Registration number: 11263400

Amphora Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 June 2023

Amphora Group Limited

Contents

Amphora Group Limited

Company Information

Directors	R Foye
	J J Hill
	P A Winn
	J J Feng
	R J Sutton
	N M Ashton
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 2023

The Directors present their strategic report for the year ended 30 June 2023.

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,J-Shed with James Harden and Jam Shed and
• Our portfolio of non-Australian global wines of distinction including Anakena, 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 Wines' award-winning brands are enjoyed in more than 140 countries. Our 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.

Non-financial and sustainability information statement
The Board
The Groups overall sustainability strategy is the responsibility of the Board who are accountable for ensuring that climate-related issues are considered insofar as they impact the long-term strategy of the Group.

Underpinning our Accolade Wines Strategic House is the statement "Focus on Health, Safety and Sustainability Across Everything We Do". Over the last few years, we have focused on People, Products & Planet. From a Supply side (and specifically to manage the environmental risks) we have focused on improving Sustainable Viticulture Practices, Solar Energy (Berri Roof) and Waste Water Management at Berri.

The Group is regulated and supported by Wine Australia whose purpose is to support a competitive wine sector by investing in research, development and extension (RD&A), growing domestic and international markets and protecting the reputation of Australian wine. A part of this work includes investigating potential environmental impacts on the wine industry. One such report that has been prepared by Wine Australia is a Climate Atlas which details the impact of climate change on wine regions in Australia. Key sources such as this and other industry generated data are regularly reviewed by the winemaking and viticultural teams for long term trends. The key scenario that has been considered by the Group is the impact of climate change on Grape supply and the risk to physical assets over the 1-5 year period. One such mitigation strategy that The Group has put into to place to combat climate related risks is to diversify supply of grapes from different regions.

The Group has assessed the risks to physical assets and has and identified and put into place mitigation strategies to reduce the risks to these assets. In particular these strategies have been analysed for the risk of floods to physical assets.

Sustainability Taskforce
The Sustainability Taskforce was established in late 2023, this taskforce includes two executive sponsors and is responsible for investigating Environment, Social and Governance related issues and performance that could impact the Group. The scope of consideration is inclusive of:

• internal reviews;
• external audits;
• industry policy developments;
• monitoring legislative change;
• engaging in supply chain partner initiatives; and
• market access trade requirements.

The taskforce met twice in the 2023 period and was primarily focused on ensuring the business was prepared for ESG reporting requirements in conjunction with consultants engaged to assess the readiness of the Group, as well as determining the roles and responsibilities of the taskforce. The taskforce reviewed the businesses current views on key ESG risks and the process that would be undertaken in the FY24 period to reassess, measure and mitigate these risks.

Management team
The Group has an environmental management team who are responsible for the day-to-day management of environmental factors which includes:

• identifying and measuring key performance indicators;
• mentoring and educating operational teams in environmental best practice;
• regulatory liaison and ensuring licence conditions compliance;
• preparation of environmental compliance reports such as NGERS, ABS and NPI;
• managing stakeholder engagement for environmental related initiatives;
• providing subject matter expertise and oversight for operational and performance improvement objectives; and
• supporting the development and maintenance of broader HSE strategic initiatives and programs.

Identification, assessment and management of climate related risks and opportunities
Reporting for the 2023 period has been to report to the Board quarterly on key risks identified by the business. Identified risks are added to the risk register maintained by the Internal Audit team.

Accolade understands the importance of identifying, assessing and managing climate related risks and opportunities and is in the process of refining its required processes, the frequency of reporting and risk management approach. This is being done through the Sustainability taskforce and includes implementing initiatives proposed by consultants after a review of our processes was completed during the 2023 period.

Process to Identify, assess and manage climate related risks
Although identified risks are added to the Group's risk register, climate related risks are not currently integrated into the existing risk management process. The Group currently identifies climate related risks as they are identified by the business and reported to either the environmental management team or the Internal Audit team. The risks are assessed by the environmental management team and significant risks are escalated to the Executive Leadership Team or the Board if required.

Many environmental risks & opportunities are not unique to Accolade Wines, and are being identified on a collective and collaborative industry basis. The statutory authority for the Australian wine industry is Wine Australia whose activities are funded by industry levy's. They have recently released an Emissions Reduction Roadmap for the Australian grape and wine sector that is both industry endorsed and science based. Opportunities for risk mitigation in both viticultural production and winery operations has been clearly identified in priority areas of energy use and efficiency, packaging materials, transport and production inputs. Specific projects addressing these priorities may be investigated by Accolade Wines in context to our circumstances, or may involve collaborative initiatives with sector peers and partners through industry representative groups such as the South Australian Wine Industry Association (SAWIA). SAWIA has a dedicated Environmental Committee tasked with overseeing risks, guidance and project opportunities, and Accolade Wines has formal representation on this Committee by a member of the Sustainability Taskforce.

The Group is working to establish its processes in the FY24 period following formal recommendations by the consultancy reviewing our climate related risks and opportunities.

Principle climate related risk and opportunities
The principal climate related risks faced by the Group have been identified as Emissions, Water and Waste, targets have been set against these climate related risks, no targets have been set to address any further climate related risks at this time. The Group is planning to undertake an internal climate risk review in the FY24 period that may identify additional risks to those listed below. The outcome of this review will also be incorporated into future decision making and strategic planning. The findings will also form the basis for future climate related scenario analysis.

<u>Emissions:</u>
• Dependence on a variety of energy sources and forms to fuel operational activities leading to higher costs of energy for the Group.
• Shifts in policy, technological advancements, market dynamics, and the impact on reputation related to the move (or lack thereof) toward low-carbon economy.
• The intensifying and more frequency extreme weather impacting wine grape and grapevines resulting in a scarcity in grapes and grapevines which increases the price and availability of grapes.

<u>Water:</u>
• Fluctuations in water availability and supply leading to water insecurity, potentially resulting in increased purchase costs or adverse effects on quantity and yield.
• Rising competitive demands for water resources could affect reputation if water consumption isn't reduced.

<u>Waste:</u>
• Customer preference towards environmentally sustainable products leading to lower sales if the Group's products are not seen as environmentally sustainable.

<u>Mitigation strategies</u>
<u>Emissions:</u>
• Net zero emission (scope 1, 2 and 3) by 2038 in alignment with the SBTi requirements
• 100% renewable electricity by 2028 within Australia, New Zealand, UK and EU
• Reducing carbon in the production process
• Monitor and analyse emerging trends, evolving policies and shifting customer and consumer preferences
• Oversight, risk identification and business strategy recommendations through the Sustainability Task Force

Water:
• Improve water efficiency by 50% by 2030 within Australia, New Zealand and UK.

Waste:
• Zero waste to landfill by 2030 within Australia, New Zealand, UK and EU.

Emissions
We recognise the important role of food and drink manufacturers in reducing the impact of our sector on the climate. Studies have shown that the global food system contributes 25% to 30% of global greenhouse gas emissions.

To safeguard both the environment and the communities in which we conduct our operations, we are dedicated to reducing our reliance on non-renewable energy sources and lowering our total energy usage. This initiative aims to decrease out greenhouse gas emissions. Accolade Wines also upholds its commitment to invest in infrastructure and employ energy conservation strategies, including the adoption of renewable energy, as part of our ongoing efforts.

We are focusing on our path to Net Zero scope 1 &2 emission by 2038 and our journey to having our Science Based Targets established and verified by March 2025.

Waste
Waste is a part of any production process, and we are continually seeking to improve the ways we manage our waste to reduce the environmental impact of our waste generation, transportation, and disposition.

The Group is targeting zero waste to landfill by 2030 for the Australia, New Zealand and United Kingdom. We are 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. Our vision is that all our packaging from grape to glass will be made with as much recycled content as is widely available in each market. We are working with our suppliers to drive more sustainable outcomes including the removal of single-use plastics and support all our sustainability targets, resulting in a more sustainable supply chain.

Water
As an Australian headquartered business, we understand the importance of conserving water systems in the work we do. Several Accolade Wines operations are currently on track to achieve water neutrality and our Banrock Station water and wildlife conservation project is an industry leader.

The Group is aiming to improve water efficiency by 50% by 2030 within Australia, New Zealand and UK. Water stands as one of Accolade Wines' most pivotal operational resources and we recognise the significance of enhancing water efficiency. We endeavour to asses our current water operations and enhance our on-ground understanding of water use, enabling us to drive efficiency initiatives and reduce overall water consumption.

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, amortisation, impairment, pension income/expense, shareholder management fees and share based payment expense.

The Group achieved:
• Turnover of $AUD 1,170,035,000 (2022- $AUD 1,130,579,000);
• Net Revenue of $AUD 846,188,000 (2022 - $AUD 820,174,000) (see Note 4) and
• EBITDA of $AUD 55,029,000 (2022 $AUD 74,996,000) for the period.

	2023 $AUD 000	2022 $AUD 000
EBITDA reconciliation		
Loss before tax	(79,413)	(248,368)
Finance income (Note 7)	(2,919)	(9,405)
Finance expense(Note 7)	67,215	48,113
Non-underlying expenses (Note 5)	21,823	(5,704)
Depreciation (Note 6)	35,925	42,326
Amortisation(Note 6)	2,177	4,808
Impairment of intangible assets (Note 6)	1	115,470
Impairment of tangible assets (Note 6)	(5,782)	115,351
Shareholder management fees (Note 35)	4,236	4,391
Loss on sale of receivables	7,747	3,374
MEP (Note 15)	4,019	4,802
Pension (Note 14)	-	(162)
EBITDA	55,029	74,996

The Groups performance has been impacted by exogenous factors over the last 3 years including:

• Global "black swan" events such as the COVID-19 pandemic and the invasion of Ukraine, which have resulted in unprecedented and material inflation of the Group's cost base particularly in relation to shipping and glass costs.
• An exceptionally large harvest in FY21 coupled with Chinese tariffs on Australian wines since March 2021 which have led to a significant build up of inventories and pressure on cash flows.

The increased cost headwinds in the current year have resulted in a 4% decrease in the Gross margin and a 10% increase in distribution costs.

Despite the increased headwinds experienced during the year, the following was achieved by Accolade Wines which resulted in a 4% increase in turnover during the period:

• In 2023 the UK outgrew the category by 7% with market share growing to 10% on the back of a number of new listings and innovation.
• In 2023 Australia gained significant share in premium and sparkling bottled wine categories.
• In 2023 price increases were implemented to offset some of the impact of the additional cost headwinds, further price increases have been agreed with customers and will be implemented in FY24.

The Group incurred a statutory loss before tax of $AUD 79,413,000 (2022 - $AUD 248,368,000). In 2022 $AUD 230,821,000 of the statutory loss related to the non-underlying costs associated with the impairment of goodwill, brand names and inventory.

Due to lower than expected EBITDA results in the current year and continued uncertainty on the macro-economic environment, it was determined that indicators of impairment exist and as such a detailed assessment has been performed over the recoverable amount of both tangible and intangible assets.

The assessment on intangible assets examined future growth in the market, increased prices that came into effect in August 2023 partially offset by the impact of the new UK duty reforms that came into effect in the same month, along with the impact of the global environment and cost headwinds that have impacted the Group over the last 3 years. Following the review it was determined that in 2023 no impairment was required to be taken on intangibles.

The assessment on tangible assets was completed by reviewing the book value of assets against the fair value of assets less costs to sell for the AU CGU and value in use for the UK CGU. As a result of the review an impairment of $AUD 7,474,000 was taken on the value of tangible assets.

