

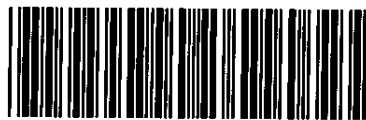
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Company 06047494

Registration number: 11263400

Amphora Group Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 30 June 2022

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Amphora Group Limited

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Amphora Group Limited

Company Information

Directors	K McMonagle
	P T Siewert
	R Foye
	J J Hill
	P A Winn
	J J Feng
Company secretary	T Singh
Registered office	Thomas Hardy House 2 Heath Road Weybridge Surrey KT13 8TB
Independent Auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Temple Quay Avon Street Bristol BS2 0FR

Amphora Group Limited

Strategic Report for the Year Ended 30 June 2022

The Directors present their strategic report for the year ended 30 June 2022.

Business Review

Accolade Wines is a global premium wine and spirits business producing some of the world's most loved brands. As one of the world's biggest wine companies, our international reach and unparalleled expertise enables us to deliver industry-leading performance and outstanding quality to our customers.

We have an established grape growing and sourcing platform globally that ensures we can deliver on our vision to enrich everyday moments in people's lives through our amazing wine brands. Our operations span the entire spectrum, from wine supply and production to sales, marketing and distribution. Through our relentless innovation, global sustainability and partners we engage with, we deliver industry leading performance and service to our customers. Our global sourcing footprint allows us to access grape and bulk wine supply from internationally recognised regions in Australia, New Zealand, Europe, South Africa, South America and the United States.

We have some of the most highly awarded winemakers who have excelled in their field for many decades, with collective experience of over 200 years in winemaking.

Worldly experience, attention to detail, passion and commitment combine to ensure all our wines from everyday drinking to the very best of what we have to offer are treated with care and respect. Our world-class winemaking teams are consistently investigating new methods to make our wines the most sustainable and exciting.

It is through our winemakers that we bring to the world our rich and diverse portfolio of distinguished Australian wine brands such as:

- Hardys, Grant Burge, St Hallett, Petaluma and Banrock Station;
- Our modern brands shaking up the global landscape, House of Arras and Jam Shed and
- Our portfolio of non-Australian global wines of distinction including Anakana, Kumala and Echo Falls.

Our skilled global production workforce and award-winning facilities not only enhance the quality of the wines we produce, but they also ensure we run our business efficiently, while significantly reducing the impact on the environment.

Accolade's award-winning brands are enjoyed in more than 140 countries. Its operations span all continents, with markets in Europe, Australia, New Zealand, Americas and Asia.

Our strategies focus on global brands and innovation, protecting and growing our core markets of UK and Australia, accelerating our growth in EMEA, Asia and the Americas, and improving operational efficiencies.

Making Every Drop Count - Sustainability

The Group is committed to focusing on sustainability and managing the business in an environmentally responsible manner, from our vineyards through to our production facilities and distribution networks. We achieved Carbon Neutrality status across our entire European operations in 2020. Ninety-eight percent of our packaging across Australia and Europe is fully recyclable and we have launched many initiatives to support the safety and wellbeing of our people. We are also highly aware of the environmental risks to our industry generated by climate change, resourcing challenges and security of supply. We are creating sustainable brands by fostering a world class moderation and appreciation culture, advancing circular economy packaging and creating a more sustainable supply chain. We are also undertaking a review of operational waste streams for reduction and value creation opportunities. We already have achieved 98% landfill avoidance across Australian vineyards and wineries and 100% landfill avoidance in The Park.

Amphora Group Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Our commitment to environmental protection, prevention of pollution and compliance with all applicable environmental laws and regulations is integrated within both our global and local business processes. This has led to the introduction of Australia's, first flat eco-bottle which is made from 100% recycled PET, putting pre-existing plastics back to good use. The bottle itself is 100% recyclable and is 84% lighter than a standard glass bottle and boasts a significantly reduced carbon footprint compared to a standard glass bottle due to energy, space and weight savings.

Accolade Wines is also a signatory to the Australian Packaging Covenant, a sustainable packaging initiative which aims to change the culture of business by designing more sustainable packaging, increasing recycling rates and reducing packaging litter.

Creating a Diverse and Safe Workplace

Our vision is to be an inclusive workplace, as diverse as the customers, consumers and communities we work with. Our Diversity & Inclusion strategy "Power of People" embeds best practice diversity and inclusion initiatives across all of our people programs, policies and procedures, prioritising development and training with all our people to create a safe and inclusive work environment.

Accolade Wines also places safety and wellbeing of all employees as a core priority in our business. The Accolade Wines Zero Harm program supports our safety operational targets and continues to build on best practice initiative to support the physical and mental wellbeing of our people.

Our internal modern slavery statement outlines several initiatives in place to identify and mitigate the risk of modern slavery in its operations and supply chain, including compliance with local labour laws across the organisation, a supplier code of conduct and risk assessment questionnaire, and regular training for leadership, procurement and viticulture teams. The Group also has a strong due diligence program in place to screen all third-party labour hire companies.

Review of financial performance and position

The Group's key performance indicators are growth in Net Revenue* and EBITDA*. The Group has established a performance measurement system that focusses the business on key levers of sales volumes and profit growth, together with cost and cashflow control. This is linked to a detailed annual planning process. This target setting is then directly linked to individual employee's remuneration through a variety of incentive schemes across the business that aligns individual responsibilities with corporate aims and objectives.

* Net Revenue is turnover less excise duty

* EBITDA - operating profit from underlying operations before finance income, finance costs, tax, loss on sale of receivables, depreciation (note 6), amortisation (note 6), impairment (note 6), pension income/expense (note 15), shareholder management fees (note 36) and share based payment expense (note 16).

The Group achieved:

- Turnover of \$AUD 1,130,579,000 (2021 - \$AUD 1,134,462,000);
- Net Revenue of \$AUS 820,174,000 (2021 - \$AUD 842,432,000) (see Note 4) and
- EBITDA of \$AUD 74,996,000 (2021 \$AUD 100,070,000) for the period.

The decline in EBITDA is driven by a number of macroeconomic headwinds which presented significant challenges for the wine industry in 2022 which included:

Amphora Group Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

- a challenging trading environment in Australia and Europe due to the emergence of Omicron during our peak trading period in Q2 2022,
- the introduction of China tariffs which effectively halted 100% of Australian wine sales into China and the time required to unwind the Group's investment and cost base in that region
- unprecedented supply chain headwinds which resulted in a significant increase in freight rates from Australia to Europe and
- higher energy rates driving significant increases in the cost of glass and other finished goods.

These headwinds in turn resulted in the Group experiencing a marginal decrease in annual Turnover and Net Revenue, with a steep increase in costs of sales which in turn shows a reduction in gross margin in financial year 2022.

The Group incurred a statutory loss before tax of \$AUD 248,368,000 (2021 - \$AUD 21,487,000). \$AUD 230,821,000 of this amount relates to the non-underlying costs associated with the impairment of goodwill, brand names and inventory.

Due to the decline in business performance in 2022, elevated levels of inventory and continued uncertainty on the macro-economic environment, a detailed assessment has been performed over the recoverable amount of both tangible and intangible assets, with an impairment recorded on both Australian and New Zealand brand names and inventory.

Other non-underlying costs relate to costs for acquisitions, divestments, restructuring and non-recurring projects, impairment of inventory and intangible assets. The Group also recorded an overall gain on a number of divestments during 2022 of \$AUD 19,643,000.

Notwithstanding these external challenges, our performance also demonstrates the resilience and potential of Accolade Wines' market-leading brands, with solid earnings and revenue down only slightly on the previous year. Accolade was rated as the number one supplier in Australia in the alcoholic beverages category survey by the Advantage Group and was awarded 'Supplier of the Year' at the Australian Drinks awards. We have continued to win market share and new listings in our core markets of Australia and Europe leveraging our deep relationships with Retailers as evidenced by the Advantage Survey results.

As part of the winery network rationalisation exercise, a review of the Group's wine making footprint was undertaken and a decision was made to divest the Padthaway, Evans, Clarendon, Resurrection, McLaren Vale and Beenak vineyards and Banrock water rights during financial year 2022. Further to this, management also committed to a plan to divest the Stonier and Nannup wineries and multiple vineyards in financial year 2023. These assets are held for sale at 30 June 2022. The Nannup winery was sold on the 4 August 2022. The sales of the Gores Road and Clare Valley vineyards were completed on the 8 August 2022.

The Woodside and Krondorf wineries and vineyards recorded as held for sale at 30 June 2021 were sold on the 8 October 2021 and 16 December 2021.

The Group has recently implemented sale and leaseback agreements at some of our divested vineyards in the Adelaide Hills, Clare Valley, Coonawarra, The Barossa Valley and McLaren Vale. Sale and leasebacks agreements executed with trusted, experienced partners often spanning ten years is a popular strategy for most major wine companies and will enable us to lock in grape supply for flagship brands in our premium range well into the future. Most importantly, these agreements allow Accolade Wines to release locked-up capital to reinvest across the business in our premium wine production and investment in inventory to service future premium and luxury sales.

Amphora Group Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

On 14 November 2022 Accolade Wines entered into a deal with Encirc, a Vidrala Company, to sell the assets of "The Park" bottling and warehousing facility in Bristol in the UK. The decision to divest The Park resulted from a review of our global supply chain requirements as part of our commitment to delivering innovation, flexibility and efficiency. Accolade Wines will still bottle wine at The Park - the only difference will be that the facility will be owned and operated by Encirc. This decision gives us the opportunity to focus on the making and selling of wine without tying up capital expenditure in manufacturing.

The Group continues to invest heavily in capex to drive operational efficiency and business growth with the G2 sparkling line and transfer line at Berri becoming fully operational in the first quarter of financial year 2022. We also implemented stage 1 of a significant upgrade to our IT infrastructure.

The wine industry is classified as an essential service and as such there have been minimal interruptions to business operations through COVID-19. The Group is well-positioned to accelerate growth as regions open to higher levels of activity.

The Group incurred finance costs of \$AUD 48,113,000 (2021 - \$AUD 53,406,000) primarily related to interest on external financing, which also contributed towards the loss.

The Group's defined benefit pension surplus increased from \$AUD 24,029,000 to \$AUD 41,623,000 due to gains in liability experience and financial assumptions.

Deferred tax liability decreased from \$AUD 36,094,000 to \$AUD 33,167,000 mainly due to the derecognition of deferred tax liabilities on intangibles due to the impairment of Australia and New Zealand brand names.

The Group anticipates growth in turnover, net revenue and EBITDA in 2023 with a growth in branded products, contribution from value creation initiatives and lower grape costs which are forecast to offset supply chain cost headwinds and cycling of the loss incurred on our China operations in 2021-22 which do not recur in 2022-23.

Legal and regulatory environment

The Group operates in a regulated environment. In the areas of health and safety, quality control, bonded warehouse compliance, environmental obligations and employee welfare, the Group seeks to ensure that it works in an appropriate manner with the relevant regulatory bodies and encourages a proactive approach to changes in the legal environment.

In October 2021, the United Kingdom government intended to modernise the tax system for alcohol and has proposed a new system to calculate alcohol duty. The Alcohol Duty Review aims to improve the current system to make it simpler, more economically rational and less administratively burdensome on businesses. The structure is designed around the principle "the stronger the drink, the higher the rate". We have been actively engaging with the government around the proposed changes and are assessing the impacts on our business. We believe we are well placed to manage long term impacts on increased alcohol duty rates.

Through our lobbying efforts the proposed implementation date has moved from February 2023 to August 2023 with a proposed 1% reduction in duty rate from 13.5% to 12.5%. The United Kingdom government has also acknowledged the lack of industry consultation and has noted these concerns for ongoing lobbying to ensure a reasonable result.

On 17 December 2021, the Australia-United Kingdom Free Trade Agreement (Australia-UK FTA), signed virtually, is a gold standard trade agreement which aims to drive increased trade in goods and services between the two countries by eliminating tariffs on entry into the UK. Importantly, the deal means British residents will have an even greater choice of superb Australian wines when they visit their local supermarket or enjoy a meal at a pub or restaurant in the years ahead.

Amphora Group Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Principal risks and uncertainties

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group adopts a moderate approach to risk, taking appropriate mitigation over legal, regulatory and financial exposure. Its overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by policies approved by the Company, which identify, evaluate and hedge financial risks in close co-operation with the Company's operations. There are written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risk, use of derivative financial instruments and investing excess liquidity. See Note 34 for more details.

The Group is exposed to volatility of grape prices which can be caused negatively by poor harvest or unfavourable weather conditions. The Group has long term grape sourcing agreements with suppliers which enables the Group to call on reserves to meet its wine making requirements. It also has experienced wine buyers who trade bulk wine effectively to ensure the Group has a good supply of quality wine. The current grape surplus in Australia, primarily driven by the China Tariffs is expected to result in a reduction in grape prices for our commercial wines in the coming vintage.

The Group is also exposed to volatility of shipping costs caused by demand supply issues and global congestion in United States and China. This has resulted in exceptionally higher shipping rates and dwell costs in financial year 2022 of \$AUD 7.7million, particularly between Australia and Europe. The global shipping availability and heavy vehicle driver shortages have also led to higher storage charges. The war in Ukraine has further impacted container shortages with containers bound for Russia offloaded in other European ports. Improvements in physical shortages in capacity with increased container supply coupled with structural and operating changes within shipping company policies and procedures should see stabilisation in shipping rates from mid-2023 and beyond.

Increased levels of inflation globally have resulted in tighter consumer spend which has resulted in an overall wine category decline in our key markets Australia and Europe. Despite this we have seen positive growth in our listings with key retailers and implemented price increases to offset increased supply costs.

Our current assessment of the impact of COVID-19 is that there is minimal risk to the business going forward, with all our key winery and production sites fully operational. Strategies to manage the impact of the pandemic were well implemented including changes to work practices as well as plans for cost reduction and cash preservation, as required.

S172 statement

Directors' Duties - Companies Act requirements

The Board of Directors consider that they have adhered to the requirements of the Companies Act 2006 (the 'Act'), and have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its stakeholders as a whole, and in doing so have had regard to and recognised the importance of considering all stakeholders and other matters (as set out in s.172(1)(a-f) of the Act) in its decision-making.

General

The Board of Directors (Board) fulfil their duties partly through a governance framework that enables the Board to make strategic decisions with material and long term implications, as well as allowing the Directors to delegate day-to-day decision making to senior management of the Group.

Amphora Group Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Long term decisions

The Directors design their strategic plans for the Group with the aim of having a long-term beneficial impact on the Group and its stakeholders and contributing towards its success in growing awareness of our brands and enjoyment of our products.

Regular Board meetings are held in which material decisions are made by the Directors based on well prepared briefing papers, assessment of impact by all relevant stakeholders, the Group's high standards of business conduct, the environment and the wider community, supported by comprehensive financial information including budgets, forecast, actual results and analyses.

Strategic decisions are delegated to senior management who design action plans to execute the decisions. The Board recognises that such delegation needs to be part of a robust governance structure. This involves frequent reviews by the Board of progress of action plans and implementation of Board decisions.

Group employees

The Directors ensure that the Group continues to be a responsible employer, communicates and engages with the employees regularly in a variety of ways, and that the voice of the workforce is heard and considered when making decisions. The Directors recognise that employees are fundamental to the long-term success of the business. Their health, safety and wellbeing are one of the Group's primary considerations. The 2022 Global Pulse Employee Engagement Survey showed an overall engagement score of 81%, an increase of 3% from the prior year.

The Board leads a culture that promotes trust, collaboration and integrity. They build diverse and inclusive teams, develop and empower people to create our leaders for the future.

Business relationships

Under the strategic plans developed by the Board, the business partners with its customers to ensure appropriate portfolio of wine products are supplied to the right markets and customers. It also works closely with its suppliers to improve quality of the wine and efficiency of the supply chain. The Group's focus is to become partner of choice for our key business partners with engagement, insight and innovation.

Community and environment

The Group has a long-term obligation to managing our business in an environmentally responsible manner at all levels, from our vineyards through to our production facilities and distribution networks. The Directors are also highly aware of the environmental risks to our industry generated by climate change, resourcing challenges and security of supply.

The Directors are committed to create positive change to the community and environment around the business. The Group has been pushing for sustainability, reduction of greenhouse gas emissions, and the sites have implemented measures to use green energy and achieve carbon neutrality at The Park. The Group has developed a comprehensive long-term Environmental Social Governance (ESG) strategy that will outline key CSR initiatives for the business, taking into consideration the priorities of our people, our partners, the industry and the communities in which we live and work.

