PREMIUM SPIRITS WITH AN AUSTRALIAN ACCENT

Capital Raise – May 2023

TOP SHELF INTERNATIONAL

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(b) current views, expectations and beliefs as at the date they are expressed and which are subject to various risks and uncertainties.

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AU
NED
GREEN SASH
RESERVE
AUSTRALIAN WHISKY
EXTRA OAK
FOR THE PEOPLE

KEY HIGHLIGHTS

$35–40m equity capital raising to reduce debt and provide for a fully funded business model

1. EXTEND OPERATING RUNWAY

- Equity raising of $35.0-40.0m provides funding to execute operational plan that creates long term value
- Provides capital through to profitable financial performance

2. REDUCE EXISTING DEBT

- Funds from equity raising used to retire debt of a minimum of $15.0m up to $20.0m, allowing for refinancing of the balance of the existing facility.
- Interest cost saving of approx. $1.5m - $2.0m p.a.

3. RETAIN OWNERSHIP OF AGAVE ASSETS

- Equity raising removes the proposed sale & leaseback of the agave farm at Eden Lassie, thus retaining ownership of a strategic long-term asset.

4. FURTHER UPSIDE OPPORTUNITIES RETAINED

- Further opportunities exist to realise value (and improve operational profitability) for shareholders including:
  1. Strategic review of TSI's asset base
  2. Seek distribution partner to accelerate and expand brand distribution both locally and international
  3. Third party distilling opportunities

5. SUPPORT OF MAJOR SHAREHOLDERS

- Proposed recapitalisation of TSI has received strong support from major shareholders
- The Company has been advised by Salter Brothers Capital Pty Ltd

6.SUPPORT OF BOARD

The TSI Board considers that the proposed capital raising is a superior outcome for shareholders than the sale and leaseback alternative, as it:

- significantly reduces the Company's debt and associated interest expense;
- gives the Company additional runway to establish a profitable business model; and
- retains ownership of its the Australian Agave Spirit Farm and Distillery in Queensland, which the Board believes will provide the company an improved competitive position over the medium to longer terms.

KEY BUSINESS INITIATIVES

Business Model Ongoing Refinement

- Gross margin improvement initiatives through execution of:
  - Brand premiumisation
  - Price optimisation
  - Product mix
  - COGS improvements
- Winning further retail distribution
- Targeted international market (including duty free) growth
- Completion of Agave distillery project
- Act of Treason Australian Agave market launch anticipated in October 2023
- Reduction in operating cost base:
  - Continued focus on cost out and minimisation initiatives by business unit
  - Continue organisational structure review
  - Sales & marketing model optimisation
  - Improve on culture for high performance and rigorous cost management

OFFER SUMMARY

Equity raising to be completed into two parts: 1) Conditional Placement and 2) Entitlement Offer

OFFER DETAILS	
Shares On Issue[1]	84,169,533
Last Close Price	$0.265 per share as at last close (as at 19 May 2023)
Market Capitalisation	$22,304,926 as at last close
Offer Price	$0.25 per share • 6.0% discount to last close price • 16.8% discount to 5-day VWAP • 19.0% discount to 10-day VWAP
Offer Size	Approximately A$35.0-40.0 million (or approximately 150 million New Shares equivalent to approximately 180% of Top Shelf's existing Shares on issue). Following completion of the Offer, the Offeror will have approximately 235 million Shares on issue.[3]
Ranking	New Shares issued under the Offer will rank equally with existing shares of the Company from the date of issue.
Information Materials	As specified in paragraphs (a) – (g) in the definition of "Information Materials" in Section 2.1 of the Master ECM Terms available at https://afma.com.au/standards/standard-documentation ("Master ECM Terms" or "Terms").

1. Does not include any New Shares issued as a result of the Offer or shares or options issued as consideration to Salter Brothers Pty Ltd for acting as lead manager and arranger, 2. The Lead Manager and the Company reserve the right to close the book early and without notice, 3. See Note on slide 7

SOURCE AND USE OF FUNDS

Source of Funds	A$m
Placement	$19m
Entitlement Offer	$16.0m - $21.0m
Total	**$35.0m-40.0m**

Use of Funds	A$m
Repayment of debt principal	$15.0m - $20.0m
Capex (incl. agave distillery project and recurring maintenance)	$6.5m
Debt costs & leases	$3.5m
Restructuring costs	$1.0m
Working capital	$6.3m
Transaction costs	$2.7m
Total	**$35.0m-$40.0m**

Note: Salter Brothers Capital and the Company have agreed that 15% of SB Capital's management and selling fee shall be settled by way of additional Shares at the Offer Price, subject to shareholder approval at the General Meeting to be held in late June 2023. Salter Brothers Capital be will be also entitled to 5 million options to be granted to SB Capital or its nominees under a prospectus (comprising 2 million options with an exercise price of $0.50 and 3 million options with an exercise price of $0.75 and in each case having a two year term).

