



FOLEY
WINES

made by land & hand

ANNUAL REPORT | 2022



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*made by
land &
hand*

Foley Wines is a collection of iconic wineries and brands from New Zealand's most acclaimed wine regions

Each with a unique story of New Zealand to tell, our wineries and distillery are linked by a common unrelenting purpose; to make great wine that people love to drink around the world – made by land & hand.

Our Wineries & Distillery



Martinborough Vineyard
Martinborough



Te Kairanga
Martinborough



Lighthouse Gin
Martinborough



Grove Mill
Wairau Valley, Marlborough



Vavasour
Awatere Valley, Marlborough



Mt Difficulty
Central Otago

Performance Overview

BOTTLED SALES REVENUE	\$54,747,000 (up 2.8%)
CASE SALES	525,000 (down 7%)
OPERATING EARNINGS	\$7,784,000 (down 3.1%)
NET PROFIT AFTER TAX	\$6,196,000 (up 60.3%)
DECLARED DIVIDEND	4 cents per share fully imputed declared

The 2022 year was always going to be impacted by the small 2021 harvest, resulting in a lower volume to sell with a much higher cost of goods. However, the Company firmly believed that the execution of its premiumisation strategy would help mitigate the consequence of this economic impact, and it did.

When the Directors consider the one-off impacts of vineyard replants and the costs associated with the Zebra Bendigo land purchase, operating profit would have been a record for the Group.





Mark Turnbull, CEO and Director

CEO & DIRECTORS' REPORT

Well placed to build on the platform set.

*“The Company’s
premiumisation strategy
continues to be the critical
success factor in very
uncertain times.”*

On behalf of the Directors of Foley Wines Limited (FWL) we are pleased to present the 2022 operating results and annual report for the 12 months ended 30 June 2022.

OPERATING PERFORMANCE

The Company reports an operating profit before revaluations and income tax (“operating earnings”) of \$7,784,000 compared with \$8,036,000 for the previous financial year.

As outlined every year, we are of the firm belief that operating earnings is the key metric to demonstrate the progress the Company is making due to the complexity around the accounting standards and fair value adjustments, particularly with harvested grapes. The reasons are twofold. Firstly, this is how the Company budgets, determines pricing and manages performance. Secondly, the fair value of grapes is a timing issue. A gain in the year of harvest is reversed in the year of sale and, on the flip side, a loss in the year of harvest is reversed in the year of sale.

Profit for the period net of tax attributable for the shareholders was \$6,196,000, up 60.3% compared with \$3,866,000 the previous year. A significant influence is the unrealised fair value gain on harvested grapes of \$2,400,000 compared with last year’s loss of \$1,709,000 (as noted above this will be reversed when sold).

The size of the 2021 vintage meant we needed to be very strategic in terms of the allocation of wines to different markets. Marlborough sauvignon blanc was the wine most impacted by the small harvest, so the decision was made to protect markets and importers that focused on our most premium products and protect the long-term interests.

Vineyard acquisition and replanting losses relate to one off costs associated with the acquisition of the Zebra Bendigo Vineyard and the accounting losses required to be recorded for vineyard blocks that were removed during the year. These blocks were removed to initiate replanting to make these vineyards more productive and producing varieties aligned with the long-term strategic objectives of the Company. Losses of \$1,154,000 were recorded in writing off the vines and infrastructure associated with these blocks at their revalued amount in the prior year.

COVID RISK WELL MANAGED

The Company still experienced considerable disruption from Covid-19. New Zealand hospitality was severely affected over the past 12 months which impacted both our domestic sales and also the Mt Difficulty cellar door and restaurant.

Issues with shipping logistics were still a major problem, with major delays and significant price pressure.

Harvest was severely affected due to labour shortages and the risk of disruption due to both illness and the need to self-isolate. Our team did an outstanding job of managing this risk with minimal disruption while achieving a record harvest.

Bottled Case Sales

BOTTLED CASE SALES (000'S) 12 MONTHS TO JUNE

	JUNE '22	JUNE '21	% CHANGE	JUNE '20	% CHANGE
 New Zealand	148	170	-13%	157	-6%
 Australia	100	135	-26%	132	-24%
 USA/Canada	100	127	-21%	121	-17%
 UK/Europe	139	99	+40%	92	+51%
 Rest of World	38	34	+12%	31	+23%
TOTAL	525	565	-7%	533	-2%



CASHFLOW

Operating cash flow was \$7,568,000 for the year, up from \$7,184,000 the previous year. This year's cashflow was significantly influenced by a number of factors:

- Higher bottled wine sales revenue for the year due to the continued implementation of the premiumisation strategy.
- Higher Grower payments and year end inventory levels due to a larger 2022 harvest vs the lower 2021 harvest.

Capital expenditure excluding the Zebra Bendigo Vineyard purchase was \$6,188,000 for the year, compared with \$5,626,000 the previous year. The major item of expenditure is the development at Te Kairanga in Martinborough. During this period work commenced on stage 2, comprising of the tasting room, restaurant and distillery, amounting to \$2.6m. The balance of the capital expenditure was operating capital expenditure of \$3.6m.

The Zebra Bendigo Vineyard purchase was 55 hectares taking the Company to a total of 644 hectares that is either owned or leased.

The Company is continuing to invest in vineyard productivity this year with further replants in underperforming vineyards. Furthermore, the Grove Mill winery will be expanded by a further 1,000 tonnes of processing capacity in time for the 2023 vintage.

During the year the Zebra Bendigo Vineyard purchase was financed by a new term loan for \$6.5m and throughout the year \$1m was repaid in terms of term borrowings as well as the refinancing of one of the BNZ term loans.

The total dividend paid for the year was \$2,629,000.

MARTINBOROUGH DEVELOPMENT

The new development in Martinborough at the Te Kairanga winery is a major investment which will have a major influence on the profitability of the business.

Despite delays related to supply shortages, the subterranean barrel facility is complete and in use since the 2022 vintage. Upstairs is 1,100sqm comprising of a purpose-built gin distillery, warehouse, tasting room, 100 person restaurant and a private dining room. Construction of the upper level is well progressed and on track for a summer opening. The building will be completed to a high level of finish, materials specified are durable, low maintenance and will last the lifetime of the building. A warm roof is being installed for its thermal, acoustic and structural performance along with solar panels.

We expect the cellar door and restaurant to be an important contributor both in terms of profit and also the effect a strong “spiritual home” will have on brand awareness locally and globally.

MT DIFFICULTY DEVELOPMENT

In addition, resource consent has been received for a major expansion of the hospitality operations at Mt Difficulty. Construction is expected to commence within 12 months. Once complete, guests will be able to enjoy a dedicated tasting room, which will allow for casual dining, while the restaurant will offer an even more premium experience. The architectural design captures the breathtaking views across the Cromwell Basin. It will be an even more memorable location to enjoy our Mt Difficulty wines.





DIRECT-TO-CONSUMER MARKETING

Direct-to-consumer marketing continues to be a key priority. Our online cellar door, The Foley Wine Club, is a powerful platform that generates significant trial and loyalty across the brands. Growing membership and sales make this an increasingly powerful way to showcase the portfolio and sell directly to consumers, including rare and library wines which have limited availability in the market.

Both winery hospitality sites will work in synergy with The Foley Wine Club, creating opportunities to engage with potential new members and enabling us to further accelerate the growth of this valuable direct channel.

The Shareholder Store continues to be a popular online destination. Available exclusively to Shareholders, this online store makes available our portfolio of brands at special Shareholder prices, as well as access to Shareholder-only offers.

THE NOURISH GROUP JOINS THE FOLEY FAMILY

Foley Holdings New Zealand Limited's recent acquisition of The Nourish Group presents the opportunity to collaborate more closely to create inspiring and memorable food and wine experiences. The Nourish Group is a benchmark New Zealand hospitality business with iconic venues in Auckland, Wellington and Queenstown.

Additionally, this closer relationship allows us to draw upon the expertise and capabilities of a team of experienced hospitality operators to support the success of Foley Wines' own hospitality investments.

CUSTOMERS SEEKING OUT THE VALUE OF FOLEY WINES' UNIQUE PROPOSITION

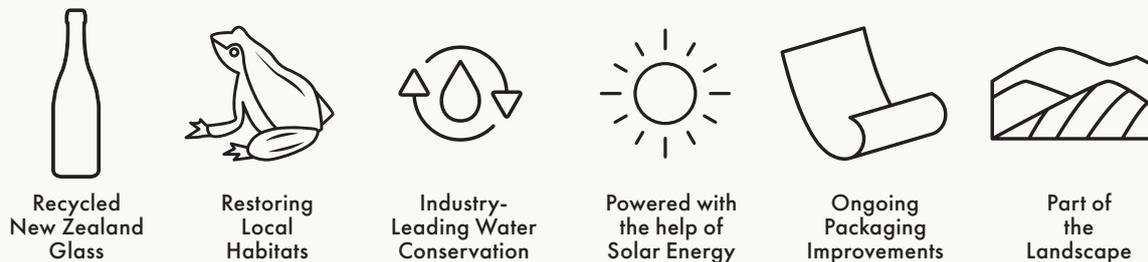
For a number of years the Company has described its unique ability to deliver value through its portfolio of high quality brands from three acclaimed regions. The past 18 months has continued to prove the value of this 'one stop' solution for customers, with an increasing number of customers seeking out the business to supply multiple products across price points and regions, resulting in long term, mutually beneficial relationships in key markets.

2022 HARVEST

The harvest totalled 9,203 tonnes across the Marlborough, Martinborough and Mt Difficulty wineries, an overall increase of 65% on last year's low harvest of 5,582 tonnes. The harvest increase was predominantly driven by a return to more normal yield levels after adverse weather conditions through flowering affected the prior vintage yields, a problem for the industry that had extensive media coverage and was a reminder that at the heart of our business is farming with agricultural risks.

This increase in tonnage is reflected in the unrealised fair value gain of \$2,400,000 vs a loss of \$1,709,000 in the prior year.

SUSTAINABILITY



It is the view of the Company that acting sustainably is a matter of urgency, not a 'nice to have'. Environmental issues have become even more important in consumers' decision making. The practical, tangible sustainability practices that underpin our operations go beyond the Sustainable Winegrowing New Zealand accreditation held by each of our wineries and vineyards. Our practices carry through from vineyards to packaging.



DIVIDEND

The Directors are pleased to advise that after considering the underlying operational performance and cashflows, and the work done on securing new distribution channels, the fully imputed dividend will be maintained at 4 cents per share. FWL has a strong balance sheet and is focused on increasing the dividend yield to Shareholders as the Company grows. The policy of the Board is to evaluate present and projected cash flows, sustainable operating earnings and, if prudent, to declare a dividend subject to current and future capital and acquisition expenditure requirements.

OUTLOOK

The Directors firmly believe that the Company's premiumisation strategy continues to be the critical success factor in very uncertain times. There are clearly headwinds in the global economy with high inflation in many global markets and extremely high fuel prices that flow through every component of our supply chain.

Notwithstanding these headwinds, the Company believes it is well placed to continue to build on the platform set. We have good inventory levels and some exceptional global relationships for all our portfolio. At the same time we continue to seek out new opportunities both in New Zealand and around the world.

Finally, the Directors wish to thank the team for the outstanding job done over the past year in another year of challenges.

For and on behalf of the Board of Directors



Mark Turnbull
CEO and Director

Directors' Responsibility Statement

For the year ended 30 June 2022

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which fairly present the financial position of Foley Wines Limited and Group as at 30 June 2022 and the results of their operations and cash flows for the year ended 30 June 2022.

The Directors consider that the financial statements of the Company and the Group have been prepared using accounting policies appropriate to the Company and Group circumstances, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable New Zealand Equivalents to International Financial Reporting Standards have been followed.

The Directors have responsibility for ensuring that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Financial Markets Conduct Act 2013 and Financial Reporting Act 2013.

The Directors have responsibility for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

The Directors are pleased to present the financial statements of Foley Wines Limited and Group for the year ended 30 June 2022.

This annual report is dated 25 August 2022 and is signed in accordance with a resolution of the Directors made that day pursuant to section 211(1)(k) of the Companies Act 1993.

For and on behalf of the Directors



WP Foley II
Chairman



AM Turnbull
CEO and Director

Financial Statements



Income Statement

For the year ended 30 June 2022

	Notes	Group 2022 \$'000	Group 2021 \$'000
Total Revenue	3	57,692	57,989
Expenses			
Cost of sales		(38,199)	(38,359)
Selling, marketing and promotion expenses		(4,658)	(6,007)
Administration and corporate governance expenses		(4,004)	(3,939)
Vineyard acquisition and replacement losses		(1,302)	-
Other expenses	4	(19)	(141)
Expenses excluding interest		(48,182)	(48,446)
Operating Profit before interest, impairment, revaluations & income tax		9,510	9,543
Interest revenue		20	-
Interest expense	5	(1,741)	(1,508)
Net finance costs		(1,721)	(1,508)
Operating Profit before impairment, revaluations & income tax		7,789	8,035
Impairment (Impairment)/Reversal of Impairment of inventory	2.2 (c)	(5)	1
Operating Profit before revaluations & income tax		7,784	8,036
Revaluation gains and losses			
Unrealised (loss) in fair value of financial asset/liabilities	24(k)	(910)	(32)
Unrealised gain/(loss) on harvested grapes	21	2,400	(1,709)
Realised reversal of (gain)/loss on harvested grapes		505	(1,001)
Revaluation of property, plant & equipment	2.3.9	(8)	(114)
Profit before income tax		9,771	5,180
Income tax expense	6.1	(3,575)	(1,314)
Profit for the year net of tax, attributable to Shareholders of the Parent Company		6,196	3,866
Basic Earnings per share cps (after tax)	7	9.43	5.88
Diluted Earnings per share cps (after tax)	7	9.11	5.88

These financial statements should be read in conjunction with the Notes to the Financial Statements on pages 23 to 63.

Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	Group 2022 \$'000	Group 2021 \$'000
Profit for the year	3	6,196	3,866
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	2.3.9, 10	8,713	5,047
Income tax on items taken directly to or transferred from equity	6.2	(845)	(90)
Other comprehensive income for the year, net of tax		7,868	4,957
Total comprehensive income for the year, net of tax		14,064	8,823

Statement of Changes in Equity

For the year ended 30 June 2022

Group	Notes	Fully Paid Ordinary Shares \$'000	Asset Revaluation Reserve \$'000	Retained Earning \$'000	Total \$'000
Equity at 1 July 2021		86,518	22,537	23,305	132,360
Profit for the year		-	-	6,196	6,196
Other comprehensive income for the year	10	-	7,868	-	7,868
Transfer from Asset Revaluation Reserve to Retained Earnings		-	(517)	517	-
Total comprehensive income for the year		-	7,351	6,713	14,064
Distributions to owners	8	-	-	(2,629)	(2,629)
Transactions with owners during the year		-	-	(2,629)	(2,629)
Added to equity during the year		-	7,351	4,084	11,435
Equity at 30 June 2022		86,518	29,888	27,389	143,795
Dividends paid per share cps	8				4.0

Group	Notes	Fully Paid Ordinary Shares \$'000	Asset Revaluation Reserve \$'000	Retained Earning \$'000	Total \$'000
Equity at 1 July 2020		86,518	18,528	20,463	125,509
Profit for the year		-	-	3,866	3,866
Other comprehensive income for the year	10	-	4,957	-	4,957
Transfer from Asset Revaluation Reserve to Retained Earnings		-	(948)	948	-
Total comprehensive income for the year		-	4,009	4,814	8,823
Distributions to owners	8	-	-	(1,972)	(1,972)
Transactions with owners during the year		-	-	(1,972)	(1,972)
Added to equity during the year		-	4,009	2,842	6,851
Equity at 30 June 2021		86,518	22,537	23,305	132,360
Dividends paid per share cps	8				3.0

These financial statements should be read in conjunction with the Notes to the Financial Statements on pages 23 to 63.

