AUSTRALIAN VINTAGE LTD

Company Announcements
Australian Securities Exchange

23 November 2022

AVG AGM Addresses and Presentation

Australian Vintage Limited (ASX: AVG) will today address shareholders at its Annual General Meeting to be held as a hybrid meeting, commencing at 11.30 am Australian Eastern Daylight Saving Time.

Attached is a copy of the addresses to be delivered by Mr. Richard Davis, Chairman and Mr. Craig Garvin, Chief Executive Officer and presentation material.

This information will provide shareholders an update on the company's financial performance and key strategies.

This announcement was authorised for release by the AVG Board.

Further information

Craig Garvin
Chief Executive Officer
02 4998 4199

Adam Rigano
Chief Financial Officer
08 8172 8333

AUSTRALIAN VINTAGE LTD

2022 Annual General Meeting

Chairman's address – Richard Davis

I am pleased to report strong global pillar performance, continued premiumisation and innovation have led to increased market share in all geographies, despite the commencement of significant global inflationary pressures within the financial year.

Inflationary pressures include interest rates rising, increasing energy and fuel prices as a result of the war in the Ukraine, and seafreight delivery times remain long and at a high cost. Global demand for wine is softening and Australian export competitor behaviour is becoming more aggressive driven by the red wine surplus in Australia.

This global environment reinforces that our strategic objective of putting the consumer at the heart of everything we do, thereby driving innovation into new revenue streams and increasing market share for our pillar brands, is the right strategic direction to follow. At the same time we are supporting a culture that is values and behaviour based, enabling innovation and continuous improvement, at a time where the external environment is challenging.

We are well placed against our strategic imperative of making AVG a branded consumer business. Our recently released wine and spirits based drinks business has been well received providing strong indicators of growth for the future. Our collaboration with Sarah Jessica Parker on mid-strength wine is growing and we believe our innovative mid-strength wine will place AVG in a market leading position in the same way we are still the number 1 zero alcohol brand in the UK. Our collaboration with Meatstock on the Butcher's Cellar range provides a unique offering to the growing BBQ movement across Australia and America.

Our investment in pillar brands is being rewarded through increased market share and now represent 78% of our revenue. Our super premium and luxury brands have grown by 20% since 2019, contributing 13% to our overall revenue, and are on track to grow by another 20% over the next three to five years.

Our underlying NPATS was $21.5 million, a 7% increase over the prior year. Our reported NPAT of $17.3 million was impacted by one-off costs related to Brexit in the UK of $3.7 million, and cellar door closures due to COVID lockdowns of $0.8 million. Earnings per share of 6.9 cents per share and the underlying Return on Capital Employed (ROCE) was in line with the prior year at 7.5%.

From this result we are pleased to provide our shareholders with a 3.4 cents per share dividend, franked at 60%, an increase of 26% over the prior year and representing a 50% payout. This dividend is in addition to the capital return of 8.5 cents per share completed in July 2021. Total shareholder return from July 2019 to June 2022 reflects an increase of 80%.

Our staff are to be commended on how they continue to demonstrate care for each other, as well as our consumers, customers, and partners.

Sustainability and the impact we have on people, the communities and the environment is important to us. We are proud to have released our sustainability roadmap capturing our Environmental, Social and Governance strategy in our Annual Report. We are committed to building a more responsible sustainable and inclusive organisation that allows people and planet to thrive. We aim to be net positive in everything we do with three key strategic priorities:

1. Renew and regenerate our environment,
2. Engage and nourish our people and communities, and
3. Share and grow as an impactful business

Environmentally AVG is committed to reducing absolute scope 1, 2 and 3 emissions by 90% by 2040 from a 2021 base year according to the Net-Zero Standard published by the Science Based Targets Initiative.

Australian wine industry

Australian Vintage has been successful in growing market share in all key geographies. In the UK total market declined by 10% however we grew share with a decline of only 5%, half the overall market decline. In Australia we grew market share by 5% and in New Zealand we grew share by 9%. In our growing geographies we grew sales by 26% in North America and 18% in Asia, excluding China.

For the year ended September 2022, total Australian export sales decreased by 1% to $2.0 billion, and volume decreased 1% to 627 million litres.

The decline has been driven by tough market conditions including global freight challenges, high tariffs on bottled wines imported to mainland China, and the aftermath of changing consumer habits during the COVID-19 pandemic. Export sales held steady in value excluding mainland China.

North America exports were up 26% to 62 million litres partially offset by the decline in the UK market down 12% to 222 million litres. Worldwide shipping delays have impacted, and continue to impact, exports over the last 12 months.

Australian Vintage has been out and proud over the last couple of years with our ability to ensure that demand is in balance with supply. The current market conditions are such that where there is a large surplus of red wine in Australia aggressive behaviour to reduce that surplus will ensue. We do not have the same requirements to move excessive bulk wine allowing us to focus on continuing to drive the strategic value of our portfolio.

The total grape crush for 2022 was 1.7 million tonnes, 13.5% lower than the 2021 record crush and 2% below the 10 year average 1.8 million tonnes. This decline was seen across all regions.

The loss of sales to China, which was as high as 176 million litres in 2018, has translated to lower red grapes prices. The average wine grape price declined by 10% to $630 per tonne, with the average red grape price declining by 15% to $707 per tonne, and the average value for whites increasing by 2% to $548 per tonne.

AVG's position against a background of oversupply in red wine and reducing red grape prices is sound with wine inventory in balance with demand. AVG also has flexibility going forward in terms of grape intake.

AVG also believes in ensuring a sustainable supply chain with our growers. We are not directly impacted by what is occurring in the short term across the industry.

It is too early to comment on the upcoming vintage especially considering the abnormal wet weather on the east coast and the potential impact on flood events across the Murray-Darling and Riverland regions. Flood peaks have occurred and are expected to linger over the coming months.

On behalf of the Board, I would like to thank the people at Australian Vintage, led by Craig, for delivering an underlying result that was 7% higher than last year, a year of peak COVID demand, while demonstrating resilience in a highly competitive and challenging market.

We are proud of our staff who are committed to delivering against our long term strategy.

I will now hand over to Craig Garvin to provide a more detailed breakdown of business performance over the last financial year and our priorities and focus for FY22 and beyond.

