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PROPOSED PLACING TO RAISE APPROXIMATELY £325,000

[EAST IMPERIAL PLC](#)

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24 January 2024

East Imperial plc
("East Imperial" or the "Company")

Proposed Placing to raise approximately £325,000

East Imperial, the global purveyor of premium beverages, announces that it has conditionally raised approximately £325,000 (before expenses) by way of a placing (the "**Placing**") of a total of 29,545,454 new ordinary shares of 1p each in the Company ("**Ordinary Shares**") at a price of 1.1 pence per new Ordinary Share (the "**Issue Price**").

Allenby Capital Limited ("**Allenby Capital**") is acting as broker in respect of the Placing.

Key Highlights

- Equity raise of approximately £325,000 at a price of 1.1 pence per share.
- The net proceeds of the Placing will be used to provide additional working capital and to help realise the growth opportunity in the US and Asia Pacific markets.
- Strong sales recovery, margin enhancements, improving terms of trade, effective cost controls and strong sales teams and distribution partners in place.
- The Placing Shares (defined below) have been placed exclusively with one investor.

Anthony Burt, CEO & Executive Chairman of East Imperial plc, commented:

"Working capital constraints for a good portion of 2023 made for a challenging year and slowed our planned expansion. However, we navigated the operational and cost obstacles and implemented important initiatives to drive further sales while improving margins. Our focused development plans, combined with strong sales teams and experienced local partners, provide an exciting opportunity to capitalise on our investments in building a scalable platform for our premium beverages. We have been adding more notable Tier 1 clientele to our list of customers while continuing to manage our cost base closely."

Background to the Placing and Use of Proceeds

2023 was a challenging year for the business. A lack of growth capital for extended periods significantly affected the Company's overall case sales for the year. However, since August 2023, significant progress has been made in

repositioning the business for sustainable growth in 2024 and beyond, with a relentless focus on cost reductions, margin improvement and Tier 1 and Tier 2 placements.

Pleasingly, all external market reports point to a continued boom in luxury global travel. Hence, the focus now is for East Imperial to continue to deliver on its strategy to capitalise on the growing demand for premium beverages, which was demonstrated most recently with the successful acquisition of prominent on-premise accounts spearheaded by the new Ayrburn precinct in Arrowtown, South Island, where the Company has been appointed as the premium mixer partner across the site following a competitive pitch process. In December 2023, East Imperial saw its products launched in two new luxury Tier 1 5-star hotels in New Zealand - Pullman Hotel at Auckland International Airport and the new InterContinental Hotel in downtown Auckland.

There have also been notable Tier 1 placements in January 2024 at the Mondrian Hotel in Miami and the iconic Amstel Hotel, another InterContinental Hotel property in Amsterdam.

The margin improvement programme has continued to yield results for the Company, and the Directors expect this to continue throughout 2024. Implemented in Q4 2023, the programme includes a range of initiatives, including moving customers to Free on Board shipping terms ex-New Zealand, reducing logistical touchpoints, and putting in place trade financing. Combined with the cost reduction initiatives, the Directors expect to see gross margins over 35% realised during the year.

With production up and running again in September 2023, the New Zealand market recovered strongly in Q4 2023, with over 39,000 cases shipped, representing £507,000 in revenue at an improved margin of 31.1%. This Q4 2023 sales performance was achieved following a 13% price increase in July 2023, demonstrating the price elasticity of the East Imperial brand in this market. The Company continues to build a strong presence in both on-premise and off-premise channels.

In its widest sense, Asia-Pacific is expected to become an increasingly significant contributor to the Company's revenue and earnings in 2024 and beyond.

Singapore, the Company's initial market, remains an important gateway for the wider Southeast Asia region and provides strong support to Tier 1 accounts and world-leading and recognised cocktail bars. The Company's regional distribution partner provides a strong market route here and in Malaysia and Hong Kong.

In China, while sales to date have been slower than expected, the Company has been working very closely with its distributor, WHI, to put together an exciting but realistic development plan for this market for 2024. As a result, the Directors expect a significant volume increase and margin improvement in China in 2024.

Since securing investment from INL Investments in August 2023, the Company has established a US sales team in key strategic regions - Florida, California and Texas. It has taken time to build this sales infrastructure, but the Company is confident that it has a strong base for growth in these states and eventually beyond. The new team has a wealth of category experience and is progressing significantly. It now has a number of strategic deals in place with notable outlets to provide a highly scalable foothold in this key market for the business.

Establishing the US base and distributors has taken longer than expected, and with sales in China also growing slower than expected, the Company's cash flow break-even point is now expected to occur later than anticipated. Therefore, the Company requires additional working capital to finance operations during 2024. The Directors expect the Company to achieve continued revenue growth from its established and developing market throughout 2024, with the full benefit of the margin improvement programme realised in the second half of the year.