Statement of Financial Position

As at 30 June 2022

	Notes	Group 2022 \$'000	Group 2021 \$'000
CURRENT ASSETS			
Cash and cash equivalents		354	2,558
Trade and other receivables	17	9,834	9,998
Other financial assets	16	-	64
Inventories	18	49,624	43,301
Biological work in progress	19 & 21	1,948	1,404
Prepaid expenses		815	677
Other current assets		46	288
		62,622	58,290
NON-CURRENT ASSETS			
Property, plant and equipment	20	122,138	106,966
Right-of-use assets	14.1	12,307	10,635
Intangible assets	22	35,125	35,122
Other financial assets	16	-	6
Other receivables	17	1,028	710
		170,598	153,439
TOTAL ASSETS		233,220	211,729

Statement of Financial Position (continued)

As at 30 June 2022

	Notes	Group 2022 \$'000	Group 2021 \$'000
CURRENT LIABILITIES			
Trade and other payables	12	4,356	4,472
Bank overdraft	13	666	-
Loans and borrowings	13	2,257	1,047
Lease liabilities	14.2	932	820
Convertible notes	15	10,900	10,900
Other financial liabilities	16	608	-
Current tax liabilities	6.3	966	916
		20,685	18,155
NON-CURRENT LIABILITIES			
Loans and borrowings	13	39,776	35,583
Lease liabilities	14.2	12,952	11,289
Other financial liabilities	16	232	-
Deferred tax liabilities	6.4	15,780	14,342
		68,740	61,214
TOTAL LIABILITIES		89,425	79,369
EQUITY			
Share capital	9	86,518	86,518
Reserves	10	29,888	22,537
Retained earnings	11	27,389	23,305
TOTAL EQUITY		143,795	132,360
TOTAL LIABILITIES AND EQUITY		233,220	211,729

These financial statements should be read in conjunction with the Notes to the Financial Statements on pages 23 to 63.

Statement of Cash Flows

For the year ended 30 June 2022

	Notes	Group 2022 \$'000	Group 2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from (applied to)			
Receipts from customers		61,576	59,635
Interest received		1	-
Payments to suppliers and employees		(49,338)	(47,913)
Interest and other costs of finance paid		(1,740)	(1,508)
Income tax paid		(2,931)	(3,030)
Net cash flow from operating activities	23	7,568	7,184
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was obtained from (applied to)			
Sale of property, plant and equipment		134	195
Purchase of property, plant and equipment excluding Zebra Vineyard Purchase		(6,188)	(5,626)
Purchase of property, plant and equipment – Zebra Vineyard		(6,302)	-
Purchase of intangible assets		(3)	-
Grower and other loans repaid		100	-
Net cash flow (applied to) investing activities		(12,259)	(5,431)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was provided from (applied to)			
Dividends paid	8	(2,629)	(1,972)
Loans advanced	23 (b)	32,000	16,000
Loans repaid	23 (b)	(26,597)	(18,223)
Lease liabilities repaid	23 (c)	(953)	(921)
Net cash flow from/(applied to) financing activities		1,821	(5,116)
Net (decrease) in cash held		(2,870)	(3,363)
Cash and cash equivalents at beginning of year		2,558	5,921
Cash and cash equivalents/(Bank overdraft) at end of year		(312)	2,558
Comprising: Cash and cash equivalents		354	2,558
Bank overdraft	13	(666)	-
		(312)	2,558

Notes to the Financial Statements



Notes to the Financial Statements

For the year ended 30 June 2022

1. REPORTING ENTITY

Foley Wines Limited ("the Company", "the Parent") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the NZX Main Board (NZSX) of the New Zealand Stock Exchange ("NZX"). The Company is an FMC reporting entity in terms of the Financial Markets Conduct Act 2013.

The Company is an integrated wine company producing table wines with the marketing and sales of premium wines in New Zealand and various export markets.

The Company is 52.80% (2021: 52.80%) owned by Foley Holdings New Zealand Limited, which in turn is owned 80.47% by Foley Family Wines Holdings, Inc., a company domiciled in the United States of America.

2. SUMMARY OF ACCOUNTING POLICIES

The financial statements of Foley Wines Limited ("the Company", "the Parent") and its subsidiaries and controlled entities (together referred to as "the Group") have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). The Company is a profit-oriented company incorporated in New Zealand with its registered office at 13 Waihopai Valley Road, RD6, Blenheim 7276, New Zealand.

2.1 STATEMENT OF COMPLIANCE

The Company is a reporting entity for the purpose of the Financial Markets Conduct Act 2013 and its financial statements comply with that Act.

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards as appropriate for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRSs").

The financial statements were authorised for issue by the Directors on 25 August 2022.

2.2 BASIS FOR PREPARATION

The financial statements have been prepared on the historical cost basis except for land and buildings, land improvements including biological bearer plants (refer note 2.2(a)) and derivative financial instruments each of which have been measured at fair value. The reporting currency is New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

Judgements, Estimates and Assumptions and Accounting Policies

In the application of NZ IFRS the Directors are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS FOR PREPARATION (CONTINUED)

Judgements, Estimates and Assumptions and Accounting Policies (Continued)

The significant areas of estimation and assumptions made in the preparation of these financial statements are as follows:

(a) Fair Value of Land, Land Improvements and Buildings

The fair value of land, land improvements (vineyards) and buildings is determined by an independent valuer. The fair value of land, vineyards, including bearer plants (grape vines) and other vineyard infrastructure, and buildings were determined under the principle of highest and best use at balance date. Fair value is the amount for which the assets could have been exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair value is determined by direct reference to recent market transactions on arm's length terms for vineyards comparable in size, location and varietal mix to those held by the Group. To determine the fair value the independent valuer uses valuation techniques which are inherently subjective and involve estimation. The Directors consider that market data exists to support this basis of valuation. Refer to note 20.

(b) Fair Value of Grapes at the Point of Harvest

The fair value of grapes at the point of harvest is determined by reference to market prices for each variety of grape grown in the local area at the time of harvest. The Directors' assessment of the fair value at the point of harvest is determined after reviewing the market price paid to independent grape growers including reference to New Zealand Winegrowers annual Grape Price Data. Refer to note 21. The fair value of grapes is sensitive to changes in the market. These changes are factored into the market price determined by New Zealand Winegrowers. The carrying value of grapes is unlikely to be significantly impacted by market movements in next 12 months as these grapes will be used in production of wine.

(c) Impairment of Assets other than Goodwill and Indefinite Life Intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined.

In relation to inventories the recoverable amount, or net realisable value, represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to be incurred in the marketing, selling and distribution. Following this review of net realisable value and a comparison of this to the cost of inventories an impairment of inventory of \$5,000 for the Group has been recorded in the current year (2021: reversal of impairment \$1,000). Refer to note 18.

(d) Impairment of Goodwill and Indefinite Life Intangibles

The Group determines at least annually whether goodwill and indefinite life intangible assets are impaired. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangible assets were allocated.

The calculation of the recoverable amount of the cash generating unit involves assumptions to be made in terms of the timing and extent of net cash flows expected to arise from the cash generating unit and the selection of an appropriate discount rate in order to determine the present value. The Group has determined that in the current year there is only one cash generating unit for the whole business and the value of the goodwill and intangible assets was supported by value-in-use calculations. These calculations required the use of estimates. These estimates are set out in note 22.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.2 BASIS FOR PREPARATION (CONTINUED)

Judgements, Estimates and Assumptions and Accounting Policies (Continued)

The significant areas of critical judgements made in the preparation of these financial statements are as follows:

(a) Lease Accounting

The Group has entered into long-term vineyard leases which allow the Group to control the growing and harvesting of the grapes used in the production of finished product.

Significant estimates and judgements that have been required for the application of NZ IFRS 16 Leases are:

- The determination of whether an arrangement contains a lease;
- The determination of lease term for some lease contracts in which the Group is a lessee that include renewal options and termination options, and the determination whether the Group is reasonably certain to exercise such option;
- The determination of the incremental borrowing rate used to measure lease liabilities;
- The determination of the expected cost to dismantle and remove lease improvements at end of the lease.

Refer to note 14.

The Directors continually review all accounting policies and areas of judgement in presenting the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. A summary of significant accounting policies is disclosed in section 2.3.

2.3 SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

2.3.1 REVENUE RECOGNITION

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the vendor expects to be entitled in exchange for those goods or services.

The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Control is considered transferred to the buyer at the time of delivery of the goods to the customer or at the free on board (FOB) port/delivery point or as otherwise contractually determined. Delivery occurs when the goods have been shipped to the customer's specific location. For sales of goods to retail customers, transfer is at the point the customer purchases the goods at the retail outlet. Payment of the transaction price, which may be reduced by the customer opting to redeem accrued Foley Reward Points towards the purchase, is due immediately at the point the customer purchases the goods.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.1 REVENUE RECOGNITION (CONTINUED)

(b) Interest revenue

Revenue is recognised as the interest accrues (using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

2.3.2 BORROWING COSTS

Borrowing costs are recognised as an expense when incurred except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset will be capitalised as part of the cost of that asset.

2.3.3 IMPAIRMENT OF ASSETS OTHER THAN GOODWILL AND INDEFINITE LIFE INTANGIBLES

At each reporting date, the Group reviews the carrying value of its tangible and intangible assets and assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists or when annual impairment testing for an asset is required, the Group makes a formal assessment of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered to be impaired and is written down to its recoverable amount.

Impairment losses relating to property, plant and equipment are recognised in the current period profit or loss, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease only to the extent that there are sufficient previous reserves.

The Group recognises a loss allowance for lifetime expected credit losses (ECL) for trade receivables. In determining the expected credit losses for these assets, the Company has taken into account the historical default experience, the financial position of the counterparties and considered various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring, as well as the loss upon default in each case.

2.3.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash at bank and investments on call or in short-term deposits with an initial maturity of three months or less. Bank overdrafts are shown within loans and borrowings in current liabilities in the Statement of Financial Position.

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and includes at call borrowings such as bank overdrafts, used by the Group as part of its day-to-day cash management.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.5 TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequent to initial recognition are carried at amortised cost less impairment. Bad debts are written off during the year in which they are identified.

Other receivables are initially recognised at fair value of the consideration received or receivable. Other receivables are classified as current assets unless the balances are expected to settle at least 12 months after balance date, in which case they are classified as non-current other receivables. Subsequent measurement of other non-current receivables occurs at amortised cost less impairment, where the nominal value is discounted to present value, using the effective interest rate of the asset over the expected period of settlement.

2.3.6 INVENTORIES

All inventories are valued at the lower of cost or deemed cost and net realisable value. Cost is calculated on an average cost basis. Inventory costs include a systematic allocation of appropriate production overheads that relate to putting inventories in their present location and condition but exclude borrowing costs. The allocation of production overheads is based on the normal capacity of the production facilities. The deemed cost for the Group's agricultural produce (grapes) is fair value at harvest date less estimated point-of-sale costs in accordance with NZ IAS 41 'Agriculture'.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs to be incurred in the marketing, selling and distribution.

2.3.7 LEASES

All leases are accounted for by recognising a right-of-use asset and a lease liability except for Leases of low value assets; and Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.7 LEASES (CONTINUED)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease.

2.3.8 AGRICULTURE (BIOLOGICAL ASSET PRODUCE AND BIOLOGICAL WORK IN PROGRESS)

Agriculture comprises agricultural produce (harvested grapes) from bearer plants (grape vines).

All costs incurred in deriving produce from the current year's harvest or maintaining agricultural assets (bearer plants) are capitalised and treated as part of the cost of inventory. Costs incurred in deriving produce from a future harvest are capitalised and treated as Biological work in progress in the Statement of Financial Position.

The fair value of harvested grapes (agricultural produce or "consumable biological asset") less estimated point-of-sale costs is recognised in profit or loss as gain/loss on harvested grapes in the period of harvest. The fair value of grapes is determined by reference to market prices for grapes in the local area, at the time of harvest. This becomes the deemed "cost" for inventory valuation purposes.

2.3.9 PROPERTY, PLANT AND EQUIPMENT

Land, land improvements (vineyards), including bearer plants (grapes vines) and other vineyard infrastructure, and buildings (excluding buildings under construction) are valued at fair value less accumulated depreciation. Land is not depreciated. Fair value is determined on the basis of an independent valuation prepared by external valuation experts annually. The fair values are recognised in the financial statements and are reviewed at the end of each reporting period to ensure that the carrying value is not materially different from their fair value. Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any subsequent acquisitions since the last revaluation are recorded at cost less accumulated depreciation and impairment losses.

Land improvements include all costs incurred in developing vineyards including direct material (including grapes vines), direct labour and an allocation of overhead and financing cost. These are not depreciated until the integrated vineyard asset reaches full commercial production which is typically two to three years after planting.

Revaluation increases are taken directly to the revaluation reserve except to the extent that they reverse a previous revaluation decrease of the same asset that was recognised as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

Decreases in value are debited directly to the revaluation reserve to the extent that they reverse previous surpluses of the same asset and are otherwise recognised as expenses in profit or loss.

All other items of property, plant and equipment are recorded on the cost basis less accumulated depreciation and impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Resulting impairment losses are recognised as an expense in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

All items of property, plant and equipment other than land, are depreciated on a straight line basis at rates which will write off their cost or revalued amount less estimated residual value over their expected useful lives. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period. The estimated useful lives of major classes of assets are as follows:

Buildings	10 – 50 years
Land improvements and bearer plants (grape vines)	5 – 50 years
Plant, equipment and vehicles	1 – 20 years

Buildings under construction are not depreciated until completed.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

2.3.10 INTANGIBLE ASSETS OTHER THAN GOODWILL

Purchased identifiable intangible assets, comprising trademarks, are shown at cost less any accumulated impairment losses. Trademarks have been assessed as having an indefinite life, since the Company has the rights to the brand while it is registered and has no intention of relinquishing those rights. Trademarks are not amortised but are subject to annual impairment testing whereby the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Intangible assets acquired in a business combination and recognised separately from goodwill, such as brands acquired, are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.3.11 PAYABLES

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

Foley Rewards points are accrued as the sales of eligible product are made through the Foley Wine Club store. The accrual is reduced as points are redeemed.

2.3.12 LOANS AND BORROWINGS

Borrowings are initially recorded at fair value of the consideration received, net of issue costs directly associated with the borrowing. Deferred consideration payable as part of a business combination are treated as borrowings and recorded at fair value at the date of completion of the transaction.

After initial recognition, borrowings are subsequently measured at amortised cost, which present values the borrowing using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on issuance.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.13 EMPLOYEE BENEFITS

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Liabilities for short term bonus plans are recognised where there is a contractual or constructive obligation and accrued on an undiscounted basis.

2.3.14 FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, all transactions denominated in a currency other than the entity's functional currency (foreign currencies) occurring during the financial year are translated into the functional currency using the exchange rate in effect at the date of the transaction. Monetary items receivable or payable in a foreign currency are translated at the exchange rate existing at balance date. Foreign exchange gains or losses resulting from the settlement of transactions and from the translation at balance date are recognised in profit or loss in the period in which they arise.

2.3.15 INCOME TAX

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the year. It is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable) at the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets or liabilities which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity or in other comprehensive income, in which case the deferred tax or current tax is also recognised directly in equity or in other comprehensive income.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.16 GOODS AND SERVICES TAX

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST, where invoiced.

Cash flows are included in the statement of cash flows on a gross basis.

2.3.17 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments including forward exchange contracts, option contracts and interest rate swaps for the primary purpose of reducing its exposure to fluctuations in foreign currency exchange rates and interest rates.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into (the trade date) and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group has not adopted hedge accounting during the year. All derivative financial instruments are measured at fair value and changes in their fair value are recognised immediately in profit or loss (FVTPL). The fair value of forward exchange contracts, foreign exchange option contracts and interest rate swaps is based on market values of equivalent instruments at the reporting date.