Business conduct

The Group strives for high standards in all its business conduct. It is committed to encouraging the responsible consumption of alcohol.

Amphora Group Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

In Australia we are active supporters of Drink Wise Australia. In the UK we support Drinkaware and also a patron of the Wine & Spirit Education Trust. Accolade Wines also funds the Alcohol In Moderation's (AIM) educational programme. We partner through campaigns to extend and amplify key messages of moderation and appreciation in our core markets in line with the Chief Medical Officer's drinking guidelines or similar in the appropriate jurisdiction. Accolade also supports campaigns such as 'Stay tasteful while tasting' to encourage moderation at our cellar doors or at key events. The total amount spent on these campaigns in financial year 2022 was SAUD 523,000.

Principal decisions made during the year and impact

Principal decisions made during the year included the divestment of the Australian wineries and vineyards, introduction of a new business plan for US operations and restructure of Asia operations.

Response to COVID-19

With COVID-19 impacting the community, the Board continues to uphold its policy that the Group's number one priority remains the health and safety of its employees, partners, suppliers and customers, and takes into account these stakeholders' interests in making their decisions on relevant measures.

With significant uncertainty created by the COVID-19 pandemic, the Board oversaw the Group's response with the aim of ensuring we emerged from the crisis well positioned for long-term success, whilst supporting our employees and their safety and continuing to work with our suppliers and deliver for our customers.

Employee health, safety and wellbeing have been the Group's top priority. Due consideration was given to ensure well thought-out procedures are implemented for employees who are required to be on-site. For those able to work from home, the Board considered the infrastructure to support this and working efficiency. Regular updates of policy and best practice have been sent, and access to wellbeing support has also been encouraged and recommended to the workforce to help deal with anxiety in this uncertain situation.

With regard to customers and suppliers, the Board considered continuity plans and the Group's ability to continue delivering for the customers in the event of a significant proportion of the workforce being unable to work due to sickness. The Board also considered near-term demand and how customers' priorities might change over a longer period of time.

The Directors have also kept the investors and the lenders up to date with their plans for dealing with COVID-19 disruptions. Scenario analyses have been performed with no significant concerns identified around the impact of COVID-19 on the business.

US domestic business

Accolade Wines has also relaunched its US domestic business with a direct route-to-market model which will premiumise the portfolio and introduce new products to the market. With Accolade Wines working as our own importer, we expect the new approach will increase proximity to customers and retailers across the marketplace, increase rate of sale as well as profitability, and ultimately offer more competitive pricing for consumers and wine drinkers alike.

Amphora Group Limited

Strategic Report for the Year Ended 30 June 2022 (continued)

Subsequent events

On 14 November 2022 Accolade Wines entered into a deal with Encirc, a Vidrala Company, to sell the assets of "The Park" bottling and warehousing facility in Bristol in the UK for GBP £32.5m, with GBP £30m settling on 31 January 2023, and deferred consideration of GBP £2.5m settling on 30 June 2023. The agreement will see Accolade Wines entering into a 10-year contract bottling and distribution agreement with Encirc to ensure ongoing support for our flagship beverage brands. The decision to divest The Park resulted from a review of our global supply chain requirements as part of our commitment to delivering innovation, flexibility and efficiency. Accolade Wines was unusual in that other wine companies in Europe tend to outsource their bottling and warehousing to specialist companies like Encirc. It was determined we do not need to 'own' The Park to support growth ambitions in Europe and beyond but we do need a trusted facility owner we can partner with to deliver the service and quality we require over a long-term. Accolade Wines will still bottle wine at The Park - the only difference will be that the facility will be owned and operated by Encirc. This decision gives us the opportunity to focus on the making and selling of wine without tying up capital expenditure in manufacturing.

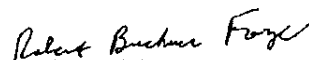
Encirc Glass have been a long-term business partner of Accolade Wines supplying our glass at The Park and are widely respected as a market leader in glass container design, manufacturing, bottling and logistics solutions for the UK and Irish food and beverage industries. As part of the transaction, approximately 400 employees engaged in manufacturing at The Park will transfer to Encirc on their existing terms of employment. The Accolade Wines team members not involved in manufacturing will continue to drive Accolade Wine's European business, and work with Encirc to ensure a smooth transition to the new model with no disruption to customers.

Post year end, Accolade Wines Australia Limited signed an agreement to sell the Nannup winery and vineyard and also the Prices Road vineyard. The sale completed on 12 August 2022 and 19 August 2022 respectively.

The Clare Valley and Gores Road vineyards and Tea Tree vineyard were sold on the 29 July 2022 and 18 November 2022, respectively and subsequently leased back on the same date.

An agreement was also signed on the 18 November 2022 for the sale of the Stonier winery, vineyards, brands and inventory, which is expected to settle in the 2023 financial year.

Approved by the Board on 22 November 2022 and signed on its behalf by:



R Foye
Director

Amphora Group Limited

Directors' Report for the Year Ended 30 June 2022

The Directors present their report and the audited consolidated financial statements for the year ended 30 June 2022.

Directors of the Company

The Directors, who held office during the year and to the date of approval of these financial statements, were as follows:

K McMonagle

P T Siewert

R Foye

J J Hill

C Lau (resigned 16 July 2022)

P A Winn (appointed 25 August 2021)

The following director was appointed after the year end:

J J Feng (appointed 3 August 2022)

Dividends

There was no dividend declared or paid during the period ended 30 June 2022.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts, options and interest rate swaps to hedge certain risk exposures.

Risk management is carried out through policies approved by the Group which identifies, evaluates and hedges financial risks in close co-operation with the Group's operations. There are written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange, interest rate derivatives and credit risk, use of derivative financial instruments and investing excess liquidity.

Political donations

During the financial year, political donations of \$AUD 15,000 were made.

Future developments

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Independent Auditors

The auditors PricewaterhouseCoopers LLP were re-appointed in the year.

Amphora Group Limited

Directors' Report for the Year Ended 30 June 2022 (continued)

Directors' liabilities

The Directors are included in the insurance cover obtained by the Company for the Directors and Officers of the Group.

Disclosure of the terms and premiums are prohibited by the terms of the policy.

Employee involvement

The Group ensures that all employees are kept up to date with major developments and changes within the organisation via the Group intranet, notice boards and departmental briefings. The employees are also consulted regularly on decisions that are likely to impact their interests.

Employment of disabled persons

Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitude and abilities. Every effort is made to continue to employ persons who became disabled while under the Group's employment. Disabled persons share equally in opportunities for training, career development and promotion.

Environmental report

We have considered the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) when preparing this report. These recommendations encourage businesses to increase disclosure of climate-related information, with an emphasis on financial disclosure. Amphora Group Limited supports these recommendations and is committed to disclosing the relevant information which can be found below. The disclosures relate to the UK only and comprise of all energy consumed within our manufacturing facility at Avonmouth and our Head office facility at Weybridge.

Emissions and energy consumption

WRI GHG Protocol with UK Government GHG Conversion Factors for Company Reporting 2022 was the method used to calculate emissions and energy consumption. During the year ended 30 June 2022, Amphora Group Limited's UK entities recorded the following greenhouse gas emissions:

Scope 1 (direct) greenhouse gas emissions for the year ended 30 June 2022:

	2022	2021
Total tonnes CO ₂ e emissions from fuel used in transport	140	102
Total tonnes CO ₂ e emissions from combustion of gas	1,142	1,002
	<u>1,282</u>	<u>1,104</u>

Scope 2 (indirect) greenhouse gas emissions for the year ended 30 June 2022:

	2022	2021
Total tonnes CO ₂ e emissions from electricity consumption	-	-

Scope 3 (other indirect) greenhouse gas emissions for the year ended 30 June 2022:

	2022	2021
Total tonnes CO ₂ e emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel	66	17

Amphora Group Limited

Directors' Report for the Year Ended 30 June 2022 (continued)

Summary of greenhouse gas emissions and energy consumption for the year ended 30 June 2022:

	2022	2021
Total tonnes emissions CO ₂ e	<u>1,348</u>	<u>1,121</u>
	2022	2021
Total energy consumed (kWh)	<u>16,381,388</u>	<u>14,778,230</u>

Intensity Ratio

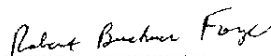
The Company's chosen intensity measurement is total tonnes CO₂e per 1000 litres of product produced. The intensity ratio of Amphora Group Limited for the year ending 30 June 2022 is 0.0085 (2021 - 0.0078).

Energy efficiency

Energy efficiency action taken in the year included:

- Completed the installation and commissioning of 3 new air compressors complete with variable speed drives, optimisation software and improved chilling unit.
- Focused on the delivery of an increase in 'Availability' across all 3 bottling lines to counteract the continuing significant headwinds around the supply of raw materials. Work is continuing on this with a plan to increase in Operational Equipment Effectiveness (OEE) going forwards i.e. to make more with less: enabling more product to be produced, with lower emissions intensity.

The financial statements on pages 18 to 103 were approved by the Board of Directors on 22 November 2022 and signed on its behalf by R Foye.


.....
R Foye
Director

Amphora Group Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and Consolidated Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.



Independent auditors' report to the members of Amphora Group Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Amphora Group Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2022 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 30 June 2022; the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cashflows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of customs and excise laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to overstatement of revenue and EBITDA made in the year to enhance underlying group performance. Audit procedures performed by the engagement team included:

- Reading board minutes to identify any breaches or non-compliance with laws and regulations, as well as reviewing any relevant correspondence with the tax authorities in relation to compliance with laws and regulations;
- Performing revenue computer assisted audit techniques (CAATs) to identify any journal entries which credited revenue, with an unusual debit entry;
- Testing for management bias in judgments and estimates, including those related to the impairment of goodwill and intangibles, valuation of intangibles in business combinations, identification of exceptional or non underlying items, vintage costing and valuation, and rebates and promotional activity.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

23 November 2022

Amphora Group Limited

Consolidated Income Statement for the Year Ended 30 June 2022

		Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
	Note		
Turnover	4	1,130,579	1,134,462
Cost of sales		<u>(897,528)</u>	<u>(874,515)</u>
Gross profit		233,051	259,947
Distribution costs		(132,378)	(125,485)
Administrative expenses		(81,841)	(88,707)
Loss on sale of receivables		(3,374)	(1,521)
Non-underlying expenses	5	<u>(225,118)</u>	<u>(13,076)</u>
Operating (loss)/profit	6	(209,660)	31,158
Finance income	7	9,405	762
Finance costs	7	<u>(48,113)</u>	<u>(53,406)</u>
Loss before tax		(248,368)	(21,486)
Income tax receipt/(expense)	10	<u>9,175</u>	<u>(10,468)</u>
Loss for the year		<u>(239,193)</u>	<u>(31,954)</u>
Loss attributable to:			
Owners of the Company		<u>(239,193)</u>	<u>(31,954)</u>

The above results were derived from continuing operations.

The notes on pages 30 to 103 form an integral part of these financial statements.

Amphora Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2022

		Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
	Note		
Loss for the period		<u>(239,193)</u>	<u>(31,954)</u>
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on defined benefit pension schemes before tax	15	17,082	(125)
Income tax effect	27	<u>(5,981)</u>	<u>61</u>
		<u>11,101</u>	<u>(64)</u>
Items that may be reclassified subsequently to profit or loss			
Unrealised gain/(loss) on cash flow hedges (gross)		21,311	(1,280)
Income tax effect		(5,328)	728
Foreign currency translation gain/(loss)		<u>7,145</u>	<u>(2,358)</u>
		<u>23,128</u>	<u>(2,910)</u>
Other comprehensive income/(loss)		<u>34,229</u>	<u>(2,974)</u>
Total comprehensive income/(loss) for the period		<u>(204,964)</u>	<u>(34,928)</u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		<u>(204,964)</u>	<u>(34,928)</u>
Total comprehensive income/(loss) for the period attributable to owner of Amphora Group Limited arises from:			
Continuing operations		<u>(204,964)</u>	<u>(34,928)</u>

The notes on pages 30 to 103 form an integral part of these financial statements.

Amphora Group Limited

(Registration number: 11263400)

Consolidated Balance Sheet as at 30 June 2022

	Note	As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Assets			
Non-current assets			
Property, plant and equipment	11	311,666	353,252
Right of use assets	11	110,033	122,320
Other receivables	12	795	1,444
Intangible assets	13	112,896	217,358
Retirement benefit surplus	15	41,623	24,029
Derivative financial assets	17	6,245	2,751
Inventories	18	105,477	183,105
Total non-current assets		688,735	904,259
Current assets			
Inventories	18	474,308	406,229
Trade and other receivables	19	171,752	137,776
Income tax asset		8,303	6,071
Cash and cash equivalents	20	13,964	69,307
Derivative financial assets	17	12,636	3,551
Assets classified as held for sale	21	17,472	9,043
Total current assets		698,435	631,977
Total assets		1,387,170	1,536,236
Liabilities			
Current liabilities			
Trade and other payables	22	(336,549)	(323,433)
Loans and borrowings	23	(113,523)	(36,571)
Lease liabilities	24	(22,199)	(21,296)
Provisions	25	(20,254)	(19,085)
Derivative financial liabilities	26	(2,648)	(3,579)
Total current liabilities		(495,173)	(403,964)
Net current assets		203,262	228,013
Total assets less current liabilities		891,997	1,132,272

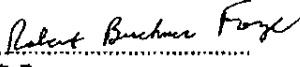
Amphora Group Limited

(Registration number: 11263400)

Consolidated Balance Sheet as at 30 June 2022 (continued)

	Note	As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Non-current liabilities			
Loans and borrowings	23	(526,103)	(540,532)
Lease liabilities	24	(96,892)	(111,537)
Provisions	25	(14,211)	(15,048)
Derivative financial liabilities	26	(4,059)	(10,875)
Deferred tax liabilities	27	(33,167)	(36,094)
Other payables	28	(2,563)	(2,535)
Total non-current liabilities		(676,995)	(716,621)
Total liabilities		(1,172,168)	(1,120,585)
Net assets		215,002	415,651
Equity			
Share capital	29	558,658	557,858
Reserves		12,334	(14,309)
Accumulated losses		(355,990)	(127,898)
Total equity		215,002	415,651

Approved by the Board on 22 November 2022 and signed on its behalf by:


 R Foye
 Director

Amphora Group Limited

(Registration number: 11263400) Company Balance Sheet as at 30 June 2022

	Note	As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Assets			
Non-current assets			
Trade and other receivables	12	8,656	9,712
Investments in subsidiaries	39	536,665	531,863
Total non-current assets		<u>545,321</u>	<u>541,575</u>
Current assets			
Trade and other receivables	19	21,874	-
Cash and cash equivalents	20	2,011	19,712
Income tax asset		4,212	4,300
Total current assets		<u>28,097</u>	<u>24,012</u>
Total assets		<u>573,418</u>	<u>565,587</u>
Non-current liabilities			
Trade and other payables	28	(4,212)	(4,301)
Provisions for liabilities	25	(6,176)	(5,776)
		(10,388)	(10,077)
Current liabilities			
Trade and other payables	22	(2,171)	(1,116)
Current liabilities		<u>(2,171)</u>	<u>(1,116)</u>
Net current assets		<u>25,926</u>	<u>22,896</u>
Total assets less current liabilities		<u>571,247</u>	<u>564,471</u>
Total liabilities		<u>(12,559)</u>	<u>(11,193)</u>
Net assets		<u>560,859</u>	<u>554,394</u>
Equity			
Share capital	29	558,658	557,858
Reserves		707	(2,766)
Retained earnings/(accumulated losses)		1,494	(698)
Total equity		<u>560,859</u>	<u>554,394</u>

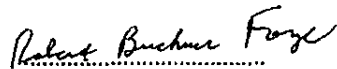
The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the company profit and loss account. The Company profit for the financial period is SAUD 2,192,000 (2021: SAUD loss of 1,993,000).

Amphora Group Limited

(Registration number: 11263400)

Company Balance Sheet as at 30 June 2022 (continued)

Approved by the Board on ~~..22 November 2022..~~ and signed on its behalf by:



R Foye
Director

The notes on pages 30 to 103 form an integral part of these financial statements.

