AUSTRALIAN VINTAGE LTD

23 May 2025

ASX ANNOUNCEMENT

Australian Vintage FY2025 and FY2026 Update

Australian Vintage Limited (ASX:AVG) is providing an update on net sales, Poco Vino™ update, Madfish acquisition, inventory, and net debt along with revised projections for the FY2026 fiscal year.

AVG is in the early stages of a turnaround to address both declining sales and negative cash outflows of the Group in recent years. AVG estimates fiscal 2026 will be a transformational year for the Group both in terms of turning declining sales into growth and generating free cash flow. However, the basis for our confidence in FY26 is partly due to the difficult decisions we have made in the current year where it was necessary to set the platform for future growth and cash flow generation.

FY2025 Sales, pre-sales update on innovation launches in FY2026, and Madfish Acquisition

Poco Vino™: During fiscal 2025 we have dedicated significant time, effort and capital towards our Poco Vino™ brand launch in the United Kingdom in July 2025 and Australia in October 2025. Poco Vino™, wine delivered in a small 187ml bottle and stacked on the shelves horizontally, is a disruptive packaging innovation that has the potential, along with our other initiatives, to transform our business. Pre-sales have already exceeded our expectations to the extent that the Group has brought forward further investment in packaging and we continue to build inventory prior to launch. This front-loaded investment is necessary but is drawing on the current fiscal year's cash reserves with the net cash benefits to only land in future years. At the FY2025 half year the company identified an $8 million AUD Net Sales contribution estimate from Poco Vino™ and that estimate has now been upgraded to conservatively over $10 million AUD Net Sales for FY26, through increased global demand.

Poco Vino™ has confirmed over 4,000 distribution points for launch with pipeline interest across Asia, Europe and through a partnership in the USA. Another added benefit of the brand and the "make where sold" model is that it will reduce supply chain costs creating a sustainable global business model and deliver significant incremental margin for the company as the brand builds throughout the plan.

Lemsecco™: the Group's other brand innovation, Lemsecco™**,** is requiring working capital to secure long-term citrus and Prosecco bases to supply the FY26 demand, which we estimate will exceed the FY25 result by an additional 80,000 cases. Distribution and ranging is expanding across AUS, NZ, Canada, USA and UK. The range is created using Australian grown citrus and Prosecco for a clean real flavour delivery, exciting consumers the world over and set to contribute over $5m AUD in FY26 net sales.

Madfish acquisition: AVG is also pleased to announce a strategic partnership with the WA based Burch family, one of the first families of wine in Australia. AVG has entered a contract subject to conditions precedent to acquire the international ownership of the Madfish brand, outside of

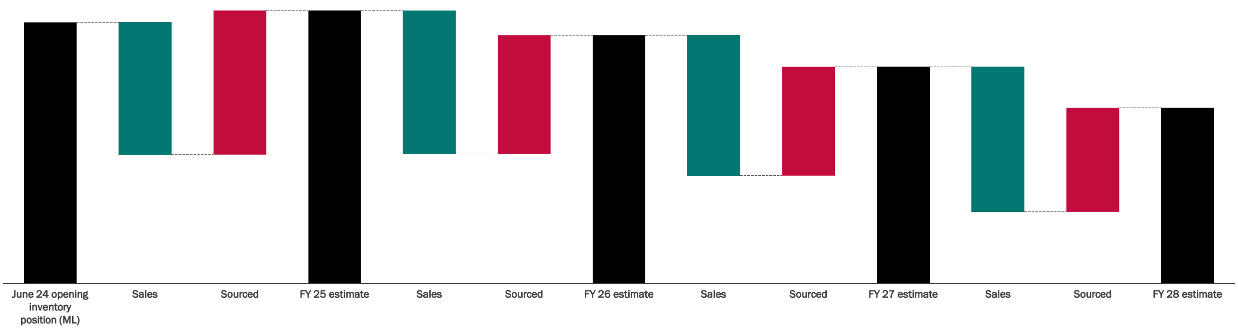
Australia, a dynamic Australian wine brand in the UK. AVG have also negotiated distribution rights for Howard Park in the UK, Ireland, Europe and Canada, further leveraging the company's global sales footprint. The Madfish brand is anticipated to be earnings enhancing from year one.

Whilst the revenue from Madfish is small within the context of AVG's overarching portfolio, it is strategically important to AVG in the UK as it provides a scalable (+200k cases) balance to red wine centric McGuigan and gives the portfolio a much-needed lighter varietal range that sits in premium price points adding a premium WA brand to the company's international sales portfolio.

2025 Sales: For the current fiscal year, without the benefit of significant innovation initiatives, the portfolio dominated by McGuigan and Tempus Two is anticipated to move in line with the overall soft market. The Group is expected to post a 3% decline in sales for FY25.

Declining sales has consequences for our inventory and net debt position and helps explain the urgency of management's initiatives to turn the company into sales growth for fiscal 2026 and beyond. We anticipate sales growth of mid-single digits for FY26.

Inventory



Estimated volumetric inventory movement over time, subject to agricultural risk and consumer demand

As can be seen from the chart above our inventory position for the end of FY2025 is likely to be higher than the prior year's balance. The higher inventory balance projection for FY2025 is a consequence of declining sales, too much wine intake and inventory build for Poco Vino™ and Lemsecco™. As a result, our previous expectation of neutral normalised free cash flow for FY2025 is revised to be an outflow of approximately $13m for the full year. This projected result is an improvement of +$15 million on the prior year and +$20 million on FY23, on a like-for-like basis, showing the considerable progress the company is making. However, the result is disappointing, and we have doubled down our efforts on sales growth and inventory management for FY26.

For FY26 we estimate a significant inventory reduction as wine intake has reached a peak in vintage 2025. We estimate a significant reduction in our wine intake as our long-term grower contracts roll off over the next three years.

Net Debt

We anticipate ending the year with net debt of ~$76m.

Our bankers are aware we planned to invest heavily in the business this financial year to break the stranglehold of declining sales and out-of-the-money wine contracts on our cash flow. This painful exercise was necessary upfront to set the business up for success, which based on pre-sales on our transformational innovation, and adding a fresh brand addition to complement our portfolio of brands will pivot the Group on a growth trajectory. These fresh sales growth initiatives coupled with the visibility we have on our grape intake reducing significantly each year, and over the next three years, gives us confidence that the Group is well poised to generate sustainable free cash flow in FY26 and beyond.

New Leadership

New CEO Tom Dusseldorp, the innovator behind Poco Vino™ and Lemsecco™ and the driving force behind the Groups commercial sales effort and growth outlook, was recently appointed with the clear objective of driving revenue, innovation, generating cash flow, and paying down net debt over the three-year plan.

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

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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 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.