2.3.18 FINANCIAL INSTRUMENTS ISSUED BY THE GROUP

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual agreement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the Statement of Financial Position classification of the related debt or equity instruments or component parts of compound instruments.

2.3.19 STATEMENT OF CASH FLOWS

The cash flow statement is prepared inclusive of GST.

Definitions of the terms used in the statement of cash flows are:

“Cash and cash equivalents” includes cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and includes at call borrowings such as bank overdrafts, used by the Group as part of its day-to-day cash management.

“Investing activities” are those activities relating to the acquisition and disposal of current and non-current investments, and any other non-current assets, and includes dividends received.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.19 STATEMENT OF CASH FLOWS (CONTINUED)

“Financing activities” are those activities relating to changes in equity and debt capital structure of the Group and dividends paid on the Company’s equity capital.

“Operating activities” include all transactions and other events that are not investing or financing activities.

2.3.20 SEGMENT REPORTING

NZ IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (CODM) in order to allocate resources to the segment and to assess its performance. The CODM is considered to be the Board of Directors and has established that the Group operates in one segment (refer note 27).

2.3.21 GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

2.3.22 BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.3.23 GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see 2.3.22 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.23 GOODWILL (CONTINUED)

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.3.24 CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year except as noted in 2.3.25.1 below.

2.3.25 ADOPTION STATUS ON RELEVANT FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

2.3.25.1 Standards and interpretations effective in the current year

The following Standards and Amendments to NZ IFRS, which are relevant to the Group's financial statements, and became effective mandatorily for the annual periods beginning on or after 1 January 2021, were adopted by the Group from 1 July 2021. The adoption of these have not and will not lead to any change in the Group's accounting policies with measurement or recognition impact on the period presented in these financial statements:

- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to NZ IFRS 16) - mandatory for annual periods beginning on or after 1 April 2021.

2.3.25.2 Standards and interpretations effective in future periods

Certain new Standards, Interpretations and Amendments to existing standards have been published that are mandatory for later periods and which the Group has not early adopted. The key items include:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendment to NZ IAS 37) – Clarifies the costs to be included when determining the cost of fulfilling a contract, for the purpose of assessing whether the contract is onerous - mandatory for annual periods beginning on or after 1 January 2022 with early application permitted.
- Property, Plant and Equipment – Proceeds Before Intended Use (Amendment to NZ IAS 16) Prohibits an entity from deducting amounts received from selling items produced while the entity is preparing an item of property, plant and equipment for its intended use from the cost of the equipment - mandatory for annual periods beginning on or after 1 January 2022 with early application permitted.
- Reference to the Conceptual Framework (Amendment to NZ IFRS 3) - mandatory for annual periods beginning on or after 1 January 2022 with early application permitted.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3.25 ADOPTION STATUS ON RELEVANT FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS (CONTINUED)

2.3.25.2 Standards and interpretations effective in future periods (Continued)

- Annual Improvements to NZ IFRS Standards 2018-2020 – These amendments include the Taxation in fair value measurements (NZ IAS 41 Agriculture) – mandatory for annual periods beginning on or after 1 January 2022.
- Classification of Liabilities as Current or Non-current (Amendments to NZ IAS 1) – To clarify the classification of debt and other liabilities with an uncertain settlement date in the statement of financial position, including the settlement of debt by converting to equity – mandatory for annual periods beginning on or after 1 January 2023.
- Disclosure of Accounting Policies (Amendments to NZ IAS 1 and IFRS Practice Statement 2) - Entities are now required to disclose their 'material' accounting policies instead of 'significant' accounting policies. The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and that accounting policy information may be material because of its nature, even if the related amounts are immaterial – mandatory for annual periods beginning on or after 1 January 2023. The amendments are applied prospectively with earlier application permitted.
- Definition of Accounting Estimates (Amendments to NZ IAS 8) - The definition of "change in accounting estimates" is replaced with a definition of "accounting estimates". Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty" - mandatory for annual periods beginning on or after 1 January 2023.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognised as assets. Any resulting adjustment is recognised at the beginning of the earliest comparative period presented. Mandatory for annual periods beginning on or after 1 January 2023 with early application permitted.

The Group's management have completed an initial assessment of the new standards and do not expect the adoption of these standards to have a material financial impact on the financial statements of the Group but may affect disclosure.

Management will work through a full analysis of each standard and will provide further information on the expected impact of adoption of these standards in future reports ahead of their effective dates. The Group does not expect to adopt these standards before their effective date.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved when the Company - has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

2.4 BASIS OF CONSOLIDATION (CONTINUED)

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated Income Statement and Statement of Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

	Group 2022 \$'000	Group 2021 \$'000
3. PROFIT FOR THE YEAR		
Included in profit before income tax for the year are the following:		
REVENUE:		
Sales revenue – sale of goods – bottled wine	54,747	53,255
Sales revenue – other	2,945	4,697
Total sales revenue	57,692	57,952
Other revenue – government grant (refer note 4 re Covid-19)	-	37
Total revenue	57,692	57,989
Sales revenue - other includes the sale of other products such as bulk wine, spirits, merchandise, restaurant meals and non-alcoholic beverages.		
EXPENSES:		
Amortisation – lease right-of-use assets	1,056	1,022
Depreciation	4,578	4,761
Directors' fees	240	240
Employee benefits expense:		
- Short-term employee benefits	8,724	8,853
Excise duty and HPA levy	4,727	5,303
Fees paid to auditors:		
- Audit of the financial statements (including fees and disbursements) (Deloitte)	99	91
Cost of inventories recognised as expense	33,472	39,360

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	Group 2022 \$'000	Group 2021 \$'000
4. OTHER EXPENSES		
Included in other expenses for the year are the following:		
Covid-19 related expenses (see note below)	19	10
Overseas Investment Office Consent Variation expenses	-	31
Restructure expenses	-	100
	19	141

Covid-19 – During this period the Company incurred additional costs of operating such as additional cleaning, sanitising and protective equipment, accommodation and transport costs for workers to operate within the requirements. The Company received a government subsidy in April 2020 of which \$37,000 related to the prior year reported in these financial statements. Refer note 2.3.21 for accounting policy for government grants and note 3 for the revenue recorded in the current and prior periods.

Overseas Investment Office (OIO) Consent Variation – During the prior year the Company incurred costs related to an application to the Overseas Investment Office to have the consent varied relating to the purchase of Mt Difficulty Wines assets and business in January 2019. The variation resolved issues primarily associated with the redevelopment of the cellar door and restaurant.

Restructure expenses – Costs associated with business restructuring carried out during the prior year.

	Group 2022 \$'000	Group 2021 \$'000
5. INTEREST EXPENSE		
Interest on loans and borrowings	1,033	797
Interest on convertible notes	708	709
Interest expense on lease liabilities	-	2
Total Interest expense	1,741	1,508

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	Group 2022 \$'000	Group 2021 \$'000
6. INCOME TAX		
6.1 INCOME TAX RECOGNISED IN PROFIT		
Income tax expense comprises:		
Current tax expense – current year	2,786	2,284
Current tax expense – adjustment to prior year	196	-
Current tax expense	2,982	2,284
Deferred tax expense/(benefit) – origination & reversal of temporary differences	593	(970)
Deferred tax expense – adjustment to prior year	-	-
Deferred tax expense/(benefit)	593	(970)
Total income tax expense	3,575	1,314
Reconciliation of income tax expense:		
Profit before income tax	9,771	5,057
Income taxation expense calculated at current rate of 28%	2,736	1,416
Non-deductible expenses	50	94
Non-taxable capital profit/sale of amortisable land improvements	(136)	(213)
Disposal of amortisable land improvements	284	-
Zebra Vineyard amortisable land improvements acquired (initial recognition)	504	-
Other deferred movements	(59)	17
Prior period adjustment	196	-
Income tax expense as reported	3,575	1,314
6.2 INCOME TAX COMPREHENSIVE INCOME		
The following current and deferred amounts were charged/(credited) directly to other comprehensive income during the year:		
Deferred tax: Revaluation of property, plant and equipment	845	90
6.3 CURRENT TAX ASSETS AND LIABILITIES		
Current tax assets: Tax refund receivable	-	-
Current tax liabilities: Tax payable	966	916

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

6. INCOME TAX (CONTINUED)

6.4 DEFERRED TAX BALANCES

Taxable and deductible temporary differences arise from the following:

	Balance Sheet		Income Statement	
	Group 2022 \$'000	Group 2021 \$'000	Group 2022 \$'000	Group 2021 \$'000
Deferred tax liabilities and assets				
Tax and accounting book differences – property, plant and equipment	11,147	10,232	70	(265)
Brand intangible assets (value-in-use deferred tax)	5,150	5,150	-	-
Fair value through profit or loss financial assets/liabilities	(235)	20	(255)	(9)
Other including WET rebate receivable	69	85	(16)	(19)
Inventories and biological work in progress	323	(489)	812	(758)
Annual, sick leave and employee entitlements, accruals and provisions	(117)	(115)	(2)	99
Lease liabilities and right-of use assets	(557)	(541)	(16)	(18)
Net deferred tax liabilities	15,780	14,342		
Deferred tax expense/(benefit)			593	(970)

All deferred tax assets and liabilities are offset and disclosed as non-current.

	Group 2022 \$'000	Group 2021 \$'000
6.5 IMPUTATION CREDITS		
Imputation credits available for subsequent reporting periods based on a tax rate of 28%	9,203	7,244

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

- Imputation credits that will arise from the payment of the amount of the provision for income tax
- Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	Group 2022 cents per shares	Group 2021 cents per shares
7. EARNINGS PER SHARE		
Basic Earnings per share	9.43	5.88
The calculation of basic earnings per share in respect of 2022 is based on profit of \$6,196,000 (2021: \$3,866,000) and the weighted average of 65,736,148 ordinary shares on issue during the year (2021: 65,736,148).		
Basic Earnings per share	9.11	5.88

The calculation of diluted earnings per share in respect of 2022 based on profit of \$6,706,000 (2021: \$4,376,000), being profit for the year adjusted for the interest on the convertible notes after income tax, and the weighted average of 73,599,173 ordinary shares on issue during the year (2021: 73,599,173).

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Group 2022 Number of shares	Group 2021 Number of shares
Weighted average number of ordinary shares (Basic)	65,736,148	65,736,148
Convertible notes outstanding at year end	7,863,025	7,863,025
Convertible notes outstanding at year end	73,599,173	73,599,173

8. DISTRIBUTION TO OWNERS

The Company paid a final dividend for 2021 of 4 cents per share fully imputed on 22 October 2021 totalling \$2,629,000 (2021: \$1,972,000: 3 cents per share paid 23 October 2020). No final dividend for the current financial year has been declared and included in these financial statements. A final dividend of 4 cents per share fully imputed, was approved by the Board on 25 August 2022 for payment on 21 October 2022 (refer note 30).

	Parent 2022 Number of shares issued	Parent 2021 Number of shares issued	Group 2022 \$'000	Group 2021 \$'000
9. SHARE CAPITAL				
FULLY PAID UP ORDINARY SHARES				
Balance at beginning of financial year	65,736,148	65,736,148	86,518	86,518
Movements in share capital	-	-	-	-
Balance at end of financial year	65,736,148	65,736,148	86,518	86,518

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

9. SHARE CAPITAL (CONTINUED)

The Company has only one class of shares and all shares have the same voting rights and share equally in dividends and any surpluses on winding up. The shares have no par value.

Share issues during the year:

There were no share issues during the year.

Shares reserved for issuance:

Convertible notes on issue at year end – convertible to 7,863,025 ordinary shares – refer note 15 (2021: 7,863,025).

	Group 2022 \$'000	Group 2021 \$'000
10. RESERVES		
ASSET REVALUATION RESERVE		
Balance at beginning of financial year	22,537	18,528
Revaluation increments	8,713	5,047
Transferred to retained earnings	(517)	(948)
Deferred tax liability arising on revaluation (note 6.2)	(845)	(90)
Balance at end of financial year	29,888	22,537
<p>The asset revaluation reserve arises on the revaluation of land, buildings and land improvements. Where a revalued asset is sold that proportion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.</p>		
11. RETAINED EARNINGS		
Balance at beginning of financial year	23,305	20,463
Profit for the year net of tax, attributable to Shareholders of the Parent Co.	6,196	3,866
Dividends paid relating to 2021 (2021: 2020)	(2,629)	(1,972)
	26,872	22,357
Transferred from asset revaluation reserve	517	948
Balance at end of financial year	27,389	23,305
12. TRADE AND OTHER PAYABLES		
Trade creditors	2,350	2,019
Employee entitlements	918	766
Other accruals	1,088	1,687
	4,356	4,472

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

13. LOANS AND BORROWINGS

At amortised cost:	Interest Rate %	Interest Rate Review Date	Expiry Date	Group 2022 \$'000	Group 2021 \$'000
Bank overdraft	5.60% pa			666	-
Bank of New Zealand Term Loan 06	4.39% pa	29/7/22	31/8/23	11,002	11,001
Bank of New Zealand Term Loan 05/07	4.19% pa	29/7/22	30/1/26	24,586	25,629
Bank of New Zealand Term Loan 08	4.39% pa	29/7/22	3/5/27	6,445	-
Total loans and borrowings				42,033	36,630
Weighted average effective interest rate on BNZ Term Loans				4.27%	2.18%
Bank overdraft				666	-
Loans due within 1 year				2,257	1,047
Total current loans and borrowings				2,257	1,047
Loans due 1 to 2 years				13,347	-
Loans due 2 to 5 years				26,429	35,583
Total non-current loans and borrowings				39,776	35,583
Total loans and borrowings				42,033	36,630

BANK OF NEW ZEALAND FACILITIES

- The details and terms of the BNZ facilities are as follows:
 - The \$5 million Market Connect Overdraft Facility to fund ongoing working capital requirements. The interest rate payable on the facility is the BNZ Market Connect Overdraft Prime Rate (with 0% margin). An overdraft facility fee of 0.80%pa is payable in arrears. All outstanding debt under the facility is repayable upon demand. The balance available to be drawn down at 30 June 2022 was \$4.3 million (2021: \$5m).
 - The \$20 million BNZ Term Loan Facility (loan #06). This loan facility is an interest only facility until maturity on 31 August 2023. The full facility limit of \$20 million is available for redraw throughout the term. Interest is payable at 1.95% per annum above the base rate. The base rate is the 'BKBM' rate as quoted on the Reuters Monitor Money Rates Services page. A non-utilisation fee is payable of 0.4% pa. All outstanding debt under the facility is repayable on the maturity date. The balance available at 30 June 2022 was \$9 million (2021: \$9m).
 - The \$25.5 million BNZ Term Loan Facility (loan #07). This loan facility was drawn down on 2 August 2021 and used to repay BNZ Term Loan #05 in full. The terms of the loan are as follows: Principal repayment of \$83,333 payable monthly from 30 August 2021 to 29 July 2022 and \$166,667 monthly from 30 August 2022 until maturity on 30 January 2026. The facility limit decreases each month by the principal repayment amount. Interest is payable at 1.75% per annum above the base rate. The base rate is the one month 'BKBM' rate.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

13. LOANS AND BORROWINGS (CONTINUED)

BANK OF NEW ZEALAND FACILITIES (CONTINUED)

- The \$6.5 million BNZ Term Loan Facility (loan #08). This loan facility was drawn down on 3 May 2022 to finance the Zebra Bendigo Vineyard purchase. The terms of the loan are as follows: Principal repayment of \$27,740 payable monthly for the first 12 months and then the monthly payments increase annually until maturity on 3 May 2027. The facility limit decreases each month by the principal repayment amount. Interest is payable at 1.95% per annum above the base rate. The base rate is the one month 'BKBM' rate.

SECURITY

The Bank has registered a first ranking general security agreement over all the present and after acquired property of the Company and of its wholly owned subsidiaries, a specific security agreement over any separately identifiable intellectual property of the Company or its wholly owned subsidiaries and a first ranking mortgage over all of the land and improvements owned by the Company.