Amphora Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2022

	Share capital SAUD 000	Share-based payments SAUD 000	Treasury share reserve SAUD 000	Capital redemption reserve SAUD 000	Foreign currency translation SAUD 000	Cash flow hedging reserve SAUD 000	Accumulated losses SAUD 000	Total equity SAUD 000
As at 1 July 2021	557,858	6,097	(19,275)	277	4,679	(6,087)	(127,898)	415,651
Profit/(Loss) for the period	-	-	-	-	-	-	(239,193)	(239,193)
Gain on cash flow hedges (gross)	-	-	-	-	-	21,311	-	21,311
Deferred tax relating to changes in the fair value of cash flow hedges	-	-	-	-	-	(5,328)	-	(5,328)
Foreign currency translation gains/(losses)	-	-	-	-	7,145	-	-	7,145
Actuarial gains/(loss) (gross)	-	-	-	-	-	-	17,082	17,082
Deferred tax relating to actuarial gains/(losses)	-	-	-	-	-	-	(5,981)	(5,981)
Other comprehensive income/(loss)	-	-	-	-	7,145	15,983	11,101	34,229
Total comprehensive income/(loss)	-	-	-	-	7,145	15,983	(228,092)	(204,964)
Management ordinary shares issued	800	-	(1,287)	-	-	-	-	(487)
Employee share scheme	-	4,802	-	-	-	-	-	4,802
At 30 June 2022	558,658	10,899	(20,562)	277	11,824	9,896	(355,990)	215,002

Amphora Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2022 (continued)

	Share capital SAUD 000	Share-based payments SAUD 000	Treasury share reserve SAUD 000	Capital redemption reserve SAUD 000	Foreign currency translation SAUD 000	Cash flow hedging reserve SAUD 000	Accumulated losses SAUD 000	Total equity SAUD 000
As at 1 July 2020	538,938	-	-	-	7,037	(5,535)	(95,603)	444,837
Profit/(Loss) for the period	-	-	-	-	-	-	(31,954)	(31,954)
Loss on cash flow hedges (gross)	-	-	-	-	-	(1,280)	-	(1,280)
Deferred tax relating to changes in the fair value of cash flow hedges	-	-	-	-	-	728	-	728
Foreign currency translation gains/(losses)	-	-	-	-	(2,358)	-	-	(2,358)
Actuarial gains/(loss) (gross)	-	-	-	-	-	-	(125)	(125)
Deferred tax relating to actuarial gains/(losses)	-	-	-	-	-	-	61	61
Other comprehensive income/(loss)	-	-	-	-	(2,358)	(552)	(64)	(2,974)
Total comprehensive income/(loss)	-	-	-	-	(2,358)	(552)	(32,018)	(34,928)
Management ordinary shares issued	18,920	-	(19,275)	-	-	-	-	(355)
Employee share scheme	-	6,097	-	-	-	-	-	6,097
Transfer to Capital Redemption reserve	-	-	-	277	-	-	(277)	-
At 30 June 2021	557,858	6,097	(19,275)	277	4,679	(6,087)	(127,898)	415,651

The notes on pages 30 to 103 form an integral part of these financial statements.

Amphora Group Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2022

	Share capital SAUD 000	Other reserves SAUD 000	Capital redemption reserve SAUD 000	Foreign currency translation SAUD 000	Retained earnings/ (Accumulated losses) SAUD 000	Total SAUD 000
As at 1 July 2021	557,858	(3,467)	277	424	(698)	554,394
Profit/(Loss) for the period	-	-	-	-	2,192	2,192
Foreign currency translation gains/(losses)	-	-	-	(682)	-	(682)
Total Comprehensive income	-	-	-	(682)	2,192	1,510
Transactions with owners in their capacity as owners:						
Management ordinary shares issued	800	-	-	-	-	800
Employee share scheme	-	4,155	-	-	-	4,155
At 30 June 2022	558,658	688	277	(258)	1,494	560,859

Amphora Group Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2022 (continued)

	Share capital SAUD 000	Other reserves SAUD 000	Capital redemption reserve SAUD 000	Foreign currency translation SAUD 000	Retained earnings/ (Accumulated losses) SAUD 000	Total SAUD 000
As at 1 July 2020	538,938	-	-	248	1,572	540,758
Profit/(Loss) for the period	-	-	-	-	(1,993)	(1,993)
Foreign currency translation gains/(losses)	-	-	-	176	-	176
Total Comprehensive loss	-	-	-	176	(1,993)	(1,817)
Transactions with owners in their capacity as owners:						
Management ordinary shares issued	18,920	-	-	-	-	18,920
Employee share scheme	-	(3,467)	-	-	-	(3,467)
Transfer to Capital Redemption reserve	-	-	277	-	(277)	-
At 30 June 2021	557,858	(3,467)	277	424	(698)	554,394

The notes on pages 30 to 103 form an integral part of these financial statements.

Amphora Group Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2022

		Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
	Note		
Cash flows from operating activities			
Profit/(loss) for the period		(239,193)	(31,954)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	47,134	42,820
Impairment of inventory	6	115,351	8
Impairment of intangibles	6	112,498	283
(Profit)/loss on disposal of property plant and equipment and intangible assets		(19,967)	1,148
Finance income	7	(9,405)	(762)
Finance costs	7	48,113	53,406
Net exchange differences		2,911	1,490
Income tax (receipt)/expense	10	(9,175)	10,468
Non-cash retirement benefit expense		192	622
Equity settled share based payment transaction		4,802	6,097
		53,261	83,626
Working capital adjustments			
(Increase)/Decrease in trade receivables		(31,075)	87,131
Decrease/(Increase) in inventories		(105,802)	(59,081)
Increase/(Decrease) in trade and other payables		11,964	48,663
Increase/(Decrease) in derivatives		(20,327)	4,181
Increase/(Decrease) in provisions		16,073	(4,628)
Defined benefit scheme cash contributions		(975)	(1,042)
Borrowing costs paid		(39,205)	(44,308)
Income taxes paid		(5,499)	(8,597)
Net cash inflow/(outflow) from operating activities		(121,585)	105,945
Cash flows from investing activities			
Interest received		-	407
Purchase of property, plant and equipment, intangibles and right of use assets		(41,321)	(52,730)
Proceeds from sale of property, plant and equipment		45,606	(1,425)
Proceeds from sale of held for sale assets		7,150	9,388
Acquisition of subsidiaries - net cash paid		-	(47,472)
Net cash flows from investing activities		11,435	(91,832)
Cash flows from financing activities			
Payments of borrowings		(297,283)	(124,894)
Proceeds of borrowings		374,235	106,413
Payments for leases		(22,545)	(22,779)
Proceeds from issue of share capital		400	5,776
Net cash flows from financing activities		54,807	(35,484)

Amphora Group Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2022 (continued)

	Note	Year ended 30 June 2022 \$AUD 000	Year ended 30 June 2021 \$AUD 000
Net decrease in cash and cash equivalents		(55,343)	(21,371)
Cash and cash equivalents at 1 July		<u>69,307</u>	<u>90,678</u>
Cash and cash equivalents at 30 June		<u>13,964</u>	<u>69,307</u>

The notes on pages 30 to 103 form an integral part of these financial statements.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in England in the UK. The registered number is 11263400. The address of the registered office is Thomas Hardy House, 2 Heath Road, Weybridge, Surrey KT13 8TB and the nature of the Company's operations and activities are given in the Directors' Report and Strategic Report.

These financial statements were authorised for issue by the Board on 22 November 2022.

2 Accounting policies

Summary of significant Group accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of the Group financial statements are set out below. Where applicable these accounting policies also apply to the preparation of the Company financial statements.

Basis of preparation (Group)

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under historical cost accounting rules, with the exception of derivative financial instruments which are measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian Dollars, which is the presentational currency of the Group.

Amounts in the financial statements have been rounded to the nearest thousand Australian Dollars (\$AUD), or in certain cases, the nearest Australian Dollar.

Going concern

The Group has access to funding to draw down a revolving credit facility of \$AUD 22,945,000. The Group also has a term loan of £301,000,000 which is fully drawn down at 30 June 2022. This is considered to be our net debt limit.

Debt position and cash flow estimates

The operating result for the Group declined in financial year 2022, driven by a number of macroeconomic headwinds which presented significant challenges for the wine industry, including the impact of China wine tariffs, unprecedented supply chain costs and the cost of living crisis in the UK impacting consumer sentiment.

As a result of the challenges, the Board and management have carefully considered the Group's ability to continue as a going concern for at least the next 12 months from the date the financial statements are issued ("forecast period").

As of 30 June 2022, the Group has non-current bank debt of \$AUD 526 million and current debt of \$AUD 114 million (net debt \$AUD 626 million) and was in compliance with banking covenants.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

The Group's forecast cash flows include assumptions relating to sales volumes and pricing, operating costs, reducing inventory and divestment of assets.

Sales volumes and pricing

A critical assumption is the ability to meet sales forecasts, including assumptions for volume and price in the key markets of UK and Australia. The forecast assumes an increase in sales with the premiumisation strategy and pricing assumptions. The Group considered various downside scenarios relating to sales performance having regard to historic trading including in times of heightened economic pressure on consumers as well as recent trading performance. Whilst current trading is holding up well the Group modelled various downside scenarios including an 8% fall against forecast which the Group felt was a reasonable assessment to model to assess the robustness of the Group's cash flows when considering going concern.

Operating costs

The forecast includes the impact of increasing supply chain costs such as energy and dry goods, as well as elimination of the large loss suffered in China in financial year 2022 due to the winding down of operations after the imposition of tariffs on Australian wine. Although there is some uncertainty with inflationary pressures and the global economic outlook, the Group considers the forecast for operating costs, which has been drawn up to factor in latest available forecasts with an element of prudence, to be achievable.

Reducing inventory

The cash flow forecast is also dependent on initiatives to reduce inventory levels by approximately 10% to improve working capital. The Group is proactively working with CCW Co-operative Limited ("CCW"), the supplier of the majority of its commercial grade grapes, to reduce the vintage intake for financial year 2023 to substantially reduce inventory levels through the forecast period. Given the nature of the contract, the Group cannot directly control the intake volumes; however, the Group has had extensive consultation with CCW and considers that the incentive structure agreed with CCW and offered to growers will achieve the desired outcome for the reduction in intake. Allied to this the Group has numerous workstreams and initiatives in play to reduce inventory levels and generate additional cash to levels more consistent with historic norms. Various scenarios for grape payments were also analysed to determine the impact on cash flows.

Divestments

The Group also has other cash flow initiatives relating to the winery network rationalisation and monetisation of certain assets, including the sale of vineyards and other assets. As noted in Note 38 a number of these divestments have already been settled or have signed contracts at the date of signing the financial statements, in particular the sale of the assets of the bottling and warehousing facility in Bristol in the UK for GBP32.5m, with GBP30m settling on 31 January 2023, and deferred consideration of GBP2.5m settling on 30 June 2023. The Group also assessed the impact of removing unconfirmed divestment proceeds from the cash flow forecasts.

Scenario analysis

A severe but plausible scenario was considered to be a combination of downside scenarios (including an 8% sales drop, 10% increase in grape payments and removing unconfirmed divestments) occurring together. Based on the combination of these downside scenarios, which were not considered remote, the Group were satisfied that the combination of these would not create a liquidity issue.

Based on the analysis the Group would continue to trade within the limits of the available funding facilities and comply with financial covenants throughout the going concern forecast period. It has been concluded that the Group will continue to operate as a going concern. As a result, the financial statements have been prepared on this basis.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

New but not effective standards, interpretations and amendments

There are no standards, interpretations and amendments which are new but not effective for periods beginning after 1 July 2021 and which have not been adopted early, that are expected to have a material effect on the financial statements.

New standards, interpretations and amendments effective

None of the other standards, interpretations and amendments which are effective for periods beginning after 1 July 2021 and which have not been adopted early, are expected to have a material effect on the financial statements.

Revenue recognition

In accordance with IFRS 15, a five-step model is used to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer, and supersedes all previous revenue recognition requirements under IFRS.

Revenue for the Group is recognised as the performance obligation to deliver goods to customers is satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligation. Revenue on the sale of goods is recognised when the control of goods has passed to the buyer and represents the value of sales to customers net of trade allowances, discounts, returns, certain rebates and amounts collected on behalf of third parties. The performance obligation is satisfied at a point in time for revenue on sale of goods. Revenue for services is recognised over time when the service has been provided to the customer and the performance obligation is expected to be satisfied at points in time when the services are delivered.

Sales related discounts and similar allowances comprise volume rebates (sales incentives related to volumes purchased and sales growth) and promotional contributions which are directly related to promotions run by customers. Management makes estimates based on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement, to determine total amounts earned and to be recorded as deductions from revenue.

Revenue from sale of goods includes excise and import duties which the Group pays as principal but excludes amounts collected on behalf of third parties such as value-added tax. Excise tax becomes payable when wine and other alcoholic products are moved from a bonded premise and is not linked to the sale event. Excise tax is included in the sales price to the customer and increases in duty are not always passed onto the customer if they occur. If a customer debt becomes uncollectable the Group cannot reclaim the excise duty. Excise duty paid is therefore recognised as a cost of goods sold.

Finance income and costs policy

Interest income is recognised as it accrued, using the effective interest method.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs (other than costs incurred for a significant change in borrowings) are recognised immediately as an expense when incurred.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Australian Dollars, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within finance costs.

Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Property, plant and equipment

All property, plant and equipment is stated at historical cost or deemed cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of residual values, over their estimated useful lives, for the current period as set out below.

The assets' residual values and useful lives will be reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the shorter of the lease terms or the assets' useful life.

Assets under construction are held at cost and are not depreciated until brought in to use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the income statement.

Asset class	Depreciation method and rate
Buildings	33 years
Vineyard improvements	26 years
Stainless steel storage	40 years
Oak barrels	4 years
Computer hardware	3 years
Plant and equipment	3 - 15 years
Vines	30 years

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Business combinations

All business combinations are accounted for by applying the acquisition method. For every business combination, the Group identifies the acquirer, which is the combining entity that obtains the control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Non-controlling interests are measured at their fair value at the acquisition date.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date (which is the date on which control is transferred to the Group).

Consideration transferred includes the fair values of assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired controlled entity/associate at the date of acquisition. Goodwill on acquisitions of controlled entities is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Intangible assets

Brand names

Brand names have indefinite useful lives. Brand names are allocated to cash generating units and tested for impairment annually, or more frequently if events or changes in circumstances indicate that their value might be impaired, and are carried at cost less accumulated impairment losses.

A cash-generating unit is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets.

Software

Where software is not an integral part of the related hardware, computer software is treated as an intangible asset. Computer software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of software over its estimated useful life, which, for the current period, varies from 5 to 9 years.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand and call deposits, other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, along with bank overdrafts. Bank overdrafts are shown within borrowings as current liabilities on the balance sheet.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision for inventory is calculated based on product, sub-brand or category level, as appropriate.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for expected credit losses. Trading terms for domestic trade receivables are usually within 60 days from the date of recognition. Overseas trade receivables are to be settled within 30 to 120 days.

Allowance for expected credit losses (ECLs) are recognised for trade and other receivables using a simplified approach. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience and default rates, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade payables

Trade and other payables represent liabilities for goods and services supplied to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. They are recognised initially at fair value. Subsequent to initial recognition they are measured at cost using the effective interest rate.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Long service leave and annual leave

The liability for long service leave and annual leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on Corporate bond rates with terms to maturity and currency that match, as closely as possible to, the estimated future cash outflows. Annual leave is disclosed as a current liability.

Leases

The Group leases various premises, vineyards, forklift & motor vehicles and equipment. Rental contracts are typically made for fixed periods of 12 months to 15 years.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising of the amount of the initial measurement of lease liability any lease payments made at or before the commencement date less any lease incentives received any initial direct costs, and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group does not revalue its land and buildings presented within property, plant and equipment and has chosen to adopt the same policy for the right-of-use buildings held by the Group.

Extension and termination options are included in a number of property and equipment leases across the Group. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Payments associated with short-term leases of premises, equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets primarily comprises of IT and winery equipment.

Sale and leaseback

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. A lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right of use asset is recognised at the proportion of the carrying value relating to the right retained. Any gain or loss arising relates to the rights transferred to the buyer which is recognised in the income statement.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

Other non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Dividends

Provision is made for the amount of any shareholder approved and irrevocable dividend declared on or before the end of the financial period.

Employee benefits

Wages, salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Holiday leave

The liability for holiday leave is calculated based on estimated employment costs relating to holidays not taken at the end of the year. It is recognised in the current and non current provision for employee benefits.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

All salaried employees in the Group are entitled to benefits on retirement, disability or death from the Group's superannuation plan. Contributions to the defined contribution plan are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

Defined benefit pension obligation

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AAA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Share-based payments

The fair value of shares issued under the Group Management Equity Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the shares issued:

- Including any market performance conditions (eg the entity's share price)
- Excluding the impact of any service and non-market performance vesting conditions (eg profitability, return of capital, sales growth targets and remaining an employee of the entity over a specified time period), and
- Including the impact of any non-vesting conditions (eg the requirement for employees to hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Financial Instruments

Initial recognition

Financial assets and financial liabilities comprise cash and cash equivalents, trade and other receivables and payables (excluding prepayments and deferred income), derivative financial assets and liabilities, and loans and borrowings.

