FY26	364,651	83.5	\$30,430
Total	1,919,357		\$160,805

This table represents a maturation profile of agave at 30 June 2021.

Agave maturing spirit Five-year view from 30 June 2021

Maturing FY	Litres @ 43%	NSV / Litre	NSV (\$,000)
FY22	1,553	300.0	\$466
FY23	1,376	300.0	\$413
FY24	615,196	83.5	\$51,338
FY25	936,580	83.5	\$78,158
FY26	848,372	83.5	\$70,797
Total	2,403,078		\$201,171

This table represents a maturation profile of agave until 30 June 2026. This excludes agave that will mature in FY27.

Total Maturing Spirit **Net Sales Value**

- At 30 June 2021, TSI had **3.5 million** total litres of maturing spirit inclusive of Whisky and Agave.
- TSI total spirit inventory at 30 June 2021 represents a Net Sales Value of **\$272 million**.
- At 30 June 2022, TSI forecasts that Net Sales Value of spirits under maturation will increase to **\$418 million**.
- With planned production considered, TSI will have a total of **6.6 million litres** of mature spirits (Whisky & Agave) available for sale within the next five years (prior to 30 June 2026) with a Net Sales Value of **\$500 million**.

Whisky + Agave maturing spirit 30 June 2021 view

Maturing FY	Litres @ 43%	NSV / Litre	NSV (\$,000)
FY22	217,816	73.0	\$15,909
FY23	652,539	71.9	\$46,910
FY24	1,302,785	77.1	\$100,437
FY25	936,580	83.5	\$78,158
FY26	364,651	83.5	\$30,430
Total	3,474,372		\$271,844

This table represents the maturation profile of whisky and agave at 30 June 2021.

Whisky + Agave maturing spirit Five-year view from 30 June 2021

Maturing FY	Litres @ 43%	NSV / Litre	NSV (\$,000)
FY22	217,816	73.0	\$15,909
FY23	652,539	71.9	\$46,910
FY24	1,703,948	75.8	\$129,083
FY25	2,052,860	76.9	\$157,868
FY26	1,964,651	76.6	\$150,507
Total	6,591,814		\$500,277

This table represents the maturation profile of whisky and agave until 30 June 2026 inclusive of the respective spirits on hand at 30 June 2021 and planned production that will mature prior to 30 June 2026.

Appendix 1 Grainshaker Vodka

- Vodka is excluded from the volume and Net Sale Value for Maturing Spirit.
- TSI has a dedicated vodka still at its Campbellfield distillery.
- On the basis that vodka does not have a maturation cycle akin to whisky and agave, TSI considers the vodka Net Sales Value opportunity with reference to installed capability and capacity.
- The Net Sales Value per litre achieved by TSI's Grainshaker Vodka in FY21 2H was \$69.40. TSI periodically reviews the portfolio, volume and pricing mix.
- At 14% production utilisation, the Net Sales Value of vodka produced is **\$11 million**.
- Vodka capacity at TSI's Campbellfield distillery is **1.2 million** litres per year at 43% ABV.

	Vodka Annual Production Capacity (Litres)	Vodka FY22 Planned Utilisation	NSV / Litre	Annual Net Sales Capacity (\$m)
FY22	1,154,360	14%	\$69.40	\$10.9
FY23	1,154,360			
FY24	1,154,360			
FY25	1,154,360			
FY26	1,154,360			
Total	5,771,800			

Appendix 2 Production Capacity & Market Size

Whisky Production capacity

- TSI has its own production capacity beyond the forecasted volumes.
- With control over 100% of the production process, TSI can ensure quality and output from each distillation.

Whisky Market Size - Retail (Australia)

- TSI continues to participate in the largest retail whisky segment in Australia (\$50-\$100 per litre). This segment represents approximately 70% of the total category.
- TSI's annual whisky volume of maturing spirit represents less than 1% of off premise market share in this segment.

Australian Retail Market - Whisky + Bourbon

Price Segment	Total \$ (000s)	Total Litres (000s)	Market Share (%)
Sub \$50	\$636	45	0.04%
\$50-\$100	\$1,183,088	63,876	77.84%
\$100-\$150	\$313,109	21,141	20.60%
\$150-\$200	\$11,724	422	0.77%
\$200+	\$11,388	251	0.75%
Total	\$1,519,945	85,735	100%

Source: IRI Moving Annual Total (MAT) 27 June 2020 to 27 June 2021 for Australian Liquor Marketers and Coles Liquor Group.

Appendix 3 Agave Spirit Inventory

30 June 2021

- At 30 June 2021, TSI had **515,000** agave plants maturing at its Australian Agave spirit farm in dry north Queensland that was equivalent to **1.9 million litres** of agave spirit at 43% ABV.
- Agave plants at 30 June 2021 will mature over FY24 – FY26.

30 June 2022

- By 30 June 2022, TSI forecasts it will have **765,000** agave plants maturing translating to **2.9 million litres** of agave spirit. These agave plants will mature over FY24 – FY27.

Net Sales Value Assumption

- The Agave Net Sales Value per litre (\$83.50) is based on the average retail price per litre for Tequila/Mezcal 700-750ml >\$66 segment (MAT 6 April 2020-6 April 2021) in Australia.¹
- The Net Sales Value of agave spirit for FY22 and FY23 is \$300 per litre, which reflects the scarcity of the product.
- TSI envisages its Australian Agave spirit portfolio will be sold in Blanco, Reposado (spirit aged less than 12 months from distillation), Anejo and Extra Anejo (spirit aged more than 12 months) products, as well as limited and special releases. As a result, the Average Net Sales Value per litre is expected to increase over time as the portfolio evolves and this portfolio is brought to market.

Agave Maturation Cycle and Conversion Process



Agave plant
average growing
cycle: 5 years



Average plant
size at harvest:
28kg of agave pina



Agave pina to spirit
distillation
conversion: 7.6kg of
pina agave converts
to 1 litre of spirit
(@ 43% ABV)

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