BANK COVENANTS

The Company complied with all of the financial covenants imposed by the Bank of New Zealand during the year.

14. LEASES

14.1 LEASE RIGHT OF USE ASSETS

Group	Land \$'000	Buildings \$'000	Land Improve- ments \$'000	Plant Equip. & Vehicles \$'000	Total \$'000
Year ended 30 June 2022					
Net carrying amount					
At 1 July 2021	6,821	23	3,791	-	10,635
Additions	-	-	132	-	132
Lease remeasurements	2,362	-	234	-	2,596
Amortisation charge for the period	(522)	(23)	(511)	-	(1,056)
At 30 June 2022	8,661	-	3,646	-	12,307
Year ended 30 June 2021					
Net carrying amount					
At 1 July 2020	7,268	91	4,103	4	11,466
Additions	-	-	220	-	220
Lease remeasurements	-	-	(29)	-	(29)
Amortisation charge for the period	(447)	(68)	(503)	(4)	(1,022)
At 30 June 2021	6,821	23	3,791	-	10,635

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

14. LEASES (CONTINUED)

14.1 LEASE RIGHT OF USE ASSETS (CONTINUED)

The Group leases vineyard land, office space (buildings), producing vineyards (land improvements) and a motor vehicle. The average lease term is 8.9 years at 30 June 2022 (2021: 9.7 years).

The vineyard land lease agreements have normal provisions for periodic rent reviews to market rates and the producing vineyard lease agreements have annual CPI linked rent reviews.

The maturity analysis of lease liabilities relating to these leases is presented below.

	Group 2022 \$'000	Group 2021 \$'000
Amounts recognised in profit and loss:		
Amortisation expense on right-of-use assets	1,056	1,022
Interest expense on lease liabilities	-	2
Interest expense on lease liabilities through cost of sales	460	407
Expense relating to short-term leases	114	158
Expense relating to leases of low value assets	12	12

At 30 June 2022, the Group is committed to \$11,000 for short-term leases (2021: \$6,000).

The total cash outflow for leases during the period was \$1,544,000 (2021: \$1,499,000).

14.2 LEASE LIABILITIES

Classified as:		
Current	932	820
Non-Current	12,952	11,289
Total	13,884	12,109
Maturity analysis (undiscounted cash flows):		
Year 1	1,371	1,202
Year 2	1,290	1,138
Year 3	1,290	1,058
Year 4	1,290	1,058
Year 5	1,262	1,057
Over 5 Years	12,829	11,456
Total	19,332	16,969

The lease liabilities were increased by \$2,596,000 due to lease remeasurements and \$132,000 due to new leases during the year (2021: New leases \$220,000). The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

All lease obligations are denominated in New Zealand dollars.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	Group 2022 \$'000	Group 2021 \$'000
15. CONVERTIBLE NOTES		
Foley Holdings New Zealand Limited	10,900	10,900
Disclosed as: Current convertible notes	10,900	10,900

As part of the merger transaction with The New Zealand Wine Company Limited (renamed Foley Family Wines Limited and later Foley Wines Limited ("FWL")) on 4 September 2012, the Company issued an 18 month convertible note to Foley Holdings New Zealand Limited ("Foley Holdings", formerly Foley Family Wines Holdings, New Zealand Limited) for the principal amount of \$10,900,000 thereby assuming Foley Family Wines NZ Limited's current loan liability to Foley Holdings New Zealand Limited of the same amount under a promissory note.

The principal terms of the Convertible Note are:

- the term of the Convertible Note is a minimum term of 18 months. After that period or earlier if FWL is in breach of its obligations under the Convertible Note, the Convertible Note converts at the option of Foley Holdings or alternatively Foley Holdings may demand repayment in lieu of conversion;
- the issue price on the conversion of any shares under the Convertible Note is \$1.386 per share which is the same price at which the shares have been issued to Foley Holdings pursuant to the Merger of The New Zealand Wine Company Limited and Foley Family Wines New Zealand Limited. On conversion of the Convertible Note issued by FWL, 7,863,025 shares in FWL could be issued to Foley Holdings at a price of \$1.386 per share by way of off-set against the amount owing to Foley Holdings under the Convertible Note. Assuming no change in the shares on issue in FWL between the date of the issue of the Convertible Note and its conversion to new shares, this would when aggregated with the shares issued under the Merger increase the holdings of Foley Holdings in FWL to 83%.
- the Convertible Note does not give Foley Holdings any right to vote. Foley Holdings will acquire voting rights with the ordinary shares it receives on any exercise of the right to convert under the Convertible Note;
- interest is payable, quarterly in arrears (not compounding), on the Convertible Note pending conversion at the rate of 6.5% pa. The interest rate has been agreed between FWL and Foley Holdings as being representative of market rates for an unsecured loan of its type; and
- all shares issued pursuant to the exercise of the Convertible Note will rank equally in all respects with all other FWL shares on issue.

The Convertible Note can be converted at the option of Foley Holdings after 18 months from the date of issue, that is, from 4 March 2014, and there are no performance hurdles required to be met before conversion can occur. The Convertible Note has been classified as current. At balance date, and up to the date of these financial statements, no notification had been received to convert the note.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

	Group 2022 \$'000	Group 2021 \$'000
16. OTHER FINANCIAL ASSETS/(LIABILITIES)		
At fair value:		
Foreign currency forward contracts	-	64
Other financial assets – FVTPL – Current	-	64
Foreign currency forward contracts	-	6
Other financial assets – FVTPL – Non-Current	-	6
Other financial assets – FVTPL – Total	-	70
Foreign currency forward contracts	(608)	-
Other financial liabilities – FVTPL - Current	(608)	-
Foreign currency forward contracts	(232)	-
Other financial liabilities – FVTPL – Non-Current	(232)	-
Other financial liabilities – FVTPL – Total	(840)	-

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates. Refer note 24 for details of financial instruments used by the Group.

17. TRADE AND OTHER RECEIVABLES

Trade receivables	8,991	9,516
Other receivables	1,871	1,192
	10,862	10,708
Current	9,834	9,998
Non-Current	1,028	710

The carrying amount disclosed above is a reasonable approximation of fair value. Trade receivables are non-interest bearing and are generally due the last working day of the month following invoice for domestic customers and 30-120 day terms for export customers.

Not Past Due	8,872	9,436
Past Due 1-30 days	116	38
Past Due 31-60 days	2	4
Past Due 61-90 days	1	23
Past Due > 91 days	-	15
	8,991	9,516

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables that are less than 90 days past due are generally not considered impaired. As of 30 June 2022 trade receivables of \$119,000 (2021: \$80,000) were past due but not impaired.

Other receivables include grower advances (amounts owing for the purchase of the lessee's vineyard improvements at the expiry of the lease for land) of \$1,179,000 (2021: \$808,000). The grower advances are secured by way of first ranking mortgage over the grower's land. The grower advances are accounted for as net present value of future cash flows on initial recognition discounted at 4.39% (2021: 2.26%). The expense relating to the present value of new grower advances recorded during the year was \$86,000 (2021: \$72,000). Interest income/receivable for the year was \$18,000 (2021: Nil). The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition on other receivables. However, if the credit risk on the other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for that other receivable at an amount equal to 12-month ECL.

The Group recognises a loss allowance for lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Based on the assessment undertaken at balance date the Group has not recorded an Impairment of Trade Receivables in the current year (2021: \$Nil). No bad debts were written off during the year (2021: \$Nil) and nothing was recovered from a bad debt written off in the previous financial years (2021: \$Nil). The gross debt relating to the trade receivables which were considered to be impaired at balance date was \$Nil (2021: \$Nil).

	Group 2022 \$'000	Group 2021 \$'000
18. INVENTORIES		
Raw materials	686	546
Consumable stores	114	95
Work in progress	33,790	28,756
Finished goods	15,056	13,921
Impairment of inventory	(22)	(17)
Total inventories at lower of cost and net realisable value	49,624	43,301
Impairment of Inventory:		
Opening balance	17	18
Impairment charge reversal during the year	(17)	(18)
Impairment charge during the year	22	17
Closing balance	22	17
Cost of inventories recognised as expense during the year	33,472	39,360

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

19. BIOLOGICAL WORK IN PROGRESS

	Group 2022 \$'000	Group 2021 \$'000
Growing costs related to next harvest	1,948	1,404

The growth on the vines in the period from harvest to 30 June 2022 cannot be reliably measured due to the lack of market information and the variables in completing the biological transformation process between balance date and the time of harvest. As allowed under NZ IAS 41 the cost of agricultural activity in the period to 30 June has been recognised as work in progress for the next harvest. This assumes the cost of the agricultural activity approximates fair value in determining the value of the biological transformation that has occurred in that period. The value of work in progress at balance date was \$1,948,000 (2021: \$1,404,000).

20. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land at Fair Value \$'000	Freehold Buildings at Fair Value \$'000	Land Improve- ments at Fair Value \$'000	Bearer Plants at Fair Value \$'000	Plant Equip. & Vehicles at Cost \$'000	Capital Work in Progress at Cost \$'000	Total \$'000
Year ended 30 June 2022							
At 1 July 2021, net of accumulated depreciation and impairment	34,141	19,293	7,881	23,362	18,733	3,556	106,966
Additions	3,266	244	1,314	2,029	3,009	2,946	12,808
Disposals	-	-	(231)	(1,463)	(69)	-	(1,763)
Revaluations	5,179	2,806	(270)	990	-	-	8,705
Depreciation charge for the year	-	(392)	(360)	(558)	(3,268)	-	(4,578)
At 30 June 2022, net of accumulated depreciation and impairment	42,586	21,951	8,334	24,360	18,405	6,502	122,138
At 30 June 2022							
Fair value	42,586	21,951	8,334	24,360	-	-	97,230
Cost	-	-	-	-	44,983	6,502	51,486
Accumulated depreciation (accum impairment nil)	-	-	-	-	(26,578)	-	(26,578)
Net carrying amount	42,586	21,951	8,334	24,360	18,405	6,502	122,138

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold Land at Fair Value \$'000	Freehold Buildings at Fair Value \$'000	Land Improvements at Fair Value \$'000	Bearer Plants at Fair Value \$'000	Plant Equip. & Vehicles at Cost \$'000	Capital Work in Progress at Cost \$'000	Total \$'000
Year ended 30 June 2021							
At 1 July 2020, net of accumulated depreciation and impairment	30,365	19,110	8,133	24,438	20,469	-	102,515
Additions	-	38	89	23	1,920	3,556	5,626
Disposals	-	(11)	(295)	(914)	(128)	-	(1,348)
Revaluations	3,776	537	316	305	-	-	4,934
Depreciation charge for the year	-	(381)	(362)	(490)	(3,528)	-	(4,761)
At 30 June 2021, net of accumulated depreciation and impairment	34,141	19,293	7,881	23,362	18,733	3,556	106,966
At 30 June 2021							
Fair value	34,141	19,293	7,881	23,362	-	-	84,677
Cost	-	-	-	-	42,888	3,556	46,444
Accumulated depreciation (accum impairment nil)	-	-	-	-	(24,155)	-	(24,155)
Net carrying amount	34,141	19,293	7,881	23,362	18,733	3,556	106,966

COMMITMENTS:

At balance date the Group had capital commitments of \$3,583,000 for the Te Kairanga Development and \$18,000 for a CARL copper pot still (2021: Te Kairanga Development \$7,500,000 and CARL copper pot still \$130,000). The Group has also committed to a capital expenditure project not exceeding \$3 million for the Mt Difficulty Cellar door/Restaurant redevelopment.

REVALUATION OF LAND, BUILDINGS, LAND IMPROVEMENTS AND BEARER PLANTS

Land, buildings, land improvements and bearer plants (grape vines) shown at valuation were valued at fair value under the principle of highest and best use by Telfer Young, registered independent valuers, for the Martinborough properties, and Colliers International, registered independent valuers, for the Central Otago and Marlborough properties, on 30 June 2022 (2021: 30 June 2021; Marlborough: Alexander Hayward).

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

REVALUATION OF LAND, BUILDINGS, LAND IMPROVEMENTS AND BEARER PLANTS (CONTINUED)

Fair value is the amount for which the assets could have been exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Freehold land, land improvements and bearer plants at fair value (viticulture planted land) is valued by reference to recent market transactions on arm's length terms for similar assets, considering grape varietal, soil quality and access to water on a per hectare basis. Adopted rates per hectare range from \$113,000 to \$388,000 (2021: \$108,000 to \$379,000). The Valuers have determined an adopted rate based on comparable transactions adjusted for the specific characteristics of the viticulture planted land. Adopted values increase as the adopted rate per hectare increases. The valuation includes inputs which are adjusted for the size, location and varietal mix held by the Group. Based on these valuation techniques these fair values are included in Level 3 in the fair value hierarchy (refer note 24(j)). Freehold Buildings are valued using a combination of the income approach and optimised depreciated replacement cost method. The valuation comprises inputs for estimated rental, adopted capitalisation rates and estimated cost to replace the assets on a like for like basis. The adopted capitalisation rates was 7.25% (2021: range 7.5%-8.5%). As capitalisation rates decrease adopted building values increase. Based on these valuation techniques these fair values are included in Level 3 in the fair value hierarchy (refer note 24(j)). The valuer has considered the uncertainty in the market due to covid-19 implications when performing the property valuations.

The valuer has valued each property on a stand-alone basis as independent vineyard and winery which can be sold in isolation to others within the portfolio. The valuation is performed on an individual asset level.

The carrying amount of land, buildings, land improvements and bearer plants had they been recognised under the historic cost model would have been \$23,713,000, \$14,050,000, \$5,824,000 and \$14,393,000 respectively (2021: \$20,447,000, \$14,198,000, \$2,895,000 and \$9,379,000). Land Improvements comprise of vineyard structures and irrigation and excludes bearer plants (grape vines) which are disclosed separately.

The capital work in progress, which includes the building under construction at Te Kairanga and the Mt Difficulty Cellar door/ Restaurant redevelopment, is included at cost until completed.

21. BIOLOGICAL ASSET PRODUCE

Biological assets consist of grape vines (bearer plants). Bearer plants are classified as Property, Plant and Equipment and are included in note 20. The Company grows grapes to use in the production of wine, as part of normal operations. Vineyards are located in Marlborough, Martinborough and Central Otago, New Zealand. Grapes are harvested between March and May each year. At 30 June 2022 the Group held approximately 227 hectares of land owned or leased by the Company in Marlborough (2021: 234), 190 hectares of land owned or leased by the Group in Martinborough (2021: 190) and 225 hectares of land owned or leased by the Group in Central Otago (2021: 172). 180 hectares are currently in commercial production in Marlborough (2021: 185), 126 hectares in Martinborough (2021: 137) and 181 hectares in Central Otago (2021: 148).

During the year ended 30 June 2022 the Company harvested 4,978 tonnes of grapes (2021: 3,328). The grapes harvested are recognised at fair value at the point of harvest after taking into consideration various market factors, as well as reviewing the district average pricing report for grapes of similar quality and variety. Any adjustment to bring the cost of sale to fair value is recognised in inventory and the revaluation gains and losses section of the Income Statement. The fair value adjustment for the 2022 harvest was an unrealised gain of \$2,400,000 (2021: unrealised loss \$(1,709,000)). Refer to note 19 for recognition of the biological transformation between the time of harvest and balance date.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

21. BIOLOGICAL ASSET PRODUCE (CONTINUED)

The Group is exposed to financial risks in respect of agricultural activity. The agricultural activity of the Company consists of the management of vineyards to produce grapes for use in the production of wine. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of grape vines and on harvesting grapes, and ultimately receiving cash from the sale of wine to third parties. The Company's strategy to manage this financial risk is to actively review and manage its working capital requirements. The quality and quantity of the grape harvest is dependent on seasonal climatic factors such as rainfall, sunshine and temperature, including frosts. The Group manages this risk by diversifying its vineyards across the Marlborough, Martinborough and Central Otago regions and through the use of windmills and helicopters for normal frost protection purposes.