The net proceeds of the Placing will provide the Company with a cash runway until April 2024. The Placing Shares will be issued in accordance with the authority granted to the Company, as approved by shareholders at the Company's annual general meeting held on 29 June 2023. Following the issue of the Placing Shares, the Company has the authority to allot a further 4,271,650 shares on a non pre-emptive basis. The Company's intention therefore is to convene a general meeting to obtain additional authorities to allot shares on a non pre-emptive basis in order to bolster the Company's working capital for the period after April 2024. A further announcement regarding this will be made in due course.

Details of the Placing

The Placing of 29,545,454 new Ordinary Shares (the "**Placing Shares**") at the Issue Price has conditionally raised approximately £325,000 before expenses for the Company.

The Placing Shares will be issued in accordance with the authority granted to the Company, as approved by shareholders at the Company's annual general meeting held on 29 June 2023, in order to issue up to 29,545,454 Placing Shares on a non-pre-emptive basis.

When issued, the Placing Shares will represent 8.03 per cent of the enlarged share capital of the Company and will rank *pari passu* with the existing Ordinary Shares in the Company.

The Company, and Allenby Capital have entered into a placing agreement pursuant to which Allenby Capital has, subject to certain conditions, procured subscribers for the Placing Shares at the Issue Price (the "**Placing Agreement**"). The Placing Agreement contains provisions entitling Allenby Capital to terminate the Placing (and the arrangements associated with it), at any time prior to Admission (as defined below) in certain circumstances, including in the event of a material breach of the warranties given in the Placing Agreement, the failure of the Company to comply with its obligations under the Placing Agreement, the occurrence of a *force majeure* event or a material adverse change affecting the financial position or business or prospects of the Company. If this right is exercised, the Placing will not proceed and any monies that have been received in respect of the Placing will be returned to the applicant without interest and Admission (as defined below) will not occur. The Company has agreed to pay Allenby Capital a placing commission and all other costs and expenses of, or in connection with, the Placing. The Placing is not being underwritten by Allenby Capital or any other person.

Admission to trading

Application has been made to the UK Financial Conduct Authority ("**FCA**") and the London Stock Exchange ("**LSE**") for the Placing Shares to be admitted to the standard segment of the FCA Official List and to trading on the LSE's Main Market for listed securities ("**Admission**"). It is currently anticipated that Admission will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. on or around 29 January 2024.

The Placing is conditional upon, *inter alia*, Admission becoming effective and the Placing Agreement not being terminated in accordance with its terms prior to Admission.

Total voting rights

On Admission, the issued share capital of the Company will comprise 367,716,497 Ordinary Shares with one voting right per Ordinary Share. There are no shares held in treasury. Therefore, the Company's total number of ordinary shares in issue and voting rights will be 367,716,497 and this figure may be used by shareholders from Admission

as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

For further information, please contact:

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About East Imperial

Founded in New Zealand and Singapore in 2012, East Imperial produces a range of premium mixers that sell throughout APAC, the US and EMEA. Guided by a clear strategy to capitalise on the growing demand for premiumisation across the beverage industry, East Imperial has sold over 32 million bottles in over 20 countries since its founding, with popular products including Old World Tonic Water, Grapefruit Tonic Water, Yuzu Tonic Water and Mombasa Ginger Beer.

In 2023, East Imperial won 9 medals at the coveted Tonic & Mixers Masters Competition in London. The Company was founded on the philosophy of creating exquisite products defined by heritage, tradition, and authenticity. All products are made from high quality, all-natural ingredients, reflecting East Imperial's commitment to providing a sustainable product and minimising environmental impacts at every stage of the manufacturing process. For more information about East Imperial and its premium mixers. Visit <https://www.eastimperial.com>.

IMPORTANT NOTICES

Notice to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended and as this is applied in the United Kingdom ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and Regulation (EU) No 600/2014 of the European Parliament, as they form part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "*manufacturer*" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors who do not need a guaranteed income or capital protection and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). The Ordinary Shares are not appropriate for a target market of investors whose objectives include no capital loss. Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital projection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Allenby Capital will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the shares and determining appropriate distribution channels.

Forward Looking Statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this announcement and include statements regarding the Directors' beliefs or current expectations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement.

Notice to overseas persons

This announcement does not constitute, or form part of, a prospectus relating to the Company, nor does it constitute or contain any invitation or offer to any person, or any public offer, to subscribe for, purchase or otherwise acquire any shares in the Company or advise persons to do so in any jurisdiction, nor shall it, or any part of it form the basis of or be relied on in connection with any contract or as an inducement to enter into any contract or commitment with the Company.

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General

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