Chief Executive Officer's address – Craig Garvin

Overview

Our strategic direction remains on track with FY22 demonstrating strong global pillar brand performance, premiumisation and innovation leading to increased market share and margin improvement.

We have delivered a 7% growth in underlying profit, despite ongoing global challenges, reinforcing the resilience driven by the execution of our strategic plan. With pillar brand sales representing 78% of our sales revenue and ongoing innovation across the business we are proud to be able to deliver an underlying gross margin of 35%, well on the way to a sustainable 40% gross margin.

Both our underlying EBITS and NPATS are up by 7% compared to the prior year, whilst our reported NPAT was $2.3 million lower than last year, impacted by one-off non-recurring costs, FX, and SGARA.

Early in the financial year, results were impacted by the Brexit transition in the UK causing a significant amount of demurrage and stock-outs due to labour unavailability at the UK ports impacting EBIT by $3.7 million. In Australia, we were continuing to deal with the Covid pandemic, where ongoing lockdowns impacted our cellar doors reducing EBIT by a further $0.8 million. These are what we are calling our one-off non-recurring costs as they were driven by significant external abnormal factors.

In the second half of the financial year, at the beginning of 2022, Russia invaded the Ukraine driving hyperinflation across the globe. Coupled with shipping delays and less ships available, shipping costs increased significantly. These events alone caused $4.6 million of inflationary pressure in their own right in the financial results. These events continue today, and have been compounded by increased interest rates and floods in Australia.

Our balance sheet remains strong, and as Richard indicated conservative, with net debt at $74.5 million, gearing at 25%, and net debt to EBITDA of 1.5 times.

We have launched our high margin wine and spirits business with a net positive contribution and intend to increase value through the acquisition of a luxury wine brands.

Before I provide further insight on the FY22 result and the outlook for FY23 I would like to share with you, our vision and values and then our internal balanced score card that we use to measure our business.

Vision and values

Firstly, looking at our vision and values. These values are critical as they guide our business approach with a strong focus on putting the consumer at the heart of everything we do.

Our vision is to make us the first-choice wine for every occasion by having a portfolio of quality brands that cater for every occasion. To achieve this vision, we must put the consumer at the heart of everything we do, and we must work in a collaborative manner, we must be innovative, nimble and responsive and we must be empowered. Underlying all these values are our behaviours which include integrity, respect and trust. It is the culture of the company and its staff which has underpinned the ongoing growth and success of this business. These behaviours form an integral part of each person's annual performance plan which is assessed every 6 months and I am glad to report that all our staff have embraced these behaviours.

Strategic plans positions us well for growth

Now moving onto our balanced scorecard. This scorecard, which monitors how we are going against our strategic plans, is an all-encompassing view of our business and covers:

- Consumer and Brands in terms of our investment in brands, innovation, and consumer insight.
- Markets and Customers with targets to outperform the wine category and improving our business in key markets.
- People. This involves assessing our staff in terms of regular engagement surveys, investing in our staff and safety. Pleasingly our staff engagement is considered top quartile at 70%.
- Sustainability by being net positive in everything we do with our people, communities, stakeholders and environment is a key strategic pillar.
- Return on Assets. This involves leveraging our world class assets and delivering on all financial metrics.

FY22 key balance scorecard

This slide shows how we have performed against the balanced scorecard for FY22. The key issues that I would like to highlight are:

- Our pillar brands are now 78% of our total sales and growing;
- Our underlying gross margin was at 35%;
- Our increased marketing spend has continued since 2019 underpinning our share performance;
- We have grown market share in all our key geographies;
- Staff engagement has improved from 54% to 70% and our lost time injury has decreased significantly from 17 in FY19 to 9 in FY22;
- Our ESG journey is very well advanced and we have announced our intention to reach Net Zero by 2040 with a cultural mindset of being net positive in everything we do; and
- Our underlying ROCE is consistent with the prior year at 7.5%.

As you can see the Company has performed well against the balanced scorecard.

Investment in pillar brands driving performance

The shift in the pillar brand strategy over the last two years and increased marketing has resulted in increased market share across all key geographies and strong margin improvement helping to absorb some of the inflationary pressures. Increased investment in super premium and luxury brands are expected to drive CAGR growth by 20% over the next three-to-five years.

High margin product lines are showing significant growth on the prior year including McGuigan Zero at 55%, Tempus Two at 20% and Nepenthe at 31%. McGuigan declined however at half the rate of the overall market decline. This is driving an overall 8% increase in CAGR from FY2020.

Turning to how each of the segments have performed commencing with ANZ.

ANZ

AVG achieved market share gains in both Australia and New Zealand, growing at 5% and 9% respectively. Within this market share growth we were able to achieve growth in branded sales of 3%, which was offset by a decrease in a low margin processing contract. All four pillar brands grew with Nepenthe at 30%, Tempus Two at 10%, Barossa Valley Wine Company at 8% and McGuigan at 3%.

UK/EU/NA

Despite industry wide supply chain issues post Brexit, the UK continues to grow market share led by McGuigan and Tempus Two. AVG's share grew at twice the rate of the overall UK wine market which declined by 10%. In the no-and-low category the overall UK market grew by 11% with AVG products growing by over 50%. McGuigan Zero is now the number one alcohol free still wine brand in the UK.

Higher margin Tempus Two is the fastest growing Top 50 brand in the UK grocery growing at 75% over the prior period.

AVG has very strong partnerships with its global shipping partners that has maintained an industry leading service level to customers despite very challenging global supply and significant cost issues. Strong recovery continues within Canada for AVG brands and long-standing partnerships, generating growth of 26% in packaged wine over the prior period.

Asia

Sales within the Asia segment have improved by 18% over the prior period driven by Taiwan, Malaysia and Singapore. Pillar brand performance was led by Tempus Two +19% and McGuigan +6%, driving a significant increase in the contribution from Asia over the prior year.

AVG has also launched the Wines of the World program broadening sales channels across Asia whilst remaining committed to the China market through a strategic partnership with COFCO, AVG's China based importer and distributor.

We see Asia as a major growth platform for the future and a great market for our premium brands. AVG is already taking steps to increase sales of our portfolio in Southeast Asia whilst building long term partnership for China growth over the coming years.

