AUSTRALIAN VINTAGE LTD
ACN 052 179 932

Appendix 4D
For the half-year ended 31 December 2024 (listing rule 4.2)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and net profit **(All comparisons to half-year ended 31 December 2024)**		**Movement %**	**Amount** **$'000**
Total operating revenue	*Down*	*7.4%*	*126,098*
Underlying earnings before interest, tax, depreciation, amortisation and SGARA	*Down*	*20.1%*	*13,166*
Underlying net profit/(loss) after tax, before SGARA	*Down*	*30.5%*	*2,909*
Net profit /(loss)	*Down*	*117.0%*	*(473)*

Dividend information	**Date dividend paid / payable**	**Amount per security ¢**	**Amount franked at 30% tax rate**
Interim dividend – half-year ended 31 December 2024	n/a	nil	n/a
Final dividend – year ended 30 June 2024	n/a	nil	n/a
Interim dividend – half-year ended 31 December 2023	n/a	nil	n/a

	2024 **$**	**2023** **$**
Net tangible assets per security ^	0.58	0.92

^ note: *net tangible assets used in the net tangible assets per security calculation includes right-of-use assets and lease liabilities.*

Additional Appendix 4D disclosure requirements can be found in the Financial Report that follows which contains the Director's Report and the 31 December 2024 half-year Financial Statements and accompanying notes.

For personal use only

For personal use only

The directors of Australian Vintage Ltd submit herewith the financial report of Australian Vintage Ltd and its subsidiaries for the half-year ended 31 December 2024.

The names of the directors of the company during or since the end of the half-year are:

Richard H. Davis (resigned 11 July 2024)
John D. Davies (resigned 23 August 2024)
Naseema Sparks (resigned 24 July 2024)
Peter Perrin (resigned 30 August 2024)
Margaret Zabel (appointed 23 July 2024)
James Williamson (appointed 23 August 2024)
Michael Byrne (appointed 14 August 2024)
Elaine Teh (appointed 23 August 2024)

PRINCIPAL ACTIVITIES
The Group's principal activities in the course of the period were the production, marketing and sales of wine.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS
Cashflow performance improved amid challenging industry conditions, positioning AVG well for future growth.

The operating and financial report contains non IFRS measures that have not been subject to audit review. The non-IFRS measures are used internally by management to assess the performance of the business and make decisions on the allocation of resources.

Key financial highlights:

- Best normalised cash outflow result in four years driven by discipline cost control and operational efficiencies
  - Normalised total cash outflow was -$8m, ~$11m better than the prior corresponding period.
  - Net debt at Dec -$73m, in line with expectations with strong positive cash flow generation in the second half achieving free cash flow neutrality for FY25.
- Revenue and market share held steady despite industry challenges.
  - Market share maintained in UK and ANZ with innovation, white wine and sparkling growth offsetting declines in lower-priced reds.
  - Global leadership in no-and-low continued with strong growth in the UK.
  - New product innovation driving consumer recruitment and engagement.
- Underlying EBITS of ~$6m, ~$2m lower than the prior year, reflecting focus cost out performance while navigating challenging industry-wide trading conditions

First-half financial results demonstrate early progress in restoring shareholder value, balancing cost discipline with targeted investments for sustainable growth, with positive cash flow, reduced debt and accelerated brand growth as key measures.

Australian Vintage is an agile industry leader with innovation as a core capability, focused on delivering profitable growth whilst maintaining strong cash flow. Key achievements in the half include:

- Best cash performance in four years, driven by stable revenue and rigorous cost management
- Nomalised operating cash flow of -$2 million the lowest in four years and an 86% improvement on the prior year
- Total normalised cash flow improved by +$11 million year-over-year, prior to absorbing non-recurring one-off external costs and the impact of customers experiencing industrial action

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS (CONTINUED)

Profit result (underlying and reported basis)

The profit result was impacted by a number of non-recurring items. The table below summarises the underlying performance of the Group, removing the impact of significant, non-recurring items as noted.

