

PREMIUM SPIRITS WITH AN AUSTRALIAN ACCENT

Capital Placement — February 2023

TOP SHELF
INTERNATIONAL

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**NED Whisky is the 8th highest selling
American / Australian Whisky in Coles Liquor Group.¹**

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1. NED Whisky 700ml - \$ FYTD to 01/01/23 Coles Liquor Group

EXECUTIVE SUMMARY

TIPPING POINT

- Deployment of brand portfolio with launch of Act of Treason Australian Agave Spirit expected in November 2023.
- Australian Agave - included in the Spirits Business' Top 10 Spirits Stories for 2021.¹
- 3 new NED Glass SKUs accepted in major retail from July 2023.
- Executed Chinese distribution contract; purchase order received and shipped.
- Establishing relationships with US importer Turquoise Life and distributor Southern Glazer's.

FAST GROWING BRANDS

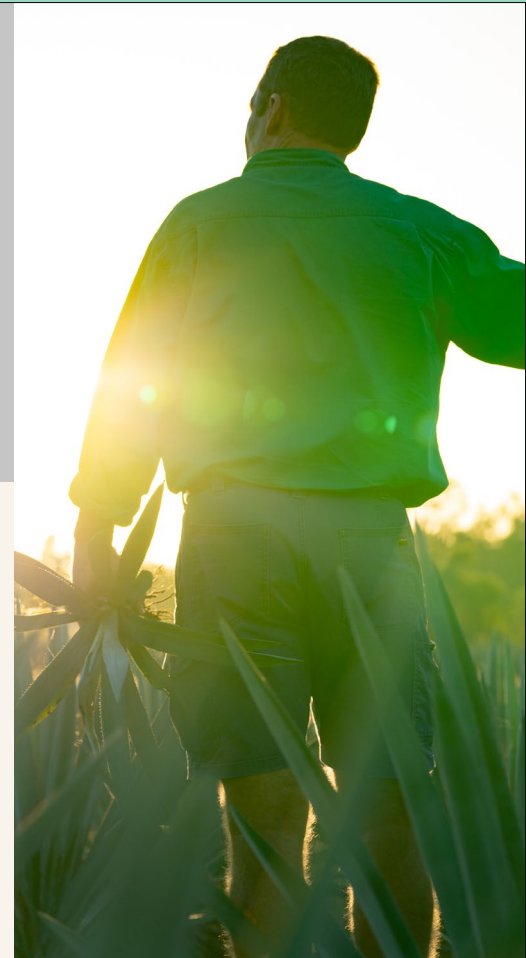
- Compelling portfolio of on-trend and distinctive premium Australian spirit brands.
- NED 700ml is the 8th largest selling American / Australian whisky SKU.²
- NED Whisky and Grainshaker Vodka are both multi-award winning brands.
- Proforma branded revenue 1H 23 \$14.2m; growth pcp 208%.

CAPITAL PATHWAY

- Production at Australian Agave distillery expected to commence mid 2023.
- Production commenced on non-alcoholic energy drink with major contract packaging partner. Simplifies business model and reduces operating variability.³
- Assets and available inventory, including Agave, support rapid domestic and international scaling.
- Planned revenue and margin growth, the realisation of operating leverage from the benefits of scale, together with capital / operating disciplines provide the pathway to positive operating cashflows.

UNIQUE AGAVE POSITION

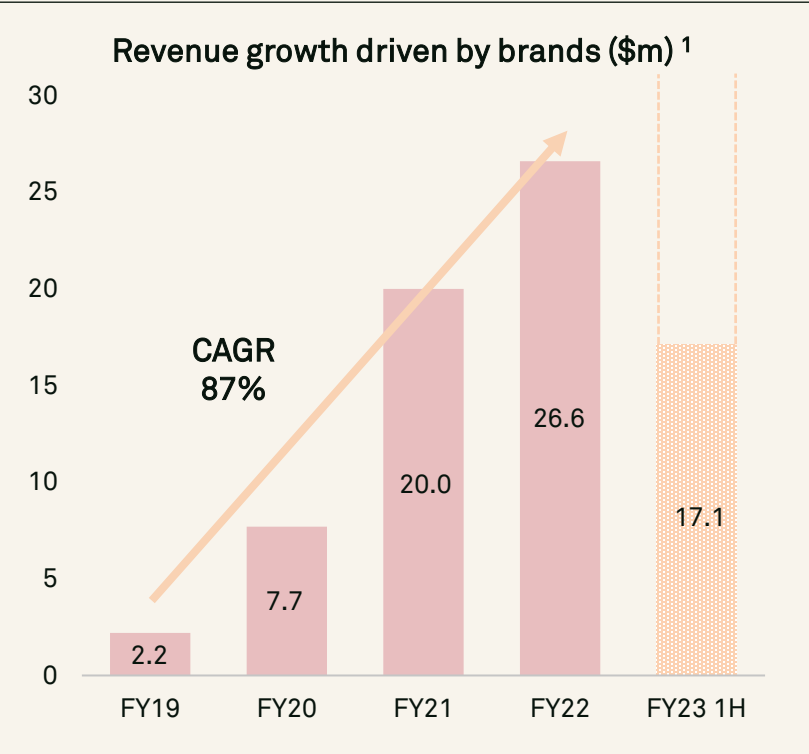
- Planned capacity of >120k 9LE (glass spirits) per year, underpinning the launch of a new agave region.
- Premium Tequila US Sales Average Yearly Growth 2017-2023 - 45%.⁴
- Australian Agave farm value of A\$60 million applying a farm gate price and available harvest offtake methodology.⁵
- De-risking of Agave project may enable release of capital. The Company is exploring opportunities for a sale and leaseback of the Agave assets



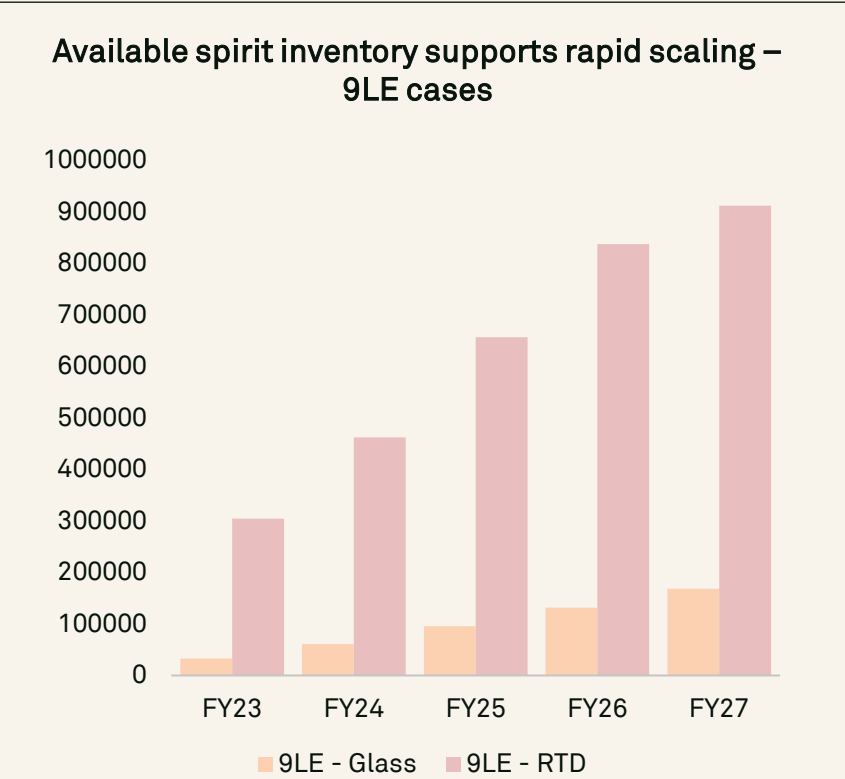
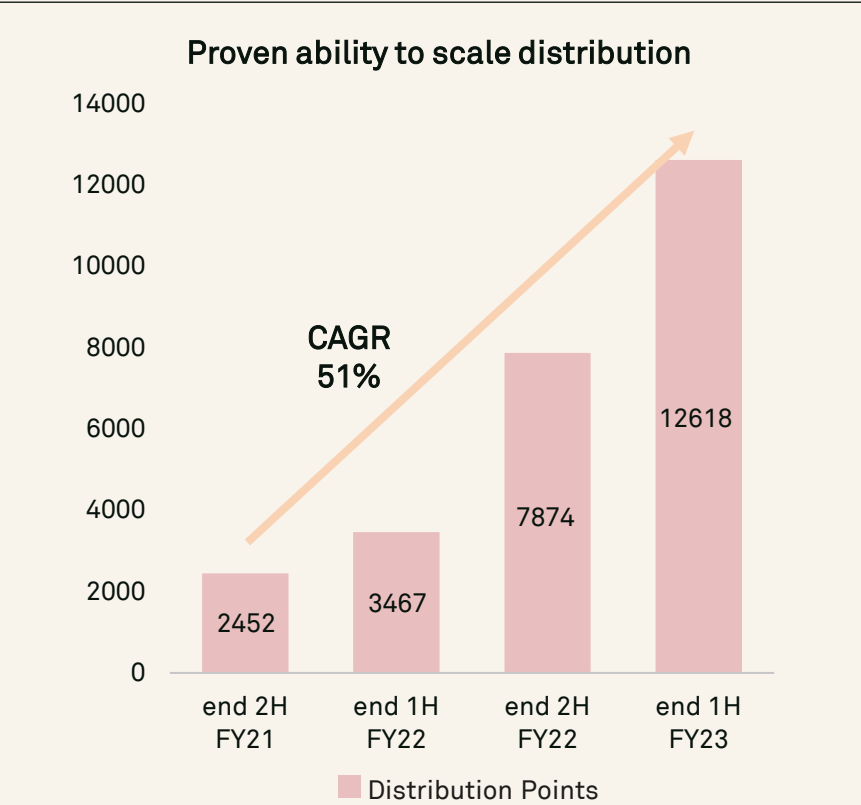
1. <https://www.thespiritsbusiness.com/2021/12/the-biggest-spirits-stories-of-2021>, 2. NED Whisky 700ml - \$ FYTD to 01/01/23 Coles Liquor Group, 3. Binding contract expected to be signed in the coming weeks, 4. <https://www.distilledspirits.org/news/luxury-brand-index-2022-second-quarter-report-premiumization-trend-continues-to-grow-at-remarkable-rate-despite-economic-downturn>. 5. Management estimate – refer page 23 for methodology and assumptions.

A PROVEN TRACK RECORD AND READY TO SCALE

Proven revenue and distribution growth, and significant available inventory, support rapid domestic scaling



Note 1: FY21 – FY23 1H revenue presented inclusive of pro forma gross for consistent disclosure of excise. Pro forma adjustment – FY21: \$0.8 million; FY22: \$1.4 million; FY23 1H: \$1.4 million



INVESTMENT IN PLATFORM NEARS COMPLETION

Placement enables entry and growth of TSI's brand portfolio into domestic and strategic international markets

\$120m invested across asset base from CY 2015 to CY 2022 (debt and equity)

~ \$10m placement + debt tranche⁴

2015

2022

2023



\$13m

Production Assets

10,000 cans/hour, 7,000 bottles/hour;
multi-pack formats.