Austflavour

Austflavour is a unique proposition for AVG that leverages our world leading technology to access markets not traditionally available to a wine company. There are significant global opportunities for this high margin, high value business. AVG's juice and concentrate division provides unique grape derived products for confectionary and soft-drinks, winemaking products, and de-alcoholised wines, utilising world leading technology.

We have been supplying grape derived products for over twenty years through long term partnerships in Australia, Japan and North America. The global ingredients market across India, China, Australia, Europe and rest of Asia is a large market that AVG is actively pursuing.

Over FY22 Austflavour delivered an improved margin percentage contribution, despite lower revenue after exiting from a low margin bulk processing arrangement. We are well positioned with capability and know how to leverage global demand and will continue to focus on this high margin business as a strategic priority.

We would be disappointed if contribution from this division did not double within the next 5 years, from our existing asset base and with no material capital investment, further enhancing ROCE.

Strong FY22 financial performance

The FY22 result was very pleasing with continued growth in our portfolio of key brands, especially on the back of 2021 representing a peak year in sales driven by Covid. Pillar brands now represent 78% of our total sales compared to 58% in FY18. Our total revenue has grown to $260.1 million.

Our underlying Earnings before interest and tax grew by 7% to $33.3 million, after absorbing a further $4.5 million in inflationary costs. Our underlying Net Profit after Tax improved by 7% to $20.5 million.

As you can see from the graphs, we have sustained the step change achieved in FY21. This step change has been achieved through increase marketing investment in our key brands, innovation, operating efficiencies, a real focus on our vision and values and increased investment in our staff.

The McGuigan Zero range has been an outstanding success and demonstrated the importance of innovation to the portfolio for the long term. We are looking to back up this success with our new drinks and spirits range and our collaborations.

Underlying mega trends

We utilise consumer research to inform our strategy of placing the consumer at the heart of everything we do. Our research informs us that even in a highly disruptive environment there are some tailwinds reinforcing our strategic direction.

- **Premiumisation:** Even in a world of hyper-inflation, where you would expect consumers to be driven towards value, the trends indicate consumers are still willing to buy at higher price points reinforcing our investment in the premium part of our portfolio.
- **Better for me.** The focus on moderation, lower alcohol content, health and wellness is being driven by millennials and gen Z. As the innovators in no-and-low AVG will continue to be the leaders in the no-and-low category.
- **Better for the world.** ESG is at the forefront of every conversation with our customers, consumers, key stakeholders and investors. AVG is proud to have released our ESG roadmap that will be undertaken with a cultural mindset of being “net-positive” in everything we do.
- **The home premise.** On-premise remains challenging and is some way off from full recovery. Learned behaviours during Covid lockdowns, coupled with high interest rates and higher cost of living, are driving consumers to home consumption. This is driving the growth in the RTD category with our Mr Stubbs range pitched directly at the home consumption trend.
- **Digital.** Ecommerce is a core part of how consumers make their purchasing decisions. Premium, fast-growing categories tend to over index in online sales with ecommerce an important component of the value-pool. AVG has some work to undertake in this space however we are investing to ensure our digital platforms generate consumer cut through.

Strategic execution

Three years ago when I commenced with AVG I set out to achieve 6 key strategic execution imperatives, namely:

1. Driving the portfolio including potential brand acquisitions
2. Driving people engagement
3. Driving safety and sustainability
4. Driving market share
5. Driving margin accretion, and
6. Driving innovation

AUSTRALIAN VINTAGE LTD

I am pleased to say that the team at AVG have delivered on all of these strategic imperatives excluding acquiring additional brands. Acquisition values have been too high however, we are seeing opportunities in this space.

We have increased the portfolio by increasing our revenue and gross margin from our pillar brands. We have also expanded our portfolio with our collaborations and drinks business.

We have increased people engagement from a low engagement score of 54% to employer of choice at 70%.

We have decreased our safety LTIFR into low single digits and released our ESG roadmap including our aspiration to achieve Net Zero by 2040.

Despite aggressive competitor behaviour we continue to rank highly in our customer relationship surveys supporting our growing market share.

With our drive towards pillar brands we have improved margin to 35%, well on our way towards a sustainable 40%. This has driven improved profitability for the business.

And we are driving innovation. We were the first movers and market leaders in zero alcohol wine. We are driving the low category and have innovated with the release of our drinks range. We now offer a broader portfolio to our customers and consumers, all led by consumer insight.

<u>AVL hype reel</u>
We have prepared a quick overview of some of our recent marketing activities supporting our premiumisation, innovation, and investment into alternative revenue streams.

[play video]

<u>New portfolio of beverages</u>
Innovation continues to be fundamental to our strategic success. Australian Vintage is world leading in no-and-low alcohol with McGuigan Zero reaching number one zero-alcohol wine in the UK and Australian markets. The recent launch of our new wine and spirits based drinks business creates a tremendous global opportunity for high margin revenue growth and leverages our operational know how and assets.

We have been able to add new revenue streams with minimal capital investment, generating a positive contribution net of investment, further supporting our double-digit ROCE ambition. Most importantly these innovations are aligned to the fastest growing consumer demand globally.

Here you can see a sample of some of our exciting new drinks ranges including:

- Our Mr Stubbs
- Tempus Two Gins
- Our Rescued range of gins, and
- Our Gelato style Italian drinks.

<u>Sustainability</u>
Sustainability is paramount to our success in the future. It’s a critical issue but also one of the biggest opportunities of our time.

Our approach to sustainability is a balanced one, encompassing our responsibilities across environment, social and governance (ESG). AVG's three strategic priorities are to:

- Renew and regenerate our environment
- Engage and nourish our people and communities
- Share and grow as an impactful business

During FY22, AVG utilised globally recognised frameworks and partnerships to design a business fit for the future. We are proud to be taking a science-based approach to environmental sustainability, a human-centric approach to social impact and harnessing the power of partnerships to drive progress and authenticity.

It's more than a social licence to operate, it's a value creator and key driver for innovation. Consumers want to support brands and businesses that put people and planet first and we are seeing this in the purchasing decisions of our customers. We are undertaking world-class initiatives and embedding sustainability into our DNA, with an ambition to be Net Positive in everything we do.