The Group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All standard purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the financial assets or financial liabilities. All standard purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Standard purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the Group may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Derecognition

Financial assets

The Group derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Impairment of financial assets

Measurement of Expected Credit Losses

The Group recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments
- Other receivables.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on payment profiles of historical sales and the associated credit losses experienced, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derivative financial instruments

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the balance sheet at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In the balance sheet, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of the hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in notes 17 and 26. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Hedge accounting

Cash flow hedges

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability. The deferred amounts ultimately recognised in profit or loss as sales in the case of receivables, cost of goods sold in the case of inventory, or as depreciation in the case of property, plant and equipment.

In the consolidated financial statements a cash flow hedge of the foreign exchange risk of a firm commitment to acquire a business has been elected as a hedge of a non-financial item. The gain or loss from the hedging instrument recognised in equity is recognised as an adjustment to goodwill when the business combination occurs.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting is recognised immediately in the income statement and are included in finance income or finance expenses, or cost of goods sold in the case of inventory items.

Assets held for sale

Assets are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset is being marketed at a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of classification.

Assets classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, assets are not depreciated.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Alternative Performance Measures

In the analysis of the Group's financial performance, Alternative Performance Measures (APMs) are discussed to give additional information. The principal APMs used are underlying measures of revenue and earnings (Net Revenue and EBITDA). These non-IFRS measures are consistent with information regularly reviewed by management to run the business, including planning, budgeting and reporting purposes and for its internal assessment of the operational performance of individual businesses. The Directors believe that the use of these APMs assist in providing additional information on the underlying trends and performance of the Group. APMs are used to improve the comparability of information between reporting periods by adjusting for items that are non-recurring or otherwise non-underlying. Management consider non-underlying items to be impairment of intangible and tangible assets, acquisitions related expenditure, gain/losses from divestments, restructuring costs, and non-recurring project costs. Further information is disclosed in Note 5.

Summary of significant Company accounting policies

The principal accounting policies applied in the preparation of the Company financial statements are set out below.

Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of Adopted IFRS, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under s408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account. The profit of the Company for the period is \$AUD 2,192,000 (2021 - \$AUD loss of 1,993,000).

The financial statements have been prepared under historical cost accounting rules.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Company financial statements are presented in Australian Dollars which is the presentational currency of the Group, which is consistent with internal decision making. The functional currency of the Company is GBP as the majority of receipts from its operating activities within the group are retained in GBP.

In these financial statements, the Company has applied the exemptions under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Accounting policies (continued)

Investments

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings as current liabilities in the balance sheet.

Impairment of non-financial assets

Non-financial assets, comprising investments in subsidiary undertakings, are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below.

Estimated recoverability of brand names and goodwill

The Group tests annually whether brand names and goodwill have suffered any impairment, in accordance with the accounting policies stated in note 2. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. This involves estimation in terms of cash flows and discount rates and a change in either of these could result in either additional impairment or a reversal of the existing impairment.

Management assesses the CGUs of the Group in accordance with the requirements of IAS 36 *Impairment of Assets*. While management reviews the profit and loss results based on segments, segment asset and liabilities are not reported and are instead managed by country. In identifying the CGUs, the Group considers revenue and asset separation in accordance with IAS 36:

- **Revenue separation** – The Group operates in a number of countries throughout the world, and the customer base of one country is different to the customer base of another. Therefore pricing and rebates will differ from one country to the next. Revenue's streams therefore can be split geographically by country.
- **Asset separation** – while the Group is a global company the assets are managed by physical location. The assets in each country are used to generate the cash inflows in the relevant countries.

Based on the assessment performed under IAS 36 the Group considers the smallest CGU's for the Group are the geographical areas. See Note 13 for details of intangibles impairment review.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Valuation of retirement benefit surplus

The Group has a UK defined benefit pension scheme which has assets and liabilities of \$AUD 457,890,000 (2021 - \$AUD 592,074,000) and \$AUD 416,629,000 (2021 - \$AUD 568,696,000) respectively. The pension assets are each assessed annually in accordance with IAS 19. The accounting valuations, which are based on assumptions determined with independent actuarial advice, result in a net surplus of \$AUD 41,261,000 (2021 - \$AUD 23,378,000) before deferred taxation being recognised on the balance sheet at 30 June 2022. The Group considers that in accordance with IFRIC 14, it has an unconditional right to a refund of surplus on the gradual settlement of the Plans' liabilities as it has an unqualified unilateral power to wind up the Plans at any time. The size of the net surplus is sensitive to the fair value of the assets held by the scheme, which include assets that are not valued based on an observable market but are instead measured using discounted future cashflows or property valuation and actuarial assumptions. The pension liabilities are based on valuation assumptions including price inflation, pension and salary increases, the discount rate used in assessing actuarial liabilities, mortality and other demographic assumptions and the level of contributions. Further details and sensitivities are included in note 15.

Valuation of promotional rebates (included in revenue)

The Group estimates the amount of promotional rebates to be accrued or released based on assumptions of the level of take-up by the customers, timing of the promotional events and historical levels of customer claims. If the level of take-up by customers fell by 5% and the accrual was subsequently released for the same amount there would be a \$AUD 2,490,000 (2021 - \$AUD 2,147,000) favourable impact on the Statement of Comprehensive Income. If the level of take-up by customers increased by 5%, then the accrual would be increased by \$AUD 2,490,000 (2021 - \$AUD 2,147,000) and there would be an adverse impact on the Statement of Comprehensive Income. There is also uncertainty relating to promotional activities whereby the ultimate payment is based on third party sales. Due to the overall proportion of these sales in respect of the overall accrual balance, a shift in the assumptions around third party sales by 5% either way, would not lead to a material change in the accrual.

Service revenue

Accolade has certain copack arrangements with drinks manufacturers to provide a bottling service, where the group incur costs on behalf of others. Management have concluded that the group acts as an agent in these arrangements for certain costs, such as the purchase of bulk wine. This is because the third parties enter into contractual arrangements directly with suppliers, agreeing the price and terms directly. Where the group make purchases from suppliers on behalf of these third parties the group is only acting as an agent. Therefore the stock related to these arrangements is recognised within debtors, and only the margin is included within turnover. The exception to this treatment relates to bottles and certain other supplies which are recognised gross within sales and cost of sales, as they could be used for other group customers.

Tax losses

The Group recognises deferred tax assets for unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses in accordance with the accounting policy set out in note 2. The measurement of tax losses requires the estimate of future taxable profits.

Upon acquisition of the Group, the Directors have reviewed the IAS 12 (Income Taxes) recognition requirements of deferred tax asset on losses and concluded that the cumulative tax losses in the acquired Australian group companies are available and not restricted for future utilisation against taxable profits and temporary differences.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Provisions

The Group holds provisions where appropriate in respect of future economic outflows which arise due to past events. These are subject to uncertainty in respect of the outcome of future events. Estimates, judgements and assumptions are based on factors including historic experience, observation of trends in the industries in which the Group operates, and information available from the Group's customers, suppliers and other external sources. Actual outflow of economic benefit may not occur as anticipated, and estimates may prove to be incorrect, leading to further charges or releases of provisions as circumstances change. The provisions held by the Group as at 30 June 2022 are set out in Note 25.

Net realisable value of inventory

The Group measures inventory at the lower of cost and net realisable value, in accordance with the accounting policy stated in note 2. The measurement of net realisable value requires estimates of the selling price at the likely date of sale.

The write down of inventories has been calculated for inventory surplus to sales demand based on vintage release and a three year outlook. The calculation makes assumptions based on management estimates of inventory which can be sold on the bulk wine market and current market prices (including costs of disposal), with these assumptions validated through our discussion with industry experts. For inventory not expected to be sold on the bulk wine market, the write down of inventory also includes appropriate costs of disposal.

The inventory write down value will change by the following amounts if there is a change in key assumptions as noted below:

- 10% reduction in bulk wine sales volume will result in an increase in the write down of \$AUD 3,500,000, including the impact of destruction costs
- 10% reduction in bulk wine sales price will result in an increase in the write down of \$AUD 2,500,000
- 10% increase in bulk wine sales volume or bulk wine sales price will result in a decrease in write down of \$AUD 2,500,000.

Share-based payment expense

The group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is then spread over the vesting period to arrive at the annual share-based payment expense. The vesting period applied is estimated by management taking into account all vesting conditions. A change in the vesting period could result in an increase or decrease of share-based payment expense charged to the income statement. The current estimated vesting period is 5 years to 2025.

4 Turnover

	Year ended 30 June 2022	Year ended 30 June 2021
Segment analysis by primary geographical markets	\$AUD 000	\$AUD 000
Europe	784,401	755,799
Australasia	281,651	293,661
Rest of World	64,527	85,002
	<u>1,130,579</u>	<u>1,134,462</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

4 Turnover (continued)

Segment analysis by product service

	Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
Sale of goods recognised (at a point in time)	1,120,653	1,119,534
Services recognised (over time)	9,926	14,928
Group revenue	1,130,579	1,134,462
Excise duties paid as principal	(310,405)	(292,030)
Net Group revenue	<u>820,174</u>	<u>842,432</u>

5 Non-underlying expenses/income

	Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
Impairment of inventory	115,351	-
Impairment of intangible assets	115,470	-
Acquisition costs	668	1,630
Restructuring costs	3,190	7,937
Project costs	229	577
Gain on divestments	(19,643)	-
Other	9,853	2,932
	<u>225,118</u>	<u>13,076</u>

Non-underlying income/expenses are those that in management's judgement need to be disclosed separately and are separately disclosed on the face of the Income Statement. These items are considered to be non-recurring in nature, therefore disclosed separately to help users to understand the financial performance of the Group. Changes in estimates and reversals in relation to items previously recognised as non-underlying are presented as non-underlying in the current year.

Non-underlying income/expenses are those which are not in relation to the production, sale and marketing of wine and wine products and relate to one off and non-recurring items such as costs associated with acquisition and divestment of assets, costs associated with restructuring activities of the Group, impairment of both tangible and intangible assets and non-recurring costs associated with transformation and integration projects.

The separation of non-underlying costs from the underlying operations costs is consistent with the approach adopted by management when reviewing financial results to run the business, including for planning, budgeting and reporting purposes and for its internal assessment of the operational performance of individual businesses.

Other non-underlying expenses largely consist of non-recurring legal expenses and transformation and integration project costs.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

6 Operating (loss)/profit

Arrived at after charging

	Year ended 30 June 2022 \$AUD 000	Year ended 30 June 2021 \$AUD 000
Depreciation expense	42,326	38,892
Amortisation expense	4,808	3,928
Impairment of intangible assets (Note 13)	115,470	283
Impairment of inventory (Note 18)	115,351	8
Operating lease expense - plant and machinery	1,280	870
(Profit)/loss on disposal of property, plant and equipment and leases	(16,463)	828
Gain on disposal of intangibles	(3,503)	-
Auditors' remuneration - the audit of the parent company, consolidated group financial statements and subsidiary financial statements	941	989
Auditors' remuneration - taxation compliance services	42	95
Auditors' remuneration - other tax and advisory services	25	166

7 Finance income and costs

	Year ended 30 June 2022 \$AUD 000	Year ended 30 June 2021 \$AUD 000
Finance income		
Interest income on pension fund assets	406	232
Interest income on bank deposits	39	35
Net foreign exchange gains	8,470	-
Other finance income	490	495
	<u>9,405</u>	<u>762</u>
Finance costs		
Interest on bank borrowings	36,830	34,333
Net foreign exchange losses	-	8,114
Other finance costs	4,873	4,201
Interest on leases	6,410	6,758
	<u>48,113</u>	<u>53,406</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

8 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
Wages and salaries	183,960	179,126
Social security costs	5,852	5,259
Other pension costs	11,232	10,352
	<u>201,044</u>	<u>194,737</u>

The average number of persons employed by the Group (including Directors) during the year, analysed by category was as follows:

	Year ended 30 June 2022 No.	Year ended 30 June 2021 No.
Production	566	554
Administration and support	418	351
Sales, marketing and distribution	670	626
	<u>1,654</u>	<u>1,531</u>

9 Directors' remuneration

The Directors' remuneration for the year was as follows:

	Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
Remuneration	1,168	2,122
Share-based payments	877	908
	<u>2,045</u>	<u>3,030</u>

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	Year ended 30 June 2022 No.	Year ended 30 June 2021 No.
Accruing benefits under defined contribution pension scheme	<u>-</u>	<u>-</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

9 Directors' remuneration (continued)

In respect of the highest paid director:

	Year ended 30 June 2022 \$AUD 000	Year ended 30 June 2021 \$AUD 000
Remuneration	985	1,966
Share-based payments	<u>877</u>	<u>908</u>

At 30 June 2022, loans provided to directors under the management equity plan is \$AUD 3,206,000 (2021: \$AUD 3,066,000).

10 Income tax

Tax charged/(credited) in the income statement

	Year ended 30 June 2022 \$AUD 000	Year ended 30 June 2021 \$AUD 000
Current taxation		
UK corporation tax	2,225	3,327
Foreign tax	<u>546</u>	<u>1,420</u>
Total current income tax	<u>2,771</u>	<u>4,747</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(4,774)	1,875
Deferred tax adjustment relating to prior periods	(3,956)	(1,181)
Capital allowances in excess of depreciation	(1,016)	466
Deferred tax on retirement benefit obligation	508	229
Effect of changes in tax rates	(1,797)	4,932
Losses recognised	<u>(911)</u>	<u>(600)</u>
Total deferred taxation	<u>(11,946)</u>	<u>5,721</u>
Tax (receipt)/expense in the income statement	<u>(9,175)</u>	<u>10,468</u>

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK of 19%.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

10 Income tax (continued)

The differences are reconciled below:

	Year ended 30 June 2022 \$AUD 000	Year ended 30 June 2021 \$AUD 000
Loss before tax	<u>(248,368)</u>	<u>(21,486)</u>
Corporation tax at standard rate	(47,190)	(4,083)
Adjustments in respect of prior periods	(9,025)	123
Expenses not deductible for tax purposes	3,420	5,824
Non-taxable movements in deferred taxes	(5,519)	(805)
Deferred tax in respect of losses recognised	-	5,102
Difference in overseas tax rates	(24,699)	(1,697)
Unrecognised deferred tax	<u>73,838</u>	<u>6,004</u>
Total tax (credit)/charge	<u>(9,175)</u>	<u>10,468</u>

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge and deferred tax assets accordingly. The deferred tax asset as at 30 June 2022 has been calculated based on the rate of 19% and 25% as appropriate (2021: 19%).

Deferred tax assets have not been recognised in respect of deductible temporary differences \$AUD 22,890,000 and unused tax losses \$AUD 52,124,000 because it is not probable that future taxable profit will be available in the Amphora Australia Pty Ltd tax consolidated group against which the Group can use the benefits therefrom.

