1H23 INTERIM RESULTS
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AVG grows market share, premiumisation strategy on track, delivering NPATS of $16.7m…

Reported NPAT 29% higher than prior year

$12.9m

EBITDAS 17% higher than prior year

$28.3m

Net debt (1.1 times net debt/ rolling EBITDAS) **$53.1m**, gearing 17%,

NTA $0.97 per share

Rolling ROCE **7.4%**

No interim dividend declared

Overall market share gains for AVG

Price taken in all key geographies supported by incremental marketing spend of $2m

Significant inflationary costs of **$11m** Incurred, as outlined at AGM, offset by asset sales.

ESG strategy well advanced

Sale and leaseback of commercial vineyards Coldridge & Grande Junction completed generating $14.7m in ATAX profit, as advised in December 2022

SGARA loss of $3.8m ATAX estimated (prior year $0.9m) as a result of flooding. Yield on owned and leased vineyards down 5% vs region estimates to be 30-50% lower

Our strategic plan continues to position us well for growth…

Consumers and Brands	Markets and Customers	People	ESG	Return on Assets


...with results demonstrating the resilience of our strategy in difficult trading conditions

Consumers and Brands

Pillar Brand Sales

$105.6m

77% of total revenue

Gross Margin

29% ▼ -6pp

Impacted by global inflationary costs equivalent to 6pp, which will start to unwind in H2

Marketing Investment

Increased investment of $2.2m in new drinks range and pillar brands

Markets and Customers

Winning in key geographies

AVL vs WINE

Flat

Total +2pp
Zero +44pp

+19pp

+9pp

Asia ex-China flat

People

Employee engagement at Top Quartile

A behaviours led inclusive culture embedded, with an increase in Females in leadership roles by 18%

Significant improvement and investment in our Safety and Wellbeing Culture.

Recognised & accredited as a Mental Health First Aid Skilled Workplace

Investment into leadership and high potential employees to deliver our market commitments

ESG

Becoming a NET POSITIVE business

Target to reduce emissions to Net Zero by 2040

All premium owned vineyards certified with Sustainable Winegrowing Australia

Promoting responsible enjoyment through leadership in no-and-low and DrinkWise

Cultivation of responsible supply chain through partnership & policies

Regional community engagement increasing

Return*

EBITDAS

$28.3m ▲ +17% PY

EBITDAS margin

20.6%

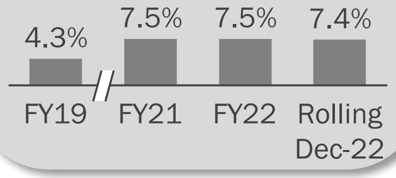
EBITS

$20.7m ▲ +24% PY

NPATS

$16.7m ▲ +52% PY

Underlying ROCE normalised at mid 7%

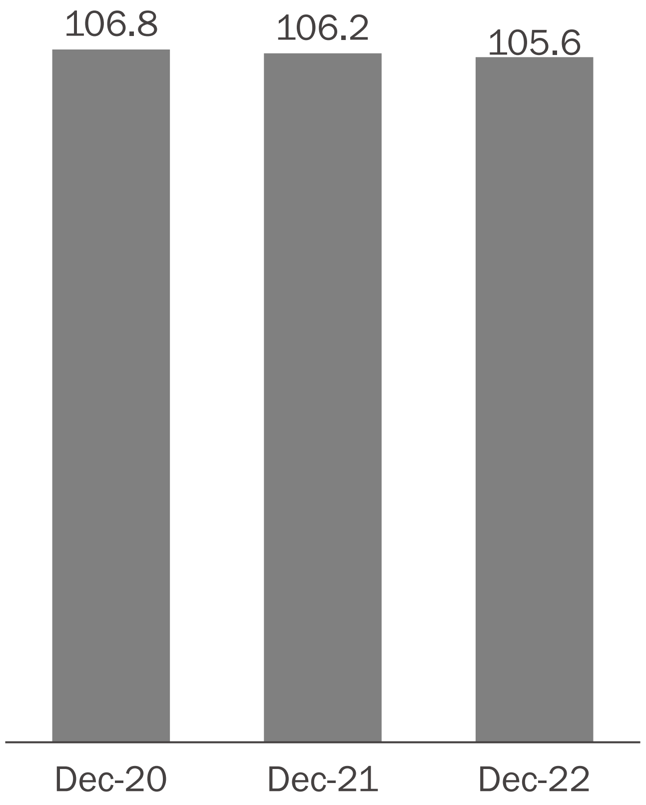


*Returns include asset sales

Investment in pillar brands continues, supporting our strategic imperatives as markets normalize post Covid lockdowns