	2024	2023
Reported revenue	**126,098**	**136,140**
Reported gross margin	**35,439**	**39,830**
Reported EBITDAS	*11,193*	*14,491*
Reported net profit / (loss) after tax	*(473)*	*2,782*
Non-underlying items (add stat profit)	1,973	1,998
Underlying EBITDAS	**13,166**	**16,489**
Depreciation and amortisation	(7,034)	(7,856)
Underlying EBITS	**6,132**	**8,633**
Finance costs	(3,223)	(2,652)
Underlying PBTS	**2,909**	**5,981**
Income tax expense (1)	-	(1,794)
Underlying NPATS	**2.909**	**4,187**
Underlying return on capital employed (2)	3.2%	3.1%
Net debt / underlying EBITDAS (post AASB 16 *Leases*)	2.8	2.3

(1) adjusted for the tax impact of non-underlying items
(2) rolling 12-month underlying EBITS divided by capital employed, where capital employed is defined as total assets less current liabilities

Market Overview

From a market perspective, maintaining market share in the UK, Australia and New Zealand demonstrates the underlying strength of the business despite the industry navigating difficult market conditions reinforced through the increase in contribution from brand sales (~80% of total revenue vs 65% in FY 20).

Whilst some market participants are seeing lower demand, AVG's smaller scale and commitment to innovation provides greater agility in adapting to consumer preferences. This flexibility enables AVG to pivot more quickly, optimise operations, and capture emerging opportunities in a way that some of the larger companies are unable to. The pace and market acceptance of new products is a good demonstration of that agility.

Notable market highlights include:

- Premium brands continue to grow with Barossa Valley Wine Company poised for relaunch into the Asia market. McGuigan Zero remains #1 in the UK, growing ahead of the total no-and-low alcohol category.
- Growth in higher-margin white and sparkling categories, offsetting market declines in the lower-price red segment.
- Continuing growth and leadership in the no-and-low alcohol category, with strong growth in the United Kingdom a highlight.
- Premiumisation and innovation now represent 26% of revenue and 37% of margin, a significant increase from 7% and 10%, respectively, in FY19.
- Innovation launched in the first half of FY2024 includes CTZN, the first AI wine, Lemsecco, a ready-to-drink citrus spritz, and Tempus One Peach.
- McGuigan Mid pioneered the mid category and is now the leader in the UK.

Recent growth initiatives include the launch of Poco Vino™ a format-based wine innovation that will create a new category in the wine industry. Poco Vino™ was recently launched at the Wine Paris tradeshow where it captured global attention as a standout breakthrough innovation. This product enables a "make where sold" model, utilsing a global sourcing strategy for the markets it will sell within driving significant cost efficiencies whilst aligning with consumers' willingness to pay a higher price. Major UK and Australian retailers have agreed to range the product launching this calendar year. With preorders for FY26 expected to exceed $8 million, this innovation marks one of the most exciting launches in Australian Vintage's history.

Australian Vintage continues to pursue partnership, consolidation and acquisition opportunities to premiumise the portfolio which will be fully funded through non-core asset sales.

Since the CEO's return to the business in October, the priority has been to visit AVG's key markets and meet with all key partners to reinforce AVG's commitment and connection at the highest level. Strategic partnerships are being leveraged to accelerate growth in key international markets, China and the rest of Asia represent a significant upside to the business in the short to medium term. The company has partnered with COFCO, China's leading wine distribution agent, and Oceanus, a key distributor in Asia, with shipments expected to increase by double digits for the full year.

For personal use only

For personal use only

AVG are building the capability to deliver sustainable growth whilst removing costs. Organising to win requires a disciplined approach—positive cash flow and reduced debt must be tangible outcomes. To achieve this, AVG have appointed two proven leaders to key roles. Jeff Howlett, Chief Operating Officer, is leading a significant cost-reduction and consolidation strategy. Tom Dusseldorp, Chief Commercial Officer, now oversees the global brand rollout and innovation strategy. This approach is already delivering improved performance, with continued gains expected in AVG's full-year results and beyond. In addition, the recruitment of one of the UK's most talented alcoholic beverage retail executives, will drive market expansions and deepen retail partnerships.