	Group 2022 \$'000	Group 2021 \$'000
22. INTANGIBLE ASSETS		
TRADEMARKS		
At start of period, net of impairment	151	151
Additions during the year	3	-
At 30 June, net of impairment	154	151
Cost (gross carrying value)	154	151
Accumulated impairment losses	-	-
Net carrying amount	154	151

Trademarks pertain to the registration of trademarks in local and overseas jurisdictions for the Company's brands. Trademarks are carried at cost, less any accumulated impairment losses. Trademarks have been assessed as having an indefinite life since the Company has the rights to the brand while it is registered and has no intention of relinquishing those rights. The recoverable amount is estimated annually and an impairment loss recognised to the extent that the recoverable amount is lower than the carrying amount.

GOODWILL		
At start of period, net of impairment	16,303	16,303
Additions during the year	-	-
At 30 June, net of impairment	16,303	16,303
Cost (gross carrying value)	16,303	16,303
Accumulated impairment losses	-	-
Net carrying amount	16,303	16,303

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

22. INTANGIBLE ASSETS (CONTINUED)

After initial recognition, goodwill acquired is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment. Goodwill relates to the acquisition of the Vavasour Wines' business assets on 1 September 2003, Goldwater Wines' business assets on 1 April 2006, Clifford Bay's business assets on 1 March 2007, the reverse acquisition of The New Zealand Wine Company Ltd (Grove Mill) on 4 September 2012, the acquisition of Martinborough Vineyards on 30 June 2014 and the acquisition of Mt Difficulty Wines' business and assets on 3 January 2019. The value of Goodwill at balance date includes the deferred tax liability on acquired indefinite life intangibles (brands) of \$5,150,000 (2021: \$5,150,000).

BRANDS AND INTELLECTUAL PROPERTY

At start of period, net of impairment	18,668	18,668
Additions - current year additions	-	-
At 30 June, net of impairment	18,668	18,668
Cost (gross carrying value)	18,668	18,668
Accumulated impairment losses	-	-
Net carrying amount	18,668	18,668

Brands are regarded as having indefinite useful lives as there are no legal restrictions on the use of the brands or technological barriers to their ongoing usefulness. Brands are not amortised but are subject to impairment testing on an annual basis or whenever there is an indication of impairment. The Brands included are Vavasour, Goldwater, Dashwood, Clifford Bay, Martinborough Vineyard and Lighthouse Gin.

TOTAL INTANGIBLE ASSETS	35,125	35,122
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(A) IMPAIRMENT TESTS FOR GOODWILL AND INTANGIBLES WITH INDEFINITE USEFUL LIVES

The Group has determined that in the current year the value of the goodwill and intangible assets was supported by value-in use calculations performed for the cash generating unit, being the whole business. The recoverable amount of the cash generating unit was determined based on pre-tax cash flow projections based on the current results of the Group and the following key assumptions: Earnings Before Interest and Tax estimated growth rate: 3% pa (2021: 3%); Terminal value of 2.8% (2021: 2.6%); a period of projection of five years and a pre-tax discount rate 10% pa (2021: 9.58% pa). The discount rate used is consistent with companies operating in the same industry. No reasonable possible change in assumptions would lead to an impairment. The recoverable amount determined did not indicate any impairment and no adjustment was deemed to be required.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

23. CASH FLOW INFORMATION

(A) RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2022 \$'000	Group 2021 \$'000
PROFIT AFTER INCOME TAX FOR THE YEAR	6,196	3,866
NON-CASH ITEMS:		
Depreciation	4,578	4,761
Amortisation	1,056	1,022
Increase/(Decrease) in deferred tax	593	(970)
Impairment loss/(gain) recognised on inventories	5	(1)
Adjustments resulting from revaluation of grapes	(2,905)	2,709
Loss on disposal of property, plant and equipment	1,092	272
Loss on asset revaluations	8	114
Grower advance adjustments	68	72
Movement in derivative financial instruments (Other financial assets/liabilities)	910	32
	5,405	8,011
MOVEMENTS IN WORKING CAPITAL BALANCES:		
Trade and other receivables	216	(2,324)
Inventories	(3,423)	712
Biological work in progress	(544)	107
Prepaid expenses and other current assets	(215)	(128)
Trade and other payables	(116)	(2,314)
Current tax assets/liabilities	50	(746)
	(4,033)	(4,693)
NET CASH FLOW FROM OPERATING ACTIVITIES	7,568	7,184

(B) NET LOANS AND BORROWINGS RECONCILIATION

Total Loans and borrowings (refer note 13)	42,033	36,630
Loans advanced during the year	32,000	16,000
Loans repaid during the year	(26,597)	(18,223)
Net movement in net debt – all cash flows	5,403	(2,223)

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

23. CASH FLOW INFORMATION (CONTINUED)

(C) NET LEASE LIABILITY RECONCILIATION

	Group 2022 \$'000	Group 2021 \$'000
Total Lease liabilities repayable (refer note 14.2)	13,884	12,109
Leases recognised due to lease remeasurement and additions – non-cash	2,728	191
Lease liabilities repaid during the year - cash outflows	(953)	(921)
Lease liabilities – net movement	1,775	(730)

24. FINANCIAL INSTRUMENTS

(A) CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes loans and borrowings disclosed in note 13, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings as disclosed in notes 9, 10 and 11 respectively. The Group's Board of Directors reviews the capital structure on a semi-annual basis. As part of the review the Board considers the cost of capital and the risks associated with each class of capital as well as the requirement by the Group's bank, Bank of New Zealand, to maintain adjusted tangible equity percentage at a level of at least 50% of adjusted total tangible assets. The Board will balance the Group's overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from the prior year.

(B) SIGNIFICANT ACCOUNTING POLICIES

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements..

(C) FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group is exposed to financial risks relating to the operations of the Group. These risks include agricultural risk, market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The agricultural activity of the Group consists of the management of vineyards to produce grapes for use in the production of wine. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of grape vines and on harvesting grapes, and ultimately receiving cash from the sale of wine to third parties. The Group's strategy to manage this financial risk is to actively review and manage its working capital requirements. In addition, the Group maintains credit facilities at a level sufficient to fund the Group's working capital during the period between cash expenditure and cash inflow. At balance date, the Group had unused credit facilities in the form of undrawn bank overdrafts and loan facilities of \$13.3 million (2021: \$14 million).

The Group seeks to minimise the effects of these risks, by obtaining independent advice and using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives.

Compliance with policies and exposure limits is reviewed by the Board of Directors on a periodic basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

24. FINANCIAL INSTRUMENTS (CONTINUED)

(D) MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer note 24(e)) and interest rates (refer note 24(f)). The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- (i) forward foreign exchange contracts and foreign currency option contracts to hedge the exchange rate risk arising on the export of wine principally to the United States, United Kingdom, Europe and Australia; and
- (ii) interest rate swaps to mitigate the risk of rising interest rates.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

(E) FOREIGN CURRENCY RISK MANAGEMENT

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved parameters utilising forward foreign exchange contracts and foreign exchange option contracts.

Foreign currency denominated assets and liabilities at balance date are:

	Group 2022 \$'000	Group 2021 \$'000
Cash and cash equivalents	220	199
Trade and other receivables	6,312	7,156
Trade and other payables	(70)	(524)
Net exposure at balance date	6,462	6,831

SENSITIVITY ANALYSIS

The Group is mainly exposed to US dollars (USD), Great British pounds (GBP), Australian dollars (AUD) and Euro (EUR). If there was a 10% upward movement in the New Zealand dollar against the relevant currencies the profit before tax and equity would decrease by \$111,000, \$181,000, \$221,000 and \$76,000 respectively for the Group (2021: \$235,000, \$170,000, \$175,000 and \$41,000). If there was a 10% downward movement in the New Zealand dollar against the relevant currencies the profit before tax and equity would increase by \$135,000, \$221,000, \$270,000 and \$92,000 respectively for the Group (2021: \$287,000, \$208,000, \$213,000 and \$51,000). The 10% sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for the listed percentage change in foreign currency rates.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

24. FINANCIAL INSTRUMENTS (CONTINUED)

(E) FOREIGN CURRENCY RISK MANAGEMENT (CONTINUED)

FORWARD FOREIGN EXCHANGE CONTRACTS AND OPTION CONTRACTS

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts up to 100% of the exposure generated. The Group also enters into forward foreign exchange contracts and option contracts including collars to manage the risk associated with anticipated sales and purchase transactions out to 60 months within 25-100% of the exposure generated, subject to certain criteria being met. Forward foreign exchange contracts and option contracts are measured at fair value through profit or loss. The fair value of forward foreign exchange contracts and option contracts is based on market values of equivalent instruments at the reporting date.

The aggregate notional principal of forward foreign exchange contracts outstanding for the Group as at balance date was \$22,470,000 (2021: \$17,085,000). The aggregate notional principal of foreign exchange option contracts outstanding at balance date was a net of \$Nil (2021: \$Nil).

(F) INTEREST RATE RISK MANAGEMENT

The Company and the Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by use of interest rate swap contracts. Hedging activities are evaluated regularly with the assistance of independent advice to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied or protecting interest expense through different interest rate cycles. The Company and the Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note or in note 13 and note 15.

SENSITIVITY ANALYSIS

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point (1%) increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

At balance date, if interest rates had been 1% lower or higher and all other variables were held constant, the Company and Group's net profit and equity would increase/decrease by approximately \$373,000 (2021: \$375,000) respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Company and Group's sensitivity to interest rates has increased during the current year mainly due to the increase in floating interest rate exposure.

INTEREST RATE SWAP CONTRACTS

Under interest rate swap contracts, the Group agrees to exchange the difference between the fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date as disclosed below.

There were no interest rate swaps outstanding at balance date in the current or prior year. The interest rate applicable to the interest rate swap contract during the year was Nil% pa (2021: Nil% pa).

Interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are used to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. These are measured at fair value through profit or loss. The interest rate swaps and the interest payments on the loan occur simultaneously on a monthly basis. The floating rate on the interest rate swaps is the 1 month BKBM rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

24. FINANCIAL INSTRUMENTS (CONTINUED)

(G) CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are approved by the Board of Directors and are monitored on a regular basis. The Group does not require collateral in respect of trade and other receivables.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. Probability of default constitutes a key input in measuring expected credit loss (ECL). Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, trade credit insurance is purchased.

Other receivables primarily relate to grower advances. The Group has adopted a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults. The counterparty in this case for grower advances is credit worthy and has no history of defaulting in past.

The Group does not have any significant concentrations of net credit risk. The Company does not expect the non-performance of any obligations at balance date. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk.

(H) LIQUIDITY RISK MANAGEMENT

Liquidity risk represents the Group's ability to meet its contractual obligations. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At balance date, the Group had unused credit facilities in the form of undrawn bank overdrafts and loan facilities of \$13.3 million (2021: \$14 million) to further reduce liquidity risk.

LIQUIDITY TABLES

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Refer to note 13 for the weighted average effective interest rate.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

24. FINANCIAL INSTRUMENTS (CONTINUED)

(H) LIQUIDITY RISK MANAGEMENT (CONTINUED)

	Less than 1 year \$'000	1-2 years \$'000	Group 2-5 years \$'000	Over 5 years \$'000
Group 2022				
Trade and other payables	4,356	-	-	-
Loans and borrowings	4,822	14,715	28,547	-
Convertible notes	11,609	-	-	-
Lease liabilities	1,371	1,290	3,842	12,829
	22,158	16,005	32,389	12,829
Group 2021				
Trade and other payables	4,472	-	-	-
Loans and borrowings	1,844	2,688	34,842	-
Convertible notes	11,609	-	-	-
Lease liabilities	1,202	1,138	3,173	11,456
	19,127	3,826	38,015	11,456

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	Less than 6 months \$'000	6-12 months \$'000	Group 1-2 years \$'000	Over 2 years \$'000
Group 2022				
Forward exchange contracts – cash inflows	6,753	6,743	8,975	-
Forward exchange contracts – cash outflows	(7,077)	(7,028)	(9,208)	-
	(324)	(285)	(233)	-
Group 2021				
Forward exchange contracts – cash inflows	8,589	4,607	3,889	-
Forward exchange contracts – cash outflows	(8,569)	(4,563)	(3,883)	-
	20	44	6	-

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

24. FINANCIAL INSTRUMENTS (CONTINUED)

(I) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities are determined as follows:

- the fair value of financial assets and liabilities with standard terms and conditions and traded on active markets are determined with reference to the quoted market prices; and
- the fair value of derivative instruments are calculated based on discounted cash flows using market inputs.

The Directors consider that the carrying value of all financial instrument assets and liabilities in the financial statements approximate their fair value.

(J) FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Group 2022 \$'000	Group 2021 \$'000
Financial assets FVTPL		
Other financial assets (derivative financial assets) – Current	-	64
Other financial assets (derivative financial assets) – Non-Current	-	6
Total financial assets	-	70
Financial liabilities FVTPL		
Other financial liabilities (derivative financial liabilities) – Current	(608)	-
Other financial liabilities (derivative financial liabilities) – Non-Current	(232)	-
Total financial liabilities	(840)	-

All financial assets and liabilities of the Group that are measured at fair value subsequent to initial recognition are included in Level 2 as the fair value of these instruments are not quoted on an active market and is determined by using valuation techniques. These valuation techniques rely on observable market data. There were no transfers between Level 1 and 2 during the year.

(K) CHANGE IN FAIR VALUE OF FINANCIAL ASSETS/LIABILITIES

Foreign currency forward contracts	(910)	(32)
	(910)	(32)

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

25. DIRECTORS AND KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are the Directors of the Company and the executives with the greatest authority for the strategic direction of the Company. The compensation of the Directors and the key management personnel is set out below:

Short-term employee benefits	1,817	2,119
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26. RELATED PARTY DISCLOSURES

(A) INVESTMENT IN SUBSIDIARIES

The Parent entity in the consolidated entity is Foley Wines Limited. The Parent entity of Foley Wines Limited is Foley Holdings New Zealand Limited who own 52.80% (2021: 52.80%) of the shares in Foley Wines Limited. The ultimate parent is Foley Family Wines Holdings, Inc., who own 80.47% of Foley Holdings New Zealand Limited and as such owns 42.49% (2021: 42.49%) of the Company.