Pillar brands

$M Sales



Premiumisation strategy is working

$ Shipments vs PY

TEMPUS TWO	**+2%**
NEPENTHE	**+22%**
BAROSSA VALLEY WINE COMPANY	**+4%**
McGUIGAN WINES	**-11%**

Summary

- Portfolio growth in line with strategic plan
- Price taken in all geographies ahead of competition
- AVG known for global innovation and leaders in no-and-low
- Strong and exciting innovation pipeline, well positioned for FY24 growth
- Drinks business bottom line positive in first year
- Complimentary acquisitions are core to our strategy
- McGuigan down 11% post Covid boost, but in line with expectations

ESG underpinning business strategy:
Creating good times for our future

ESG impact update

Environment

Net Zero 2040

Carbon reduction strategies underway towards Net Zero

All premium owned vineyards certified with Sustainable Winegrowing Australia

Sustainable Packaging review underway to meet APCO 2025 Packaging Targets

Social

Mental health first aid certified organisation

Employee engagement on the rise to employer of choice

DrinkWise.

Responsible enjoyment campaign with DrinkWise in line with our leadership in no-and-low

Governance

Procurement review of suppliers incorporating ESG

Environment and Social reporting review underway

Development of cloud-based ESG tech platform

AVG are the industry leaders in the no-and-low wine category

- We are first movers in the category
- UK has increased market share +44 points
- Australian market under competitive pressure
- Innovation is utilizing the looming ABV tax in the UK as an opportunity
- New McGuigan Mid range and Not Guilty brand launching globally in 2H
- Committed to driving the category and will continue to invest in moderation innovation
- Dedicated no-and-low alcohol resource

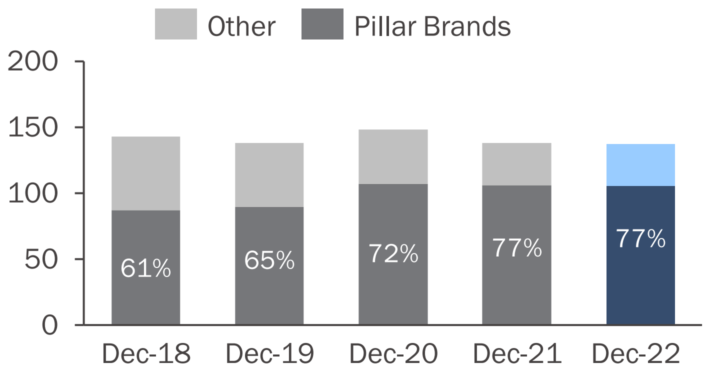
Leverage great assets, know how and raw alcohol surplus to support high margin growth categories

Collaborations	Sevenly; Loxton Wines of Australia; The Butcher's Cellar; Smoky Bay; Johnny, Vince & Sam's Vino by Sooshi Mango
Drinks	Rescued Spirit Co.; Mr. Stubbs Your Personal Bartender; Gelato Drink Co Dessert Inspired Drinks
Pillar Brands	Tempus Two; McGuigan Wines; Nepenthe; Barossa Valley Wine Company; Not Guilty

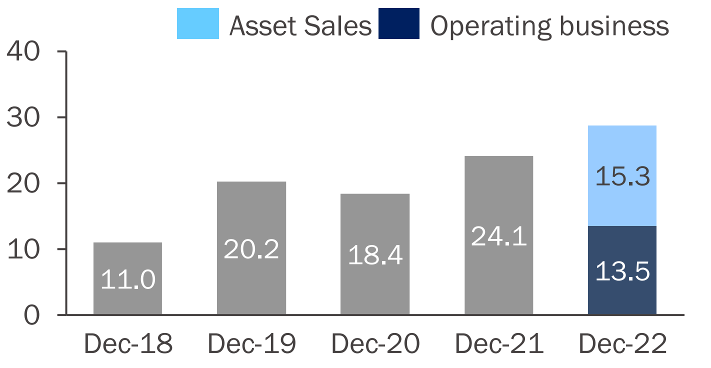
Drinks business and collaborations have achieved over 7k distribution points in a short time and growing whilst positively contributing to the bottom line

Financial performance protected by asset sales to offset inflationary pressures enabling execution of strategic plan