Amphora Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

11 Property, plant and equipment									
Group	Freehold land & buildings SAUD 000	Leasehold improvements SAUD 000	Plant & Equipment SAUD 000	Machinery & Vehicles SAUD 000	Assets in the course of construction SAUD 000	Vineyards SAUD 000	Furniture, fittings & equipment SAUD 000	Right-of-use assets SAUD 000	Total SAUD 000
At 1 July 2021	113,449	3,315	220,275	266	53,562	5,353	4,801	153,838	554,859
Additions	14	-	128	-	24,589	-	14	8,498	33,243
Disposals	(21,680)	-	(7,259)	(105)	-	(829)	(1,828)	(3,426)	(35,127)
Transfer	1,357	350	52,445	20	(55,910)	-	1,738	-	-
Exchange differences	(39)	(113)	(2,215)	(5)	(278)	-	13	(2,400)	(5,037)
Transfer to held for sale (Note 21)	(19,522)	-	(20,660)	-	-	(1,700)	(607)	-	(42,489)
At 30 June 2022	73,579	3,552	242,714	176	21,963	2,824	4,131	156,510	505,449
Depreciation									
At 1 July 2021	(6,452)	(630)	(36,269)	(121)	(1,147)	(470)	(2,680)	(31,518)	(79,287)
Depreciation charge for the year	(2,568)	(195)	(19,995)	(63)	-	(160)	(1,695)	(17,650)	(42,326)
Disposals	492	-	6,862	101	-	133	1,791	2,584	11,963
Exchange differences	16	37	630	5	-	-	(4)	107	791
Transfer to held for sale (Note 21)	9,567	-	14,763	-	-	243	536	-	25,109
At 30 June 2022	1,055	(788)	(34,009)	(78)	(1,147)	(254)	(2,052)	(46,477)	(83,750)
Carrying amount									

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

11 Property, plant and equipment (continued)		Freehold land & buildings SAUD 000	Leasehold improvements SAUD 000	Plant & Equipment SAUD 000	Machinery & Vehicles SAUD 000	Assets in the course of construction SAUD 000	Vineyards SAUD 000	Furniture, fittings & equipment SAUD 000	Right-of-use assets SAUD 000	Total SAUD 000
At 30 June 2022		74,634	2,764	208,705	98	20,816	2,570	2,079	110,033	421,699

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

11 Property, plant and equipment (continued)									
	Freehold land & buildings SAUD 000	Leasehold improvements SAUD 000	Plant & Equipment SAUD 000	Machinery & Vehicles SAUD 000	Assets in the course of construction SAUD 000	Vineyards SAUD 000	Furniture, fittings & equipment SAUD 000	Right-of-use assets SAUD 000	Total SAUD 000
At 1 July 2020	125,834	3,002	201,398	681	27,212	3,055	4,989	133,483	499,654
Acquired upon business combination	-	-	2,134	31	-	-	13	-	2,178
Additions	14	-	127	25	50,564	-	25	19,002	69,757
Disposals	(2)	-	(4,048)	-	-	-	(436)	-	(4,486)
Transfer	(8,950)	149	31,014	(481)	(24,444)	2,322	390	-	-
Impairment charge for the period	(1,670)	-	(6,745)	-	-	(10)	(131)	-	(8,556)
Exchange differences	2,268	164	1,312	10	230	10	8	1,353	5,355
Transfer to held for sale (Note 21)	(4,045)	-	(4,917)	-	-	(24)	(57)	-	(9,043)
At 30 June 2021	113,449	3,315	220,275	266	53,562	5,353	4,801	153,838	554,859
Depreciation									
At 1 July 2020	(4,228)	(221)	(28,574)	(10)	(1,147)	(340)	(2,061)	(14,475)	(51,056)
Depreciation charge for the year	(2,754)	(415)	(17,443)	(100)	-	(153)	(1,123)	(16,904)	(38,892)
Disposals	-	-	4,006	-	-	-	398	-	4,404
Impairment charge for the period	1,019	-	7,411	-	-	4	114	-	8,548
Exchange differences	(2,923)	6	796	(11)	-	(12)	(8)	(139)	(2,291)
Transfer	2,434	-	(2,465)	-	-	31	-	-	-

Amphora Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

11 Property, plant and equipment (continued)

	Freehold land & buildings \$AUD 000	Leasehold improvements \$AUD 000	Plant & Equipment \$AUD 000	Machinery & Vehicles \$AUD 000	Assets in the course of construction \$AUD 000	Vineyards \$AUD 000	Furniture, fittings & equipment \$AUD 000	Right-of-use assets \$AUD 000	Total \$AUD 000
At 30 June 2021	(6,452)	(630)	(36,269)	(121)	(1,147)	(470)	(2,680)	(31,518)	(79,287)
Carrying amount									
At 30 June 2021	106,997	2,685	184,006	145	52,415	4,883	2,121	122,320	475,572

Included within the net book value of freehold land and buildings is \$AUD 19,154,000 (2021 - \$AUD 40,321,000) of freehold land which is not depreciated.

The reduction during the financial year was due to the divestment of a number of Australian wineries and vineyards. For some of these divestments the Group has entered into a sale and leaseback transaction and locked in grape supply for future vintages.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

12 Non-current other receivables

	Group As at 30 June 2022 \$AUD 000	As at 30 June 2021 \$AUD 000	Company As at 30 June 2022 \$AUD 000	As at 30 June 2021 \$AUD 000
Other receivables	795	1,444	-	-
Loans due from related parties	-	-	8,656	9,712
Other receivables	<u>795</u>	<u>1,444</u>	<u>8,656</u>	<u>9,712</u>

13 Intangible assets

Group

	Goodwill \$AUD 000	Brand names and trademarks \$AUD 000	Software \$AUD 000	Assets in the course of construction \$AUD 000	Total \$AUD 000
Cost					
At 1 July 2021	24,228	203,032	17,661	1,657	246,578
Acquired upon business combination (Note 14)	3,877	-	-	-	3,877
Additions	-	-	8,339	7,395	15,734
Disposals	-	(179)	(26,515)	-	(26,694)
Transfers	-	-	4,725	(4,725)	-
Exchange differences	(264)	(3,142)	(654)	(10)	(4,070)
Transfer to held for sale	-	-	(176)	-	(176)
At 30 June 2022	<u>27,841</u>	<u>199,711</u>	<u>3,380</u>	<u>4,317</u>	<u>235,249</u>
Accumulated Amortisation					
At 1 July 2021	(18,003)	(2,612)	(8,605)	-	(29,220)
Amortisation charge	-	(14)	(4,794)	-	(4,808)
Amortisation eliminated on disposals	-	-	26,122	-	26,122
Impairment	(2,972)	(112,498)	-	-	(115,470)
Foreign exchange movements	9	244	686	-	939
Transfer to held for sale	-	-	84	-	84
At 30 June 2022	<u>(20,966)</u>	<u>(114,880)</u>	<u>13,493</u>	<u>-</u>	<u>(122,353)</u>
Carrying amount					
At 30 June 2022	<u>6,875</u>	<u>84,831</u>	<u>16,873</u>	<u>4,317</u>	<u>112,896</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

13 Intangible assets (continued)

	Goodwill	Brand names and trademarks	Software	Assets in the course of construction	Total
	SAUD 000	SAUD 000	SAUD 000	SAUD 000	SAUD 000
Cost					
At 1 July 2020	20,989	153,935	17,226	-	192,150
Acquired upon business combination	3,259	48,404	251	-	51,914
Additions	-	-	354	1,657	2,011
Disposals	-	-	(399)	-	(399)
Exchange differences	(20)	693	229	-	902
At 30 June 2021	<u>24,228</u>	<u>203,032</u>	<u>17,661</u>	<u>1,657</u>	<u>246,578</u>
Accumulated Amortisation					
At 1 July 2020	(18,003)	(2,472)	(4,977)	-	(25,452)
Charge for the period	-	(14)	(3,914)	-	(3,928)
Impairment	-	-	(283)	-	(283)
Disposals	-	-	758	-	758
Exchange differences	-	(126)	(189)	-	(315)
At 30 June 2021	<u>(18,003)</u>	<u>(2,612)</u>	<u>(8,605)</u>	<u>-</u>	<u>(29,220)</u>
Carrying amount					
At 30 June 2021	<u>6,225</u>	<u>200,420</u>	<u>9,056</u>	<u>1,657</u>	<u>217,358</u>

Brand names and trademarks

Brand names and trademarks which are considered to have indefinite lives are subject to an annual impairment review.

Applying indefinite lives to certain acquired brands and trademarks is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. These are assessed on acquisition to ensure they meet set criteria including an established and stable sales history - often over a number of generations (Note 15).

It is the opinion of the Directors that the indefinite life assets meet the criteria of IAS 38. This assessment is made on an asset-by-asset basis taking into account:

- How long the brand or trademark has been established in the market and subsequent resilience to economic and social changes;
- Stability of the industry in which the brand is used;
- Potential obsolescence or erosion of sales;
- Barriers to entry;
- Whether sufficient marketing promotional resourcing is available; and
- Dependency on other assets with defined useful economic lives.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

13 Intangible assets (continued)

The net book value of brands and trademarks which are considered to have an indefinite life is \$AUD 84,830,000 (2021 - \$AUD 200,420,000).

Trademarks and brand names are valued using the imputed relief from royalty calculation. Royalties were calculated using an assumption of royalty payments of 1.3%-2.5% of revenue brand names. The effective tax rates used in the calculations range from 16.5% to 30.9%. An impairment charge of \$AUD 112,498,000 was recognised in the period to 30 June 2022 (2021 - \$AUD Nil).

The Group has recognised an impairment of Australian and New Zealand brand names of \$AUD 105,201,000 and \$7,297,000 respectively based on a value-in-use calculation of the recoverable amount of tangible and intangible assets. The reduction in the value in use of the Australia and New Zealand CGU is due to the adverse market conditions with high inflation leading to softening in consumer demand and recalibration of our growth projections for future years, higher supply costs driven by current high inflation levels in our key markets as well as the extraordinary increases in global shipping costs post the pandemic, as well as an increase in the discount rate used in the calculation driven by the central bank interest rate increases during the financial year.

Goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU, and to determine a suitable discount rate in order to calculate present value. In reviewing the carrying value of goodwill of the Group's business, management have considered the separate plans and cashflow of these businesses consistent with the requirements of IAS36 Impairment of Assets. An impairment charge of \$AUD 2,972,000 was recognised in the period to 30 June 2022 (2021 - \$AUD Nil).

The Group has recognised an impairment of goodwill in Australia of \$AUD 2,972,000, based on a value-in-use calculation of the recoverable amount of tangible and intangible assets. The reduction in the value in use of the Australia CGU is due to the adverse market conditions with high inflation leading to softening in consumer demand and recalibration of our growth projections for future years, higher supply costs driven by current high inflation levels in our key markets as well as the extraordinary increases in global shipping costs post the pandemic, as well as an increase in the discount rate used in the calculation driven by the central bank interest rate increases during the financial year.

Further information on goodwill acquired upon business combination is disclosed in note 14.

Impairment

The recoverable amount of brands, trademarks and goodwill in use is determined based on value-in-use calculations. These calculations use cash flow projections based on strategic plans approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rate does not exceed the long-term average growth rates for the industry in which the intangible assets are used.

The value-in-use calculation is based on a number of assumptions and variables, such as foreign exchange rates, royalty rates, and sales growth rates. Changes to these assumptions and variables could impact the value-in-use calculation, and any deterioration could result in additional impairment to the Group.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

13 Intangible assets (continued)

In projecting future cash flows, management have used the approved 2023 financial year Budget for the first year forecast, along with the latest 2 year strategic plan for future growth rates, margins and cost projections. The main assumptions adopted in the Australia CGU are:

- i. Discount Rate of 9.5% (2021 - 8.0%) (post-tax) and 12.35% (2021 - 10.4%) (pre-tax)
- ii. Terminal growth rate of 2.5% (2021- 2%)
- iii. Revenue growth rates based on the 2 year strategic plan
- iv. Tax rate of 30% (2021 - 30%)

The main assumptions adopted in the Europe CGU are:

- i. Discount Rate of 9% (2021 - 8.0%) (post-tax) and 11.7% (2021 - 10.4%) (pre-tax)
- ii. Terminal growth rate of 1.9% (2021- 2%)
- iii. Revenue growth rates based on the 2 year strategic plan
- iv. Tax rate of 25% (2021 - 19%)

The main assumptions adopted in the New Zealand CGU are:

- i. Discount Rate of 9% (2021 - 8.0%) (post-tax) and 11.7% (2021 - 10.4%) (pre-tax)
- ii. Terminal growth rate of 2.5% (2021- 2%)
- iii. Revenue growth rates based on the 2 year strategic plan
- iv. Tax rate of 28% (2021 - 28%)

The assessment concluded that there is an impairment of goodwill in Australia and an impairment of Australian and New Zealand brands totalling \$AUD 115,470,000 to be written off to the Consolidated Income Statement (2021 - \$AUD Nil).

Impact of possible changes on key assumptions

Management has performed a sensitivity analysis over the key assumptions and assessed whether there are any possible changes in assumptions which would cause an impairment or further impairment charge in any of the CGUs.

The recoverable amount would be equal to the carrying amount of the assets if the post-tax discount rate or growth rates were to change by the following amounts in the CGUs noted below.

- Europe CGU (increase in post-tax discount rate of 1.1% (2021 - 30.66%) or decrease in growth rate by 0.18% (2021 - 6.25%) per annum excluding the terminal year)

The following changes in key assumptions will result in the recoverable amount being lower than the carrying amount of the assets as noted below :

- Australia CGU, an increase in post-tax discount rate of 0.5% or a decrease in growth rate of 2% per annum excluding the terminal year will result in the recoverable amount being lower than the carrying amount by \$AUD 44,100,000 and \$AUD 99,500,000 respectively
- New Zealand CGU, an increase in post-tax discount rate of 0.5% or a decrease in growth rate of 2% per annum excluding the terminal year will result in the recoverable amount being lower than the carrying amount by \$AUD 3,400,000 and \$AUD 3,900,000 respectively

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

14 Acquisition of subsidiary

Business combinations

On the 24th June 2021 Accolade Wines Limited acquired Lambrini Limited. The acquisition included the following registered trademarks: Lambrini. The acquisition is in line with the Group's vision to accelerate its expansion of its portfolio.

During the financial year 2022 the provisional fair value of assets and liabilities recognised as a result of the acquisition were adjusted to reflect new information obtained about facts and circumstances that were in existence at the acquisition date. A SAUD 5,169,000 increase in the fair value of provisions, a SAUD 1,292,000 decrease in deferred tax liabilities and a corresponding increase to Goodwill relating to the acquisition has been recognised. This is as a result of latest available information for pricing, blending rates and sales assumptions impacting the valuation of an onerous contract recognised at acquisition date.

The adjusted fair value of the assets and liabilities recognised as a result of the acquisition are as follows:

	As at 30 June 2022 Fair value SAUD 000
Inventory	1,493
Brand names	47,974
Other receivables	56
Provisions	(11,872)
Deferred tax liabilities	(9,026)
Goodwill	7,136
Total identifiable net assets at fair value	<u>35,761</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 The Group pension schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to \$AUD 11,232,000 (2021 - \$AUD 10,015,411). There were no outstanding contributions payable to the scheme at the end of the period.

Defined benefit pension schemes

A summary of the total defined benefit pension scheme surplus is as follows:

	As at 30 June 2022 \$AUD 000	As at 30 June 2021 \$AUD 000
Accolade Wines Group Pension Plan - UK	41,261	23,378
Accolade Wines Australia Superannuation Plan - Australia	362	651
Total defined benefit pension surplus	<u>41,623</u>	<u>24,029</u>

Details of the surplus in each of the Group's schemes are shown below.

Accolade Wines Group Pension Plan - UK

The Group participates in the Accolade Wines Group Pension Plan which is a funded defined benefit pension scheme for the benefit of employees of the Accolade Wines Holdings Europe Limited group.

The Plan's assets are split between Growth Assets and Liability Hedging Assets. The Growth Assets target investment return in order to meet the overall performance objective. The Liability Hedging assets provides liability hedging and acts as collateral to support the derivative Liability Hedge.

Contributions to the plan are assessed in accordance with the advice of XPS Pension Group, the consulting actuary. The plan was closed to future benefit accrual at 31 March 2003. Although salary linkage will remain on accrued benefits, there is no current service cost. A defined contribution arrangement was opened to all active members of the plan and for new employees from 1 April 2003.

A full actuarial valuation was carried out at 31 December 2019 by a qualified independent actuary.

Contributions payable to the pension scheme for the period were \$AUD 974,000 (2021 - \$AUD 1,042,000).

The total contributions in the next financial year are expected to be \$AUD 1,083,000.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 The Group pension schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Fair value of scheme assets	457,890	592,074
Present value of scheme liabilities	<u>(416,629)</u>	<u>(568,696)</u>
Defined benefit pension scheme surplus	<u>41,261</u>	<u>23,378</u>

Scheme assets

Changes in the fair value of scheme assets are as follows:

	Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
Fair value at start of year	592,074	597,393
Interest income	10,006	9,248
Return on plan assets, excluding amounts included in interest income	(104,576)	(1,151)
Foreign exchange differences	(17,479)	7,841
Employer contributions	975	1,042
Benefits paid	<u>(23,110)</u>	<u>(22,299)</u>
Fair value at end of year	<u>457,890</u>	<u>592,074</u>

Analysis of assets

The major categories of scheme assets are as follows:

		As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Equity securities	Quoted/		
	Unquoted		
	Quoted	50,378	112,847
Bonds	Quoted	339,112	406,384
Bonds	Unquoted	-	6,566
Alternatives	Unquoted	39,266	20,648
Alternatives	Quoted	-	26,927
Cash and cash equivalents	Quoted	-	3,408
Cash and cash equivalents	Unquoted	14,199	2,877
Property	Unquoted	<u>14,935</u>	<u>12,417</u>
		<u>457,890</u>	<u>592,074</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 The Group pension schemes (continued)

Other assets include structured products, liability hedges and commodities.

