AUSTRALIAN VINTAGE LTD

2024 ANNUAL REPORT

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100%

made carbon neutral

As a company so reliant on our environment and natural resources, we at Australian Vintage Limited are proud to produce our 2024 Annual Report on Carbon Neutral and 100% recycled paper.

ecoStar+ is an environmentally responsible paper made carbon neutral and is FSC Recycled certified. ecoStar+ is manufactured from 100% post consumer recycled fibre in a process chlorine free environment under the ISO 14001 environmental management system.


TEMPUS TWO
TEMPUS
TWO
PROSECCO
MID-STRENGTH
75
6.8%
4

Australian Vintage Board of Directors

JAMES WILLIAMSON
Interim Chairman and Interim CEO

Mr Williamson has over 28 years of experience in financial markets including significant experience in covering global alcoholic beverages as an analyst based in London for Societe Generale and is the Co-Founder and Chief Investment Officer of Wentworth Williamson Management, a substantial shareholder of the Company. Wentworth Williamson Management is a private Australian-based value fund manager with both equity and private credit funds. Prior to Wentworth Williamson, Mr Williamson worked for Allan Gray Australia and prior to that he was Portfolio Manager of the Investec Australian Equity Fund. Mr Williamson holds a Bachelor of Commerce, a Graduate Diploma of the Securities Institute of Australia and is a Senior Associate of FINSIA.

MARGARET ZABEL
Non-Executive Director

Margaret Zabel is a specialist in customer centred business transformation, brand strategy, innovation, communications, customer experience and change leadership. She has 20 years senior executive experience working across major companies and brands in FMCG, food and beverage, technology and communications industries including multinationals, ASX 100 and not-for-profits. Her previous roles include National Marketing Director Lion, VP Marketing for McDonald's Australia and CEO and Board Director of The Advertising Council of Australia. Margaret has also served as a Non-Executive Board Director for the mental health charity R U OK? and Fairtrade AUNZ, and is currently a Non-Executive Director on the Boards of G8 Education, Select Harvests, The Reject Shop and Collective Wellness Group.

MICHAEL BYRNE
Non-Executive Director

With a distinguished career spanning over four decades, Michael Byrne has established himself as a seasoned Global C-suite executive and Non-Executive Director. His expertise in strategic planning, operational management, and financial stewardship has left an indelible mark across diverse industries and geographies, including Australia, New Zealand, North America, Oceania, Europe, sub-continent, Asia, the Middle East, and Africa. Mr Byrne is currently a non-executive director of Ausgrid, NSW Ports and Peel Ports UK, as well as a Senate member of the University of WA. Mr Byrne has previously held positions of Managing Director of Toll Group and Chief Executive Officer of both Coates Hire and Linfox, as well as Board and Committee positions with Australia Post, OzHarvest, Victoria University and the University of Denver. Mr Byrne holds a Master of Science in Transportation and Infrastructure from the University of Denver. In 2017, Mr Byrne became the inaugural Adjunct Professor at the Centre for Supply Chain and Logistics at Deakin University and is a Fellow of the Australian Institute of Company Directors.

ELAINE TEH
Non-Executive Director

Ms Teh is the founder and executive Chair of Octopus Global Holdings, which is the Company's current distributor in Singapore and Malaysia. Octopus Global is the sole representative of many large global distributors in Singapore and Malaysia, including Diageo, Paulaner, San Miguel, Australian Vintage, Fever Tree, ABInBev and more. Ms Teh holds a Bachelor of Arts, Economics and Japanese from the University of New South Wales, Australia.

Interim Chairman's Report to Shareholders

Australian Vintage (AVG) is a world class, consumer led, alcoholic beverage Company with over two thirds of revenue derived from export markets. AVG are global leaders in wine innovation and the no-and-low wine category with industry leading environment, social and governance (ESG) credentials. The Company has a modern production facility, the third largest in Australia, with capacity to absorb planned growth and an experienced and stable senior management team to deliver industry leading performance.

Australian Vintage has a refreshed Board with deep global experience across beverages, logistics, financial markets, fast moving consumer goods marketing and innovation.

There are three main objectives that the Company is set up to deliver:

1. **Grow the top line and earnings of the Company;**
2. **Enable the Company to achieve consistent sustainable positive free cash flow; and**
3. **Grow the share price to close the gap to its net tangible assets per share.**

A multi prong strategy has been implemented to achieve these objectives, through:

- Driving top line growth:
  - Investing in category leading, and margin accretive, brands and innovation;
  - Leveraging existing export capability to position for new market expansion across China, rest of Asia and the Americas;
  - Utilising industry leading ESG credentials to deliver a point of difference; and
  - Investing inventory into markets and categories, without discounting pillar brands, where it currently does not compete.
- Continuing the focus on the operational footprint and reducing the cost base:
  - Reducing fixed grape supply and increasing flexibility of grape sourcing (e.g. Balranald lease termination);
  - Improving inventory churn from an average of two years to one-and-a-half years;
  - Driving further operational efficiencies; and
  - Sweating the assets whilst optimising the overall operational footprint.
- Maximising utilisation of AVG's modern processing facilities that have capacity to support planned growth and/ or industry partnership/ consolidation opportunities.

Implementation of this strategy is targeted to deliver a 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 of FY27. Note, FY25 is targeted to be cash flow neutral as 70% of the contracted grapes purchased for vintage 2024 are paid in FY25, in line with industry norms. ROCE of +8% is targeted by the end of FY27 and earnings more closely aligned to free cash flow. All targets are subject to consumer market dynamics, agricultural risk and foreign exchange.

Overview of the FY24 Result

Given the trading environment, and challenging industry conditions, the Company has been able to improve revenue and earnings over the prior year in contradiction to industry trends. A relentless focus on efficient brand investment, innovation and cost out measures have seen earnings and cash flow improvement. In all key markets inflation continued with competitive aggression deflating overall shelf price and increasing the cost of doing business. Double digit underlying earnings improvement, in line with guidance, has increased EBITDAS to $29 million, EBITS to $13 million and NPATS to $5 million, 12%, 25% and 26% respectively higher than the prior year.

AVG has continued to maintain, and improve, market share across key geographies, delivering increased revenue to $261 million. The branded business is in growth, with pillar brand sales maintained at 78% of total revenue (65% in FY 20). Investment into pillar brands has resulted in a 4% compound annual growth rate (CAGR) since FY20. Over that time, key pillar brands have grown in value, with a CAGR of Tempus Two +7%, Nepenthe +13%, Barossa Valley Wine Company +6% and McGuigan +1%.

In emerging markets, North America has grown by +28% over the prior year whilst previous growth in Ireland has been maintained. China commenced re-ordering in the second half of the financial year whilst the partnership with COFCO has been renewed with the signing of the ten-year extension of the partnership agreement. Rest of Asia has been a challenging market for Australian exporters with inflationary pressures impacting discretionary spend.

Innovation is key to revenue and margin growth and is a core strength of AVG. Premiumisation and innovation now represent 26% of revenue and 35% of margin, a significant increase from 7% and 10% respectively in FY19, prior to the launch of McGuigan Zero. Innovation launched in FY24 includes Not Guilty, McGuigan Mid, Tempus One and McGuigan Gold. AVG are the global leaders in no-and-low with the McGuigan Zero product number 1 in the UK, Ireland, Australia and NZ. Globally, AVG has increased the revenue contribution from the no-and-low wine category by +20% over the prior year.

Normalised free cash flow (pre capital raise, asset sales and dividends) has improved by +$6 million over the prior period. Working capital was impacted by timing of sales in the UK, timing of sales receipts, and higher inventory due to higher processing of grapes and Red Sea impacts.

Other balance sheet

In May 2024, AVG's financiers extended existing facilities to March 2027 with increased covenant flexibility. Over and above the facility extension, the financier provided an incremental $15 million of facilities, with $5 million to be paid back in November 2025 and the residual $10 million to be paid back in November 2026, securing AVG's liquidity.

AVG completed a $14 million capital raise ($15 million raise net of $1 million in fees) increasing the number of shares in AVG to ~328 million. The combination of these factors and free cash flow has resulted in a net debt balance of ~$56 million, and a net debt/ underlying EBITDAS of 1.9 times.

AVG has been actively working to increase the flexibility of its grape sourcing whilst removing assets that are not core to growth. Key to this strategy was the sale of the Yaldara vineyard in May 2024 and early termination of the Balranald Vineyard lease in July 2024, a vineyard producing 11 – 13 ktonnes of grapes, predominantly red, per annum.

Sustainability

Sustainability is important to the future of AVG. AVG is proactive in continuing the journey to be net positive in everything it does, showcased through the achievement of the B Corp Certification. AVG is pleased to have made good progress against its commitments. All sites are now powered by 92% renewable energy, over 1.5 million kilograms in weight have been reduced from dry goods procured, over 311, 000 kilograms of waste has been saved from landfill and total emissions have reduced by 13% from FY22.

The lead safety TRIFR statistic for FY24 was 26, in line with the prior year.

Conclusion and Thanks

Looking to FY25 and beyond, I remain confident in the experienced management team, coupled with the refreshed Board, to execute the Company's strategic imperatives.

Focused revenue and margin growth through innovation, geography and brand mix whilst reducing the fixed cost base is expected to deliver stronger free cash flow. With the Company's large asset backing, coupled with more effective inventory utilisation, targeted free cash flow of +$20 million, a return on capital employed (ROCE) of greater than 8% and earnings more in line with free cash flow is anticipated to be achieved by FY27.

Australian Vintage will also continue to explore potential industry consolidation and collaboration opportunities to further improve asset utilisation and earnings.

The Board and I would like to acknowledge and thank the prior Board for their stewardship of the Company and wish Mr Peter Perrin a speedy recovery from his cancer diagnosis. I would also like to thank our people, customers, growers and suppliers for their dedicated commitment to the business, together with our shareholders for their ongoing support of Australian Vintage Ltd.

Mr James Wiliamson
Interim Chairman

KEY HIGHLIGHTS

Revenue increased to
$261m

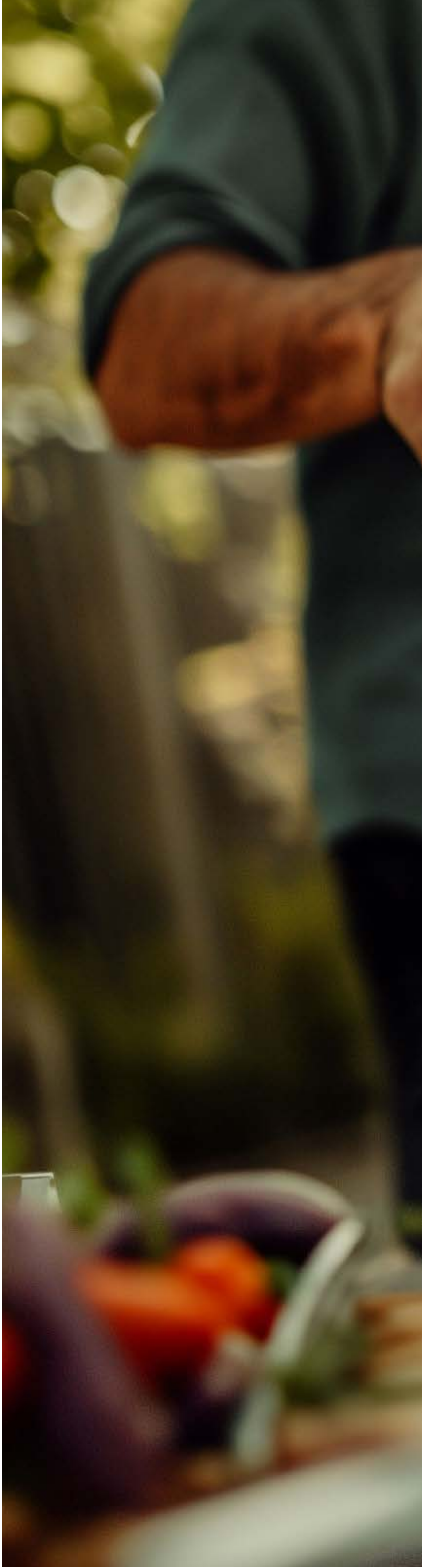
Underlying EBITS increased 25% to
$13m

No-and-low alcohol sales increased
20%

Innovation & premium portfolio contributing
35%
to margin

Liquidity secured
with increased banking facilities and capital raise

Positive ESG progress
B Corp Certified




McGUIGAN
BLACK
Label
RED

Company Profile

Australian Vintage delights and inspires wine drinkers globally by placing the consumer at the heart of everything we do.

Our dedication to consumer-led innovation, and a broad portfolio of globally recognised brands has solidified our leadership in the beverage industry. Available in over 40 countries, our products reflect our winemaking pedigree, and cutting-edge production capabilities.

As a certified B Corporation, we are committed to positively impacting the people and planet where we operate. Our innovations are crafted with sustainability in mind, contributing to positive social and environmental impact. From emerging varietals, to no and low alcohol wines, ready-to-drink products, and diverse packaging formats, we continuously expand drinking options and occasions to meet evolving consumer preferences.

Our pillar brands, including McGuigan, Tempus, Nepenthe, Barossa Valley Wine Company and Not Guilty, consistently outperform the market, both domestically and internationally. Sourced from Sustainable Winegrowing Australia certified vineyards and crafted in one of the world's most technologically advanced winemaking facilities, our wines are synonymous with quality and innovation.

Our dynamic portfolio of global brands

AUSTRALIAN VINTAGE

McGUIGAN WINES

TEMPUS

NEPENTHE

BAROSSA VALLEY WINE COMPANY

NOT GUILTY

PASSION POP

CTZN A.I. CURATED | HUMAN CRAFTED

THE BUTCHER'S CELLAR

The Shy Pig

KILKENNY CREAM CRAFTING CREAM LIQUEURS SINCE 1973

SMOKY BAY Australia

LOXTON Wines of Australia

ausgrape


TEMPUS
one
BERRY
PROSECCO | SODA | FLAVOUR
4.0% ALC/VOL
330ml

Sustainability Report

Australian Vintage is committed to demonstrating that 'There's more to good wine' through having a positive impact on people and planet where the Company operates.

During FY24, progress was made against the Company's environmental, social and governance (ESG) strategy. Key focus areas include reducing organisational emissions, improving the Company supply chain, and expanding the Company's social impact.

All measurements and targets utilise globally recognised frameworks and are audited and underpinned by a select group of world class and recognised partners giving confidence in what we do and how we measure it.

Australian Vintage over many years will continue taking the necessary steps to make good wine today, to ensure people can enjoy it tomorrow too.

Our sustainability targets and impact progress

Our Pillars	Our Sustainability Targets	Our Progress Against Our Targets
ENVIRONMENT *(Nurture Nature)* Take action to reduce and mitigate company emissions across Scopes 1, 2 and 3	• Reduce Greenhouse Gas (GHG) emissions in line with Science Based Targets initiative parameters. • 42% reduction in Scope 1 and 2 GHG emissions, monitoring, and mitigating Scope 3 by 2030 • Net zero across Scopes 1, 2 and 3 by 2040	• Total GHG Reductions of −2.9% since FY22 across Scopes 1, 2 and 3 on a per unit basis • Achieved leading performance status with Australian Packaging Covenant Organisation (APCO) • Continued to lightweight glass bottles resulting in over 1.5 million kgs of weight removed from the supply chain since FY22 • Powered by 92% renewable energy, an increase of 43% from FY22 • Awarded Highly Commended for the Best Environmental Sustainability Initiative at The Drinks Association's Australian Drinks Awards 2024
SOCIAL *(Thriving People)* Facilitate and improve relationships and wellbeing for AVG employees and communities where the company operates	• Nurture safety and wellbeing of employees • Cultivate a diverse and inclusive workplace • Promote responsible alcohol enjoyment • Engage and connect with communities where we operate	• Reduced our total recordable injury frequency (TRIFR) by 41% from FY22 • Achieved Inclusive Employer status with Diversity Council of Australia • Reduced gender pay gap from 9% to 5% from FY22 • Contributed funding to responsible enjoyment, awareness and education programs • Implemented two paid volunteer days for all salaried staff to enable personal impact in their communities
GOVERNANCE *(Meaningful Growth)* Operate with purpose and report transparently, to deliver sustainable growth and impact	• B Corp Certification • Evidence based approach to monitoring and reporting company impact	• Achieved B Corp certification in February 2024 • Partnered with globally recognised best in class partners to monitor and report our progress • Triple bottom line reporting in line with the Australian Accounting Standards Board (ASSB) sustainability standards

ENVIRONMENT – Nurture Nature

Climate Action to Net Zero 2040

Australian Vintage remains firmly committed to climate action, focusing on reducing and mitigating emissions across Scopes 1, 2, and 3. Using 2022 as the baseline year, and aligning with Science Based Targets initiative (SBTi) parameters the company aims to achieve net zero by 2040 across the entire value chain. In FY24, the Company prioritised reducing Scope 1 and 2 emissions, targeting a 42% reduction by 2030.

FY24 Greenhouse Gas (GH) Assessment highlights:

- Reduced total GHG emissions by -13% since FY22 across Scopes 1, 2 and 3
- -21% reduction in Scopes 1 and 2 emissions from FY22
- Renewable energy program has resulted in -51% reduction in Scope 2 emissions since FY22
- FY25 emission reduction focus to remain on land management, electricity & fuels, purchased goods & services and transport & distribution hotpots

Sustainable Winegrowing Australia

After certifying all owned and operated vineyards and wineries in FY23, Australian Vintage collaborated with valued grower partners to educate and support them on their path to certification. These efforts resulted in 92% of the 2024 vintage crush being certified Sustainable Winegrowing Australia, surpassing the Company's target of 50%.

From vintage 2024, select Australian Vintage wines will proudly bare the Sustainable Winegrowing Australia Trustmark, providing consumers with a globally recognisable mark that cements the Company's commitment to sustainable winegrowing practices.

Renewable energy to power us

Australian Vintage is on track to achieve their target of all owned and operated sites being powered by renewable energy in 2024. The Company has removed 2,561 $tC0_2e$ from their Scope 2 emissions by transitioning to renewable power sources, the equivalent of 714 round trip flights between Sydney and London.

Packaging for a circular future

As a signatory to the Australian Packaging Covenant Organisation (APCO), the Company is committed to the 2025 National Packaging Targets. Today, 98% of Australian Vintage's primary packaging is reusable, recyclable, or compostable, with over a third of all packaging made from recycled materials.

The following positive changes were made to packaging:

- Introduced compostable vegan bio inks for screen-printed bottles
- Transitioned to 100% recycled brown board cartons
- Eliminated unnecessary secondary packaging
- Aligned commercial wine glass bottles with global standards (<420g)
- Launched 300g bottles for our entry level UK packed wines
- Adopted tearaway screwcaps for 100% recyclability in Australia

These changes have improved transport efficiencies and reduced the Company's packaging emissions by 2,570 $tC0_2e$, the equivalent of carbon absorbed by 659 hectares of Australian temperate forest. Australian Vintage continues to partner with gold glass suppliers on innovation, to design and source functional, sustainable packaging that creates a positive impact for customers, consumers and environment.

Company progress against National Packaging Targets

AUSTRALIAN VINTAGE	98% +17% improvement from 2023	62%* +7% improvement from 2023	33% +2% improvement from 2023	Waste review in plan for FY25
APCO AUSTRALIAN PACKAGING COVENANT ORGANISATION	100%	70%	50%	
	of packaging will be reusable, recyclable or compostable	of plastic packaging will be recycled or composted	Average recycled material across all packaging	Phase out problematic and unnecessary single-use plastic packaging

* Does not include tertiary packaging Source-2024 APCO report

SOCIAL – Thriving People

At Australian Vintage, people are the greatest asset, that is why the wellbeing, safety and happiness of AVG employees and the people and communities surrounding the Company's operations is of the highest importance.

When people are supported and nurtured, they thrive. Australian Vintage employee benefits are industry leading, and the Company continues to develop a diverse, equitable and inclusive workplace. Fostering an equal and achievement-based culture has resulted in the Company reducing their gender pay gap from 9% to 5% from FY22.

Belonging committee

The internal Belonging committee is focused on education and awareness programs across LGBTQI+, mental health, First Nations representation, culture, race and gender equality with the objective is to ensure every person within Australian Vintage feels welcomed, acknowledged, and included.

Volunteering

The Company introduced two paid volunteer days to all salaried employees, encouraging people to contribute their time and skill to not for profit and community organisations where they live.

We asked R U OK?

As an accredited Mental Health First Aid Skilled Workplace, Australian Vintage understands the importance of providing a supportive work environment. Annually the Company supports R U OK? Day, an event that aims to open conversations and provide assistance to those who may be struggling by simply asking – "are you ok?"

SOCIAL – Thriving People

Responsible Enjoyment

To promote education and awareness around responsible enjoyment of alcohol, Australian Vintage supports programs to reduce alcohol related harm. Partnering with DrinkWise in Australia and Community Alcohol Partnerships in the UK, the Company actively funds local programs to educate consumers and industry on staying tasteful, respectful and safe.

The Company continues to innovate in the no and low alcohol space. Leveraging their world class assets and expertise they have crafted a portfolio of market leading no, low and mid alcohol products that enable consumers to moderate, abstain or simply enjoy the occasion for longer.

The recent launch of *Tempus One*, a lower-alcohol, ready-to-drink spritzer, has particularly resonated with younger consumers and those entering the wine category.

Certified B Corporation

GOVERNANCE – Meaningful Growth

Australian Vintage commits to having a positive impact on society and the environment where the Company operates, conducting business with transparency and purpose to deliver impact and growth.

Certified B Corp

In February 2024 Australian Vintage became a Certified B Corp. This gold class, globally recognised Trustmark is awarded to for-profit organisations that meet the high standards of impact, transparency and accountability across environment, social responsibility, governance and community. To gain certification organisations must pass a rigorous assessment, verified by a third party audit and recertify every three years. There are currently over 8000 certified organisations globally, and Australian Vintage is one of only 60 listed B Corps.

The assessment involved collaboration across the entire Australian Vintage team and is a reflection of the sustainable, inclusive and industry leading practices that are at the heart of the organisation.

Securing this certification has had positive impact on Australian Vintage's market position and presence, building relationships with key customers and consumers internationally, who are very supportive of this milestone.

As a B Corp, the Company is committed to continuous improvement, using business as a force for good to create shared value for all stakeholders and showcase impact at scale.

Corporate Governance Statement

Approach to corporate governance

Meaning of Corporate Governance

The ASX Recommendations define corporate governance as the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanisms by which companies and those in control are held to account.

Importance

Australian Vintage Limited (**Company**) recognises that good corporate governance underpins sustainable business performance and enhances long-term shareholder value.

Responsibility

Whilst the Board is responsible for establishing and maintaining the corporate governance framework of the Company, good corporate governance practices are also the responsibility of the CEO, CFO, Company Secretary and the Executive Committee, all working together to embed a culture aligned with the following Company values:

OUR VALUES

Working Collaboratively
We know and do what is right, we work together, and we care about each other and our consumers

Innovative
We create and we evolve

Nimble & Responsive
We are efficient and we are agile

Empowered
We embrace opportunities to contribute and we are trusted

For more information on the Company's values and behaviours, see the Remuneration Report within this Annual Report.

ASX Governance Recommendations

Following a full review of its corporate governance systems and policies, the Company's corporate governance practices have, in the opinion of the board of directors of the Company (**Board**), complied with the fourth edition of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (**ASX Recommendations**), or have been explained on an "if not, why not" basis for the financial year ended 30 June 2024 (**Reporting Period**).

This statement describes the key corporate governance policies and practices of the Company for the Reporting Period.

The Board notes that since the end of the Reporting Period, a comprehensive board refresh program has been undertaken in an expedited timeframe at the request of shareholders resulting in the appointment of four new directors, including two independent directors and two non-independent directors, with one of the non-independent directors being appointed Interim Chair and Interim CEO. This has the effect of the Company not complying with Recommendation 2.4 (a majority of the board of a listed entity should be independent directors) and Recommendation 2.5 (the chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity) of the ASX Recommendations with effect from 23 August 2024. The executive chair role has been appointed on a temporary basis and with a search underway, the priority for the Board is to appoint a permanent CEO. In the meantime, the Board has ensured that each Board Committee is chaired by an independent director and the membership of each Board Committee is comprised of a majority independent directors. The Board has also moved the responsibility for the nomination function from the Board to an independently Chaired Board Committee. Further detail regarding the interaction with the ASX Recommendations will be provided in the 2025 Corporate Governance Statement.