In September 2024, there was a widely published media attention on a deep frost event causing extensive grape damage across the Riverland and South Australia, with potential grape impacts not seen for over five decades. Whilst Australian Vintage is currently undertaking vintage and yield results are better than expected, a prudent self-generating and regenerating asset (SGARA) loss has been recorded representing $1.4 million impact to profit (prior year: nil). Yields will continue to be assessed during vintage with the shareholders updated in full year results.

Strategic Focus

Following Board renewal in 2024, Australian Vintage has prioritised free cash flow generation, reducing net debt and growing topline revenue. This includes driving top-line growth through:

- Investing in high-margin brand and innovation to drive category leadership
- Expanding in China, the rest of Asia and the Americas through partnerships
- Leveraging the balance sheet whilst investing inventory into markets and categories, without discounting pillar brands, where it currently does not compete
- Continue to focus on optimising Australian Vintage's operational footprint and reducing the cost base by:
  - Reducing fixed grape supply and increasing flexibility of grape sourcing
  - Drive further operational efficiencies
  - Optimisation of the overall operational footprint
- Maximising utilisation of Australian Vintage's industry-leading processing facilities that have the capacity to support planned growth and/or industry partnership/consolidation opportunities

Australian Vintage remains committed to previously released targets, noting those targets are subject to macroeconomic conditions, consumer demand, foreign exchange and agricultural risk, including:

- Free cash flow neutral position by the end FY25, free cash flow generation of +$10 million to +$20 million in FY26, and +$20 million per annum in free cash flow generation by end FY27.
- ROCE of +8% is targeted by the end of FY27 and earnings more closely aligned to free cash flow.

Australian Vintage remains well positioned for growth and strengthened market leadership in the second half of FY25 backed by innovation and opportunities for value-creating acquisitions and partnerships.

The newly appointed board bring the necessary professional expertise and strategic acumen to deliver improved results and market performance. As the industry continues to consolidate globally, AVG remains proactive in evaluating opportunities that drive long-term value. Australian Vintage's processing capabilities, wine expertise, and assets are world class and a strategic advantage when paired with the right incremental volume.

After a disappointing and turbulent year for shareholders the Company is confident it has the right leadership and urgency to restore value.

AUDITOR TENURE EXTENSION

Prior to 30 June 2024, a resolution was lodged with ASIC under s 324DAC of the *Corporations Act* 2001 to grant approval for Mr M Phelps's tenure as the Lead Audit Partner for Australian Vintage Ltd, to be extended by a further period of one financial year, commencing 1 July 2024, subject to Ernst & Young continuing to act as the auditor of Australian Vintage Ltd.

INDEPENDENCE DECLARATION BY AUDITOR

The auditor's independence declaration is included on page 5.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Report) Instrument 2016/191, dated 24 March 2016, in accordance with that Corporations Instrument amounts in the directors' report and the half-year financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors

James Williamson
Chairman

21 February 2025

For personal use only

Shape the future with confidence

Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com/au

Auditor's Independence Declaration to the Directors of Australian Vintage Limited

As lead auditor for the review of the half-year financial report of Australian Vintage Limited for the half-year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review*;* and
b) No contraventions of any applicable code of professional conduct in relation to the review; and
c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Vintage Limited and the entities it controlled during the financial period.

Ernst & Young

Mark Phelps
Partner
Adelaide
21 February 2025

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Shape the future
with confidence

Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com/au

For personal use only

Independent auditor’s review report to the members of Australian Vintage Limited

Conclusion

We have reviewed the accompanying half-year financial report of Australian Vintage Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, explanatory notes and the directors’ declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor’s responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors’ responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group’s financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Mark Phelps
Partner
Adelaide
21 February 2025

For personal use only

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Directors' Declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