The fair value of plan assets includes no amounts relating to any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

To determine the overall expected long-term rate of return on assets, the current and expected asset allocations, as well as historical and expected returns on various categories have been considered. The expected long-term return assumption for the plan is 1.6% per annum in excess of the return on UK government gilts.

The pension scheme has not invested in any of the Group's own financial instruments or in properties or other assets used by the Group.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	Year ended 30 June 2022 \$AUD 000	Year ended 30 June 2021 \$AUD 000
Present value at start of year	568,696	574,513
Past service cost	-	614
Actuarial gains and losses arising from changes in demographic assumptions	(542)	4,743
Actuarial gains and losses arising from changes in financial assumptions	(125,493)	(1,333)
Actuarial gains and losses arising from experience adjustments	4,325	(4,086)
Foreign exchange differences	(16,854)	7,524
Interest cost	9,607	9,020
Benefits paid	(23,110)	(22,299)
Present value at end of year	<u>416,629</u>	<u>568,696</u>

The scheme surplus has increased by \$AUD 17,883,000 (2021 - \$AUD 498,000). The increase is mainly caused by a significant decrease in corporate bond yields leading to a higher discount rate assumption, lowering the expected liabilities by \$AUD 125,493,000 (2021 - \$AUD 1,333,000). This is then mostly offset by a reduction in plan asset values, which fell by \$AUD 104,576,000 (2021 - \$AUD 1,151,000) due to concerns over high global inflation and the increased risk of recession.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 The Group pension schemes (continued)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	As at 30 June 2022 %	As at 30 June 2021 %
Discount rate	3.80	1.90
Future salary increases	2.70	2.60
Inflation	<u>3.30</u>	<u>3.20</u>

Post retirement mortality assumptions

	As at 30 June 2022 Years	As at 30 June 2021 Years
Current UK pensioners at retirement age - male	22	22
Current UK pensioners at retirement age - female	24	24
Future UK pensioners at retirement age - male	23	23
Future UK pensioners at retirement age - female	<u>25</u>	<u>25</u>

Amounts recognised in the income statement

	Year ended 30 June 2022 \$AUD 000	Year ended 30 June 2021 \$AUD 000
Amounts recognised in operating profit		
Past service cost	-	614
Amounts recognised in finance income or costs		
Net interest	<u>(399)</u>	<u>(228)</u>
Total recognised in the income statement	<u>(399)</u>	<u>386</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 The Group pension schemes (continued)

Amounts taken to the Statement of Comprehensive Income

	Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
Actuarial gains and losses arising from changes in demographic assumptions	(542)	4,744
Actuarial gains and losses arising from changes in financial assumptions	(125,493)	(1,333)
Actuarial gains and losses arising from experience adjustments	4,325	(4,086)
Return on plan assets, excluding amounts included in interest income	104,576	1,151
Amounts recognised in the Statement of Comprehensive Income	<u>(17,134)</u>	<u>476</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	Impact on defined benefit obligation			As at June 2022 Value SAUD 000
	Change in assumption	Increase to deficit	Decrease in deficit	
Discount rate	0.25% movement	4%	4%	1,650
RPI inflation	0.25% movement	2%	2%	825
Mortality rate	0.25% movement	5%	5%	<u>2,063</u>

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation as at 31 December 2019 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Although a full liability calculation has not been performed, the analysis does provide a reasonably good approximate indication of how the liabilities may change in the scenarios listed.

Each assumption is taken in isolation with no other assumptions altered, except under the inflation sensitivities where inflation linked assumptions have also been allowed to vary to approximately reflect the changes in CPI and RPI inflation, e.g. associated pension increases, deferred revaluation and the salary increase assumption.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 The Group pension schemes (continued)

Maturity analysis of benefit payments

The weighted average duration of the defined benefit obligation is 15 years (2021 - 15 years). The expected maturity analysis of undiscounted pension is as follows:

	As at 30 June 2022 \$AUD 000	As at 30 June 2021 \$AUD 000
Less than 1 year	23,110	22,615
Between 1 and 2 years	23,305	22,886
Between 2 and 5 years	73,553	71,733
Over 5 years	130,049	126,776
	<u>250,017</u>	<u>244,010</u>

Accolade Wines Superannuation Plan - Australia

Defined benefit members' receive lump sum benefits on retirement, death, disablement and withdrawal. The defined benefit section of the Plan is closed to new members. All new members receive accumulation only benefits.

The defined benefits assets are invested in the Mercer Conservative Growth Investment Option. The assets have a 22% weighting to equities, 44% weighting to fixed income and 21% weighting to cash. The investment option has a balanced and diversified risk portfolio.

A full actuarial valuation was carried out at 1 July 2021 by a qualified independent actuary.

Contributions payable to the pension scheme for the period were \$AUD Nil (2021 - \$AUD Nil).

The total contributions in the next financial year are expected to be \$AUD Nil (2021 - \$AUD Nil).

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 The Group pension schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Fair value of scheme assets	1,953	1,982
Present value of scheme liabilities	<u>(1,591)</u>	<u>(1,331)</u>
Defined benefit pension scheme surplus	<u>362</u>	<u>651</u>

Scheme assets

Changes in the fair value of scheme assets are as follows:

	Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
Fair value at start of year	1,982	2,906
Interest income	26	27
Return on plan assets, excluding amounts included in interest income	(31)	353
Employer contributions	(128)	(141)
Contributions by scheme participants	156	12
Benefits paid	-	(1,105)
Taxes, premiums and expenses paid out of plan assets	<u>(52)</u>	<u>(70)</u>
Fair value at end of year	<u>1,953</u>	<u>1,982</u>

Analysis of assets

The major categories of scheme assets are as follows:

	As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Investment growth fund	<u>1,953</u>	<u>1,982</u>
	<u>1,953</u>	<u>1,982</u>

The pension scheme has not invested in any of the Group's own financial instruments or in properties or other assets used by the Group.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 The Group pension schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
Present value at start of year	1,331	2,300
Current service cost	244	310
Actuarial gains and losses arising from changes in financial assumptions	(184)	(7)
Actuarial gains and losses arising from experience adjustments	205	9
Interest cost	19	23
Benefits paid	-	(1,105)
Contributions by scheme participants	156	12
Administrative expenses	(52)	(70)
Contributions to accumulation plan	(128)	(141)
Present value at end of year	<u>1,591</u>	<u>1,331</u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	As at 30 June 2022 %	As at 30 June 2021 %
Discount rate	4.40	1.40
Future salary increases	3.00	1.50
Inflation	4.00	4.00
Pension increases for in-payment benefits	<u>15.00</u>	<u>15.00</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

15 The Group pension schemes (continued)

Amounts recognised in the income statement

	Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
Amounts recognised in operating profit		
Current service cost	244	310
Amounts recognised in finance income or costs		
Net interest	(7)	(4)
Total recognised in the income statement	<u>237</u>	<u>306</u>

Amounts taken to the Statement of Comprehensive Income

	Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
Actuarial gains and losses arising from changes in financial assumptions	(184)	7
Actuarial gains and losses arising from experience adjustments	205	(9)
Return on plan assets, excluding amounts included in interest income	31	353
Amounts recognised in the Statement of Comprehensive Income	<u>52</u>	<u>351</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

Impact on defined benefit obligation				As at 30 June 2022 Value SAUD 000
	Change in assumption	Increase in deficit	Decrease in deficit	
Discount rate	0.5% movement	2%	2%	48

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation as at 1 July 2021 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Although a full liability calculation has not been performed, the analysis does provide a reasonably good approximate indication of how the liabilities may change in the scenarios listed.

The defined benefit obligation has been recalculated by changing the assumptions as outline above, whilst retaining all other assumptions.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

16 Share-based payments

Management Equity Plan

Scheme details and movements

The Group operates a Management Equity Plan (MEP) for senior management. Subject to the terms of the plan, the shares are only vested upon an exit event, being an IPO or share sale.

The shares issued under the MEP are fair valued on the date they are granted. The value of the shares are calculated based on the inputs including vested share price, vesting period, impact of dilution, share price at grant date, volatility of underlying shares, and risk-free interest rate. The fair value of the shares is amortised and recognised as share-based payment expense in the Income Statement over the vesting period.

During the year, Management C shares and D shares issued were as follows:

	As at 30 June 2022 Number	As at 30 June 2022 \$AUD	As at 30 June 2021 Number	As at 30 June 2021 \$AUD
C shares, start of year	7,600,000	7,372,000	-	-
C shares issued	-	-	7,700,000	7,469,000
C shares bought back and cancelled	-	-	(100,000)	(97,000)
C shares, end of year	<u>7,600,000</u>	<u>7,372,000</u>	<u>7,600,000</u>	<u>7,372,000</u>
D shares, start of year	11,548,371	11,548,371	-	-
D shares issued	800,000	800,000	11,728,371	11,728,371
D shares bought back and cancelled	-	-	(180,000)	(180,000)
D shares, end of year	<u>12,348,371</u>	<u>12,348,371</u>	<u>11,548,371</u>	<u>11,548,371</u>

During financial year 2021, the Company bought back 100,000 C shares and 180,000 D shares for consideration of \$AUD 97,000 and \$AUD 180,000 respectively. As a consequence, \$AUD 277,000 was transferred to the capital redemption reserve and the shares were cancelled.

Charge arising from share-based payments

The shares issued are classified as equity-settled share-based payments. The total charge for the year for share-based payments was \$AUD 4,802,000 (2021 - \$AUD 6,097,000). The charge is included in Wages and Salaries (Note 8).

The carrying value of the liability arising from share-based payments was \$AUD 10,899,000 (2021 - \$AUD 6,097,000).

Limited recourse loans were offered to participants and the amount outstanding at 30 June 2022 is \$AUD 14,376,000 (2021: \$AUD 13,499,000).

A provision of \$AUD 6,176,000 (2021: \$AUD 5,776,000) was made for buying shares back from participants who leave the MEP before the shares are vested.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

17 Derivative financial assets

	Group As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000	Company As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Non-current financial assets				
Forward foreign exchange contract and options - cash flow hedges	6,245	2,751	-	-
	Group As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000	Company As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Current financial assets				
Forward foreign exchange contract and options - cash flow hedges	12,636	3,551	-	-

The Group is a significant distributor of wines into world markets. In order to protect against exchange rate movements, the Group has entered into forward exchange and option contracts in AUS Dollars, US Dollars, NZ Dollars and South African Rand. The Group adopts hedge accounting for the forward exchange contracts and options on the basis that the hedge accounting conditions are met. Leveraged options contracts are not hedge accounted.

The contracts are hedging highly probable forecasted sales of the following 36 months and hedging purchases where there is a firm commitment. The contracts are timed to mature in the month prior to these forecasted transactions occurring. When the underlying forecast transaction occurs, the Group enters into a short-term foreign exchange contract to offset the fair value of the underlying foreign currency debtor or creditor.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When cash flows occur, the Group adjusts the initial measurement of the component recognised in the income statement by the related amount deferred in equity. Fair value movements on short term forward exchange contracts and options entered into to offset the fair value movement of foreign currency debtors or creditors are recognised directly in the income statement.

The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

18 Inventories

	Group As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Current		
Raw materials and consumables	20,788	13,527
Work in progress	292,080	249,062
Finished goods	161,440	143,640
	<u>474,308</u>	<u>406,229</u>
Non Current		
Work in progress	89,912	166,595
Finished goods	15,565	16,510
	<u>105,477</u>	<u>183,105</u>

The cost of Group inventories recognised as an expense in the period amounted to \$AUD 562,392,000 (2021 - \$AUD 575,956,000). This is included within cost of sales.

The amount of write-down of Group inventories recognised as an expense in the period is \$AUD 3,514,000 (2021 - \$AUD 4,260,000). This is included within cost of sales.

The Group has also recognised a write down of \$AUD 115,351,000 for the net realisable value of inventory at 30 June 2022 for Australian wine which is considered surplus to our long term demand forecasts. This surplus has resulted primarily due to the exceptionally large 2021 and 2022 vintages as well as the recent adverse market conditions and continued uncertainty on consumer sentiment and demand in the face of high inflation and a cost of living crisis in the U.K. The quantum of impairment is also a reflection of the impact of the imposition of tariffs by China on Australian wines leading to a glut of Australian red wine in the market with commercial Australian red wine bulk prices now trading at below cost levels reducing the opportunity for the Group to profitably liquidate surplus red wine in the bulk wine market which would have hitherto been the preferred option.

The write down of inventories has been calculated for inventory surplus to sales demand based on vintage release and a three year outlook. The calculation makes assumptions based on management estimates of inventory which can be sold on the bulk wine market and current market prices (including costs of disposal), with these assumptions validated through our discussion with industry experts. For inventory not expected to be sold on the bulk wine market, the write down of inventory also includes appropriate costs of disposal.

The inventory write down value will change by the following amounts if there is a change in key assumptions as noted below:

- 10% reduction in bulk wine sales volume will result in an increase in the write down of \$AUD 3,500,000, including the impact of destruction costs
- 10% reduction in bulk wine sales price will result in an increase in the write down of \$AUD 2,500,000
- 10% increase in bulk wine sales volume or bulk wine sales price will result in a decrease in write down of \$AUD 2,500,000

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

19 Trade and other receivables

	Group		Company	
	As at	As at	As at	As at
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000
Trade receivables	34,571	35,539	-	-
Amounts receivable under Trade Receivables Facility	94,739	70,579	-	-
Prepayments	27,606	22,292	-	-
Other receivables	14,836	9,366	-	-
Loans due from related parties	-	-	21,874	-
	<u>171,752</u>	<u>137,776</u>	<u>21,874</u>	<u>-</u>

Loans due from related parties of \$AUD 21,874,000 (2021 - \$AUD Nil) are payable within 30 days on demand by the lender with interest charged at BBSW + 4.25%.

In 2021 the Group entered a Trade Receivables Facility with Rabobank under which Rabobank may purchase receivables from the Group at a discount.

- the facility is used as a primary source of working capital for the Group during financial year 2022.
- the facility has a committed limit of \$AUD 50 million and GBP 25 million and an uncommitted limit of \$AUD 20 million and GBP 10 million.
- the facility is able to be drawn in multiple currencies, AUD, GBP, USD, CAD, NZD, EURO depending upon the availability of receivables.
- the committed facility expires in May 2025 in line with the Term Loan B.
- the uncommitted portion of the facility is provided on an uncommitted basis and will be funded at the discretion of Rabobank upon request from the Group.

Once the receivables are sold by the Group, they are derecognised at a rate of approximately 90%, with the remainder reflected in the Group balance sheet.

Post balance date, the GBP uncommitted facility limit increased from GBP 10 million to GBP 28 million.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

20 Cash and cash equivalents

	Group As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000	Company As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Cash at bank	<u>13,964</u>	<u>69,307</u>	<u>2,011</u>	<u>19,712</u>

Changes in liabilities from financing activities

	Group Loans and borrowings SAUD 000	Group Finance lease liabilities SAUD 000
At 1 July 2021	(577,103)	(132,833)
Additions during the year	-	(7,656)
Disposals during the year	-	1,440
Proceeds from loans and borrowings	(374,235)	-
Repayment of borrowings	297,283	-
Payment of lease liabilities	-	22,545
Borrowing costs	(2,504)	(6,410)
Exchange differences	<u>16,933</u>	<u>3,824</u>
At 30 June 2022	<u>(639,626)</u>	<u>(119,090)</u>

	Group Loans and borrowings SAUD 000	Group Finance lease liabilities SAUD 000
At 1 July 2020	(585,617)	(129,684)
Additions during the year	-	(19,038)
Proceeds from loans and borrowings	(106,413)	-
Repayment of borrowings	124,894	-
Payment of lease liabilities	-	22,779
Borrowing costs	(2,519)	(6,579)
Exchange differences	<u>(7,448)</u>	<u>(311)</u>
At 30 June 2021	<u>(577,103)</u>	<u>(132,833)</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

21 Assets classified as held for sale

	Group 30 June 2022 \$AUD 000	Group 30 June 2021 \$AUD 000
Property, plant and equipment classified as held for sale	17,380	9,043
Intangibles classified as held for sale	92	-
	<u>17,472</u>	<u>9,043</u>

Assets held for sale at 30 June 2022 include the Stonier and Nannup wineries and various vineyards. The Nannup winery was sold on the 4 August 2022.

Assets held for sale at 30 June 2021 include the Woodside and Krondorf wineries and vineyards both of which were sold during the 2022 financial year.