Board of directors

Role and responsibilities of the board

The role of the Board is to provide overall strategic guidance and leadership for the Company and effective oversight of management.

The Board Charter sets out the division of responsibilities between the Board and management and the framework for the operation of the Board as well as membership of the Board.

The primary responsibilities of the Board include:

Leadership, Culture and Values	• demonstrating leadership • defining the Company's purpose • approving the Company's statement of values and Code of Conduct to underpin the desired culture within the Company • monitoring compliance with the Code of Conduct • actively promoting ethical and responsible decision-making
Nomination and Appointment	• appointing the Chair of the Board, CEO, CFO and Company Secretary • recruitment of new directors, including evaluating the balance of skills, knowledge and experience, independence and diversity on the Board • oversight of the performance evaluation process of the Board, its committees and individual directors • succession planning for the Board, CEO and senior executives
Strategy and Performance	• providing input into and final approval of management's development of corporate strategy and strategic performance objectives • overseeing management in its implementation of the Company's strategic objectives • satisfying itself that the Company has in place an appropriate risk management framework (for both financial and non-financial risks) • setting the risk appetite within which the Board expects management to operate • satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite
Audit	• appointing and monitoring the external auditor • assessing whether the external auditor's provision of non-audit services impairs or appears to impair their judgment or independence • ensuring receipt of the CEO and CFO declarations required by law
Stakeholders and ESG	• establishing and monitoring policies governing the Company's relationships with other stakeholders and the broader community • establishing and maintaining environmental, social, governance, employment and occupational, health and safety policies • overseeing compliance with other regulatory and statutory requirements

Management is responsible for all other aspects of the management of the Company which are not reserved to the Board or Board committees. This includes the management and operation of the Company on a day-to-day basis, implementing the Company's strategic objectives, instilling and reinforcing the Company's values, operating within the values, Code of Conduct, budget and risk appetite set by the Board and providing the Board with accurate, timely and clear information on the Company's operations, financial performance, compliance with material legal and regulatory requirements and any conduct which is materially inconsistent with the values or Code of Conduct.

Further information can be found in the Board Charter available at www.australianvintage.com.au/investor-centre/corporate-governance/

Composition of the board

For the Reporting Period the Board comprised a majority of non-executive Directors where the Chairman of the Board is a non-executive, independent Director and not the Chief Executive Officer.

Details of the directors of the Board who served during the Reporting Period are set out below.

Director	Position	Independent
Richard Davis	Chairman, Non-Executive Director	Yes
Naseema Sparks	Non-Executive Director	Yes
John Davies	Non-Executive Director	Yes
Peter Perrin	Non-Executive Director Acting Chief Executive Officer (from 3 May 2024)	Yes (for the period 1 July 2023 to 2 May 2024) No (from 3 May 2024)
* Craig Garvin	Chief Executive Officer, Executive Director	No

* Employment ended with effect from 3 May 2024

The terms of office held by each Director and remuneration information is detailed in the Director's Report included in this Annual Report.

Directors are appointed in accordance with the Company's Constitution. In terms of election:

- one-third of the Board is required to retire at each Annual General Meeting (**AGM**) and may stand for re-election. The directors to retire will be those who have been longest in office since their last election, noting that directors must retire three years since their last election;
- a director who has been appointed by the Board to fill a casual vacancy is required to retire and stand for election by the shareholders at the next AGM; and
- the Managing Director is not required to stand for election/re-election as the position of Director is linked to an executive office.

Board skills

Members of the Board have been brought together to provide a blend of qualifications, skills and experience required for managing a company operating in the wine industry. Taking into account the current and future strategic direction of the Company, the Board regularly reviews the current and desired skills and experience of individual directors and the Board as a whole.

A summary of the key skills and experience, collectively across the Board during the Reporting Period, is set out in the following skills matrix:

	SKILL/ EXPERIENCE	SUMMARY	DIRECTORS WITH SKILL/EXPERIENCE
AVG STRATEGIC THEMES	Wine Industry Experience	Good working knowledge of the structure, operations and opportunities in the Australian wine industry	●●●●○
	Retail & FMCG Experience	Experience in the retail and fast moving consumer goods (FMCG) industry, particularly in the alcohol industry, including an in-depth knowledge of merchandising, product development, exporting, logistics and customer strategy	●●●●○
	Mergers & Acquisitions	Experience in M&A including implementation advisory	●●●●●
	Marketing	Experience in promoting a product or service or building brands	●●●○○
	Innovation	Experience in developing new ideas for the purpose of gaining social or economic value	●●●○○
	Digital Technology	Expertise and experience in adopting new digital, technologies or implementing technology projects, and digital disruption, leveraging digital technologies or understanding the use of data and data analytics	●●●●○
	International Business	International business experience and exposure to different political, cultural, regulatory and business environments	●●●●●
	Sustainability	Skills or experience in understanding/improving sustainability initiatives in companies	●●●●○
GENERAL DIRECTOR SKILLS / EXPERIENCE	Governance	Experience serving on boards in diverse industries and for a range of organisations. An awareness of global practices and trends. Experience in implementing high standards of governance in a large organisation	●●●●●
	Strategic Planning	Experience defining strategic objectives, assessing business plans and driving execution in organisations	●●●●●
	Financial	Experience in financial accounting and reporting, internal financial and risk controls, corporate finance and/or corporate transactions, including ability to probe the adequacies of financial and risk controls	●●●●●
	People & Culture	Experience monitoring a company's culture, overseeing people management and succession planning, and setting remuneration frameworks	●●●●●
	Work Health & Safety	Experience of understanding/instilling a safe work culture	●●●○○
	Risk Management	Experience in recognising and managing risks which have the potential to impact business objectives and reputation	●●●●●

The experience, expertise and period in office of each Director are detailed in the Director's Report included in this Annual Report.

Board independence

The Board has adopted the definition of independence set out in the ASX Recommendations.

The Board assesses the independence of each Director, having regard to:

- any disclosures made by Directors regarding their independence;
- the definition of independence set out in the ASX Recommendations;
- the relationships affecting the independent status of a Director as described in the ASX Recommendations; and
- any other matters the Board considers relevant.

Each Director's independence is assessed by the Board on an individual basis, having regard to the above and focussing on an assessment of each Director's capacity to bring independence of judgement to Board decisions. In this context, Directors are required to promptly disclose to the Board their interests in contracts, family ties and directorships which may be relevant in considering their independence.

The Board has reviewed the position and relationships relevant to each of the Directors in office during the Reporting Period and with the exception of the CEO and Acting CEO, considers that all non-executive Directors are independent. Although Richard Davis has served on the Board for a number of years, the other Directors have determined on balance that his independence remains uncompromised.

Other board information

Board selection and appointment

The Company's aim in determining Board membership is to create a Board with the appropriate balance of skills, knowledge and experience, independence and diversity to ensure it can properly fulfil its duties.

New Directors are nominated by the Board through the processes set out in the Board Charter. For independent non-executive Directors, nomination follows a search process to identify suitably qualified candidates. Where appropriate, this is undertaken by an independent service provider. New Directors are invited to become members of the Board on the basis of a majority vote of Directors. Consideration is given to Director's experience and qualifications with a view to ensuring effectiveness and an appropriate balance of skills.

In relation to appointing a new director, or putting forward to shareholders a candidate for election, the Company will verify via appropriate independent checks that any new proposed director is capable of holding a position as a director and is a fit and proper person for that purpose.

In addition, the Company will continue to provide shareholders with all material information in its possession relevant to a decision whether or not to elect or re-elect a Director.

The Company has written agreements in place with each Director and Senior Executive setting out the terms of their appointment.

Director induction

All newly appointed Directors will participate in an induction program, which includes provision of information relevant to their new role, attendances at key sites and introductions to key staff. This induction includes briefings on the Company’s business, strategy, financial, operational and risk management matters, and factors relevant to the industry in which the Company operates.

Performance review of board, committees and directors

The Company has a range of processes in place relating to performance evaluation of the Board, the Board Committees and individual Directors.

The process of evaluating the performance of the Board as a whole is the responsibility of the Board under the direction of the Chairman. The evaluation of Board performance involves review and discussion of Board effectiveness, including a review of:

- Board papers, minutes and conduct of Board meetings;
- strategic planning, monitoring business performance and risk management;
- Board culture and commitment to vision and strategy;
- relationship with management;
- Board structure and skills mix; and
- interactions with external stakeholders.

Board reviews are conducted annually utilising a confidential questionnaire completed by the Board. Responses are collated by the Company Secretary and discussed by the Board.

Individual director performance is assessed annually, by means of:

- self-assessment survey;
- peer review survey; and
- one-on-one interview with the Chairman.

Individual director reviews assess:

- director skills and experience;
- support for Company vision values and contribution to setting the tone at the top;
- acting in the best interests of the Company;
- active participation in board meetings; and
- embodiment of Company behaviours including being a role model for integrity, respect, courage, collaboration, resilience and trust.

Board Committee Charters provide for periodic Committee performance reviews. These reviews take place annually and utilise a confidential questionnaire completed by members of the Committee, other directors and relevant senior executives to guide discussion of performance. Where necessary, recommendations are made to the Board for improving the effectiveness of the Committee.

The Board undertakes a review of the performance of the Chief Executive Officer each year against the balanced scorecard. The balanced scorecard targets consist of a number of key performance indicators covering both financial and non-financial measures of performance. Non-financial measures include items such as safety and employee engagement, as well as related organisational behaviours that impact culture and performance. The specific balanced scorecard targets for the Reporting Period are set out in the Directors' Report enclosed in this Annual Report.

These reviews have been conducted in relation to the Reporting Period in accordance with the relevant processes.

Director professional development

The professional development needs of existing directors is periodically reviewed as part of the Board and individual director evaluation process occurring annually.

It is also reviewed when Committee responsibilities are changed, for example the change from the Remuneration Committee to the People, Remuneration and Culture Committee and the Risk Committee to the Risk and Sustainability Committee.

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Details of the qualifications of the Company Secretary are set out in the Directors' Report enclosed in this Annual Report.

Committees

Establishment of committees

During the Reporting Period, the Board had three standing committees to assist in the discharge of its responsibilities. These are the:

- Audit Committee;
- Risk and Sustainability Committee; and
- People, Remuneration and Culture Committee.

As and when required, the Board establishes special purpose sub-committees to give detailed consideration to specific matters and report back to the board with recommendations.

Purpose and responsibilities of committees

Each Board committee has a committee charter, detailing its purpose and responsibilities (**Charter**). A summary is set out below. Each Charter is reviewed annually to ensure it aligns with best practice and evolving regulatory requirements.

The committee Charters can be viewed at www.australianvintage.com.au/investor-centre/corporate-governance/

Audit Committee

Composition

For the Reporting Period, the Audit Committee comprised three members, all of whom are non-executive directors and independent. The Audit Committee was chaired by an independent, non-executive director who is not the Board Chairman.

Membership

The members of the Audit Committee during the Reporting Period were:

- John Davies (Chairman)
- Richard Davis
- Naseema Sparks

Details of the qualifications of Audit Committee members and their attendance at committee meetings throughout the Reporting Period are detailed in the Directors' Report enclosed in this Annual Report.

Purpose and responsibilities

The nomination and review of existing audit arrangements is undertaken by the Audit Committee. The Audit Committee addresses issues surrounding the integrity of financial information presented to the Board and shareholders, including the review of external auditor engagements and internal financial reporting policies and controls.

The Audit Committee is responsible for reviewing the consistency of the Company's internal accounting policies on a year-to-year basis as well as compliance with relevant accounting standards and legislation. The Audit Committee is also responsible for reviewing the processes and controls for the identification and management of financial risks.

The Audit Committee advises the Board and makes recommendations in relation to policy and procedures and application of principles of Corporate Governance. The Committee addresses issues of proper Corporate Governance procedures and practices to ensure that the Company maintains the highest integrity and best practice with respect to such matters.

The Audit Committee invites the Chief Financial Officer and external auditors to attend Audit Committee meetings.

The Audit Committee or its Chairman meets formally with the Board at least twice a year to discuss the relationship with external auditors, the Company's financial reporting and any other matters of relevance called upon by the Board or the Chairman of the Audit Committee for discussion.

Risk and Sustainability Committee

Composition

For the Reporting Period, the Risk and Sustainability Committee comprised three members, a majority of whom are non-executive directors and independent. For a majority of the Reporting Period, the Risk and Sustainability Committee was chaired by an independent, non-executive director who is not the Board Chairman. From 3 May 2024, the Chair of the Committee was non-independent due to taking on the role of Acting CEO as a result of the CEO's employment ending. The role was undertaken on a temporary basis and there were no meetings of the Risk and Sustainability Committee during this period.

Membership

The members of the Risk and Sustainability Committee during the Reporting Period were:

- Peter Perrin (Chairman)
- Richard Davis
- John Davies

The attendance of committee members at each committee meeting during the Reporting Period is detailed in the Directors' Report enclosed in this Annual Report.

Purpose and responsibilities

The Committee is established by the Board to support and advise the Board in relation to material and emerging risks that may impact the Company meeting its corporate objectives and vision, delivering shareholder returns, and its reputation and standing in the community.

Key responsibilities of the Committee include:

- Overseeing the effectiveness of the Company's risk management framework, and making recommendations in respect of the development and embedding of the risk management framework and risk appetite to the Board;
- Assisting the Board with the monitoring and review of the Company's risk culture;
- Reviewing, monitoring and approving the Company's sustainability strategy and providing advice to management on associated implementation plans and other issues that may impact the Company's sustainability;
- Approving policies and initiatives that ensure best practice risk management, reflect stakeholder expectations and influence the Company's reputation as a responsible and sustainable organisation; and
- Reviewing and monitoring the Company's compliance with legal and regulatory obligations, internal policies and industry standards.

Further detail about the Committee's role in overseeing the effectiveness of the Company's risk management framework is set out below under the heading Risk Framework.

People, Remuneration and Culture Committee

Composition

During the Reporting Period, the People, Remuneration and Culture Committee comprised three members, a majority of whom are non-executive directors and independent. The People, Remuneration and Culture Committee was chaired by an independent, non-executive director who is not the Board Chairman.

Membership

The members of the People, Remuneration and Culture Committee during the Reporting Period were:

- Naseema Sparks (Chair)
- Richard Davis
- Peter Perrin

The attendance of committee members at each committee meeting during the Reporting Period is detailed in the Directors' Report enclosed in this Annual Report.

Purpose and responsibilities

The Company recognises that its people are its primary asset and valuable brand ambassadors and that a values-driven culture underpins sustainable business performance and positive engagement within the Company's stakeholder community.

Key responsibilities of the Committee include:

- promoting a culture of lawful, ethical, sustainable and responsible behaviour, which supports the Company's strategic vision and objectives;
- providing a safe, harmonious and supportive environment for the Company's people in order to attract and nurture a diversity of high-performing and emerging talent;
- ensuring that the Company talent pool is remunerated fairly, responsibly and in line with shareholder expectations; and
- fulfilling the Company's statutory, fiduciary and regulatory responsibilities in relation to remuneration and associated employee matters.

Remuneration policies and practices

The Company has developed a Remuneration Policy which describes the Company's remuneration policies and the rationale behind them. The Remuneration Policy is available at www.australianvintage.com.au/investor-centre/corporate-governance/.

The Company's Remuneration Policy is reviewed annually by the People, Remuneration and Culture Committee.

Particulars concerning Director and Executive remuneration and the Company's performance rights and option plan are set out in notes to the financial statements and the Remuneration Report.

Non-executive directors do not receive any performance-based remuneration and are not paid any retirement benefits other than superannuation. The Company has a policy that participants in the AVG Performance Rights and Option Plan are specifically prohibited from hedging the exposure to the Company's share price during the vesting period in respect of their unvested options or performance rights. This prohibition is reflected in the terms of the letter of offer to participate in the Plan.

For more information on the Company's remuneration, see the Remuneration Report within this Annual Report.

Approach to diversity and inclusion

Diversity and inclusion

At Australian Vintage we recognise that an inclusive culture which embraces diversity is integral to our continuing success. The Company is committed to supporting a diverse workplace and has implemented a group-wide Diversity Policy. The details of the Policy are available at www.australianvintage.com.au/investor-centre/corporate-governance/.

In accordance with its Diversity Policy, the Board has adopted measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally. Executive Committee members are required under the Company's Diversity Policy to monitor and report annually to the People, Remuneration and Culture Committee of the Board on the progress and effectiveness of these objectives.

In relation to the constitution of the Board, the Company has a number of initiatives in place to meet its strategic imperative of ensuring the Company has a diverse Board and to achieve its measurable objective regarding Board diversity. These include:

- ensuring a diverse range of qualified candidates is considered for Board appointments;
- evolving a Board skills matrix and using the matrix to identify any gaps in the experience, skills and background, including gender and diversity generally, of Directors of the Board; and
- the use of professional intermediaries (such as external search firms) to identify and assess qualified candidates.

The Board will continue to review its structure and membership to ensure that it meets operational requirements and to continue to improve Board diversity in the future.

FY24 objectives and results

The objectives for diversity for FY24, along with outcomes achieved are as follows:

<table>
<tr><th>Workplace Diversity Objectives</th><th>Workplace Diversity Outcomes</th></tr>
<tr><td>Strategy
• Continue to drive and bring to life the gender objectives and strategies outlined in the Company's Diversity Policy.
• Continue to communicate the Company's diversity agenda to the business and actively promote its benefits.
• Continue to build a safe and inclusive culture where employees act in line with the Company's values and behaviours.
• Continue to deliver an inclusive cultures education program for all employees globally.
• Roll out a recruitment unconscious bias program for all employees globally.</td><td>• Ongoing use and implementation of behavioural framework. This has been embedded from recruitment all the way through to performance management using inclusive behaviours to ensure a safe and constructive working culture for all employees.
• Continuous communication and measure of diversity and inclusion through annual engagement survey with local action plan follow ups.
• Key focus sessions on diversity and inclusion held in bite-sized learning forums and for International Women's Day.</td></tr>
<tr><td>Stakeholder Management
• Actively promote the Company's diversity agenda in day-to-day activities with management to achieve buy in and integrate into the Company's culture.
• Belonging at AV committee to finalise plans and initiatives, providing a space for employee voices and opinions to be heard across the organisation.</td><td>• Diversity agenda promoted through annual engagement survey and behavioural framework.
• Belonging at AV committee has been established with members divided into four focus streams. The committee continues to develop plans and initiatives aligned with AV's diversity, inclusion, and belonging ambitions, acting as a dedicated group of employees who champion these values and offer feedback on ways AV can further cultivate an inclusive work environment.</td></tr>
<tr><td>Gender Composition
• The Company is targeting 30% female representation across all levels, and specifically aims to:
  • increase female representation of non-executive directors to 30% by 2024;
  • maintain female representation in leadership roles above 30%; and
  • increase female representation at production employee level to 30%.</td><td>• The Company has 38% female representation across all employee levels.
• Non-Executive directors is currently 25% female representation.
• The Company has maintained above 30% female representation in leadership roles across FY24, with further increasing to now 43%.
• Female representation at production employee level is at 25%. Specifically for the Winemaking team, there is now 66% female representation.</td></tr>
<tr><td>Talent Pipeline
• Ensure that the Company's recruitment and selection procedure reflects candidate and interview panel diversity along with equal gender candidate split where possible.
• Analyse talent matrix to identify female talent for mentoring/succession planning.
• Continue with leadership development and mentoring programs with a focus on providing opportunities to female leaders.</td><td>• Ensure a balanced gender split at interviews, where possible.
• Robust global annual talent management and succession planning process in place.
• Delivered a leadership development program incorporating opportunities for female leaders to further develop, with opportunity to partake in a mentoring program over FY24. There is 58% female representation on the program.</td></tr>
<tr><td>Employer Value Proposition & Benefits
• Continue to promote and review the Company's benefits to ensure the Company attracts and retains a diverse talent pool.</td><td>• Enhanced Employer Value Proposition by achieving Diversity Inclusion Australia's 2023-2024 Inclusive Employers recognition.
• Further benefits launched such as volunteer days.</td></tr>
</table>

FY24 objectives and results (continued)

Workplace Diversity Objectives	Workplace Diversity Outcomes
Data • Utilise annual engagement survey to collate data around demographics and benchmark questions on ensuring employees feel included regardless of how they identify and characteristics. • Continue to collect data to develop a sound base to measure progress on diversity, inclusion and belonging progress beyond gender.	• Continued to collate data via the employee engagement survey on demographics and understand how our employees feel from an inclusion perspective. This data assists in driving initiatives and plans for AV's diversity, inclusion, and belonging ambitions. • Ongoing assessment of benchmarks to measure AV's progress and the strength of its inclusive culture.

FY25 objectives

The objectives for diversity for FY25 are as follows:

Workplace Diversity Objectives FY25
Strategy • Continue to drive and bring to life the gender objectives and strategies outlined in the Company's Diversity Policy. • Continue to communicate the Company's diversity agenda to the business and actively promote its benefits. • Continue to build a safe and inclusive culture where employees act in line with the Company's values and behaviours. • Continue to deliver diversity, inclusion and belonging education programs for all employees globally.
Stakeholder Management • Actively promote the Company's diversity agenda in day-to-day activities with management to achieve buy in and integrate into the Company's culture. • The Belonging at AV Committee to continue to serve as a forum for providing feedback on AV's diversity, inclusion and belonging efforts and launch initiatives that align with these priorities.

Gender Composition
• The Company is targeting 30% female representation across all levels, and specifically aims to:
  • increase female representation of non-executive directors to 30%;
  • maintain female representation in leadership roles above 30%; and
  • increase female representation at production employee level to 30%.

Talent Pipeline • Ensure that the Company's recruitment and selection procedure reflects candidate and interview panel diversity along with a balanced gender candidate split where possible. • Analyse talent matrix to identify female talent for mentoring/succession planning. • Continue with leadership development and mentoring programs with a focus on providing opportunities to female leaders.
Employer Value Proposition & Benefits • Continue to enhance and be recognised as an inclusive employer by taking part in external recognition programs where appropriate. • Continue to promote and review the Company's benefits to ensure the Company attracts and retains a diverse talent pool.
Data • Utilise the annual employee engagement survey to collate data on demographics and benchmark questions on ensuring employees feel included regardless of how they identify and characteristics. • Continue to collect data to develop a sound base to measure progress on diversity, inclusion and belonging progress beyond gender.

Workforce gender profile

The following tables show the proportional representation of men and women at various levels within the Company's workforce at 30 June 2024 compared to 30 June 2023.

Workforce Gender Profile FY24

CATEGORIES OF EMPLOYEES		TOTAL FEMALES	TOTAL MALES	% OF FEMALES	% OF MALES
Total Employees	**442**	**170**	**272**	**38**	**62**
Non-Executive Directors	4	1	3	25	75
Senior Executives*	10	3	7	30	70
Non-Production Employees**	168	102	66	61	39
Production Employees	264	65	199	25	75

* Senior Executive has been defined as a member of the Company's Executive Team including the CEO.

** Excludes the Senior Executives.

Workforce Gender Profile FY23

CATEGORIES OF EMPLOYEES		TOTAL FEMALES	TOTAL MALES	% OF FEMALES	% OF MALES
Total Employees	**463**	**175**	**288**	**38**	**62**
Non-Executive Directors	4	1	3	25	75
Senior Executives*	10	3	7	30	70
Non-Production Employees**	176	101	75	57	43
Production Employees	278	72	206	26	74

* Senior Executive has been defined as a member of the Company's Executive Team including the CEO.

** Excludes the Senior Executives.

Risk framework

Risk management and identification

The Board, through the Risk and Sustainability Committee and Audit Committee, reviews and oversees the Company's risk management systems.

The Risk and Sustainability Committee determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance, and internal control. The Risk and Sustainability Committee does not have responsibility for financial risk management, which is the focus of the Company's Audit Committee.

The Board identifies and discusses areas of significant business risk. The Board ensures, together with management, that processes are in place to manage those risks and reviews those arrangements annually. The Board has reviewed the Group's risk management framework during the year and confirmed that it remains sound.

The Board has delegated to the Audit Committee the responsibility to oversee financial risk and to the Risk and Sustainability Committee all other risks associated with the business.

The Board, committees and management ensure that appropriate insurance programmes for the Company are also in place to provide insurance cover in areas of the business assessed as appropriate for cover having regard to all the relevant circumstances.