<u>Climate action towards Net Zero</u>
In an effort to take action around climate, we are proud to have announced our ambitious target to achieve Net Zero by 2040 across our entire value chain, taking a science-based approach to reduce emissions across scopes 1, 2 and 3, to be validated by the Science Based Targets Initiative.

In FY 22, AVG undertook a detailed greenhouse gas (GHG) assessment, measuring emissions across scopes 1, 2, and 3 from a base year of 2021. This best practice climate science approach (following guideline of the Science Based Targets Initiative) has informed the setting of high-level targets and emission interventions across material impact areas.

On the journey to achieving our target, AVG has set a near term target to reduce absolute scope 1 and 2 emissions by 42% by 2030 and scope 3 emissions by 52% within the same timeframe.

<u>Trading update and outlook</u>
We expect EBITS to be consistent with FY22, subject to FX, further agricultural risk, and planned asset sales. This is after absorbing an expected $17 million in inflation in FY23, highlighting the growth and resilience of the core underlying business.

Global conditions have continued to worsen with softer trading conditions driven by hyperinflation, high interest rates and aggressive Australian export behaviour due to red wine surplus in country. These trading conditions are driving volumes that are in line with last year and revenue approximately 3% lower however we are continuing to grow market share. Whilst ANZ is maintaining share, the UK, Asia and North America are continuing to grow share.

The global hyperinflationary environment and the ongoing war in the Ukraine is continuing to impact our operating business. Energy, fuel and other input costs are continuing to increase and we have not yet seen a reduction in seafreight delivery times or costs on the shipping routes we operate in. Inflationary pressures are predominantly impacted by seafreight costs and represents an EBITS impact of $17 million. Over 2 years the business will have absorbed over $26 million in inflationary costs.

The industry expects that the soft market dynamics and hyper-inflationary pressures, predominantly impacted by seafreight, will ease towards FY24 and FY25 however, in the interim the impact of the environment we are operating within is delivering a softer reported gross margin of ~ 30%. These outcomes are not expected to change unless an easing of the environmental factors occurs. If seafreight was to go back to pre FY22 levels gross margin would be ~ 35%. Therefore, our underlying business and strategy is healthy. This reinforces our focus on growing share so that once the inflationary pressures ease AVG will be well placed to deliver our expected underlying profit of over $25 million per annum.

Given the environmental considerations, we remain especially committed to our strategic plan as that commitment has demonstrated historically that we can generate higher returns. We are maintaining our strategic intent to place the consumer at the heart of everything we do as we look to drive the business towards a sustainable ROCE in the double digits by continuing invest in marketing, innovation, premiumisation, product awareness, and consumer satisfaction.

AVG has been unable to offset inflationary pressures through price increases and is proposing to utilise the planned sale of non-core assets to offset some of the hyper-inflationary pressure thereby maintaining EBITS and dividends in FY 2023. Any funds received will be utilised for execution of our strategic plan and reducing debt.

I would like to thank our staff, contractors, stakeholders, shareholders and the Board for their ongoing support.