22 Trade and other payables

	Group As at 30 June 2022 \$AUD 000	As at 30 June 2021 \$AUD 000	Company As at 30 June 2022 \$AUD 000	As at 30 June 2021 \$AUD 000
Trade payables	201,660	191,046	-	-
Accrued expenses	114,563	111,697	376	53
Loans payable to related parties	-	-	131	136
Social security and other taxes	19,902	20,690	-	-
Trade payables due to related parties	-	-	1,240	927
Other payables	424	-	424	-
	<u>336,549</u>	<u>323,433</u>	<u>2,171</u>	<u>1,116</u>

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 35 Financial risk review.

Loans payable by the Company to related parties of \$AUD 131,000 (2021 - \$AUD 136,000) are payable on demand to Amphora Intermediate I Limited and are accruing interest at 5.5% + ABR.

23 Loans and borrowings

	Group As at 30 June 2022 \$AUD 000	As at 30 June 2021 \$AUD 000	Company As at 30 June 2022 \$AUD 000	As at 30 June 2021 \$AUD 000
Current loans and borrowings				
Working capital facility	<u>113,523</u>	<u>36,571</u>	<u>-</u>	<u>-</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

23 Loans and borrowings (continued)

	Group	As at	As at	Company	As at
	30 June	30 June	30 June	30 June	30 June
	2022	2021	2022	2021	2021
	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000
Non-current loans and borrowings					
Bank borrowings	526,103	540,532	-	-	-

Group

Bank borrowings

The term loan is denominated in GBP with a nominal variable interest rate, and with the final instalment due on 31 May 2025. The interest rate range during the year is SONIA + 4.75%. The carrying amount at period end is \$AUD 533,315,000 (2021 - \$AUD 550,247,000), excluding deferred financing costs of \$AUD 7,212,000 (2021 - \$AUD 9,715,000).

The revolving facility is denominated in AUD with a variable interest rate, with a term expiring on 31 May 2024. The facility can be utilised in AUD or GBP with an interest rate on AUD borrowings of BBSW +4.00% and GBP borrowings of SONIA +4.00%. A commitment fee of 1.2% of the unused facility is charged quarterly. The carrying amount at period end is \$AUD 113,523,000 (2021 - \$AUD 36,571,000).

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The Group's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management. See note 35.

24 Leases

Group amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at	As at
	30 June	30 June
	2022	2021
	\$AUD 000	\$AUD 000
Right-of-use assets		
Premises	78,895	86,887
Vineyards	22,760	24,227
Forklifts & Motor Vehicles	6,234	8,279
Other Equipment	2,144	2,927
	<u>110,033</u>	<u>122,320</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

24 Leases (continued)

	As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Lease liabilities		
Current	22,199	21,296
Non-current	96,892	111,537
	<u>119,091</u>	<u>132,833</u>

	As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Future lease payments in relation to lease liabilities as at period end are as follows:		
Within one year	22,601	23,108
Later than one year but not later than five years	61,350	70,555
Later than five years	68,674	76,144
	<u>152,625</u>	<u>169,807</u>

Depreciation of right-of-use assets

The depreciation disclosed in the statement of profit or loss includes the following amounts for right-of-use assets:

	Year ended 30 June 2022 SAUD 000	Year ended 30 June 2021 SAUD 000
Premises	10,068	9,582
Vineyards	4,347	3,437
Forklifts & Motor Vehicles	2,437	2,750
Other Equipment	798	1,135
	<u>17,650</u>	<u>16,904</u>

The amount of lease payments recognised as an expense during the period was \$AUD 1,280,000 (2021: \$AUD 870,000).

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

25 Provisions

Group

	Employee benefits \$AUD 000	Other provisions \$AUD 000	Total \$AUD 000
At 1 July 2021	16,288	17,845	34,133
Acquired upon business combination	-	5,169	5,169
Increase in provisions	7,449	888	8,337
Provisions used	(7,369)	(5,805)	(13,174)
At 30 June 2022	<u>16,368</u>	<u>18,097</u>	<u>34,465</u>
Non-current liabilities	<u>1,132</u>	<u>13,079</u>	<u>14,211</u>
Current liabilities	<u>15,236</u>	<u>5,018</u>	<u>20,254</u>

The employee benefit provisions relate to accruals for holiday pay, settlement of which will be made according to the relevant employment contracts.

Other provisions includes \$AUD 774,000 (2021 - \$AUD 693,000) for dilapidation provisions, settlement of which will be made at the end of the various lease terms; \$AUD 8,335,000 (2021 - \$AUD 6,703,000) for an onerous contract acquired on business combination, as described in note 14, and it also includes a provision of \$AUD 6,176,000 (2021 - \$AUD 5,776,000), representing amounts payable to participants under the management equity plan who leave before the shares are vested. The balance of other provisions relates to multiple contracts, settlement of which will be made at the end of the respective contracts and leases.

Company

	Other provisions \$AUD 000	Total \$AUD 000
Leavers provision		
At 1 July 2021	5,776	5,776
Increase in provisions	<u>400</u>	<u>400</u>
At 30 June 2022	<u>6,176</u>	<u>6,176</u>

The above provision relates to amounts payable to participants under the management equity plan who leave before the shares are vested.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

26 Derivative financial liabilities

	Group As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000	Company As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Non current financial liabilities				
Forward foreign exchange contracts and options - cash flow hedges	967	2,568	-	-
Interest rate swap - cash flow hedges	3,092	8,307	-	-
	<u>4,059</u>	<u>10,875</u>	<u>-</u>	<u>-</u>
	Group As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000	Company As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Current financial liabilities				
Forward foreign exchange contracts and options - cash flow hedges	2,648	3,579	-	-

Details regarding the forward foreign exchange contracts and options entered into are given in note 17.

The Group has bank borrowings that are subject to variable interest rates. Further details on these bank borrowings are given in note 23. In order to protect against interest rate movements, the Group has entered into interest rate swaps. The Group adopts hedge accounting for the interest rate swap contracts on the basis that the hedge accounting conditions are met.

The contracts are hedging forecasted interest rate cash flows at the end of the loan term and hedging interest rate payments where there is a firm commitment. The contracts are timed to mature in the month prior to these forecasted transactions occurring.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When cash flows occur, the Group adjusts the initial measurement of the component recognised in the income statement by the related amount deferred in equity.

The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

27 Deferred tax assets and liabilities

Deferred tax

Group

Deferred tax assets and liabilities

	Asset SAUD 000	Liability SAUD 000	Net deferred tax SAUD 000
2022			
Tax losses carry-forwards	5,252	-	5,252
Employee benefits	4,991	(14,441)	(9,450)
Accelerated tax depreciation	35	(21,730)	(21,695)
Revaluation of fair value hedges	-	(3,400)	(3,400)
Intangible assets	-	(20,643)	(20,643)
Available-for-sale financial assets	-	(2,184)	(2,184)
Inventories	1,685	-	1,685
Other temporary differences	23,266	(5,998)	17,268
	<u>35,229</u>	<u>(68,396)</u>	<u>(33,167)</u>
2021			
Tax losses carry-forwards	44,762	-	44,762
Employee benefits	4,812	(8,182)	(3,370)
Accelerated tax depreciation	24	(24,899)	(24,875)
Revaluation of fair value hedges	2,046	-	2,046
Intangible assets	-	(54,947)	(54,947)
Available-for-sale financial assets	-	(634)	(634)
Inventories	18	(11,832)	(11,814)
Other temporary differences	16,642	(3,904)	12,738
	<u>68,304</u>	<u>(104,398)</u>	<u>(36,094)</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

27 Deferred tax assets and liabilities (continued)

Deferred tax movement during the period:

	At 1 July 2021 SAUD 000	Acquired upon business combination SAUD 000	Recognised in income SAUD 000	Recognised in other comprehensive income SAUD 000	Recognised in other comprehensive income - other SAUD 000	At 30 June 2022 SAUD 000
Deferred tax on fair value movements in cash flow hedges	2,045	-	-	(5,328)	-	(3,283)
Deferred tax acquired upon business combination	(25,296)	-	-	-	-	(25,296)
Deferred tax on retirement benefit surplus	(3,076)	-	(508)	(5,981)	-	(9,565)
Capital allowances in excess of depreciation	(3,644)	-	942	-	-	(2,702)
Origination or reversal of temporary differences	(5,870)	-	9,844	-	-	3,974
Other	(253)	-	1,668	-	2,290	3,705
Net deferred tax (liability)/asset	(36,094)	-	11,946	(11,309)	2,290	(33,167)

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

27 Deferred tax assets and liabilities (continued)

	At 1 July 2020 \$AUD 000	Acquired upon business combination \$AUD 000	Recognised in income \$AUD 000	Recognised in other comprehensive income \$AUD 000	Recognised in other comprehensive income - other \$AUD 000	At 30 June 2021 \$AUD 000
Deferred tax on fair value movements in cash flow hedges	1,317	-	-	728	-	2,045
Deferred tax acquired upon business combination	(15,691)	(9,605)	-	-	-	(25,296)
Capital allowances in excess of depreciation	(1,576)	-	(2,068)	-	-	(3,644)
Deferred tax on retirement benefit surplus	(3,367)	-	230	61	-	(3,076)
Origination or reversal of temporary differences	(1,987)	-	(3,883)	-	-	(5,870)
Other	71	-	-	-	(324)	(253)
Net deferred tax (liability)/asset	(21,233)	(9,605)	(5,721)	789	(324)	(36,094)

A deferred tax asset in respect of deductible temporary differences of AUD\$22,890,000 (2021: AUD \$Nil) has not been recognised.

The deferred tax asset on unused tax losses for Amphora Australia Pty Ltd, the head company of the Australian tax consolidated group, has been reassessed for probability of future taxable profits as at 30 June 2022. Based on this assessment, a deferred tax asset has not been recognised on unused tax losses. The deferred tax asset on losses unrecognised as at 30 June 2022 is \$AUD 198,209,000 (2021 - \$AUD 152,276,000).

The deferred tax asset on unused Federal and State tax losses for Accolade Wines North America Inc has been reassessed for probability of future taxable profits as at 30 June 2022. A deferred tax asset has been recognised by Accolade Wines North America Inc on unused tax losses to the extent of taxable temporary differences. The deferred tax asset on losses unrecognised as at 30 June 2022 is \$AUD 9,055,000 (2021: \$AUD 7,543,000).

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

28 Other payables

Group

	As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Other payables	2,563	1,396
Deferred income	-	1,139
	<u>2,563</u>	<u>2,535</u>

Company

	As at 30 June 2022 SAUD 000	As at 30 June 2021 SAUD 000
Other payables due to related parties	4,212	4,301
	<u>4,212</u>	<u>4,301</u>

29 Share capital

Rights, preferences and restrictions

Ordinary A have the following rights, preferences and restrictions:

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights to redemption.

Ordinary B have the following rights, preferences and restrictions:

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights to redemption.

Ordinary C have the following rights, preferences and restrictions:

The shares have attached to them dividend and capital distribution rights. The shares do not confer any voting rights or right to attend, receive notice, of general meetings of shareholders. Immediately following a trigger event(*): the shares have attached to them dividend and capital distributions (including proceeds on winding up) rights, and voting and redemption rights. Subject to the foregoing, the shares do not confer any other rights to proceeds from any trigger event or winding up.

Ordinary D have the following rights, preferences and restrictions:

The shares have attached to them dividend and capital distribution (including on winding up) rights pari passu to A ordinary shares and B ordinary shares and, redemption rights. The shares do not confer any voting rights. Following a trigger event(*): the shares have attached to them dividend and capital distributions (including on winding up) rights and voting rights pari passu to A ordinary shares and B ordinary shares and, redemption rights as prescribed in the articles.

* Trigger event for C and D shares means (A) the sale of all but not some of the Amphora Group Limited shares; and (B) an IPO.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

29 Share capital (continued)

Allotted, called up and fully paid shares

	As at 30 June 2022 No.	As at 30 June 2022 \$AUD	As at 30 June 2021 No.	As at 30 June 2021 \$AUD
A ordinary shares of £1 each	2	2	2	2
B ordinary shares of \$AUD 1 each	538,937,967	538,937,967	538,937,967	538,937,967
C ordinary shares of \$AUD 0.97 each (Note 16)	7,600,000	7,372,000	7,600,000	7,372,000
D ordinary shares of \$AUD 1 each (Note 16)	<u>12,348,371</u>	<u>12,348,371</u>	<u>11,548,371</u>	<u>11,548,371</u>
	<u>558,886,340</u>	<u>558,658,340</u>	<u>558,086,340</u>	<u>557,858,340</u>

30 Reserves

Group

Accumulated losses

Accumulated losses represents cumulative profits and losses, net of dividends paid and other adjustments.

Cash flow hedge reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 2. Amounts are recognised in profit or loss when the associated hedged transaction affects profit and loss.

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve as described in note 2. The reserve is recognised in profit and loss when the net investment is disposed of.

Share-based payments

Share-based payments reserve is used to recognise cumulative grant date fair value of shares issued to participants that has been recognised through the Income Statement.

Treasury share reserve

Treasury share reserve represents loans to employees including accrued interest and amounts payable to participants who leave the management equity plan before the shares are vested.

Capital redemption reserve

The capital redemption reserve represents shares bought back by the company as part of the management equity plan (Note 16).

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

30 Reserves (continued)

Company

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of dividends and other adjustments.

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve as described in note 2. The reserve is recognised in profit and loss when the net investment is disposed of.

Capital redemption reserve

The capital redemption reserve represents shares bought back by the company as part of the management equity plan (Note 16).

31 Commitments

Group

Capital commitments

The total amount contracted for but not provided in the financial statements was \$AUD 3,648,000 (2021 - \$AUD 7,163,000).

32 Contingent liabilities

Group

The Group had no contingent liabilities at 30 June 2022.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

33 Fair value measurement

The following tables provide the fair value measurement hierarchy of the Group's assets and liabilities.

**Assets/(liabilities) measured at fair value
2022**

	Date of valuation	Level 2 SAUD 000	Total SAUD 000
Derivative financial assets- forward foreign exchange contracts and options	30 June 2022	18,881	18,881
Derivative financial liabilities - forward foreign exchange contracts and options	30 June 2022	(3,615)	(3,615)
Derivative financial liabilities - interest rate swaps	30 June 2022	(3,092)	(3,092)
		<u>12,174</u>	<u>12,174</u>

**Assets/(liabilities) measured at fair value
2021**

	Date of valuation	Level 2 SAUD 000	Total SAUD 000
Derivative financial assets- forward foreign exchange contracts and options	30 June 2021	6,302	6,302
Derivative financial liabilities - forward foreign exchange contracts and options	30 June 2021	(6,147)	(6,147)
Derivative financial liabilities - interest rate swaps	30 June 2021	(8,307)	(8,307)
		<u>(8,152)</u>	<u>(8,152)</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

34 Classification of financial assets and liabilities

Group

The classification of financial assets and financial liabilities by accounting categorisation for 30 June 2022 was as follows:

	Financial assets at amortised cost \$AUD 000	Derivative financial instruments \$AUD 000	Financial liabilities at amortised cost \$AUD 000
Assets			
Non-current assets			
Derivative financial assets	-	6,245	-
Current assets			
Trade and other receivables (excluding prepayments)	144,146	-	-
Cash and cash equivalents	13,964	-	-
Derivative financial assets	-	12,636	-
	<u>158,110</u>	<u>12,636</u>	<u>-</u>
Total assets	<u>158,110</u>	<u>18,881</u>	<u>-</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	-	-	(526,103)
Derivative financial liabilities	-	(4,059)	-
Other payables	-	-	(2,563)
Lease liabilities	-	-	(96,892)
	<u>-</u>	<u>(4,059)</u>	<u>(625,558)</u>
Current liabilities			
Trade and other payables (excluding social security and other taxes)	-	-	(316,647)
Loans and borrowings	-	-	(113,523)
Derivative financial liabilities	-	(2,648)	-
Lease liabilities	-	-	(22,199)
	<u>-</u>	<u>(2,648)</u>	<u>(452,369)</u>
Total liabilities	<u>-</u>	<u>(6,707)</u>	<u>(1,077,927)</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

34 Classification of financial assets and liabilities (continued)

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 30 June 2021 was as follows:

	Financial assets at amortised cost \$AUD 000	Derivative financial instruments \$AUD 000	Financial liabilities at amortised cost \$AUD 000
Assets			
Non-current assets			
Derivative financial assets	-	2,751	-
Current assets			
Trade and other receivables (excluding prepayments)	115,484	-	-
Cash and cash equivalents	69,307	-	-
Derivative financial assets	-	3,551	-
	<u>184,791</u>	<u>3,551</u>	<u>-</u>
Total assets	<u>184,791</u>	<u>6,302</u>	<u>-</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	-	-	(540,532)
Derivative financial liabilities	-	(10,875)	-
Other payables	-	-	(1,396)
Lease liabilities	-	-	(111,537)
	<u>-</u>	<u>(10,875)</u>	<u>(653,465)</u>
Current liabilities			
Trade and other payables (excluding social security and other taxes)	-	-	(302,743)
Loans and borrowings	-	-	(36,571)
Derivative financial liabilities	-	(3,579)	-
Lease liabilities	-	-	(21,296)
	<u>-</u>	<u>(3,579)</u>	<u>(360,610)</u>
Total liabilities	<u>-</u>	<u>(14,454)</u>	<u>(1,014,075)</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

35 Financial risk review

Group

This note presents information about the Group's exposure to financial risks and the Group's management of capital.