Inventory levels have been actively reduced by the Group over the 2023 year through bulk wine sales, entering into new contract packaging agreements at our Berri packaging facility and actively reducing safety stock levels and dry goods across the UK and Australia. That combined with the lower vintage intake in 2023 resulted in a reduction in inventory of $AUD 24,807,000 prior to impairment. This resulted in a $AUD 13,256,000 write back of the inventory impairment provision which was taken up in the 2022 financial year.

Other non-underlying costs relate to costs for divestments, restructuring and non-recurring projects, impairment of tangible/intangible assets. The Group also recorded an overall loss on a number of divestments during 2023 of $AUD 10,335,000 (2022 - gain of $AUD 19,643,000).

Accolade Wines won the Coles Liquor "Wine Supplier of the Year" Award at the Coles Liquor Supplier Partner Awards. We were awarded for our strong joint business partnership and cross-functional willingness to partner, with lead results in share performance across all categories. The UK On Trade Market was ranked third in the Advantage Group Survey rising from the bottom tier two years ago to number 13 last year. 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.

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 transaction settled on the 31 January 2023 resulting in a loss on sale of $AUD 11,011,000.

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 370 employees engaged in manufacturing at The Park transferred to Encirc on their existing terms of employment. The Accolade Wines team members not involved in manufacturing continue to drive Accolade Wine's European business, and work with Encirc which ensured a smooth transition to the new model with no disruption to customers.

The Group's winery network rationalisation continued in 2023 and as such the Stonier winery was divested in November 2022, the Nannup vineyard and the 360 vineyard in New Zealand were divested in August 2022.

Sale and leaseback agreements for the Brookland Valley, Clare Valley, Tea Tree and Gores Road vineyards were executed throughout the 2023 financial year with trusted, experienced partners continuing our ability 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.

As a part of the continued business rationalisation strategy of Accolade Wines, on 29th August 2023, Accolade Wines entered into an agreement for the sale of the Arras brand and stock along with the Tasmanian winery. While we are incredibly proud of the international success of Arras, it is a luxury and capital-intensive brand that does not sit neatly with the rest of our portfolio, which limits our ability to grow the brand to its full potential. As a result we entered into an agreement to sell the brand and the Tasmanian winery to Handpicked Wines, a company with extensive experience in fine wine brands that is well-placed to take the brand to the next stage of its evolution. As part of the terms of the sale, we have entered into a long-term agreement to continue to produce and bottle all House of Arras brands under a contract with Handpicked Wines. Grapes will continue to be sourced and pressed in Tasmania and we will make and bottle the wines at our existing facilities in the Accolade Wines network, including McLaren Vale, Berri and Torresans Woodside which will continue being a key third-party location for traditional method tirage and bottling. This agreement will enable us to work closely to produce exceptionally high-quality fine wines, with minimal disruption to our people.

In order to focus on growth and premiumisation of the wine business, Accolade Wines has reviewed the non-core brands as part of the business rationalisation strategy. Stone's Ginger Wine is one of these brands and for this reason, and to help us prudently manage cashflow and the core financials of our business at this time, Accolade Wines entered into an agreement on the 17th August 2023 for the sale of the Stones Ginger Wine brand and stock to Ringtail International. This decision will release surplus liquidity and support the business to grow our core brands. As part of the agreement, Accolade Wines will continue to distribute Stones Ginger Wine for the next three years.

The Group continues to invest in capex with major projects in Berri continuing along with a significant portion of the IT infrastructure upgrade completed in 2023.

The Group incurred finance costs of $AUD 67,215,000 (2022 - $AUD 48,113,000) primarily related to interest on external financing, which also contributed towards the loss.

The Group's defined benefit pension has moved from a surplus in 2022 of $AUD 41,623,000 to a liability of $AUD 17,256,000 in 2023. The decrease is mainly caused by a significant decrease in plan asset values, which fell by $AUD 126,592,000 due to changes in market conditions causing the general performance of the assets to be lower than expected. This is not fully offset by a reduction in scheme liabilities due to an increase in corporate bond yields leading to a lower discount rate assumption, lowering the expected liabilities by a smaller amount of $AUD 66,664,000.

Deferred tax liability decreased from $AUD 33,167,000 to $AUD 1,152,000 mainly due to deferred tax movements on the UK defined benefit pension scheme (changing from deferred tax liability to deferred tax asset) and the sale of The Park in the UK (resulting in derecognition of deferred tax liabilities relating to assets at The Park).

The Group anticipates growth in turnover, net revenue and Normalised EBITDA in 2024 through increased prices, the impact of the Australia-United Kingdom new free trade agreement that came into effect on 31 May 2023, contribution from value creation initiatives including a rationalisation of grape supply and winery and packaging network optimisation, offset by the impact of the Alcohol duty reform in the UK and the continued cost headwinds that are expected to begin unwinding throughout the 2024 period. The Group implemented an organisational restructure in March 2023 that will yield savings in SG&A.

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.

As a way to modernise the tax system for alcohol, the United Kingdom government has introduced a new system to calculate alcohol duty. The Group has implemented strategies to ensure that we are well placed to manage the long-term impacts of the increased alcohol duty rates.

The new duty reform was implemented on 1 August 2023 with a 20% (£0.44) increase in the duty for wine with an ABV between 11.5% - 14.5%. For wine with an ABV above 15% there is an increase of 44% (£0.97) with duty increasing for every 0.5% of ABV. Wine under 11.5% ABV will be treated more favourably, duty on wine at 10% ABV, for example, will be £0.09 less than the current rate.

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 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 2023 with exceptional shipping costs of $AUD 15,000,000, particularly between Australia and Europe compared to the 10 year average pricing on shipping. The global shipping availability and heavy vehicle driver shortages have continued to result in higher storage charges. In order to mitigate the Group's exposure to shipping costs a shipping tender process was run in late 2023, as a result the Group expects a reduction in lane rates in the 2024 financial year.

Due to the war in the Ukraine, energy prices have increased exponentially. The group has utilised fixed price contracts to date, insulating historical glass purchases from the full impact of the energy price volatility. The 3 year fixed price contracts concluded in February 23 and as such the business has incurred $AUD 9,000,000 in exceptional costs during the 2023 period.

Increased levels of inflation globally along with the continued cost of living crisis, have continued to tighten consumer spend which has resulted in a continued 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 that will take effect in August 2023 to offset increased supply costs and the impact of the UK duty reform.

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.

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 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.

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

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 Wines 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 2023 was $AUD 565,000 (2022 - $AUD 523,000).

Amphora Group Limited

Strategic Report for the Year Ended 30 June 2023 (continued)

Principal decisions made during the year and impact
Principal decisions made during the year included the finalisation of the sale of the Park which settled on 31 January 2023, the decision to dispose of the Arras and Stone's brands as well as the divestment of the Australian wineries and vineyards. Refer to the "Review of financial performance and position" section for further details on the Park, Arras and Stone's divestments.

Subsequent events
Post year end, Accolade Wines Limited signed an agreement to sell the Stones Brand, this agreement was signed on 17th August 2023, which was settled on 20th October 2023.

An agreement for the sale of the Arras brand along with the Tasmanian winery and vineyard was entered into by Accolade Wines Australia Limited on 27th August 2023 which was settled on 25th October 2023.

Amphora Australia Holdings Pty Ltd and Amphora Finance Limited filed proceedings in the Supreme Court of NSW against the W&I insurer for the 2018 acquisition of Accolade Wines. Amphora claimed certain breaches of warranties given in the Share Purchase Agreement for surplus inventory. The parties settled the dispute on confidential terms prior to trial in October 2023.

CCW and Accolade Wines were in dispute in regards to pricing for Vintage 2023 Shiraz and Cabernet Sauvignon Grapes. The parties settled the dispute on confidential terms in November 2023.

After 30 June 2023, the Group entered into good faith discussions with the largest senior lenders (the "Senior Lenders") with a view to agreeing terms for a restructuring of the debt made available under the Senior Facilities Agreement (the "Senior Debt") and a recapitalisation of the Group. As part of this process, the Senior Lenders have also granted certain interest deferrals in respect of the Senior Debt and extended the time period for delivery of annual and quarterly financial statements and accompanying compliance certificates.

These discussions have been successful and the relevant members of the Group and Senior Lenders holding in aggregate over 93% of the principal amount of the Senior Debt have entered into a binding "lock-up agreement" on 31 January 2024 (the "Lock-up Agreement"). Further details are disclosed in note 2.

Approved by the Board on 28th February 2024 and signed on its behalf by:

Robert Buchanan Foye
....
R Foye
Director

Amphora Group Limited

Directors' Report for the Year Ended 30 June 2023

The Directors present their report and the audited consolidated financial statements for the year ended 30 June 2023.

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 (resigned 3 February 2023)

P T Siewert (resigned 31 December 2023)

R Foye

J J Hill

C Lau (resigned 16 July 2022)

P A Winn

J J Feng (appointed 3 August 2022)

The following directors were appointed after the year end:

R J Sutton (appointed 14 February 2024)

N M Ashton (appointed 14 February 2024)

Dividends

There was no dividend declared or paid during the period ended 30 June 2023.

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 11,000 (2022: $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.

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 (The Park which was divested during the financial year) 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 2023, Amphora Group Limited's UK entities recorded the following greenhouse gas emissions:

Scope 1 (direct) greenhouse gas emissions for the year ended 30 June 2023:

	2023	2022
Total tonnes CO2e emissions from fuel used in transport	66	140
Total tonnes CO2e emissions from combustion of gas	636	1,142
	702	1,282

Scope 2 (indirect) greenhouse gas emissions for the year ended 30 June 2023:

	2023	2022
Total tonnes CO2e emissions from electricity consumption	620	1,099

Scope 3 (other indirect) greenhouse gas emissions for the year ended 30 June 2023:

	2023	2022
Total tonnes CO2e emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel	93	66

Summary of greenhouse gas emissions and energy consumption for the year ended 30 June 2023:

	2023	2022
Total tonnes emissions CO2e	1,415	1,348

	2023	2022
Total energy consumed (kWh)	9,165,219	16,381,388

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 2023 is 0.0095 (2022 - 0.0085).

Energy efficiency

Energy efficiency action taken in the year included:

- Replacement of > 95% of on-site diesel consumption with Hydrotreated Vegetable Oil (HVO) (renewable and significantly (>98%) CO2e reducing).

- Continued focus on improvement in Overall Equipment Effectiveness (OEE) across all bottling lines, which has contributed to a 8.65% reduction in the intensity of total energy consumption compared to the equivalent period, in the previous financial year.

The financial statements on pages 18 to 109 were approved by the Board of Directors on 28th February 2024 and signed on its behalf by R Foye.

Robert Buchanan Foye
....
R Foye
Director

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.

Amphora Group Limited

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 2023 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 as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 Balance Sheet and Company Balance Sheet as at 30 June 2023; the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's and the company's ability to continue as a going concern. The Group and Senior Lenders entered into a binding Lock-up Agreement on 31 January 2024. The Lock-up Agreement outlines a potential Change of Control Transaction which is subject to regulatory approvals pursuant to applicable law/regulations, and at the date of signing these financial statements it is uncertain whether regulatory approval will be obtained. In the event the required regulatory approvals are obtained, the newly incorporated company owned by, or held on trust for the Senior Lenders will either seek to implement a M&A Transaction or implement a Financial Restructuring, as outlined in the Lock-up Agreement.