Comprehensive practices are established such that:

- capital expenditure and revenue commitments above a certain size require prior Board approval;
- financial exposures are controlled, including the use of derivatives (as overseen by the Audit Committee);
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations; and
- business transactions are properly authorised and executed.

All reports to the Board on strategic and operational issues incorporate an assessment by management of the associated risks, which ensures that the Board is in a position to make fully informed business judgements on these issues. In addition, the committees receive risk management updates which address the material business risks facing the Company and the systems and policies in place to manage those risks.

The Company does not have an internal audit function but has implemented the following processes to evaluate and continually improve the effectiveness of its risk management and internal control processes.

The Board is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

The Board has instigated the following internal control framework:

- **Risk Manager** – Appointment of a Risk Manager who works closely with management to identify and mitigate risk and review internal control processes as required to ensure effectiveness.
- **Financial reporting** – Monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly.
- **Continuous disclosure** – A comprehensive policy and process is in place to identify matters that may have a material effect on the price of the Company's securities and notify them to the ASX and post them on the Company's website. The Board and the Company Secretary are responsible for all communications with the ASX.
- **Quality and integrity of personnel** – Formal appraisals are conducted at least annually for all employees (every 6 months for most employees).
- **Operating units control** – The Chief Executive Officer and Chief Financial Officer ensure compliance with financial controls and procedures including information systems controls detailed in procedures manuals.
- **Investment appraisal** – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses are being acquired or divested.
- **Management representation letters** – Each senior executive provides a management representation letter to the CEO and CFO every 6 months as part of the full year and half year audit process.

As part of the Board delegation of the oversight of risk to the committees referred to above, each committee will be required to review the Company's risk management framework (as it applies to the relevant risks) annually to satisfy themselves that it continues to be sound.

As part of this annual review, it will be determined whether the Company is operating with due regard to the formal risk appetite statement set by the Board.

These reviews have been conducted in relation to the Reporting Period in accordance with the relevant processes.

Material business risks

Process to identify material business risks

Each senior executive, with input and assistance from their direct reports, identifies key risks for their areas of responsibility and function which are in turn aggregated into an overall corporate risk register. Each risk is assessed and assigned an inherent risk rating and risk mitigation strategies are developed by senior executives designed to reduce the inherent risk profile to an acceptable level consistent with the requirements of the Risk and Sustainability Committee and the Board.

The risk register is continuously reviewed and maintained as new risks are identified or incidents occur, or mitigating controls change. Extracts of the risk register are provided to the Risk and Sustainability Committee (or Audit Committee in the case of financial risks), together with specific commentary or information on significant changes to the risks or the ratings.

Specific major risks or incidents are reported, as and when they occur, to the CEO and other key management personnel who are responsible for escalating these to the Risk and Sustainability Committee (or Audit Committee in the case of financial risks) and Board, where necessary, if the event occurs outside the regular cycle of Committee meetings. The Risk or Audit Committee (as the case requires) is informed of the effectiveness of actions to mitigate the impact of risk events. In addition, the Risk and Sustainability Committee considers developments or improvements in risk management and controls, including the adequacy of insurance programmes.

Separate records and registers are maintained for other more common or recurring risks; for example, arising from customer complaints and occupational health and safety issues. These are managed and reported to the Committee by relevant managers.

Environmental and social risks

The Company has material exposure to environmental and social risks, including climate change risk. The details of material business risks and relevant mitigation strategies are set out in the Director's Report included in this Annual Report.

In FY22, in recognition of the increasing importance of environmental, social and climate risk to long term sustainable shareholder returns, the Risk Committee expanded its ambit to become the Risk and Sustainability Committee. See above under the heading Risk and Sustainability Committee for further details regarding this Committee.

The Company took the following steps in developing its sustainability strategy in the Reporting Period:

- **Environment** – Taking action to reduce and mitigate our emissions towards Net Zero in 2040, with a near term target of 42% emissions reduction in Scopes 1 and 2 by 2030, transitioned 92% of Company production and office sites to renewable energy sources, and our Sustainable Winegrowing Australia program result in 92% of 2024 vintage crush being certified.

- **Social** – Recognised by Diversity Council of Australia as an Inclusive Employer 2023-2024, supported the responsible enjoyment of alcohol in Australia and the UK through partnerships with DrinkWise and Community Alcohol Partnerships, and facilitated community impact through sponsoring employee volunteer days.
- **Governance** – Achieved B Corp certification, developing a responsible supply chain by implementing a Supplier Code of Conduct, and continue to establish and build data baseline in key ESG metrics, operating with purpose and reporting transparently to deliver growth and impact.

For more information on the Company's sustainability strategy see the Sustainability Report within this Annual Report.

Integrity of corporate reporting

The Audit Committee monitors the internal control policies and procedures designed to maintain the integrity of the Company's financial reporting.

The Company has implemented a process where the Chief Financial Officer and Chief Executive Officer declare in writing to the Board, prior to approval of the Company's financial statements for a financial period, that:

- the Company's financial records have been properly maintained;
- the financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and
- their opinion has been formed on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

Supporting these declarations are certifications provided by other senior managers within the Company.

The external auditor reviews the director's report contained in the Company's Annual Report and provides an independent opinion that the Company's statutory accounts are true and fair.

During the Reporting Period, the Company did not disclose any periodic corporate report other than what was contained in the Annual Report.

A culture of acting lawfully, ethically and responsibly

Code of Conduct

The Company is dedicated to a high level of integrity and ethical standards in all business practices. In FY23, the Board established a refreshed Code of Conduct. This code is available at www.australianvintage.com.au/investor-centre/corporate-governance/.

The Code outlines how the Company expects all of its directors, employees and contractors to behave in the workplace and conduct business on a range of issues. It includes legal compliance and guidelines on appropriate ethical standards.

The Code covers:

- What employees can expect of the Company including diversity and inclusion, safety and equal opportunity and workplace behaviour;
- What suppliers can expect of the Company including fair trading, confidentiality and privacy and conflicts of interest;
- What the Company expects from its employees including behaviours, ethical conduct and leadership;
- Reporting unacceptable workplace behaviour; and
- Compliance with Company policies.

Anti-Bribery and Corruption Policy

The Company strives to maintain a high standard of integrity, investor confidence and good corporate governance. This can only be achieved and maintained if the community is confident that employees are not influenced by gifts, benefits or bribery.

The Company has an Anti-Bribery and Corruption Policy which prohibits:

- giving or receiving bribes or other forms of improper payment;
- making facilitation payments;
- providing or accepting benefits, including gifts, entertainment, meals, travel/accommodation, training or other things of value which are contrary to the Anti-Bribery and Corruption Policy; and
- making political, charitable or community donations without authorisation.

Any breach of the Anti-bribery and Corruption Policy is treated as a serious matter and may give rise to disciplinary action, including dismissal. Material breaches are reported to the Board or a committee of the Board.

Whistleblower Policy

The Company has a Whistleblower Policy which provides a safe environment where information regarding potential misconduct or an improper state of affairs within the Company may be disclosed confidentially and without fear of reprisal, victimisation or detrimental treatment for the person making the disclosure.

The Whistleblower Policy is available at www.australianvintage.com.au/investor-centre/corporate-governance/.

Communications with shareholders

Information Available via Website

The Company, in addition to providing shareholders and the market generally information about the Company through distribution of the Annual Report, the Half Yearly Report, the Chairman's and Chief Executive Officer's addresses to the Annual General Meeting, provides information about the Company and its corporate governance on the Company's website.

All Company Corporate Governance charters, policies and procedures are publicly available. This includes:

- the Board Charter;
- the Company's Securities Trading Policy; and
- the Audit Committee, the Risk and Sustainability Committee and the People, Remuneration and Culture Committee Charters.

This corporate governance information can be located on the Australian Vintage Limited website at www.australianvintage.com.au/investor-centre/corporate-governance/.

Investor Relations

The Company has also implemented an Investor Relations Strategy to facilitate effective two-way communication with investors, which is available at www.australianvintage.com.au/investor-centre/corporate-governance/.

Shareholders and other stakeholders are also encouraged to contact the Company directly regarding any enquiries they may have.

Facilitating Shareholder Participation

The Company provides shareholders the option to receive communications from and send communications to the Company and its share registry electronically.

At the 2020 Annual General Meeting the shareholders voted in favour of amending the Company's Constitution to permit virtual and hybrid general meetings. This provides the Company with the flexibility to use technology to facilitate participation of shareholders at future AGMs.

The Company's 2024 Annual General Meeting will be held as a hybrid meeting, providing shareholders with the opportunity to participate either in person or virtually. In accordance with the Corporations Act, shareholders will be given the opportunity to ask questions verbally or in writing and are able to vote in person or online.

Shareholders are encouraged to participate in the Company's AGM and use this opportunity to ask questions. The Company's practice at the AGM (and any other general meeting) is for all resolutions to be decided by a poll rather than a show of hands. A recording of the AGM is made available on the Company's website. The AGM will remain the primary forum for shareholder engagement each year. The external auditor also attends the AGM and is available to answer questions about the conduct of the audit and the preparation and content of the external auditor's report.

Continuous disclosure

The Company has a written policy in place for complying with its continuous disclosure obligations under the Australian Securities Exchange, Listing Rules and the Corporations Act, which is available at www.australianvintage.com.au/investor-centre/corporate-governance/.

This policy establishes procedures to ensure that the Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. When the Company makes an announcement, the announcement is released to the ASX and the Company Secretary is responsible for communications with the ASX. All material information released to the ASX is published on the Company's website at www.australianvintage.com.au/investor-centre/. This includes ASX announcements, annual reports, notices of meetings and media releases. The policy sets out the type of information which requires disclosure as well as the internal policies governing the method and timing of disclosure.

The Company ensures that the whole Board reviews material market announcements before release to provide the Board with the opportunity to critique the announcement. The directors receive copies of all material information issued to the ASX promptly after they have been made.

New or substantive investor or analyst presentation materials are issued to the ASX in advance.

Shareholders

The shareholder information set out below was applicable at 10 September 2024.

Distribution of Shareholders

Analysis of shareholders of fully paid ordinary shares by size of holdings:

Number of Shares	Number of Shareholders
1 - 1,000	1,475
1,001 - 5,000	1,771
5,001 - 10,000	509
10,001 - 50,000	709
50,001 Over	377
	4,841

The percentage of the total holding of the twenty largest holders of Ordinary Shares was 69.57%.

Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Name	Ordinary Shares (as per last substantial holder notice)
Vintage China Funds GP Limited	30,314,663
Triple D Ventures Pte Ltd	30,000,000
MA Financial Group Limited	28,947,601
Regal Funds Management Pty Ltd	25,000,000
Allan Gray Australia Pty Ltd	23,358,008
Wentworth Williamson Management Pty Ltd	16,552,130

Twenty largest shareholders

The names of the twenty largest shareholders of Ordinary Shares as at 10 September 2024 are as follows:

Shares Held		Number of Ordinary Shares Held	% of Listed Shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	46,247,718	14.04
2	CITICORP NOMINEES PTY LIMITED	35,549,898	10.79
3	VINTAGE CHINA FUNDS GP LIMITED	30,314,663	9.20
4	TRIPLE D VENTURES PTE LTD	30,000,000	9.11
5	UBS NOMINEES PTY LTD	22,593,229	6.86
6	SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	16,553,110	5.02
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,815,913	4.80
8	GARRETT SMYTHE LTD	6,044,993	1.83
9	BNP PARIBAS NOMS (NZ) LTD	4,603,753	1.40
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,475,111	1.05
11	MR JIAWEI FENG	2,428,149	0.74
12	HENLEAZE INVESTMENTS PTY LTD	2,200,000	0.67
13	MR GRAHAM JOHN HARVEY	2,100,000	0.64
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	1,892,983	0.57
15	SUNRISE VINEYARDS PTY LTD <MOULARADELLIS S/F A/C>	1,818,000	0.55
16	BNP PARIBAS NOMS PTY LTD	1,637,054	0.50
17	SRGG PTY LTD <GIUDICE SUPER A/C>	1,529,525	0.46
18	MR CHRISTOPHER STUART KING <THE KING SUPER FUND A/C>	1,500,000	0.46
19	RHODIUM CAPITAL PTY LIMITED <RHODIUM INVESTMENT A/C>	1,500,000	0.46
20	MORNINGTON AUSTRALIA PTY LTD <RUBICON SUPERANNUATION A/C>	1,400,000	0.42
Totals: Top 20 holders of Fully Paid Ordinary Shares (Total)		**229,204,099**	**69.57**
Total Remaining Holders Balance		**100,258,824**	**30.43**

Directors' Report

The Directors of Australian Vintage Limited (the Company) submit herewith the annual financial report for the Company and its controlled entities (the Group) for the financial year ended 30 June 2024. In order to comply with the provisions of the Corporations Act 2001, the Directors report is presented as follows:

Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Richard Davis B. Ec

Chairman since 1 June 2015 and Non-Executive Director since 5 May 2009

Mr Davis is Chairman of Monash IVF Group Limited and a non-executive director (and previously CEO) of InvoCare Limited where he spent almost 20 years growing and managing the business. Mr Davis holds a Bachelor of Economics and has a background in venture capital and as an accounting partner for a leading national accounting firm.

Mr Davis has been a non-executive director of the Company since 2009 and held the position of Chairman of Australian Vintage Limited.

Mr Davis was a Director of the Company for the full financial year and resigned with effect from 11 July 2024.

Interest in shares: 290,332 fully paid ordinary shares held directly.

Craig Garvin

Chief Executive Officer and Executive Director since 20 November 2019

Mr Garvin was appointed as Chief Executive Officer and Executive Director in November 2019. He has extensive FMCG experience, having spent nine years as the Australian CEO of global dairy business Parmalat, overseeing some of the country's most-recognised brands, including Pauls, Oak and Vaalia. Prior to his time at Parmalat, Mr Garvin worked in the gaming industry, spending three years as the Managing Director of Star City Casino. His consumer goods and retail experience also includes executive positions at Campbell Arnott's, where he was the General Manager and six years in senior leadership roles at Lion Nathan.

Mr Garvin's employment with the Company ended with effect from 3 May 2024.

Interest in shares: 1,241,247 fully paid ordinary shares held directly.

John Davies FCA, Dip. Bus S

Non-Executive Director since 28 January 2015

Offering the board both industry and financial experience, Mr Davies is a Fellow of the Institute of Chartered Accountants and has had a 36 year career with Ernst & Young. Mr Davies was elected to Ernst & Young's Asia Pacific Board of Partners for a six year period until his retirement from the firm in 2011. During his career, Mr Davies provided professional services to many of Australia's leading wine companies, and he also owns a 150 acre vineyard in Heathcote, Victoria.

Mr Davies was Chairman of the Audit Committee and member of the Risk and Sustainability Committee. Mr Davies was appointed Interim Chairman of Australian Vintage Limited with effect from 11 July 2024.

Mr Davies was a Director of the Company for the full financial year and resigned with effect from 23 August 2024.

Interest in shares: 900,000 fully paid ordinary shares held indirectly.

Naseema Sparks AM

Non-Executive Director since 28 January 2015

Offering the board expertise in fast growth consumer-facing businesses, Ms Sparks has strong experience at both operational and board level in marketing, branding and customer targeting, with her most recent executive career as Managing Director and Global Partner of M&C Saatchi in Australia. Ms Sparks has been a professional non-executive director since 2007, serving on boards of a diverse range of companies including ASX listed and private companies, Government statutory authorities, not-for-profit arts, health and education boards. Ms Sparks is Chair of Openmarkets Group Ltd and a director of Knight Frank Australia Pty Ltd. She is also Chair of Sydney Living Museums. Ms Sparks' qualifications include an MBA from The University of Melbourne and she is a Fellow of the Australian Institute of Company Directors.

Ms Sparks was Chair of the People, Remuneration & Culture Committee and member of the Audit Committee.

Ms Sparks was a Director of the Company for the full financial year and resigned with effect from 24 July 2024.

Interest in shares: 100,129 fully paid ordinary shares held directly.

Peter Perrin

Non-Executive Director since 28 March 2017

Mr Perrin brings a wealth of high level wine industry experience as a past Manager and Director of a number of large listed, private and boutique wine companies in Australia, the United States and New Zealand over a 40 year wine career that focused on sales and marketing both in Australia and overseas. Mr Perrin is a trustee and honorary life member of the Wolf Blass Foundation.

Mr Perrin is Chairman of the Risk & Sustainability Committee and member of the People, Remuneration & Culture Committee.

Mr Perrin was appointed as Acting CEO, in addition to his Non-Executive Director duties, with effect from 3 May 2024. Mr Perrin was Acting CEO and Director of the Company for the full financial year and resigned as Acting CEO with effect from 23 August 2024 and Director with effect from 30 August 2024.

Interest in shares: 339,502 fully paid ordinary shares held indirectly.

Margaret Zabel B Math, MBA, GAICD

Non-Executive Director since 23 July 2024

Ms Zabel is a specialist in customer centred business transformation, brand strategy, innovation, communications, customer experience and change leadership. She has 20 years senior executive experience working across major companies and brands in FMCG, food and beverage, technology and communications industries including multinationals, ASX 100 and not-for-profits. Her previous roles include National Marketing Director Lion, VP Marketing for McDonald's Australia and CEO and Board Director of The Advertising Council of Australia. Margaret has also served as a Non-Executive Board Director for the mental health charity R U OK? and Fairtrade AUNZ, and is currently a Non-Executive Director on the Boards of G8 Education, Select Harvests, The Reject Shop and Collective Wellness Group.

Ms Zabel is Chair of the People, Remuneration & Culture Committee and member of the Audit Committee.

Ms Zabel was appointed as Non-Executive Director with effect from 23 July 2024.

Interest in shares: Nil

James Williamson BCom

Interim Chairman and Interim CEO since 23 August 2024

Mr Williamson has over 28 years of experience in financial markets including significant experience in covering global alcoholic beverages as an analyst based in London for Societe Generale and is the Co-Founder and Chief Investment Officer of Wentworth Williamson Management, a substantial shareholder of the Company. Wentworth Williamson Management is a private Australian-based value fund manager with both equity and private credit funds. Prior to Wentworth Williamson, Mr Williamson worked for Allan Gray Australia and prior to that he was Portfolio Manager of the Investec Australian Equity Fund. Mr Williamson holds a Bachelor of Commerce, a Graduate Diploma of the Securities Institute of Australia and is a Senior Associate of FINSIA.

Mr Williamson holds the position of Interim Chairman and Interim CEO of Australian Vintage Limited with effect from 23 August 2024.

Interest in shares: 16,553,110 fully paid ordinary shares held indirectly via Sandhurst Trustees Ltd <Wentworth Williamson A/C> and 151,642 shares held indirectly via James Frank Williamson & Tiona Joy Williamson ATF Williamson Fund.

Michael Byrne MS

Non-Executive Director since 14 August 2024

Mr Byrne is currently a non-executive director of CBH Group, Ausgrid, NSW Ports and Peel Ports UK, as well as a Senate member of the University of WA. Mr Byrne has previously held positions of Managing Director of Toll Group and Chief Executive Officer of both Coates Hire and Linfox, as well as Board / Committee positions with Australia Post, OzHarvest and the University of Denver. Mr Byrne holds a Master of Science in Transportation and Infrastructure from the University of Denver. In 2017, Mr Byrne became the inaugural Adjunct Professor at the Centre for Supply Chain and Logistics at Deakin University and is a Fellow of the Australian Institute of Company Directors.

Mr Byrne was appointed as Non-Executive Director with effect from 14 August 2024

Interest in shares: Nil

Elaine Teh

Non-Executive Director since 23 August 2024

Ms Teh is the founder and executive Chair of Octopus Global Holdings, which is the Company's current distributor in Singapore and Malaysia. Octopus Global is the sole representative of many large global distributors in Singapore and Malaysia, including Diageo, Paulaner, San Miguel, Australian Vintage, Fever Tree, ABInBev and more. Ms Teh holds a Bachelor of Arts, Economics and Japanese from the University of New South Wales, Australia.

Ms Teh was appointed as Non-Executive Director with effect from 23 August 2024.

Interest in shares: Ms Teh holds nil shares directly or indirectly in AVG. Ms Teh's defacto partner is a beneficiary of a trust holding Triple D Ventures, a substantial shareholder of the Company.

Directorships of other listed companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
Richard Davis	InvoCare Limited Monash IVF Group Limited	Since 2012 Since 2014
Naseema Sparks	Openmarkets Group Ltd (previously Openmarkets Group Pty Ltd)	Since 2021
Margaret Zabel	G8 Education Limited The Reject Shop Ltd Select Harvests Ltd	Since 2017 Since 2021 Since 2022

Company Secretary

Alicia Morris
General Counsel and Company Secretary

Alicia joined Australian Vintage Limited in October 2010 and leads AVG's legal team and governance portfolio. She holds a Bachelor of Laws and Legal Practice (Hons), Bachelor of Behavioural Science (Psychology), a Graduate Diploma of Applied Corporate Governance and is a fellow member of the Governance Institute of Australia and Member of the Australian Institute of Company Directors. She has over 14 years' legal, commercial and governance experience.

Principal activities

The Group's principal activities in the course of the financial year were wine making, wine marketing and vineyard management.

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

Environmental regulations

The Group entity holds licences issued by the Environmental Protection Authorities in various states which specify limits associated with the discharge of winery waste. There have been no known breaches of the licence conditions.

Dividends

In respect of the financial year ended 30 June 2024, no dividend has been declared. In respect of the financial year ended 30 June 2023, no dividend was declared or paid.

Review of operations and future developments

Australian Vintage Overview

Australian Vintage is an alcohol beverage company selling over 95% of its products to global retail markets, with approximately two thirds of its revenue derived from export related markets. Over the past few years AVG has maintained and grown market share whilst delivering a strong premiumisation and innovation program, representing over one third of the margin in FY24.

AVG are known as the global leaders in the no-and-low alcohol wine segment creating an Australian first with McGuigan Zero, launched in FY20.

AVG has industry leading environmental, social and governance (ESG) credentials, recognised through the achievement of B-Corp certification in FY24. Industry leading credentials have been achieved upon a strong foundation of trusted long-term relationships with customers, growers, suppliers and employees.

AVG owns modern processing facilities that are the third largest in Australia and are capable of commercial, premium, and ingredient processing on the same site. These facilities have capacity to absorb planned growth.

Stewarding Australian Vintage is an experienced and stable management team across the supply chain.

Key 2024 highlights

Over the FY24 year AVG has improved earnings despite the challenging environment:

- Revenue growth versus prior year of +1% to $261 million;
- Double digit underlying EBITS growth of 25% to $13 million from brand growth, innovation and cost out measures;
- Improved performance across key markets;
- Leaders in innovation and premiumisation in global markets delivering one third of margin;
- Global leaders in dynamic no-and-low wine category with +20% growth over the prior year;
- Liquidity secured with increased banking facilities and capital raise;
- Global best practice platform in ESG reinforced through obtaining B-Corp certification;
- Board renewal undertaken with change in strategy targeting strong free cash flow generation of +$20 million per annum and ROCE of 8% by FY27;
- Underlying NPATS up 26% to $5 million however statutory NPATS of -$86 million impacted by change in strategy, reflecting non-cash post tax impairment of $89 million for good will, inventory ROU assets and tax losses; and
- No final dividend declared

Given the trading environment, and the challenging industry conditions, AVG has been able to improve revenue over the prior year and improve earnings in contradiction to industry trends.

A relentless focus on efficient brand investment, innovation and cost out measures have seen earnings and cash flow improvement. In all key markets inflation continued with competitive aggression deflating overall shelf price and increasing the cost of doing business. Double digit underlying earnings improvement, in line with guidance, has increased EBITDAS to $29 million, EBITS to $13 million and NPATS to $5 million, 12%, 25% and 26% respectively higher than the prior year.