Ends

AUSTRALIAN VINTAGE

ANNUAL GENERAL MEETING
23 NOVEMBER 2022

Your Board of Directors

Richard Davis
Chairman

Naseema Sparks AM
Non-Executive Director

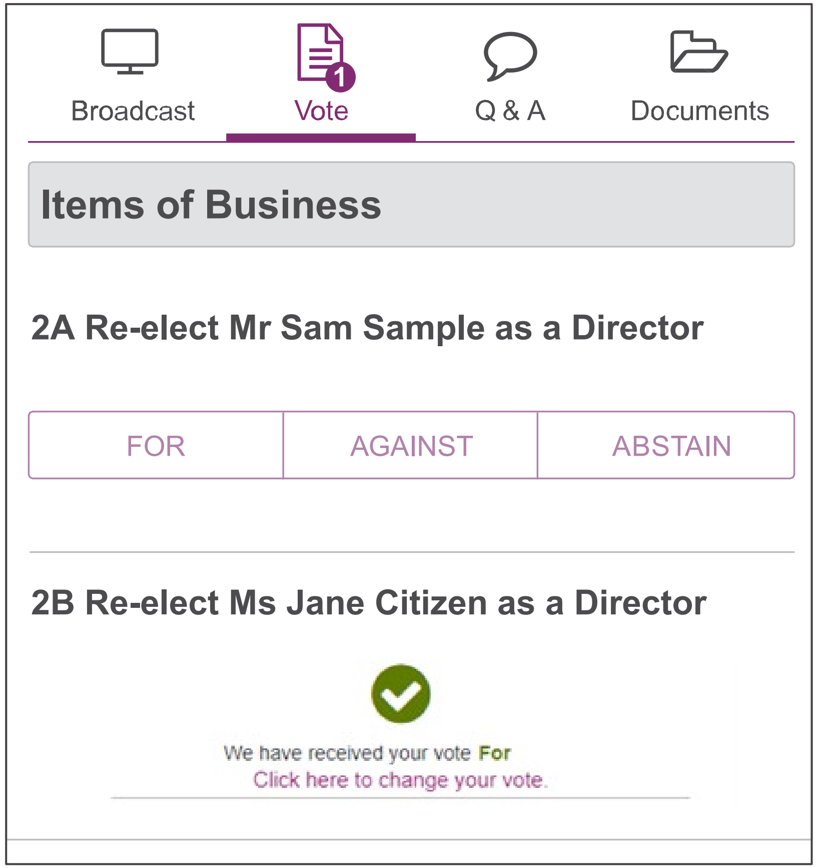
John Davies
Non-Executive Director

Craig Garvin
Executive Director,
Chief Executive Officer

Peter Perrin
Non-Executive Director

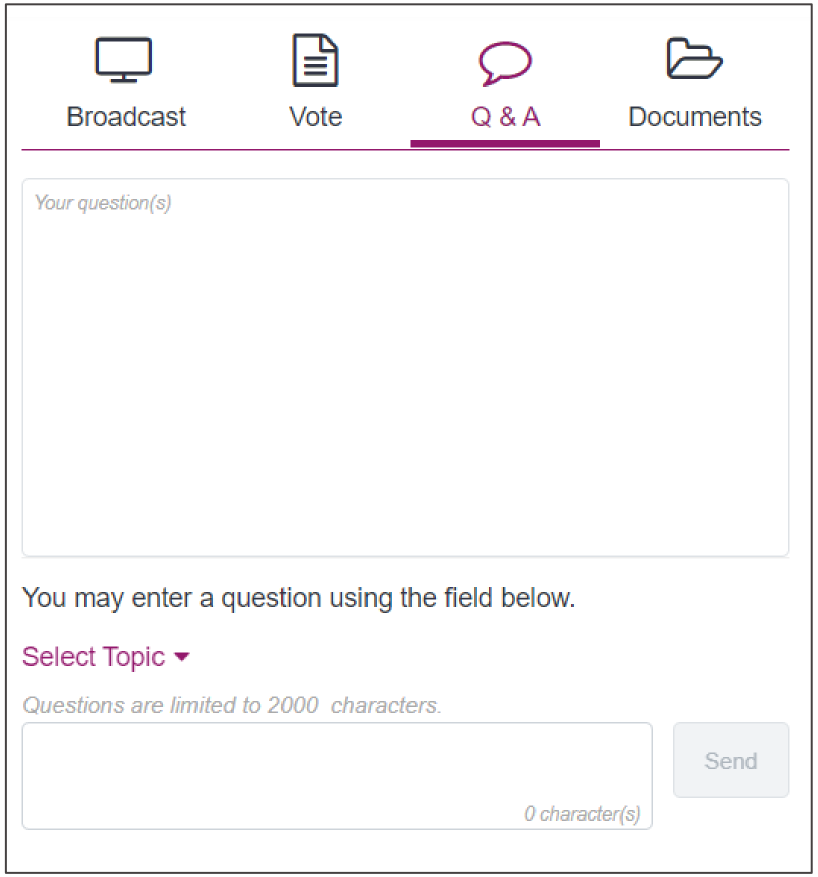
How to vote

- When the poll is open, select the vote icon at the top of the screen
- To vote, select either For, Against or Abstain
- You will see a vote confirmation
- To change or cancel your vote “click here to change your vote” at any time until the poll is closed



How to ask a question

- To ask a written question select the Q & A icon
- Select the topic your question relates to from the drop-down list
- Type your question in the text box and press the send button
- To ask a verbal question follow the instructions below the broadcast window.



Disclaimer

The presentation has been prepared by Australian Vintage Limited (ACN 052 179 932) ("AVG") (including its subsidiaries, affiliates and associated companies) and provides general background information about AVG's activities as at the date of this presentation. The information does not purport to be complete, is given in summary and may change without notice.

This presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate. The presentation does not constitute or form part of an offer to buy or sell AVG securities.

This presentation contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of AVG and cannot be predicted by AVG and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which AVG operate. They also include general economic conditions, exchange rates, interest rates, the regulatory environment, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

None of AVG (and their respective officers, employees or agents) (the Relevant Persons) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. The forward looking statements in this presentation reflect views held only at the date of this presentation. Except as required by applicable law or the ASX Listing Rules, the Relevant Persons disclaim any obligation or undertaking to publicly update any forward looking statements, whether as a result of new information or future events. Statements about past performance are not necessarily indicative of future performance.

Certain jurisdictions may restrict the release, publication or distribution of this presentation. Persons in such jurisdictions should observe such restrictions. To the extent permitted by law the Relevant Persons do not accept liability for any use of this presentation, its contents or anything arising in connection thereto including any liability arising from the fault or negligence none of the Relevant Persons.

Agenda

1) Chairman’s Address

2) CEO’s Address

3) Financial Position

4) Formal Proceedings & Shareholder Questions

AUSTRALIAN VINTAGE

CHAIRMAN’S ADDRESS

Australian Wine Industry

Exports

AVG growing market share in all key geographies whilst total Australian export sales decreasing

- 12 months to September 2022, Australian export sales decreased by 1% to $2.0.billion and volume decreased 1% to 627 million litres
- Tough market conditions drive the declines in export volumes including high tariffs on bottled wine imported to mainland China, the impact of the global freight challenges, and the aftermath of changing consumer habits during COVID-19 pandemic.
- Exports, excluding mainland China, held steady in value and increased by 1% in volume to 622 million litres. Note North America export is up 26% to 62 million litres partially offsetting the decline in the UK market down 12% to 222 million litres.
- Worldwide shipping delays have impacted, and continue to impact, exports over the last 12 months

2022 Vintage

AVG demand and supply in balance whilst most of industry experiencing surplus

- 2022 vintage was 1.7 million tonnes, 13.5% lower on the record 2021 crush and 2% below the 10 year average pf 1.8 million tonnes
- All regions experienced a substantial decrease in tonnes
- The average wine grape price declined by 10% to $630/T, with the average value for reds declining by 15% to $707/T and the average value for whites increased by 2% to $548/T

AUSTRALIAN VINTAGE

CEO’S ADDRESS

Overview
FY22 year in review

Continued strong global pillar brand performance, premiumisation and innovation have led to increased market share and margin improvement…

- Market share growth across all key geographies despite global freight disruption
- Pillar brand sales increased to 78% of total revenue, 7 point increase v PY
- Innovation delivering across the business – leaders in no-and-low
- Underlying gross margin of 35%, increase of 3 percentage points
- Underlying EBITS up 7% to $33.3m and underlying NPATS up 7% to $21.5m
- Reported NPAT of $17.3m, $2.3m lower, impacted by FX, SGARA and one-offs
- Strong balance sheet with net debt at $74.5m, gearing at 25%
- Acquisition intent for luxury wine brand
- TSR growth of ~80% from 1 July 2019
- EPS 6.9cps in line with prior year
- Final dividend of 3.4 cents per share, franked to 60%
- High margin wine and spirits based drinks business launched with net positive contribution
- ESG roadmap to Net Zero

One-off non-recurring impacts include demurrage in UK and stocks outs arising from BREXIT/ COVID plus COVID cellar door closure in Australia representing $4.5 million in EBIT impact as reported at the half year results

We pride ourselves on innovation to keep the consumer at the heart of everything we do

