



PREMIUMISATION STRATEGY CONTINUES TO BE THE CRITICAL SUCCESS FACTOR IN UNCERTAIN TIMES

THURSDAY, AUGUST 25 2022 – Foley Wines reports premiumisation strategy as critical success factor in the Company’s Annual Report to June 2022, published to the New Zealand Stock Exchange today.

OVERVIEW

Case sales 525,000 (down 7%)

Bottled sales revenue \$54,747,000 (up 2.8%)

Operating earnings \$7,784,000 (down 3.1%)

Net profit after tax \$6,196,000 (up 60.3%)

Dividend of 4 cents per share fully imputed declared

Foley Wines CEO Mark Turnbull said, “2022 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.”

“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 flowing through every component of our supply chain. But we are well placed to continue to build on the platform set with good inventory levels and some exceptional global relationships for all our portfolio. At the same time we continue to seek out new opportunities in New Zealand and around the world,” said Turnbull.

“While the Company experienced considerable disruption from Covid-19, including its ongoing impact on hospitality, shipping and logistics, labour shortages and the risk of illness and isolation during harvest, our team did an outstanding job of managing this risk with minimal disruption while achieving a record harvest,” said Turnbull.

The Company reports a record 2022 harvest with an increase of 65% on the prior vintage, 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 at that time.

The Company’s 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. Construction of the upper level, comprising gin distillery, warehouse, tasting room, 100 person restaurant and private dining, is well progressed and on track for a summer opening.

“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,” said Turnbull.

The Company's 55 hectare purchase of the Zebra Bendigo Vineyard in Central Otago takes 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 as well as an expansion at the Grove Mill winery to provide a further 1,000 tonnes of processing capacity in time for the 2023 vintage.

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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 satisfying the most discerning retailers and restaurants at home and around the world with brands that are authentic, sustainable and of exceptional quality.

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. His company Foley Family Wines Inc. is a Top 20 wine company in the US.

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.