Review of operations and future developments (continued)

Profit result (underlying 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	260,594	258,557
Reported gross margin	37,472	75,109
Inventory Write Down impacted by change in strategy	36,585	-
Underlying gross margin	**74,057**	**75,109**
Reported EBITDAS	(52,947)	32,774
Non-underlying items	81,740	(6,697)
Underlying EBITDAS	**29,243**	**26,077**
Depreciation and amortisation	(16,010)	(15,522)
Underlying EBITS	**13,233**	**10,555**
Finance costs	(5,663)	(4,547)
Underlying PBTS	**7,570**	**6,007**
Income tax expense (1)	(2,309)	(1,832)
Underlying NPATS	**5,261**	**4,175**
SGARA (underlying)	-	-
Underlying NPAT	**5,261**	**4,175**
Finance costs	5,663	4,547
Income tax expense (2)	2,309	1,832
Underlying EBIT	**13,233**	**10,555**
Non-underlying items	(81,740)	6,697
SGARA (flood and price write-down)	(9,781)	(12,448)
Reported EBIT	**(78,288)**	**4,804**
Underlying basic earnings per share (cents)	2.1	1.7
Underlying return on capital employed (3)	4.7%	2.5%
Underlying EBITDAS margin	11.2%	10.1%
Underlying net debt / EBITDAS (before AASB 16 Leases)	1.9	1.8
Underlying net debt / EBITDAS (after AASB 16 Leases)	3.7	3.4

(1) adjusted for the tax impact of SGARA and non-underlying items

(2) adjusted for the tax impact of non-underlying items

(3) EBITS divided by capital employed, where capital employed is defined as total assets less current liabilities

Review of operations and future developments (continued)

Profit result (reported basis)

	2024	2023
Revenue	260,594	258,557
Gross margin (before inventory Write Down impacted by change in strategy)	74,057	75,109
Inventory Write Down impacted by change in strategy	(36,585)	-
Gross margin (after inventory Write Down impacted by change in strategy)	37,472	75,109
Earnings before interest, tax, depreciation, amortisation and SGARA (EBITDAS)	**(52,497)**	**32,774**
Depreciation and amortisation	(16,010)	(15,523)
Earnings before interest, tax and SGARA (EBITS)	**(68,507)**	**17,251**
Finance costs	(5,663)	(4,547)
Profit before tax and SGARA (PBTS)	**(74,170)**	**12,704**
Income tax expense (1)	(12,019)	18
Net profit after tax and before SGARA (NPATS)	**(86,189)**	**12,722**
SGARA (net of tax expense)	(6,846)	(8,713)
Net profit after tax (NPAT)	**(93,035)**	**4,009**
Finance costs	5,663	4,547
Income tax expense	(9,085)	(3,753)
EBIT	**(96,457)**	**4,804**
Basic earnings per share (cents)	(36.5)	1.6
Return on capital employed (2)	(24.5%)	4.2%
EBITDAS margin	(20.1%)	12.7%
Net debt (3)	56,483	48,100
Net debt/equity	26.4%	16.5%
Net debt/net debt + equity	20.9%	14.2%
Reported net debt / EBITDAS (before AASB 16 Leases)	(1.1)	1.5
Cash lease rent	(13,958)	(11,939)
Reported net debt / EBITDAS (after AASB 16 Leases)	(0.8)	2.3

(1) adjusted for the tax impact of SGARA

(2) EBITS divided by capital employed, where capital employed is defined as total assets less current liabilities

(3) net debt is calculated as total borrowings less cash and cash equivalents (excludes lease liabilities)

AVG has continued to maintain, and improve, market share across key geographies. AVG's branded business is in growth, with pillar brand sales maintained at 78% of total revenue (65% in FY 20). Investment into pillar brands has resulted in a 4% compound annual growth rate (CAGR) since FY20. Over that time, all of the key pillar brands have grown in value, with a CAGR of Tempus Two +7%, Nepenthe +13%, Barossa Valley Wine Company +6% and McGuigan +1%.

In emerging markets, North America has grown by +28% over the prior year whilst previous growth in Ireland has been maintained. China commenced re-ordering in the second half of the financial year whilst the partnership with COFCO has been renewed with a re-signing of the 10-year partnership agreement. Rest of Asia has been a challenging market for Australian exporters with inflationary pressures impacting discretionary spend.

Innovation is key to revenue and margin growth and is a core strength of AVG. Premiumisation and innovation now represent 26% of revenue and 35% of margin, a significant increase from 7% and 10% respectively in FY19, prior to the launch of McGuigan Zero. Innovation launched in FY24 includes Not Guilty, McGuigan Mid, Tempus One and McGuigan Gold. AVG are the global leaders in no-and-low with our McGuigan Zero product number 1 in the UK, Ireland, Australia and NZ. Globally, AVG has increased the revenue contribution from the no-and-low wine category by +20% over the prior year.

Normalised free cash flow (pre capital raise, asset sales and dividends) improved by $6 million over the prior period. Working capital was impacted by timing of sales in the UK, timing of sales receipts, and higher inventory due to higher processing of grapes and Red Sea impacts.

Review of operations and future developments (continued)

Other balance sheet

In May 2024, the bank agreed to extend existing facilities to March 2027 with increased covenant flexibility. Whilst an in principal agreement was reached with the bank in May, final bank documents were signed in the first week of July, requiring borrowings to be presented as a current liability. There is significant headroom at 30 June 24 of $105 million of current assets to current liabilities. Over and above the facility extension, the bank also agreed to provide an incremental $15 million of facilities, with $5 million to be paid back in November 2025 and the residual $10 million to be paid back in November 2026, securing AVG's liquidity.

AVG also successfully completed a $14 million capital raise ($15 million raise net of $1 million in fees) increasing the number of shares in AVG to ~328 million. The combination of these factors and free cash flow has resulted in a net debt balance of ~$56 million, and a net debt/ underlying EBITDAS of 1.9 times.

To facilitate the capital raise, a reduction in share price was utilised, accompanied by a non-cash impairment of the intangible asset Goodwill representing $38 million.

Strategic focus

As a result of Board renewal, AVG welcomes Mr James Williamson as Interim Chair and Interim CEO, Ms Margaret Zabel as Non-Executive Director, Mr Michael Byrne as Non-Executive Director and Ms Elaine Teh as Non-Executive Director. These new Directors replaced Mr Richard Davis, Ms Naseema Sparks, Mr John Davies and Mr Peter Perrin.

The new Directors provide deep experience across Asia beverages, global logistics and financial markets. The change in the Board has resulted in a change in strategy to target free cash flow generation and increased ROCE through accessing markets AVG does not currently compete in.

The multi prong strategy implemented by AVG to:

- Drive top line growth through:
  - Investing in category leading, and margin accretive, brands and innovation;
  - Leveraging existing export capability to position for new market expansion across China, rest of Asia and the Americas);
  - Utilising industry leading ESG credentials to deliver a point of difference; and
  - Leveraging the balance sheet whilst investing inventory into markets and categories, without discounting pillar brands, where it currently does not compete.
- Continue focus on its operational footprint reduce the cost base through:
  - Reducing fixed grape supply and increasing flexibility of grape sourcing (e.g. Balranald lease termination);
  - Improving inventory churn from an average of two years to one-and-a-half years;
  - Drive further operational efficiencies; and
  - Optimisation of the overall operational footprint.
- Maximise utilisation of AVG's modern processing facilities that have capacity to support planned growth and/ or industry partnership/ consolidation opportunities.

Review of operations and future developments (continued)

The outcome of the strategy is expected to deliver a 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. Note, FY25 is cash flow neutral as 70% of the contracted grapes purchased for vintage 24 are paid in FY25, in line with industry norms. ROCE of +8% is targeted by the end of FY27 and earnings more closely aligned to free cash flow.

As a result of a change in strategy to utilise inventory to access markets where AVG does not currently compete, an impairment of inventory representing $36 million was undertaken.

AVG has been actively working to increase the flexibility of its grape sourcing whilst removing assets that are not core to growth. Through this strategy AVG were able to sell the Yaldara vineyard in May 2024 and terminate the lease to Balranald, a vineyard producing 11 – 13 ktonnes of grapes per annum in July 2024. Reducing fixed grape supply and increasing the flexibility of grape sourcing, resulted in a non-cash impairment of Right of Use (ROU) assets of $5 million.

The above actions have resulted in a reduction of tax losses and the associated deferred tax asset of $10 million with AVG's Net Tangible Asset per share reducing to ~ $0.60 per share

For the purposes of the underlying results, all impairments are considered one-off and non-underlying in nature.

This information is in summary form and is not necessarily complete. It should be read together with other Company announcements lodged with the Australian Securities Exchange.

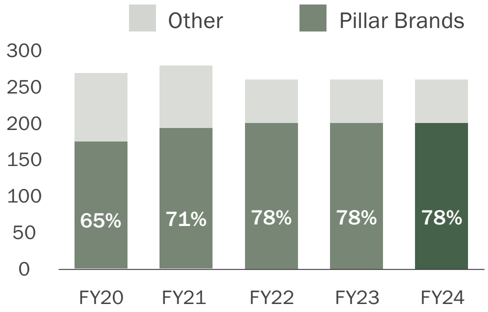
This announcement contains information that is based on projected and/ or estimated expectations, assumptions or outcomes. Forward looking statements are subject to a range of risk factors. The Company cautions against reference on any forward-looking statements, particularly in light of economic conditions that impact consumer demand and the cost base, foreign exchange impacts, agricultural risk and other geopolitical risks.

While the Company has prepared this information with due care based on its current knowledge and understanding and in good faith, there are risks, uncertainties and other factors beyond the Company's control which could cause results to differ from projections. The Company will not be liable for the accuracy of the information, nor any differences between the information provided and actual outcomes, and reserves the right to change its projections. The Company undertakes no obligation to update any forward-looking statement after the date of this presentation, subject to disclosure obligations.

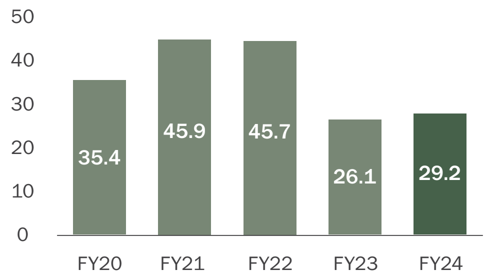
Review of operations and future developments (continued)

Company Performance

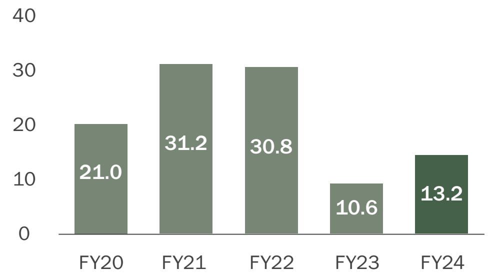
Total Revenue
$260.6m



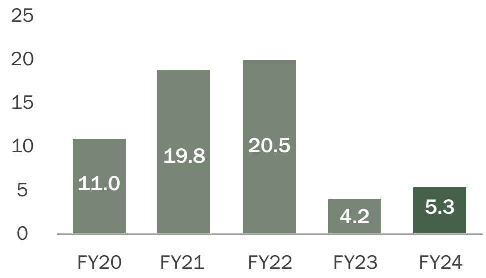
EBITDAS
$29.2m (underlying)



EBITS
$13.2m (underlying)



Net Profit After Tax (Underlying pre SGARA)
$5.3m



Return on Capital Employed
3.9% (underlying excluding bank debt)

Review of operations and future developments (continued)

Material business risks

The Group has an established Risk & Sustainability Committee, which monitors risks to the business on an ongoing basis and ensures they are identified in a timely manner and managed accordingly. Below are those risks that AVG considers of greatest materiality to the business, and existing mitigations against these risks.

<table>
<tr><th>Material business risk</th><th>Details of risk</th><th>Mitigation strategies in place</th></tr>
<tr><td>Cyber security</td><td>Data/information security is essential to protect business critical intellectual property and privacy of data. Continuing advances in technology, systems and communication channels mean increasing amounts of private and confidential data are now stored electronically. This, together with increasing cyber-crime, heightens the need for robust data security measures.</td><td>• Information Security Policy, supporting framework and specialised resources.
• Restricted and segregated management of sensitive business/supplier/customer data.
• Periodic employee training and alerts to ensure secure handling of sensitive data.
Crisis management and IT Disaster Recovery Plans.</td></tr>
<tr><td>Climate change</td><td>Climate change is expected to impact on AVG increasingly in terms of regulation and associated costs, posing the following risks:
• Restrictions on access to water and energy whilst working within possible carbon price and emission reduction targets
• The ability to effectively respond to climate related change impacts that could have adverse effects on business performance
• Third party suppliers' ability to respond to climate change impacts
• Consumer awareness and retailer requirement for sustainability strategies that could impact listings and sales offtake
• Rising temperatures in the inland growing regions and the impact that may have on vine and grape performance
• Global sourcing strategies to mitigate high emission freight</td><td>AVG has released its Net Zero Roadmap at the AGM in November 2023. Strategies are in place to reduce our greenhouse gas footprint across Scopes 1, 2, and 3 stewarded through our Sustainability Management team. In addition, the following activities are ongoing to mitigate climate change risks:
• Further investment towards innovative water and power solutions to reduce environmental footprint and save on costs
• Work more closely with the Bureau of Meteorology to better understand short and long term weather patterns
• Working with key suppliers to ensure they are managing climate change in a way that is commensurate with AVG's policy and approach so as to not negatively impact AVG's ability to effectively source grapes and wine
• The mitigation strategies noted above, in conjunction with AVG's Net Zero roadmap, will place AVG in a strong position to mitigate potential impacts of climate change</td></tr>
<tr><td>Grape supply</td><td>AVG's ability to fulfil demand, in particular growing demand for wine, is restricted by the availability of grapes. Climate change, agricultural and other factors, such as disease, pests, extreme weather conditions, water scarcity and competing land use, create increased risk that AVG will be unable to fulfil demand.
To the extent that any of the foregoing impact the quality and quantity of grapes available to AVG for the production of wine, the financial prospects of operations could be adversely affected, both in the year of harvest and in future periods.
Australian oversupply risk, with red grapes, that could impact competitor behaviour in the supply chain.</td><td>AVG strategically plans out its demand requirements to ensure demand is in balance with supply. A balanced supply chain has minimised any potential adverse impacts on inventory. Through that strategic planning, and where possible, grape intake is balanced between owned/leased vineyards and third party suppliers.
• Multi-regional growing and sourcing.
• Innovative agronomic practices.
• Strong grower relationships and defined agreements.
• Ensuring commercial sustainability across Australian Vintage's supply chain with third party growers and for own/ leased vineyards.</td></tr>
</table>

Review of operations and future developments (continued)

Material business risk	Details of risk	Mitigation strategies in place
Global inflationary pressures	The ongoing war in the Ukraine, coupled with unrest in the Middle East, is driving higher energy, fuel and shipping costs across the globe, directly impacting our global bottling operations and cost of distribution. Coupled with increased staffing costs, increased consumables, and increased inflation the cost of doing business is increasing.	AVG has long term contracts in place for all key aspects of the supply chain. On a regular basis those contracts are tested through a tender process. AVG relies on key partnerships across the supply chain, and in working with our partners, we strive to ensure that short term environmental impacts do not disrupt long term arrangements.
Share price lower than Net Tangible Assets	The share price has been lower than the net tangible assets per share, tracking in line with overall ASX market movements. This places AVG as a takeover target with a potential risk fair value will not translate in the transaction.	To mitigate potential takeover threats AVG has modelled a take-over defence position. Any take-over proposal is required to be agreed by AVG's major shareholders. As there is limited liquidity based on the ownership of shares this will provide a natural hedge against potential takeover opportunities.
Brand reputation	The strength of AVG's portfolios of brands is key to the success of the business. As a brand-led organisation, managing the reputation of brands is critical to AVG's ongoing success. Failure to protect and effectively manage brands could have significant reputational and financial repercussions.	• Brand portfolio and product strategy, including portfolio rationalisation, prioritisation and targeted investment in consumer marketing. • Consumer insights supporting the monitoring and awareness of brand health and consumer trends. • Product pricing strategy. • Corporate Responsibility program.
Loss of key leadership and talent	AVG's ability to deliver on strategic targets is reliant on attracting and retaining experienced, skilled and motivated talent in core functions such as winemaking, sales, marketing and finance.	• Talent review and succession planning processes. • Employee safety (including health and wellbeing) program. • Incentive and reward programs aligned to AVG's vision and growth behaviours.
Risk of decline in the sub $10 product category	Global demand for the sub $10 category in wine is in decline. As AVG sells some of the McGuigan branded products in this category there is a risk to revenue if this is not mitigated. Current oversupply and strategic business uncertainty in competitors has resulted in unsustainable short-term pricing in bulk and low end categories.	AVG's investment in pillar brands, especially those in higher categories than the sub $10, develops a broader brand portfolio. In addition, growth in global geographic locations will expand growth opportunities potentially mitigating the decline in some markets.

Review of operations and future developments (continued)

Material business risk	Details of risk	Mitigation strategies in place
Changing laws and government regulations	AVG operates in a highly regulated industry in many of the markets in which it makes and sells wine. Each of these markets have differing regulations that govern many aspects of AVG's operations, including taxation, production, manufacturing, pricing, marketing, advertising, distribution and sales of wine. Remaining compliant with and abreast of changes to such regulations requires diligent and ongoing monitoring by the business. Additionally, changes and additional regulations can significantly impact the nature of operations.	• Company-wide policies, standards and procedures. • AVG's compliance framework. • Business Continuity Plans. • Specialised and experienced resources and teams. • Executive Leadership Team oversight via the Risk & Sustainability Committee. • Relationships and engagement (where relevant) with key government, industry advocacy and regulatory bodies.
Significant business disruption	AVG's scope of operations exposes it to a number of business disruption risks, such as environmental catastrophes, natural and man-made hazards and incidents or politically motivated violence. Significant business disruption could result in AVG's sites or employees being harmed or threatened, loss of key infrastructure, inventory shortages or loss, customer dissatisfaction, or financial and reputation loss.	• Dedicated health and safety team oversight, audit programs and training. • Preventative repair and maintenance program. • Comprehensive insurance program.
Foreign exchange	AVG is exposed to foreign exchange risk from a number of sources, namely from the export of Australian produced wine to offshore markets. Foreign exchange rate movements impact AVGs earnings.	• Active foreign exchange hedging strategy. • Partial natural hedges (purchases and sales within the same currency) where possible.


Adelaide Hills Growers Day

Directors' meetings

The following table sets out the composition of the Director's meetings.

Directors	Board Meetings	Audit Committee Meetings	Risk & Sustainability Committee Meetings	People, Remuneration & Culture Committee Meetings
Richard Davis	Chair	Member	Member	Member
Craig Garvin	Member	Invitee	Invitee	Invitee
John Davies	Member	Chair	Member	Invitee
Naseema Sparks	Member	Member	Invitee	Chair
Peter Perrin	Member	Invitee	Chair	Member

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee Member).

During the financial year the Company held 20 Board Meetings, 2 Audit Committee Meetings, 2 Risk & Sustainability Committee Meetings and 2 People, Remuneration & Culture Committee meetings.

Directors	Board Meetings Attended	Audit Committee Meetings Attended	Risk & Sustainability Committee Meetings Attended	People, Remuneration & Culture Committee Meetings Attended
Richard Davis	20	2	2	2
Craig Garvin	12/12	2	1/2	2
John Davies	20	2	2	2
Naseema Sparks	20	2	2	2
Peter Perrin	20	2	2	2
Total Meetings Held	**20**	**2**	**2**	**2**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Remuneration report

Introduction

People continue to be fundamental to our success at Australian Vintage. The importance of retaining talent in a challenging environment has further highlighted the need to invest, attract and retain people. In a challenging external operating environment where competition for talent has never been greater, Australian Vintage is extremely proud to have maintained strong levels of employee engagement globally, increased female representation and retained top talent, despite significant leadership changes throughout the year, Achieving B-Corp certification during the year recognises AVG's cultural diversity reinforced through the recognition of a Highly Commended award for The Drinks Association's 2024 Best Environmental Sustainability Initiative.

Australian Vintage's approach to remuneration ensures that building an inclusive and diverse workplace is at the forefront of all people decisions. AVG recognises that having an inclusive workplace is essential for the sustainability of the business and, in turn, drives shareholder return. The result of building an inclusive workplace continues to show within employee engagement scores which are driving discretionary effort from employees resulting in improved business performance.

Australian Vintage's holistic approach to remuneration is well understood throughout the business, motivating and inspiring our Executive and their teams to drive long term business results. Linking Executive remuneration to a balanced scorecard keeps the Executive focussed on driving long term value and shareholder returns.

In FY24, Australian Vintage continued to ensure an aligned executive pay structure relying on achieving Long-Term strategic goals, enhancing cultural alignment, and ensuring consistency and commitment to employee engagement and diversity. Australian Vintage has instigated a number of market leading employee benefits including additional loyalty leave, work from anywhere, expanded personal leave for mental health days, birthday leave and two volunteer days per annum. An ongoing focus on reducing gender pay gaps across the workforce seen a reduction from 9% in 2022 to 4% in 2023, in 2024 the Workplace Gender Equality Act (WGEA) now includes the CEO remuneration as part of the reporting requirements and therefore our mean gender pay gap in 2024 is 5%. AVG's investment into people and strategies provides a strong foundation for success in achieving long-term sustainability goals across ESG, people and social pillars and are aligned with shareholder interests.

Across the business, consistency and performance is measured through a balanced scorecard approach. The scorecard is an Executive KPI measure which aligns directly to the Long-Term Strategy and puts the consumer at the heart of everything we do. This KPI Balanced Scorecard comprises of specific performance measures on – Behaviours & Engagement, Safety, EBITs, ROCE, Branded Growth & Innovation, and long-term sustainability.

Vision, Purpose, Values & Behaviours

AVGs behavioural framework is an integral part of the remuneration structure for all employees. Enabling behaviours are ingrained throughout the organisation and set a standard for the way in which all employees operate and behave daily. This framework forms part of the annual performance review with behaviours a gateway to any salary or bonus payments.

Key principles of the behavioural gateway are;

- If an employee scores below satisfactory on their behavioural assessment, they will not be eligible for a salary increase or a bonus payment
- If an employee scores below satisfactory on their behavioural assessment, they will be provided with the support and tools to improve their behaviours
- The executive team have a higher threshold of maintaining strong performance on their behavioural assessment and are expected to be role models in their behaviour

Remuneration report (continued)

These AVG behaviours underpin the corporate strategy and form the foundation of our engaged and achievement focussed culture.

OUR VISION

To be the first choice for every occasion

OUR PURPOSE

Make the world a smaller place through sharing good times

OUR VALUES

Working Collaboratively
We know and do what is right, we work together, and we care about each other and our consumers

Innovative
We create and we evolve

Nimble & Responsive
We are efficient and we are agile

Empowered
We embrace opportunities to contribute and we are trusted

Integrity
We act with integrity, always being honest and doing what we know is right by our colleagues & our customers.

Respect
We respect our colleagues as equal no matter what their role in the business. We value diversity & differences.

Courage
We show courage, stepping up to address difficult issues, saying what needs to be said.

Collaboration
We collaborate, always putting team AVG first. Supporting each other, building partnerships, and working with others to meet shared objectives.

Resilience
We show resilience. Rebounding from setbacks and adversity when facing difficult situations.

Trust
We build successful relationships with our customers and each other because we trust each other.

OUR MISSION

We put the consumer at the heart of everything we do

Remuneration report (continued)

Key Remuneration Objectives and Principles

Remuneration objectives and principles with respect to both the Chief Executive Officer and Executive compensation are as follows:

1. To provide a fair and reasonable remuneration structure for all employees
2. To provide attractive rewards and incentives to retain key individuals
3. To link senior executive rewards to accretion in shareholder wealth
4. The remuneration strategy must be easily understood by the Board, management and shareholders and must: :
   a) Reinforce organisation strategy and the objectives of the five-year plan
   b) Facilitate corporate values and behaviours identified as core to the culture
   c) Be proactive and dynamic so as to reflect changes in trends and future business opportunities

Key Management Personnel for the year comprised:

Name	Position	Dates
Non-executive Directors		
Richard Davis	Chairman	Full Year
John Davies	Non-executive Director	Full Year
Naseema Sparks	Non-executive Director	Full Year
Peter Perrin	Non-executive Director	Full Year, appointed Acting CEO 3rd May 2024
Executives		
Craig Garvin	Chief Executive Officer ('CEO')	Terminated 3rd May 2024
Adam Rigano	Chief Financial Officer ('CFO')	Full Year
Julian Dyer	Chief Operating Officer, UK, Europe, Americas	Full Year
Thomas Jung	Operations Director	Full Year
Jeff Howlett	General Manager – Asia Pacific	Full Year
Tom Dusseldorp	Chief Marketing Officer	Full Year

For the purpose of the disclosure Key Management Personnel (KMP) are defined as an individual who is responsible for strategic planning, management and performance of a division or function and reports directly to the Chief Executive Officer.