The consolidated financial statements include the financial statements of Foley Wines Limited (FWL) and the following subsidiaries:

Name of Entity	Principal Activity	Parent Company	Country of Incorporation	Ownership Interest % 2022	Ownership Interest % 2021
Vavasour Wines Ltd	Non-operating	Foley Wines Ltd	NZ	100%	100%
Goldwater Wines Ltd	Non-operating	Foley Wines Ltd	NZ	100%	100%
Clifford Bay Wines Ltd	Non-operating	Foley Wines Ltd	NZ	100%	100%
Te Kairanga Wines Ltd	Non-operating	Foley Wines Ltd	NZ	100%	100%
Grove Mill Wine Company Ltd	Non-operating	Foley Wines Ltd	NZ	100%	100%
Sanctuary Wine Company Ltd	Non-operating	Foley Wines Ltd	NZ	100%	100%
The New Zealand Wine Company Ltd	Non-operating	Foley Wines Ltd	NZ	100%	100%
Martinborough Vineyard Wines Ltd	Non-operating	Foley Wines Ltd	NZ	100%	100%
Mt Difficulty Wines Ltd	Non-operating	Foley Wines Ltd	NZ	100%	100%
Burnt Spur Ltd	Non-operating	Foley Wines Ltd	NZ	100%	100%
FWines UK Ltd	Non-operating	Foley Wines Ltd	UK	100%	100%

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

26. RELATED PARTY DISCLOSURES (CONTINUED)

(B) TRANSACTIONS WITH RELATED PARTIES – DIRECTORS AND KEY MANAGEMENT PERSONNEL

	Group 2022 \$'000	Group 2021 \$'000
Certain Directors and key management personnel have interests in contracts with the Group as follows. All transactions were at normal commercial rates.		
AM Turnbull (Lighthouse Distillery Ltd – purchase of Spirits for bottling and sale)	105	203
AM Turnbull (Lighthouse Distillery Ltd – charges from FWL for labour, rent, electricity and administration)	62	88

(C) TRANSACTIONS WITH OTHER RELATED PARTIES

Material transactions with related parties during the period are set out below:

- (i) Sales were made to Foley Family Wines, Inc., a 100% owned subsidiary of Foley Family Wines Holdings, Inc., the ultimate parent of Foley Wines Limited. Sales for the year were \$7,868,000 (2021: \$8,334,000). All transactions were at normal commercial rates.
- (ii) Marketing support services were provided by Foley Family Wines Inc., a 100% owned subsidiary of Foley Family Wines Holdings, Inc., the ultimate parent of Foley Wines Limited. Marketing support charges for the year were \$Nil (2021: \$104,000).
- (iii) Interest was paid/payable to Foley Holdings New Zealand Limited the parent of the Foley Wines Limited under the convertible note (note 15). Interest paid/payable for the year was \$709,000 (2021: \$709,000).
- (iv) Sales were made to Wharekauhau Country Estate Limited, a luxury lodge 74.6% owned by Bill Foley, the majority shareholder of the ultimate parent. Sales for the year totalled \$31,000 (2021: \$72,000). Accommodation, meals, events, contract labour and vouchers for Foley Rewards provided by Wharekauhau to the Company during the year totalled \$52,000 (2021: \$29,000). All transactions were at normal commercial rates.
- (v) Lighthouse Gin product was purchased for global distribution from Lighthouse Distillery Limited, a company owned by Mark Turnbull, CEO and Director of Foley Wines Limited. Purchases during the period totalled \$105,000 (2021: \$203,000). Administration services, rental, electricity and contract distilling services were provided to Lighthouse Distillery Limited during the period of \$62,000 (2021: \$88,000). All transactions were at normal commercial rates.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

26. RELATED PARTY DISCLOSURES (CONTINUED)

(C) TRANSACTIONS WITH OTHER RELATED PARTIES (CONTINUED)

	Group 2022 \$'000	Group 2021 \$'000
Amounts owing to related parties as at balance date:		
Foley Holdings New Zealand Limited – convertible note	10,900	10,900
Lighthouse Distillery Limited	-	3
Wharekauhau Country Estate Limited	1	-
Amounts owing from related parties as at balance date:		
Foley Family Wines, Inc.	1,176	2,588
Wharekauhau Country Estate Limited	2	1
Lighthouse Distillery Limited	18	5

27. SEGMENT INFORMATION

The Group operates in the wine industry and is considered to operate in one segment. Financial information available to management including the chief operating decision maker is principally based on the information provided in these financial statements. There are therefore no additional disclosures included in these financial statements.

Included in sales revenue are revenues of approximately \$15,833,000 (2021: \$18,305,000), \$7,868,000 (2021: \$8,334,000) and \$6,275,000 (2021: \$5,869,000) which arose from sales to the Group's largest customers. No other single customers contributed 10% or more to the Group's revenue in either 2022 or 2021. The second largest customer is a related party – refer note 26.

The Group derived sales revenue from New Zealand customers of \$24,349,000 and overseas customers of \$33,343,000 (2021: NZ \$26,385,000; Overseas \$31,567,000).

28. COMMITMENTS

In the ordinary course of business the Group has Grower Agreements which would require it to purchase grapes during harvest which occurs between March and May each year throughout the period of the Agreement.

At balance date the Group had capital commitments of \$3,583,000 for the Te Kairanga Development and \$18,000 for a CARL copper pot still (2021: Te Kairanga Development \$7,500,000 and CARL copper pot still \$130,000). The Group has also committed to a capital expenditure project not exceeding \$3 million for the Mt Difficulty Cellar door/Restaurant redevelopment.

Notes to the Financial Statements (continued)

For the year ended 30 June 2022

29. CONTINGENT LIABILITIES

There were no contingent liabilities at balance date (2021: Nil).

30. SUBSEQUENT EVENTS

On 29 July 2022 the interest rate on the three BNZ Term Loans were reviewed. The new interest rates on these loans for the period from 29 July 2022 to 30/31 August 2022 was 4.59-4.79% pa.

On 10 August 2022 the Company entered into a new lease of a developed vineyard in Marlborough that commenced on 1 August 2022. This resulted in an increase in lease right-of-use assets and lease liabilities following the lease recognition of \$1,175,000 on 1 August 2022.

On 25 August 2022 the Board approved a final dividend of 4 cents per share, fully imputed, for payment on 21 October 2022.

At the date of this report the States of local emergency remain in place for the Nelson-Tasman and Marlborough regions following the recent severe weather and flooding. The main highways between Blenheim and Nelson remain closed. Port Nelson is the main Port used by the Company for the shipping of containers for export orders. The Company has put in place alternative measures for the current orders utilising the Wellington and Lyttleton Christchurch Ports and will continue to use these alternatives until the road reopens.

No other material events have occurred since balance date.

31. NET TANGIBLE ASSETS PER SHARE

	Group 2022 \$'000	Group 2021 \$'000
Net tangible assets per share	1.65	1.48

The calculation of net tangible per share in respect of 2022 is based on net tangible assets of \$108,608,000, being Net assets \$143,733,000 less intangible assets \$35,125,000 (2021: \$97,238,000, being Net assets \$132,360,000 less intangible assets \$35,122,000) and the 65,736,148 ordinary shares on issue at balance date (2021: 65,736,148).

32. FOREIGN CURRENCY EXCHANGE RATES

The following spot foreign exchange rates have been applied at balance date:

NZ \$1.00 =	30 June 2022		30 June 2021	
	FWL Buy	FWL Sell	FWL Buy	FWL Sell
Australian dollar	0.9004	0.9076	0.9268	0.9342
United States dollar	0.6191	0.6241	0.6964	0.7020
Great British pound	0.5108	0.5149	0.5028	0.5068
Euro	0.5930	0.5978	0.5852	0.5899

Independent Auditor's Report



Independent Auditor's Report

To the Shareholders of Foley Wines Limited

Opinion

We have audited the financial statements of Foley Wines Limited and its subsidiaries (the 'Group'), which comprise the statement of financial position as at 30 June 2022, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, on pages 17 to 63, present fairly, in all material respects, the financial position of the Group as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's 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.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no relationship with or interests in the Company or any of its subsidiaries, except that partners and employees of our firm deal with the Company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Valuation of land, buildings, land improvements and bearer plants

As disclosed in Note 20 of the financial statements, the Group has recorded the following assets at fair value:

Freehold land	\$42.6 million
Freehold buildings	\$22.0 million
Land improvements	\$8.3million
Bearer plants	<u>\$24.4 million</u>
	\$97.3 million

Independent valuers determined the fair values at balance date. The valuations of freehold land, land improvements and bearer plants are prepared using a "comparative sales" basis and include an assumption over the comparability of certain key inputs, such as location, size of parcel of land, soil quality, vine varietal and growing conditions at each of the wineries and vineyards.

The valuation of freehold buildings are prepared using either a combination of income or replacement cost methods and include assumptions for estimated rental, capitalisation rates and estimated replacement costs.

The valuers have determined a value for each property as a whole taking into account the valuation methods above and current market conditions to arrive at a range of valuation outcomes, from which they derive a fair value estimate.

The valuation of these assets is a key audit matter due to the subjective judgements and assumptions in the valuations, including those that relate to the flow on impacts of Covid-19.

We have evaluated the appropriateness of the valuation in respect of the land, buildings, land improvements and bearer plants by performing the following:

- Assessing the independence, objectivity and competence of each valuer;
- Holding discussions with the valuers to understand the procedures and processes they performed in undertaking the valuations and the methodology they used. We discussed the following with each valuer:
 - Valuation methodology used for each asset type and comparative sales transactions used given the current market conditions;
 - How those current market conditions were reflected in the valuations;
 - How they obtained knowledge of the characteristics of each vineyard, for example by site inspection to confirm soil type, location and grape varietal; and
 - How they have determined the key inputs for each asset type;
- Involving our internal valuation expert to consider and challenge the reasonableness of the assumptions and valuation methodology applied;
- Challenging a sample of key inputs used in the valuations against available market information;
- Reviewing the valuations for any limitations of scope, as a result of Covid-19, that would impact the reliability of the valuations; and
- Evaluating the related disclosures and the risks attached to them which are included in Note 20 to the financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment testing of intangible assets with indefinite useful life and goodwill</p> <p>As disclosed in Note 22, the Group has \$35.1 million of intangible assets with indefinite useful lives at 30 June 2022, of which \$16.3 million relates to goodwill.</p> <p>The Group has assessed the value of the goodwill and intangible assets by determining the recoverable amount of the Group's cash generating unit, being the whole business, through value in use calculations. The value in use is determined using discounted cashflow analysis involving key inputs such as forecast earnings before interest and tax over a five-year period (based on the budget for the next financial year and with an estimated growth rate applied thereafter), capital expenditure during this period, a terminal value growth rate and the pre-tax discount rate ('discount rate').</p> <p>The impairment testing of intangible assets is a key audit matter due to the estimates and judgement involved in determining the recoverable amount of the cash generating unit including the appropriateness of the level of cash generating unit at which the intangible assets are tested for impairment.</p>	<p>We have evaluated the appropriateness of the identification of the cash generating unit and the Group's value in use calculations by performing the following:</p> <ul style="list-style-type: none"> • Challenging the appropriateness of the identification of the cash-generating unit by considering if the CGU is the lowest level at which there are independent cash flows; • Testing the value in use calculations for arithmetic accuracy; • Comparing forecast performance with the approved financial year budget; • Challenging management's assumptions used in the forecasted financial performance based on our knowledge of the Group's operations, the past performance and market conditions; • Assessing the historical accuracy of the Group's previous forecasts by comparing prior period budgets to actual performance; • Involving our internal valuation specialists in assessing the reasonableness of the discount rate, growth rate and terminal value growth rate used; • Performing sensitivity analysis on the earnings growth rate, terminal growth rate, discount and capital expenditure to determine the extent to which any changes in these inputs would result in impairment in the goodwill and indefinite life intangible assets; • Reviewing the calculation of the carrying amount of the cash generating unit; and • Evaluating the appropriateness of the related disclosures.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors 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 on behalf of the Group for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 and ISAs (NZ) 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.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1>

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Silvio Bruinsma, Partner for Deloitte Limited

Auckland, New Zealand
25 August 2022

This audit report relates to the financial statements of Foley Wines Limited (the 'Company') for the year ended 30 June 2022 included on the Company's website. The Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 25 August 2022 to confirm the information included in the audited financial statements presented on this website.

Corporate Governance Statement



Corporate Governance Statement (continued)

For the year ended 30 June 2022

This statement is designed to provide an overview for Shareholders to reflect the main governance policies and practices adopted or followed during the financial year ended 30 June 2022 and has been approved by the Board. For further information refer to the Company's website (www.foleywines.co.nz).

The Board is committed to high standards of best practice corporate governance and ethical conduct as being integral to overall business integrity and to delivery of long-term shareholder value.

Foley Wines Limited's (FWL) shares are listed on the NZX Main Board. In this statement we disclose the extent to which the Board believes that the Group's policies and practices have complied with the NZX Corporate Governance Code 2020 (NZX Code), or where applicable, an explanation as to why a recommendation was not followed and any alternative practice followed in lieu of the recommendation.

NZX CODE

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

“Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.”

CODE OF ETHICS

The Board maintains a Code of Ethics Policy Statement, reviewed at least bi-annually, to underpin FWL's vision and values and expected standards of conduct for Directors and employees.

The Group expects its Directors and employees to act in the best interests of the Company, its Shareholders and stakeholders and maintain the highest standards of honesty, integrity and ethical conduct in day to day behaviour and decision making. They must be objective, apply skill and professional competence, and keep information that they obtain in their role confidential.

New Directors and employees are provided with a copy of the Code of Ethics as part of the induction process and advised that this is also available on the Group's website. All Directors and employees must provide acknowledgement that they have read and understood the content. When the Code is reviewed by the Board a copy of the revised Code is circulated to all current employees as a reminder of its content.

The Code requires Directors and employees to promptly report material breaches of the Code and sets out a procedure for doing so.

The Code was last reviewed by the Board in August 2021.

FINANCIAL PRODUCT DEALING POLICY

The Board maintains a Financial Product Dealing Policy that explains what processes are in place to manage the legal and reputational risks associated with director and staff share trading to provide transparency about expectations and requirements to protect them from the risk of breaching insider trading laws. In particular:

- directors and employees may not buy or sell FWL shares in the trading “black-out” periods set out in the Policy (these periods occur prior to the release of FWL's financial results to the market); and
- directors and employees must obtain consent from the Board to buy or sell FWL's shares.

Training on the Policy is included as part of the induction process for new directors and employees and a copy of the Policy is available on the Group's website.

The Policy was last reviewed by the Board in August 2022.

Corporate Governance Statement (continued)

For the year ended 30 June 2022

PRINCIPLE 2 – BOARD COMPOSITION & PERFORMANCE

“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.”

BOARD CHARTER

The Board operate under a written charter which sets out the respective roles, responsibilities, composition and structure of the Board and senior management, and this is available on the Group’s website.

The Directors are responsible, collectively as the Board under its Chairman, for the success of FWL and are accountable to shareholders for the Company’s overall ethical conduct, strategic development, annual performance and long-term sustainable increase in shareholder value.

The Board exercises its powers on behalf of all Shareholders, except for those powers specifically required to be exercised by Shareholders by law, the NZX Listing Rules or the FWL Constitution. Except for powers specifically reserved to the Directors under the Companies Act or the Delegated Authorities Policy, the Board in turn delegates authorities to the Chief Executive Officer (CEO), with sub-delegations to members of the Management Team, with the CEO (Executive Director) responsible for the day-to-day management of the FWL business and delivering against the agreed strategic plans, operating budgets and performance targets.

The Role of the Board is to provide the overall framework for governance, accountability, risk control and deliverability of the strategic and operating plans. To do so the Board meets with management normally at approximately quarterly intervals, and more frequently if warranted, otherwise contact shall occur via email or teleconference to ensure Directors are fully apprised about key Company activities and issues.

The Chairman, on behalf of the Board, is the formal channel of communication to external stakeholders and to the CEO who in turn has delegated responsibility for management and staff and for achieving agreed policies, business strategies, operating plans and budgets. The CEO reports regularly to the Chairman on critical issues being faced by the Company, as well as progress being made against strategic plans.

In addition to the foregoing, the Directors are responsible for preparing and providing to Shareholders the financial statements, as prescribed in the Financial Reporting Act. These shall give a true and fair view of the financial (and operational) state of affairs of FWL for the period, as portrayed in the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and Statement of Cash Flows. These financial statements are unaudited for the half-year report but must be audited by the External Auditor for the full financial year report ended 30th June.

The Board Charter is reviewed at least every two years and was last reviewed in August 2021.

DIRECTOR NOMINATION

The responsibility for identifying suitable candidates for recruitment to the Board, is undertaken by the Board, drawing on advice from independent consultants as appropriate. Nominated candidates are assessed against a number of criteria which include character, background, professional skills and experience, and their availability to commit to the role. The Board also considers the Composition of the Board requirements contained in the Constitution and the NZX Listing Rules.

Under the Constitution there shall be a minimum of 3 Directors and the maximum number of Directors may be determined from time to time by the Board, and unless so determined, is 8. The Board is therefore authorised to appoint one or more additional Directors to fill a casual vacancy or to expand the Board for increased effectiveness or to help meet the Company’s objectives.

Corporate Governance Statement (continued)

For the year ended 30 June 2022

PRINCIPLE 2 – BOARD COMPOSITION & PERFORMANCE (Continued)

DIRECTOR NOMINATION (CONTINUED)

Under the NZX Main Board Listing Rules a minimum of two Directors must be ordinarily resident in New Zealand and one third of the Directors, and a minimum of two, must be independent, as defined in the NZX Listing Rules. The NZX Code recommends that the Board consists of a majority of Independent Directors and that Board Chairman is either independent or that the Board Chairman and the CEO are different people.

