



AUSTRALIAN VINTAGE LTD

**21 August 2025**

**ASX ANNOUNCEMENT**

**AUSTRALIAN VINTAGE FULL YEAR 2025 RESULTS ANNOUNCEMENT**

Australian Vintage Limited (**ASX: AVG**) today announces the full year 2025 audited results.

As previously guided to the market on 23<sup>rd</sup> May 2025 overall sales for Australian Vintage were \$257 million or -1% lower than prior year. A relentless focus on cash flow through cost-out measures has seen earnings and cash flow improvement in FY25, but still behind company targets. Underlying earnings improvement has increased EBITDAS to \$15 million, EBITs to \$1 million and NPATS to –(\$6) million compared to FY24 results. Contained within the earnings outcomes is a one-off expense of \$6 million associated with the first-time implementation of waste management legislation in the UK in FY25, also known as Extended Producer Responsibility (EPR). Going forward EPR costs will be included in cost of goods sold and are expected to be recovered through price increases.

AVG estimates that fiscal year 2026 will be a transformational year. The Group is targeting topline growth of +5% to +8%, reversing years of declining sales into growth and pivoting the Group on a positive free cash flow trajectory. Already the Group is ahead of budget in July with positive early signs, ahead of expectations, of consumer adoption rates in the UK for key new brand innovations of Poco Vino™ and Lemsecco™. The Poco Vino™ and Lemsecco™ budgeted sales growth have been upgraded to \$15 million and \$6 million. These two innovative brands, based on forecast ranging with key UK and Australian customers and early adoption rates in the UK, are anticipated to be key growth drivers for the Group over the medium term.

Poco Vino™'s upgraded 2026 expectation does not truly reflect the scale and potential of this innovation for the Group. Current expectations are based on a small and defined distribution set in Australia and the UK for a partial period of the 2026 fiscal year only. Since AVG last gave guidance on this product's revenue contribution, early sales in the UK have exceeded estimates by four times. Further acceleration, that will most likely spill over into growth for future years, will be driven by confirmation of more stores in core markets of Australia and the UK, as well as new distribution partners in NZ, Thailand, Malaysia, China and Europe. Additionally, AVG is in the final stages of roll-out in the USA, Indonesia, Philippines and across the Middle East.

Future growth of Poco Vino™ will not only be limited to geographical expansion. The Group plans to launch additional SKU's in Sparkling wine, Premium ranges for Global Travel Retail, Hotel and on-premise accounts. All of this growth will be serviced by three dedicated manufacturing hubs located in Amsterdam for Europe and UK, Napa Valley for USA and Merbein for Australia, leveraging the planned "*make where sold model*" to limit shipping lead times, increase profitability and speed to market.

**FY25 Branded Sales and FY26 outlook for Core branded portfolio**

While the Group is focussed on innovation growth, the core business is critical to long term stability and breadth of range. While the Company is reporting a -1% decline in sales for the full year FY25, AVG has continued to maintain, and improve, market share across key geographies, even in a globally soft wine market. This consistent outperformance of AVG brands, compared to



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other Australian wine businesses in the scale wine segments, is a demonstration of the continued consumer appeal of the AVG portfolio of brands. As a key driver of profit, AVG maintained pillar brand revenue at 78% of total revenue in FY25 (65% in FY20). Since FY20, AVG has consistently grown pillar brands share of value, with a CAGR of Tempus Two +4%, Nepenthe +15%, Barossa Valley Wine Company +8%, high profit zero alcohol wines +71%, whilst protecting red-centric McGuigan at -2% against much heavier declines of other Australian sub \$10 wine companies.

Expectations in FY26 is for considerable growth in McGuigan and Not Guilty Zero alcohol wines across the UK with planned expansion into Canada and USA. Additionally, AVG's premium portfolio, while small, will continue to grow. The recently signed sponsorship of Cricket Australia and the Ashes series will be used as a key consumer and trade engagement platform to increase relevance, sales, and awareness of this globally iconic brand. Based on these initiatives, Australian Vintage believes the decline of the McGuigan brand will halt in the portfolio in 2026.

### **FY26 Innovation and global MadFish acquisition**

As outlined earlier, Poco Vino's net sales expectations for FY26 continue to grow each week as sales are realised. Importantly, the team is focused on seamless execution of maintaining the supply of finished products and meeting the quality and service expectations of customers. The growth of the brand will require additional working capital as infrastructure, logistics and supply chain challenges are overcome and new customers and countries come online. A full update will be provided at the 2026 half year result in February when the key markets of the UK and Australia will have months of sales data available.