People, Remuneration & Culture Committee and Director Compensation

The People, Remuneration & Culture Committee reviews the fee levels for Non-Executive Directors from time-to-time utilising appropriate remuneration benchmark data from comparable Australian ASX listed companies of similar size as a guide to independent market levels of remuneration such positions attract. Shareholders have approved a pool of funds up to $600,000 per annum to compensate all Non-Executive Directors remuneration for their ordinary services as Directors.

The current level of Non-Executive Director compensation sits comfortably within the pool of funds approved by the Shareholders.

The compensation for Non-Executive Directors reflects the time spent by Non-Executive directors on board sub-committees and is allocated as follows:

Position	Base Fee $
Board Chair	140,000
Committee Chair Fee	20,000
Committee Member Fee	10,000
Non-Executive Director Fee	50,000

Remuneration report (continued)

Remuneration Components for CEO and Key Management Personnel

The People, Remuneration & Culture Committee reviews the compensation package for the Chief Executive Officer on an annual basis and makes applicable remuneration changes and variable incentive recommendations to the Board for approval.

The Chief Executive Officer reviews the compensation packages of all other Executives and makes recommendations to the People, Remuneration & Culture Committee for approval.

Compensation packages are reviewed and determined with due regard to the position's scope, key functions, and current market rates. They are benchmarked against comparable industry salaries, as well as utilising appropriate remuneration benchmark data from comparable Australian ASX listed companies of similar size as a guide. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's diverse operations.

The below represents a target pay mix for the Chief Executive Officer and other Executives.

EXECUTIVE TOTAL REWARD FRAMEWORK

KMP's	Fixed Remuneration 50% for CEO & CFO 60% for other KMP's	At Risk Remuneration Variable Cash Incentive	 Deferred Equity Incentive
CEO & CFO	Comprises: • Cash salary (base); • Salary sacrificed items; • Company motor vehicles; • Allowances; and • Employer superannuation contributions in line with statutory obligations.	A Variable Cash Incentive targeting: • 25% of Total Remuneration for the CEO & CFO	A deferred equity incentive scheme targeting: • 25% of Total Remuneration for the CEO & CFO
Total	**50%**	**25%**	**25%**
Other KMP's	Comprises: • Cash salary (base); • Salary sacrificed items; • Company motor vehicles; • Allowances; and • Employer superannuation contributions in line with statutory obligations	A Variable Cash Incentive targeting: • 20% of Total Remuneration for other Executives	A deferred equity incentive scheme targeting: • 20% of Total Remuneration for other Executives.
Total	**60%**	**20%**	**20%**

Remuneration Components

The Chief Executive Officer and other KMP compensation packages consist of the below three components:

- Fixed Remuneration
- Variable Cash Incentive
- Deferred Equity Incentive

Remuneration report (continued)

1. Fixed Remuneration

This component generally consists of salary, motor vehicle, wine allowance and post-employment superannuation entitlement (where applicable). The base amount for the CEO is reviewed annually by the People, Remuneration & Culture Committee. The base amount for other Executives is reviewed by the CEO, who makes recommendations to the People, Remuneration & Culture Committee for approval. Any adjustments made during the year will either be as a result of market rate changes in order for the Company to remain competitive or to reflect any changes in level of responsibility. The prior CEO, Mr Craig Garvin, was terminated on the 3rd May 2024 being replaced by Mr Peter Perrin in an interim capacity. Mr Perrin has received the same salary compensation as Mr Garvin.
The overall salary increase for the organisation is 3.0% for the coming financial year.

2. Variable Cash Incentive

Variable Cash incentive payments take into account the extent to which specific financial, operating and cultural targets are achieved during the financial year. The targets consist of a number of key performance indicators driven from the balances scorecard (KPIs) covering both financial and non-financial measures of performance. Non-financial measures include items such as safety and employee engagement, as well as related organisational behaviours that impact culture and performance.

Annual targets are agreed between the Board, CEO and executives. The structure of all KPI's is driven from the company's balanced scorecard and is structured as follows:

Balanced Scorecard

Scorecard KPIs	CEO / CFO Weighting	Other KMP Weighting	Achievement
EBITS EBITS (% of sales)	60%	20%	Gateway 90% Not Achieved
ROCE (%) Achieve company return on capital employed)	10%	20%	Not Achieved
Employee Engagement Achieve company target of 69%	10%	10%	Not Achieved
Safety – TRIFR Achieve a TRIFR of 26	10%	10%	Not Achieved
Branded Growth % Pillar Brand 78% of revenue	5%	10%	Achieved
Business unit specific deliverables	N/A	20%	Achieved
ESG Achieve B-Corp certification	5%	10%	Achieved

Performance is measured against targets for EBITS (Earnings before interest, tax and Self-Generating and Regenerating Assets income (SGARA)) and ROCE ("Return on Capital Employed"). Company Performance is set at a minimum of 90% achievement of the financial year budget and is the first gate to determine the incentive opportunity to be made available for individual assessment. The People, Remuneration & Culture Committee may, from time to time, elect to make exceptions to this principle in the event of extraordinary circumstances and in the circumstances where an incentive payment may support retention of critical talent. No exceptions have been exercised by the People, Remuneration & Culture Committee to the payment of incentives this financial year.

Due to the organisation's ability to exceed its financial year budget, the Variable Cash incentive can be assessed to a maximum of 120% achievement. Objectives KPIs are determined annually as follows:

- Chief Executive Officer – by the People, Remuneration & Culture Committee and approved by the Board, following consultation with the CEO
- Key Management Personnel – by the CEO and approved by the People, Remuneration & Culture Committee, following consultation with each Executive member

For the purpose of determining eligibility for payment of variable cash incentives, corporate financial and behavioural objectives as well as individual performance is assessed against set performance targets agreed each year.

Remuneration report (continued)

2. Variable Cash Incentive (continued)

In FY24, AVG has seen a considerable decrease in the share price. Given this and in reviewing the financial metrics, the Board determined that AVG did not meet the necessary targets to justify awarding the Variable Cash Incentive for FY24. As a result, for companywide, the Variable Cash Incentive Plan will not be achieved and therefore awarded.

AVG remains committed to addressing these challenges and focusing on strategies to improve performance in the coming year.

If the Variable Cash Incentive for FY24 was awarded, the table below shows the maximum amount that could be achieved, and the breakdown between financial and operational key performance indicator targets:

	2024 Minimum Variable Cash $	2024 Maximum Variable Cash[1] $	Key Performance Targets Financial	People & Safety	Operational/ Brands	2024 % Of Maximum Granted
Craig Garvin	0	420,000	70%	20%	10%	0%
Adam Rigano	0	162,360	70%	20%	10%	0%
Julian Dyer	0	177,154	40%	20%	40%	0%
Thomas Jung	0	129,546	40%	20%	40%	0%
Jeff Howlett	0	135,282	40%	20%	40%	0%
Tom Dusseldorp	0	121,770	30%	20%	50%	0%

(1) Maximum variable cash opportunity is based on achievement of 120% of financial target.

3. Overall Company Performance (reported)

The overview of company performance over the last five years is highlighted in the table below:

FINANCIAL YEAR ENDED 30 JUNE 2024	2020	2021	2022	2023	2024
EBITS performance (A$m)	21.0	31.2	28.8	17.3	(68.5)
Earnings per share (cents)	3.9	7.0	6.9	1.6	(36.5)
Dividends paid per share (cents)	2.0	2.7	3.4	-	-
Franked (%)	63%	60%	60%	N/A	N/A
Return on capital employed (%)	4.5	7.5	6.5	4.2	<0%

4. Deferred Equity Scheme

Deferred Equity Scheme

From 1st July 2020, an earnings per share ('EPS') target was introduced to better align key management incentives with that of shareholder return.

The Deferred Equity has 2 components:

- 50% based on a 3 year earnings per share EPS compound annual growth return ('CAGR') target. If the target is met the Share Rights will be converted to shares and there will be no escrow period. The target 3 year EPS CAGR for the issue of Share Rights is –

	EPS CAGR Target FY24 Issued
Minimum (90% target achieved)	10.6%
At 100%	11.8%
Maximum (120% target achieved)	14.1%

Remuneration report (continued)

4. Deferred Equity Scheme (coontinued)

- 50% based on Capital Employed (ROCE), with shares issued held in escrow for a 3 year period. ROCE is calculated as EBITS as a percentage of capital employed at 30th June 2024.The target ROCE and actual ROCE achieved are –

	ROCE Target FY24 Issued
Minimum (90% target achieved)	6.3%
At 100%	7.0%
Maximum (120% target achieved)	8.4%

	Actual ROCE FY24 $M
EBITS	(68.5)
Capital Employed	279.6
ROCE	<0%

- All other terms and conditions of the Deferred Equity Scheme remain unchanged (refer next section details).

There were 3,465,387 (FY23: 2,648,996) Performance Rights issued in the Deferred Equity Incentive scheme during the year. These Rights were based on the achievement of 100% of the targets. For 2024 the reported ROCE was less than 0 due to abnormal write offs, and as a result no shares will be purchased on market. For 2023, the ROCE was 4.2%, and as a result no shares were purchased on market. The rights subject to a 3-year EPS CAGR target to 30 June 2024 have also not met the minimum target and no shares will be purchased on market.

Over the next 5 years, and subject to normal agricultural risks and the macro-environment, the target ROCE is expected to be reviewed in light of ongoing challenging market conditions.

It is planned that the shares will be purchased on market. However, this will be a year by year decision based on future cash flow projections. The Board will have discretion to release the shares from escrow, if for example, an Executive is classified a good leaver. Dividends received from the shares will be paid to the Executives progressively.

Certain conditions apply to the issue of the incentives as follows:

- No retesting – there will be no retest applied to the Deferred Equity award other than if a bad leaver.
- Bad Leaver – In the case of a bad leaver, no shares will be transferred. The shares will remain in the Trust to be used in future Deferred Equity awards.
- Clawback – there will be no clawback unless specifically stated.
- Control Event – the Board has the discretion to determine the treatment of any award on a change of control event. If a change of control event occurs during the 12 month performance period, Executives will receive at least a pro-rata payment of the total award.
- Cessation of Employment – should an executive resign or be terminated during a performance period, no automatic award will be provided. AVG will have regard to performance against target and the performance period elapsed in determining any award.

Key Management Personnel equity, option and performance rights

As at the date of this report, Key Management Personnel hold the following performance rights and options:

KMP	Year	Rights granted during year No.	Exercise price ($)	Award date	Vesting date	Fair value of right award ($)	Expiry date	Vested during the year No.	Lapsed during the year No.
Adam Rigano	2023	170,573	N/A	8 December 2022	30 September 2025	0.54	31 October 2025	-	-
	2024	239,984	N/A	2 February 2024	30 September 2026	0.375	31 October 2026	-	-
Julian Dyer	2023	134,996	N/A	8 December 2022	30 September 2025	0.54	31 October 2025	-	-
	2024	189,931	N/A	2 February 2024	30 September 2026	0.375	31 October 2026	-	-
Thomas Jung	2023	148,376	N/A	8 December 2022	30 September 2025	0.54	31 October 2025	-	-
	2024	208,755	N/A	2 February 2024	30 September 2026	0.375	31 October 2026	-	-
Jeff Howlett	2023	154,931	N/A	8 December 2022	30 September 2025	0.54	31 October 2025	-	-
	2024	217,978	N/A	2 February 2024	30 September 2026	0.375	31 October 2026	-	-
Tom Dusseldorp	2024	81,813	N/A	2 February 2024	30 September 2026	0.375	31 October 2026	-	-
TOTAL		**1,547,337**						**-**	**-**

Fully paid ordinary shares in Australian Vintage Ltd held by key management personnel are as follows:

	Balance @ 1/7/23 No.	Shares purchased from rights No.	Received on exercise of options No.	Net other change No.	Balance @ 30/6/24 No.	Balance held nominally No.
Non-executive Directors						
Richard H Davis	225,814	-	-	-	225,814	-
John Davies	700,000	-	-	-	700,000	-
Naseema Sparks	77,878	-	-	-	77,878	-
Peter Perrin	264,057	-	-	-	264,057	-
Executives						
Craig Garvin	1,241,247	-	-	(1,241,247)	-	-
Adam Rigano	-	-	-	-	-	-
Julian Dyer	701,983	-	-	-	701,983	-
Thomas Jung	339,483	-	-	-	339,483	-
Jeff Howlett	186,358	-	-	-	186,358	-
Tom Dusseldorp	-	-	-	-	-	-
	3,736,820	**-**	**-**	**(1,241,247)**	**2,495,573**	**-**

Balances include shares held in trust under escrow.

Performance Rights and Options in Australian Vintage Ltd held by key management personnel subject to performance criteria are as follows:

	Balance @ 1/7/23 and No.	Granted as remuneration No.	Exercised No.	Expired/ Cancelled (1)	Bal. @ 30/6/24 No.	Bal. vested @ 30/6/24 No.	Vested but not exercis-able No.	Vested and exercis-able No.	Vested during the year No.
Craig Garvin	1,295,474	936,530	-	(2,232,004)	-	-	-	-	-
Adam Rigano	341,146	479,968	-	(410,557)	410,557	-	-	-	-
Julian Dyer	515,338	379,862	-	(570,273)	324,927	-	-	-	-
Thomas Jung	501,319	417,510	-	(561,698)	357,131	-	-	-	-
Jeff Howlett	471,849	435,956	-	(534,896)	372,909	-	-	-	-
Tom Dusseldorp	-	163,626	-	(81,813)	81,813	-	-	-	-
	3,125,126	**2,813,452**	**-**	**(4,391,241)**	**1,547,337**	**-**	**-**	**-**	**-**

(1) Includes performance rights that have been cancelled driven by performance outcomes in prior years

Remuneration report (continued)

Key Management Personnel Remuneration

The following table discloses the remuneration on statutory basis for Key Management Personnel of the Company:

2024	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE BASED PAYMENTS			TOTAL	
	Salary & Fees $	Bonus $	Non-Monetary (a) $	Super-annuation $	Other $	Cash Settled $	Equity Settled Options(b) $	Equity Settled Shares $	$	Performance Related %
Non-Executive directors										
Richard Davis	125,455	-	2,000	13,800	-	-	-	-	141,255	0%
John Davies	70,909	-	2,000	7,800	-	-	-	-	80,709	0%
Naseema Sparks	70,909	-	2,000	7,800	-	-	-	-	80,709	0%
Peter Perrin (c)	176,441	-	2,000	19,409	-	-	-	-	197,850	0%
Sub-total	**443,714**	**-**	**8,000**	**48,809**	**-**	**-**	**-**	**-**	**500,523**	**0%**
Executives										
Craig Garvin	619,871	-	1,500	23,738	411,276	-	-	113,380	1,169,765	0%
Adam Rigano	473,110	0	1,500	27,500	-	-	-	13,125	515,235	0%
Julian Dyer	464,133	0	2,368	19,175	-	-	-	54,681	540,357	0%
Jeff Howlett	366,619	0	27,160	41,336	-	-	-	42,745	477,860	0%
Thomas Jung	371,934	0	22,140	27,500	-	-	-	48,894	470,468	0%
Tom Dusseldorp	338,250	0	750	37,208	-	-	-	4,474	380,682	0%
Sub-total	**2,633,917**	**0**	**55,418**	**176,457**	**411,276**	**-**	**-**	**277,299**	**3,554,367**	**0%**
TOTAL	**3,077,631**	**0**	**63,418**	**225,266**	**411,276**	**-**	**-**	**277,299**	**4,054,890**	**0%**

(a) Non-monetary items include provision of motor vehicle, insurance and wine benefits and applicable fringe benefits tax.
(b) Amortisation of share rights and options granted over the vesting period.
(c) Appointed Acting CEO 3rd May 2024

2023	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE BASED PAYMENTS			TOTAL	
	Salary & Fees $	Bonus $	Non-Monetary (a) $	Super-annuation $	Other $	Cash Settled $	Equity Settled Options(b) $	Equity Settled Shares $	$	Performance Related %
Non-Executive directors										
Richard Davis	125,455	-	2,000	13,173	-	-	-	-	140,628	0%
John Davies	70,909	-	2,000	7,445	-	-	-	-	80,354	0%
Naseema Sparks	70,909	-	2,000	7,445	-	-	-	-	80,354	0%
Peter Perrin	70,909	-	2,000	7,445	-	-	-	-	80,354	0%
Jiang Yuan (c)	7,930	-	-	388	-	-	-	-	8,318	0%
Sub-total	**346,112**	**-**	**8,000**	**35,896**	**-**	**-**	**-**	**-**	**390,008**	**0%**
Executives										
Craig Garvin	712,941	103,371	1,500	27,500	-	-	-	146,135	991,447	25%
Adam Rigano	465,224	38,986	1,500	24,265	-	-	-	-	529,975	7%
Julian Dyer	428,899	79,793	2,203	9,813	-	-	-	55,979	576,687	24%
Jeff Howlett	366,619	68,925	26,500	34,495	-	-	-	37,576	534,115	20%
Thomas Jung	379,340	46,905	22,139	29,485	-	-	-	46,888	524,757	18%
Tom Dusseldorp (d)	158,750	33,333	750	16,669	-	-	-	-	209,502	16%
Sub-total	**2,511,773**	**371,313**	**54,592**	**142,227**	**-**	**-**	**-**	**286,578**	**3,366,483**	**29%**
TOTAL	**2,857,885**	**371,313**	**62,592**	**178,123**	**-**	**-**	**-**	**286,578**	**3,756,491**	**18%**

(a) Non-monetary items include provision of motor vehicle, insurance and wine benefits and applicable fringe benefits tax.
(b) Amortisation of share rights and options granted over the vesting period.
(c) Resigned 11th August 2022
(d) Appointed 9th January 2023

Remuneration report (continued)

Key Management Personnel Remuneration

Service Agreements of Key Management Personnel

Compensation and other terms of employment for Key Management Personnel (excluding Non-Executive Directors) are formalised in service agreements or letters of appointment. Termination benefits disclosed below do not apply in cases of misconduct or other specified circumstances.

Adam Rigano

(i) Term of agreement - no specified term.

(ii) Compensation includes:

a. Base salary, superannuation and wine allowance.

b. Variable Cash incentive - entitlement to a bonus subject to certain key performance criteria. Key performance criteria include defined financial (including company profitability), commercial and behavioural targets.

c. Deferred Equity - entitlement to an issue of Performance Rights. The Performance Rights are subject to meeting set ROCE and are subject to certain conditions.

(iii) If Mr Rigano's employment is terminated by the Company, the Company is to provide 12 months' notice. Mr Rigano may resign by providing 6 months written notice to the Company.

Julian Dyer

(i) Term of agreement - no specified term.

(ii) Compensation includes:

a. Base salary and United Kingdom pension payment.

b. Variable Cash incentive - entitlement to a bonus subject to certain key performance criteria. Key performance criteria include defined financial (including company profitability), commercial and behavioural targets.

c. Deferred Equity - entitlement to an issue of Performance Rights. The Performance Rights are subject to meeting set ROCE and are subject to certain conditions.

(iii) If Mr Dyer's employment is terminated by the Company, the Company is to provide 12 months' notice. Mr Dyer may resign by providing 6 months written notice to the Company.

Jeff Howlett

(i) Term of agreement - no specified term.

(ii) Compensation includes:

a. Base salary, superannuation and wine allowance.

b. Variable Cash incentive - entitlement to a bonus subject to certain key performance criteria. Key performance criteria include defined financial (including company profitability), commercial and behavioural targets.

c. Deferred Equity - entitlement to an issue of Performance Rights. The Performance Rights are subject to meeting set ROCE and are subject to certain conditions.

(iii) If Mr Howlett's employment is terminated by the Company, the Company is to provide 12 months' notice. Mr Howlett may resign by providing 6 months written notice to the Company.

Remuneration report (continued)

Service Agreements of Key Management Personnel

Thomas Jung

(i) Term of agreement - no specified term.

(ii) Compensation includes:

a. Base salary, superannuation, motor vehicle allowance and wine allowance.

b. Variable Cash incentive - entitlement to a bonus subject to certain key performance criteria. Key performance criteria include defined financial (including company profitability), commercial and behavioural targets.

c. Deferred Equity - entitlement to an issue of Performance Rights. The Performance Rights are subject to meeting set ROCE and are subject to certain conditions.

(iii) If Mr Jung's employment is terminated by the Company, the Company is to provide 12 months' notice. Mr Jung may resign by providing 6 months written notice to the Company.

Tom Dusseldorp

(i) Term of agreement - no specified term.

(ii) Compensation includes:

a. Base salary, superannuation, motor vehicle allowance and wine allowance.

b. Variable Cash incentive - entitlement to a bonus subject to certain key performance criteria. Key performance criteria include defined financial (including company profitability), commercial and behavioural targets.

c. Deferred Equity - entitlement to an issue of Performance Rights. The Performance Rights are subject to meeting set ROCE and are subject to certain conditions.

(iv) If Mr Dusseldorp's employment is terminated by the Company, the Company is to provide 12 months' notice. Mr Dusseldorp may resign by providing 6 months written notice to the Company.

This Remuneration Report (for the year ended 30 June 2024) has been prepared in accordance with section 300A of the Corporations Act 2001 and the Corporations Regulations 2001 and has been audited.

Non-audit services

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Audit Committee, in conjunction with the Chief Financial Officer, assesses the provision of non-audit services by the auditors to ensure that the auditor independence requirements of the Corporations Act 2001 in relation to the audit are met.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 22 to the financial statements.

The directors are of the opinion that the services as disclosed in note 22 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditors' independence declaration

The Auditors independence declaration is included on page 58.

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named previously), the Company Secretaries and all Executive Officers of the Company and of any related Body Corporate against a liability incurred as a Director, Secretary or Executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Rounding off of amounts

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

Subsequent events

There have been no other matters or circumstances, other than that referred to in note 27 to the financial statements, that have arisen since the end of the financial year, 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.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors

JOHN DAVIES Interim Chairman 23 August 2024	**PETER PERRIN** Acting Chief Executive Officer 23 August 2024

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

As lead auditor for the audit of the financial report of Australian Vintage Limited for the financial year ended 30 June 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Mark Phelps
Partner
23 August 2024

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Independent auditor's report to the members of Australian Vintage Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Australian Vintage Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Impairment of Intangibles

Why significant	How our audit addressed the key audit matter
In accordance with the requirements of Australian Accounting Standards, goodwill and other indefinite life intangibles are required to be tested for impairment annually or when impairment indicators are present. As disclosed in Note 12 to the financial statements, the Group has performed an impairment test of assets, including goodwill and other indefinite life intangible assets to determine the recoverable amount of its individual cash generating units (CGUs). The outcome of this test resulted in an impairment charge of $37.7 million being recognised in the consolidated statement of profit or loss and other comprehensive income, reducing goodwill to $nil at 30 June 2024. As disclosed in Note 10 to the financial statements, the Group holds $7.5 million of other indefinite life intangible assets at 30 June 2024. As disclosed in Note 12 to the financial statements, the assessment of the impairment of the Group's goodwill and other indefinite intangible assets incorporated significant judgements and estimates, in respect of future market and economic conditions, demographic developments, revenue and terminal growth rates, discount rates and the fair value less cost to dispose of the Group's assets. Given the high level of management judgement in the impairment assessment, and the size of the amounts involved, we considered this to be a key audit matter.	Our audit procedures included the following: ➢ Assessed management's determination of CGU's. ➢ Agreed the projected cash flows to the Board approved five-year plan and budget. ➢ Tested the mathematical accuracy of the impairment testing models. ➢ Assessed the historical accuracy of management's budgeting process. ➢ Evaluated the appropriateness of the discount and terminal growth rates applied with involvement from our valuation specialists. This included comparison to external sources and comparable companies where possible. ➢ Compared the recoverable amount calculated within impairment testing models to the carrying value of net assets recorded at 30 June 2024 and assessed the Group's allocation of impairment across the assets allocated to the individual CGUs. ➢ In conjunction with our valuation specialists, assessed the reasonableness of the independent external valuations used by the Group to assess the fair value less cost to sell of some of the Group's assets as part of the impairment allocation process. ➢ Performed sensitivity analysis on key assumptions for each of the Group's CGUs. ➢ Assessed the adequacy and completeness of the disclosures in Note 10 and 12 based on the requirements of the Australian Accounting Standards.