James Williamson
Chairman

21 February 2025

For personal use only

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2024

	NOTE	31/12/24 $'000	31/12/23 $'000
Revenue	2(a)	126,098	136,140
Cost of sales		(90,659)	(96,394)
Gross Profit		35,439	39,746
Fair value gain /(loss) on grapes		(1,409)	-
Other income	2(b)	1,883	121
Distribution expenses		(8,177)	(8,764)
Sales expenses		(13,593)	(12,938)
Marketing expenses		(5,860)	(5,094)
Administration expenses		(5,532)	(6,436)
Finance costs		(3,224)	(2,652)
Profit / (loss) before income tax		**(473)**	**3,983**
Income tax expense	8	-	(1,201)
Net Profit / (loss) for the period		**(473)**	**2,782**
Other comprehensive loss, net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of hedging instruments		(7,054)	2,285
Exchange differences arising on translation of foreign operations		2	13
Other comprehensive income / (loss) for the period, net of income tax		**(7,052)**	**2,298**
Total comprehensive income / (loss) for the period		**(7,525)**	**5,080**
Earnings per share:			
Basic (cents per share)		(0.1)	1.1
Diluted (cents per share)		(0.1)	1.1

The above consolidated statement of profit or loss and other comprehensive income should be read with the accompanying notes.

For personal use only

Consolidated statement of financial position
As at 31 December 2024

	Note	31/12/24 $'000	30/06/24 $'000
Current Assets			
Cash and cash equivalents		4,691	6,017
Trade and other receivables		55,624	48,704
Inventories		176,480	185,825
Total Current Assets		**236,795**	**240,546**
Non-Current Assets			
Inventories		13,568	15,905
Other financial assets	6	2,444	2,482
Property, plant and equipment		95,316	96,084
Goodwill and other intangible assets		7,371	7,486
Deferred tax assets		10,182	10,182
Right-of-use assets		33,345	42,768
Total Non-Current Assets		**162,226**	**174,887**
Total Assets		**399,021**	**415,433**
Current Liabilities			
Trade and other payables		40,678	56,625
Borrowings	7	-	62,500
Lease liabilities		8,252	9,708
Other financial liabilities	6	3,635	945
Provisions		5,804	5,966
Income received in advance		173	111
Total Current Liabilities		**58,542**	**135,855**
Non-Current Liabilities			
Borrowings	7	77,500	-
Lease liabilities		51,183	65,064
Other financial liabilities	6	4,485	121
Provisions		738	788
Total Non-Current Liabilities		**133,906**	**65,973**
Total Liabilities		**192,448**	**201,828**
Net Assets		**206,573**	**213,605**
Equity			
Issued capital		455,759	455,421
Reserves		(5,824)	1,073
Accumulated losses		(243,362)	(242,889)
Total Equity		**206,573**	**213,605**

The above consolidated statement of financial position should be read with the accompanying notes.

For personal use only

Consolidated statement of changes in equity
For the half-year ended 31 December 2024

For personal use only

	Share capital $'000	Equity – settled employee benefits reserve $'000	Hedging reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2024	**455,421**	**1,506**	**(747)**	**314**	**(242,889)**	**213,605**
Profit / (loss) for the period	-	-	-	-	(473)	(473)
Net loss on foreign exchange hedges	-	-	(7,054)	-	-	(7,054)
Exchange differences arising on translation of foreign operations	-	-	-	3	-	3
Income tax relating to components of other comprehensive income	-	-	-	(1)	-	(1)
Total comprehensive income / (loss) for the period	**-**	**-**	**(7,054)**	**2**	**(473)**	**(7,525)**
Transactions with owners in their capacity as owners						
Purchase and issuance of treasury shares to employees	-	-	-	-	-	-
Issue of capital net of transaction costs	338	-	-	-	-	338
Dividend paid						
Recognition of share based payments	-	155	-	-	-	155
Balance at 31 December 2024	**455,759**	**1,661**	**(7,801)**	**316**	**(243,362)**	**206,573**
Balance at 1 July 2023	**441,474**	**1,047**	**(1,936)**	**389**	**(149,854)**	**291,120**
Profit / (loss) for the period	-	-	-	-	2,782	2,782
Net gain on foreign exchange hedges	-	-	3,264	-	-	3,264
Exchange differences arising on translation of foreign operations	-	-	-	19	-	19
Income tax relating to components of other comprehensive income	-	-	(979)	(6)	-	(985)
Total comprehensive income / (loss) for the period	**-**	**-**	**2,285**	**13**	**2,782**	**5,080**
Transactions with owners in their capacity as owners						
Purchase and issuance of treasury shares to employees	-	-	-	-	-	-
Dividend paid						
Recognition of share based payments	-	236	-	-	-	236
Balance at 31 December 2023	**441,474**	**1,283**	**349**	**402**	**(147,072)**	**296,436**

