



AUSTRALIAN VINTAGE LTD

24 May 2021

**CAPITAL RESTRUCTURE
PROPOSED CAPITAL RETURN AND SHARE CONSOLIDATION
AND EXTRAORDINARY GENERAL MEETING**

The Australian Vintage Limited (ASX:AVG) Board is proposing an 8.5 cent cash payment per share and a 10% share consolidation.

Review of Capital Structure

In February 2021 AVG advised the market that it would be undertaking a review of the existing capital structure.

This review, which has now been completed, had a key focus on achieving the best return for shareholders while also ensuring that the Company has an efficient capital structure as well as flexibility to pursue growth opportunities whilst maintaining its current credit metrics.

The Board concluded that it would return some capital to shareholders through an 8.5 cent cash payment per share and a 10% share consolidation, as interdependent corporate actions.

The combined impact of the two corporate actions has a similar effect of a share buyback of 1 share for every 10 for 85 cents. The 85 cents is based on the Company's Net Tangible Assets per share as at 31 December 2020.

The capital return of 8.5 cents per share represents a total return of funds to shareholders of approximately \$23.9 million and, importantly, results in all shareholders being treated equally.

Reasons for the Return of Capital and Share Consolidation

The proposed Capital Return is being undertaken to return a portion of the Company's excess capital equitably and efficiently to shareholders.

The Board considered various options for returning excess capital to shareholders and determined that the Capital Return, combined with the Share Consolidation, is the optimal method for both the Company and shareholders.



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In summary, having regard to the analysis outlined in the attached Explanatory Memorandum to the Notice of Meeting, the Board is satisfied and considers that implementing the proposed Capital Return:

- will leave the Company well placed to pursue its strategic goals;
- demonstrates the Company's commitment to maintaining a strong and efficient balance sheet; and
- will not materially prejudice the Company's ability to pay its creditors,

and therefore, is in the best interests of the Company.

Further, the cumulative effect of the proposed Share Consolidation and Capital Return is expected to result in an accretion in earnings per Share.

The aim of the proposed Share Consolidation is to ensure that each Shareholder's proportionate interest in the Company remains unchanged following the payment of the Capital Return (subject to the rounding up of fractional entitlements to the next whole number of Shares) and neutralise any potential share price reduction as a result of the Capital Return.

The Board also considers that the Share Consolidation will result in a more appropriate and effective capital structure for the Company.

Extraordinary General Meeting

Following lodgement of the Notice of Meeting with ASIC, shareholders will be sent the Notice of Meeting for the Extraordinary General Meeting (EGM) of Australian Vintage Limited, which is planned to be held on 30 June 2021. This Notice of Meeting will be lodged with the ASX for release to the market on Wednesday 26th May.

This announcement has been authorised for release by the 2021 Capital Management Initiative Committee.

ENDS

Further information

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