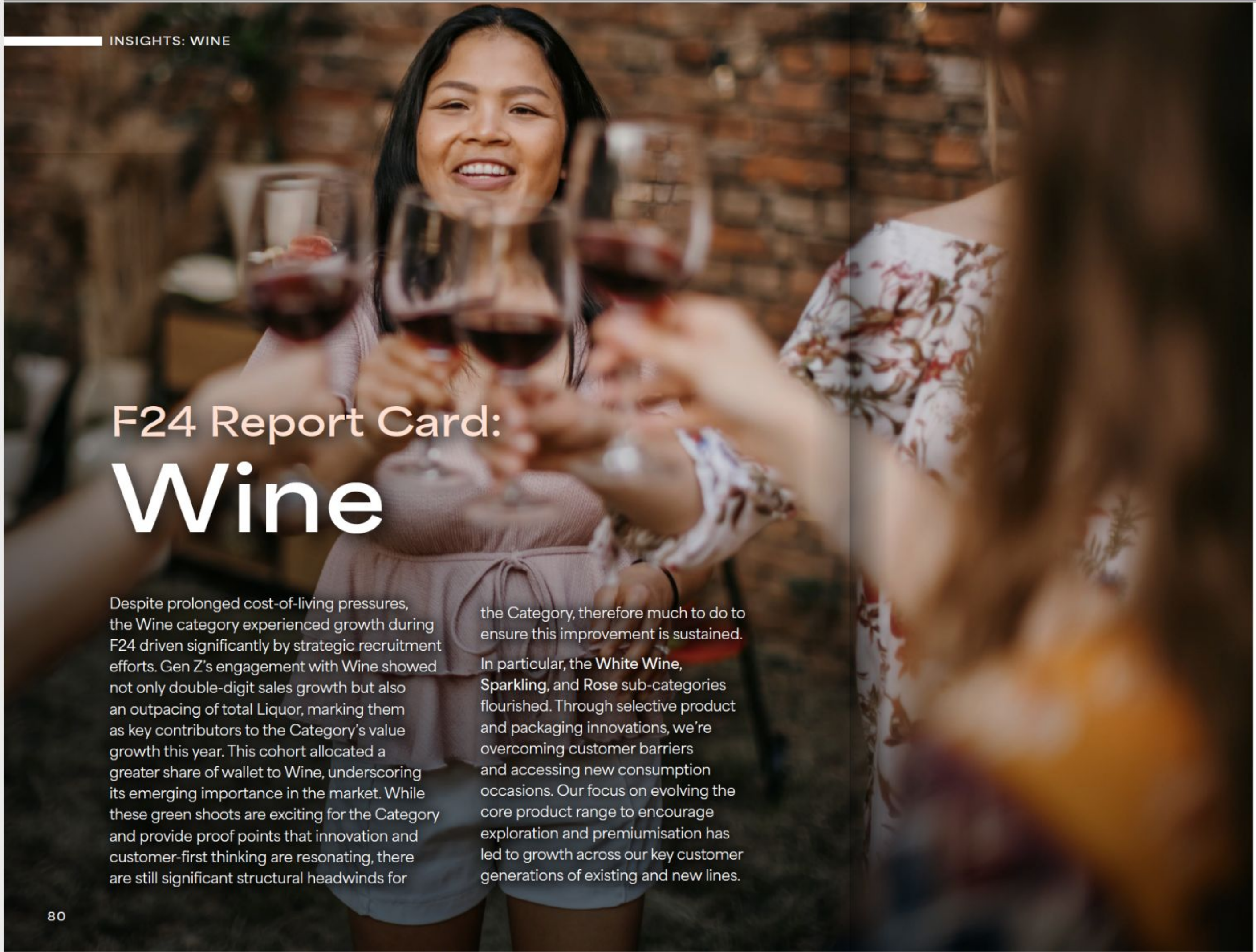

F24 Report Card:

Wine

Despite prolonged cost-of-living pressures, the Wine category experienced growth during F24 driven significantly by strategic recruitment efforts. Gen Z's engagement with Wine showed not only double-digit sales growth but also an outpacing of total Liquor, marking them as key contributors to the Category's value growth this year. This cohort allocated a greater share of wallet to Wine, underscoring its emerging importance in the market. While these green shoots are exciting for the Category and provide proof points that innovation and customer-first thinking are resonating, there are still significant structural headwinds for the Category, therefore much to do to ensure this improvement is sustained.