The terms, timing and financing structure as well as intentions of a potential M&A counterparty are unknown. If a M&A Transaction is not agreed, Financial Restructuring would be subject to approval of the pension trustees and (if required) an English Law scheme of arrangement. As of the signing of these financial statements it is uncertain whether a M&A Transaction will be approved or if Financial Restructuring will be approved. Both the M&A Transaction and Financial Restructuring are conditional on the Change of Control Transaction being implemented first. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

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.

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 for the Year Ended 30 June 2023, 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 for the Year Ended 30 June 2023

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 2023 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 for the Year Ended 30 June 2023.

Independent Auditors' Report to the Members of Amphora Group Limited (continued)

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, 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 those relating to indirect tax laws including alcohol duties, value added tax and PAYE, 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 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, profits and EBITDA made in the year to enhance 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 journal testing to identify unusual or unexpected journals affecting revenue, expenses and EBITDA;
- Testing for management bias in judgments and estimates, including those related to the impairment of goodwill and intangibles, valuation of pension liabilities, identification of exceptional or non underlying items and inventory valuation.

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.

Independent Auditors' Report to the Members of Amphora Group Limited (continued)

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.

Colin Bates (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
28 February 2024

Amphora Group Limited

Consolidated Income Statement for the Year Ended 30 June 2023

	Note	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Turnover	4	1,170,035	1,130,579
Cost of sales		(946,053)	(897,528)
Gross profit		223,982	233,051
Distribution costs		(145,828)	(132,378)
Administrative expenses		(69,482)	(81,841)
Loss on sale of receivables		(7,747)	(3,374)
Non-underlying expenses	5	(16,042)	(225,118)
Operating loss	6	(15,117)	(209,660)
Finance income	7	2,919	9,405
Finance costs	7	(67,215)	(48,113)
Loss before tax		(79,413)	(248,368)
Income tax credit	10	10,050	9,175
Loss for the year		(69,363)	(239,193)
Loss attributable to:			
Owners of the Company		(69,363)	(239,193)

The above results were derived from continuing operations.

The notes on pages 33 to 109 form an integral part of these financial statements.

Amphora Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2023

	Note	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Loss for the period		(69,363)	(239,193)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on defined benefit pension schemes before tax	14	(64,815)	17,082
Income tax effect	26	18,788	(5,981)
		(46,027)	11,101
Items that may be reclassified subsequently to profit or loss			
Unrealised gain/(loss) on cash flow hedges (gross)		4,642	21,311
Income tax effect		(1,161)	(5,328)
Foreign currency translation gain/(loss)		(25,084)	7,145
		(21,603)	23,128
Other comprehensive income/(loss)		(67,630)	34,229
Total comprehensive income/(loss) for the period		(136,993)	(204,964)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(136,993)	(204,964)
Total comprehensive income/(loss) for the period attributable to owner of Amphora Group Limited arises from:			
Continuing operations		(136,993)	(204,964)

The notes on pages 33 to 109 form an integral part of these financial statements.

Amphora Group Limited

(Registration number: 11263400)
Consolidated Balance Sheet as at 30 June 2023

	Note	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Assets			
Non-current assets			
Property, plant and equipment	11	220,932	311,666
Right of use assets	11	54,823	110,033
Other receivables	12	5,957	795
Intangible assets	13	118,008	112,896
Retirement benefit surplus	14	-	41,623
Derivative financial assets	16	22,303	6,245
Total non-current assets		422,023	583,258
Current assets			
Inventories	17	568,234	579,785
Trade and other receivables	18	169,648	171,752
Income tax asset		10,710	8,303
Cash and cash equivalents	19	69,135	13,964
Derivative financial assets	16	2,485	12,636
Assets classified as held for sale	20	15,911	17,472
Total current assets		836,123	803,912
Total assets		1,258,146	1,387,170
Liabilities			
Current liabilities			
Trade and other payables	21	(353,840)	(336,549)
Loans and borrowings	22	(136,377)	(113,523)
Lease liabilities	23	(14,212)	(22,199)
Provisions	24	(16,990)	(20,254)
Derivative financial liabilities	25	(5,301)	(2,648)
Total current liabilities		(526,720)	(495,173)
Net current assets		309,403	308,739
Total assets less current liabilities		731,426	891,997

Amphora Group Limited

(Registration number: 11263400)
Consolidated Balance Sheet as at 30 June 2023 (continued)

	Note	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Non-current liabilities			
Loans and borrowings	22	(568,964)	(526,103)
Lease liabilities	23	(44,933)	(96,892)
Retirement benefit obligations	14	(17,256)	-
Provisions	24	(11,133)	(14,211)
Derivative financial liabilities	25	(4,569)	(4,059)
Deferred tax liabilities	26	(1,152)	(33,167)
Other payables	27	(2,042)	(2,563)
Total non-current liabilities		(650,049)	(676,995)
Total liabilities		(1,176,769)	(1,172,168)
Net assets		**81,377**	**215,002**
Equity			
Share capital	28	560,283	558,658
Reserves		(7,526)	12,334
Accumulated losses		(471,380)	(355,990)
Total equity		**81,377**	**215,002**

Approved by the Board on 28th February 2024 and signed on its behalf by:

Robert Buchanan Foye

R Foye
Director

Amphora Group Limited

(Registration number: 11263400)
Company Balance Sheet as at 30 June 2023

	Note	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Assets			
Non-current assets			
Trade and other receivables	12	-	8,656
Investments in subsidiaries	38	156,925	536,665
Total non-current assets		156,925	545,321
Current assets			
Trade and other receivables	18	24,987	21,874
Cash and cash equivalents	19	2,077	2,011
Income tax asset		6,257	4,212
Total current assets		33,321	28,097
Total assets		190,246	573,418
Non-current liabilities			
Trade and other payables	27	(6,100)	(4,212)
Provisions for liabilities	24	(5,614)	(6,176)
Total non-current liabilities		(11,714)	(10,388)
Current liabilities			
Trade and other payables	21	(7,872)	(2,171)
Total current liabilities		(7,872)	(2,171)
Net current assets		25,449	25,926
Total assets less current liabilities		182,374	571,247
Total liabilities		(19,586)	(12,559)
Net assets		**170,660**	**560,859**
Equity			
Share capital	28	560,283	558,658
Reserves		6,462	707
Retained earnings/(accumulated losses)		(396,085)	1,494
Total equity		**170,660**	**560,859**

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 loss for the financial period is $AUD 397,579,000, driven by impairment of Investments see note 38 (2022: $AUD profit of 2,192,000)

Amphora Group Limited

(Registration number: 11263400)
Company Balance Sheet as at 30 June 2023 (continued)

Approved by the Board on 28th February 2024 and signed on its behalf by:

Robert Buchanan Foye
R Foye
Director

The notes on pages 33 to 109 form an integral part of these financial statements.

Amphora Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2023

	Share capital $AUD 000	Share-based payments $AUD 000	Treasury share reserve $AUD 000	Capital redemption reserve $AUD 000	Foreign currency translation $AUD 000	Cash flow hedging reserve $AUD 000	Accumulated losses $AUD 000	Total equity $AUD 000
As at 1 July 2022	558,658	10,899	(20,562)	277	11,824	9,896	(355,990)	215,002
Profit/(Loss) for the period	-	-	-	-	-	-	(69,363)	(69,353)
Gain on cash flow hedges (gross)	-	-	-	-	-	4,642	-	4,642
Deferred tax relating to changes in the fair value of cash flow hedges	-	-	-	-	-	(1,161)	-	(1,151)
Foreign currency translation gains/(losses)	-	-	-	-	(25,084)	-	-	(25,034)
Actuarial gains/(loss) (gross)	-	-	-	-	-	-	(64,815)	(64,815)
Deferred tax relating to actuarial gains/(losses)	-	-	-	-	-	-	18,788	18,738
Other comprehensive income/(loss)	-	-	-	-	(25,084)	3,481	(46,027)	(67,630)
Total comprehensive income/(loss)	-	-	-	-	(25,084)	3,481	(115,390)	(136,993)
Management ordinary shares issued	1,625	-	-	-	-	-	-	1,625
Employee share scheme	-	4,019	(1,155)	-	-	-	-	2,864
Shares held by Employee Benefit *Trust* (EBT)	-	-	(1,121)	-	-	-	-	(1,121)
At 30 June 2023	560,283	14,918	(22,838)	277	(13,260)	13,377	(471,380)	81,377

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2023 (continued)

	Share capital $AUD 000	Share-based payments $AUD 000	Treasury share reserve $AUD 000	Capital redemption reserve $AUD 000	Foreign currency translation $AUD 000	Cash flow hedging reserve $AUD 000	Accumulated losses $AUD 000	Total equity $AUD 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

The notes on pages 33 to 109 form an integral part of these financial statements.

Amphora Group Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2023

	Share capital $AUD 000	Other reserves $AUD 000	Capital redemption reserve $AUD 000	Foreign currency translation $AUD 000	Retained earnings/ (Accumulated losses) $AUD 000	Total $AUD 000
As at 1 July 2022	558,658	688	277	(258)	1,494	560,859
Profit/(Loss) for the period	-	-	-	-	(397,579)	(397,579)
Foreign currency translation gains/(losses)	-	-	-	1,789	-	1,789
Total Comprehensive income/(loss)	-	-	-	1,789	(397,579)	(395,790)
Transactions with owners in their capacity as owners:						
Management ordinary shares issued	1,625	-	-	-	-	1,625
Employee share scheme	-	5,087	-	-	-	5,087
Shares held by EBT	-	(1,121)	-	-	-	(1,121)
At 30 June 2023	560,283	4,654	277	1,531	(396,085)	170,660

Amphora Group Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2023 (continued)

	Share capital $AUD 000	Other reserves $AUD 000	Capital redemption reserve $AUD 000	Foreign currency translation $AUD 000	Retained *earnings/* (Accumulated losses) $AUD 000	Total $AUD 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/(loss)	-	-	-	(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

The notes on pages 33 to 109 form an integral part of these financial statements.

Amphora Group Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2023

	Note	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Cash flows from operating activities			
Profit/(loss) for the period		(69,363)	(239,193)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	38,102	47,134
(Reversal)/impairment of inventory	6	(13,256)	115,351
Impairment of property, plant and equipment	6	7,474	-
Impairment of intangibles	6	1	112,498
Loss/(Gain) on disposal of property, plant and equipment, intangibles, leases and inventory	5	10,335	(19,967)
Finance income	7	(2,919)	(9,405)
Finance costs	7	67,215	48,113
Net exchange differences		(4,349)	2,911
Income tax (credit)/expense	10	(10,050)	(9,175)
Non-cash retirement benefit expense		99	192
Equity settled share based payment transaction		4,048	4,802
		27,337	53,261
Working capital adjustments			
(Increase)/Decrease in trade and other receivables		2,009	(31,075)
(Increase)/Decrease in inventories		12,216	(105,802)
Increase/(Decrease) in trade and other payables		772	11,964
Increase/(Decrease) in derivatives		(2,744)	(20,327)
Increase/(Decrease) in provisions		(1,700)	16,073
Defined benefit scheme cash contributions		(1,143)	(975)
Borrowing costs paid		(53,286)	(39,205)
Income taxes paid		(2,621)	(5,499)
Net cash inflow/(outflow) from operating activities		(19,160)	(121,585)
Cash flows from investing activities			
Purchase of property, plant and equipment, intangibles and right of use assets		(27,585)	(41,321)
Proceeds from sale of property, plant and equipment		77,030	45,606
Proceeds from sale of held for sale assets		20,836	7,150
Net cash inflow/(outflow) from investing activities		70,281	11,435
Cash flows from financing activities			
Payments of borrowings		(99,221)	(297,283)
Proceeds of borrowings		117,543	374,235
Payments for leases		(14,765)	(22,545)
Proceeds from issue of share capital		-	400
Net cash inflow/(outflow) from financing activities		3,557	54,807

Amphora Group Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2023 (continued)

	Note	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Net increase/(decrease) in cash and cash equivalents		54,678	(55,343)
Cash and cash equivalents at 1 July		13,964	69,307
Effect of exchange rate changes on cash and cash equivalents		493	-
Cash and cash equivalents at 30 June		69,135	13,964

The notes on pages 33 to 109 form an integral part of these financial statements.