PRO FORMA BALANCE SHEET

$'m	Reported	PF adj 1	PF adj 2	Pro forma
Assets				
Cash and cash equivalents	6.7	9.3	17.4	33.4
Trade and other receivables	8.2	-	-	8.2
Inventories	13.4	-	-	13.4
Other current assets	1.3	-	-	1.3
Property, plant & equipment	31.3	-	-	31.3
Biological assets	19.6	-	-	19.6
Right-of-use assets	6.0	-	-	6.0
Other non-current assets	8.8	-	-	8.8
Assets - total	**95.2**	**9.3**	**17.4**	**121.8**
Liabilities				
Trade and other payables	(12.5)	-	-	(12.5)
Lease liabilities	(7.1)	-	-	(7.1)
Provisions	(1.3)	-	-	(1.3)
Borrowings	(32.3)	-	20.0	(12.3)
Liabilities - total	**(53.1)**	**-**	**20.0**	**(33.1)**
Net assets	**42.0**	**9.3**	**37.4**	**88.7**
Equity				
Issued capital	95.6	9.3	37.4	142.2
Reserves	2.7	-	-	2.7
Accumulated losses	(56.2)	-	-	(56.2)
Equity - total	**42.0**	**9.3**	**37.4**	**88.7**

Pro forma balance sheet – 31 December 2022

The consolidated balance sheet of Top Shelf International Holdings Ltd and wholly owned subsidiaries is presented opposite as at 31 December 2022, the Company's most recent reporting date.

The pro forma balance sheet should be considered illustrative only and does not reflect the trading performance of the Company from 31 December 2022 to the date of the Offer.

The pro forma adjustments illustrate:

PF adjustment 1: the impact of the $10 million capital placement transaction completed by the Company in March 2023.

PF adjustment 2: the estimated impact of the Offer as described in this document being

- a capital raising of $40 million (before transaction costs); and
- the partial use of Offer funds to repay debt principal of $20 million.

Should the Offer raise $40 million, the Company's outstanding debt principal post completion of the Offer will be $15.0 million. An Offer raise of $35.0 million will reduce the Company's outstanding debt principal by $15.0 million to $20.0 million.

TIMETABLE

Indicative Timetable[1]	Date/Time
Notice of Extraordinary General Meeting	Tuesday, 30 May 2023
Extraordinary General Meeting Institutional Entitlement Offer Opens Institutional Entitlement Offer Closes 5.00pm	Wednesday, 28 June 2023
Announcement of results of Institutional Entitlement Offer and Placement to ASX	Thursday, 29 June 2023
Record Date Institutional Settlement Date	Friday, 30 June 2023
Institutional Issue Date	Monday, 3 July 2023
Retail Opening Date	Tuesday, 4 July 2023
Retail Closing Date (5.00pm)	Thursday, 13 July 2023
Company announces results of the Retail Entitlement Offer to ASX	Tuesday, 18 July 2023
Retail Settlement Date	Thursday, 20 July 2023
Retail Issue Date	Friday, 21 July 2023

1. All dates and times are indicative only and references to time refer to Australian Eastern Standard Time (AEST). The Lead Manager and the Company reserve the right to vary these dates and times without notice.

HISTORICAL FINANCIAL INFORMATION

FY23 1H | PROFIT OR LOSS AND CASH FLOWS

Group Profit or Loss

	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

	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

	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.

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 (IBA), Australian Liquor Merchants (ALM) 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 ALM and 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 not achieve profitability in the envisaged manner and / or timeframe

Top Shelf has an operational plan to deliver profitable financial performance through execution of the key business initiatives set out earlier in this presentation utilising the funds of the Offer. Unforeseen business interruptions or delays may require Top Shelf to alter its operational plan or deliver the plan in a timeframe different from that currently envisaged.

Top Shelf may be unable to access funding in a timely manner

Top Shelf may require raise additional debt finance or new equity in the future. 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 operational plan 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.

RISKS

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.

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.


build
7003 01
NEW
WORLD
AGAVE
Our spirit will deliver a truly regional,
expressive and distinctive profile that
exemplifies the very best of Australian terroir.
AUSTRALIAN AGAVE SPIRIT
ACT OF
TREASON
OAXÁÇAN
EDEN LASSIE
AUSTRALIAN
AGAVE SPIRIT
NOM.01
CONT.
75 CL
BATCH
00001
ABV
VOL 40%
ACT OF
TREASON