The above consolidated statement of changes in equity should be read with the accompanying notes.

Consolidated statement of cash flows
For the half-year ended 31 December 2024

	31/12/24 $'000	31/12/23 $'000
Cash Flows from Operating Activities		
Receipts from customers	131,599	124,422
Payments to suppliers and employees	(134,606)	(130,575)
Cash generated from / (used in) operations	(3,007)	(6,153)
Interest paid (commercial bills)	(2,683)	(2,290)
Interest paid (resulting from leases under AASB 16)	(2,096)	(2,668)
Income tax paid	-	-
Net cash provided by / (used in) operating activities	(7,786)	(11,111)
Cash Flows from Investing Activities		
Payments for property, plant and equipment and intangible assets	(2,922)	(4,218)
Payments for investments held at fair value through profit or loss	-	(300)
Proceeds from sale of property, plant and equipment	29	80
Net cash provided by / (used in) investing activities	(2,893)	(4,438)
Cash Flows from Financing Activities		
Repayments of lease liabilities	(5,984)	(4,076)
Net proceeds from / (repayments of) borrowings	15,000	22,500
Proceeds from issue of share capital	337	-
Net cash (used in) / provided by financing activities	9,353	18,424
Net increase / (decrease) in cash and cash equivalents	**(1,326)**	**2,875**
Cash and cash equivalents at the beginning of the period	**6,017**	**6,900**
Cash and cash equivalents at the end of the period	**4,691**	**9,775**

The above consolidated statement of cash flows should be read with the accompanying notes

For personal use only

Notes to the financial statements
For the half-year ended 31 December 2024

Note 1: About this report

General information

Australian Vintage Ltd is a for-profit entity, incorporated and domiciled in Australia and limited by shares which are traded on the Australian Securities Exchange (trading under the ticker code 'AVG'). The interim condensed consolidated financial statements of Australian Vintage Ltd (the 'Company') and its subsidiaries (collectively, the 'Group') for the six months ended 31 December 2024 (herein referred to as the 'half-year financial report') were authorised for issue in accordance with a resolution of the directors on 20 February 2025.

The Group's registered office is 275 Sir Donald Bradman Drive, Cowandilla SA 5033 and its principal activities are wine making, wine marketing, and vineyard management.

Basis of preparation

This general purpose half-year financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. The half-year financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial report for the year ended 30 June 2024.

Accounting policies, significant accounting estimates and judgements

The accounting policies, significant accounting estimates and judgements adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the Group's annual financial report for the year ended 30 June 2024, except where otherwise noted in the notes that follow for any updated or new accounting policies.

Accounting policy & significant accounting estimates and judgements - biological assets and produce extracted from vines
The Group has owned and leased vineyards that produce grapes, which are biological assets under AASB 141 *Agriculture*. Grapes growing on the vines are measured at fair value less estimated costs to sell up to the point of harvest. The determination of fair value is a significant judgement. Where fair value is not reliable and unable to be determined, grapes are measured at cost as provided for under AASB 141 *Agriculture*.

Fair value adjustments as the grapes are growing is recorded in *Fair value (loss) / gain on grapes picked* in the Consolidated statement of profit or loss and other comprehensive income. Once harvested, grapes are transferred into the cost of wine at their fair value at that point in time and accounted for under AASB 102 *Inventories* and used to make wine products.

