



RECORD YEAR AND INVESTING FOR THE FUTURE

THURSDAY, AUGUST 24 2023 – Foley Wines reports record case sales and operating profit in the Company's Annual Report to June 2023, published to the New Zealand Stock Exchange today.

OVERVIEW

Bottled Sales Revenue	\$62,281,000 (+ 13.8%)
Case Sales	584,000 (+ 11.2%)
Operating Earnings	\$10,216,000 (+ 31.2%)
Net Profit After Tax	\$6,342,000 (+ 2.4%)
Operating EBITDA	\$20,285,000 (+ 30%)

Foley Wines CEO Mark Turnbull said, "The 2023 year was a record for the Company and reflected the work done in building the brands, the continued focus on producing high quality wine and building quality routes to market. At our ASM last year we outlined our goal of an operating profit before tax of \$10m. Achieving this against an increasingly challenging world economy and very high interest rates was very satisfying," said Turnbull.

The Company also completed major capital expenditure programmes that will lead to the ability to process more wine with the Grove Mill winery capacity increased to 4,000 tonnes, significant investment in both vineyard productivity and capacity and the completion of The Runholder in Martinborough.

Comprising a 100 person restaurant across casual and formal dining spaces, a tasting room, cellar door, viewing and dining terraces, private dining room and distillery, The Runholder is the brand home of Te Kairanga, Martinborough Vineyard and Lighthouse Gin.

In addition to the hospitality spaces, the building provides key operational facilities including gin bottling, warehousing and a subterranean barrel hall which has capacity for 1,300 barrels and has been operational for the past two vintages. A custom built CARL still will provide much greater gin production capacity, while floor to ceiling windows position its craftsmanship as a striking display for visitors to discover the distilling process.

"We expect The Runholder to be an important contributor both in terms of profit and the effect a strong "spiritual home" will have on brand awareness locally and globally," said Turnbull.

The Company reports its harvest was down 12% on the prior year. Turnbull said, "The team in Martinborough had a real challenge dealing with a very wet summer but they worked tirelessly in very trying conditions to achieve the best outcome.

"During the year we also received strong recognition of quality from some of the world's most respected and influential industry commentators. This was particularly pleasing given the challenges of the 2022 growing season and is testament to the team's skill in the vineyards, wineries and distillery," said Turnbull.

The Company also reports that no final dividend will be paid for the year ended 30 June 2023. "The Directors appreciate that this will be disappointing to Shareholders however the necessary capital spend during the year of \$6.2m on The Runholder and \$3.2m to increase Grove Mill's processing capacity means that, while not a cash return this year, Shareholders will benefit from a balance sheet improved by hard assets that will create enduring revenue streams in future years. To pay a dividend on top of these capital spends would necessarily expose the business to additional debt at a time of extremely high costs of borrowing.

"The Company is pleased to report record case sales and operating profit. We've worked to build an exceptional wine portfolio, with 'blue chip' routes to market based on a clear premiumisation strategy. However, the headwinds talked about last year are very much here. High interest rates are affecting consumers globally and economic conditions in most markets are seeing the impact. Notwithstanding, the Company is in good shape and continues its strong growth and investment for the future," said Turnbull.

– END –

Authorised for public release.

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Notes to Editors:

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 are linked by a common unrelenting purpose; to make great wine that people love to drink around the world – made by land & hand.

Our ambition is to be New Zealand's most revered wine group. With a portfolio of exceptional quality wines and our deep belief in building enduring partnerships, we are able to satisfy the most discerning retailers and restaurants at home and around the world.

Established in 1988 as Grove Mill Wine Company Ltd, the company merged with Foley Family Wines NZ Limited in September 2012. The Company listed on the NZAX Board of the NZ Stock Exchange when this was first established in November 2003 and migrated to the NZX Main Board and changed its name to Foley Wines Limited (ticker code FWL) on 3 December 2018. Foley Wines' major shareholder is Bill Foley who is a major investor in the US wine industry.

Foley Wines owns Martinborough Vineyard, Te Kairanga and the Lighthouse Gin brand in Martinborough, Grove Mill and Vavasour in Marlborough, and Mt Difficulty in Central Otago.