Credit risk

The Group applies the simplified approach as the basis of the Expected Credit Loss (ECL), which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on payment profiles of historical sales and the associated credit losses experienced, adjusted for forward-looking factors specific to the debtors and the economic environment.

The value of the Group's ECL allowance as at 30 June 2022 was \$AUD 8,810,000 (2021 - \$AUD 2,912,000). The amounts written off during the period was \$AUD 17,000 (\$AUD 589,000).

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, receivables due from related entities and derivative instruments.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high creditworthy financial institutions and the Group has policies that limit the amount of credit exposure to any one financial institution.

Exposure to credit risk

The carrying amount of the Group's financial assets represent the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	As at 30 June 2022 \$AUD 000	As at 30 June 2021 \$AUD 000
Cash and cash equivalents	13,964	69,307
Trade and other receivables (excluding prepayments)	144,146	115,484
	<u>158,110</u>	<u>184,791</u>

The ageing of the Group's trade receivables at the reporting date was:

	As at 30 June 2022 \$AUD 000	As at 30 June 2021 \$AUD 000
Not past due	121,326	91,829
Past due 1-30 days	10,788	7,324
Past due 31-120 days	4,275	11,770
Past due 120 days+	7,757	4,561
	<u>144,146</u>	<u>115,484</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

35 Financial risk review (continued)

Presentation of the impairment losses note has been completed on a gross receivables basis including the receivables sold to Rabobank under the Trade Receivables Facility. The total value of receivables sold to Rabobank as at 30 June 2022 is \$AUD 128,500,000 (2021 : \$AUD 112,000,000).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Management maintains flexibility in funding by keeping committed credit lines available.

Refer to note 2 debt position and cashflow estimates for comments on current debt position and forecast liquidity.

Maturity analysis for financial liabilities

The following table sets out the remaining contractual maturities of the Group's financial liabilities by type:

	Carrying amount	1 year or less	Between 1 and 5 years	Over 5 years	Total contracted cash flow
2022	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000
Non-derivative liabilities					
Trade and other payables	(339,112)	(336,549)	(1,943)	(620)	(339,112)
Interest-bearing borrowings	(639,626)	(114,257)	(716,722)	-	(830,979)
Lease liabilities	<u>(119,091)</u>	<u>(22,601)</u>	<u>(61,350)</u>	<u>(68,675)</u>	<u>(152,626)</u>
	<u>(1,097,829)</u>	<u>(473,407)</u>	<u>(780,015)</u>	<u>(69,295)</u>	<u>(1,322,717)</u>

	Carrying amount	1 year or less	1-2 years	Total contracted cash flow
2022	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000
Derivative liabilities				
Forward foreign exchange contracts and options - cash flow hedges	(3,615)	(2,648)	(967)	(3,615)
Interest rate swap - cash flow hedges	<u>(3,092)</u>	<u>-</u>	<u>(3,092)</u>	<u>(3,092)</u>
	<u>(6,707)</u>	<u>(2,648)</u>	<u>(4,059)</u>	<u>(6,707)</u>

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

35 Financial risk review (continued)

2021	Carrying amount SAUD 000	1 year or less SAUD 000	1-5 years SAUD 000	Over 5 years SAUD 000	Total contracted cash flow SAUD 000
Non-derivative liabilities					
Trade and other payables	(304,139)	(302,743)	-	(1,396)	(304,139)
Interest-bearing borrowings	(577,103)	(29,008)	(662,789)	-	(691,797)
Lease liabilities	<u>(132,833)</u>	<u>(23,107)</u>	<u>(70,555)</u>	<u>(76,144)</u>	<u>(169,806)</u>
	<u>(1,014,075)</u>	<u>(354,858)</u>	<u>(733,344)</u>	<u>(77,540)</u>	<u>(1,165,742)</u>

2021	Carrying amount SAUD 000	1 year or less SAUD 000	1-2 years SAUD 000	Total contracted cash flow SAUD 000
Derivative liabilities				
Forward foreign exchange contracts - cash flow hedges	(6,147)	(3,579)	(2,568)	(6,147)
Interest rate swaps - cash flow hedges	<u>(8,307)</u>	<u>-</u>	<u>(8,307)</u>	<u>(8,307)</u>
	<u>(14,454)</u>	<u>(3,579)</u>	<u>(10,875)</u>	<u>(14,454)</u>

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

35 Financial risk review (continued)

Foreign exchange risk

The Group is a substantial exporter and distributor of wines into world markets. The Group has established a risk management policy for the identification, management and reporting of exposure to foreign currency exchange rate transactions. The Group is exposed to foreign exchange risk arising primarily from currency exposures to the US Dollar, British Sterling, Australian Dollar, New Zealand Dollar, South African Rand, Chilean Peso and the Euro. The Group enters into foreign exchange contracts and options to hedge the exchange rate risk on expected future receivables and payables denominated in foreign currencies.

The principal purposes of the foreign currency hedging activities are to minimise the volatility of the profit and cash flows arising from changes in exchange rates, to protect the entity from adverse exchange rate shock, to avoid positions which may threaten market competitiveness and to protect the entity's viability. The policy outlines maximum and minimum proportions of expected future transactions that may be covered in any period and limits the maximum forward cover to 36 months.

The amounts of anticipated future foreign currency sales and purchases are forecast taking into account market conditions, commitments from customers and experience. Hedging is only effected after considering the level of currency exposures, historical exchange rates, forecasts based on historical transactions, financial market volatility and expected future currency rate movements.

Amphora Group Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

35 Financial risk review (continued)

The Group's exposure to foreign currency risk at the reporting date, expressed in Australian Dollars, was as follows:

2022	Total	GBP	USD	AUD	EUR	ZAR	CLP	Other
	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000
Cash and cash equivalents	13,964	3,443	426	5,782	1,647	1,060	215	1,391
Trade and other receivables	144,146	71,972	4,709	39,186	18,971	634	1,661	7,013
Trade and other payables	(339,112)	(104,166)	(27,179)	(179,911)	(15,104)	(2,814)	(404)	(9,534)
	<u>(181,002)</u>	<u>(28,751)</u>	<u>(22,044)</u>	<u>(134,943)</u>	<u>5,514</u>	<u>(1,120)</u>	<u>1,472</u>	<u>(1,130)</u>
2021	Total	GBP	USD	AUD	EUR	ZAR	CLP	Other
	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000	\$AUD 000
Cash and cash equivalents	69,307	19,931	19,480	19,149	6,340	354	1,263	2,790
Trade and other receivables	115,484	38,965	3,534	41,616	18,055	725	131	12,458
Trade and other payables	(304,139)	(89,577)	(5,520)	(204,893)	(5,919)	(2,190)	(426)	4,386
	<u>(119,348)</u>	<u>(30,681)</u>	<u>17,494</u>	<u>(144,128)</u>	<u>18,476</u>	<u>(1,111)</u>	<u>968</u>	<u>19,634</u>

Reporting date	Average rate
spot rate	30 June 2022
1 GBP	1.7718
1 USD	1.4442
1 EURO	1.5286
1 ZAR	0.0911
1 CLP	0.0017

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

35 Financial risk review (continued)

Sensitivity analysis

A 10% movement of the Australian Dollar against the following currencies at 30 June 2022 would have increased/(decreased) the Group's equity and loss by the amounts shown below:

		+10% Loss SAUD 000	+10% Equity SAUD 000	-10% Loss SAUD 000	-10% Equity SAUD 000
2022					
GBP		(2,849)	(2,849)	2,849	2,849
USD		(2,009)	5,557	2,009	(5,557)
EUR		703	703	(703)	(703)
ZAR		(112)	1,533	112	(1,533)
CLP		147	147	(147)	(147)
		<hr/>	<hr/>	<hr/>	<hr/>
		+10% Loss SAUD 000	+10% Equity SAUD 000	-10% Loss SAUD 000	-10% Equity SAUD 000
2021					
GBP		(3,068)	(3,068)	3,068	3,068
USD		1,749	11,889	(1,749)	(11,889)
EUR		1,848	1,848	(1,848)	(1,848)
ZAR		(111)	1,739	111	(1,739)
CLP		97	97	(97)	(97)
		<hr/>	<hr/>	<hr/>	<hr/>

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises on external borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

Sensitivity analysis

At 30 June 2022, if the Group's weighted average floating interest rates had changed by +/- 100 basis points from the period-end rates with all other variables remaining constant, profit or loss would have been SAUD 5,382,000 (2021 - SAUD 5,465,000) lower/higher, mainly as a result of interest costs from borrowings.

Capital risk management

Capital components

The Group monitors capital on the basis of net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

35 Financial risk review (continued)

Capital management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the return of capital to stakeholders, issue new shares, sell assets to reduce debt, draw down additional debt and reduce capital expenditure.

36 Related party transactions

Along with compensation paid to Key Management Personnel shown below, during the financial year management fees were paid to shareholders of \$AUD 4,391,000 (2021: \$AUD 4,416,000).

The Company has taken advantage of the exemption under FRS 101 not to disclose transactions with wholly owned subsidiaries which form part of the Group. Year-end creditors balances held with Group companies are shown in note 22.

Key management compensation

	Year ended 30 June 2022 \$AUD 000	Year ended 30 June 2021 \$AUD 000
Salaries and other short term employee benefits	3,950	5,832
Post-employment benefits	199	149
Other long-term benefits	36	23
Share-based payments	877	1,748
	<u>5,062</u>	<u>7,752</u>

Included in Other Payables for the Company is \$AUD 424,000 (2021: \$AUD Nil) relating to amounts received for management co-investment in the Management Equity Plan.

At 30 June 2022, loans provided to key management personnel under the management equity plan is \$AUD 6,165,000 (2021 : \$AUD 5,926,000)

37 Parent and ultimate parent undertaking

Amphora Group Limited was incorporated and acquired on 19 March 2018 by the Carlyle Group. The Company's ultimate controlling parties are Carlyle Asia Partners IV L.P., Cap IV Coinvestment L.P. and Carlyle Amphora Partners L.P., who collectively own 100% of the issued ordinary shares in Amphora Group Limited.

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

38 Post balance sheet events

Business Divestments

On 14 November 2022 Accolade Wines Limited entered into a deal with Encirc, a Vidrala Company, to sell the assets of "The Park" bottling and warehousing facility in Bristol in the UK for GBP £32.5m, with GBP £30m settling on 31 January 2023, and deferred consideration of GBP £2.5m settling on 30 June 2023. The agreement will see Accolade Wines entering into a 10-year contract bottling and distribution agreement with Encirc to ensure ongoing support for our flagship beverage brands.

Post year end, Accolade Wines Australia Limited signed an agreement to sell the Nannup winery and the Prices Road vineyard. The sale completed on 11 August 2022 and 19 August 2022 respectively.

The Clare Valley and Gores Road vineyards, Tea Tree vineyard were sold on the 29 July 2022 and 18 November 2022, respectively and subsequently leased back on the same date.

An agreement was also signed on the 18 November 2022 for the sale of the Stonier winery, vineyards, brands and inventory, which is expected to settle in the 2023 financial year.

Accolade Wines New Zealand Limited signed an agreement to sell the 360 vineyard with the sale completed on the 16 September 2022.

39 Investments

Summary of the Company investments

Subsidiaries	\$AUD 000
Carrying amount	
At 30 June 2022	<u>536,665</u>
At 30 June 2021	<u>531,863</u>

Investment increased by \$AUD 4,802,000 (2021: \$AUD 6,097,000) in 2022 as a result of recognition of loans for management equity plan provided by subsidiary company Accolade Wines Australia Limited.

Group subsidiaries

Details of the group subsidiaries as at 30 June 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
Amphora Intermediate I Limited	Holding company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

39 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
Amphora II Limited	Intermediate Holding company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Amphora Limited	Finance Financing company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Amphora Holdings Limited	Australia Holding company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Amphora Australia Pty Ltd	Australia Pty Holding company	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Amphora Holdings Pty Ltd	Australia Financing company	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Accolade Holdings Limited	Wines Europe Holding company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Europe No. 2 Limited	Wines Holding company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Limited	Wines UK Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Hertford Limited	Cellars Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Western Holdings Limited	Wines Licensing of trademarks	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

39 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
Avalon Cellars Two Limited	Holding company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Stone's of London Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Stowells of Chelsea Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Western Wines Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Europe Limited	Brands Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Europe Limited	Wines Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Limited	Wines Manufacture and distributor of wine	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Wines Africa (Pty) Limited	South Manufacture and distributor of wine	Doombosch Centre, Strand Road, Stellenbosch 7600, South Africa	100%	100%
Accolade Weybridge (previously Limited)	Wines Limited Babycham	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

39 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
Accolade Wines Chile SpA	Manufacture and distributor of wine	Avenida Alonso de Cordova No5151, Oficina 1103 commune of Las Condes, Metropolitan Region, Chile	100%	100%
Hudson & Hill Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Wines Holdings Australia Pty Ltd	Holding company	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Accolade Wines Australia Limited	Manufacture and distributor of wine	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Accolade Wines KK	Distributor of wine	2-10-2 Shirokanedai, Minato-ku, Tokyo 108-0071, Japan	100%	100%
Accolade Wines Holdings China Ltd	Holding company	Unit 1707, 17th Floor, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong	100%	100%
Shanghai CWC Trading Co. Ltd	Wine Manufacture and distributor of wine	Room 1406-08, Cross Tower, No.318 Fuzhou Road, Shanghai, China	100%	100%
Houghton Wines (Western Australia) Pty Ltd	Manufacture and distributor of wine	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
The WA Winegrowers Association Pty Ltd	Manufacture and distributor of wine	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Brookland Valley Estate Pty Ltd	Manufacture and distributor of wine	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Accolade Wines Zealand Ltd	New Manufacture and distributor of wine	22 Liverpool Street, Riverlands, Rd4, Blenheim, 7274 , New Zealand	100%	100%
Berren Management Limited	Asset Dormant	Level 10, 10 Franklin Street, Adelaide, SA 5000	26%	26%

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

39 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
South Australian Vintners Pty Ltd	Manufacture and distributor of wine	Level 10, 10 Franklin Street, Adelaide, SA 5000	0%	100%
Accolade Wines Holdings Pty Ltd	FWP Holding company	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Banksia Wines Pty Limited	Manufacture and distributor of wine	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Accolade Wines Pty Limited	FWP Manufacture distributor of wine	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Fine Wine Partners Australia Pty Limited	Manufacture distributor of wine	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Fine Wine Partners Unit Trust	Holding trust	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Grant Burge Wines Pty Ltd	Manufacture distributor of wine	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
B&R Fine Wine Merchants Pty Ltd	Dormant	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Vignerons of the World Pty Ltd	Dormant	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Krondorf Pty Ltd	Dormant	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Vignerons Du Monde Pty Ltd	Dormant	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Accolade Wines Holdings Trust	US Holding trust	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Accolade Wines Holdings Pty Ltd	US Holding company	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%

Amphora Group Limited
Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

39 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
Accolade Wines North America Inc	Manufacture and distributor of wine	2306 Magnolia Drive, Healdsburg, California, 95448, United States of America	100%	100%
Lambrini Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Europe Limited	Wines Manufacturing distributor of wine	2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland	100%	100%

Amphora Intermediate I Limited, Amphora Intermediate II Limited, Amphora Australia Holdings Limited, Accolade Wines Holdings Europe Limited, Accolade Wines Europe No.2 Limited, Avalon Cellars Two Limited and Western Wines Holdings Limited are entitled to, and will take, the exemption from audit as permitted by section 479A of the Companies Act 2006 relating to subsidiary undertakings. Amphora Group Limited has given a guarantee of the outstanding liabilities to which the subsidiaries are subject at the end of the financial period until they are satisfied in full. The fair value of the guarantee is considered to be nil as all liabilities under the guarantee are intercompany balances within the Group.