Note 2: Revenue and expenses

Accounting policy - revenue
Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer. The group recognises revenue when it transfers control of a product or service to a customer. The transaction price is net of rebates and discounts. Credit terms granted to customers is generally between 30 days and 60 days depending on the customer type and shipping arrangements.

- Sales of wine is the sale of bottled and bulk alcoholic wine, non-alcoholic wine and other beverages, as well as grape concentrate to retail and wholesale customers. There is one performance obligation associated with the sale of goods, being the delivery of the product to the location specified in the agreement with the customer. Accordingly, revenue is recognised at the point in time at which control of the product is passed from the Group to the customer. This is typically by way of delivery to the customer's warehouse for wholesale customers, or at the point of sale at a cellar door outlet for a retail customer.

Other revenue from contracts with customers is comprised of the following:

- Contract processing involves manufacturing a wine product based on the agreed specifications required by the customer. There is one performance obligation, being the delivery of the completed wine product to the site or location in the agreement with the customer. Accordingly, revenue is recognised at a point in time once control of the completed product has passed to the customer.
- Vineyard services is the development of customer's vineyards. This involves planting vines and installing trellising and irrigation. There is one performance obligation, being the provision of vineyard services in line with the agreed budget and timeline over the life of the contract. This obligation is satisfied over time as activities are undertaken. The allocation of the transaction price is determined by the budgeted costs for each period of time that the services are undertaken, which is agreed in advance with the customer.

Any amounts received from customers prior to the performance obligations being completed are recorded as Income received in advance and held in the consolidated statement of financial position, until the relevant performance obligations have been completed in line with the policies above.

		31/12/24 $'000	31/12/23 $'000
(a)	**Revenue from contracts with customers**		
	Sales of wine	120,629	133,804
	Other	5,469	2,336
		126,098	**136,140**

For personal use only

Notes to the financial statements
For the half-year ended 31 December 2024

Note 2: Revenue and expenses (continued)

		31/12/24 $'000	31/12/23 $'000
(b)	**Other income**		
	(Loss) on unrealised foreign exchange	(323)	(590)
	Gain on changes in fair value of investments held at fair value through profit and loss	-	248
	Wine equalisation tax rebate	175	175
	Other rebates and grants	74	129
	Gain / (loss) on disposal of property, plant and equipment	(67)	70
	Reduced leased liability due to termination	1,790	-
	Interest income	99	43
	Dividend income from investments held at fair value through profit and loss	16	14
	Rental income	11	2
	Other gain / (loss)	108	30
		1,883	**121**
(c)	**Specific expenses**		
	Depreciation and amortisation	7,034	7,856

Note 3: Segment information

Accounting policy– segment reporting
Operating segments are determined based on the reporting to the Chief Operating Decision Maker ('CODM'). The Group's CODM, who is responsible for allocating resources and assessing the performance of the Group has been identified as the Chief Executive Officer ('CEO').

- Australia / New Zealand: engaged in the growing of grapes, manufacturing, sales and marketing of alcoholic wine, non-alcoholic wine and other beverages in Australia, New Zealand and the Pacific through wholesale and retail channels. In addition, the Australia / New Zealand segment sells concentrate, wine derived ingredients and other commercial products to customers globally.
- UK, Europe & Americas: engaged in the packaging, sales and marketing of alcoholic wine, non-alcoholic wine and other beverages in the United Kingdom, Europe & the Americas through wholesale, distributor and retail channels.
- Asia: engaged in the sales and marketing of alcoholic wine, non-alcoholic wine and other beverages in Asia through wholesale channels.