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.

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 operating results continued to be challenged in financial year 2023, driven by continued macroeconomic headwinds, including unprecedented supply chain costs and the increase in cost-of-living impacting consumer sentiment and demand in the UK and Australia.

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.

2 Accounting policies (continued)

Borrowings

As of 30 June 2023, the Group had current debt of AUD $136 million (representing the borrowings under the RCF) and non-current bank debt of AUD $569 million in respect of amounts owed under the term loan made available under the Senior Facilities Agreement dated 6 April 2018 (as amended and/or restated from time to time) (the "Senior Facilities Agreement) (the "RCF"). The net debt position was AUD $636 million, including cash of AUD $69 million.

The revolving credit facility of AUD $136 million made available under the Senior Facilities Agreement has a maturity date of 24 May 2024, and is therefore disclosed as a current debt facility as at 30 June 2023. It should, however, be noted that the lenders in respect of the RCF have agreed to provide forbearance to the Group in respect of failure to repay the principal on the maturity date to facilitate implementation of the transactions set out below.

Agreement with Senior Lenders

After 30 June 2023, the Group entered into good faith discussions with the largest senior lenders (the "Senior Lenders") with a view to agreeing terms for a restructuring of the debt made available under the Senior Facilities Agreement (the "Senior Debt") and a recapitalisation of the Group. As part of this process, the Senior Lenders have also granted certain interest deferrals in respect of the Senior Debt and extended the time period for delivery of annual and quarterly financial statements and accompanying compliance certificates.

These discussions have been successful and the relevant members of the Group and Senior Lenders holding in aggregate over 93% of the principal amount of the Senior Debt have entered into a binding "lock-up agreement" on 31 January 2024 (the "Lock-up Agreement").

The Lock-up Agreement, amongst other things, obliges the parties thereto to:

1.Implement a consensual transfer of the shares in Amphora Intermediate II Limited (as a holding company of the Group) to a newly incorporated company owned by, or held on trust for, the Senior Lenders (the "Change of Control Transaction");and

2.Either

• seek to implement a purchase, sale, merger or consolidation in respect of the Group with a third-party (a "M&A Transaction"); or

• if a M&A Transaction is not agreed by 12 April 2024 (or such other date to be agreed between the Group and the requisite Senior Lenders, or a date that is five business days after the Change of Control Transaction if this occurs after 12 April 2024), implement a restructuring of the Senior Debt on the terms summarised below (the "Financial Restructuring").

The Lock-up Agreement provides for the Senior Lenders to forbear and waive any relevant default and event of default pursuant to the terms of the Senior Facilities Agreement to avoid destabilising the Group during the restructuring process. The Lock-up Agreement contains certain termination rights, including upon transaction milestones not being met by specific dates. The parties to the Lock-up Agreement can agree to extend and vary the relevant milestones. The Lock-up Agreement will terminate automatically on a long-stop date (unless extended by the parties) or if the M&A Transaction or the Financial Restructuring are not implemented by the 30th September 2024 (unless extended by the parties).

The Change of Control Transaction is subject to regulatory approvals pursuant to applicable law / regulation. Following implementation of the Change of Control Transaction, the Senior Lenders will be the equity owners of the Group. Although there is an element of uncertainty with any regulatory approval application, the Directors expect that approvals will be received. Following change of control the Senior Lenders have a right to terminate the Lock-up agreement if certain consents from key customers and suppliers are not obtained.

2 Accounting policies (continued)

Both the M&A Transaction and the (alternative) Financial Restructuring are conditional on the Change of Control Transaction being implemented first.

The terms, timing and structure of any M&A Transaction are not currently known and any such transaction is likely going to be subject to regulatory approvals and a satisfactory position being reached with the trustee of the Accolade Wines Limited pension scheme.

Similarly, it may be necessary for the Group and the Senior Lenders to agree an alternative restructuring of Senior Debt to facilitate and implement any M&A Transaction. The terms, timing and financing structure as well as intentions of a potential M&A counterparty are unknown at this point in time.

Implementation of the Financial Restructuring requires the consent of all Senior Lenders under the Senior Facilities Agreement. If all Senior Lender consent is not obtained, the Group will implement the Financial Restructuring pursuant to an English law scheme of arrangement (being a debt restructuring implementation processes) - the requisite majority of Senior Lenders to implement such a process have signed the Lock-up Agreement, thereby contractually agreeing to support the scheme, if it's required. Whilst it is at the court's discretion whether to sanction a scheme, in light of the support from over 93% of Senior Lenders and the nature of the scheme, the Directors expect (on the basis of professional advice) that the scheme will be approved.

The implementation of the Financial Restructuring is subject to certain conditions precedent being satisfied, including a commercial agreement being reached with the trustee of the Accolade Wines Limited pension scheme. There are ongoing discussions with the trustee of the Accolade Wines Limited pension scheme regarding the impact of the Financial Restructuring and future pension contributions. On implementation of the Financial Restructuring, certain Senior Lenders will provide a A$35 million new super senior money facility (the "New Money Facility") to ensure that the Group is recapitalised and has sufficient liquidity to fully execute its business plan. The New Money Facility will mature two years after the Financial Restructuring becomes effective.

The Financial Restructuring will, amongst other things:

1. Amend the existing Senior Facilities Agreement to convert the RCF to term debt.

2. Change the commercial terms of the facilities and re-tranche the senior debt into:
• reinstated existing ancillary facilities provided to the Group, to rank super senior on the same basis as the New Money Facility (the "Ancillary Facilities"); and
• A$100 million reinstated senior secured debt (the "Reinstated Facility") with a maturity date that is four years from the date that the Financial Restructuring becomes effective; and
• retained secured debt of c A$619 million, being the balance of the existing Senior Debt that has not been converted into the Ancillary Facilities and the Reinstated Facility (the "Subordinated Facility").

3. Amend the existing obligor structure as follows:
• retain the existing obligors of the Senior Facilities Agreement for the New Money Facility, Ancillary Facilities and Reinstated Facility; and
• retain Amphora Finance Limited as the sole borrower and Accolade Wines Australia Limited as the sole guarantor of the Subordinated Facility.

2 Accounting policies (continued)

The Subordinated Facility will not accrue interest. The Subordinated Facility will contain provisions allowing it to be equitised or otherwise rationalised or eliminated in the future, if certain conditions are met on or before 31 December 2024. If certain conditions, including a restructuring of a commercial contract are not met by 30 June 2024, this would enable the lenders under the Subordinated Facility to declare there to be an event of default under the Subordinated Facility. The lenders holding not less than 50.1% of the Subordinated Facility may thereafter accelerate it or exercise other enforcement rights.

The Group have also agreed with Coöperatieve Rabobank U.A to shorten the tenure to 30 September 2024 of the existing receivable purchase facility made available under the facility agreement originally dated 3 March 2021, as amended from time to time, (the "Receivable Facility"). The Receivable Facility is committed in the amount of AU$50 million and £25 million and uncommitted in the amount of AU$20 million and £17.5 million. The Group will need to refinance the Receivable Facility on or before 30 September 2024 or find other source of liquidity.

There is material uncertainty regarding the ability of the Group to continue as a going concern as;

- there is a need for regulatory approval for change of control by the long stop date of 30 June 2024.
- in the event that M&A takes place, the terms, timing and financing structure as well as intentions of a potential M&A counterparty are unknown at this point in time.
- the Financial Restructuring of the group is dependent on the approval of the pension trustees and (if required) on the approval of an English Law scheme of arrangement.
- the Senior Lenders have the right to call an event of default following change of control if consent has not been obtained for the change of control from certain suppliers and customers, and post restructuring if a commercial contract has not been agreed by 30 June 2024.
- the group is required to refinance the Receivable Facility or find another source of liquidity before 30 September 2024.

These conditions, along with the other matters noted in the disclosure above, indicate the existence of a material uncertainty which may cast significant doubt about the group and company's ability to continue as a going concern.

Notwithstanding the above, the Directors have reasonable grounds to consider that an M&A Transaction or the Financial Restructuring will be implemented in the timetable outlined above, and that Group will have sufficient liquidity to meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from the date of these financial statements.

The Group has assessed the liquidity position, based on the proposed debt structure and terms for the 12-month period from the date the financial statements are issued. A key assumption is the ability to meet sales forecasts. The Group considered various downside scenarios relating to sales performance having regard to historic trading and economic pressure on consumers as well as recent trading performance. Whilst current trading is in line with forecast, the Group modelled various downside scenarios including an 15% fall against forecast. The Group considered 15% was a severe but plausible downside scenario to assess the robustness of the Group's cash flows and liquidity position. Based on a 15% sales drop the Group was satisfied that reduction in sales would not create a liquidity issue and the Group would continue to meet the minimum liquidity covenant within the revised debt terms.

These financial statements do not contain any adjustment that would arise if the financial statements were not drawn up on a going concern basis.

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 2022 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 2022 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.

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.

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.

Depreciation rates

Asset class	Depreciation method and rate
Land improvements	15 - 32 years
Vineyard improvements	10 - 26 years
Buildings and improvements	10 - 33 years
Vines	30 years
Plant and equipment	3 - 40 years
Stainless steel storage	40 years
Oak barrels	4 years
Computer hardware	3 years

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 excisable. 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.

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. Maturing inventories which are retained for more than one year are classified as current assets, as they are expected to be realised in the normal operating cycle.

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.

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.

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.

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.

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.

2 Accounting policies (continued)

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of forfeiture. The MEP shares are acquired by the EBT at market value at the grant date and are held as treasury shares until such time as they are transferred to new joiners.

Employee Benefit Trust (EBT)

The Group/Company sponsors and controls an EBT and treats it as an extension of the Group/Company. The EBT is consolidated in the individual and consolidated financial statements of the Group/Company. All assets and liabilities of the EBT are consolidated on a line-by-line basis except for the transactions of the Group/Company with the EBT which are eliminated on consolidation.

The Group's/Company's investment in own shares are treated as treasury shares and are deducted from equity in the consolidated and individual statement of changes in equity. No gain or loss is recognised in profit or loss on purchase, sale, issue or cancellation of treasury shares, and any difference between the carrying amount of treasury shares and consideration received on reissuance is taken to retained earnings directly.

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.

2 Accounting policies (continued)

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:-

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.

2 Accounting policies (continued)

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.

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 Group reviews specific high risk debtors that fall outside the simplified approach. 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.

2 Accounting policies (continued)

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 16 and 25. 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.

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.

2 Accounting policies (continued)

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.

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.

2 Accounting policies (continued)

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 loss of the Company for the period is $AUD 379,579,000 (2022 - profit of $AUD 2,192,000).

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.

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.