Management Systems

Flavour Development, Quality Assurance; HACCP, Organics, Endeavour, Nestle, Frucor Suntory & FDA Certifications



\$40m

Whisky Assets

Future margin of whisky under maturation
2.1m litres @43% ABV

Distillation

Whisky 500k LaL or 140k 9LE p.a.
Vodka 500k LaL or 140k 9LE p.a.
Further capacity available

Whisky Maturation

2 x Barrel houses
558kl available in CY23
(43% ABV)



\$25m

Agave Assets

Inclusive of Land, Biological and Infrastructure assets

Agave Farm

520k plants in ground and 225k
in Nursery, target 1000k by FY24

Distillation Capacity

Agave 420k LaL or
120k 9LE p.a.
(at 43% ABV)



\$39m

Brand Assets

Implied value of brands and other
intangible assets¹

NED #1
Australian
Whisky²

Grainshaker #1
Fastest Growing
Australian
Vodka³

Act of Treason
Australian
Agave launch
expected in Nov 23

Tangible Assets \$78.0m 31 DEC 22

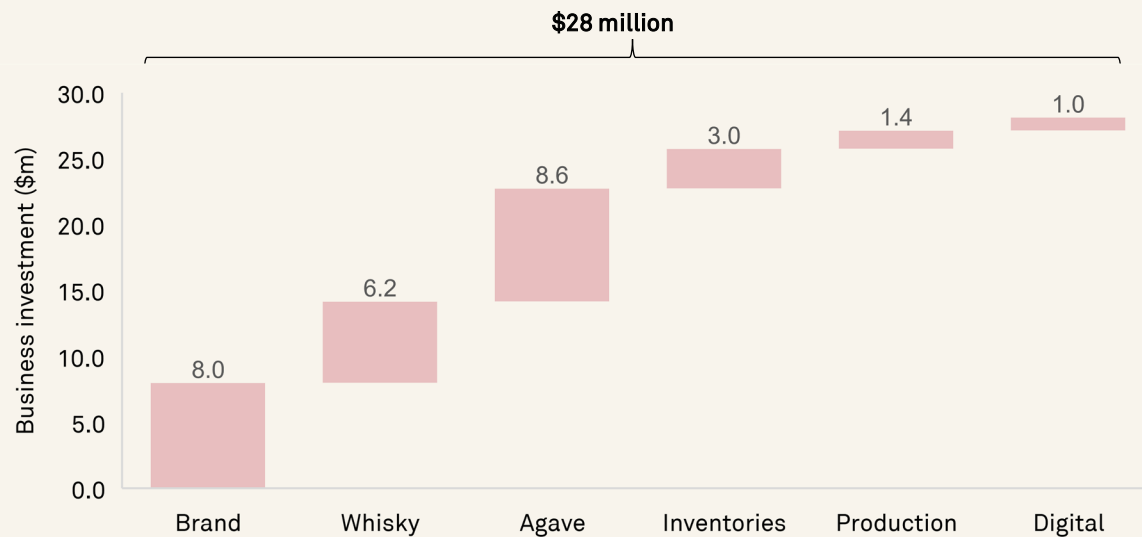
Intangible Assets \$39.0m 31 DEC 22

1. Tangible asset value and implied value of brands, business relationships, business model, capabilities and knowhow at 31 December 2022 based on market capitalisation, net debt and enterprise value, 2. Coles and Australian Liquor Marketers AU Liquor (CLG & ALM) Dollars MAT 1/1/23 and Dollars Growth 4 Weeks 1/1/23 (NED Glass & RTD), 3. AU Liquor (CLG and ALM) Dollars Growth MAT 29/1/23 (Glass Vodka Brands > \$0.35m RSV), 4. Refer note 1 of page 8.

PLATFORM INVESTMENT

Strategic capital deployment

Capital Deployment | July 2021 – December 2022



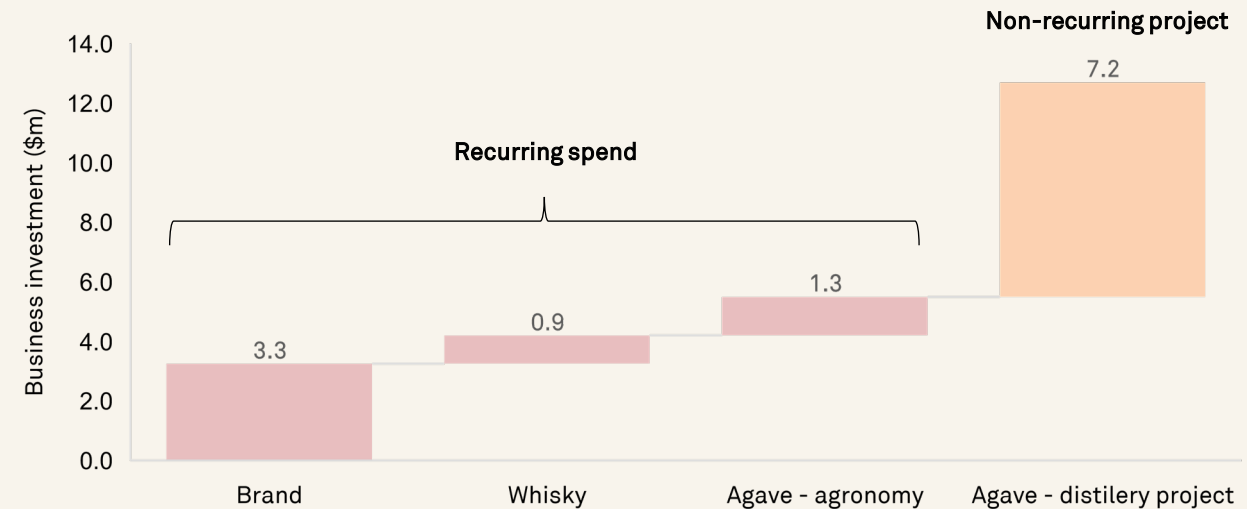
Capital deployment

TSI has deployed \$28 million of capital in strategic growth initiatives in the 18 months to 31 December 2022. This strategic capital deployment excludes ordinary course expenditure from selling and operational activities.

Brand being inclusive of brand building marquee sponsorships and media advertising.

The investment in agave reflects the brand development, agronomy activities to establish the largest agave operation in the southern hemisphere and advancement of the onsite distillery.

Committed Capital | January 2023 – December 2023



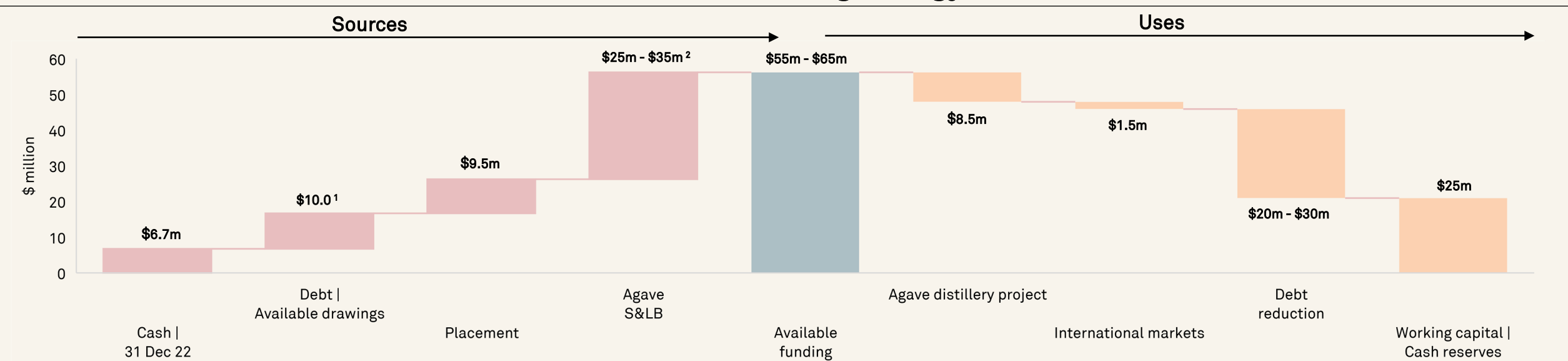
CY23 committed capital

Sustainable brand investment in TSI's portfolio to continue to build brand awareness inclusive of marquee sponsorships and television media advertising. This excludes ordinary course selling, activation and operational activities.

Agave distillery project reflects the non-recurring remaining expenditure to complete the agave distillery project with commissioning anticipated in June 2023.

EXPECTED CAPITAL PATHWAY

TSI business funding strategy



Sources

Placement: \$10.0 million institutional placement net of expected transaction costs.

Sale & leaseback (S&LB) transaction: Proceeds estimate (net of transaction costs) of the agave agricultural and associated infrastructure assets at Eden Lassie. With the demonstrated value of Australian Agave agronomy and associated infrastructure assets, a S&LB transaction is an effective funding option and enables TSI to redeploy capital for other purposes.

Uses

Agave distillery project: Budgeted remaining expenditure to complete the agave distillery project with commissioning anticipated in June 2023.

International market: Projected investment to execute the entry and growth in strategic markets set out in this presentation.

Senior debt facility: Projected leverage reduction with proceeds from the S&LB transaction.

Note 1: TSI's available funding reflects the undrawn, conditional tranches (totalling \$10 million) in accordance the amendment deed to the funding agreement with Longreach Credit Investors (LCI) dated August 2022. The funding agreement has an asset borrowing base structure (inclusive of trade receivable, whisky and agave assets) which must exceed drawn amounts of the facility. TSI expects to sign a binding variation with LCI in the coming weeks to amend the condition attaching to a \$5 million tranche of the undrawn funds (Tranche B) such that it will be available in March 2023 subject to the satisfactory results of a bi-annual business review by LCI (to LCI's discretion). The second \$5 million tranche is conditional on achievement of an agreed revenue target and practical completion of the agave distillery project.

Note 2: The proceeds of a sale and leaseback transaction illustrated above have been estimated by management with reference to the current book value of the Australian Agave assets. As at the date of this document, TSI has engaged Findex to explore potential sale and leaseback opportunities. TSI is not currently in discussions or negotiations with any prospective acquirers and there is no guarantee that any transaction can be secured within the expected timeframe, or at all, or that any sale and leaseback agreement will be on the terms TSI currently anticipates (including purchase price and lease terms).