Directors are elected by shareholders at the first annual meeting after appointment. After that, at each annual meeting, the NZX Listing Rules and the Company's Constitution require Directors to retire after they have served three years since their last election. Directors who have served for more than nine years on the Board shall retire annually. Retiring Directors are eligible for re-election.

INDEPENDENCE

During the current financial year there were four Non-Executive Directors, three of which were independent, and one Executive Director. Details of all Directors as at the date of this report, including their qualifications, length of service and experience, independence and ownership interests, are shown in Section 1 of the Statutory Information section of this Annual Report. The Board Chairman is a different person to the CEO.

In order to ensure that any "interest" of a Director in a particular matter to be considered by the Board are known by each Director, the Company has developed protocols, consistent with obligations imposed by the Companies Act 1993, to require each Director to disclose any relationships, duties or interests held that may give rise to a potential conflict.

WRITTEN AGREEMENT

The Company provides a letter of appointment to each newly appointed Director setting out the terms of their appointment. The letter includes information regarding expected time commitments, the board's responsibilities, remuneration, independence requirements, disclosure requirements, confidentiality obligations, indemnity and insurance provisions, intellectual property rights and cessation of appointment.

DIVERSITY

The Board maintains a Diversity and Inclusion Policy that provides a framework to embed and support a diverse workforce and inclusive workplace environment. The Policy sets out how FWL will set measurable objectives for achieving diversity and inclusion, and how it will assess its progress towards achieving these objectives. The Policy also sets out the diversity and inclusion initiatives FWL currently has in place, together with the initiatives it is currently implementing. A copy of the Policy is available on the Group's website.

The Diversity and Inclusion scorecard as at 30 June 2022 was:

Board and Key Management Personnel:

Gender Diversity: At 30 June 2022 the Directors were all Male (5) (2021: Male 100%) and the Key Management Personnel were 67% Male (2) and 33% Female (1) (2021: Male 75%; Female 25%).

For all employees at 30 June 2022 based on information provided by employees:

Gender Diversity: 47% were Male and 53% were Female (2021: Male 46%; Female 54%).

Ethnic Diversity: Ethnicity they identify with: European 83%; Maori 5%; Pacific 2%; Asian 4%; and Other 6% (2021: European 82%; Maori 6%; Pacific 3%; Asian 2%; and Other 6%).

Age Breakdown: < 20 0%; 20-29 11%; 30-39 28%; 40-49 30%; 50-59 22%; 60-69 9% (2021: < 20 0%; 20-29 16%; 30-39 29%; 40-49 33%; 50-59 13%; 60-69 9%).

Corporate Governance Statement (continued)

For the year ended 30 June 2022

PRINCIPLE 2 – BOARD COMPOSITION & PERFORMANCE (Continued)

BOARD PERFORMANCE EVALUATION AND TRAINING

All Non-Executive Directors are expected to participate in performance reviews, particularly prior to the re-election of a Non-Executive Director to the Board. The findings of the performance review process are used to identify, assess and enhance Director competencies and to define characteristics or skills which should be sought in future Board candidates. The Board undertakes a performance evaluation of the Board and its members bi-annually. Directors undertake appropriate training to remain current on how best to perform their duties as directors of the Company.

PRINCIPLE 3 – BOARD COMMITTEES

“The Board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.”

To enhance the effectiveness of the Board there is an Audit and Risk Committee. Due to the size of the Board all other matters including Remuneration matters are considered by the full Board. The Board may establish an ad hoc Committee at any appropriate time to consider a special issue.

The committees have their own charters setting out the objectives, composition, and responsibilities of the committee. The Board will periodically review the charters. The Board Chairman may not be the Chairman of the Audit and Risk Committee. A quorum shall be two Committee members, including the Committee Chairman. Any Director may attend any Committee meeting as an observer if he/she so wishes. The Committee may request the CEO, Chief Financial Officer and/or any Management Team member to attend.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises of three Directors: Grant Graham (Chairman), Anthony Anselmi and Paul Brock, and meets formally a minimum of two times during the financial year. The Board is of the opinion that sufficient financial expertise and knowledge of the industry in which the Company operates is possessed by the members of the Audit and Risk Committee. Details of the qualifications of the Audit and Risk Committee members are set out in Section 1 of the Statutory section of this Annual Report. The primary objective of the Audit and Risk Committee is to assist the Board of Directors in fulfilling its responsibilities relating to annual reporting, tax planning and compliance, and risk management practices.

TAKEOVER POLICY

The Takeover Policy sets out the procedure to be followed if there is a takeover offer for FWL. A copy of the Policy is available on the Group’s website. This Policy is reviewed by the Board at least bi-annually or as required due to legislation changes. It was last reviewed in August 2021.

PRINCIPLE 4 – REPORTING & DISCLOSURE

“The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.”

CONTINUOUS DISCLOSURE

FWL’s Continuous Disclosure Policy sets out FWL’s arrangements to ensure material information is identified, reported, assessed and, where required, disclosed to the market in a timely manner. The Company is committed to providing relevant and timely information to its shareholders and to the broader market, in accordance with its obligations under the NZX Listing Rules.

Corporate Governance Statement (continued)

For the year ended 30 June 2022

PRINCIPLE 4 – REPORTING & DISCLOSURE (CONTINUED)

CONTINUOUS DISCLOSURE (CONTINUED)

It is the responsibility of the Board to monitor compliance with the Continuous Disclosure Policy. The Board considers at each board meeting whether any information discussed at the meeting requires disclosure. The Policy is reviewed at least annually and was last reviewed in August 2022. A copy of the Policy is available on the Group’s website.

CHARTERS AND POLICIES

The key corporate governance documents referred to in this Statement are available on the Group’s website.

FINANCIAL REPORTING

FWL is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders which reflects a considered view on its present and future prospects.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements, and ensuring the financial reporting is balanced, clear and objective. It reviews annual and half year financial statements and makes recommendations to the Board concerning the application of accounting policies and practices, areas of judgement, compliance with accounting standards, NZX and legal requirements, and the results of the external audit.

NON-FINANCIAL REPORTING

The Group assesses its exposure to environmental, economic and social sustainability as part of the overall framework for managing risk (see Principle 6 – Risk Management). The Group is committed to improving standards of environmental performance to enable a more efficient and sustainable future. Accordingly, the Group follows longstanding practices around management of environmental factors affecting the business, including strategies relating to water conservation, viticulture management, sustainable wine growing practices and wetland preservation initiatives. Reporting on these matters are included in the Director and CEO Report.

PRINCIPLE 5 – REMUNERATION

“The remuneration of directors and executives should be transparent, fair and reasonable.”

REMUNERATION – NON-EXECUTIVE DIRECTORS

Remuneration levels are set at competitive levels to attract and retain appropriately qualified and experienced Directors taking in to account the responsibilities and time commitments provided by those Directors to the Company in discharging their duties.

Directors’ fees are recommended to and confirmed by Shareholders’ resolution at an Annual Meeting. In accordance with the Listing Rules the Shareholders approve the total aggregate amount of fees payable to all Directors as Directors’ fees, with the fee allocation to be determined by Directors. Currently the maximum aggregate amount of fees payable to Directors is \$240,000 per annum.

The Company’s policy is to pay all of its Directors in cash. The Directors fees paid during the year are shown in Section 3 of the Statutory Information section of this Annual Report.

Corporate Governance Statement (continued)

For the year ended 30 June 2022

PRINCIPLE 5 – REMUNERATION (Continued)

REMUNERATION – NON-EXECUTIVE DIRECTORS (CONTINUED)

The Board reviews annually and recommends to Shareholders any increase in Directors' fees when profit performance warrants. The criteria for reviewing Non-Executive Director remuneration includes obtaining advice from external consultants, where appropriate, information on Board arrangements for other corporations of similar size and complexity, and the review of current and expected workloads of non-executive Directors. The Board will continue to review its remuneration strategies in relation to non-executive Directors from time to time, in line with general industry practice.

REMUNERATION POLICY

The purpose of the Remuneration Policy is to outline the principles and approach to remuneration for all employees and Directors of FWL and to ensure the principles are fair, reasonable and aligned to FWL's strategic goals.

The Group is committed to applying fair and equitable remuneration and reward practices in the workplace, taking into account internal and external relativity, the commercial environment, the ability to achieve the Group's business objectives and the creation of Shareholder value. Under the Group's remuneration practices, job size relative to the relevant competitive market for talent, as well as individual performance against defined key performance objectives, are key considerations in all remuneration-based decisions.

REMUNERATION – CEO (EXECUTIVE DIRECTOR) AND SENIOR EXECUTIVES

The total remuneration paid to the CEO/Executive Director for the year ended 30 June 2022 is disclosed in Section 3 of the Statutory Information section of this Annual Report. The remuneration of the CEO comprises both a formal fixed and variable performance component. Fixed remuneration includes a base salary, car allowance, car parking and a wine allowance. CEO Mark Turnbull's annual base salary for the year ended 30 June 2022 was \$550,000 (2021: \$550,000). A formal short term incentive scheme was implemented from the year ended 30 June 2021 with a target of \$275,000 based on the achievement of predetermined operational targets (EBIT) and other performance objectives aligned with assessing progress on executing the long-term strategy of the company. A maximum amount of \$412,500 is payable for outstanding performance. During the year the Board approved a bonus for performance and achievement of long-term strategic goals of \$400,000 (2021: \$300,000). There was no long-term incentive scheme in place during the current or prior year.

PRINCIPLE 6 – RISK MANAGEMENT

“Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.”

Risk management is an acknowledged important factor in corporate governance. The Board is responsible for the Group's risk assessment, management and internal control and considers it has carried out a robust risk assessment process. The Board has identified a number of risks in the Company's operations that are commonly faced by other entities in the wine industry. The Board and management of the Company believe they have taken all reasonable steps to manage and mitigate those risks.

In viticulture the issues of weather, disease and pest control are an ongoing management activity. Viticultural techniques are in place and in practice which the Board and Management considers effectively mitigate this risk.

Corporate Governance Statement (continued)

For the year ended 30 June 2022

PRINCIPLE 6 – RISK MANAGEMENT (Continued)

Brand reputation and brand security is an identified risk that is the subject of ongoing surveillance, and techniques and practices are in place which the Board and Management considers effectively mitigate this risk.

Supply Chain risk is monitored, and the Group has identified a range of suppliers operating in different jurisdictions to mitigate the risk of the loss of a single supplier.

Grape supply - The quality and quantity of the grape harvest is dependent on seasonal climatic factors such as frosts, rainfall, sunshine and temperature. Harsh adverse climatic conditions could affect the quality of grapes and hence marketable quality of and prices received for the Company's finished wines. To mitigate this risk the Group has diversified and is further diversifying its grape supplies and vineyards throughout various regions across New Zealand. The Group sources grapes from owned or leased vineyards as well as from contract growers.

Resource and Water Supply and Waste Disposal Consents – the Group can only operate with approved resource consents. These have been obtained and are maintained for all of the Group's winery sites. The Group ensures it holds water rights for all foreseeable demands for the wineries and its owned and leased vineyards.

Technology risk, particularly in relation to hacking or illegal access and cyber-attacks, is an identified risk that is the subject of ongoing surveillance, and techniques and practices are in place which the Board and Management considers effectively mitigate this risk.

The senior management team regularly complete a risk assessment affecting the business and maintain a risk matrix which is used to monitor and mitigate these risks. A risk matrix measures the impact of the risk and likelihood of occurrence and outlines the practices and processes in place to address the identified risk. This is provided to the Audit and Risk Committee and Board annually. The Group maintains insurance policies that it considers adequate to meet insurable risks taking into consideration the size and nature of the Company's business and risk profile.

HEALTH AND SAFETY

The Board has responsibility for ensuring the Company maintains a health and safety management system that meets best practice standards to protect the health and safety of its employees and contractors engaged by the Company. The Board maintains a Health and Safety Policy, reviewed annually, to underpin the Company's commitment to providing a safe working environment for its employees and contractors. The Board receives a monthly Workplace Health and Safety Report from the Company's Health and Safety Manager. The Health and Safety Policy was last reviewed in August 2021.

PRINCIPLE 7 – AUDITORS

“The board should ensure the quality and independence of the external audit process.”

EXTERNAL AUDITOR

The Audit and Risk Committee makes recommendations to the Board on the appointment and removal of the external auditor. The Audit and Risk Committee ensures that the Key Audit Partner is changed at least every five years. The current Lead Audit Partner Silvio Bruinsma was appointed in February 2020.

The Audit and Risk Committee is responsible to ensure the External Auditor's independence is maintained so that financial reporting is reliable and credible. The Audit and Risk Committee monitors the nature and extent of other services provided by the external auditor, and the ratio of audit fees to non-audit fees, to ensure that those services are complementary to the external audit and compatible with maintaining external audit independence.

The External Auditor is responsible for reviewing and making recommendations on these underlying control systems to ensure they produce accurate and consistent reports on which Shareholders may rely and, to assist meeting this

Corporate Governance Statement (continued)

For the year ended 30 June 2022

PRINCIPLE 7 – AUDITORS (CONTINUED)

EXTERNAL AUDITOR (CONTINUED)

responsibility, the External Auditor shall have full access to all board papers and minutes and all financial and related records. The Audit and Risk Committee routinely has time with the External Auditor without management present.

It is paramount the independence of The External Auditor is maintained for Shareholders' benefit.

The Company invites the External Auditor to attend the Annual Meeting of Shareholders and they are available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

INTERNAL AUDIT

The underlying internal control and accounting and operational systems determine the accuracy of the financial statements and results presented to the Board. The Group does not have an internal audit function. Procedures have been established at the Board and executive management levels that are designed to safeguard the assets and interests of the Company and ensure the integrity of reporting. The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost-effective internal control system will preclude all errors and irregularities. The Board has undertaken a risk review and considers that the Group have a sound system of internal control which is operating effectively in all material respects in relation to financial reporting risk.

PRINCIPLE 8 – SHAREHOLDER RIGHTS & RELATIONS

“The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”

INFORMATION FOR AND COMMUNICATION WITH SHAREHOLDERS

The Group is committed to communicating regularly with Shareholders in an open and transparent way. The Board aims to ensure that all Shareholders are provided with all information necessary to assess the Group's direction and performance.

To facilitate this general information flow, the Company maintains a comprehensive website including an investor section (www.foleywines.co.nz). This contains the constitution, annual and half-yearly reports and financial statements, corporate governance policies and documents, releases to the NZX or media and any presentations to third parties. Contact details are provided on the website to allow shareholders to contact the Company. Shareholders are actively encouraged to received communications from FWL and its Share Registrar electronically.

SHAREHOLDER RIGHTS

In accordance with the Companies Act 1993, FWL's Constitution, and the NZX Listing Rules, the Group refers any major decisions which may change the nature of FWL to Shareholders for approval at a Shareholders' meeting.

Resolutions for which requisite Notice are given are voted upon by way of a poll and on the basis of one share, one vote. There are no priority or special voting shares.

When the Group is seeking additional equity capital it will offer further equity securities to existing shareholders of the same class on a pro-rata basis, and on no less favourable terms, before further equity securities are offered to other investors.

NOTICE OF ANNUAL SHAREHOLDERS MEETING

The Group posts any Notices of Shareholder Meetings on its website as soon as these are available. The general practice is to make these available not less than four weeks prior to the Shareholders' meeting.