Our Vision	To be the first choice for every occasion
Our Purpose	Make the world a smaller place through sharing good times
Our Mission	We put the consumer at the heart of everything we do

Our Values

Working Collaboratively

Innovative

Nimble & Responsive

Empowered

Our Behaviours

Integrity | Respect | Courage | Collaboration | Resilience | Trust

Our strategic plan continues to position us well for growth…

Consumers and Brands

Investing in pillar brands

Pillar brand portfolio in double digit growth

Innovation is delivering growth and margin

Consumer insight driving our branded strategies

Increased marketing investment delivering share growth

Markets and Customers

Significantly improved our business in Aus and UK

Outperforming wine category in key markets

Leaders in no-and-low

#2 customer rated alcohol supplier in Australia

Resetting for growth in Asia & North America

Joint business planning delivering

People

Staff engagement 70% Top Quartile

Investment in leadership & development

Prioritising diversity and behaviours

Significant improvement in safety Culture

Diversity – "Most improved gender equity award"

ESG

Climate action towards Net Zero

Transition to renewable energy

Responsible consumption through products and partnerships

Sustainable imprint across all brand plans

B Corp certification in progress

Return on Assets

Underlying ROCE 7.5%

Leveraging our world class assets for competitive advantage

Delivering on all financial metrics

Financial position and balance sheet are strong

Margin improvement

High margin drinks business launched

Source: Advantage Group UK & Australia Supplier of the Year Awards

...with underlying results for FY22 demonstrating strong performance against our strategy

Consumers and Brands

Pillar Brand Sales

$203.2m ▲+4%

78% of total revenue

▲ +7pp

Underlying Gross Margin

35% ▲ +3pp

Marketing Investment

Continued investment in pillar brands whilst activating collaborations and new drinks range

Markets and Customers

Outgrowing the market in key geographies (packaged)

AVL vs WINE

+5% vs +3%

Total -5% vs -10%
Zero +51% vs +11%

+9% vs +3%

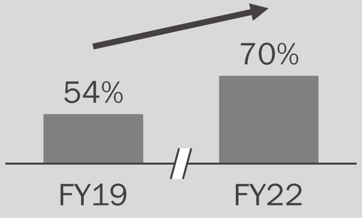
Shipments rebounding in other battlegrounds

+26% value

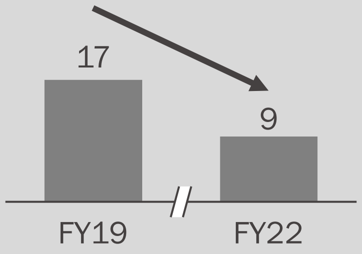
Asia ex-China +18% value

People

Employee engagement



Lost Time Injury Frequency Rate



ESG

ESG journey advanced

Winery production 100% powered by wind and solar

APCO 2025 sustainability packaging targets

Responsible consumption through product and partnerships

Net Zero 2040

Underlying Return

Underlying EBITDAS

$48.2m ▲+7% PY

Underlying EBITDAS margin

18.5%

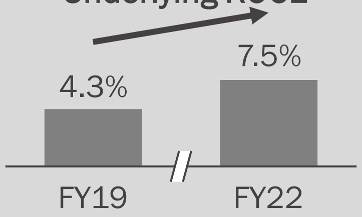
Underlying EBITS

$33.3m ▲+7% PY

Underlying NPATS

$21.5m ▲+7% PY

Underlying ROCE

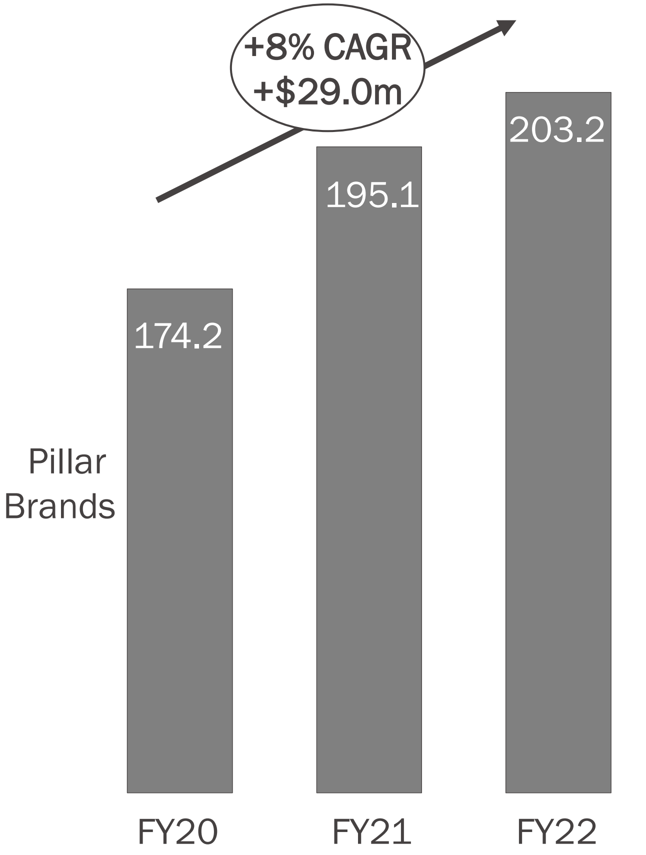


Reported # impacted by demurrage, stock outs, SGARA & COVID closures

Investment in pillar brands has driven outperformance of wine category in key markets

Pillar brands delivering top-line…

$M Sales



Pillar brands all growing share

$ Shipments vs PY

McGUIGAN WINES	-4%
TEMPUS TWO	+20%
NEPENTHE	+31%
BAROSSA VALLEY WINE COMPANY	+3%

…leading to AVL outperforming in key markets

$ RSV vs PY Scan sales

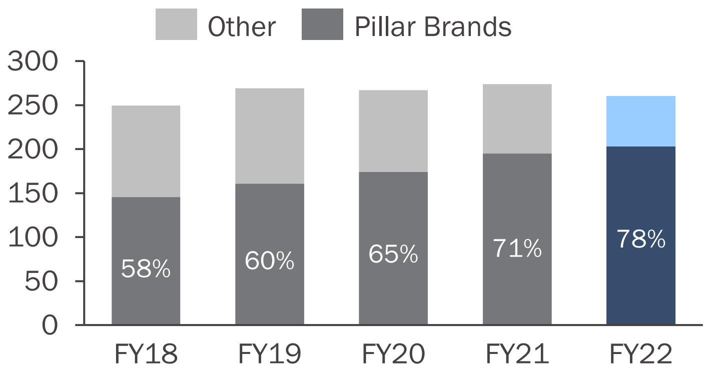
	AUSTRALIAN VINTAGE LTD	Wine Market
	-5%	-10%
	+5%	+3%
	+9%	+3%

