



Top Shelf International Holdings Ltd

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

3 February 2025

ASX ANNOUNCEMENT (ASX:TSI) - FY25 Q2 QUARTERLY REPORT AND APPENDIX 4C

Top Shelf International Holdings Limited (“Top Shelf” or “the Company”), Australia’s leading premium spirits company, provides an update for the first quarter of FY25 in accordance with ASX listing rule 4.7C.

Update on voluntary suspension of trading

Top Shelf entered into voluntary suspension on 27 September 2024 and remains in suspension pending resolution of discussions pending the finalisation of the audited financial statements for FY24 as well as discussions with a number of parties regarding the Company’s debt and funding.

The Company continues to explore other potential transactions, including a capital raising, to address its operating needs and repayment of creditors. It recently entered into a binding term sheet for the sale of its plant and equipment at its Campbellfield production facility to Idyll Wine Co Pty Ltd (IDL) for \$8.0 million (refer to ASX announcement ‘Sale of Campbellfield production facility’ on 24 January 2025), which is expected to complete during the first quarter of 2025.

Operating performance & underlying EBITDA

Underlying EBITDA loss of **(\$2.0) million** in FY25 Q2 reflected an improvement of 22% (or **\$0.6 million**) compared to the preceding quarter (FY25 Q1). The Company continues to monitor its operating costs and expects to see further cost reductions upon completion of the sale of its Campbellfield facility.

The Company had net operating cash outflows of (\$7.4) million for FY25 H1, compared to (\$8.7) million in FY24 H1. Despite the difficult trading conditions, the ongoing cost reduction initiatives have assisted in mitigating the impact on cash outflow.

FY25 Q2 Operating Cash outflows were negatively impacted by several one-off items. These included (\$1.2) million of payments to the ATO for excise tax related to historical periods combined with the one-off cash flow impact during the quarter from moving towards a prepayment process for new excise tax obligations. In addition to this, there were legacy creditor payments that related to prior periods.

Operational commentary

Whilst general trading conditions continue to be challenging, particularly in the On-Premise channel, there have been some positive highlights with the Brands:

- Outstanding recognition for Act of Treason Agave;
 - Named Champion Alternative Spirit at the Sydney Royal Distilled Spirits Awards
 - No.6 on list of the world’s most innovative spirits launches in 2024 by The Spirits Business (UK)
 - Inclusion in The Weekend Australian (10 Best Spirits) and Australian Financial Review’s (Most Outstanding Drinks) year in review features for 2024
- Launch of Golden Bickie (NPD) into both Liquorland and First Choice Liquor with encouraging early sales

Financing activities

As at 31 December 2024, the Company's debt facility drawn position was **\$30.0 million** (30 June 2024: \$25.0 million) with cash reserves of **\$0.05 million**.

Facility A has an interest rate of 15.0% per annum (interest of 12.25% is payable in cash and payment in kind interest of 2.75%). The Company recently entered into amendments of its existing facility agreement with Longreach Credit Investors, which added three new tranches of available debt (Facility B \$1.75 million, Facility C \$2.85 million and Facility D \$3.5 million), which are subject to conditions being met, and at an interest rate of 20.0% per annum. Facility B, C and D have been fully drawn. \$2.0 million of Facility D was drawn in December 2024 and \$1.5 million was drawn in January 2025 (which is not reflected in this Appendix 4C report).

ATO

The ATO continues to pursue recovery actions to recover an outstanding excise debt obligation which was \$4.1 million as at 31 December 2024. The Company continues to explore options to address the outstanding excise tax liability with the ATO. The Company is seeking resolution through an agreed payment plan with the ATO, which is intended to be aligned with and dependent on the outcome of discussions with parties regarding the Company's funding along with potential transactions (however, the Company cannot guarantee a favourable outcome in its negotiations with the ATO).

* All figures quoted within this document are provided on an unaudited basis, unless otherwise specified.

End

This announcement was approved by the Top Shelf Board of Directors.

For more information (investors and media):

For further information, please visit our investor website <https://www.topshelfgroup.com.au/investors> or contact investor relations at investor@topshelfgroup.com.au or on +61 409 916 474.

Media enquiries, please contact Matt Slade on the above number.