OPERATING AND CAPITAL DISCIPLINES

Capital & Operating Disciplines to Realise Operating Leverage

TSI is managing its cost base and preserving cash through capital and operating disciplines including:

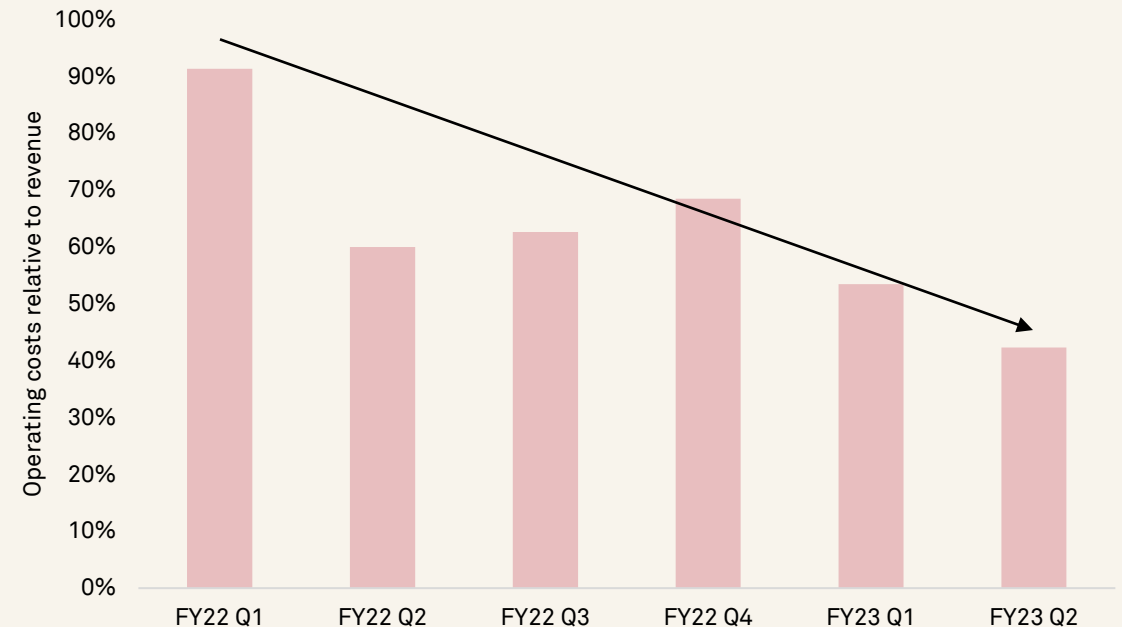
- terms of major brand sponsorship contracts coming to an end. Active assessment and prioritisation of all marketing spend ongoing;
- optimising investment in core assets - whisky and agave - with:
 - TSI's oak investment in 2023 to satisfy the 2024 new make whisky production requirement already complete;
 - TSI's agave planting program reaching a point of self sufficiency wherein third party supply of plants is minimised;
- the streamlining of TSI's brand inventory management, warehousing and distribution model;
- right-sizing organisation;
- planned group and support function overhead expenditure rationalisation; and
- reduced capital expenditure (outside of the agave distillery capital project).

The transition of contract packaging to two key partners is anticipated to:

- cover fixed cost base of production business;
- reduce operating variability and risk; and
- facilitate the marginal cost of production for its branded business

Planned revenue growth and the realisation of operating leverage from the benefits of scale and capital / operating disciplines underpin pathway to positive operating cashflows.

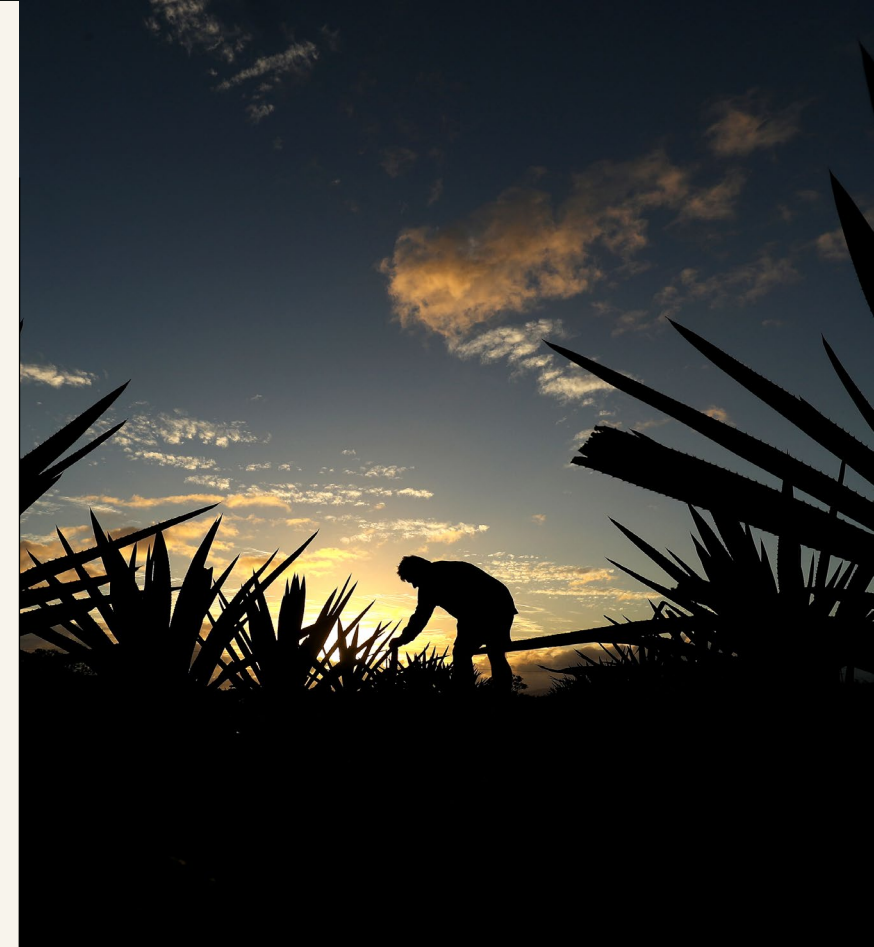
Operating Cost Base Relative to Revenue



The chart above illustrates TSI's increasing scale and operating leverage, calculated as business operating costs (excluding strategic brand investments and group support) relative to revenue.

PLACEMENT SUMMARY

| | |
|-----------------------------|--|
| Capital raising | <p>A\$10 million institutional placement</p> <p>New shares offered at A\$0.80 per share</p> <p>Shares on offer after completion of the placement: 84,169,533 million</p> |
| Debt drawdown | <p>Upon successful completion of the placement, TSI to draw down \$5.0m from the existing borrowing base loan facility¹</p> |
| Strategic objectives | <p>TSI's strategic objectives in CY 2023 are:</p> <ul style="list-style-type: none"> • Commercialise Australian Agave project <ul style="list-style-type: none"> • Complete agave distillery • Execute go to market strategy for Act of Treason • Continued domestic market distribution growth in on-trade and retail channels • Entry into strategic international markets |
| Sources and Uses | <p>Funds from the A\$10 million placement:</p> <ul style="list-style-type: none"> • Completion of the agave distillery project with commissioning anticipated in June 2023 • Entry and growth into domestic and strategic international markets • Working capital • Cost of the Offer |
| TSI Board Change | <ul style="list-style-type: none"> • As per TSI's ASX announcement on 13 February 2023, Julian Davison will be appointed to the TSI Board upon receipt of his Director ID. Following Julian's appointment and a transition, Michael East will resign from the Board. Michael has played an instrumental role since IPO leveraging his extensive experience within liquor industry. We will welcome Julian who also has extensive experience in the liquor industry, while also noting his M&A and finance background. |



1. TSI's available funding reflects the undrawn, conditional tranches (totalling \$10 million) in accordance the amendment deed to the funding agreement with Longreach Credit Investors (LCI) dated August 2022. The funding agreement has an asset borrowing base structure (inclusive of trade receivable, whisky and agave assets) which must exceed drawn amounts of the facility. TSI expects to sign a binding variation with LCI in the coming weeks to amend the condition attaching to a \$5 million tranche of the undrawn funds (Tranche B) such that it will be available in March 2023 subject to the satisfactory results of a bi-annual business review by LCI (to LCI's discretion. The second \$5 million tranche is conditional on achievement of an agreed revenue target and practical completion of the agave distillery project.

1. OVERVIEW OF TOP SHELF INTERNATIONAL

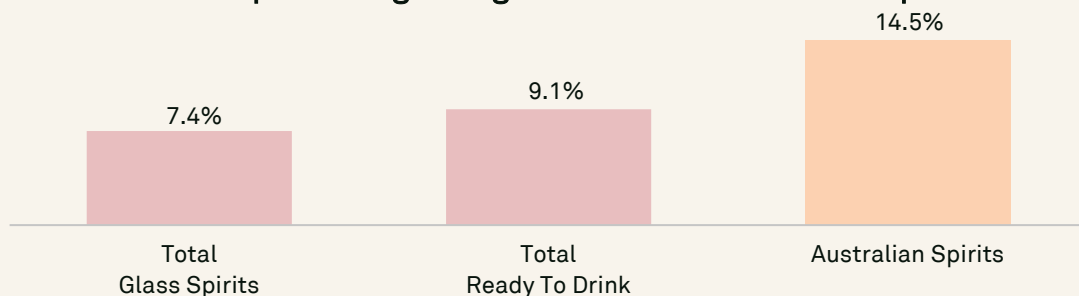


A MODERN AUSTRALIAN SPIRITS COMPANY

Company Snapshot

- A leading producer and marketer of high-quality premium spirits
- Portfolio of award-winning, distinctive, well-balanced brands:
 - NED Whisky and Grainshaker Vodka
- \$120m (debt and equity) invested in a vertically-integrated Australian spirits platform across distillation, maturation, production, packaging and agave assets
- Maturing Spirit Holdings and production capacity to support domestic and global ambitions
 - Whisky 2.1m litres, Agave 2.6m litres, Vodka 1.2m litres (capacity per year)
- Capacity to grow plants supporting production of 120k 9L per year
- 87% CAGR Revenue Growth FY19-FY22
- 51% CAGR Distribution Growth 2H FY21-1H FY23
- Both NED and Grainshaker are the fastest growing Australian brands in their respective categories^{1 2}

Australian Spirits are growing at twice the rate of Total Spirits³



Company Platform



Underpinned by our people and assets,
and the growth of the Australian
spirits industry

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

Our Australian Spirits Platform has been designed to compete at scale with international competitors, positioned to be able to take advantage of global macro trends that are driving growth.

Premium Brand Portfolio



We are crafting the world's favourite spirits with a distinctly Australian character, capturing the very best of Aussie daring spirit with every sip. A portfolio of generational premium spirit brands that share a common DNA and the best of Australia's ingenuity and craftsmanship.

1. IRI AU Liquor (CLG and ALM) Dollars Sales & Growth Fin YTD 29/1/23 (Brands greater \$0.25m in RSV, NED Glass + RTD), 2, 4. AU Liquor (CLG and ALM) Dollars Growth MAT 29/1/23 (Glass Vodka Brands > \$0.35m RSV), 3. Dollars Growth % FYTD to 01/01/23 AU Liquor (CLG & ALM). Australian Spirits 14.5% Glass only

BOTTLING UP THE BEST OF THE AUSTRALIAN SPIRIT

THE PLEDGE

Delivery of a world-class premium spirits portfolio.