In particular, the **White Wine**, **Sparkling**, and **Rose** sub-categories flourished. Through selective product and packaging innovations, we're overcoming customer barriers and accessing new consumption occasions. Our focus on evolving the core product range to encourage exploration and premiumisation has led to growth across our key customer generations of existing and new lines.

By contrast, demand for our core, mid-priced **Red Wine** range continued to face challenges. The scale of this sub-category means that even minor contractions, like those experienced in F24, have the potential to dampen overall Wine category results. The reduction in alcohol consumption to meet financial or lifestyle goals - especially the drop in weeknight occasions in favour of weekend social events - combined with rapidly evolving flavour preferences, has disproportionately impacted Red Wine. These customer behavioural changes are expected to continue for the foreseeable future.

Highest $ growth segments:

(NOTE: Cask Wine 1.5L = Bagnums)

Rank	Sub-category	Segment
1	White Wine	White - Pinot Gris/Grigio
2	Sparkling Wine	Sparkling - Prosecco
3	Cask Wine	Cask Wine 1.5L
4	Rose Wine	Rose - Still Rose
5	White Wine	White - Chardonnay
6	Sparkling Wine	Sparkling - Spritz
7	White Wine	White - Riesling
8	Full Strength Beer	Sparkling Non-Vintage
9	Sparkling Wine	White - Moscato & Sweet
10	Sparkling Wine	Sparkling - Piccolo
11	Red Wine	Red - Grenache & Grenache Blends
12	Miscellaneous Wines	Spritzer

*Contains not more than 0.05% ALC/VOL

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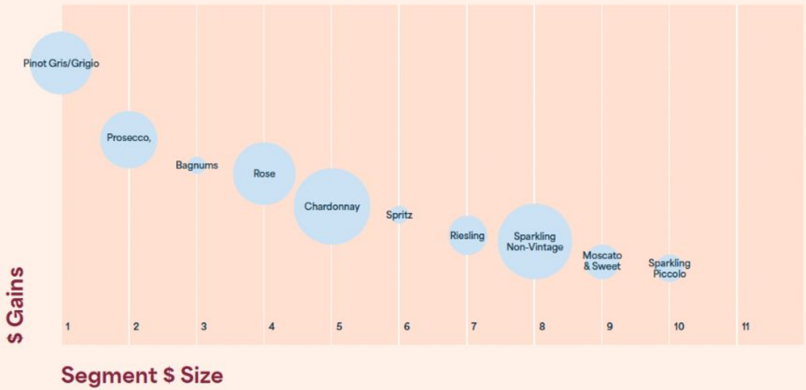
Top 10 Growing Wine Segments



Trend Leadership

Broad appeal

Across all key generations, the demand for sessionable Wines that offer great value for money has increased. **Pinot Gris/Grigio** led the growth within the White Wine sub-category in F24, attracting new customers with its approachable profile. **Prosecco** also continued to attract new customers, buoyed by the sustained popularity of Spritz Cocktails, offering a premium yet affordable experience. Within Red, **Pinot Noir** saw the greatest growth through new customer acquisition, highlighting the continuing popularity of this varietal.

Rose through the seasons

While France remains a key stronghold for **Rose**, Australian Rose set the pace in F24, with noteworthy growth also coming from New Zealand. Whilst Rose sales peak in the summer months, we are observing the winter dips lessening, as Rose increasingly forms part of our customers' year-round repertoire. Its appeal is boosted by innovative, eye-catching packaging and branding that stands out in-store and digitally.

Shift towards Lighter Red varietals

Within **Red Wine**, the most substantial gains were seen in lighter varietals such as **Grenache** and **Pinot Noir**, followed by **Sangiovese**, **Nebbiolo** and **Nero d'Avola** which aligns with the shift in customer preferences towards Lighter Reds. However, as customer preferences shift, traditional heavier varietal Wine styles are evolving to include lighter expressions from Wine regions our customers know and love.