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 358,287,000 (2022 - $AUD 457,890,000) and $AUD 375,615,000 (2022 - $AUD 416,629,000) 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 deficit of $AUD 17,328,000 (2022 - surplus of $AUD 41,261,000) before deferred taxation being recognised on the balance sheet at 30 June 2023. The size of the net deficit 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 14.

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.

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 2023 are set out in Note 24.

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

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 Group has performed a reassessment of the net realisable value of inventory at 30 June 2023. The reassessment has been performed by reviewing 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 recent bulk wine sales and industry data. For inventory not expected to be sold on the bulk wine market, the write down of inventory also includes appropriate costs of disposal.

Based on the assessment performed the write down of inventory required at 30 June 2023 was $AUD 79,308,000 and a write back of the provision to profit and loss of $AUD 13,256,000 was recorded through non-underlying expenses. The write back of the provision was driven by the recalibration of the Group's supply and demand as a result of the lower 2023 vintage intake.

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 3,470,000, *including the impact of destruction costs*
• 10% reduction in bulk wine sales price will result in an increase in the write down of $AUD 263,000
• 10% increase in bulk wine sales volume or bulk wine sales price will result in a decrease in write down of $AUD 3,181,000.

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

Segment analysis by primary geographical markets	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Europe	804,229	784,401
Australasia	265,917	281,651
Rest of World	99,889	64,527
	1,170,035	1,130,579

4 Turnover (continued)

Segment analysis by product service

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Sale of goods recognised (at a point in time)	1,145,668	1,120,653
Services recognised (over time)	24,367	9,926
Group revenue	1,170,035	1,130,579
Excise duties paid as principal	(323,847)	(310,405)
Net Group revenue	846,188	820,174

5 Non-underlying expenses/(income)

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
(Reversal)/Impairment of inventory	(13,256)	115,351
Impairment of property, plant and equipment	7,474	-
Impairment of intangible assets	1	115,470
China Restructuring	-	2,737
Acquisition costs	-	668
Restructuring costs	3,924	453
Project costs	983	229
Loss/(Gain) on divestments	10,335	(19,643)
Other	6,581	9,852
	16,042	225,117

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.

6 Operating loss

Arrived at after charging/(crediting)

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Depreciation expense	35,925	42,326
Amortisation expense	2,177	4,808
Impairment of intangible assets (Note 13)	1	115,470
(Reversal)/Impairment of inventory (Note 17)	(13,256)	115,351
Impairment of Property, plant and equipment	7,474	-
Operating lease expense - plant and machinery	2,255	1,280
Loss/(Gain) on disposal of property, plant and equipment, leases and inventory	9,489	(16,463)
Loss/(Gain) on disposal of intangibles	845	(3,503)
Auditors' remuneration - the audit of the parent company, consolidated group financial statements and subsidiary financial statements	1,261	941
Auditors' remuneration - taxation compliance services	29	42
Auditors' remuneration - other tax and advisory services	195	25

7 Finance income and costs

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Finance income		
Interest income on pension fund assets	1,613	406
Interest income on bank deposits	569	39
Net foreign exchange gains	-	8,470
Other finance income	737	490
	2,919	9,405
Finance costs		
Interest on bank borrowings	50,304	36,830
Other finance costs	7,080	4,873
Net foreign exchange losses	5,216	-
Interest on leases	4,615	6,410
	67,215	48,113

8 Staff costs

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

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Wages and salaries	160,589	183,960
Social security costs	4,772	5,852
Other pension costs	10,504	11,232
	175,865	201,044

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

	Year ended 30 June 2023 No.	Year ended 30 June 2022 No.
Production	590	566
Administration and support	431	418
Sales, marketing and distribution	411	670
	1,432	1,654

The reduction in staff costs and average headcount in the current financial year is as a result of the sale of The Park. Approximately 370 employees engaged in manufacturing at The Park transferred to Encirc on their existing terms of employment.

9 Directors' remuneration

The Directors' remuneration for the year was as follows:

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Remuneration	1,422	1,168

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

	Year ended 30 June 2023 No.	Year ended 30 June 2022 No.
Accruing benefits under defined contribution pension scheme	-	-

9 Directors' remuneration (continued)

In respect of the highest paid director:

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Remuneration	1,201	985

At 30 June 2023, loans provided to directors under the managmement equity plan is $AUD 3,684,000 (2022: $AUD 3,206,000).

10 Income tax

Tax charged/(credited) in the income statement

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Current taxation		
UK corporation tax	3,870	2,225
Foreign tax	767	546
Total current income tax	4,637	2,771
Deferred taxation		
Arising from origination and reversal of temporary differences	(8,100)	(4,774)
Deferred tax adjustment relating to prior periods	(1,140)	(3,956)
Capital allowances in excess of depreciation	*(4,248)*	*(1,016)*
Deferred tax on retirement benefit obligation	563	508
Effect of changes in tax rates	(2,915)	(1,797)
Losses recognised	1,153	(911)
Total deferred taxation	(14,687)	(11,946)
Tax credit in the income statement	(10,050)	(9,175)

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK of 20.5%.

The differences are reconciled below:

10 Income tax (continued)

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Loss before tax	(79,413)	(248,368)
Corporation tax at standard rate	(16,280)	(47,190)
Adjustments in respect of prior periods	(1,425)	(9,025)
Expenses not deductible for tax purposes	*6,487*	*3,420*
Non-taxable movements in deferred taxes	(5,507)	(5,519)
Difference in overseas tax rates	(2,928)	(24,699)
Effect of rate change	(2,915)	(1,797)
Unrecognised deferred tax	12,518	75,403
Total tax credit	(10,050)	(9,407)

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 2023 has been calculated based on the rate of 25% as appropriate (2022: 19%).

Deferred tax assets have not been recognised in respect of deductible temporary differences $AUD 4,963,000 and unused tax losses $AUD 7,639,000 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.

11 Property, plant and equipment

Group

	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 1 July 2022	73,579	3,552	242,714	176	21,963	2,824	4,131	156,510	505,449
Additions	-	-	-	-	23,495	-	-	25,078	48,573
Disposals	(8,572)	(3,550)	(77,504)	(104)	(3,395)	(1,671)	(1,799)	(90,452)	(187,047)
Impairment charge for the period	(7,371)	-	(99)	-	-	-	(4)	-	(7,474)
Exchange differences	(61)	112	1,008	(2)	81	-	(27)	1,056	2,167
Transfers	2,367	1,215	9,647	-	(14,209)	-	980	-	-
Transfer to held for sale (Note 20)	(7,920)	-	(3,770)	(4)	-	(555)	(40)	-	(12,289)
At 30 June 2023	52,022	1,329	171,996	66	27,935	598	3,241	92,192	349,379
Accumulated depreciation									
At 1 July 2022	1,055	(788)	(34,009)	(78)	(1,147)	(254)	(2,052)	(46,477)	(83,750)
Depreciation charge for the year	(2,649)	(116)	(16,725)	(44)	-	(54)	(1,249)	(15,088)	(35,925)
Disposals	416	576	19,339	99	-	170	1,776	24,608	46,984
Exchange differences	56	(27)	(569)	1	-	-	18	(412)	(933)
At 30 June 2023	(1,122)	(355)	(31,964)	(22)	(1,147)	(138)	(1,507)	(37,369)	(73,624)

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
Carrying amount									
At 30 June 2023	50,900	974	140,032	44	26,788	460	1,734	54,823	275,755

Included within the net book value of freehold land and buildings is $AUD 5,509,000 (2022 - $AUD 19,154,000) of freehold land which is not depreciated.

The reduction in Property, Plant and Equipment during the financial year was primarily due to the divestment of The Park bottling and warehousing facility as well as the divestment and sale and leaseback of a number of Australian based vineyards.

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 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 20)	(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
Accumulated 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	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									
At 30 June 2022	74,634	2,764	208,705	98	20,816	2,570	2,079	110,033	421,699

12 Non-current other receivables

	Group As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000	Company As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Other receivables	5,572	-	-	-
Prepayments	385	795	-	-
Loans due from related parties	-	-	-	8,656
	5,957	795	-	8,656

An impairment charge of $AUD 9,020,000 (2022: $AUD Nil) was recognised against loans due from related parties in the period to 30 June 2023.

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 2022	27,841	199,710	3,380	4,317	235,248
Acquired upon business combination (Note 14)	-	1	-	-	1
Additions	-	-	6	8,525	8,531
Disposals	-	-	(10,622)	(399)	(11,021)
Transfers	-	-	3,415	(3,415)	-
Exchange differences	531	7,116	424	48	8,119
Transfer to held for sale	-	(13,149)	(11)	-	(13,160)
At 30 June 2023	28,372	193,678	(3,408)	9,076	227,718
Accumulated Amortisation					
At 1 July 2022	(20,966)	(114,880)	13,493	-	(122,353)
Amortisation charge	-	(16)	(2,161)	-	(2,177)
Impairment	-	-	(1)	-	(1)
Amortisation eliminated on disposals	-	-	5,735	-	5,735
Foreign exchange movements	214	(590)	(77)	-	(453)
Transfer to held for sale	-	9,539	-	-	9,539
At 30 June 2023	(20,752)	(105,947)	16,989	-	(109,710)

13 Intangible assets (continued)

	Goodwill $AUD 000	Brand names and *trademarks* $AUD 000	*Software* $AUD 000	Assets in the course of *construction* $AUD 000	*Total* $AUD 000
Carrying amount					
At 30 June 2023	7,620	87,731	13,581	9,076	118,008

	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	203,033	17,661	1,657	246,579
Acquired upon business combination	3,877	(1)	-	-	3,876
Additions	-	-	8,339	7,395	15,734
Disposals	-	(179)	(26,515)	-	(26,694)
Transfers	-	-	4,725	(4,725)	-
Exchange differences	*(264)*	(3,143)	(654)	*(10)*	(4,071)
Transfer to held for sale	-	-	(176)	-	(176)
At 30 June 2022	27,841	199,710	3,380	4,317	235,248
Accumulated Amortisation					
At 1 July 2021	(18,003)	(2,612)	(8,605)	-	(29,220)
Charge for the period	-	(14)	(4,794)	-	(4,808)
Impairment	(2,972)	(112,498)	-	-	(115,470)
Disposals	-	-	26,122	-	26,122
Exchange differences	10	244	686	-	940
Transfer to held for sale	-	-	84	-	84
At 30 June 2022	(20,965)	(114,880)	13,493	-	(122,352)
Carrying amount					
At 30 June 2022	6,876	84,830	16,873	4,317	112,896

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.

13 Intangible assets (continued)

The net book value of brands and trademarks which are considered to have an indefinite life is $AUD 87,731,000 (2022 - $AUD 84,830,000).

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 Nil was recognised in the period to 30 June 2023 (2022 - $AUD 112,498,000).

In the prior year, the Group 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 was 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 Nil was recognised in the period to 30 June 2023 (2022 - $AUD 2,972,000).

In the prior year, 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.

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.

13 Intangible assets (continued)

In projecting future cash flows, management have used the approved 2024 financial year Budget for the first year forecast, along with the latest 4 year strategic plan for future growth rates, margins and cost projections.

The main assumptions adopted in the Europe CGU are:

i. Discount Rate of 10.2% (2022 - 9.0%) (post-tax) and 13.3% (2022 - 11.7%) (pre-tax)
ii. Terminal growth rate of 1.9% (2022 - 1.9%)
iii. Revenue growth rates based on the 4 year strategic plan
iv. Tax rate of 25% (2022 - 25%)

The assessment concluded that there is no impairment of brands required in financial year 2023 (2022: 115,470,000).