THE PLAYERS

THE PLAYING FIELDS



WHISKY

FEARLESS

Breaking free from tired conventions

Born of the high country



VODKA

EXUBERANT

Celebrating the character and warmth of Australian grain

Born of the sweeping plains



AGAVE

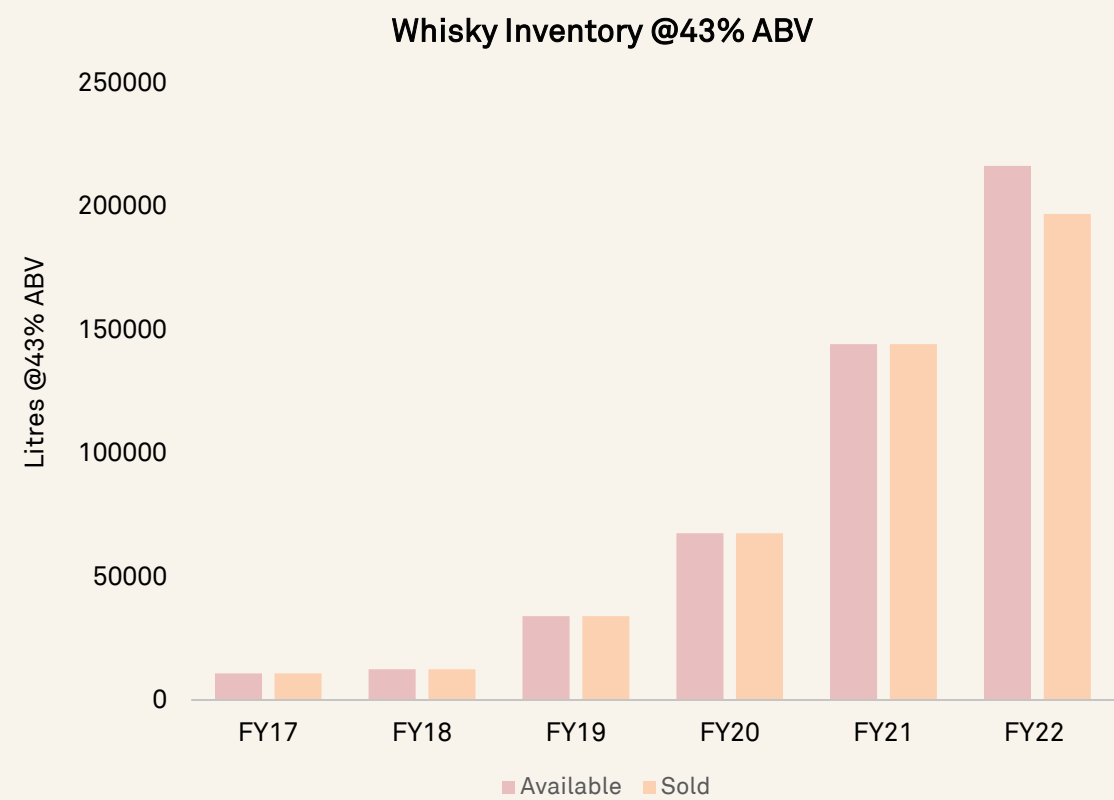
ROGUE

An ancient process meets Aussie know how

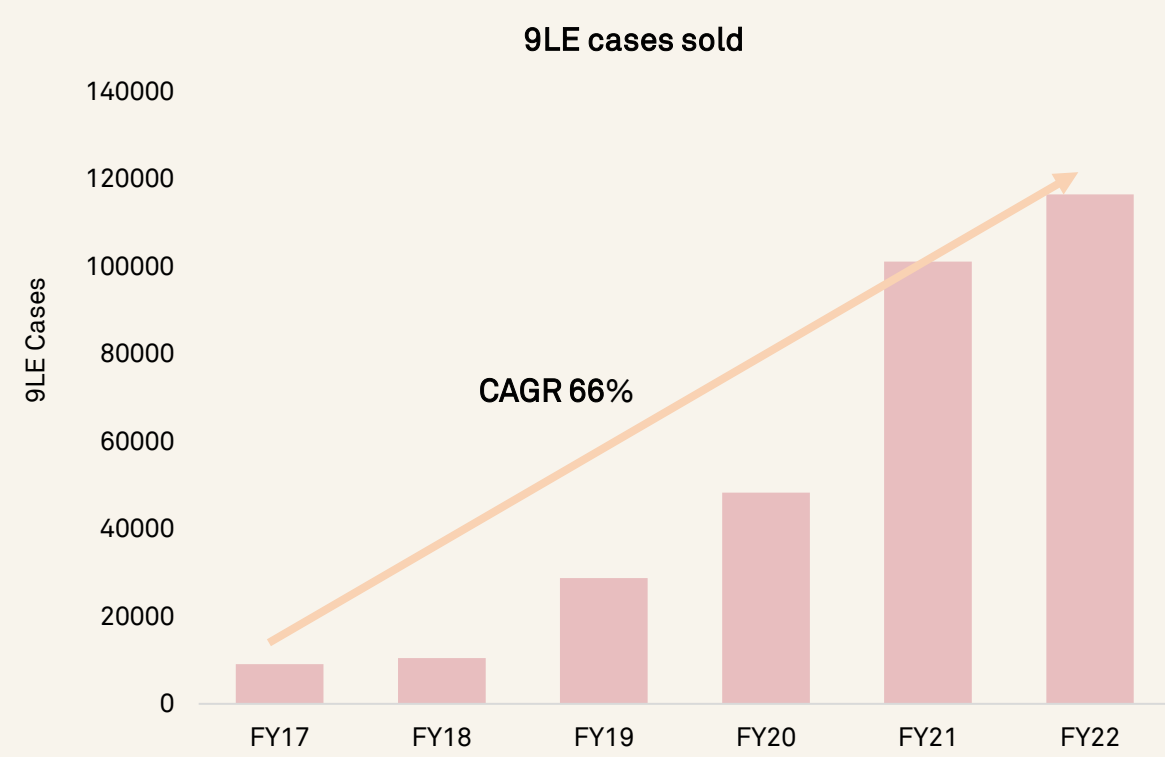
Born of the pristine coast

CONSISTENTLY DELIVERING SALES AGAINST INVENTORY

More than 90% of available inventory sold every year since 2017



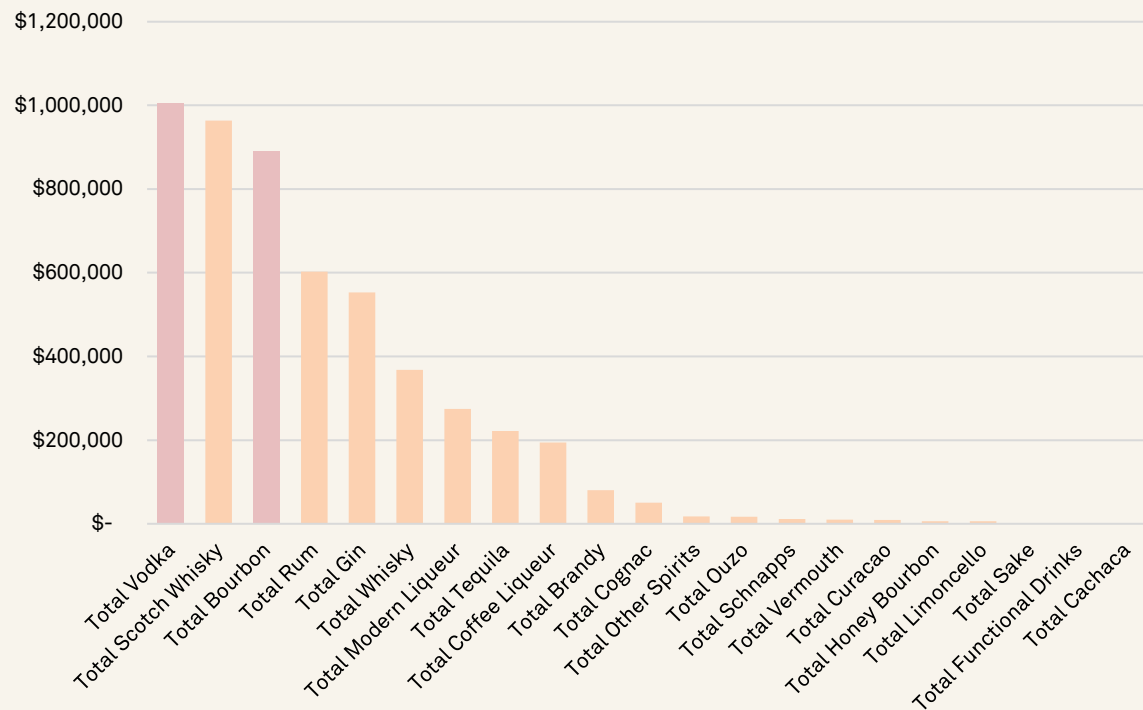
Total 9LE cases sold has grown 66% CAGR since 2017



Note: In the July 2021 Net Sales Value of Maturing Spirit Inventory ASX presentation, TSI reported it had 216,263 litres (at 43% ABV) of whisky available for sale in FY22. Of this volume, 91% was allocated for sale as part of the pipe fill for the start of national ranging with Coles Liquor Group and the restocking of the IBA channel following limited whisky supply in 1H FY22.

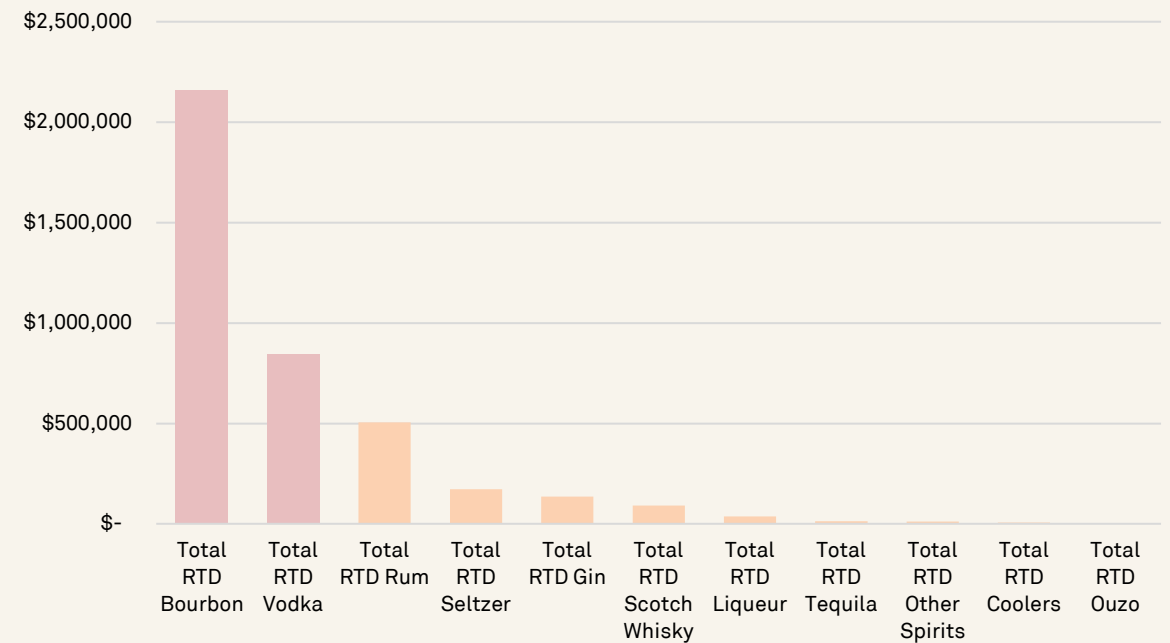
OUR BRANDS COMPETE IN THE LARGEST AUSTRALIAN SPIRIT CATEGORIES

Australia Retail Sales – Glass Spirits (\$)¹



- Vodka is #1 Glass Spirit category in Australia, followed by Scotch Whisky & Bourbon.
- Tequila is the #1 fastest growing Glass Spirit category.