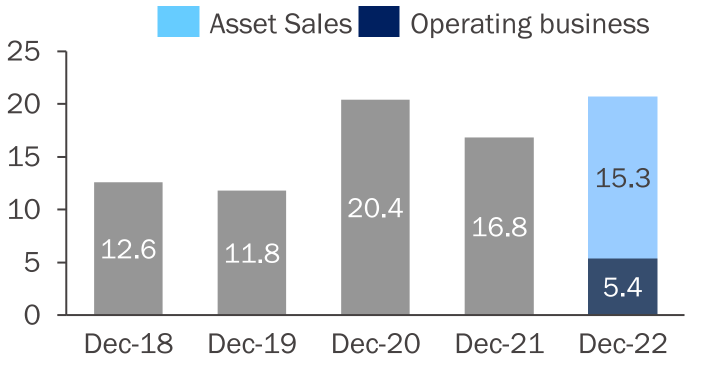
Total Revenue
$137.1m



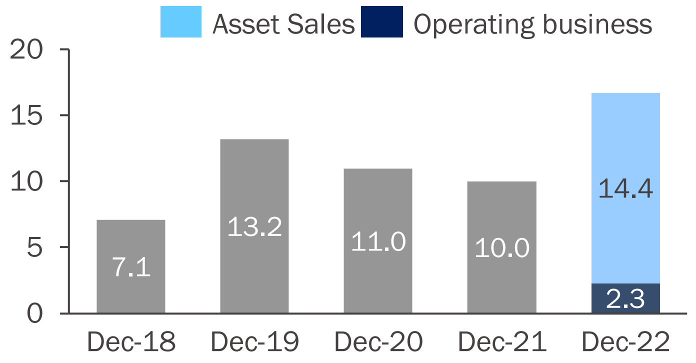
EBITDAS
$28.3m



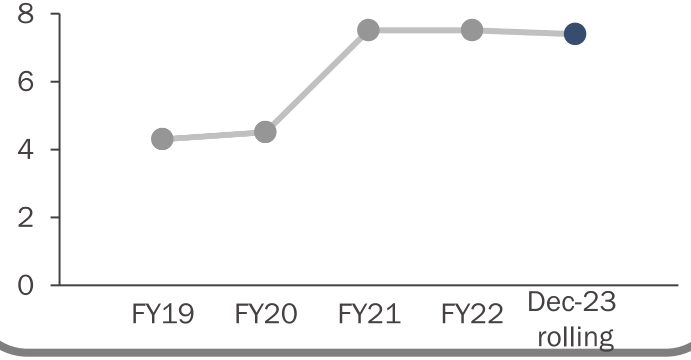
EBITS
$20.7m



Net Profit After Tax (pre SGARA)
$16.7m



Return on Capital Employed (rolling)
7.4%



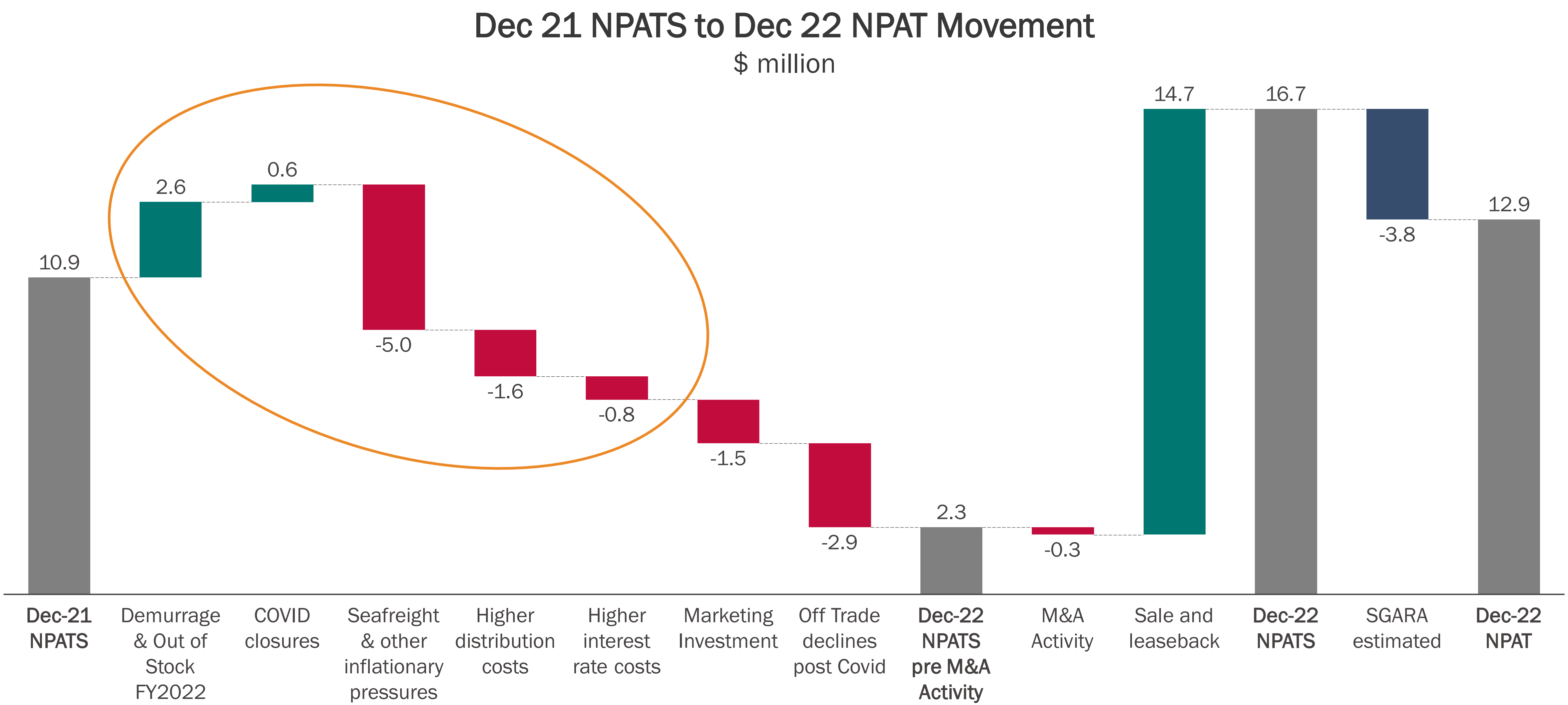
Income statement - Sale and Leaseback offsetting inflationary pressure, which is starting to ease

$m	1H23 pre sale/ leaseback	Incremental M&A Activity (Sale & Leaseback)	1H23	1H22	Fav/ (Unfav) %
Revenue	137.1	-	137.1	138.0	(1)
EBITDAS	13.0	15.3	28.3	24.1	17
EBITDAS margin (%)	*9.5*	*N/A*	*20.6*	*17.5*	*18*
Depreciation and Amortisation	(7.6)	-	(7.6)	(7.4)	(3)
EBITS	5.4	15.3	20.7	16.7	24
EBIT margin (%)	*3.9*	*N/A*	*15.1*	*12.1*	*25*
Finance costs	(2.3)	-	(2.3)	(1.3)	(77)
Profit before Tax	3.1	15.3	18.4	15.4	19
Tax (expense)	(0.8)	(0.9)	(1.7)	(4.5)	38
NPATS	**2.3**	**14.4**	**16.7**	**10.9**	**52**
NPATS margin (%)	*1.7*	*N/A*	*12.2*	7.9	52
SGARA (post tax)	*(3.8)*	*N/A*	*(3.8)*	(0.9)	NM
Reported NPAT	***(2.1)***	***14.4***	**12.9**	**10.0**	**28**
NPAT margin (%)	*(1.5)*	*N/A*	*9.4*	7.2	69

- Revenue within 1% of prior comparative period
- Profit significantly impacted by inflationary pressures
- $13M increased costs over prior year ($11M inflationary, and $2M incremental marketing)
- Strategic decision taken to offset inflation with sale and leaseback generating $15.7M in EBIT contribution to underpin the strategic plan
- Inflationary pressures starting to ease in H2 and for FY24 outlook
- Lower tax position driven by utilisation of tax losses for Coldridge and Grande Junction
- SGARA loss of $3.8m (ATAX) estimated due to floods representing a potential 5% lower yield from owned and leased vineyards over the prior year, as compared to an estimated 30-50% decrease in yield across the region

Results pre asset sale / inflationary pressures	1H23	1H22	Var
EBITDAS	22.4	28.6	(6.2)
EBITS	14.8	21.2	(6.4)
NPATS	9.7	14.1	(4.4)