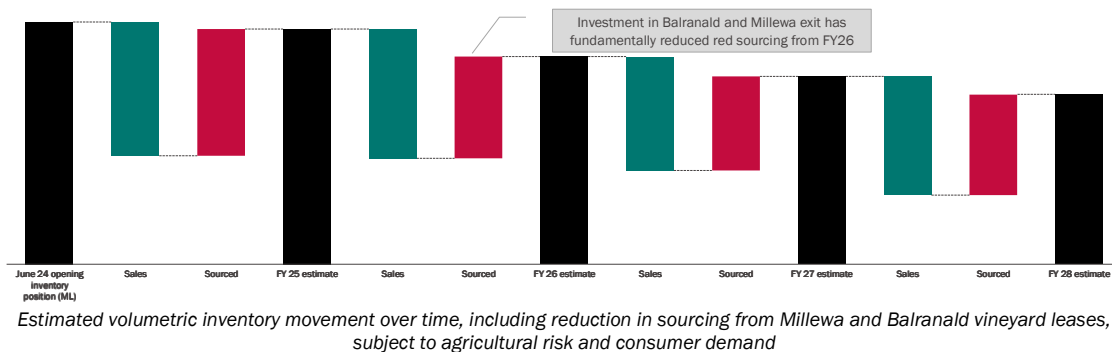
**Lemsecco™**, Australian Vintage's Spritz brand innovation, has secured long term citrus and Prosecco base supply due to increasing FY26 demand, which is now expected to exceed FY25's result by over 100,000 4.5L cases, equating to an incremental \$4 million in net sales. Distribution and ranging continues to expand across ANZ, UK and North America having now received FDA approval to ship the Group's first presold orders to the USA. Lemsecco™ is expected to exceed current forecasts for FY26.

During FY25, AVG announced a strategic acquisition of the international ownership of the **MadFish** brand, outside of Australia. This brand is an exciting opportunity for the company especially in the UK. Furthermore, the Group has successfully negotiated the distribution rights for the Howard Park wine brand in the UK, Ireland, Europe and Canada, further leveraging AVG's existing sales footprint. Whilst the FY26 revenue from this exciting opportunity is small in the context of the overarching core portfolio, it is strategically important to AVG as it provides a future scalable (+200k 4.5L cases, up to \$9 million in net sales) and much needed lighter varietal range, sitting at a premium price point from a desirable and respected Western Australian brand – The company sees significant potential for growth in FY27 and beyond.

### **Inventory**

As updated to the market on 23<sup>rd</sup> May 2025, inventory of \$220 million has increased by \$19 million over FY24. The higher inventory is a consequence of historic contracted wine intake and inventory build for innovation and premiumisation, notably Poco Vino™ and Lemsecco™.

For FY26 and FY27 AVG estimates a significant inventory reduction as wine intake will peak in vintage 2025. The drivers of this significant reduction in wine intake are from long-term grower contracts rolling off over the next three years. The Company has also accelerated this through strategic lease and grape supply exits of Millewa in July 2025 and Balranald in July 2024. These represent an annual reduction of over 20kT, or \$7 million cash in equivalent grape pricing if no more grapes are purchased, of mostly excess red grape supply. This meaningful reduction, in previously obligated future cash outflows, will be a significant driver of free cash flow for the Group over the medium term.



### Cash Flow and Net Debt

As previously guided on the 23<sup>rd</sup> of May 2025, the Group's expectation of neutral normalised free cash flow for FY2025 was revised to be an underlying outflow of approximately \$13 million for the full year and a final net debt position of \$75 million. The result is free cash flow improvement of +\$15 million over the prior year and +\$20 million on FY23, on a like-for-like basis. However, the Group acknowledged in May 2025 that this was not in line with investor or management expectations.

For FY26, the Group is balancing the growth targets of successful brand launches for the first months of the financial year with a clear budget to achieve cash flow positive outcomes for the full year result. A full update will be provided at the FY2026 half-year result on the Group's performance against these targets.

### Strategic focus and leadership changes

The Company has been restructured to drive change, The Board renewal occurred in August 2024, with Mr James Williamson welcomed as Chair, Ms Margaret Zabel as a Non-Executive Director, Mr Michael Byrne as a Non-Executive Director and Ms Elaine Teh as a Non-Executive Director. This was followed by a leadership change with the appointment of Tom Dusseldorp as CEO in May 2025.

The change in the Board and leadership resulted in a change in strategy to target free cash flow generation and increased ROCE as an immediate priority.

The Company strategy is driven by two key deliverables of driving topline growth and generate free cash flow through:

- Maintain the Group's core brands in a softening wine market



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- Investing in margin accretive innovation to drive revenue growth.
- Leverage existing export capability to position for new market expansion across China, rest of Asia and the Americas.
- Reducing fixed grape supply, sell excessive bulk wine and increase flexibility of grape sourcing to bring wine supply in balance and generate cash.
- Drive further operational and operating efficiencies.

The outcome of this focused strategy is expected to deliver a free cash flow neutral position by the end FY26, free cash flow generation of +\$10 million in FY27, and +\$20 million per annum in free cash flow generation by the end of FY28.

For the purpose of ASX Listing Rule 15.5, Australian Vintage confirms that this document has been authorised for release by the Board.

**ENDS**

**Further information**

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*Important Information*

*This announcement is in summary form and is not necessarily complete. It should be read together with the Company's Appendix 4E and other 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 considering economic conditions that impact consumer demand and the cost base, foreign exchange impacts, agricultural risk and other geopolitical risks.*

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