Australia Retail Sales – RTD (\$)²



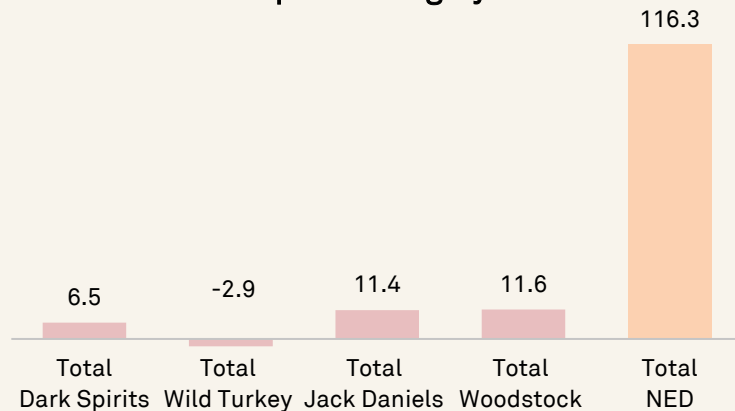
- Bourbon is the #1 RTD category in Australia and twice the size of the biggest Glass Spirit category.
- Tequila is the #1 fastest growing RTD category, followed by Seltzers & Vodka.

WITHIN 12 MONTHS, NED WHISKY IS ALREADY TAKING IT UP TO THE GLOBAL GIANTS

NED Whisky

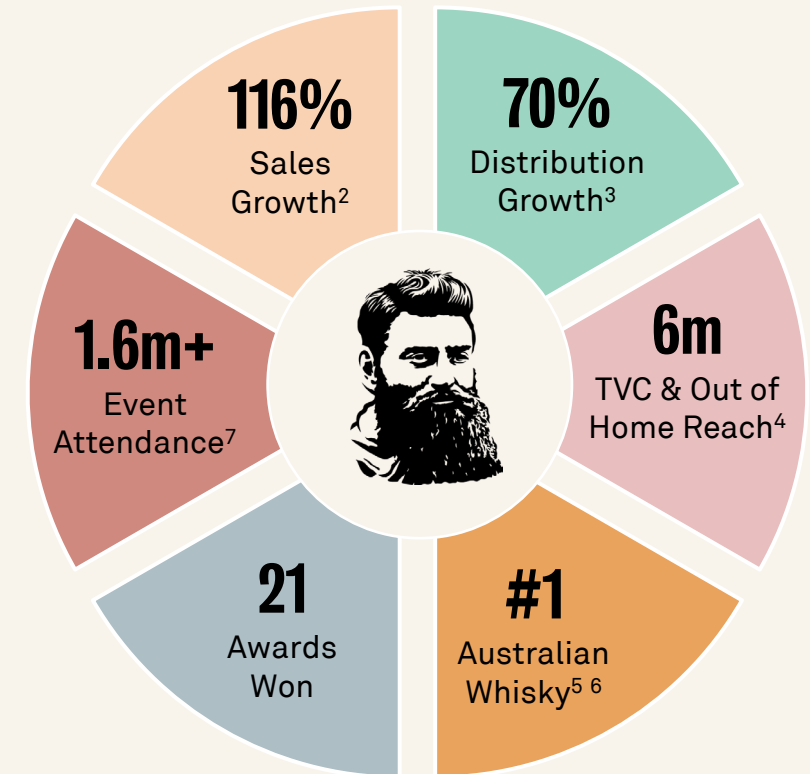
Revenue and distribution growth, portfolio premiumisation via launch of NED Green Sash Reserve, Gold at the World Whiskies Awards and NED 700ml sitting #8 on list of top selling American / Australian Whisky SKUs in Coles Liquor Group¹, has the brand primed for domestic and international scaling.

NED is growing 18x faster than Dark Spirits category²



#8
NED 700ml - #8 American/Australian Whisky SKU in Coles Liquor Group¹

3
New NED Whisky Glass SKUs in Major Retail from July 2023⁸



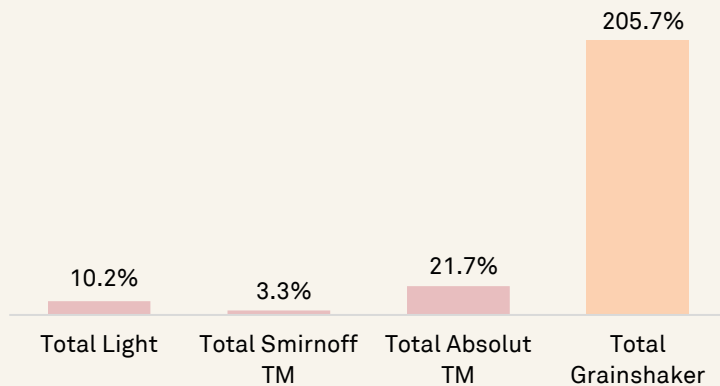
1. NED Whisky 700ml - \$ FYTD to 01/01/23 Coles Liquor Group, 2. Coles and Australian Liquor Marketers AU Liquor (CLG And ALM) FYTD To 01/01/23 Dollars (000s) Growth % 3. TSI Management Estimate end Q1 FY23 vs. end Q4 FY22, 4. Stratosphere Media Agency NED Whisky Campaign Post Analysis Report 2022, 5. Coles and Australian Liquor Marketers AU Liquor (CLG & ALM) Dollars MAT 1/1/23 and Dollars Growth 4 Weeks 1/1/23 (NED Glass & RTD), 6. Coles and Australian Liquor Marketers AU Liquor (CLG & ALM) Dollars Growth % 4 Weeks 1/1/23, Brands >\$0.25m RSV (NED Glass & RTD), 7. TSI Management estimate of Supercars + Contracted TSI event attendance, 8. Coles Liquor Group Glass Spirits review communicated to TSI Management 17/2/23

AS OUR BRANDS CHALLENGE LIGHT SPIRIT DOMESTIC AND GLOBAL COMPETITORS

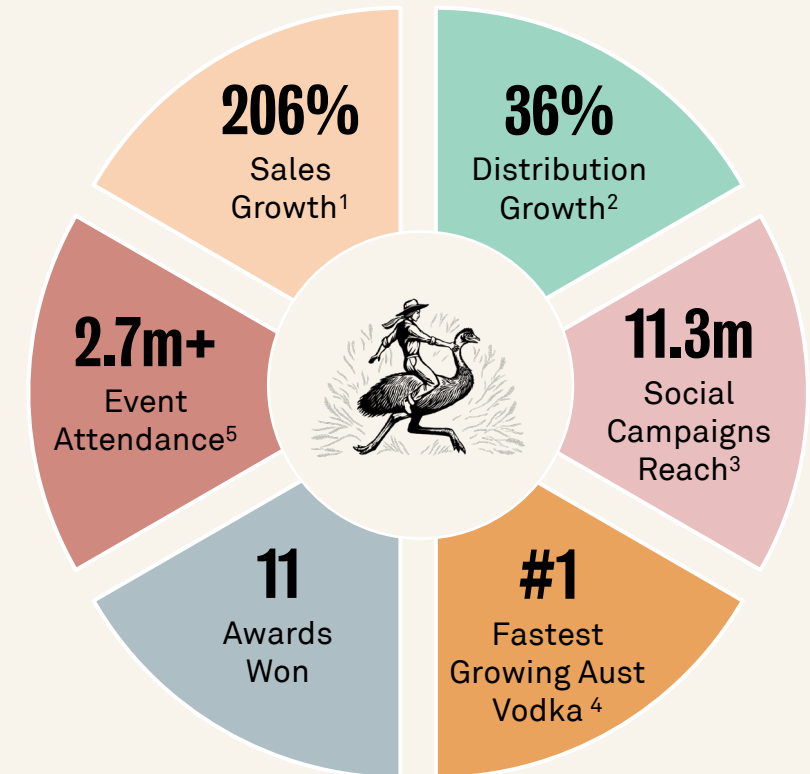
Grainshaker Vodka

Grainshaker, the Australian Vodka of the Year in 2022⁷, has experienced strong sales and distribution in festivals and events channel during the brand's first Covid uninterrupted summer.

Grainshaker is growing 2-x faster than category¹



1.2m
TSI branded drinks sold at festivals and events⁶



1. AU Liquor (CLG And ALM) FYTD To 01/01/23 Dollars (000s) Growth % 2. TSI Management Estimate end Q1 FY23 vs. end Q4 FY22, 3. Report by The Pistol – Total Reach Grainshaker Campaigns CY 2022, 4. AU Liquor (CLG and ALM) Dollars Growth MAT 29/1/23 (Glass Vodka Brands > \$0.35m RSV), 5. Attendance and consumption at events and festivals where TSI branded products are sold, including Australian Open and 2022 Supercars, FY23 YTD. 6. Management estimate – total TSI branded drinks sold in festivals and events FY23 TYD. 7. Melbourne International Spirits Competition

1H FY23 RESULTS DASHBOARD



#1

Australian Whisky Brand
Value³ & Growth⁴

\$29.9m

Revenue LTM
Dec-22¹

Brand LTM
\$23.3m

60%

Distribution Point
Growth

+4744 increase
1H FY23

208%

Branded Revenue
Growth PCP²

Pro Forma Revenue
\$14.2m 1H FY23

\$16.7m

Available Funding
31 Dec 22

Cash: \$6.7m
Undrawn facility: \$10.0m⁶

95%

Group Revenue
Growth PCP²

Pro Forma Revenue
\$17.1m 1H FY23

\$8.6m

Business
Investment

Brand \$4.0m; Whisky
\$1.5m; Agave \$3.1m



#1

Fastest Growing Australian
Vodka Brand⁵

Notes 1. Last 12 Months revenue to 31 December 2022, 2. The Pro Forma Revenue adjustment reflects the excise gross up for CLG sales for consistency with all other domestic channels, 3. Coles Liquor Group and Australian Liquor Marketers AU Liquor (CLG & ALM) Dollars MAT 1/1/23 and Dollars Growth 4 Weeks 1/1/23 (NED Glass & RTD), 4. Coles Liquor Group and Australian Liquor Marketers AU Liquor Dollars Growth % 4 Weeks 1/1/23, Brands >\$0.25m RSV (NED Glass & RTD), 5. AU Liquor (CLG and ALM) Dollars Growth MAT 29/1/23 (Glass Vodka Brands >\$0.35m RSV, 6. TSI's available funding reflects the undrawn, conditional tranches (totalling \$10 million) in accordance the amendment deed to the funding agreement with Longreach Credit Investors (LCI) dated August 2022. The funding agreement has an asset borrowing base structure (inclusive of trade receivable, whisky and agave assets) which must exceed drawn amounts of the facility. TSI expects to sign a binding variation with LCI in the coming weeks to amend the condition attaching to a \$5 million tranche of the undrawn funds (Tranche B) such that it will be available in March 2023 subject to the satisfactory results of a bi-annual business review by LCI (to LCI's discretion. The second \$5 million tranche is conditional on achievement of an agreed revenue target and practical completion of the agave distillery project.

2. STRATEGIC OBJECTIVES



AUSTRALIAN AGAVE

To unearth and unleash the potential of agave
from the land Down Under



AUSTRALIAN AGAVE PROJECT PILLARS



Scale

At full scale production, ability to produce approx. 1.5m bottles per annum (>120K 9LE cases) at a target retail price from \$75/bottle.



Plants

Sugar (Brix) levels at 23.3 against target of 25 following latest tests. Plots for the harvest of the first 5,000 plants for commercial harvest and distillation have been identified.