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Valuation of Inventory

Why significant	How our audit addressed the key audit matter
At 30 June 2024, the Group's consolidated statement of financial position includes inventories in the amount of $201.7m, after recording net realisable value write downs of $36.6m. The valuation of inventories of finished goods and work in progress includes inherently subjective judgements concerning grape harvests, forecast future demand and estimates of forecast market prices at the time the grapes are harvested and wine is expected to be sold. Refer to Note 8 for disclosure of the Group's accounting policy. We focus our audit procedures on assessing the judgements contained in the valuation models including: ➢ The estimated market value of harvested grapes and allocation of costs over the period of time between the grape harvest and conversion from bulk wine to bottled wine ready for sale ('vintage costing'). ➢ The forecast demand and market sales prices are influenced by the fundamentals of the global wine industry, including fluctuations in demand and supply and other factors that impact agricultural outputs. This includes the large supply/quality of Australian red grapes in the current year. These factors influence the Group's determination of the most likely market and conditions in determining estimated net realisable value. ➢ A key indicator for at-risk inventory values, including finished goods and bulk wine is the identification of current slow-moving inventory. These can signal changes in consumer demand patterns or potential oversupply issues within the market which may impact forecast future prices. Given the high level of management judgement in the valuation of inventory, and the size of the amounts involved, we considered this to be a key audit matter.	Our audit procedures included the following: ➢ Assessed the reasonableness of management's assumptions in respect of the determination of market value at the time of harvest and allocation of costs over the vintage period. ➢ Tested the mathematical accuracy of the vintage costing model and calculations. ➢ Performed year-end counts of a sample of inventory items in significant locations, which included observing the process of identifying slow moving and potentially obsolete inventory. ➢ Assessed the operating effectiveness of the relevant controls in place relating to the Group's identification of slow moving and obsolete inventories. ➢ Tested the net realisable value of inventory at year end through comparing inventory value against sales performance. ➢ Assessed the adequacy of the disclosures in Note 8 based on the requirements of Australian Accounting Standards.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and;

b. The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 22 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Australian Vintage Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Mark Phelps
Partner
Adelaide
23 August 2024

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;

(b) the attached financial statements are in compliance with International Financial Reporting Standards as stated in note 1 to the financial statements;

(c) 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 true and fair view of the financial position and performance of the consolidated entity;

(d) The consolidated entity disclosure statement required by section 295(3A) of the Corporations Act 2001 is true and correct; and

(e) The Directors' have been given the declarations required by s.295A of the Corporations Act 2001;

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (wholly owned companies) Instrument 2016/78. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Director's opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Corporations (*wholly owned companies*) Instrument 2016/785 applies, as detailed in note 24 to the Financial Statements will, as a group, be able to meet any obligations or liabilities to which they are or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

JOHN DAVIES
Interim Chairman
23 August 2024

PETER PERRIN
Acting Chief Executive Officer
23 August 2024

2024 Financial Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

Consolidated statement of profit or loss and other comprehensive income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	NOTE	2024 $'000	2023 $'000
Revenue	3	260,594	258,557
Cost of sales			
Cost associated to sales during the period		(186,537)	(183,448)
Inventory write-down impacted by change in strategy		(36,585)	-
Gross Profit		37,472	75,109
Fair value loss on grapes		(9,781)	(12,448)
Other income	3	2,233	18,110
Distribution expenses		(16,523)	(17,552)
Sales expenses		(26,477)	(25,126)
Marketing expenses		(11,122)	(15,176)
Administration expenses		(12,307)	(9,151)
Finance costs	3	(5,663)	(4,547)
Impairment and other expenses	3	(41,782)	(8,963)
Profit before tax		**(83,950)**	**256**
Income tax benefit / (expense)	4	(9,085)	3,753
Net Profit for the year		(93,035)	4,009
Other comprehensive income , net of income tax:			
Items that may be subsequently classified to profit or loss:			
Net change in fair value of hedging instruments		1,189	(4,355)
Exchange differences arising on translation of foreign operations		(75)	109
Other comprehensive profit / (loss) for the year, net of income tax		1,114	(4,246)
Total comprehensive income for the year		(91,921)	(237)
Earnings Per Share:			
Basic (cents per share)	5	(36.5)	1.6
Diluted (cents per share)	5	(36.5)	1.6

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

Consolidated statement of financial position

AS AT 30 JUNE 2024

	NOTE	2024 $'000	2023 $'000
Current Assets			
Cash and cash equivalents	6	6,017	6,900
Trade and other receivables	7	48,704	43,385
Inventories	8	185,825	182,038
Other financial assets	16	-	-
Total Current Assets		240,546	232,323
Non-Current Assets			
Inventories	8	15,905	35,110
Other financial assets	16	2,482	3,140
Property, plant and equipment	9	96,064	99,156
Goodwill and other intangible assets	10	7,486	44,917
Deferred tax assets	4	10,182	19,834
Right-of-use assets	11	42,768	45,797
Total Non-Current Assets		174,887	247,954
Total Assets		415,433	480,277
Current Liabilities			
Trade and other payables	13	56,625	50,462
Borrowings	15	62,500	-
Income tax payable	4	-	-
Lease liabilities	11	9,708	7,085
Other financial liabilities	16	945	2,038
Provisions	14	5,966	6,322
Income received in advance		111	9
Total Current Liabilities		135,855	65,916
Non-Current Liabilities			
Borrowings	15	-	55,000
Lease liabilities	11	65,064	66,805
Other financial liabilities	16	121	728
Provisions	14	788	708
Total Non-Current Liabilities		65,973	123,241
Total Liabilities		201,828	189,157
Net Assets		213,605	291,120
Equity			
Capital and reserves			
Issued capital	17	455,421	441,474
Reserves	19	1,073	(500)
Accumulated losses		(242,889)	(149,854)
Total Equity		213,605	291,120

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

Consolidated statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	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 2023	**441,474**	**1,047**	**(1,936)**	**389**	**(149,854)**	**291,120**
Profit for the period	-	-	-	-	(93,035)	(93,035)
Net change in fair value of foreign exchange contracts used in hedging	-	-	1,699	-	-	1,699
Exchange differences arising on translation of foreign operations	-	-	-	(107)	-	(107)
Income tax relating to components of other comprehensive income	-	-	(510)	32	-	(478)
Total comprehensive income for the period	**-**	**-**	**1,189**	**(75)**	**(93,035)**	**(91,921)**
Transactions with owners in their capacity as owners						
Issue of share capital	14,994	-	-	-	-	14,994
Transaction costs related to issue of share capital	(1,047)	-	-	-	-	(1,047)
Recognition of share based payments	-	459	-	-	-	459
Balance at 30 June 2024	**455,421**	**1,506**	**(747)**	**314**	**(242,889)**	**213,605**
Balance at 1 July 2022	**441,474**	**954**	**2,419**	**280**	**(145,274)**	**299,853**
Profit for the period	-	-	-	-	4,009	4,009
Net change in fair value of interest rate swaps used in hedging	-	-	9	-	-	9
Net change in fair value of foreign exchange contracts used in hedging	-	-	(6,230)	-	-	(6,230)
Exchange differences arising on translation of foreign operations	-	-	-	156	-	156
Income tax relating to components of other comprehensive income	-	-	1,866	(47)	-	1,819
Total comprehensive income for the period	**-**	**-**	**(4,355)**	**109**	**4,009**	**(237)**
Transactions with owners in their capacity as owners						
Purchase and issuance of treasury shares to employees	-	(331)	-	-	-	(331)
Dividend paid	-	-	-	-	(8,589)	(8,589)
Recognition of share based payments	-	424	-	-	-	424
Balance at 30 June 2023	**441,474**	**1,047**	**(1,936)**	**389**	**(149,854)**	**291,120**

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

Consolidated statement of cash flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

	NOTE	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		267,637	274,460
Payments to suppliers and employees		(267,988)	(276,205)
Cash generated from operations		**(351)**	**(1,745)**
Interest paid (commercial bills)		(5,335)	(4,047)
Interest paid (resulting from leases under AASB 16)		(5,330)	(4,527)
Income tax paid		58	(2,398)
Net cash provided by operating activities	6 (a)	**(10,958)**	**(12,717)**
Cash flows from investing activities			
Payments for property, plant & equipment and intangible assets		(7,885)	(10,763)
Payments for investments held at fair value through profit or loss		(300)	-
Proceeds from sale of property, plant & equipment		5,442	68,225
Net cash used in investing activities		**(2,743)**	**57,462**
Cash flows from financing activities			
Proceeds from / (repayment of) borrowings	6 (c)	7,500	(22,000)
Proceeds from issue of share capital		14,994	-
Transaction costs related to issue of share capital		(1,047)	-
Dividends paid	18	-	(8,589)
Repayments of principal amounts of lease liabilities	6 (c)	(8,629)	(9,804)
Net cash used in financing activities		**12,818**	**(40,393)**
Net increase / (decrease) in cash and cash equivalents		(883)	4,352
Cash and cash equivalents at the beginning of the financial year		6,900	2,548
Cash and cash equivalents at the end of the financial year		**6,017**	**6,900**

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

Note 1: About this report

General information

Australian Vintage Ltd (the 'Company') 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 consolidated financial report comprises the Company and its controlled entities (the 'Group') and was authorised for issue by the Board of Directors on 23 August 2024. The Directors have the power to amend and reissue the financial report.

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 financial report:

- is a general purpose financial report;
- has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), International Financial Reporting Standards ('IFRSs') and the Corporations Act 2001;
- has been prepared on a historical cost basis except for those items measured at fair value, as detailed in the policies that follow;
- is presented in Australian dollars, which is the Group's functional and presentational currency, with all values rounded to the nearest thousand, as permitted under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* unless otherwise stated;
- includes foreign currency denominated transactions and assets and liabilities that are translated into the Group's functional currency using the prevailing exchange rate at the date of the transaction for transactions in profit or loss and the exchange rate at the period-end date for assets and liabilities;
- where required, presents restated comparative information to enhance comparability; and
- has been prepared on a going concern basis (see note 15 and note 27 for further information regarding AVG's debt position at 30 June 2024 and subsequent periods).

Basis of consolidation

The consolidated financial report incorporates the financial report of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. A list of such entities is provided in Note 24. The Company controls an entity when it has:

- power to direct the activities of the entity, through voting rights;
- exposure to variable returns from its involvement with the entity; and
- the ability to use its power to affect its returns.

Total comprehensive income of subsidiaries is attributed to the owners of the Company. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. All amounts referenced in these financial statements and the accompanying notes are the Consolidated Group figures, unless otherwise indicated.

Significant accounting estimates and judgements

Management has identified the following critical accounting policies where significant judgements, estimates and assumptions are made. Actual results may differ from these estimates and may materially affect financial results or the financial position reported in future periods. Further information on policies where critical estimates and judgements are made, are listed within the following notes:

- Key assumptions used in impairment testing for goodwill and other intangible assets (note 12)
- Valuation of inventories (note 8)
- Grape pricing and SGARA (note 8 and note 26)
- Recognition of income tax losses (note 4)
- Determining lease term of contracts with renewal options (note 11)

Impact of climate change

The Group's accounting policies encompass making estimates about the future, which necessarily includes a consideration of the impact of climate change. Estimates in significant areas such as future business forecasts used in impairment testing and the useful lives of the Group's assets are made using the most relevant and current information.

There is significant uncertainty as to the future potential impacts of climate change on the Group. The Group continues to develop it's Sustainability Strategy, including setting targets and emission interventions across material impact areas. The Group is developing data and reporting capabilities to align more closely with the recommendations set out by the Taskforce on climate related financial disclosures and also taking into account the issuance of the first two IFRS Sustainability Disclosure Standards by the International Sustainability Standards Board.

New and amended standards adopted by the Group

The Group adopted certain amendments to accounting standards during the period. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and amended standards that were not yet mandatory for annual reporting periods ending on 30 June 2024

The Group notes that AASB 18 P*resentation and Disclosure in Financial Statements* is effective for annual reporting periods beginning on or after 1 January 2027, which for AVG will be the period ending 30 June 2027. The Group has not yet determined the impact this change will have on it's financial statements.

Note 2: 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 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 accounting policies of the reportable segments are the same as the Group's accounting policies noted in these financial statements. Finance cost and income and gains/losses from investments are not allocated to segments, as this type of activity is driven by the central finance function, which manages the cash and investments of the Group. The segment information provided to the CODM, which is reviewed on at least a monthly basis is as follows:

Revenue and profit information by segment

	Revenue 2024 $'000	Revenue 2023 $'000	Profit before tax 2024 $'000	Profit before tax 2023 (restated) $'000
Australia / New Zealand	118,213	116,055	7,283	6,997
UK, Europe & Americas	135,050	134,642	5,985	3,950
Asia	7,331	7,860	(85)	505
Total	**260,594**	**258,557**	**13,183**	**11,452**

Unallocated corporate amounts

Impairment of Goodwill	(37,685)	-
Inventory Write Down impacted by change in strategy	(36,585)	-
Impairment of right of use assets	(4,097)	-
Fair value adjustment to grapes due to floods and market conditions	(9,781)	(12,448)
Strategic review costs and redundancy costs	(3,598)	(949)
Dividend income and fair value adjustment to investments	276	-
Net interest expense (commercial bills)	(5,333)	(4,161)
Interest expense (AASB 16 Leases) ^	(330)	(386)
Gain on sale and leaseback of vineyards	-	15,711
Write down of winery fixed costs	-	(8,963)
Profit before tax	**(83,950)**	**256**

^ note: *net of interest capitalised to inventory under AASB 123*

Note 2: Segment information (continued)

Geographical breakdown of revenues

	For the twelve months ended 30 June 2024			
Segments	Australia / New Zealand $'000	UK / Europe & Americas $'000	Asia $'000	Total $'000
Type of goods or service				
Sales of wine	111,870	135,050	7,331	254,251
Other	6,343	-	-	6,343
	118,213	**135,050**	**7,331**	**260,594**
Geographical breakdown				
Australia	98,957	-	-	98,957
UK / Europe	-	126,279	-	126,279
New Zealand	4,791	-	-	4,791
Asia	10,726	-	7,331	18,057
North America	3,023	8,771	-	11,794
Other	716	-	-	716
	118,213	**135,050**	**7,331**	**260,594**

	For the twelve months ended 30 June 2023			
Segments	Australia / New Zealand $'000	UK / Europe & Americas $'000	Asia $'000	Total $'000
Type of goods or service				
Sales of wine	112,754	134,642	7,860	255,256
Other	3,301	-	-	3,301
	116,055	**134,642**	**7,860**	**258,557**
Geographical breakdown				
Australia	97,981	-	-	97,981
UK / Europe	-	127,305	-	127,305
New Zealand	4,851	-	-	4,851
Asia	9,617	-	7,860	17,477
North America	3,599	7,337	-	10,936
Other	7	-	-	7
	116,055	**134,642**	**7,860**	**258,557**

The Group has two major customers (2023: two) who individually account for greater than 10% of annual sales, one each within the Australia / New Zealand and the UK, Europe & Americas segments. The total sales for these customers in 2024 is $60.7m (2023: $73.3m) with the change reflecting increases in sales to other customers.

Note 3: 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 grape derived products 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.

Accounting policy – consumption taxes

Revenues, expenses and assets are recognised net of consumption taxes. Receivables and payables are recorded gross of consumption taxes, with the net amount of consumption taxes recoverable from, or payable to the relevant tax authority recorded in the consolidated statement of financial position. Cash flows are presented on a gross basis, with any consumption taxes relating to investing or financing activities being recorded in operating cash flows.

Note 3: Revenue and expenses (continued)

		2024 $'000	2023 $'000
(a)	**Revenue from contracts with customers**		
	Sales of wine	254,251	255,256
	Other	6,343	3,301
		260,594	**258,557**
(b)	**Cost of sales**		
	Cost associated to sales during the period	186,537	183,448
	Inventory Write Down impacted by change in strategy	36,585	-
		223,122	**183,448**
(c)	**Other income**		
	Gain on disposal of property, plant and equipment	968	1,626
	Wine equalisation tax rebate	350	350
	Other rebates and grants	299	159
	Gain on changes in fair value of investments held at fair value through profit or loss	248	-
	Gain / (loss) on unrealised foreign exchange	179	58
	Interest income	85	113
	Dividend income from investments held at fair value through profit or loss	28	27
	Rental income	16	66
	Gain on sale and leaseback of vineyard assets	-	15,711
	Other	60	-
		2,233	**18,110**
(d)	**Impairment and other expenses**		
	Impairment of Goodwill	37,685	-
	Impairment of right of use assets	4,097	-
	Write down of winery fixed costs	-	8,963
		41,782	**8,963**

Other expenses – impairment charges

Due to a change in strategy to pursue revenue growth opportunities in markets that Australian Vintage does not currently compete within, the Group has recorded the following impairment in FY24:

- Inventory write down of $36.6m, reducing the carrying value of unallocated inventory to new market conditions; and
- Write-off of $4.1m of right of use assets resulting from increasing the flexibility of grape sourcing through reducing fixed grape supply.

In addition, the Group has impaired $37.7m of Goodwill, which is detailed further in note 12.

		2024 $'000	2023 $'000
(e)	**Disclosure of specific expenses**		
	Employee benefits expense	48,012	46,469
	Superannuation expense	4,102	3,965
	Strategic review costs	2,730	949

(f) **Finance costs**

Accounting policy – borrowing costs
Borrowing costs incurred for the production or construction of a qualifying asset are added to the cost base of the asset during the time the asset is being prepared for its intended use. Other borrowing costs are expensed as incurred.

	2024 $'000	2023 $'000
Interest expense (commercial bills)	5,333	4,161
Interest expense (resulting from leases under AASB 16) ^	330	386
	5,663	**4,547**

^ *note: net of interest capitalised to inventory under AASB 123*

Note 4: 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.

		2024 $'000	2023 $'000
(a)	**Income tax recognised in profit or loss**		
	Income tax comprises		
	Current tax expense	-	2,520
	Net deferred tax expense	9,143	(6,103)
	Under provision from prior year	(58)	(170)
		9,085	(3,753)
(b)	**Reconciliation of income tax expense to prima facie tax payable**		
	Accounting profit before tax	(83,950)	256
	Tax at the Australian Corporate tax rate of 30%	(25,185)	77
	Non-deductible expenses for tax purposes		
	Impairment of Goodwill	11,305	-
	Other non-deductible expenses	24	-
	Impairment of deferred tax assets from tax losses previously recorded	10,719	-
	Current period tax losses not recognised as DTA	12,204	-
	Previously unrecognised capital losses now recouped	-	(3,704)
	Other	18	(126)
	Total tax expense / (benefit)	**9,085**	**(3,753)**

Note 4: Income taxes (continued)

(c) Deferred tax assets and liabilities

2024 composition and movement schedule	Opening Balance $'000	Charged to Income $'000	Charged to Equity $'000	De-recognition (see note 1) $'000	Closing Balance $'000
Gross deferred tax liabilities:					
Inventories	(5,519)	(469)	-	-	(5,988)
Intangibles	(1,621)	-	-	-	(1,621)
Property, plant and equipment	(9,833)	(578)	-	-	(10,411)
Other	(789)	10	-	-	(779)
	(17,762)	(1,037)	-	-	(18,799)
Gross deferred tax assets:					
Inventories	4,227	764	-	-	4,991
Trade and other payables	527	701	-	-	1,228
Provisions	2,109	(83)	-	-	2,026
Tax losses	20,526	1,223	-	(10,719)	11,030
Right-of-use assets and lease liabilities (net amount)	8,428	(56)	-	-	8,372
Other	1,778	65	(510)	-	1,333
	37,595	2,614	(510)	(10,719)	28,980
Net deferred tax asset	**19,834**	**1,577**	**(510)**	**(10,719)**	**10,181**

Note 1: The Group de-recognised $10.7m of deferred tax assets previously recorded, in line with the impairment of assets discussed in Note 3. There are $76.4m of unrecognised revenue tax losses and no capital losses relating to the Group (2023: no unrecognised revenue tax losses or capital losses).

2023 composition and movement schedule	Opening Balance $'000	Charged to Income $'000	Charged to Equity $'000	De-recognition $'000	Closing Balance $'000
Gross deferred tax liabilities:					
Inventories	(5,349)	(170)	-	-	(5,519)
Intangibles	(1,630)	9	-	-	(1,621)
Property, plant and equipment	(8,795)	(1,038)	-	-	(9,833)
Other	(1,828)	1,039	-	-	(789)
	(17,602)	(160)	-	-	(17,762)
Gross deferred tax assets:					
Inventories	375	3,852	-	-	4,227
Trade and other payables	607	(80)	-	-	527
Provisions	2,729	(620)	-	-	2,109
Tax losses	24,394	(3,868)	-	-	20,526
Right-of-use assets and lease liabilities (net amount)	2,438	5,990	-	-	8,428
Other	1,297	(1,384)	1,866	-	1,778
	31,840	3,890	1,866	-	37,595
Net deferred tax asset	**14,238**	**3,730**	**1,866**	**-**	**19,834**

Note 5: Earnings per share

Accounting policy – earnings per share

Basic earnings per share is determined by dividing net profit attributable to equity holders of Australian Vintage Limited, by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share uses an adjusted weighted average number of ordinary shares in the same calculation, which assumes the conversion of all dilutive potential ordinary shares.

	2024	2023
Weighted average number of ordinary shares ('000) used in calculating basic earnings per share	254,692	252,638
Weighted average number of ordinary shares ('000) used in calculating diluted earnings per share	254,692	252,638

	2024 $'000	2023 $'000
Profit / (Loss) for the year	(93,035)	4,009
Basic earnings per share (cents per share)	(36.5)	1.6
Diluted earnings per share (cents per share)	(36.5)	1.6

Note 6: Notes to the cash flow statement

Accounting policy – cash and cash equivalents

Cash comprises cash on hand, term deposits and deposits held on demand with financial institutions. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and have an original maturity of less than 3 months. Bank overdrafts are presented as current liabilities in the consolidated statement of financial position.

(a) Reconciliation of profit / (loss) for the period to net cash flows from operating activities

	2024 $'000	2023 $'000
Profit from ordinary activities after income tax	(93,035)	4,009
Impairment of Inventory & right of use assets	40,682	-
Impairment of Goodwill	37,685	-
Impairment of deferred tax assets from tax losses previously recorded	10,719	-
Depreciation and amortisation of non-current assets (inc. amortisation of AASB 16 ROU assets)	16,010	15,522
(Gain) / loss on sale of non-current assets	(968)	(17,337)
(Gain) on changes in fair value of investments held at fair value through profit or loss	(248)	-
Share based payments	459	424
Net cash provided by operating activities before net changes in assets and liabilities	**11,304**	**2,618**
Changes in assets and liabilities, net of effects from impairment of assets		
(Increase) / decrease in trade and other receivables	(5,319)	1,442
Decrease / (increase) in other assets	658	(3,678)
(Increase) / decrease in inventories	(21,166)	5,293
(Increase) in deferred tax assets	(1,066)	(5,596)
Increase / (decrease) in trade and other payables	6,163	(12,748)
(Decrease) in provisions and other liabilities	(1,874)	(99)
Other	343	51
Net cash provided by operating activities	**(10,957)**	**(12,717)**

(b) Net debt reconciliation

	2024 $'000	2023 $'000
Cash and cash equivalents	6,017	6,900
Borrowings (non-current)	(62,500)	(55,000)
Net debt	**(56,483)**	**(48,100)**

(c) Reconciliation of movements in liabilities from financing activities to cash flows from financing activities

	Lease liabilities $'000	Borrowings $'000	Total $'000
Balances at 30 June 2022	**(48,370)**	**(77,000)**	**(125,370)**
Financing cash flows			
Net repayment of principal	9,804	22,000	31,804
Non-cash changes			
Additions and modifications to lease liabilities	(35,324)	-	(35,324)
Balances at 30 June 2023	**(73,890)**	**(55,000)**	**(128,890)**
Financing cash flows			
Net repayment / (drawdown) of principal	8,629	(7,500)	1,129
Non-cash changes			
Additions and modifications to lease liabilities	(9,510)	-	(9,510)
Balances at 30 June 2024	**(74,771)**	**(62,500)**	**(137,271)**

Note 7: Trade and other receivables

Accounting policy – trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The average credit period granted to customers for trade receivables is 58 days (2023: 57 days) and therefore are all classified as current. Trade receivables are recognised initially at the transaction price per the relevant contract with the customer unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 26.

	2024 $'000	2023 $'000
Trade receivables	44,650	37,826
Loss allowance	(155)	(236)
	44,495	**37,590**
Prepayments	3,902	4,004
Other receivables	307	1,791
	48,704	**43,385**

Note 8: Inventories

Accounting policy – inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first in, first out basis.
- Work in progress, bulk wine and bottled wine: cost of direct materials and labour and an allocation of manufacturing overheads based on normal operating capacity. The costs include the transfer of grapes at their fair value at the point of harvest to inventory.