Statutory Information



Statutory Information (continued)

For the year ended 30 June 2022

1. DIRECTOR PROFILES

WILLIAM P FOLEY II – CHAIRMAN

William P Foley II (Bill) was appointed to the Board in September 2012. Mr. Foley has served as the Executive Chairman of Fidelity National Financial, Inc. (NYSE: FNF) since October 2006 and, prior to that, as Chairman of the Board of FNF since 1984. Mr. Foley also served as Chief Executive Officer of FNF from 1984 until May 2007 and as President of FNF from 1984 until December 1994. Mr. Foley serves as a Senior Managing Director of Trasimene Capital. Mr. Foley also served as the Chairman of Foley Trasimene I from May 2020 until April 2021 and was previously Executive Chairman of Foley Trasimene I from March 2020 until May 2020. Following the merger of Foley Trasimene I with Alight Solutions, Inc. (NYSE: ALIT) in July 2021, Bill joined the Alight Board of Directors as the Chairman. Mr. Foley also served as the Chairman of Foley Trasimene II from July 2020 and served on the board of directors of Paysafe Limited (NYSE: PSFE) until March 1, 2022. Bill served as a Director of Austerlitz I from December 2020 until April 2021, Austerlitz II from January 2021 until April 2021 and served as a Director of Trebia from February 2020 until April 2021. Following the merger of Trebia with System1, Inc. (NYSE: SST) in January 2022 Bill joined the combined board. He has served on the board of Jena Acquisition Corp and Friedland Acquisition Corp since June 2021. Mr. Foley has served as the Chairman of Cannae Holdings (NYSE: CNNE) since July 2017. Mr. Foley also serves as the Chairman of Dun & Bradstreet (NYSE: DNB), which is a Cannae Holdings portfolio company. Within the past five-years, Mr. Foley served as the co-Executive Chairman of FGL Holdings from April 2016 to June 2020, and as a director of Ceridian from September 2013 to August 2019. Mr. Foley also serves on the board of directors of the Foley Family Charitable Foundation and the Folded Flag Charitable Foundation.

Some additional positions Mr. Foley holds include Chairman of Glacier Restaurant Group, LLC, the largest restaurant business headquartered in Montana, Chairman of the Foley Entertainment Group, which was formed in 2021 and features a variety of properties including the NHL's Vegas Golden Knights, the AHL's Henderson Silver Knights, the IFL's Vegas Knight Hawks, The Dollar Loan Center, the Hotel Les Mars, Hotel Californian, Black Walnut Inn & Vineyard and Whitefish Mountain Resort, Developer of the Rock Creek Cattle Company, a 30,000-acre working Montana ranch, featuring diverse homesteads, a well-appointed lodge for recreation and dining, and an exceptional golf course designed by Tom Doak that has been named among America's top 100 golf courses by Golf Digest

Mr. Foley also is Chairman and CEO of Foley Family Wines Holdings, Inc., which is the holding company of numerous vineyards and wineries located in the U.S. and in New Zealand. Mr Foley, also is the Executive Chairman and Chief Executive Officer of Black Knight Sports and Entertainment LLC, which is the private company that owns the Vegas Golden Knights, a National Hockey League

Mr. Foley's qualifications to serve on the Board include his 30 plus years as a director and executive officer of FNF, his experience as a board member and executive officer of public and private companies in a wide variety of industries, and his strong track record of building and maintaining shareholder value and successfully negotiating and implementing mergers and acquisitions.

PAUL BROCK – DEPUTY CHAIRMAN – NON-EXECUTIVE INDEPENDENT DIRECTOR

Paul Brock was appointed to the Board with effect from 1 November 2018 and was appointed Deputy Chairman. Paul Brock was the Kiwibank Group Chief Executive from 2010-2017. He was Co-Founder of the bank which was launched in 2002. As Group Chief Executive Paul led the Kiwibank Group through a period of rapid growth and diversification into business banking, wealth management, insurance and asset finance. The bank is now a major player in the New Zealand market with one in four New Zealanders holding an account with Kiwibank.

Statutory Information (continued)

For the year ended 30 June 2022

1. DIRECTOR PROFILES (CONTINUED)

PAUL BROCK – DEPUTY CHAIRMAN – NON-EXECUTIVE INDEPENDENT DIRECTOR (CONTINUED)

Paul has a strong background in governance, management, growth business development, brand development and marketing. An extensive background in the financial services industry has also included senior management positions with Westpac and Trust Bank. Paul has been Chairman of Gareth Morgan Investments Ltd and Kiwibank Investment Management Ltd and a Director of Kiwi Insurance Ltd, New Zealand Home Loans Ltd, Kiwibank Custodial Services Ltd, AMP Home Loans Ltd, Kiwi Capital Securities Ltd, Kiwi Capital Funding Ltd and Kiwi Wealth Management Ltd.

Paul is currently Chair of the board of the New Zealand Story Group, a country reputation programme to enhance the New Zealand brand and increase the benefits to New Zealand from export trade, a Director of Cigna Insurance New Zealand Ltd and a Director of Southern Sky Dairies Ltd. He is also Chair of the Massey University Business School Advisory Board.

Paul holds a Bachelors degree in Business Studies from Massey University.

ANTHONY ANSELM O.B.E. – NON-EXECUTIVE INDEPENDENT DIRECTOR

Anthony Anselmi (Tony) was appointed to the Board in September 2012 and is a member of the Audit and Risk Committee. Tony's business career began in footwear retail in his late teens, and today the family-owned business of which Tony is a director owns and operates retail stores throughout New Zealand and in the State of Victoria, Australia. Tony developed a manufacturing plant in Te Kuiti which supplied footwear to retailer throughout New Zealand. The land containing the factory buildings is now being redeveloped by Tony, into a new housing precinct. Tony has had considerable experience in farmland development and dry stock and dairy farming. Tony was a director of the State-Owned Enterprise Forestry Corporation until it was sold by the Government and Inframax a Local Authority Trading Enterprise. He was for a period Chairman of the New Zealand Footwear Manufacturers Federation and the King Country Regional Development Council.

Tony has invested with Bill Foley in Foley Holdings New Zealand since 2009.

GRANT GRAHAM – NON-EXECUTIVE INDEPENDENT DIRECTOR

Grant Graham was appointed to the Board with effect from 1 February 2019 and as Chair of the Board Audit and Risk Committee. Grant is a Partner at advisory and investment firm Calibre Partners with a strong background in corporate finance and advisory in valuation, restructuring and as an expert witness.

Over 20 years, Grant has written numerous Independent Advisors' reports for listed company activity subject to NZX listing rules and the New Zealand Takeovers' Code. In the process, he has gained an enviable reputation for the quality of these reports, his clear and concise communication style, and pragmatic advice.

Grant has a Bachelor of Commerce and is a Chartered Accountant with Chartered Accountants Australia New Zealand (CAANZ) holding a Certificate of Public Practice and CAANZ Accredited Insolvency Practitioner status. Grant is a member of the Institute of Directors in New Zealand.

ANTONY MARK TURNBULL – CEO (EXECUTIVE DIRECTOR)

Antony Mark Turnbull (Mark) was appointed Chief Executive Officer and Director of the Company in September 2012. Mark's career started as an accountant with Ernst and Young, then for the next 18 years was Managing Partner of the brand consultancy Designworks. Mark was Chairman of the New Zealand Wine Fund when it was acquired by Foley Family Wines in 2009. In 2011 Mark had a sabbatical year and attended London Business School where he completed a Masters of Science in Leadership and Strategy with Distinction. Mark is a Chartered Accountant with Chartered Accountants Australia and New Zealand.

Statutory Information (continued)

For the year ended 30 June 2022

2. INTEREST REGISTERS

The following entries were recorded in the Directors' interest register of the Company during the year:

SHARE DEALINGS IN THE SHARES OF FOLEY WINES LIMITED

There were no share transactions during the year (2021: Nil).

SHARE DEALINGS IN THE SHARES OF FOLEY WINES LIMITED SUBSIDIARY COMPANIES

There were no share transactions during the year (2021: Nil).

	2022 \$'000	2021 \$'000
TRANSACTIONS		
Certain Directors have interests in contracts with Foley Wines Limited.		
AM Turnbull (Lighthouse Distillery Ltd – purchase of Spirits for resale)	105	203
AM Turnbull (Lighthouse Distillery Ltd – charges from FWL for labour, rent, electricity and administration)	62	88

LOANS TO DIRECTORS

No loans to directors were authorised during the year.

INDEMNITY AND INSURANCE

The Directors' and Officers' liability insurance is held to cover risks normally covered by such policies arising out of acts or omissions of directors and employees in their capacity as such except for specific matters which are expressly excluded.

3. DIRECTORS REMUNERATION AND MEETING ATTENDANCE REGISTER

Directors of the Company during the year and remuneration and other benefits paid to directors by the Company were as follows:

	2022 \$'000	2021 \$'000
DIRECTORS' FEES		
WP Foley II	70	70
AJ Anselmi	50	50
PR Brock	60	60
GR Graham	60	60

REMUNERATION AND OTHER BENEFITS

AM Turnbull was a Director and the Chief Executive Officer during the year and as such did not receive Director's Fees. Remuneration and other benefits paid to Executive Directors during the year was \$978,000 (2021: \$959,000). The remuneration for the current year included a base salary of \$550,000 (2021: \$550,000) and a bonus approved by the Board under the short-term incentive scheme of \$400,000 (2021: \$300,000). There was no long-term incentive scheme in place during the year.

Statutory Information (continued)

For the year ended 30 June 2022

3. DIRECTORS REMUNERATION AND MEETING ATTENDANCE REGISTER (CONTINUED)

MEETING ATTENDANCE REGISTER

The attendance of Directors of the Company at Board meetings and Board Audit and Risk Committee meetings were as follows:

	2022 Board	2022 Audit & Risk Committee	2021 Board	2021 Audit & Risk Committee
WP Foley II	5 / 6	N/A	3 / 4	N/A
AJ Anselmi	6 / 6	3 / 3	4 / 4	4 / 4
PR Brock	6 / 6	3 / 3	4 / 4	4 / 4
GR Graham	6 / 6	3 / 3	3 / 4	4 / 4
AM Turnbull	6 / 6	3 / 3	4 / 4	4 / 4

4. EMPLOYEES' REMUNERATION

Section 211(1)(g) of the Companies Act 1993 required disclosure of remuneration and other benefits, including redundancy and other payments made on termination of employment, in excess of \$100,000 per year, paid by the Company or any of its subsidiaries worldwide to any employees who are not Directors of the Company:

	Number of Employees
\$100,000-\$109,999	2
\$130,000-\$139,999	2
\$140,000-\$149,999	2
\$150,000-\$159,999	1
\$160,000-\$169,999	1
\$190,000-\$199,999	1
\$200,000-\$209,999	1
\$280,000-\$289,999	1
\$310,000-\$319,999	1

5. DONATIONS

Foley Wines Limited made no cash donations during the year (2021: \$Nil).

Statutory Information (continued)

For the year ended 30 June 2022

6. SHAREHOLDER BREAKDOWN

Shareholding as at 30 June 2022	Number of shareholders	Total shares held	% of share Committee
1-999	537	138,564	0.21%
1,000-9,999	499	1,667,104	2.54%
10,000-49,999	166	2,946,590	4.48%
50,000-99,999	18	1,218,208	1.85%
100,000-499,999	19	3,826,782	5.82%
500,000+	10	55,938,900	85.10%
	1,249	65,736,148	100.00%

7. DIRECTORS' SHAREHOLDING

As at 30 June 2022 Directors held the following direct interests in the Company.

WP Foley – Individually and with CJ Foley held a direct interest in Foley Wines Limited (FWL) of 61.6% through his shareholding in Foley Family Wines Holdings, Inc. (FFWHI), the ultimate parent of Foley Holdings New Zealand Limited (FHNZL) which is the New Zealand based parent company and majority shareholder of FWL, through his shareholding in FHNZL and through the ownership of 8,981,487 ordinary FWL shares (2021: 61.4%). This interest was 64.7% including the shares to be issued under the Convertible Note (note 15) (2021: 64.5%).

AJ Anselmi – held a direct interest in FWL of 1.7% through his shareholding in FHNZL (2021: 1.7%). This interest was 1.8% including the shares to be issued under the Convertible Note (note 15) (2021: 1.8%).

AM Turnbull – held a direct interest in FWL of 1.2% (2021: 1.2%) through his shareholding in FHNZL (1.15%; 2021: 1.15%) and through the ownership of 60,347 ordinary FWL shares (0.09%; 2021: 0.09%). This interest was 1.3% including the shares to be issued under the Convertible Note (note 15) (2021: 1.3%).

Statutory Information (continued)

For the year ended 30 June 2022

8. 20 LARGEST REGISTERED HOLDERS

Ordinary shares held at 30 June 2022:	Ordinary shares held	% of share capital
Foley Holdings New Zealand Limited *	34,708,796	52.80%
WP Foley II & CJ Foley *	8,981,487	13.66%
National Nominees New Zealand Limited on behalf of Milford Asset Management Limited *	3,792,553	5.77%
Accident Compensation Corporation	2,611,123	3.97%
Lion NZ Limited	2,027,027	3.08%
Alfa Lea Horticulture Limited	903,330	1.37%
New Zealand Permanent Trustees Limited - NZCSD	898,063	1.37%
JP Morgan Chase Bank NA NZ Branch - Segregated Clients Acct - NZCSD	773,095	1.18%
Sky Hill Limited	695,572	1.06%
Custodial Services Limited	547,854	0.83%
Public Trust RIF Nominees Limited - NZCSD	496,019	0.75%
NZ Depository Nominee Limited	341,261	0.52%
JD Croft	322,388	0.49%
Phaben Holdings Limited	320,001	0.49%
MG Fairhall	295,116	0.45%
FNZ Custodians Limited	250,664	0.38%
Kynance Holdings Limited	215,924	0.33%
CM & BW Doig	198,794	0.30%
Hannah Laurenson	170,516	0.26%
Orchard Investments P/S Account	160,000	0.24%
Sub-total	58,709,583	89.31%
Others (1,229 Shareholders)	7,026,565	10.69%
TOTAL	65,736,148	100.00%

* These shareholders are substantial product holders as defined in Section 274 of Sub-part 5 of Part 5 of the Financial Markets Conduct Act 2013 as they have a substantial holding in the Company.

9. NZX WAIVERS

No waivers were granted in the current or prior year.

10. SHAREHOLDER INFORMATION

August 2022 Annual Report Published
November 2022 Annual Shareholders Meeting

Company Directory

For the year ended 30 June 2022

DIRECTORS:	WP Foley, II (Chairman) PR Brock (Deputy Chairman) AJ Anselmi GR Graham AM Turnbull (CEO)
HEAD OFFICE ADDRESS:	13 Waihopai Valley Road RD6, Blenheim, 7276, Marlborough, New Zealand Telephone +64 3 572 8200 Facsimile +64 3 572 8211
POSTAL ADDRESS:	PO Box 67, Renwick 7243, Marlborough, New Zealand
EMAIL:	info@foleywines.co.nz
WEBSITES:	www.foleywines.co.nz www.grovemill.co.nz www.vavasour.com www.tekairanga.com www.martinborough-vineyard.co.nz www.mtdifficulty.nz www.lighthousegin.co.nz
NATURE OF BUSINESS:	Production and distribution of wine
AUDITORS:	Deloitte Limited, Wellington
SOLICITORS:	Bell Gully, Auckland Jennifer Mills & Associates, Auckland
BANKERS:	Bank of New Zealand, Auckland
REGISTRATION NO.	307139
REGISTERED OFFICE:	13 Waihopai Valley Road, RD6 Blenheim 7276, Marlborough, New Zealand
SHARE REGISTRAR:	Computershare Investor Services Limited 159 Hurstmere Road, Takapuna, North Shore City 0622 Private Bag 92119, Auckland 1142 Telephone +64 9 488 8777 Facsimile +64 9 488 8787 Email: enquiry@computershare.co.nz (please quote CSN or shareholder number) Website for shareholders to change address or payment instructions or view investment portfolio: www.computershare.co.nz/investorcentre
SHARE TRADING:	NZX – NZSX Market Security Code “FWL”



FOLEY
WINES

made by land & hand

*Investors who wish to join the
Foley Investors Wine Club, please
email info@foleywines.co.nz*