Location

Provenance located 20 degrees latitude below equator – mirroring Jalisco in Mexico at 20 degrees north.



Agronomy

Queensland Dry Tropics an ideal location, application of modern agronomic practices and development of innovative mechanised harvesting.



Distillation

Production at farm expected to commence mid 2023. Completed more than 20 different R&D scenarios across multiple distillations to refine process and taste profile.



November 2023

Act of Treason expected to be in market

AGAVE LAUNCH PLAN – AUSTRALIA

Planning for category launch has commenced with engagement with potential major retail and on premise partners



Objectives

- Seeking partnerships with major retailer in Australia.
- **First 15,000 bottles** anticipated to be ranged in top identified tequila and cross shop categories.
- A mutually constructed launch plan will be developed that consists in consumer database targeting, heavy social media advertising, in store promotion and education, tastings, gifting kits.
- Additional Brands strengthen category proposition.



Objectives

- Top Australian Bar, Restaurant & Hotel accounts in process of being identified for bullseye target consumer set.
- Negotiating “first mover” advantage through select venues. Targeting the **first 5,000 bottles to be pre-sold**.
- Plan to be develop to intercept consumer HIA (High Image Accounts) through ritual and cocktail programming.
- Existing TSI flagship accounts will be prioritised and protected to support relationship.

AGAVE LAUNCH PLAN – USA

Hyper focused city strategy

Precision of execution in the largest & most advanced tequila markets

Treason flagships

- Establish influential high profile (image & volume) accounts that become AOT “family” to cut through on menu, education, social,
- Recommendations, in store visibility, incentivised and rewarded

Win the cocktail

- Drive cocktail penetration and menu placement
- All Australian Margarita attack, perfect serve (fruit ritual or other), reef water

Programming & animation

- Ambassador plan to drive education and cocktail
- Influential bartender programs, partnerships, Australian Venues and consulates, G'day LA/ NY
- M8 Day versus Cinco De Mayo



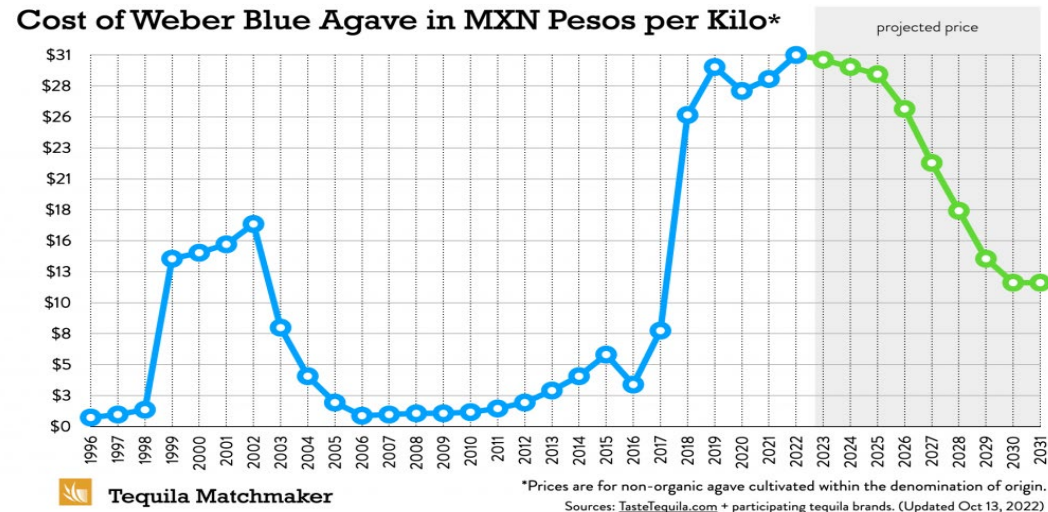
AUSTRALIAN AGAVE FARM

TSI's Australian Agave Farm has an estimated value of \$60 million

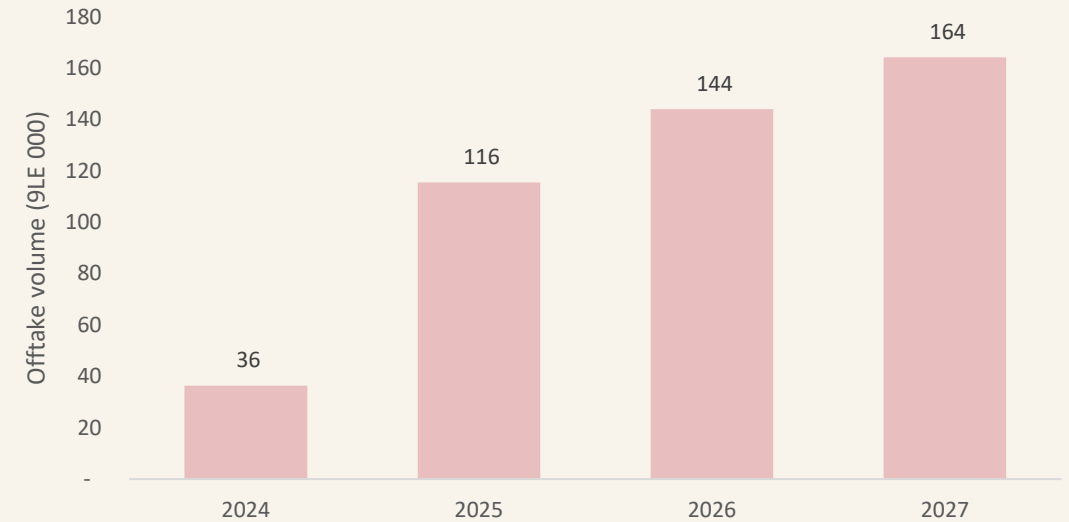
TSI has assessed the present value of the sustainable harvest offtake from TSI's Australian Agave farm to exceed **\$45m**¹. The valuation reflected farm gate pricing from Mexico (refer chart below), yield based on evidenced plant growth and a sustainable offtake regime relative to the capacity of the farm.

With the land value and distillery and agronomy infrastructure are assets considered, the aggregate value of the Australian Agave project exceeds **\$60m**.

Historical and projected agave pina farm gate price (MXN pesos per kilogram)



Australian Agave farm illustrative offtake profile - 9LE (000)



The offtake profile above (used for valuation purposes) illustrates the available offtake of the Australian Agave farm in the initial years of production from 2024 to 2027.

The farm's offtake capacity exceeds 180,000 9LE per annum on a sustainable basis.

Note 1: TSI management adopted a discounted cash flow approach to determine the value of the Australian Agave project. Yield and conversion assumptions: plant harvest age averaging between 4–5 years, average pina yield per plant of 50 kilograms and 9 kilograms of pina yielding 1 litre of agave spirit. The farm gate price applied of one pina kilogram = Mexican Peso 10.0 (or translated to A\$0.79 per pina kilogram). The modelling assumed demand of TSI's Australian Agave brands incrementally building to c.25% of available yield by FY28 and a strategic partner sourcing between 10 – 15% of available yield annually. The modelling applied a discount rate of 11.5% and a terminal growth factor of 4.0%.

DOMESTIC AND INTERNATIONAL EXPANSION



ABOUT TO ENTER NEXT PHASE OF DOMESTIC SCALING

TSI currently has ranging access to over 12,600 distribution points

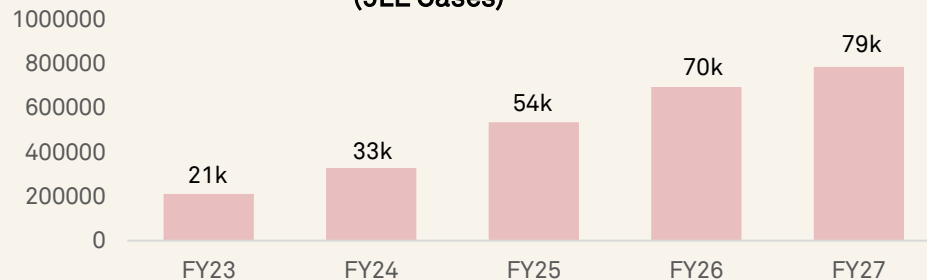
Phase 1 Independents



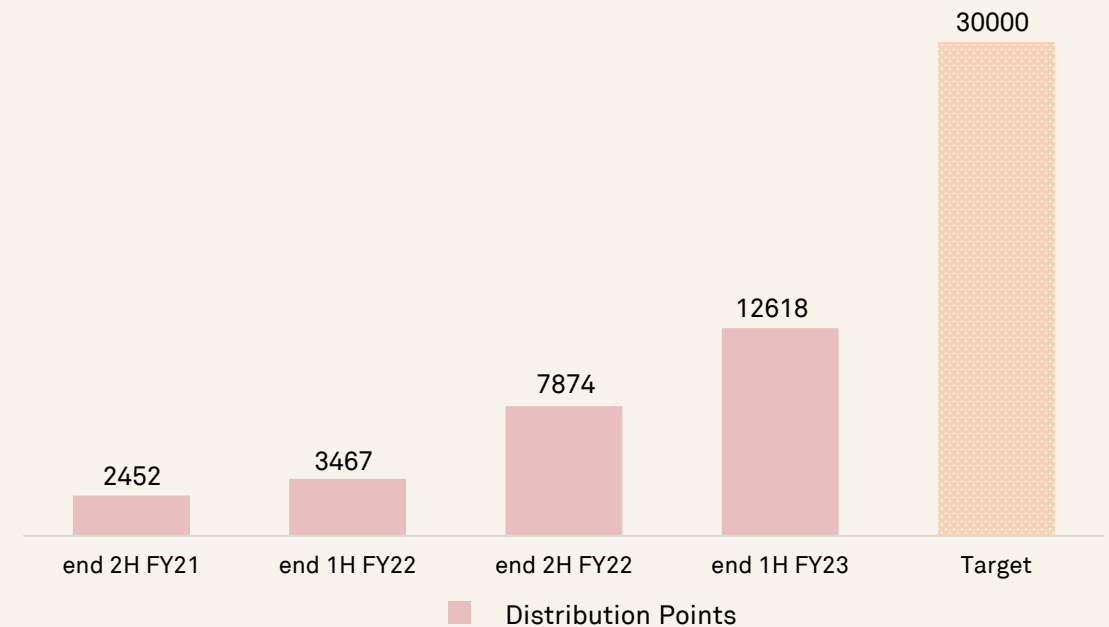
Phase 2 Major Retail and Independent Expansion



Available Spirit Inventory (9LE Cases)



With a target of 30,000 Australian retail distribution points



TSI has set a target of 30,000 distribution points. This will be achieved via further ranging in existing channels and the securing of new distribution partnerships within the segment of retail market in which we currently do not have ranging.