Source: AVL shipments by Brands and Nielsen (UK & Ireland) and IRI (AU and NZ: Foodstuffs) market data

Strong financial performance in a difficult global environment

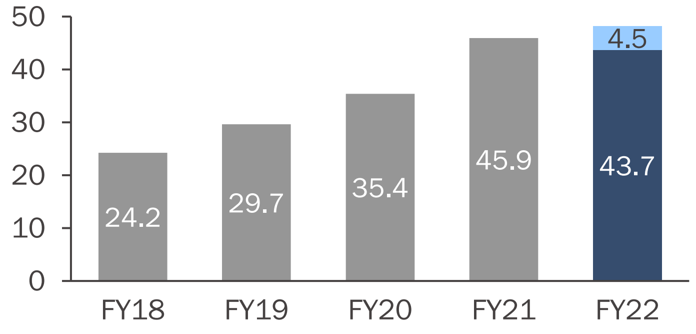
Total Revenue

$260.1m



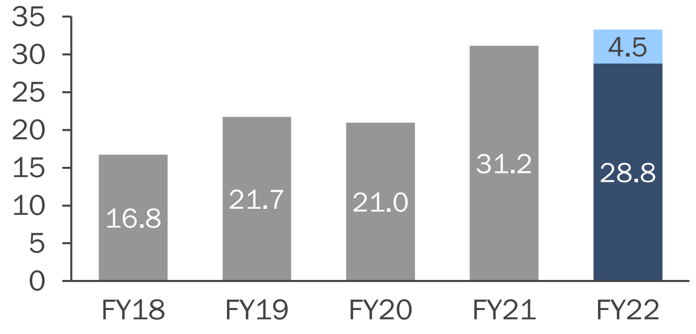
EBITDAS

$48.2m (underlying)1



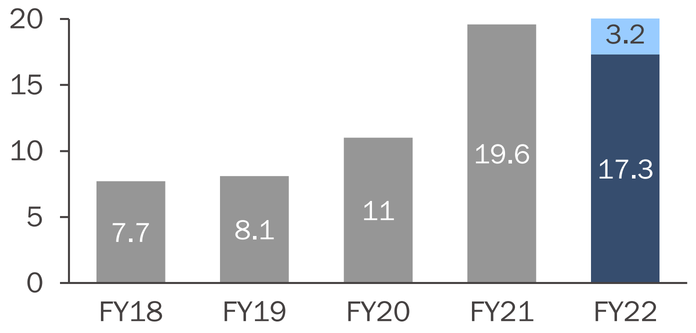
EBITS

$33.3m (underlying)1



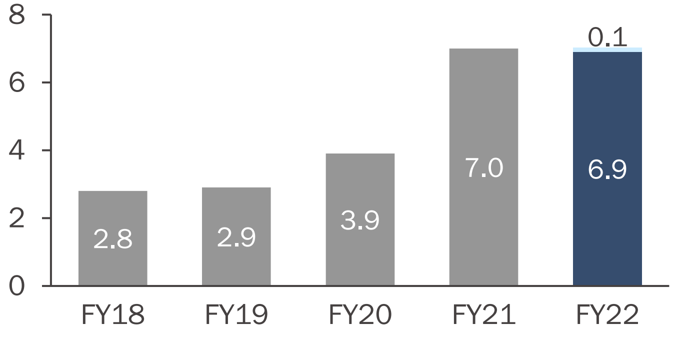
Net Profit After Tax

$20.5m (underlying)1



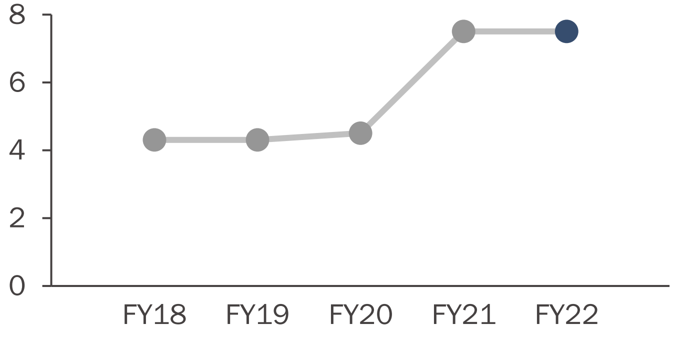
Earnings Per Share

7.0 cents (underlying)1



Return on Capital Employed

7.5% (underlying)1



1 One-off non-recurring items for demurrage, stock outs and COVID cellar door closures totals $4.5m

The underlying megatrends driving the industry provide some tailwinds and underpin our strategy

Industry Tailwinds

Premiumisation

Better for me

Better for the world

The home premise

Digital

Strategic execution - we are delivering against our strategic pillars led by consumer research