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 discount rate has increased from the prior year to reflect a higher cost of debt. A significant adverse change in any of the key assumptions could result in the recoverable amount of the CGU falling below its carrying amount.

The table below shows the impact of reasonably possible changes in key assumptions on the recoverables amount of the CGU.

Sensitivities	**Valuation impact $AUD million**
Discount rate +2.5%	(43)
Discount rate -2.5%	81
Revenue growth rate (years 2024 - 2028) +0.5%	21
Revenue growth rate (years 2024 - 2028) -0.5%	(21)
Gross profit margin (years 2024 - 2028) +5%	77
Gross profit margin (years2024 - 2028) -5%	(77)

14 *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 10,504,000 (2022 - $AUD 11,232,000). 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 (deficit)/surplus is as follows:

	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Accolade Wines Group Pension Plan - UK	(17,328)	41,261
Accolade Wines Australia Superannuation Plan - Australia	72	362
Total defined benefit pension (deficit)/surplus	(17,256)	41,623

Details of the (deficit)/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 1,143,000 (2022 - $AUD 975,000).

The total contributions in the next financial year are expected to be $AUD 1,314,000 (2022 - $AUD 1,083,000).

14 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 2023 $AUD 000	As at 30 June 2022 $AUD 000
Fair value of scheme assets	358,287	457,890
Present value of scheme liabilities	(375,615)	(416,629)
Defined benefit pension scheme (deficit)/surplus	(17,328)	41,261

Scheme assets

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

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Fair value at start of year	457,890	592,074
Interest income	17,097	10,006
Return on plan assets, excluding amounts included in interest income	(126,592)	(104,576)
Foreign exchange differences	36,072	(17,479)
Employer contributions	1,143	975
Benefits paid	(27,323)	(23,110)
Fair value at end of year	358,287	457,890

Analysis of assets

The major categories of scheme assets are as follows:

	Quoted/ Unquoted	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Equity securities	Quoted	38,644	50,378
Bonds	Quoted	220,173	339,112
Alternatives	Unquoted	48,354	39,266
Cash and cash equivalents	Unquoted	36,163	14,199
Property	Unquoted	14,953	14,935
		358,287	457,890

The scheme assets are invested in pooled investment vehicles which are unquoted. The allocation in the above table looks through these funds to show the underlying asset positions.

14 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 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Present value at start of year	416,629	568,696
Actuarial gains and losses arising from changes in demographic assumptions	(9,228)	(542)
Actuarial gains and losses arising from changes in financial assumptions	(66,664)	(125,493)
Actuarial gains and losses arising from experience adjustments	13,957	4,325
Foreign exchange differences	32,749	(16,854)
Interest cost	15,495	9,607
Benefits paid	(27,323)	(23,110)
Present value at end of year	375,615	416,629

The scheme surplus has decreased by $AUD 58,589,000 (2022 - increased by $AUD 17,883,000). The decrease is mainly caused by a significant decrease in plan asset values, which fell by $AUD 126,592,000 (2022 - $AUD 104,576,000) due to changes in market conditions causing the general performance of the assets to be lower than expected. This is not fully offset by a reduction in scheme liabilities due to an increase in corporate bond yields leading to a lower discount rate assumption, lowering the expected liabilities by a smaller amount of $AUD 66,664,000 (2022 - $AUD 125,493,000).

14 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 2023 %	As at 30 June 2022 %
Discount rate	5.30	3.80
Future salary increases	2.85	2.65
Inflation	3.35	3.25

Post retirement mortality assumptions

	As at 30 June 2023 Years	As at 30 June 2022 Years
Current UK pensioners at retirement age - male	21.10	21.60
Current UK pensioners at retirement age - female	23.50	24.00
Future UK pensioners at retirement age - male	21.70	22.20
Future UK pensioners at retirement age - female	24.40	24.90

Amounts recognised in the income statement

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Amounts recognised in operating loss		
Past Service cost	-	-
Amounts recognised in finance income or costs		
Net interest	(1,602)	(399)
Total recognised in the income statement	(1,602)	(399)

14 The Group pension schemes (continued)

Amounts taken to the Statement of Comprehensive Income

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Actuarial gains and losses arising from changes in demographic assumptions	(9,228)	(542)
Actuarial gains and losses arising from changes in financial assumptions	(66,664)	(125,493)
Actuarial gains and losses arising from experience adjustments	13,957	4,325
Return on plan assets, excluding amounts included in interest income	126,592	104,576
Amounts recognised in the Statement of Comprehensive Income	64,657	(17,134)

Sensitivity analysis

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

	Impact on defined benefit obligation			
	Change in assumption	Increase to deficit	Decrease in deficit	As at June 2023 Value $AUD 000
Discount rate	0.25% movement	3%	3%	(10,555)
RPI inflation	0.25% movement	2%	2%	(6,461)
Mortality rate	0.25% movement	4%	4%	(14,461)

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.

14 The Group pension schemes (continued)

Maturity analysis of benefit payments

The weighted average duration of the defined benefit obligation is 12 years (2022 - 15 years). The expected maturity analysis of undiscounted pension is as follows:

	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Less than 1 year	27,323	23,110
Between 1 and 2 years	28,652	23,305
Between 2 and 5 years	87,242	73,553
Over 5 years	153,677	130,049
	296,894	250,017

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 benefit assets are invested in the Mercer Conservative Growth Investment Option. The assets have a 40% weighting to fixed income, 24% weighting to cash and 16% weighting to property. The investment option has a balanced and diversified 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 43,000 (2022 - $AUD Nil).

The total contributions in the next financial year are expected to be $AUD Nil (2022 - $AUD Nil).

14 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 2023 $AUD 000	As at 30 June 2022 $AUD 000
Fair value of scheme assets	1,203	1,953
Present value of scheme liabilities	(1,131)	(1,591)
Defined benefit pension scheme surplus	72	362

Scheme assets

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

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Fair value at start of year	1,953	1,982
Interest income	66	26
Return on plan assets, excluding amounts included in interest income	(115)	(31)
Employer contributions	43	-
Contributions by scheme participants	10	156
Benefits paid	(627)	-
Contribution to accumulation plan	(83)	(128)
Taxes, premiums and expenses paid out of plan assets	(44)	(52)
Fair value at end of year	1,203	1,953

Analysis of assets

The major categories of scheme assets are as follows:

	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Investment growth fund	1,203	1,953
	1,203	1,953

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.

14 The Group pension schemes (continued)

Scheme liabilities

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

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Present value at start of year	1,591	1,331
Current service cost	186	244
Actuarial gains and losses arising from changes in financial assumptions	(28)	(184)
Actuarial gains and losses arising from experience adjustments	71	205
Interest cost	55	19
Benefits paid	(627)	-
Contributions by scheme participants	10	156
Administrative expenses	(44)	(52)
Contributions to accumulation plan	(83)	(128)
Present value at end of year	1,131	1,591

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 2023 %	As at 30 June 2022 %
Discount rate	4.80	4.40
Future salary increases	2.50	3.00
Inflation	4.00	4.00
Pension increases for in-payment benefits	15.00	15.00

14 The Group pension schemes (continued)

Amounts recognised in the income statement

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Amounts recognised in operating loss		
Current service cost	186	244
Amounts recognised in finance income or costs		
Net interest	(11)	(7)
Total recognised in the income statement	175	237

Amounts taken to the Statement of Comprehensive Income

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Actuarial gains and losses arising from changes in financial assumptions	(28)	(184)
Actuarial gains and losses arising from experience adjustments	71	205
Return on plan assets, excluding amounts included in interest income	115	31
Amounts recognised in the Statement of Comprehensive Income	158	52

Sensitivity analysis

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

	Impact on defined benefit obligation			
	Change in assumption	Increase in deficit	Decrease in deficit	As at 30 June 2023 Value $AUD 000
Discount rate	0.5% movement	2%	2%	23

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.

15 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 2023 Number	As at 30 June 2023 $AUD	As at 30 June 2022 Number	As at 30 June 2022 $AUD
C shares, start and the end of the year	7,600,000	7,372,000	7,600,000	7,372,000
C shares issued	1,675,000	1,624,750	-	-
C shares, end of year	9,275,000	8,996,750	7,600,000	7,372,000
D shares, start of year	12,348,371	12,348,371	11,548,371	11,548,371
D shares issued	-	-	800,000	800,000
D shares, end of year	12,348,371	12,348,371	12,348,371	12,348,371

During financial year 2023, the company issued 1,675,000 C shares for consideration of $AUD 1,624,750.

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 4,019,000 (2022 - $AUD 4,802,000). The charge is included in the total Wages and Salaries (Note 8).

The carrying value of the amount arising from share-based payments was $AUD 14,918,000 (2022 - $AUD 10,899,000).

Limited recourse loans were offered to participants and the amount outstanding at 30 June 2023 is $AUD 16,093,000 (2022: $AUD 14,376,000).

A provision of $AUD 5,614,000 (2022: $AUD 6,176,000) was made for buying shares back from participants who leave the MEP before the shares are vested.

16 Derivative financial assets

	Group As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Non-current financial assets		
Interest rate swap - cash flow hedges	22,241	-
Forward foreign exchange contract and options - cash flow hedges	62	6,245
	22,303	6,245

	Group As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Current financial assets		
Forward foreign exchange contract and options - cash flow hedges	2,485	12,636

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.*

17 Inventories

	Group As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Current		
Raw materials and consumables	9,488	20,788
Work in progress	413,893	381,992
Finished goods	144,853	177,005
	568,234	579,785

In accordance with the requirements of IFRS, all current year inventory has been reported as a current asset in the balance sheet, with the prior year non-current inventory assets restated to current assets in the comparative balance sheet. Of the current year inventory balance, $AUD 178,703,000 (2022: $AUD 89,912,000) of work in progress and $AUD 3,806,000 (2022: $AUD 15,565,000) of finished goods relates to wine which will mature more than 12 months from the balance sheet date.

The cost of Group inventories recognised as an expense in the period amounted to $AUD 668,441,000 (2022 - $AUD 562,392,000). This is included within cost of sales.

The amount of write-down of Group inventories recognised as an expense in the period is $AUD 4,394,000 (2022 - $AUD 3,514,000). This is included within cost of sales.

In the prior year the Group recognised a provision 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 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 UK. The quantum of impairment was 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. During 30 June 2023 the Group utilised $AUD 22,787,000 of the write down to clear surplus wine primarily through bulk wine sales which were sold below cost.

The Group has performed a reassessment of the net realisable value of inventory at 30 June 2023. The reassessment has been performed by reviewing 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 recent bulk wine sales and industry data. For inventory not expected to be sold on the bulk wine market, the write down of inventory also includes appropriate costs of disposal.

Based on the assessment performed the write down of inventory required at 30 June 2023 was $AUD 79,308,000 and a write back of the provision to profit and loss of $AUD 13,256,000 was recorded through non-underlying expenses. The write back of the provision was driven by the recalibration of the Group's supply and demand as a result of the lower 2023 vintage intake.

17 Inventories (continued)

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 3,470,000, including the impact of destruction costs
• 10% reduction in bulk wine sales price will result in an increase in the write down of $AUD 263,000
• 10% increase in bulk wine sales volume or bulk wine sales price will result in a decrease in write down of $AUD 3,181,000.