WHISKY LAUNCH PLAN – USA

| | |
|--------------|--|
| Objectives | Seed and open the USA market as a more craft and bespoke Australian offering Create unique experiences to intercept existing bourbon and whisky drinkers Position the brand in a more craft and edgy position in both on- and off-premise (not to compete with the majors in their home market) Disrupt at POS and social media interface |
| Brands | NED Green Sash Reserve to play a leading role NED OG a possible on-premise play and cocktail focus given price point |
| Activations | Focused launch markets: Southern California and New York. Phase 2: 6 x city approach Target Australian venues to win endorsement |
| Distribution | Seeding – plan to target: On Premise: Top 50 accounts (Happy hours, Menu and Cocktail listings) Off Premise: Top 50 accounts including e-commerce (tastings, online, possibly barrel program) |



3. PLACEMENT SUMMARY



CAPITAL RAISING OVERVIEW

| | |
|--------------------------|--|
| Offer Size and Structure | <p>A\$10 million Unconditional Placement to Sophisticated and Professional Investors under TSI's placement capacity in accordance with Listing Rule 7.1 and 7.1A</p> <p>Shares on offer after completion of the placement: 84,169,533 million</p> |
| Offer Price | <p>All New Shares under the Placement to be offered at \$0.80 per New Share (Offer Price)</p> <ul style="list-style-type: none">• 13.0% discount to the last close of A\$0.92 on 23 February 2023• 20.2% discount to the 5-day VWAP of A\$1.002 on 23 February 2023• 22.8% discount to the 15-day VWAP of A\$1.036 on 23 February 2023 |
| Use of Proceeds | <p>Funds from the A\$10 million placement:</p> <ul style="list-style-type: none">• Completion of the agave distillery project with commissioning anticipated in June 2023• Entry and growth into domestic and strategic international markets• Working capital• Cost of the Offer |
| Lead Manager | <p>Shaw and Partners Limited is acting as Lead Manager and Bookrunner for the Offer</p> |



SOURCES AND USES OF FUNDS

| Sources of Funds | A\$m |
|------------------|-------------|
| Placement | 10.0 |
| | |
| | |
| | |
| Total | 10.0 |

| Uses of Funds | A\$m |
|--|-------------|
| Australian Agave Project distillery completion | 7.2 |
| Domestic and strategic international market entry and growth | 1.5 |
| Working capital | 0.7 |
| Costs of the Offer | 0.6 |
| Total | 10.0 |

TIMETABLE

| Event | Date |
|---|--------------------------|
| Trading Halt starts | Friday, 24 February 2023 |
| Announcement of results of Placement and trading halt lifted | Monday, 27 February 2023 |
| Settlement of New Shares issued under the Offer | Thursday, 2 March 2023 |
| Issue and commencement of trading of New Shares under the Offer | Friday, 3 March 2023 |

4. RISKS



RISKS

This Section identifies some, but not all, of the major risks associated with an investment in the Company.

Top Shelf's brands and marketing and sales strategies may not be successful

Top Shelf's future success is partly dependent on the realisation of benefits from investment in its brands and sales and marketing strategies, initiatives and campaigns. Top Shelf expects that the costs of developing its existing NED and Grainshaker brands and upcoming agave brand, and associated marketing strategies, initiatives and campaigns will continue to increase as Top Shelf's business and product range grow. However, there is no guarantee that Top Shelf will realise any benefits from such brand investments, marketing strategies, initiatives and campaigns, for example, if such brands, marketing strategies, initiatives or campaigns do not resonate with potential consumers or fail to capture market share. Failure to realise the benefits of investment in its brands, marketing strategies, initiatives and campaigns may adversely impact Top Shelf's ability to attract new customers and as a result Top Shelf's operating and financial performance.

Top Shelf may fail to comply with safety and quality standards and other legal and regulatory requirements

Raw ingredients (such as grains required for the production of whisky and vodka) as well as final products are susceptible to deterioration, contamination, tampering or adulteration throughout all stages of the supply chain (including storage) or may otherwise be unsafe or unfit for sale or consumption. This may result from various factors, including human error, equipment failure and other external factors that may impact Top Shelf and its suppliers and service providers. Increased sales volumes of Top Shelf's products, which may necessitate sourcing raw ingredients from new suppliers, multiple product and increased production runs and new product development, may also amplify the risk of non-compliance. Non-compliance with safety regulations and quality standards that apply to Top Shelf's products or the products Top Shelf bottles and packages for customers, and associated adverse publicity, could damage Top Shelf's brand and reputation, reduce demand for Top Shelf's products or services and result in other adverse consequences for Top Shelf, including regulatory penalties or other litigation, product recall and disposal costs, loss of inventory and delayed supply of Top Shelf's products or demand for Top Shelf's services.

Top Shelf must comply with a range of laws and regulations. These laws and regulations include but are not limited to liquor licensing, beverage standards and product content requirements, labelling and packaging (including mandatory dietary content disclosures), biosecurity, fair trading and consumer protection, employment, health and safety, property and the environment (including climate change and environmental protection), customs and tariffs and direct and indirect taxation and excise duties. Compliance with these laws and regulations, and the ability to comply with any change to these laws and regulations, is material to the success of Top Shelf's business. Failure to comply may result in a monetary fine or other penalty (such as loss of liquor or manufacturing licences or the ability to operate), additional costs, adverse publicity or a loss in consumer confidence in Top Shelf's products, which could have a material adverse effect on Top Shelf's operating and financial performance and reputation. Furthermore, new laws or regulations may be introduced, there may be a change to the existing laws or regulations or revised interpretations of those laws or regulations. These, as well as other regulatory changes, could impact Top Shelf's ability to successfully implement its business strategy and result in increased costs, damage to Top Shelf's reputation and loss of consumer confidence in the Company's products.

Changes in consumer trends and preferences may adversely impact sales of Top Shelf's products

The Australian alcoholic beverages market that Top Shelf operates in is subject to changing consumer trends, demands, preferences and attitudes, including as a result of shifting and evolving beliefs, tastes and dietary habits of end consumers, views advanced by celebrities and social media influencers, socioeconomic development and other economic conditions. Failure by Top Shelf to anticipate, identify and react to changing consumer trends in a timely manner in respect of some or all of Top Shelf's target end consumers could lead to reduced demand and price reductions for Top Shelf's products. Further, Top Shelf's current branded product and distribution mix are concentrated on whisky and vodka, which means that Top Shelf's revenue could be materially impacted by adverse changes in end consumer demand for those types of products.

Top Shelf may lose a key customer or customer support more generally

Risk of losing a key customer, including Independent Brands Australia, Australian Liquor Merchants or Coles Liquor Group (CLG), or loss of customer support more generally may adversely impact Top Shelf's operating or financial performance.

Top Shelf's distribution arrangements with Australian Liquor Merchants (ALM) and Independent Brands Australia (IBA) operate under ALM's and IBA's standard trading terms and conditions, which can be terminated by ALM or IBA on short notice and without penalty. Further, ALM and IBA are under no obligation to purchase a particular volume of Top Shelf's products or to continue purchasing Top Shelf's products at all.

Any of Top Shelf's key customer relationships (including ALM, IBA or CLG) may be lost or impaired, for example if customers experience any dissatisfaction with Top Shelf's products or services or end consumers fail to purchase Top Shelf's products. This may (either temporarily or for a prolonged period of time) decrease the volume of products that Top Shelf is able to sell, and services Top Shelf is able to provide, to its customers. There can be no guarantee that customers will continue to purchase the same, similar or greater quantities of Top Shelf's products or services as they have historically. The loss of any of Top Shelf's key customers (including ALM, IBA or CLG), or a significant reduction in the volume of products purchased or services required by one or more key customers (including ALM, IBA or CLG), may adversely impact Top Shelf's operating or financial performance.

Top Shelf may suffer reputation or brand damage

The reputation of Top Shelf's products and brands and the value associated with them could be impacted by a number of factors including:

- quality issues (perceived or actual) with Top Shelf's products or services;
- a failure or delay in supplying products or services;
- the of Top Shelf's third party suppliers and Top Shelf's customers (including their employment practices or treatment of staff);

RISKS

- a regulatory breach;
- adverse media coverage (including social media) or publicity about Top Shelf's products, services or practices (whether valid or not) or changes in the public perception of the alcoholic beverage product industry; or
- workplace incidents or disputes with Top Shelf's workforce.

A material adverse impact to the reputation of Top Shelf's products, services or brands could adversely affect customer relationships, resulting in loss of business, loss of contract and loss of market share, and have a material adverse effect on Top Shelf's financial and operating performance.

Top Shelf operates in a highly competitive industry and it may fail to implement its growth strategy or manage growth

Top Shelf is a relatively small participant in the highly competitive Australian alcoholic beverage market and is subject to existing and growing competition from domestic and international producers of alcoholic beverages with greater market share and well established operations. Top Shelf may not successfully compete with its competitors, including by being able to maintain competitive prices for its products and services. Top Shelf may not succeed in implementing its growth strategies for a variety of reasons, including being unable to compete with existing domestic and international producers, an inability to access debt or equity capital, overall economic or market conditions or a failure to adapt its strategy over time where required. Such failure, and the costs incurred in seeking to implement its strategy, may materially and adversely affect the financial performance and future prospects of Top Shelf. There is also a risk that Top Shelf is unable to scale supply of its product in a timely manner to grow its business or to meet increases in demand. For example, the production of Top Shelf's whisky products may be constrained by the time required for its whisky to mature. If Top Shelf is not in a position to grow its business or meet increases in demand on a timely basis, customers may instead choose to purchase alternative products and this may adversely impact Top Shelf's financial performance and ability to grow its business successfully.

Top Shelf may fail to attract and retain key management personnel

The successful operation of Top Shelf is dependent on its ability to attract and retain experienced, skilled and high performing key management and operating personnel. Failure to attract and retain certain personnel may adversely affect Top Shelf's ability to execute its business strategy and may result in a material increase in the cost of obtaining appropriately experienced personnel. This could also have a materially adverse impact on Top Shelf's operating and financial performance and growth prospects.

Top Shelf may experience issues with its manufacturing or storage facilities

The equipment and management systems necessary for the operation of Top Shelf's manufacturing facilities may break down, perform poorly, fail, or be impacted by a fire or major weather event (such as a storm), resulting in manufacturing delays, increased manufacturing costs or an inability to meet customer demand. Furthermore, Top Shelf has a significant amount of product inventory stored in a number of facilities, including whisky that must be laid down for a statutory minimum of two years. Top Shelf's storage facilities may be impacted by a fire or major weather event (such

as a storm) or subject to malicious attack, which may result in the loss, damage, contamination or destruction of all or some of its stored product inventory. Supplies of oak maturation barrels from overseas suppliers may also be adversely affected by interruptions to the supply chain.

Interruptions and delays to production and delivery of locally and internationally manufactured equipment to be installed in the agave distillery may delay construction and commissioning of the distillery and the timing and rate of production of agave spirit. This could result in delays in the release of product for sale, which may have a material adverse effect on Top Shelf's financial performance.

Any significant or sustained interruption to Top Shelf's manufacturing processes, or the loss, damage, contamination or destruction of stored product inventory, may materially adversely impact Top Shelf's production capacity and available inventory and, as a result, Top Shelf's sales.

Top Shelf leases the properties at which its Victorian manufacturing and storage facilities are located. While Top Shelf has entered into long term leases where possible, there is a risk that any of these leases may be terminated or not renewed. In these circumstances, Top Shelf would need to establish its operations (or part of its operations) at another property, which would cause Top Shelf to incur significant financial cost and result in material interruption to its business.