About Top Shelf

Top Shelf International is a Melbourne based distiller and marketer of premium Australian spirits, with distinctive brands in NED Australian Whisky, Grainshaker Hand Made Australian Vodka and Act of Treason Australian Agave. The Company has a track record of success creating high quality, premium Australian products and brands; each in its own way encapsulating a distinctive Aussie attitude, social experience and flavour profile.

The Company has expertise in the development and production of distilled spirits, undertakes a significant level of research and development and operates modern fermentation, distillation and packaging facilities in Campbellfield, Victoria.

The Company is creating Australia's first agave spirit range from its magnificent Agave farm and distillery operation in The Whitsundays region of Queensland. This location has been specifically chosen for its climatic suitability for growing *tequilana* blue agave. The farm is being developed using the most up-to-date and innovative agronomy and horticultural practices.

In addition to distilling and manufacturing its own portfolio of spirit brands, Top Shelf also provides canning, bottling and packaging services at its Campbellfield production site in Victoria.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Top Shelf International Holdings Ltd

ABN

22 164 175 535

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows

**Current quarter
\$A'000**

**Year to date
\$A'000**

1. Cash flows from operating activities

1.1	Receipts from customers	5,085	11,239
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(7,464)	(10,630)
	(c) advertising and marketing	(834)	(1,984)
	(d) leased assets	-	-
	(e) staff costs	(1,523)	(3,337)
	(f) administration and corporate costs	(1,259)	(2,687)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(5,996)	(7,398)

2. Cash flows from investing activities

2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	19	30
	(d) investments	-	-
	(e) intellectual property	(22)	(27)
	(f) other non-current assets	(261)	(677)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(264)	(673)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(29)
3.5	Proceeds from borrowings	6,600	6,600
3.6	Repayment of borrowings	-	(2,800)
3.7	Transaction costs related to loans and borrowings	(327)	(446)
3.8	Dividends paid	-	-
3.9	Other		
	Payment of lease liability principal – buildings and equipment	(245)	(386)
	Interest and other finance costs paid - borrowings	(823)	(1,534)
	Interest and other finance costs paid - leases	(60)	(241)
3.10	Net cash from / (used in) financing activities	5,146	1,165

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,166	6,957
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,996)	(7,398)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(264)	(673)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,146	1,165
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	51	51

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	51	1,166
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	51	1,166

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p>		

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Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	30,000	30,000
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	30,000	30,000
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<p>Top Shelf International Holdings Ltd has a secured financing facility agreement arranged by Longreach Credit Investors Pty Ltd with AMAL Trustees Pty Ltd as trustee for the Longreach Direct Lending Fund. The facility has a maturity date of 15 December 2025. The facility has a minimum cash reserve requirement of \$2.0 million. A Deed of Forbearance was entered into under which the lender has agreed not to enforce its rights under the facility agreement in respect of certain historical defaults. The ongoing operation of the forbearance is subject to the satisfaction of certain conditions including ongoing compliance by Top Shelf with the terms of the facility agreement.</p> <p>Facility A has an interest rate of 15.0% per annum (interest of 12.25% is payable in cash and payment in kind interest of 2.75%). The Company has recently entered into amendments of its existing facility agreement with Longreach Credit Investors, which has added three new tranches of available debt (Facility B \$1.75 million, Facility C \$2.85 million and Facility D \$3.5 million), which are subject to conditions being met, and at an interest rate of 20.0% per annum. Facility B, C and D have been fully drawn. \$2.0 million of Facility D was drawn in December 2024 and \$1.5 million was drawn in January 2025 (which is not reflected in this Appendix 4C report).</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(5,988)
8.2 Cash and cash equivalents at quarter end (item 4.6)	51
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	51
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.0
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: The Company expects the current level of net operating cash flows to improve over the course of the financial year ending 30 June 2025 reflecting gross margin improvement and the run rate benefit of cost reduction initiatives implemented over the past 12 months.</p>	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes, the Company has and continues to explore various transactions to raise further cash to fund its operations (including raising additional capital, amendments to its existing debt facilities, and/or the sale of business assets or operations).

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company expects to be able to continue its operations and to meet its business objectives on the basis that one or more of the potential transactions which are under consideration or negotiation will be consummated. The Company is continuing discussions with a number of parties regarding funding and other potential transactions to address its operating needs and repayment of creditors.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 3 February 2025

Authorised by: Top Shelf Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.