The following table presents revenue and profit information for the Group's operating segments for the six months ended 31 December 2024 and 2023, respectively:

	Revenue		Profit before tax	
	31/12/24 $'000	31/12/23 $'000	31/12/24 $'000	31/12/23 $'000
Australia / New Zealand	56,656	64,015	1,863	4,081
UK, Europe & Americas	65,656	68,332	2,157	2,254
Asia	3,786	3,793	124	38
Total	**126,098**	**136,140**	**4,144**	**6,373**
Unallocated corporate expenses				
Fair value (loss) on grapes			(1,409)	-
Dividend income and fair value adjustment to investments			16	262
Net interest expense (commercial bills)			(3,027)	(2,516)
Interest expense (AASB 16) ^			(197)	(136)
Profit / (loss) before tax			**(473)**	**3,983**

^ *note:* *net of interest capitalised to inventory under AASB 102*

For personal use only

For personal use only

Note 3: Segment information (continued)

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the six months ended 31 December 2024

Segments	Australia / New Zealand $'000	UK, Europe & Americas $'000	Asia $'000	TOTAL $'000
Type of goods or service				
Sales of wine	51,187	65,656	3,786	**120,629**
Other	5,469	-	-	**5,469**
	56,656	**65,656**	**3,786**	**126,098**
Geographical breakdown				
Australia	49,706	-	-	**49,706**
UK / Europe	74	60,052	-	**60,126**
New Zealand	2,772	-	-	**2,772**
Asia	3,627	-	3,786	**7,413**
North America	266	5,604	-	**5,870**
Other	211	-	-	**211**
	56,656	**65,656**	**3,786**	**126,098**

For the six months ended 31 December 2023

Segments	Australia / New Zealand $'000	UK, Europe & Americas $'000	Asia $'000	TOTAL $'000
Type of goods or service				
Sales of wine	61,679	68,332	3,793	**133,804**
Other	2,336	-	-	**2,336**
	64,015	**68,332**	**3,793**	**136,140**
Geographical breakdown				
Australia	53,215	-	-	**53,215**
UK / Europe	-	64,211	-	**64,211**
New Zealand	3,277	-	-	**3,277**
Asia	5,588	-	3,793	**9,381**
North America	1,460	4,104	-	**5,564**
Other	475	17	-	**492**
	64,015	**68,332**	**3,793**	**136,140**

Notes to the financial statements
For the half-year ended 31 December 2024

For personal use only

Note 4: Dividends

	31/12/24		31/12/23	
	Cents per share	Total $'000	Cents per share	Total $'000
2024 final dividend – nil (2023: nil)	n/a	n/a	n/a	n/a

No dividend was declared in respect of the half-year ended 31 December 2024 (2023: nil).

Note 5: Impairment testing

Accounting policy - impairment testing
The Group tests for impairment by determining the recoverable amount of each cash generating unit ('CGU') and compares this to its carrying value. A CGU is the smallest identifiable group of assets that generate independent cashflows. As at 31 December 2024, the recoverable amounts of CGUs exceeded their carryings values and as a result no impairment has been recognised (as at 30 June 2024: $37,685).

At 30 June 2024 the Group impaired its Goodwill leaving the Group's other indefinite lived intangible assets, representing Brand Names and Water Licences. These intangible assets are allocated in full to the Australia / New Zealand ('ANZ') CGU and tested for impairment annually. Other CGUs are tested for impairment when there are triggers present that indicate the carrying value of the assets may not be recoverable. The recoverable amount of each CGU is the higher of its fair value less costs of disposal and its value-in-use ('VIU').

The Group calculates VIU by using discounted cash flow calculations and market indicators of value. An impairment charge is recorded if the recoverable amount of a CGU is less than the carrying value of the assets of any CGU.

Significant accounting estimates and judgements – key assumptions used for value-in-use calculations
The following assumptions are significant to the VIU calculations for the ANZ CGU at 30 June 2024:

- *AVG's 5-year plan:* cashflow forecasts are based on AVG's board approved 5-year plan, which takes into account current and future estimated economic conditions.
- *Discount rate (pre-tax weighted average cost of capital):* 13.2% (2023: 13.2%)
- *Terminal growth rate*: 2.5% (2023: 2.5%)

At 30 June 2024 a market assessment was undertaken of the property, plant and equipment for Australian Vintage's assets. The carrying value of brand names were compared against recent market transactions of similar brands. Significant changes or a prolonged downturn in the wine industry subsequent to 30 June 2024 may indicate a trigger for impairment for these assets. At 31 December 2024, no such triggers have been identified. The carrying value of these assets continue to be appropriate.