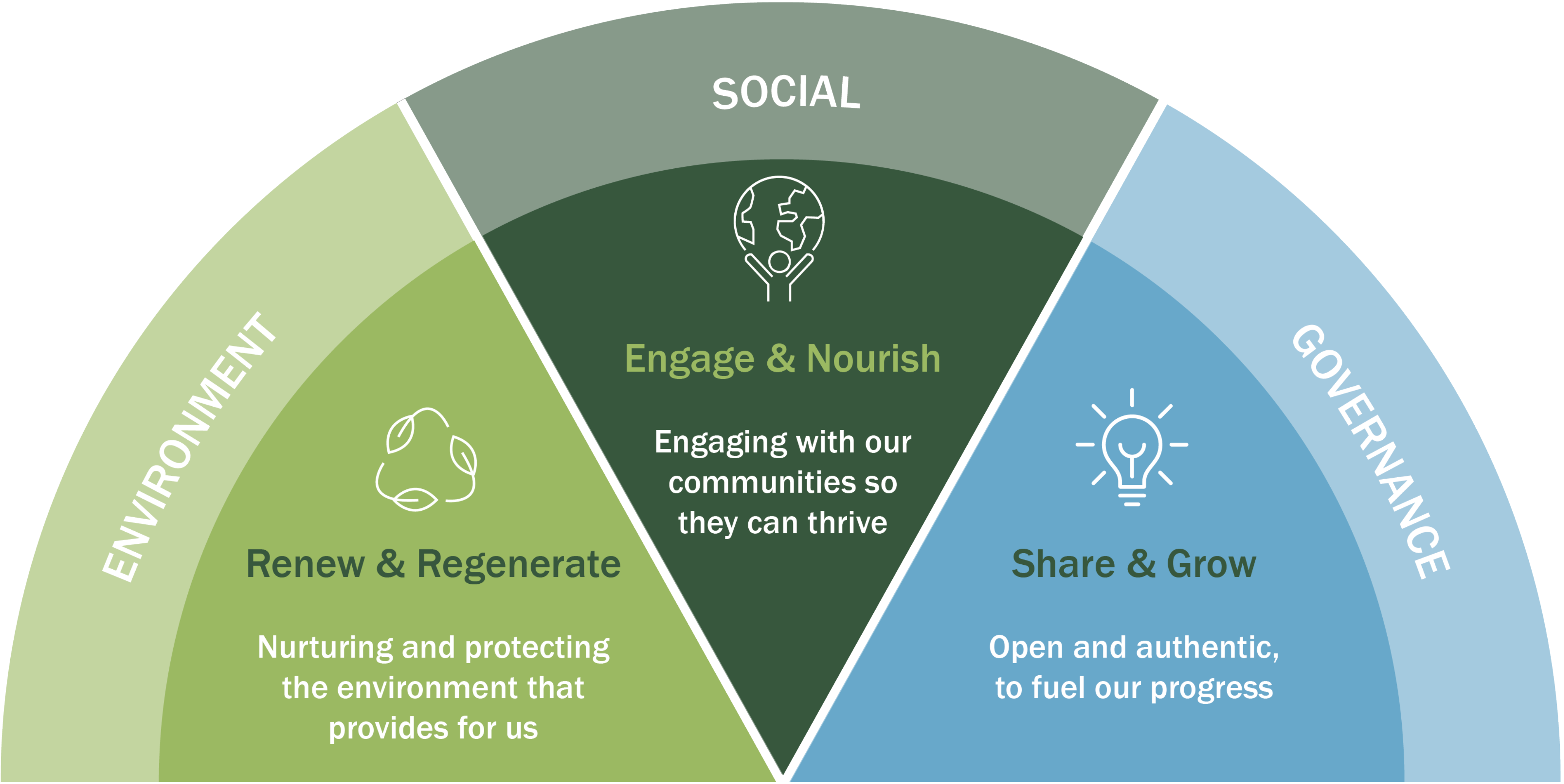
Strategic direction	Achieved
Drive the portfolio including acquisition	✓ Increased pillar brand revenue and improved margin, expanded market offerings, acquisition potential increasing
Drive people engagement	✓ Best employer status at 70% engagement
Drive safety and sustainability	✓ Low single digits LTIFR, ESG roadmap released
Drive market share	✓ Improved market share over last 2 years across all key geographies
Drive margin accretion	✓ Improved gross margin and improved profitability
Drive Innovation	✓ First mover in no-and-low, release of wine and spirits based drinks range, enhanced collaborations

Our recent marketing activities supporting our premiumisation, innovation, and investment into alternative revenue streams (video will play)

Video will play

Leveraged our technical, brand building and commercial skills to create a new portfolio of beverages that tap into dynamic categories and target new drinkers and occasions

Our approach to sustainability is a balanced one, encompassing our responsibilities across environment, social and governance (ESG).



Net positive impact on people, planet, and profits by integrating sustainability across entire value chain

ENVIRONMENT
Renew and regenerate

- Climate action towards Net Zero
- Sustainable winegrowing practices
- Renewable energy to power us
- Packaging for a circular future

SOCIAL
Engage and nourish

- Employee health & wellbeing
- Community engagement & support
- Responsible consumption of alcohol

GOVERNANCE
Share and grow

- Profit with purpose
- Diversity, inclusion and collaboration
- Responsible supply chain
- Measurement, reporting & transparency

AVL WINES

Our ambition is to be a NET POSITIVE company, certified B Corporation

Climate action towards Net Zero

AVL is committed to NET ZERO carbon emissions by 2040, across Scopes 1, 2 & 3. We have taken a science backed approach, to be validated by the Science Based Targets Initiative.

2030

42% Reduction in Scope 1 & 2 emissions

52% Reduction in Scope 3 GHG emissions per production unit

2040

NET ZERO

Across Scopes 1, 2 and 3

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Trading update and outlook

- FY23 EBITS forecast to be in line with prior year, subject to FX, agricultural risk and planned asset sales
- Softer trading conditions globally driven by hyper inflation and interest rate increases compounded by aggressive Australian export behaviour arising from red wine surplus
    - Volumes flat with revenue down 3% on prior year
    - UK continuing to gain market share
    - ANZ maintaining share
    - Growth in Asia and North America
- Operating business impacted by global hyper inflationary pressure, increased energy and fuel prices, record shipping costs and floods impacting EBITS by $17 million
- Softer trading conditions compounded by high inflationary pressures, predominantly impacted by seafreight is driving softer gross margin of 30%. Normalisation of seafreight generates increase gross margin to 35%
- Inflationary pressure anticipated to ease FY24/25
- Strategic plan to drive ROCE to double digits in long term through investment in pillar brands, premiumisation, marketing and innovation remains a core focus

Formal Proceedings

Accounts

To consider and receive the Financial Report, the Directors' Report and the Auditor's Report of the Company for the year ended 30 June 2022

Resolution 1

Election of Director – Richard Davis

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That Richard Davis be re-elected as a non-executive director of the Company."

Resolution 2

Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the Remuneration Report of the Company for the year ended 30 June 2022 be adopted"

Shareholder Questions

Close of Voting

Thank You