18 Trade and other receivables

	Group		Company	
	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Trade receivables	8,784	34,571	-	-
Amounts receivable under Trade Receivables Facility	123,016	94,739	-	-
Prepayments	19,926	27,606	-	-
Other receivables	17,922	14,836	16	-
Loans due from related parties	-	-	24,971	21,874
	169,648	171,752	24,987	21,874

Loans due from related parties of $AUD 24,971,000 (2022 - $AUD 21,874,000) are payable within 30 days on demand by the lender with interest charged at BBSW + 4.25%.

Other receivables includes a $AUD 5,797,000 receivable relating to raw materials no longer held by Amphora Group Limited as a result of The Park sale.

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 2023.
- the facility has a committed limit of $AUD 50 million and GBP 25 million and an uncommitted limit of $AUD 20 million and GBP 28 million. (effective August 2022, 2022: 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.

The decrease in Trade receivables is driven by the timing of the securitisation cycle which dictates the balance at the end of the year. At the year end the excess payment received from debtors of $AUD 44,447,000 has been reclassified to Other payables.

19 Cash and cash equivalents

	Group As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000	Company As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Cash at bank	69,135	13,964	2,077	2,011

Changes in liabilities from financing activities

	Group Loans and borrowings $AUD 000	Group Finance lease liabilities $AUD 000
At 1 July 2022	(639,626)	(119,090)
Additions during the year	-	(25,078)
Disposals during the year	-	68,955
Proceeds from loans and borrowings	(117,543)	-
Repayment of borrowings	99,221	-
Payment of lease liabilities	-	14,765
Borrowing costs	(2,804)	(4,615)
Exchange differences	(44,589)	5,917
At 30 June 2023	(705,341)	(59,146)

	Group Loans and borrowings $AUD 000	Group Finance lease liabilities $AUD 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	16,933	3,824
At 30 June 2022	(639,626)	(119,090)

20 Assets classified as held for sale

	Group 30 June 2023 $AUD 000	Group 30 June 2022 $AUD 000
Property, plant and equipment classified as held for sale	12,289	17,380
Intangibles classified as held for sale	3,622	92
	15,911	17,472

Assets held for sale at 30 June 2023 include the Stones Brand, Banrock Station vineyard and related assets and the Tasmania winery and vineyard.

Assets held for sale at 30 June 2022 include the Stonier and Nannup wineries and various vineyards, all of which were sold during the 2023 financial year.

21 Trade and other payables

	Group		Company	
	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Trade payables	154,393	201,660	-	-
Accrued expenses	132,194	114,563	122	376
Loans payable to related parties	-	-	141	131
Social security and other taxes	18,731	19,902	-	-
Trade payables due to related parties	-	-	7,609	1,240
Other payables	48,522	424	-	424
	353,840	336,549	7,872	2,171

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 34 Financial risk review.

The increase in Other Payables is driven by a change in classification in the current financial year between Other payables and current Trade Receivables, see note 18 for further details.

Loans payable by the Company to related parties of $AUD 141,000 (2022 - $AUD 131,000) bears interest at a rate of 5.5% + ABR. The principal loan balance has been repaid during prior periods therefore the outstanding balance relates to interest which is payable on demand to Amphora Intermediate I Limited.

22 Loans and borrowings

	Group As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000	Company As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Current loans and borrowings				
Working capital facility	136,377	113,523	-	-

	Group As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000	Company As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Non-current loans and borrowings				
Bank borrowings	568,964	526,103	-	-

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 573,921,000 (2022 - $AUD 533,315,000), excluding deferred financing costs of $AUD 4,957,000 (2022 - $AUD 7,212,000).

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 136,377,000 (2022 - $AUD 113,523,000).

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 34.

23 Leases

Group amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Premises	10,539	78,895
Vineyards	41,286	22,760
Forklifts & Motor Vehicles	1,919	6,234
Other Equipment	1,079	2,144
	54,823	110,033

Lease liabilities	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Current	14,212	22,199
Non-current	44,933	96,892
	59,145	119,091

Future lease payments in relation to lease liabilities as at period end are as follows:	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Within one year	13,246	22,601
Later than one year but not later than five years	40,577	61,350
Later than five years	18,526	68,674
	72,349	152,625

23 Leases (continued)

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 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Premises	6,826	10,068
Vineyards	4,956	4,347
Forklifts & Motor Vehicles	2,539	2,437
Other Equipment	767	798
	15,088	17,650

The reduction in Right-of-use assets, Lease liabilities, Future lease payments and depreciation during the financial year was due to the divestment of The Park bottling and warehousing facility as well as the sale and leaseback and divestment of a number of Australian vineyards.

The amount of lease payments recognised as an expense during the period was $AUD 2,255,000 (2022: $AUD 1,280,000).

24 Provisions

Group

	Employee benefits $AUD 000	Other provisions $AUD 000	Total $AUD 000
At 1 July 2022	16,368	18,097	34,465
Increase in provisions	8,724	888	9,612
Provisions used	(9,647)	(6,307)	(15,954)
At 30 June 2023	15,445	12,678	28,123
Non-current liabilities	1,280	9,853	11,133
Current liabilities	14,165	2,825	16,990

24 Provisions (continued)

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 324,000 (2022 - $AUD 774,000) for dilapidation provisions, settlement of which will be made at the end of the various lease terms; $AUD 5,401,000 (2022 - $AUD 8,335,000) for an onerous contract acquired on business combination and it also includes a provision of $AUD 5,614,000 (2022 - $AUD 6,176,000), 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 2022	6,176	6,176
Provisions used	(562)	(562)
At 30 June 2023	5,614	5,614

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

25 Derivative financial liabilities

	Group As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Non-current financial liabilities		
Forward foreign exchange contracts and options - cash flow hedges	4,569	967
Interest rate swap - cash flow hedges	-	3,092
	4,569	4,059

	Group As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Current financial liabilities		
Forward foreign exchange contracts and options - cash flow hedges	5,301	2,648

25 Derivative financial liabilities (continued)

Details regarding the forward foreign exchange contracts and options entered into are given in note 16.

The Group has bank borrowings that are subject to variable interest rates. Further details on these bank borrowings are given in note 22. 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.

26 Deferred tax assets and liabilities

Deferred tax

Group

Deferred tax assets and liabilities

2023	Asset $AUD 000	Liability $AUD 000	Net deferred tax $AUD 000
Tax losses carry-forwards	4,942	-	4,942
Employee benefits	8,743	-	8,743
Accelerated tax depreciation	33	(9,906)	(9,873)
Revaluation of fair value hedges	-	(4,896)	(4,896)
Intangible assets	-	(22,215)	(22,215)
Available-for-sale financial assets	171	-	171
Inventories	-	(1,464)	(1,464)
Other temporary differences	23,440	-	23,440
	37,329	(38,481)	(1,152)

2022	Asset $AUD 000	Liability $AUD 000	Net deferred tax $AUD 000
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
	35,229	(68,396)	(33,167)

26 Deferred tax assets and liabilities (continued)

Deferred tax movement during the period:

	At 1 July 2022 $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 2023 $AUD 000
Deferred tax on fair value movements in cash flow hedges	(3,283)	-	(1,161)	-	(4,444)
Deferred tax acquired upon business combination	(25,296)	-	-	-	(25,297)
Deferred tax on retirement benefit surplus/(deficit)	(9,565)	(101)	18,788	-	9,121
Capital allowances in excess of depreciation	(2,702)	5,629	-	-	2,928
Origination or reversal of temporary differences	3,974	9,159	-	-	13,131
Other	3,705	-	-	(296)	3,409
Net deferred tax (liability)/asset	(33,167)	14,687	17,627	(296)	(1,152)

26 Deferred tax assets and liabilities (continued)

	At 1 July 2021 $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 2022 $AUD 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/(deficit)	(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)

A deferred tax asset in respect of deductible temporary differences of $AUD 27,855,000 (2022: $AUD 22,890,000) 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 2023. 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 2023 is $AUD 203,454,000 (2022 - $AUD 198,209,000).

The deferred tax asset on unused tax losses for Accolade Wines New Zealand has been reassessed for probability of future taxable profits as at 30 June 2023. 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 2023 is $AUD 211,000 (2022 - $AUD Nil).

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 2023. 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 2023 is $AUD 10,787,000 (2022 - $AUD 9,055,000).

27 Other payables

Group

	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Other payables	2,042	2,563
	2,042	2,563

Company

	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Other payables due to related parties	6,100	4,212
	6,100	4,212

28 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.

28 Share capital (continued)

Allotted, called up and fully paid shares

	As at 30 June 2023 No.	As at 30 June 2023 $AUD	As at 30 June 2022 No.	As at 30 June 2022 $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 15)	9,275,000	8,996,750	7,600,000	7,372,000
D ordinary shares of $AUD 1 each (Note 15)	12,348,371	12,348,371	12,348,371	12,348,371
	560,561,340	560,283,090	558,886,340	558,658,340

29 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.

Capital redemption reserve

The capital redemption reserve represents shares bought back by the company as part of the management equity plan (Note 15).

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.

Treasury shares are shares in the Company that are held by the Amphora Employee Benefit Trust (EBT) for the purpose of acquiring from leavers, holding and selling to new joiners, shares under the MEP scheme (see note 15 for further information). These shares are held in the treasury share reserve.

29 Reserves (continued)

	As at 30 June 2023 No.	As at 30 June 2023 $AUD
At 1 July	-	-
Acquisition of shares by the EBT	1,120,729	1,120,729
At 30 June	1,120,729	1,120,729

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 15).

30 Commitments

Group

Capital commitments
The total amount contracted for but not provided in the financial statements was $AUD 1,480,000 (2022 - $AUD 3,648,000).

31 Contingent liabilities

Group
The Group had no contingent liabilities at 30 June 2023.

32 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 2023

	Date of valuation	Level 2 $AUD 000	Total $AUD 000
Derivative financial assets- forward foreign exchange contracts and options	30 June 2023	2,547	2,547
Derivative financial liabilities - forward foreign exchange contracts and options	30 June 2023	(9,870)	(9,870)
Derivative financial assets - interest rate swaps	30 June 2023	22,241	22,241
		14,918	14,918

Assets/(liabilities) measured at fair value 2022

	Date of valuation	Level 2 $AUD 000	Total $AUD 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)
		12,174	12,174

33 Classification of financial assets and liabilities

Group

The classification of financial assets and financial liabilities by accounting categorisation for 30 June 2023 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	-	22,303	-
Trade and other receivables (excluding prepayments)	5,572	-	-
	5,572	22,303	-
Current assets			
Trade and other receivables (excluding prepayments)	149,722	-	-
Cash and cash equivalents	69,135	-	-
Derivative financial assets	-	2,485	-
	218,857	2,485	-
Total assets	224,429	24,788	-
Liabilities			
Non-current liabilities			
Loans and borrowings	-	-	(568,964)
Derivative financial liabilities	-	(4,569)	-
Other payables	-	-	(2,042)
Lease liabilities	-	-	(44,933)
	-	(4,569)	(615,939)
Current liabilities			
Trade and other payables (excluding social security and other taxes)	-	-	(335,109)
Loans and borrowings	-	-	(136,377)
Derivative financial liabilities	-	(5,301)	-
Lease liabilities	-	-	(14,212)
	-	(5,301)	(485,698)
Total liabilities	-	(9,870)	(1,101,637)

33 Classification of financial assets and liabilities (continued)

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 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	-
	158,110	12,636	-
Total assets	158,110	18,881	-
Liabilities			
Non-current liabilities			
Loans and borrowings	-	-	(526,103)
Derivative financial liabilities	-	(4,059)	-
Other payables	-	-	(2,563)
Lease liabilities	-	-	(96,892)
	-	(4,059)	(625,558)
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)
	-	(2,648)	(452,369)
Total liabilities	-	(6,707)	(1,077,927)

34 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 2023 was $AUD 9,094,000 (2022 - $AUD 8,810,000). The amounts written off during the period was $AUD 653,000 (2022 - $AUD 5,185,000).