Notes to the financial statements
For the half-year ended 31 December 2024

Note 6: Other financial assets and liabilities

	31/12/24 $'000	30/06/24 $'000
Non-current assets		
Investments held at fair value through profit and loss	1,847	1,847
Loan receivable	465	470
Security deposits	40	40
Prepaid borrowing costs	80	113
Other	12	12
	2,444	2,482
Current liabilities		
Derivative financial instruments – derivatives in cashflow hedge relationship – foreign currency forward contracts	3,635	945
	3,635	945
Non-current liabilities		
Derivative financial instruments – derivatives in cashflow hedge relationship – foreign currency forward contracts	4,485	121
	4,485	121

Derivative financial instruments are the Group's only significant financial assets and liabilities that are measured at fair value. Details on the methods used to value the Group's derivative financial instruments are noted below.

Forward Exchange Contracts ('FECs')

FECs are measured using models which utilise inputs such as quoted foreign currency exchange rates, the date of maturity of each contract and foreign currency forward curves. Credit risk on these contracts is considered in the valuation and is generally not material. In the fair value hierarchy referred to in AASB 13, these are Level 2 valuations.

Interest rate swaps

Interest rate swaps are measured using models which utilise inputs such as quoted interest rates, the date of maturity of each contract and interest rate forward curves. Credit risk on these contracts is considered in the valuation and is generally not material. In the fair value hierarchy referred to in AASB 13, these are Level 2 valuations.

Note 7: Borrowings

Accounting policy - borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. The movement from current liability to non-current liability reflects the finalisation of bank documentation in July 2024 with banking facilities in place until March 2027.

Current

	31/12/24 $'000	30/06/24 $'000
Bank loan - commercial bills	-	62,500
	-	62,500

Non-current

	31/12/24 $'000	30/06/24 $'000
Bank loan - commercial bills	77,500	-
	77,500	-

Debt facility increase and extension
During the half year ended, the Group received from the existing financier, National Australia Bank (*"NAB"*), an extension of $15m of existing debt capacity due to expire at the end of July 2024 to March 2027, an additional $15m of short-term debt capacity with $5m which matured in November 2024 and $10m maturing in November 2025, and increased covenant flexibility.

For personal use only

Notes to the financial statements
For the half-year ended 31 December 2024

Note 8: Income taxes

Accounting policy – income taxes
Income tax expense is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities. This is calculated based on tax laws enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for taxable temporary differences. Deferred income tax assets are recognised for deductible temporary differences, to the extent it is probable there will be sufficient future profits in the Group to utilise them against. Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation
The company and all its wholly owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Australian Vintage Ltd is the head entity in the tax-consolidated group. The members of the tax-consolidated group are identified in note 24.

Current tax liabilities and assets, and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Australian Vintage Ltd and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

Significant accounting estimates and judgement – recognition of income tax losses
The Group has recognised deferred tax assets in relation to unused tax losses and temporary differences as at the end of the reporting period. The recognition of deferred tax assets is after considering whether it is probable that the Group will have sufficient taxable profit in the foreseeable future and against which the deferred tax assets can be recovered.

The assessment of whether there will be sufficient taxable profit is subject to a level of judgement and if the actual conditions vary to the assumptions adopted, the carrying value of the asset would need to be reassessed.

	31/12/24 $'000	31/12/23 $'000
Reconciliation of income tax expense to prima facie tax payable		
Accounting profit / (loss) before tax	(473)	3,983
Tax at the Australian Corporate tax rate of 30%	(142)	1,195
Previously unrecognised capital losses now recouped	-	-
Under / (over) provision from prior year	27	(7)
Tax loss not brought to account	90	-
Other	25	13
Total tax expense	-	1,201

Note 9: Other

Contingent liabilities

	31/12/24 $'000	30/06/24 $'000
Bank guarantees	6,182	6,219

Events after the reporting period
There have been no matters or circumstances, other than those referred to in the half-year report or notes thereto, that have arisen since 31 December 2024, that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

For personal use only