There may be an interruption in Top Shelf's supply chain

Top Shelf's relationships with its existing suppliers are not always formally documented nor exclusive, and some of these third party providers also have relationships with Top Shelf's competitors. Therefore, Top Shelf may not be able to retain its relationship with its third party suppliers. Further, the quantity and quality of Top Shelf's products may be adversely affected by weather or climatic conditions (including climate change). Any adverse change to weather or climatic conditions may impact the availability and sustainability of raw ingredients used by Top Shelf, including the grains required to produce whisky and vodka, as well as the agave plants planted at the Eden Lassie agave farm, components of which Top Shelf expects to use as ingredients in its agave products. If a weather or climatic condition disrupts Top Shelf's supply chain, Top Shelf may not be able to source suitable raw ingredients and this may have a material adverse impact on Top Shelf's operations and financial performance.

The incidence of a biosecurity event such as a disease outbreak in the agave crop at the Eden Lassie agave farm or in crops of key producers of the grains required to produce whisky or vodka could lead to a reduction in available raw ingredient supply to Top Shelf, which may in turn materially and adversely impact Top Shelf's operations, financial performance and reputation. Other biosecurity risks may arise from inadvertent actions such as use of contaminated ingredients or from deliberate actions. The incidence of such events could erode consumer confidence in Top Shelf's products. This may adversely impact demand for Top Shelf's products and have an adverse effect on the Company's financial performance.

RISKS

Top Shelf may fail to manage its inventory effectively

Top Shelf may fail to accurately forecast or manage its inventory levels. For example, if Top Shelf produces excess product that it cannot sell in a timely manner, the excess product may need to be sold at a discount and Top Shelf may be required to bear the costs of the surplus product and recognise inventory write-down costs. This may have a material adverse impact on the financial position of Top Shelf and its operating results.

Top Shelf may experience significant increases in manufacturing costs

Top Shelf may be adversely impacted by increases in manufacturing costs, including material increases in key ingredient prices such as grains required to produce whisky and vodka. The availability and price of key ingredients used in Top Shelf's products are influenced by global demand and supply factors outside of Top Shelf's control, and may be impacted by, amongst other things, climatic or environmental conditions or biosecurity events and Top Shelf's relationship with its key suppliers. Weather and climatic conditions such as droughts or other unforeseen weather patterns could impact supply and cause significant fluctuations in the availability of key ingredients, which may have flow-on price implications for Top Shelf. If there is a significant increase in the cost of the inputs of Top Shelf's products, this may have a material adverse effect on Top Shelf's operating and financial performance.

Top Shelf's confidential information may be lost or compromised

Top Shelf's finished products and the recipes and processes to produce them are confidential to Top Shelf and are of significant value to Top Shelf. There is a risk that the value of Top Shelf's confidential information may be compromised for a number of reasons, including:

- Top Shelf employees may breach operational procedures or employees or third parties may breach confidentiality obligations or infringe or misappropriate Top Shelf's confidential information;
- Top Shelf's third party suppliers may gain insights into Top Shelf's confidential information, including its confidential product specifications, and use these findings to develop alternative products that compete with Top Shelf; and
- third parties may develop non-infringing competitive products.

Any such breaches or competitive products could erode Top Shelf's market share. This could have a materially adverse impact on Top Shelf's operating and financial performance and growth prospects.

Top Shelf may be involved in litigation or other disputes

Top Shelf may, from time to time, be subject to litigation and other claims or disputes in the ordinary course of its business or otherwise, including product liability claims, intellectual property disputes, contractual disputes, indemnity claims, occupational health and safety claims and employment disputes. The outcome of litigation cannot be predicted with certainty and adverse litigation outcomes could adversely affect Top Shelf's business, financial condition and reputation.

Top Shelf may be unable to access funding

Top Shelf is currently loss making and is not cash flow positive, meaning it is reliant on raising funds from investors to continue to fund its operations. Top Shelf may seek to raise additional debt finance or new equity in the future to continue to grow its business. If there is a deterioration in the level of liquidity in the debt and equity markets, or the terms on which debt or equity is available, this may prevent Top Shelf from being able to raise the relevant debt or equity. Consequently, if Top Shelf is unable to access funding when required, this may have a material adverse effect on Top Shelf's financial position and hinder its ability to execute its growth strategy effectively. In addition, the Company's ability to continue as a going concern may be diminished.

Risks associated with an investment in shares

There are general risks associated with investments in equity capital such as Top Shelf shares. The trading price of Top Shelf shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for New Shares being less or more than the Offer Price. Generally applicable factors that may affect the market price of Top Shelf shares (over which Top Shelf and its directors have no control) include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- changes in interest rates and the rate of inflation;
- change in government regulation and policies; and
- geopolitical instability, including international hostilities and tensions and acts of terrorism, which may also in turn impact global trade flows.

No assurance can be given that the New Shares will trade at or above the Offer Price. None of Top Shelf, its directors or any other person guarantees the market performance of the New Shares.

There have been significant fluctuations and volatility in the prices of equity securities in recent times, which may have been caused by general rather than company-specific factors, including the general state of the economy, the response to the COVID-19 pandemic, investor uncertainty, geopolitical instability and global hostilities and tensions.

Risk of shareholder dilution

In the future, Top Shelf may elect to issue new shares to fund or raise proceeds for (among other things) acquisitions that Top Shelf may decide to make. While Top Shelf will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capacity it is able to issue within a 12- month period (other than where exceptions apply), shareholders may be diluted as a result of such issues of shares and fundraisings.

RISKS

Impact of inflation and associated excise increases

The Australian government indexes the excise duty rates for Spirits and Other Excisable Beverages twice per year, generally on 1 February and 1 August. The index is based on the upward movement of inflation, via the Consumer Price Index (CPI). There have been significant increases in excise duties over the past two years as a result of significant increases in inflation, with the Spirits and RTD excise rates increasing by 3.7 per cent from 1 February 2023.

Under the current system, further increases in inflation will result in further automatic excise increases. Such increases will also increase the price of Top Shelf's products and may have an adverse effect on consumer buying patterns and adversely impact Top Shelf's financial performance. The Australian Distillers Association, together with the trade body, Spirits & Cocktails Australia, has lodged a Pre 2023/24 Budget Submission calling on the Government to make modest changes to the spirits tax system. This included the recommendation to reduce the spirits rate to align it with the brandy excise rate and freeze CPI indexation on the spirits excise for the next three years. It is currently unknown if any changes will be made to the spirits excise system.

The impact of inflation and excise increases on Top Shelf's financial performance is expected to be mitigated as Top Shelf increases its focus on opportunities in international markets, noting that the excise does not apply to overseas sales.

In addition, governments may review and impose additional excise or other taxes on spirits.

Changes in tax laws

Changes in tax law or changes in the way tax laws are interpreted may impact the level of tax that Top Shelf is required to pay or collect, shareholder returns, the level of dividend imputation or franking or the tax treatment of a shareholder's investment. In particular, both the level and basis of taxation may change. Tax law is frequently being changed, both prospectively and retrospectively. Further, the status of some key tax reforms remains unclear at this stage. Additionally, tax authorities may review the tax treatment of transactions entered into by Top Shelf. Any actual or alleged failure to comply with, or change in the application or interpretation of, tax rules applied in respect of such transactions, may increase Top Shelf's tax liabilities or expose it to legal, regulatory or other actions.

Changes in accounting standards and their interpretation

Changes to accounting or financial reporting standards or changes to the interpretation of those standards could materially adversely impact the reported financial performance and position of Top Shelf.

No guarantee of future dividends

Top Shelf currently has no plans to pay a dividend. There is no guarantee that Top Shelf will generate sufficient cash flow from its operations in the future to pay dividends.

Force majeure events

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of Top Shelf and the price of Top Shelf shares. These events can have an adverse impact on the demand for Top Shelf's goods and services and its ability to conduct its business. Top Shelf has only a limited ability to insure against some of these risks. If any of these event occur, there may be a material adverse impact on Top Shelf's operations, financial performance and viability.

5. FINANCIALS



FY23 1H | PROFIT OR LOSS AND CASH FLOWS

Group Profit or Loss (unaudited)

| | FY23 1H | FY22 1H |
|---|--------------|--------------|
| Revenue | 14.7 | 8.8 |
| Gross margin | 3.5 | 2.4 |
| Agave plant fair value gain | 3.1 | 3.1 |
| | | |
| Other income | 0.2 | - |
| Distribution | (0.6) | (0.6) |
| Selling | (3.0) | (2.6) |
| Marketing | (0.7) | (1.1) |
| Operating | (2.6) | (2.0) |
| Operating contribution | (0.1) | (0.8) |
| Business and brand investment | (4.5) | (2.7) |
| Contribution margin | (4.6) | (3.5) |
| Group support | (3.7) | (3.3) |
| Underlying EBITDA ¹ | (8.3) | (6.8) |
| | | |
| Cash gross profit % | 28.8% | 28.7% |
| Net excise gross profit % | 38.8% | 38.0% |
| Product COGS as % of net excise revenue | 61.2% | 62.0% |
| Operating costs as % of revenue | 46.7% | 71.4% |

Group cash flows (unaudited)

| | FY23 1H | FY22 1H |
|--|---------------|---------------|
| Reported EBITDA | (9.8) | (7.8) |
| Exclude non-cash profit or loss items | (2.6) | (2.8) |
| Working capital investment ² | (4.6) | 0.2 |
| Capital expenditure | (2.6) | (1.6) |
| Research & development income | - | 0.9 |
| Net cash flow before financing activities | (19.6) | (11.1) |
| Lease payments | (0.4) | (0.5) |
| Net financing costs | (1.4) | (0.5) |
| Net proceeds from borrowings | 8.0 | 8.7 |
| Net proceeds from capital raising activities | - | 32.6 |
| Net cash flow | (13.4) | 29.2 |
| | | |
| Closing cash position | 6.7 | 38.7 |

Note 1: Underlying EBITDA excludes non-cash share based payment expense (FY23 1H: \$0.5 million) and other costs considered to be non-recurring in FY23 1H (\$1.0 million.)

Note 2: In FY23 1H, TSI investment in working capital included new make whisky production (\$0.8 million); agave agronomy expenditure (\$0.8 million), investment in trade debtors (\$1.6m) and increased inventory holdings (\$0.7 million) in anticipation of production demands during FY23 Q3.

GROUP FINANCIAL POSITION – 31 DEC 2022

Group Net Tangible Assets (unaudited)

| | Dec-22 | Jun-22 |
|---|---------------|---------------|
| Cash | 6.7 | 20.1 |
| Trade and other receivables | 8.2 | 6.5 |
| Inventories ¹ | 13.4 | 11.3 |
| Property, plant & equipment | 31.0 | 28.9 |
| Agave plant biological assets | 19.6 | 15.7 |
| Right-of-use assets | 6.0 | 6.2 |
| Other | 2.0 | 2.3 |
| Tangible assets – total | 86.9 | 91.0 |
| Trade and other payables | (12.5) | (13.1) |
| Provisions | (1.3) | (1.2) |
| Lease liabilities | (7.1) | (7.1) |
| Borrowings | (32.2) | (23.9) |
| Liabilities – total | (53.1) | (45.3) |
| | | |
| Net tangible assets ² | 33.8 | 45.7 |

Note 1: TSI's inventories are recognised at cost for accounting purposes. At 31 December 2022, TSI's maturing inventories held at cost of \$8.9 million represented a future gross margin of \$29 million (applying margins recognised in FY23 1H).

Note 2: TSI's unaudited net asset position of \$42.0 million at 31 December 2022 includes intangible assets (\$2.2 million) and deferred tax assets (\$6.0 million) in addition to the net tangible assets summarised opposite.