Income statement movement reconciliation



Balance sheet - strong underlying performance despite challenging market factors

$m	1H23	FY22	1H22
Cash & equivalent	6.4	2.5	4.6
Receivables	59.7	44.8	60.7
Inventories	212.6	222.4	180.6
Plant & Equipment	96.0	114.4	113.1
Goodwill/ intangible	45.1	51.1	51.4
Other	72.3	62.8	63.9
Total Assets	**492.1**	**498.0**	**474.3**
Payables	42.6	63.2	36.9
Borrowings	59.5	77.0	86.5
Leases	79.8	48.4	51.3
Other	6.7	9.5	8.9
Total Liabilities	**188.6**	**198.1**	**183.6**
Shareholders Equity	**303.5**	**299.9**	**290.7**

	1H23	FY22	1H22
Net Debt (excl leases) $m	53.1	74.5	81.9
Facilities Available $m	92.5	102.5	102.5
Net debt (excl leases) / EBITDAS (rolling 12 mths)	1.1 times	1.5 times	1.9 times
Gearing (net debt/equity)	17%	25%	28%
Leverage (net debt/ net debt + equity)	15%	20%	22%
Net Tangible Assets per share	0.97	0.93	0.88

- Sale and leaseback driving higher NTA, lower Net Debt, gearing and leverage
- Excess capacity in all covenants
- Balance sheet strength continues to position AVG well for ongoing inflationary disruption
- Complementary acquisitions are core to our strategy

(1) Cash flow – H1 6 month movement comparison

$m	1H23	1H22
Cash from operating activities prior to changes in assets/ liabilities and inflationary pressures	16.2	20.3
P&L Inflationary pressures in 1H	(10.6)	(4.5)
Decrease in inventories	9.8	10.2
Increase in receivables	(14.9)	(9.2)
Decrease in payables	(20.6)	(20.8)
Other asset/ liability movement	1.6	3.2
Net cash from operations	**(18.5)**	**(0.8)**
PPE & intangibles	(6.3)	(6.0)
Asset sales	58.1	1.8
Net investing cash flows	**51.8**	**(4.2)**
Free cash flow	**33.3**	***(5.0)***
Capital return to shareholders	-	(24.1)
Dividends	(8.6)	(6.8)
Leases	(3.3)	(3.1)
Total cash flow from activities prior to debt	**21.4**	**(39.0)**
Proceeds/ (repayments) of borrowings	(17.5)	40.0
Net increase in cash	***3.9***	***1.0***

- Cash flow from operating activities, pre inflationary pressures including incremental marketing investment of $2.2 million marginally lower than prior year
- Inventory decrease of $9.8 million is net of inflation increases of $3.1 million, and would have been higher than comparative period
- Receivables increase driven by residual 10% funds to be received from the sale and leaseback
- Accounts payable impacted by 70% of grower payments in second half
- Total cash flow from activities, prior to repayments of borrowings, generated $21.4 million driven primarily by the sale and leaseback

(2) Cash flow from operations – Rolling 1 year to Dec

$m	FY Dec 23	FY Dec 22
Cash from operating activities prior to changes in assets/ liabilities and inflationary pressures	22.3	24.2
P&L Inflationary pressures	(15.2)	(4.5)
Increase in inventories	(32.1)	(19.0)
Decrease /(increase) in receivables	1.1	(0.9)
Increase /(decrease) in payables	5.7	(1.9)
Other asset/ liability movement	(0.3)	2.9
Net cash from operations	**(18.5)**	**(0.8)**

- Cash flow from operating activities in line with prior year pre inflationary pressures and includes incremental marketing investment driving innovation and pillar brand growth
- Inflationary pressure of $15.2 million primarily driven by increased sea freight and high fuel costs impacting distribution
- Decrease in receivables is higher than stated as it includes the residual 10% of revenue to be received from the sale and leaseback
- Over a rolling year, working capital management positive except for inventory which was strategically built to minimize stock outs. Note inventory increase includes $3.1m of inflation costs

Outlook

FY23 EBITS forecast to be in line with prior year, subject to FX, agricultural risk and planned asset sales

Our strategic plan is on track with increased marketing spend to drive pillar brand market share and launch new innovations, whilst taking price across all key geographies where most competitors are holding price

Softer trading conditions expected to continue driven by hyper inflation, ongoing interest rate increases, aggressive Australian export behaviour arising from red wine surplus, and increased competition in the no-and-low segment in Australia

AVG positioned well in the UK for the introduction of the ABV tax in August with our world leading technology

No-and-low innovation being launched in 2H

Growing confidence in China reopening with AVG adopting a be ready position to supply

Inflationary costs are starting to ease setting AVG up well for FY24

Further cost out strategy underway

Inventory reduction strategy underway to improve operating cash flow and working capital in the second half

AUSTRALIAN VINTAGE