Flavour and cocktail trends

The excitement around **Wine Spritz Cocktails** continued to thrive as these offerings blend fun and experimentation with convenience. The demand for great tasting, on-trend Spritz offers remained high, with customers appreciating the ease and immediacy of ready-to-serve drinks. Meanwhile, there was also a significant customer segment that preferred purchasing bottles of Sparkling Wine to craft their own cocktails at home, showcasing a desire for both personalisation and participation in the cocktail-making process.

Beyond Spritz, trending flavours such as lemon were successfully explored within Sparkling Wine Cocktails and Moscato to pique the interest of new and existing customers.

Introducing Wine to the next generation

Halfway through F24 we introduced a new-to-market range of single-serve **Wine Spritzers** designed to meet evolving customer needs around product attributes and consumption occasions. These products were crafted in portable formats with lower ABV to offer sessionable experiences. They were an innovation specifically aimed at making Wine more relevant and accessible for our younger generations. So far, MilZ accounts for just under 50% of sales, with over 25% of Gen Z customers being new or infrequent Wine purchasers. This indicates they have not only catered to existing Wine enthusiasts, but they are effective in attracting new customers to the Category, particularly those who may be looking for simpler, less intimidating ways to enjoy Wine.

Premium exploration

Chardonnay enjoyed a renaissance in F24 with growth from our mid and premium product range. In particular, we saw strong growth at \$20 - \$25 driven by our Premium Wine customers. Our customers increasingly sought out Chardonnay with rich and buttery profiles. Evidently, they understand that US Chardonnays are well-known for this style, attracting a dedicated following. Australian Chardonnays also experienced growth, appealing to those looking for fuller flavours from renowned wine-producing regions.

Known for its versatility and distinctive flavour, **Riesling**, also experienced growth rates ahead of the Category. This presents the most promising growth outlook for this varietal in recent years.

We continue to see our Customers seeking, exploring and enjoying an increasing number of great quality **Sparkling Wines** from highly regarded cool climate regions. We will delve deeper into Sparkling Wines trends in the Spotlight section.

Finally, we are also seeing some great tasting **locally produced** examples of the lighter, Red Wine varietals emerging from well known Australian Red Wine regions. Customers are exploring these Old World varietals from regions across the country including McLaren Vale and the Clare and King Valleys.

Lighter** in Alcohol Wines

Our Lighter** in Alcohol Wine range is in great shape, significantly outpacing Wine category growth and driven by new customers entering the segment. Our extensive range will continue to drive awareness and repeat purchase for customers looking to seek lighter styles or moderate alcohol consumption.

Innovative formats

Bagnums continue to go from strength to strength. This innovative format successfully overcame traditional Wine barriers by introducing Wine to new occasions and settings. Throughout F24 we evolved the product range, catering to a diverse customer base seeking both convenience and quality.

Rise of Small format

Whilst still small in scale, **Small format** wine outpaced overall category growth in F24. This format continues to present an opportunity for Wine given our desire to recruit new customers. It takes Wine into new occasions, caters for customers seeking to moderate and accommodates those facing cost-of-living pressures. We will continue to refine our offer and this ongoing experimentation will help us stay responsive to market dynamics and customer needs.

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Our customers: Generational dynamics

The Wine category's value grew over the 12 months, predominantly through an increase in bottle prices. Wine sales from our MilZ and Gen X customer-base grew, while sales from our Baby Boomer and Traditionalist generations contracted.

Gen Z, our smallest generational segment, stood out significantly, achieving double-digit growth in the Wine category, which outpaced total Liquor growth for this cohort.

Impressively, not only did Wine grow its share of Gen Z's alcohol wallet, but it also successfully overcame key category barriers such as liquid, ABV, and portability, taking the category into new occasions. This is a great outcome, given the focus on this generation across total Liquor and a market full of product innovation aimed at catching their interest. While innovative products have been crucial, the most substantial gains for Gen Z still came from our core White and Red Wine sub-categories.

While we should celebrate this success, it is just the beginning of a momentum shift against a longer term challenge with Gen Z. We must continue to build on these early successes, remaining responsive to the evolving social occasions, flavour preferences and lifestyle trends of this demographic to secure the longer term future of Wine in Australia.

