



AUSTRALIAN VINTAGE LTD

**Company Announcements  
Australian Securities Exchange**

**16 July 2025**

**AVG accelerates inventory reduction strategy to drive FY26+ free cash flow**

**Key Points**

- As previously announced for FY26 AVG estimates a significant inventory reduction as wine intake has reached a peak in vintage 2025.
- The company estimates a significant reduction in wine intake as long-term grower contracts roll off over the next three years.
- Accelerating this outcome is the strategic decision to exit a long term lease with Fresh Country Farms for the Millewa Vineyard effective 16 July 2025.
- Millewa produces a majority of red varietals with the exit removing varietals that in excess of demand, generating a relative net cash flow benefit of over \$8 million over the remaining 3 year lease term.

**Lease exit**

Australian Vintage Limited (ASX: AVG) today reports that Fresh Country Farms of Australian No 2 Pty Ltd (Fresh Country Farms) and AVG have signed binding documents to end the lease for the Millewa Vineyard situated in Lake Cullulleraine, Victoria. The effective date of the lease termination is 16 July 2025.

The lease term was due to expire after the 2028 vintage however AVG proactively pursued the opportunity to exit early to support its flexible grape sourcing strategy and inventory reduction. It is a testament to the company's strong partnership with Fresh Country Farms that we were able to work together to agree the terms of the exit.

**Significant benefits to AVG free cash flow targets**

The Millewa Vineyard currently yields between 10,000 and 12,000 tonnes of grapes, predominantly red varieties. Exiting the Millewa Vineyard lease provides AVG flexibility in its sourcing strategy and a key reduction of red varieties that are in excess of demand. Removing these varietals from the supply chain provides a relative net cash flow benefit of \$8 million over the remaining lease term, taking into account a \$2 million exit fee and ongoing payments equivalent to the lease fees as part of the exit contract.

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For the purpose of ASX Listing Rule 15.5, Australian Vintage Limited confirms that this document has been authorised for release by the Board of Directors.

**ENDS**

**Further information**

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