Inventories are classified as current or non-current based on the estimated time period in which the goods will be sold to customers.

Significant accounting estimates and judgements – valuation of inventories

Inventory is assessed for obsolescence on an ongoing basis. The assessment considers the quality, age and saleability of the inventory on hand. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale. Based on this assessment and if required, a provision is made to reduce the book value of inventories to its realisable value.

Accounting policy – 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. 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.

All of the Group's vineyards are located in Australia and accordingly there are no agricultural assets in the consolidated statement of financial position at 30 June of each year due to seasonality (all grapes have been harvested and crushed by this time and are in the cost base of wine inventories). The Group crushed 92k tonnes of grapes in the 2024 vintage year (2023: 80k).

Significant accounting estimates and judgements – grape pricing and SGARA

The fair value assigned to harvested grapes is a significant judgement and a level 2 valuation. See note 26 for details on the fair value methodology.

	2024 $'000	2023 $'000
Current		
Bulk wine	138,748	126,007
Bottled wine	40,457	45,649
Work in progress	2,408	4,427
Consumables and raw materials	4,212	5,955
	185,825	**182,038**
Non-current		
Bulk wine	11,423	30,050
Bottled wine	4,483	5,060
	15,906	**35,110**

The cost of inventory recognised as an expense in cost of sales during the year was $187m (2023: $183m). As at 30 June 2024 the Group is holding a provision of $1.3m (2023: $1.0 million) to adjust inventory to it's net realisable value. The balances above are net of this provision. During the year, the Group utilised $0.6m of this provision (2023: $0.8m) to write off inventory. During the year, the Group impaired $36.6m of inventory – see note 3 for further details.

Note 9: Property, plant and equipment

Accounting policy – property, plant and equipment

Property, plant and equipment are shown at historical cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly related to the acquisition of the asset and bringing it to its condition of use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All repairs and maintenance charges are expensed in profit and loss in the period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the following methods and useful lives for each asset class:

- Buildings 50 years (straight line method)
- Vineyard improvements 15-20 years (straight line method)
- Plant and equipment 3-50 years (straight line method)
- Vines 30 years (diminishing value method)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation related to wineries, production and some vineyards is capitalised into inventory and ultimately classified in the Statement of profit or loss and other comprehensive income as a cost of goods sold. Property, plant & equipment assets are tested for impairment as per the policy and details in note 12.

As at 30 June 2024 ($'000)

	Freehold land	*Vineyard improvements*	*Vines*	*Plant and equipment*	*Buildings*	*Work in progress*	*Total*
At cost	8,941	1,986	6,281	151,829	23,982	4,177	197,196
Accumulated depreciation	-	(924)	(4,909)	(87,273)	(8,026)	-	(101,132)
Net book value	**8,941**	**1,062**	**1,372**	**64,556**	**15,956**	**4,177**	**96,064**
Reconciliations							
Carrying amount at 1 July 2023	9,456	1,867	2,161	66,096	16,389	3,187	99,156
Additions	-	-	-	-	-	6,945	6,945
Disposals	(515)	(698)	(608)	(629)	(121)	(287)	(2,858)
Transfers	-	29	-	5,233	406	(5,668)	-
Depreciation	0	(136)	(181)	(6,144)	(718)	-	(7,179)
Carrying amount at 30 June 2024	**8,941**	**1,062**	**1,372**	**64,556**	**15,956**	**4,177**	**96,064**

As at 30 June 2023 ($'000)

	Freehold land	*Vineyard improvements*	*Vines*	*Plant and equipment*	*Buildings*	*Work in progress*	*Total*
At cost	9,457	3,429	8,199	148,465	23,719	3,186	196,455
Accumulated depreciation	-	(1,562)	(6,038)	(82,368)	(7,331)	-	(97,299)
Net book value	**9,457**	**1,867**	**2,161**	**66,097**	**16,388**	**3,186**	**99,156**
Reconciliations							
Carrying amount at 1 July 2022	12,599	6,534	9,130	63,060	16,524	6,598	114,445
Additions	-	211	-	4,875	235	5,444	10,765
Disposals	(3,142)	(5,389)	(8,021)	(1,969)	(2,326)	(1,745)	(22,592)
Transfers	-	840	1,548	6,201	2,659	(7,111)	4,137
Depreciation	-	(329)	(496)	(6,070)	(704)	-	(7,599)
Carrying amount at 30 June 2023	**9,457**	**1,867**	**2,161**	**66,097**	**16,388**	**3,186**	**99,156**

Note 10: Goodwill and other intangible assets

Accounting policy – goodwill and business combinations

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed.

Accounting policy – water licenses

Water allocations with permanent rights are measured at cost on the date of acquisition. Water licences have an indefinite useful life and are not subject to amortisation – this assessment is supported by the water licenses giving the Group indefinite rights to water allocations which are key in operating the Group's vineyards into the future. Water allocations with permanent rights are assessed for impairment in each reporting period, with reference to current market prices. Water allocations with temporary rights are expensed in the year of purchase.

Accounting policy – brand names

Brand names are assessed to have an indefinite useful life and are not amortised – this assessment is supported by the Group's intention and ability to operate a branded wine business indefinitely into the future. Each period, the useful life of this type of asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment at least annually or more frequently if impairment indicators are identified.

Accounting policy – software

Costs incurred in acquiring software that will contribute to future period financial benefits through revenue generation and/or cost reduction is capitalised as intangible assets. Costs capitalised include external direct costs of materials and service and direct payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis for the estimated useful life of the software, which for current software assets held is 3 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset. Amortisation expense relating to software is classified in the Statement of profit or loss and other comprehensive income as Administration expenses.

Intangible assets are tested for impairment as per the policy and details in note 12.

As at 30 June 2024 ($'000)

	Goodwill	*Water licenses*	*Brand names*	*Software*	*Work in progress*	*Total*
At cost	44,085	1,503	5,427	5,537	-	56,5522
Accumulated impairment losses	(44,085)	-	-	-	-	(44,085)
Accumulated amortisation	-	-	-	(4,981)	-	(4,981)
Net book value	**-**	**1,503**	**5,427**	**556**	**-**	**7,486**
Reconciliations						
Carrying amount at 1 July 2023	37,685	1,503	4,827	902	-	44,917
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	(37,685)	-				(37,685)
Transfers	-	-	600	-	-	600
Amortisation	-	-	-	(346)	-	(346)
Carrying amount at 30 June 2024	**-**	**1,503**	**5,427**	**556**	**-**	**7,486**

As at 30 June 2023 ($'000)

	Goodwill	*Water licenses*	*Brand names*	*Software*	*Work in progress*	*Total*
At cost	44,085	1,503	4,827	5,537	-	55,952
Accumulated impairment losses	(6,400)	-	-	-	-	(6,400)
Accumulated amortisation	-	-	-	(4,635)	-	(4,635)
Net book value	37,685	1,503	4,827	902	-	44,917
Reconciliations						
Carrying amount at 1 July 2022	37,685	7,293	4,828	1,252	-	51,058
Additions	-	-	-	-	-	-
Disposals	-	(5,790)	-	-	-	(5,790)
Transfers	-	-	(1)	16	-	15
Amortisation	-	-	-	(366)	-	(366)
Carrying amount at 30 June 2023	**37,685**	**1,503**	**4,827**	**902**	**-**	**44,917**

Note 11: Leases

Accounting policy – leases

Identification of a lease

AVG enters into leases primarily for vineyards where grapes are sourced for the production of wine, as well as equipment (mostly machinery used on vineyards), fleet vehicles for staff and properties for the Group's corporate and sales offices and a cellar door retail outlet. The Group reviews all relevant arrangements and contracts entered into to determine if it contains a lease. Under AASB 16, a lease exists if the arrangement or contract grants the Group the rights to control the use of an identified asset in exchange for consideration for a specified time period.

Lease recognition exemptions and scope exclusions

The Group applies the short-term lease recognition exemption for any leases that have a lease term of 12 months or less. The Group also applies the low-value asset recognition exemption, for leases of assets that are deemed to be low-value under the rules of AASB 16. In addition, the Group does not apply AASB 16 to leases of intangible assets such as water licenses, as is permitted under the standard. Payments for these exempt and excluded leases are recognised in profit or loss on a straight line basis over the term of the lease.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Amortisation for leases that are related to wineries, production and vineyards is capitalised into inventory and ultimately classified in the Statement of profit or loss and other comprehensive income as a cost of goods sold. Right-of-use assets are subject to impairment assessments under AASB 136 Impairment of Assets (see note 12 for further details).

Below is a summary and movement schedule of the Group's right-of-use assets for the current period

As at 30 June 2024 ($'000)

	Vineyards	*Property*	*Equipment*	*Vehicles*	*Total*
At cost	52,594	8,661	4,752	1,952	67,959
Accumulated amortisation	(16,916)	(4,737)	(2,334)	(1,204)	(25,191)
Net book value	**35,678**	**3,924**	**2,418**	**748**	**42,768**
Reconciliations					
Carrying amount at 1 July 2023	43,525	1,112	657	503	45,797
Additions	-	4,610	2,085	666	7,361
Disposals	-	-	(46)	-	(46)
Remeasurement	1,884	17	343	-	2,244
Amortisation	(5,634)	(1,815)	(621)	(421)	(8,491)
Impairment	(4,097)	-	-	-	(4,097)
Carrying amount at 30 June 2024	**35,678**	**3,924**	**2,418**	**748**	**42,768**

During the year, the Group impaired $4.1m of right of use assets – see note 3 for further details.

As at 30 June 2023 ($'000)

	Vineyards	*Property*	*Equipment*	*Vehicles*	*Total*
At cost	59,814	4,037	2,504	1,286	67,641
Accumulated amortisation	(16,289)	(2,925)	(1,847)	(783)	(21,844)
Net book value	**43,525**	**1,112**	**657**	**503**	**45,797**
Reconciliations					
Carrying amount at 1 July 2022	33,147	2,423	5,532	522	41,624
Additions	14,572	-	218	350	15,140
Disposals	-	(24)	(4,152)	(16)	(4,192)
Remeasurement	572	213	-	5	790
Amortisation	(4,766)	(1,500)	(941)	(358)	(7,565)
Carrying amount at 30 June 2023	**43,525**	**1,112**	**657**	**503**	**45,797**

Note 11: Leases (continued)

Lease liabilities (Group as a Lessee)

At the commencement date of the lease the Group recognises lease liabilities, measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and includes variable lease payments that depend on an index. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the rate implicit in the lease. If this is not readily determinable, the Group's incremental borrowing rate at the lease commencement date is used. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The associated interest charges for vineyard leases is capitalised into inventory as is permitted under AASB 102 Inventories and ultimately classified in the Statement of profit or loss and other comprehensive income as a cost of goods sold. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group has not entered into any material arrangements as a Lessor.

Significant accounting estimates and judgements – determining lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases for additional terms, the most significant of which are vineyard leases for which some have extension options of 5 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

As at 30 June 2024 ($'000)

	Vineyards	*Property*	*Equipment*	*Vehicles*	*Total*
Reconciliations					
Carrying amount at 1 July 2023	71,444	1,234	694	518	73,890
Additions	-	4,565	2,085	666	7,316
Termination of lease contracts	-	-	(49)	-	(49)
Modifications	1,884	17	343	-	2,244
Accretion of interest charges	4,999	190	100	40	5,329
Lease repayments	(10,818)	(1,977)	(703)	(460)	(13,958)
Carrying amount at 30 June 2024	**67,509**	**4,029**	**2,470**	**764**	**74,772**

As at 30 June 2023 ($'000)

	Vineyards	*Property*	*Equipment*	*Vehicles*	*Total*
Reconciliations					
Carrying amount at 1 July 2022	41,005	2,624	4,199	542	48,370
Additions	34,166	-	218	350	34,734
Termination of lease contracts	-	(24)	(2,436)	(21)	(2,481)
Modifications	572	59	-	4	635
Accretion of interest charges	4,229	110	200	33	4,572
Lease repayments	(8,528)	(1,535)	(1,487)	(390)	(11,940)
Carrying amount at 30 June 2023	**71,444**	**1,234**	**694**	**518**	**73,890**

Note 12: 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.

The Group's Goodwill and other indefinite lived 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 it's fair value less costs of disposal and it's value-in-use ('VIU').

The Group calculates VIU by using discounted cash flow calculations. These calculations use profit and loss forecasts from the Group's board approved 5-year plan for a period of 5 years and a terminal value applied to the cashflows. An impairment charge is recorded if the recoverable amount of a CGU is less than the carrying value of the assets of any CGU.

The Group increases the robustness of the impairment test by also assessing the fair value of it's assets utilising external market indicators.

Significant accounting estimates and judgements – key assumptions used in impairment testing for goodwill and other intangible assets

The following assumptions are significant to the VIU calculations:

- *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%)

The following assumptions are significant to calculations and determinations of fair value less costs of disposal for specific assets:

- External valuation reports from property and asset valuers;
- External transactions identifying current market value; and
- VIU calculations for brand names, utilising industry royalty rates and forecast sales.

Impairment recognised in the current period

VIU calculation

The results of the current period VIU calculation is that the recoverable amount of the Group's ANZ CGU is less than the carrying value of the CGU's assets. Accordingly, the Group concluded that Goodwill of $37.7m was required to be de-recognised. The resulting impairment expense of $37.7m has been recorded in Other expenses in the Consolidated statement of profit or loss and other comprehensive income.

Fair value less costs of disposal

For all remaining assets other than Goodwill, the fair value less costs of disposal was determined and compared to it's carrying value.
The fair value less costs of disposal was determined to be higher than the carrying value for all other assets and accordingly, no impairment was required for these assets.

Note 13: Trade and other payables

Accounting policy – trade and other payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are paid in the average credit period of 42 days (2023: 48 days) granted by suppliers. Other payables to the Group represent accruals, volume and marketing rebates payable to customers and consumption tax payable to the relevant tax authorities. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

	2024 $'000	2023 $'000
Trade payables	38,127	37,674
Other payables	18,498	12,788
	56,625	**50,462**

Note 14: Provisions

Accounting policy - provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Short term employee benefit obligations include liabilities for salaries, wages and annual leave and are expected to be settled within the next 12 months. Short term employee benefit provisions also include long service leave amounts for those employees who have reached their legal present entitlement. They are measured at the amount expected to be paid to settle the liability. Long term employee benefit obligations consist of probability estimates of long service leave amounts, for employees who have not yet reached their legal present entitlement.

	2024 $'000	2023 $'000
Current		
Employee benefits	5,966	6,322
	5,966	**6,322**
Non-current		
Employee benefits	788	708
	788	**708**

Note 15: 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.

Current	2024 $'000	2023 $'000
Bank loan - commercial bills	62,500	-
	62,500	**-**
Non-current		
Bank loan - commercial bills	-	55,000
	-	**55,000**

Undrawn facilities available to the Group

Details of undrawn debt facilities with National Australia Bank are listed in Financial Risk Management, note 26.

Loan covenants and debt facility increase and extension

The Group has financial covenants associated with the Commercial Bills, the nature of which is as follows: leverage ratio, interest coverage and gearing. As at 30 June 2024, the Group secured credit-approved terms agreed in principle with existing financier, National Australia Bank ('NAB'), for additional support:

- o Extension of $15m of existing debt capacity due to expire at the end of July 2024 (extension to November 2026);
- o Additional $15m of short-term debt capacity, with $5m repayable in November 2024 and $10m repayable in November 2025; and
- o Increased covenant flexibility, noting that there would been a breach of the leverage covenant under the old arrangement.

Since 30 June 2024, the Group has executed these terms in binding documentation (see note 27 for more details).

Assets pledged as security

National Australia Bank, the Group's financier, has a fixed and floating charge over the Group's assets with a first mortgage over the operational assets under the Facilities Agreement in relation to the bank loans noted above.

Interest rates

The commercial bills are subject to a variable interest rate, being the bank bill swap bid rate ('BBSY'). The current weighted average interest rate on the bills is 6.6% (2023: 5.5%).

Capital expenditure commitments

The Group is contractually committed to $0.8m (2023: $0.4m) of future capital expenditure at balance date, for which no liability is recognised.

Note 16: Other financial assets and liabilities

	2024 $'000	2023 $'000
Non-current assets		
Investments held at fair value through profit and loss	1,847	2,577
Loan receivable	470	472
Security deposits	40	40
Prepaid borrowing costs	113	51
Other	12	-
	2,482	**3,140**
Current liabilities		
Derivative financial instruments – foreign currency forward contracts	945	2,038
	945	**2,038**
Non-current liabilities		
Derivative financial instruments – foreign currency forward contracts	121	728
	121	**728**

The derivative financial instruments above relate to the Group's hedge accounting arrangements. Investments held at fair value through profit and loss relate to investments in unlisted securities. Additional information on the Group's risk management and hedge accounting policies, and information on fair values of the above assets and liabilities are detailed in Note 26.

Note 17: Share capital

Accounting policy – share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	2024		2023	
	$'000	Number	$'000	Number
Fully paid ordinary share capital				
Beginning of financial year	441,474	252,638,486	441,474	252,638,486
Capital raise *(see note 1 below)*	14,994	74,972,147	-	-
Transaction costs	(1,047)	-	-	-
End of financial year	**455,421**	**327,610,633**	**441,474**	**252,638,486**

Note 1: During the year, the issued share capital was increased by $13,947,138 (the net of $14,994,429 proceeds and $1,047,291 of transaction costs) via the issue of 74,972,147 ordinary shares on 21 June 2024, under the Group's Institutional Placement share offering. The shares issued under this offering were priced at $0.20 per share.

All shares have equal rights to voting and dividends. The Group's shares have no par value.

Note 18: Dividends

	2024		2023	
	Cents per share	Total $'000	Cents per share	Total $'000
No dividends paid or declared in the current period (2023: 2022 final dividend - 60% franked at a tax rate of 30%)	-	-	3.4	8,589
	-	-		8,589
Franking account balance		235		235

Note 19: Reserves

	2024 $'000	2023 $'000
Employee equity-settled benefits	1,506	1,047
Hedging reserve	(747)	(1,936)
Foreign currency translation reserve	314	389
	1,073	(500)

Nature and purpose of reserves

- The employee equity-settled benefits reserve arises on the granting of shares, performance rights and share options to directors and employees. The fair value of share based payments provided to directors and employees of the Group are recorded within the reserve account and amounts are released into issued capital as options are exercised. Further details on share based payments are made in Note 21.
- The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the profit and loss when the hedged transaction impacts the profit or loss
- The foreign currency translation reserve contains exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars.

Note 20: Key management personnel compensation

The aggregate compensation of the key management personnel of the Group and the company is set out below:

	2024 $	2023 $
Short-term employee benefits	3,141,049	3,291,790
Post-employment benefits	636,542	178,123
Share based payments	277,299	286,578
	4,054,890	**3,756,491**

Note 21: Executive performance rights and share option plan

Accounting policy – share-based payments

Share-based compensation is provided to AVG executives through the Deferred Equity Incentive and the Performance Rights and Option Plan. The fair value of the rights and options granted under these plans is recorded as an employee benefit expense over the period in which the employee becomes unconditionally entitled to the awards, with a corresponding decrease to equity. Further details on the plans and the methods to calculate the fair value of the rights and options is detailed in the next sections.

The following share based payments arrangements were in existence during the current and prior reporting periods.

Deferred Equity Incentive

At the beginning of each financial year the board will determine the maximum number of Performance Rights that each executive will be entitled to as Deferred Equity. If the target performance targets (ROCE & EPS) are achieved for the relevant period then those Performance Rights will be converted to AVG shares. These shares will be escrowed for a period of up to 3 years. There were 3,465,390 rights issued in the current year under this plan to employees (2023: 2,648,996). For FY24, the required ROCE target was not met and as such the rights subject to meeting the ROCE target will not be converted to shares.

The table below summarises all rights and options on issue:

	2024 Number	2023 Number
Balance at the beginning of the financial year (i)	4,527,826	2,849,218
Granted during the financial year (ii)	3,465,390	2,648,996
Exercised/converted to shares during the financial year (iii)	(118,057)	(615,688)
Lapsed/cancelled during the financial year (iv)	(5,797,354)	(354,700)
Balance at the end of the financial year (iv)	2,077,805	4,527,826

Note 21: Executive performance rights and share option plan (continued)

(i) Balance at the Beginning of the Financial Year

	No.	Vested No.	Unvested No.	Grant Date	Vesting Date	Expiry Date	Exercise Price $
Rights issued 10 December 20	1,155,941	-	1,155,941	10/12/20	30/09/23	31/10/23	Nil
Rights issued 25 February 22	722,889	-	722,889	25/02/22	30/09/24	31/10/24	Nil
Rights issued 8 December 22	1,251,078	-	1,251,078	08/12/22	30/09/23	31/10/23	Nil
Rights issued 8 December 22	1,251,078	-	1,251,078	08/12/22	30/09/25	31/10/25	Nil
Rights issued 16 December 22	146,840	-	146,840	16/12/22	30/09/24	01/04/24	Nil
	4,527,826	-	4,527,826				

(ii) Granted during the Financial Year

	No.	Vested No.	Unvested No.	Grant Date	Vesting Date	Expiry Date	Exercise Price $
Rights issued 2 February 24	1,732,695	-	1,732,695	02/02/24	30/09/24	31/10/24	Nil
Rights issued 2 February 24	1,732,695	-	1.732,695	02/02/24	30/09/26	31/10/26	Nil
	3,465,390	-	3,465,390				

The weighted average fair value of the rights granted during the financial year is $0.375 (2023 issued rights: $0.70). Rights issued during the year were priced using a binomial option pricing model.

Rights grant date	No.	Grant date Share Price	Exercise Price	Expected Volatility	Option Life (days)	Dividend Yield	Risk-free Interest Rate
Rights issued 2 February 24	1,732,695	0.375	Nil	32.56%	1,001	0.00%	3.79%
Rights issued 2 February 24	1,732,695	0.375	Nil	32.56%	1,259	0.00%	3.79%

(iii) Exercised / converted to shares during the Financial Year

	No.	Vested No.	Unvested No.	Grant Date	Vesting Date	Exercise Date	Exercise Price $
Rights issued 16 December 22	118,057	118,057	-	16/12/22	01/02/24	01/02/24	Nil
	118,057	118,057	-		-		

(iv) Lapsed / cancelled during the Financial Year

	No.	Vested No.	Unvested No.	Grant Date	Vesting Date	Expiry Date	Exercise Price $
Rights issued 10 December 20	1,155,941	-	1,155,941	10/12/20	30/09/23	31/10/23	Nil
Rights issued 25 February 22	722,889	-	722,889	25/02/22	30/09/24	31/10/24	Nil
Rights issued 8 December 22	1,251,078	-	1,251,078	08/12/22	30/09/23	31/10/23	Nil
Rights issued 8 December 22	437,703	-	437,703	08/12/22	30/09/25	31/10/25	Nil
Rights issued 16 December 22	28,783	-	78,783	16/12/22	30/09/24	01/04/24	Nil
Rights issued 2 February 24	1,732,695	-	1,732,695	02/02/24	30/09/24	31/10/24	Nil
Rights issued 2 February 24	468,265	-	468,265	02/02/24	30/09/26	31/10/26	Nil
	5,797,354	-	5,797,354				

(v) Balance at End of Financial Year

	No.	Vested No.	Unvested No.	Grant Date	Vesting Date	Expiry Date	Exercise Price $
Rights issued 8 December 22	813,375	-	813,375	08/12/22	30/09/25	31/10/25	Nil
Rights issued 2 February 24	1,264,430	-	1,264,430	02/02/24	30/09/26	31/10/26	Nil
	2,077,805	-	2,077,805				

Note 22: Remuneration of auditors

The auditor of Australian Vintage Ltd is Ernst & Young Australia.

	2024 $	2023 $
Fees to Ernst & Young Australia		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	395,100	392,550
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	-	-
Fees for other services	-	-
	395,100	**392,550**
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	18,500	9,000
	18,500	**9,000**

Note 23: Contingent liabilities

	2024 $'000	2023 $'000
Bank guarantees	6,219	5,929

Bank guarantees relate to the Group's vineyard leases and import duties with overseas tax authorities.