This generation is seeking **sessionable**, occasion relevant, White, Lighter Red varietals, Sparkling Wines, fun flavours, sweeter Wines and premium offerings for gifting and celebrations. Offers that tap into multiple trends have the greatest market impact.

Our **Millennial customers** remained under pressure throughout F24, particularly from cost-of-living increases, leading to a reduced share of wallet allocated to Wine and Spirits in favour of Premix and Beer.

Despite these challenges, **Millennials** are keen on exploring Wine trends and innovation with Bagnums, Sparkling Spritz and Zero%* Alc products within the top 10 highest growth segments. Unlike Gen Z, Millennials have not placed any Red Wine in their top 10 fastest growth segments. Therefore we must ensure that Red Wine is top of mind and relevant for this generation.

As Millennials transition from spontaneous social activities to more routine, family-orientated lifestyles, there is an opportunity to convert their exploration of trending Wine segments into making Wine the first choice for high frequency 'With Food' and 'Unwind' occasions.

Gen X, Boomers and **Traditionalists,** who remain our largest, most important customer group, allocated less of their available alcohol wallet on Wine during F24. Boomers shifted some spend to Beer, while Gen X increased its spend on both Beer and Premix. This shift has also marked a decline in Wine consumption occasions among these groups and despite accounting for just over 70% of Red Wine sales, they drove over 80% of the Red Wine sales decline.

These are our most engaged Wine customers, allocating the greatest share of wallet to Wine and purchasing Wine more than twice as often as our younger generations. Building on this strength, a focussed strategy to enhance in-store experiences, offering a relevant range, and reminding these customers how Wine can enhance their weeknight and 'With Food' occasions will drive results.

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Wine Segment Preferences by Generation - $ Sales

	Generation Z	Younger Millennials	Older Millennials	Generation X	Baby Boomer	Traditionalist
Red - Shiraz	1	1	1	1	2	2
White - Sauvignon Blanc	2	3	2	2	1	1
White - Chardonnay		9	9	5	3	3
Sparkling - Non Vintage	5	5	5	4	4	5
Champagne - Non Vintage	3	2	3	3	8	8
Red - Cabernet Sauvignon	7	6	6	6	5	7
Red - Pinot Noir & Pinot Noir Blends	4	4	4	7	10	10
White - Pinot Gris/Grigio	10	10	10	8	6	6
Rose - Still Rose	8	8	7	9	9	
Cask Wine 4 & 5L					7	4
Sparkling - Prosecco	6	7	8	10		
White - Sauvignon Blanc & Semillon Blends						9
White - Moscato & Sweet	9					

Wine Segment Highest $ Gains vs LY Generation - $ Sales

Gen Z	Younger Millennials	Older Millennials	Gen X	Baby Boomers	Traditionalists
Sparkling - Prosecco	Sparkling - Spritz	White - Sauvignon Blanc	White - Pinot Gris/Grigio	White - Pinot Gris/Grigio	White - Pinot Gris/Grigio
White - Sauvignon Blanc	White - Chardonnay	Sparkling - Non Vintage	Sparkling - Prosecco	Cask Wine 1.5L	Cask Wine 1.5L
White - Moscato & Sweet	White - Pinot Gris/Grigio	Rose - Still Rose	Cask Wine 1.5L	White - Chardonnay	Sparkling - Prosecco
Red - Pinot Noir & Pinot Noir Blends	Sparkling - Prosecco	Sparkling - Prosecco	Rose - Still Rose	Sparkling - Prosecco	Sparkling - Spritz
White - Pinot Gris/Grigio	White - Riesling	White - Chardonnay	Sparkling - Non Vintage	Rose - Still Rose	Red - Grenache & Grenache Blends
Rose - Still Rose	Cask Wine 1.5L	White - Pinot Gris/Grigio	White - Chardonnay	White - Riesling	Sparkling - Rose
Red - Shiraz	No Alcohol Wine	Cask Wine 1.5L	Sparkling - Spritz	Sparkling - Spritz	Cask Wine 3L
Sparkling - Spritz	Rose - Still Rose	Sparkling - Spritz	White - Riesling	Cask Wine 3L	Red - Nero d'Avola & Nero d'Avola
Sparkling - Non Vintage	Sparkling - Non Vintage	White - Riesling	Sparkling - Piccolo	Sparkling - Piccolo	Spritzer
White - Chardonnay	White - Sauvignon Blanc	Cask Wine 4 & 5L	White - Sauvignon Blanc	Champagne - Non Vintage	Red - Nebbiolo & Nebbiolo Blends

What's Next?