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.

As at 30 June 2023, 89.43% (2022 - 64.11%) of the trade and other receivables balance was insured by QBE. 95.96% (2022 - 95.32%) of the trade and other receivables balance was sold to Rabobank under the Trade Receivables Facility.

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 2023 $AUD 000	As at 30 June 2022 $AUD 000
Cash and cash equivalents	69,135	13,964
Trade and other receivables (excluding prepayments)	155,294	144,146
	224,429	158,110

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

34 Financial risk review (continued)

	As at 30 June 2023 $AUD 000	As at 30 June 2022 $AUD 000
Not past due	132,413	121,326
Past due 1-30 days	9,652	10,788
Past due 31-120 days	4,935	4,275
Past due 120 days+	8,294	7,757
	155,294	144,146

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 2023 is $AUD 135,090,000 (2022 : $AUD 128,500,000).

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:

2023 Non-derivative liabilities	Carrying amount $AUD 000	1 year or less $AUD 000	Between 1 and 5 years $AUD 000	Over 5 years $AUD 000	Total contracted cash flow $AUD 000
Trade and other payables	(337,151)	(335,109)	-	(2,042)	(337,151)
Interest-bearing borrowings	(705,341)	(138,176)	(676,386)	-	(814,562)
Lease liabilities	(59,144)	(13,246)	(40,577)	(18,526)	(72,349)
	(1,101,636)	(486,531)	(716,963)	(20,568)	(1,224,062)

34 Financial risk review (continued)

2023 **Derivative liabilities**	**Carrying amount** **$AUD 000**	**1 year or less** **$AUD 000**	**1-2 years** **$AUD 000**	**Total contracted cash flow** **$AUD 000**
Forward foreign exchange contracts and options - cash flow hedges	(9,870)	(5,301)	(4,569)	(9,870)

2022 **Non-derivative liabilities**	**Carrying amount** **$AUD 000**	**1 year or less** **$AUD 000**	**1-5 years** **$AUD 000**	**Over 5 years** **$AUD 000**	**Total contracted cash flow** **$AUD 000**
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	(119,091)	(22,601)	(61,350)	(68,674)	(152,626)
	(1,097,829)	(473,407)	(780,015)	(69,294)	(1,322,717)

2022 **Derivative liabilities**	**Carrying amount** **$AUD 000**	**1 year or less** **$AUD 000**	**1-2 years** **$AUD 000**	**Total contracted cash flow** **$AUD 000**
Forward foreign exchange contracts - cash flow hedges	(3,615)	(2,648)	(967)	(3,615)
Interest rate swaps - cash flow hedges	(3,092)	-	(3,092)	(3,092)
	(6,707)	(2,648)	(4,059)	(6,707)

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.

34 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 bases on historical transactions, financial market volatility and expected future currency rate movements.

34 Financial risk review (continued)

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

2023

	Total $AUD 000	GBP $AUD 000	USD $AUD 000	AUD $AUD 000	EUR $AUD 000	ZAR $AUD 000	CLP $AUD 000	Other $AUD 000
Cash and cash equivalents	69,135	33,871	2,571	22,862	2,980	485	696	5,670
Trade and other receivables	155,294	90,371	2,024	57,575	2,152	568	344	2,260
Trade and other payables	(337,151)	(133,740)	(19,066)	(133,092)	(19,709)	(1,920)	(259)	(29,365)
	(112,722)	(9,498)	(14,471)	(52,655)	(14,577)	(867)	781	(21,435)

2022

	Total $AUD 000	GBP $AUD 000	USD $AUD 000	AUD $AUD 000	EUR $AUD 000	ZAR $AUD 000	CLP $AUD 000	Other $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)
	(181,002)	(28,751)	(22,044)	(134,943)	5,514	(1,120)	1,472	(1,130)

	Reporting date spot rate 30 June 2023	Average rate 30 June 2023
1 GBP	1.9067	1.7884
1 USD	1.4956	1.4856
1 EURO	1.6394	1.5563
1 ZAR	0.0809	0.0838
1 CLP	0.0019	0.0017

34 Financial risk review (continued)

Sensitivity analysis

A 1% movement of the Australian Dollar against the following currencies at 30 June 2023 would have increased/(decreased) the Group's equity and loss by the amounts shown below:

2023	+1% Loss $AUD 000	+1% Equity $AUD 000	-1% Loss $AUD 000	-1% Equity $AUD 000
GBP	(95)	(95)	95	353
USD	(173)	93	173	(93)
EUR	(146)	(146)	146	142
ZAR	(9)	34	9	(33)
CLP	8	8	(8)	(8)

2022	+10% Loss $AUD 000	+10% Equity $AUD 000	-10% Loss $AUD 000	-10% Equity $AUD 000
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)

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 2023, 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 $AUD 5,475,000 (2022 - $AUD 5,382,000) 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.

34 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.

35 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 4,236,000 (2022: $AUD 4,391,000).

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 21.

Key management compensation

	Year ended 30 June 2023 $AUD 000	Year ended 30 June 2022 $AUD 000
Salaries and other short term employee benefits	4,327	3,950
Post-employment benefits	180	199
Other long-term benefits	38	36
Share-based payments	2,320	877
	6,865	5,062

Included in Other Payables for the Company is $AUD nil (2022: $AUD 424,000) relating to amounts received for management co-investment in the Management Equity Plan.

At 30 June 2023, loans provided to key management personnel under the management equity plan is $AUD 7,418,000 (2022: $AUD 6,165,000)

36 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.

37 Post balance sheet events

Business divestments

Post year end, Accolade Wines Limited signed an agreement to sell the Stones Brand, this agreement was signed on 17th August 2023, which was settled on 20th October 2023.

An agreement for the sale of the Arras brand along with the Tasmanian winery and vineyard was entered into by Accolade Wines Australia Limited on 27th August 2023 which was settled on 25th October 2023.

Agreement with Senior Lenders

After 30 June 2023, the Group entered into good faith discussions with the largest senior lenders (the "Senior Lenders") with a view to agreeing terms for a restructuring of the debt made available under the Senior Facilities Agreement (the "Senior Debt") and a recapitalisation of the Group. As part of this process, the Senior Lenders have also granted certain interest deferrals in respect of the Senior Debt and extended the time period for delivery of annual and quarterly financial statements and accompanying compliance certificates.

These discussions have been successful and the relevant members of the Group and Senior Lenders holding in aggregate over 93% of the principal amount of the Senior Debt have entered into a binding "lock-up agreement" *on 31 January 2024 (the "Lock-up Agreement"). Further details are disclosed in note 2.*

Insurance claim

Amphora Australia Holdings Pty Ltd and Amphora Finance Limited filed proceedings in the Supreme Court of NSW against the W&I insurer for the 2018 acquisition of Accolade Wines. Amphora claimed certain breaches of warranties given in the Share Purchase Agreement for surplus inventory. The parties settled the dispute on confidential terms prior to trial in October 2023.

Legal dispute

CCW and Accolade Wines were in dispute in regards to pricing for Vintage 2023 Shiraz and Cabernet Sauvignon Grapes. The parties settled the dispute on confidential terms in November 2023.

38 Investments

Summary of the Company investments
Subsidiaries

	$AUD 000
Cost	
At 1 July 2022	536,665
Additions	4,019
At 30 June 2023	540,684
Provision for impairment	
At July 2022	-
Impairment Charge	(383,759)
At 30 June 2023	(383,759)

38 Investments (continued)

Net book value

At 30 June 2023	156,925
At 30 June 2022	536,665

Investment in subsidiaries increased by $AUD 4,019,000 (2022: $AUD 4,802,000) as a result of share based payment expenses relating to the group's management equity plan.

The investment in subsidiary impairment charge in the current year was as a result of the adverse market conditions and increased external debt. See notes 17 and 13 for further details.

38 Investments (continued)

Group subsidiaries

Details of the group subsidiaries as at 30 June 2023 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2023	2022
Amphora Intermediate I Limited	Holding company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Amphora Intermediate II Limited	Holding company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Amphora Finance Limited	Financing company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Amphora Australia Holdings Limited	Holding company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Amphora Australia Pty Ltd	Holding company	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Amphora Australia Holdings Pty Ltd	Financing company	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Accolade Wines Holdings Europe Limited	Holding company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Wines Europe No. 2 Limited	Holding company	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Wines UK Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%

38 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2023	2022
Hertford Cellars Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Western Wines Holdings Limited	Licensing of trademarks	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
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 Brands Europe Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Wines Europe Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Wines Limited	Manufacture and distributor of wine	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%

38 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2023	2022
Accolade Wines South Africa (Pty) Limited	Manufacture and distributor of wine	Flagstone Winery, Paardevlei, WR Quinan Boulevard, Somerset West, Cape Town, Western Cape, South Africa	100%	100%
Accolade Wines Weybridge Limited (previously Babycham Limited)	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Wines Chile SpA	Manufacture and distributor of wine	Avenida Bello Horizonte 845, Of 302, Piso 3 Torre B, Rancagua	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 Japan KK	Distributor of wine	2-10-2 Shirokanedai, Minato-ku, Tokyo 108-0071, Japan	100%	100%
Accolade Wines Holdings China Ltd	Holding company	Unit 1901, 19th floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay	100%	100%
Shanghai CWC Wine Trading Co. Ltd	Manufacture and distributor of wine	Room 4009, the 40th Floor, Building No 8 Yincheng Middle Road, Pudong, Shanghai	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%

38 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2023	2022
Brookland Valley Estate Pty Ltd	Manufacture and distributor of wine	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Accolade Wines New Zealand Ltd	Manufacture and distributor of wine	22 Liverpool Street, Riverlands, Rd4, Blenheim, 7274 , New Zealand	100%	100%
Berren Asset Management Limited	Dormant	Level 10, 10 Franklin Street, Adelaide, SA 5000	26%	26%
Accolade Wines FWP Holdings Pty Ltd	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 FWP Pty Limited	Manufacture and distributor of wine	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Fine Wine Partners Australia Pty Limited	Manufacture and 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 and 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%

38 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2023	2022
Vignerons Du Monde Pty Ltd	Dormant	Level 10, 10 Franklin Street, Adelaide, SA 5000	100%	100%
Accolade Wines US Holdings Trust	Holding trust	Level 18, 123 Pitt Street, Sydney, NSW 2000	100%	100%
Accolade Wines US Holdings Pty Ltd	Holding company	Level 10, 10 Franklin Strett, Adelaide, SA 5000	100%	100%
Accolade Wines North America Inc	Manufacture and distributor of wine	1300 First Street , Suite 368, Napa Valley, CA 94559	100%	100%
Lambrini Limited	Dormant	Thomas Hardy House, 2 Heath Road, Weybridge, Surrey, England KT13 8TB	100%	100%
Accolade Wines Europe Trading Limited	Manufacture and distributor of wine	2nd Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, Ireland	100%	100%
Amphora Employee Benefit Trust*	Employee Share Scheme	44 Esplanade, St Helier, Jersey JE4 9WG UK	100%	0%

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.

* The Group/Company sponsors and controls an EBT (Amphora Employee Benefit Trust) and treats it as an extension of the Group/Company. Further information on this arrangement is disclosed in Note 2.