Note 24: Subsidiaries

Name of entity	Country of Incorporation	Country of tax residence	Ownership of Interest 2024 %	Ownership of Interest 2023 %
Parent Entity				
Australian Vintage Ltd	Australia	Australia		
Controlled Entity				
Simeon Wines Pty Ltd (1)	Australia	Australia	100	100
Vintners Australia Pty Limited (1)	Australia	Australia	100	100
Barossa Valley Wine Company Pty Limited (1)	Australia	Australia	100	100
Coldridge Development Pty Limited (1)	Australia	Australia	100	100
McGuigan Simeon Wines Pty Ltd (1)	Australia	Australia	100	100
Mourquong Pty Limited (1)	Australia	Australia	100	100
Buronga Hill Pty Limited (1)	Australia	Australia	100	100
Austvin Pty Ltd (1)	Australia	Australia	100	100
Australian Flavours Pty Limited (1)	Australia	Australia	100	100
Austvin Holdings Pty Limited (1)	Australia	Australia	100	100
Australian Vintage (Domestic) Pty Ltd (1)	Australia	Australia	100	100
Miranda Wines Pty Limited (1)	Australia	Australia	100	100
Miranda Wines (Leasing) Pty Limited (1)	Australia	Australia	100	100
Miranda Family Investments Pty Limited (1)	Australia	Australia	100	100
Miranda Wines Holdings Pty Ltd (1)	Australia	Australia	100	100
Australian Vintage (UK) Ltd	United Kingdom	United Kingdom (2)	100	100
Australian Vintage (Europe) Ltd	Ireland	Ireland (2)	100	100

(1) These wholly owned controlled entities have entered into a deed of cross guarantee with Australian Vintage Ltd pursuant to ASIC Corporations (wholly owned companies) Instrument 2016/785 and are relieved from the requirement to prepare and lodge an audited financial report.

As a condition of this Instrument, Australian Vintage Ltd has guaranteed to pay any deficiency in the event of winding up of any of its controlled entities. The controlled entities have also given a similar guarantee in the event Australian Vintage Ltd is wound up. These wholly owned controlled entities all form part of the tax consolidated group. Australian Vintage Ltd is the head entity within the tax consolidated group.

(2) The Group's United Kingdom & Ireland entities are non-operational and do not make sales to customers or have principal ownership of inventory.

Set out below is a condensed consolidated statement of financial position for the Closed Group.

	2024 $'000	2023 $'000
Current Assets	240,503	232,280
Non-Current Assets	174,887	247,955
Total Assets	**415,390**	**480,235**
Current Liabilities	135,855	65,916
Non-Current Liabilities	65,973	123,241
Total Liabilities	**201,828**	**189,157**
Net Assets	**213,562**	**291,078**
Equity	**213,562**	**291,078**

The profit and loss of the Closed Group is the same as the Group, as presented in the primary Consolidated statement of profit or loss and other comprehensive income.

Note 25: Related party transactions

Balances and transactions between the Group and its subsidiaries, which are related parties of the Group are eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Equity interests in related parties
Details of the percentage of ordinary shares held in controlled entities are disclosed in note 24 to the financial statements.

Key management personnel remuneration
Details of key management personnel compensation are disclosed in note 20 to the financial statements.

Other transactions with related parties
During the year, AVG purchased grapes from a vineyard owned by non-executive Director, John Davies. The purchase totalled $20,610 and the price paid per tonne of grapes and the payment terms were on an arms length basis and in line with industry norms and practices.

There are no other material transactions with related parties of the Group during the current or comparative periods.

Note 26: Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group is exposed to certain financial risks including market risk (foreign exchange rates, interest rates), credit risk and liquidity risk. The Group's risk management policies seek to minimise exposure to these risks, where they are material to the Group's operations.

The Group finance team assesses the risk in these areas and evaluates the potential option to minimise the potential impact on the Group. Examples of these risks and management's responses to them are detailed within this note and include entering into derivative financial instrument contracts to offset exposure to foreign currency risk and to variable interest rate risk. The Group does not enter into derivative financial instrument contracts for the purpose of speculating and generally due to this, hedge accounting is able to be applied on such arrangements.

The Board is responsible for approving the Group's risk management policies and the responses to the identified financial risks. See the sections that follow for more detailed information on each area of financial risk.

(a) Financial instruments

Accounting policy – financial instruments

Financial assets at amortised cost

Financial assets at amortised cost are those items that are held with the objective of collecting contractual cash flows (solely payments of principal and interest). These mainly comprise trade receivables, which consist of principal payments contracted to fall on specified dates per the relevant contract. Refer to the accounting policies for the specific asset classes within this category for further details.

Investments held at fair value through profit or loss ('FVTPL')

This category is comprised of unlisted equity investments which the Group has not irrevocably elected to classify at fair value through other comprehensive income. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derivative financial instruments

The Group enters into foreign exchange forward contracts and interest rate swaps in line with the Group's risk management policies in relation to market risk, which are detailed within the sections that follow. Derivatives are initially recognised at fair value when they are entered into and revalued to fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, changes in fair value are recorded in other comprehensive income in the Consolidated statement of profit or loss and other comprehensive income. Supply contracts entered by the Group which contain embedded derivatives, which meet the requirements of the 'own-use' exemption under AASB 9 are accordingly not treated as derivatives and expensed to profit and loss as the relevant goods or services are supplied to the Group.

Financial liabilities at amortised cost

Financial liabilities at amortised cost consist of trade and other payables, lease liabilities and the Group's borrowings. Refer to the accounting policies for the specific asset classes within this category for further details.

Accounting policy – hedge accounting

Hedge accounting is applied to all the Group's derivative financial instruments provided the requirements of AASB 9 are met. As the Group only enters into derivative contracts for hedging purposes, at any given time all derivatives meet this requirement. The Group has cashflow hedges in relation to the highly probable forecast variable interest payments on its bank loans and highly probable forecast sales and expenses that are denominated in a foreign currency. There are no material sources of ineffectiveness for the Group's hedge relationships. Hedging relationships are formally documented at their inception.

The effective portion of changes in the fair value of derivatives that are designed as and qualify as cash flow hedges are deferred in equity. Any ineffective portion is recorded immediately in profit or loss. Amounts deferred in equity are released to profit or loss when the hedged item is recognised in profit or loss. In the event that a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

The table below summarises the financial assets and liabilities held by the Group at balance date.

Financial assets	2024 $'000	2023 $'000
Financial assets at amortised cost		
Trade and other receivables	44,802	39,380
Loan receivable	470	472
Cash and cash equivalents	6,017	6,900
Investments held at fair value through profit and loss ('FVTPL')	1,847	2,577
Other	165	91
Total	**53,301**	**49,420**

Note 26: Financial risk management (continued)

(a) Financial instruments (continued)

	2024 $'000	2023 $'000
Financial liabilities		
Liabilities at amortised cost		
Trade and other payables	56,625	50,462
Lease liabilities	74,772	73,890
Borrowings	62,500	55,000
Derivative financial instruments		
Foreign currency forward contracts	1,066	2,766
Total	**194,963**	**182,118**

Fair value measurements

Details on the methods used to value the Group's assets and liabilities recorded at fair value are noted below.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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 futures curves. Credit risk on these contracts is considered in the valuation and is generally not material. 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 futures curves. Credit risk on these contracts is considered in the valuation and is generally not material. These are Level 2 valuations.

Biological assets

Prior to harvest, grapes growing on the Group's owned and leased vines are measured using published district prices relevant to the region and grape variety and expected yields from the vineyards. At balance date all grapes have been harvested and are based on actual quantities rather than estimates. There are no biological assets on hand at balance date, as the grapes have been harvested, crushed and accounted for in the cost of the wine under AASB 2 Inventories. These are Level 2 valuations.

Investments held at fair value through profit or loss ('FVTPL')

Investments held at FVTPL are measured using two significant inputs, being business valuation multiples for comparable companies and profit forecasts for the business. These are Level 3 valuations.

The fair value of all financial assets and liabilities except derivative financial instruments and investments held at fair value through profit or loss, approximate their carrying value due to their short term nature and borrowings being subject to a variable interest rate.

(b) Market risk

(i) Foreign exchange risk

Description of risk

The Group's activities, including sales of wine products overseas denominated in foreign currencies exposes it to foreign exchange risk. The key currencies relevant to the Group's foreign exchange risk are the British Pound ('GBP'), Canadian Dollar ('CAD'), United States Dollars ('USD'), New Zealand Dollar ('NZD') and Euro ('EUR'). This risk is due to forecast transactions denominated in these currencies, which is different to the Group's functional and presentational currency of Australian Dollars ('AUD'), as well as assets and liabilities recognised on the consolidated statement of financial position, which are denominated in these foreign currencies.

Management of risk

The Group manages this risk by entering into Forward Exchange Contracts ('FECs') to fix the conversion of foreign denominated cashflows into AUD. This activity is governed by the Board approved Foreign Exchange Management Policy. The key details of this policy are as follows (applied to forecast net revenues and expenses of highly probable foreign denominated transactions):

- 25-75% of net exposure for the next 12 months
- 0-50% of net exposure for between 1 year and 2 years
- 0-25% of net exposure for between 3 years and 4 years

Note 26: Financial risk management (continued)

(b) Market risk (continued)

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in AUD is as follows:

2024 (AUD $'000)	USD	GBP	EUR	CAD	Total
Cash	79	172	245	20	516
Trade receivables	-	18,046	2,055	1,097	21,198
Trade payables	(1,653)	(2,559)	(119)	-	(4,331)
Foreign currency forwards (buy foreign currency – cash flow hedges)	-	(1,553)	501	(14)	(1,066)

2023 (AUD $'000)	USD	GBP	EUR	CAD	Total
Cash	24	791	81	6	902
Trade receivables	-	16,197	3,077	753	20,027
Trade payables	(2,559)	(5,403)	(78)	-	(8,040)
Foreign currency forwards (buy foreign currency – cash flow hedges)	-	(2,087)	(463)	(216)	(2,766)

Effects of hedge accounting on the financial position and performance

The effects of FEC's on the Group's financial position and performance are as follows:

	2024 (AUD $'000 – unless stated otherwise)	2023 (AUD $'000 – unless stated otherwise)
Type of hedge	Cash flow hedge	Cash flow hedge
Carrying amount of asset / (liability)	(1,066)	(2,766)
Notional amount (GBP)	49,500	55,940
Notional amount (EUR)	11,775	12,675
Notional amount (CAD)	2,416	4,950
Maturity date (1)	Jul '24 – Feb '27	Jul '23 – Apr '26
Hedge ratio	1:1	1:1
Net change in fair value of outstanding hedging instruments since 1 July	1,700	(6,230)
Net change in value of hedged item used to determine hedge effectiveness	(1,700)	6,230
Weighted average hedged rate for the year (GBP)	GBP 0.54: AUD 1	GBP 0.54: AUD 1
Weighted average hedged rate for the year (EUR)	EUR 0.60: AUD 1	EUR 0.62: AUD 1
Weighted average hedged rate for the year (CAD)	CAD 0.91: AUD 1	CAD 0.92: AUD 1

(1) The table below sets out the maturity dates of the Group's FEC's based on their gross notional amounts (in denominated currency, '000).

	Maturity date within 1 year	Maturity date 1-2 years	Maturity date 2-3 years	Total notional value of FEC's
As at 30 June 2024				
GBP	23,000	18,500	8,000	49,500
EUR	6,225	4,600	950	11,775
CAD	1,366	1,050	-	2,416
As at 30 June 2023				
GBP	26,440	20,000	9,500	55,940
EUR	6,050	4,750	1,875	12,675
CAD	2,500	1,400	1,050	4,950

Note 26: Financial risk management (continued)

(b) Market risk (continued)

Sensitivity

Below is a sensitivity analysis on the Group's profit and cash flow hedge reserve in the case of a strengthening or weakening of the AUD against the significant foreign currencies the Group deals in.

2024 (AUD $'000)	USD	GBP	EUR	CAD
Impact on profit (pre-tax)				
AUD strengthened by 10% against each referenced currency	1,271	(2,229)	(421)	(62)
AUD weakened by 10% against each referenced currency	(1,629)	2,758	524	74
Impact on cash flow hedge reserve				
AUD strengthened by 10% against each referenced currency	-	(9,439)	(1,900)	(266)
AUD weakened by 10% against each referenced currency	-	9,439	1,900	266

2023 (AUD $'000)	USD	GBP	EUR	CAD
Impact on profit (pre-tax)				
AUD strengthened by 10% against each referenced currency	2,683	(3,049)	(1,007)	45
AUD weakened by 10% against each referenced currency	(3,279)	3,727	1,231	(55)
Impact on cash flow hedge reserve				
AUD strengthened by 10% against each referenced currency	-	(10,655)	(2,078)	(561)
AUD weakened by 10% against each referenced currency	-	10,655	2,078	561

(i) Interest rate risk

Description of risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to hedge between 0% and 70% of its borrowings, depending on qualitative factors and the Board's risk appetite at fixed rate using floating-to-fixed interest rate swaps to achieve this when necessary.

Management of risk

There are currently no interest rate swaps in place (2023 – no interest rate swaps in place).

Sensitivity

The profit or loss of the Group would be impacted by changes in interest rates as it relates to the unhedged portion of the Group's borrowings, which attracts variable interest. If interest rates were 250 basis points higher/lower, profit would have decreased/increased by $1.8m (2023: if interest rates were 250 basis points higher/lower, profit would have decreased/increased by $2.0m).

Note 26: Financial risk management (continued)

(c) Credit risk

Description of risk

The Group is exposed to credit risk from the following sources: credit extended to customers by way of sale of goods on normal trading terms and counterparty credit risk with respect to financial institutions where the Group holds cash deposits and has entered into contracts for derivative financial instruments.

Management of risk

Financial institutions: The Group only deals with financial institutions with an investment grade credit rating and any banking arrangements require approval from the Board. The Group's banker is National Australia Bank, which has a strong long-term credit rating.

Trading: The Group has a significant number of customers from trading, which are spread across several country jurisdictions. Group management has a dedicated credit team who are responsible for performing credit worthiness reviews on every customer before credit is granted to them in line with the Group's credit policy. The Group only extends credit when such checks are performed, and the Group is satisfied any credit granted to the customer will be payable by that party. Where required by the policy, credit guarantee insurance may be taken out. Aging of debtor balances and assessments of recoverability of the Group's debtor book is reported to the Board on a monthly basis for their review.

Impairment of financial assets – trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

The expected loss rates are based on grouping customers of a similar geography and business type and estimating a loss rate by analysing past write-offs including the current financial year and adjusting these historical rates to reflect current and forward looking macroeconomic factors. Adjustments made to the historical rates are not material.

The basis for the Group's calculation is summarised below:

As at 30 June 2024	Expected loss rate %	Gross carrying amount ($'000)	Provision ($'000)
Domestic	0.2	15,899	37
Export	0.2	24,762	58
Bulk	1.5	3,989	60
		44,650	155

As at 30 June 2023	Expected loss rate %	Gross carrying amount ($'000)	Provision ($'000)
Domestic	0.3	10,107	34
	0.4	23,615	99
	2.5	4,104	103
		37,826	236

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

	2024 $'000	2023 $'000
Movement in the credit loss allowance		
Balance at the beginning of the year	(236)	(270)
Allowance released / (impairment recognised) on receivables	81	34
Amounts written off as not collectable	-	-
Balance at the end of the year	(155)	(236)

Note 26: Financial risk management (continued)

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included below is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

	2024 $'000	2023 $'000
Total facilities		
Bank overdrafts	5,000	5,000
Bank facilities	94,350	84,350
	99,350	89,350
Used at 30 June		
Bank overdrafts	-	-
Bank facilities	68,719	60,929
	68,719	60,929
Unused at 30 June		
Bank overdrafts	5,000	5,000
Bank facilities	25,631	23,421
	30,631	28,421

The following table details the Group's financial liabilities that will be settled on a gross basis and their maturities. The amounts disclosed below are undiscounted contractual cashflows. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates or foreign exchange rates, as is relevant. Contractual obligations that are settled on a net-basis are presented as net cashflows. The bank facilities above are inclusive of the bank guarantee that is disclosed in note 23.

2024 ($'000)	Within 3 months	3-12 months	1-5 years	5 years +	Total	Carrying amount of (asset) / liability
Non-derivatives						
Trade and other payables	56,625	-	-	-	56,625	56,625
Bank facilities	1,360	4,079	70,743	-	76,182	62,500
Lease liabilities	3,681	10,975	49,389	32,344	96,389	74,711
Total non-derivatives	**61,666**	**15,054**	**120,132**	**32,344**	**229,196**	**193,836**
Derivatives						
Forward exchange contracts	(256)	(689)	(121)	-	(1,066)	(1,066)
Total Derivatives	**(256)**	**(689)**	**(121)**	**-**	**(1,066)**	**(1,066)**

Note:

- the table above includes cashflows in the 1-5 years maturity category with respect to the principal repayment of bank facilities. This categorisation aligns with the in-principle agreement in place with National Australia Bank as at 30 June 2024, which is detailed further in note 27; and
- the table above includes cashflows totalling $16.7m and a corresponding lease liability of $12.8m for the Balranald vineyard lease. Whilst these are presented in the above table to provide information on reported balances at 30 June 2024, we note that subsequent to year-end the Group exited this lease and consequently these cash outflows will not be incurred by the Group. See note 27 for further details.

2023 ($'000)	Within 3 months	3-12 months	1-5 years	5 years +	Total	Carrying amount of (asset) / liability
Non-derivatives						
Trade and other payables	50,462	-	-	-	50,462	50,462
Bank facilities	1,101	3,303	66,225	-	70,629	55,000
Lease liabilities	3,070	9,072	45,556	41,707	99,405	73,890
Total non-derivatives	**54,633**	**12,375**	**111,781**	**41,707**	**220,496**	**179,352**
Derivatives						
Forward exchange contracts	(845)	(1,217)	(704)	-	(2,766)	(2,766)
Total Derivatives	**(845)**	**(1,217)**	**(704)**	**-**	**(2,766)**	**(2,766)**

Note 27: Events after the reporting period

The Group announced details of it's capital structure initiatives to the ASX on 11 June 2024. The capital structure initiatives principally included a debt facility increase and extension, and an equity raising. Provided below are details on these matters, specifically those aspects which occurred after 30 June 2024:

Debt Facility Increase and Extension:

As of 11 June 2024:

- Credit-approved terms agreed in principle with existing financier, National Australia Bank *('NAB')*, for additional support:
  - Extension of $15m of existing debt capacity due to expire at the end of July 2024 (extension to November 2026);
  - Additional $15m of short-term debt capacity, with $5m repayable in November 2024 and $10m repayable in November 2025; and
  - Increased covenant flexibility.

As of 8 July 2024 (after the reporting period):

- The above in principle terms with NAB were executed in binding documentation, subject to standard conditions precedent including provision of mortgage and title documentation.

Equity Raising:

As of 11 June 2024:

- Equity raising of up to $19.9m announced, comprising:
  - $5.5m institutional placement ('*Placement*');
  - $9.5m 2 for 7 accelerated non-renouncable entitlement offer ('*Institutional Entitlement Offer*'); and
  - $4.9m 2 for 7 non-renouncable entitlement offer ('*Retail Entitlement Offer*').

As of 21 June 2024:

As detailed in note 17, the $5.5m Placement and the $9.5m Institutional Entitlement Offer were both completed and 100% subscribed.

As of 9 July 2024 (after the reporting period):

The Retail Entitlement Offer was completed, resulting in the authorised share capital increasing by $370,458 via the issue of 1,852,290 ordinary shares. The shares issued under this offering were priced at $0.20 per share.

Board Renewal:

The Group announced it's Board Renewal plans to the ASX on 11 June 2024. Since this announcement and including events after the reporting period, the following has occurred with regards to this initiative:

- Resignation of Richard Davis, non-executive Chairman on 11 July 2024;
- Commencement of John Davies as interim non-executive Chairman from 11 July 2024;
- Resignation of Naseema Sparks, non-executive Director on 24 July 2024;
- Planned resignation of John Davies, non-executive Director and interim Chairman on 23 August 2024 (announced on 11 July 2024);
- Commencement of Margaret Zabel as non-executive Director (effective 23 July 2024);
- Commencement of Michael Byrne as non-executive Director (effective 14 August 2024);
- Commencement of Elaine Teh as non-executive Director (effective 23 August 2024); and
- Commencement of James Williamson as interim Chairman and non-executive Director (effective 23 August 2024);

Balranald Vineyard Lease Surrender:

AVG announced to the ASX on 8 May 2024 that the Group would surrender the Balranald Vineyard Lease. This transaction was completed on 10 July 2024, with the following being the key points:

- Binding documentation executed to surrender long term lease with Belvino for the Balranald Vineyard, subject to completion of the sale of the water rights associated with the vineyard, expected to occur mid July 2024;
- Provides grape sourcing flexibility in a changing market dynamic; and
- Net cash flow benefit of $12.6m over the remaining 7 year lease term.

There have been no other matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since the end of the financial year, 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.

Note 28: Parent entity

The ultimate parent company of the Group is Australian Vintage Ltd. The below tables detail the financial position at balance date, the profit and loss for the financial year and other information regarding the parent entity.

Financial Position	2024 $'000	2023 $'000
Assets		
Current assets	222,785	228,373
Non-current assets	233,352	290,818
Total assets	456,137	519,191
Liabilities		
Current liabilities	127,920	61,241
Non-current liabilities	204,814	248,617
Total liabilities	332,734	309,858
Net Assets	**123,403**	**209,333**
Equity		
Issued Capital	455,421	441,474
Accumulated Losses	(331,904)	(230,380)
Profit reserve	(796)	(796)
Equity-settled employee benefits reserve	1,506	1,048
Hedging reserve	(747)	(1,936)
Foreign currency translation reserve	(77)	(77)
Total equity	**123,403**	**209,333**

Profit and loss	Year ended 30 June 2024 $'000	Year ended 30 June 2023 $'000
(Loss) for the year	**(101,524)**	**(8,049)**
Other comprehensive income	(1,190)	(4,354)
Total comprehensive income	(102,714)	(12,403)

The contingent liabilities and capital commitments of the parent entity are the same as those of the Group, which are detailed in note 23 and note 15, respectively. The parent entity has entered into a deed of cross guarantee with subsidiaries as indicated in note 24.

Consolidated entity disclosure statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

Name of entity	Country of Incorporation	Country of tax residence	Ownership of Interest 2024 %	Ownership of Interest 2023 %
Parent Entity				
Australian Vintage Ltd	Australia	Australia		
Controlled Entity				
Simeon Wines Pty Ltd	Australia	Australia	100	100
Vintners Australia Pty Limited	Australia	Australia	100	100
Barossa Valley Wine Company Pty Limited	Australia	Australia	100	100
Coldridge Development Pty Limited	Australia	Australia	100	100
McGuigan Simeon Wines Pty Ltd	Australia	Australia	100	100
Mourquong Pty Limited	Australia	Australia	100	100
Buronga Hill Pty Limited	Australia	Australia	100	100
Austvin Pty Ltd	Australia	Australia	100	100
Australian Flavours Pty Limited	Australia	Australia	100	100
Austvin Holdings Pty Limited	Australia	Australia	100	100
Australian Vintage (Domestic) Pty Ltd	Australia	Australia	100	100
Miranda Wines Pty Limited	Australia	Australia	100	100
Miranda Wines (Leasing) Pty Limited	Australia	Australia	100	100
Miranda Family Investments Pty Limited	Australia	Australia	100	100
Miranda Wines Holdings Pty Ltd	Australia	Australia	100	100
Australian Vintage (UK) Ltd	United Kingdom	United Kingdom (note 1)	100	100
Australian Vintage (Europe) Ltd	Ireland	Ireland (note 1)	100	100

Note 1: the Group's United Kingdom & Ireland entities are non-operational and do not make sales to customers or have principal ownership of inventory.

Basis of preparation

The consolidated entity disclosure statement contains information required by section 295 of the Corporations Act 2001 and the Group has applied current tax legislation and guidance in determining the tax residency of entities within the consolidated entity.

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Merbein Packaging

2 Wentworth Road
Merbein Vic 3505
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McGUIGAN
MASTERCRAFT
CHARDONNAY
LIMESTONE COAST
2021
BRIAN McGUIGAN-FOUNDER
CELLAR DOOR
PREMIUM RELEASE
ALC 13.5% VOL
YEAST NO: CY3079
OAK: FRENCH
ORIGIN: PADTHAWAY
McGUIGAN
MASTERCRAFT


NEPENTHE
NEPENTHE
ADELAIDE HILLS
PRIMITIVO
NEPENTHE
NEPENTHE
ADELAIDE HILLS
SHIRAZ