While we are facing significant challenges in the Australian Wine industry, we are committed to identifying and prioritising opportunities to grow Wine with our customers.

Great tasting Wine, relevant for our next generation of Wine customers

As we continue to engage with our next generation of Wine customers, our focus will remain on reimagining our sweeter Wine range. We'll explore contemporary flavours that resonate with modern occasions and lifestyles. While novel flavours drive trial, it is the quality of taste that ensures repeat purchases, peer recommendations and sustained market success.

While flavour is introducing Wine to a new generation, we must now build on this interest and encourage exploration across our full range. Across core and trending varietals, approachable liquids with relevant product attributes and pack designs that make for easy customer selection will be our focus.

Maintain momentum in Wine varietal and style exploration

We will build on our customers' desire to explore Wine varietals and styles by expanding the breadth and depth of our product ranges, particularly in trending segments. Supporting customers as they navigate and confidently explore these offers will be key to fostering a deeper engagement with our range.

Innovating format and liquid to overcome customer barriers

Following the great success of innovative packaging like Bagnums and the popularity of Lighter** in Alcohol wines, we will continue to look for purposeful innovations. These efforts will target overcoming barriers to purchase and occasions and enhance accessibility and convenience.

Double down on our efforts to stimulate Red Wine demand

Despite challenges, **Red Wine** remains crucial to a prosperous Wine industry. We are committed to bringing a contemporary relevance to this sub-category through ongoing evolution in our product range that aligns with current customer preferences. We will also continue to remind customers, across all generations, of Red Wine's relevance in the heartland 'With Food' and 'Unwind' occasions, ensuring Red Wine stays top of mind. Collective industry effort is essential for maximum effect, including innovation across liquids, packaging, content creation and consumer activations to rejuvenate and redefine the Red Wine experience.

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Spotlight On: Sparkling Wine

The **Sparkling Wine** sub-category was a stand out performer in F24, with growth not just from unit price increases, but also through elevated purchase frequency. Our diverse range of great products and offers inspired customers across all generations to add Sparkling Wine to their baskets more often.

Prosecco led the charge with the highest % growth within Sparkling Wine, broadening its customer base. Known for its approachability and versatility, Prosecco stretches across various occasions – from casual weeknight refreshment to the centrepiece of special events. Sales were buoyed by the continuing popularity of **Spritz Cocktails**. However, it is also the strength of the familiar Prosecco name within Sparkling Wine which provides customers an easy-to-navigate shortcut to a flavour and style they trust and enjoy.

Innovative flavours drove significant customer interest and contributed to value growth within Sparkling Wine. Ready-to-Serve Sparkling Wine Cocktails, in particular, were highly sought after for their great taste and convenience. While citrus and peach trended in F24, looking forward we plan to continue leveraging new flavours within Sparkling Wine to captivate both new and existing customers.

While many Sparkling Wines provide great value for money, we also saw strong growth at **Premium** price points from other prestigious regions. At this Premium tier, successful offers are leveraging existing premium credentials, from either existing Wine brands or highly regarded Wine regions. These offers encourage current Sparkling Wine customers to trade up as well as recruiting our discerning premium Wine customers to explore this growing segment.

To continue to drive Sparkling Wine sales in coming years, we aim to clearly define and communicate the depth and breadth of Australian Sparkling Wine for our customers. By highlighting specific varietals, acclaimed regions and different winemaking processes, we can showcase the full potential of Sparkling Wine into new occasions and continue to curate a world-class range of domestic and international Sparkling Wines.

Champagne

Despite cost-of-living pressures impacting discretionary spending, Champagne remains crucial for key event periods.