FINANCIAL MARKETS AUTHORITY
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22 September 2026

The Chief Financial Officer,
AFC Group Holdings Limited,
Level 15, Tower 2,
205 Queen Street,
Auckland Central,
Auckland 1010

By email: howard.long@afcnz.com

Dear Howard,

Re: AFC Group Holdings Limited consolidated financial statements for the year ended 31 March 2026

Thank you for your responses to our letter dated 3 August 2026.

We have now completed our review and assessment of the responses and supporting documentation relating to our enquiries into AFC Group Holdings Limited (**AFC)**'s going concern assessment and disclosure in the consolidated financial statements for the year ended 31 March 2026 (**FY26**).

Based on our review, we acknowledge that AFC has provided information intended to support the going concern disclosures included in the FY26 financial statements. We also acknowledge the additional commentary provided by email, which provided further context to the supporting documentation. In particular, AFC noted that:

- the Board acknowledged the existence of a material uncertainty;
- AFC remains materially dependent on shareholder support; and
- the shareholder support and related party funding documents provided may not independently verify the shareholder's capacity to continue funding AFC in the future.

However, the information reviewed also identified a number of matters relevant to our assessment of the assumptions underlying AFC's going concern evaluation. These matters are relevant to assessing whether the plans relied upon by AFC were sufficiently realistic and achievable at the date the FY26 financial statements were authorised for issue to support the application of the going concern basis at that date. In particular:

- the cash-flow forecast is heavily dependent on expected future net cash contributions from the proposed water project, while no forecast wine sales were included despite wine being one of AFC's core businesses. Although the going concern documentation indicates that White Diamond and Port wines are already under contract, the associated cash inflows do not appear to be reflected in the forecast. Based on the information provided, it is not apparent how the cash-flow projections incorporated all relevant information available at the time of the assessment.

- In addition, based on the information provided, the proposed water project appeared to be at an early planning stage, and the unsigned, non-binding memorandum of understanding did not appear to provide evidence of committed funding or a completed transaction. However, projected cash inflows from the project were incorporated into the 2026 cashflow forecast and accounted for approximately 99% of the entity's forecast future cash inflows included in the budget and cash-flow projections.

- We also note that the information provided did not include independent evidence demonstrating the shareholder's capacity to provide funding throughout the forecast period.

- We also considered the auditor's findings, including the disclaimer of opinion issued on the FY26 financial statements and the auditor's conclusion that sufficient appropriate audit evidence could not be obtained regarding AFC's ability to continue to receive shareholder funding and successfully execute its strategic plans.

Under NZ IAS 1, management is required to assess an entity's ability to continue as a going concern and prepare financial statements on a going concern basis unless management intends to liquidate the entity, cease trading, or has no realistic alternative but to do so. In making that assessment, management must consider all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period.

Having considered the information provided, our view is that the evidence available at the date the FY26 financial statements were authorised for issue did not sufficiently support the application of the going concern basis of preparation. While we acknowledge AFC's disclosure of a material uncertainty relating to going concern, our view is that the circumstances identified at the date the financial statements were authorised for issue were such that preparation on a going concern basis was not appropriate. Accordingly, we consider that the financial statements should have been prepared on a non-going concern basis.

We encourage AFC to take this feedback into account when preparing future financial statements. In particular, where a going concern assessment relies on shareholder support, strategic initiatives, or proposed transactions, it may be helpful to retain and provide sufficiently robust evidence to support the assumptions underlying the assessment any related disclosures in the financial statements.
This would help further support the basis of preparation and align with the requirements of NZ IAS 1: Presentation of financial statements

We ask that you provide a copy of this letter to your auditor and Board of Directors for their information and consideration.

If you have any questions regarding the matters set out above, please contact Allana Namutebi on 09 905 3934 or allana.namutebi@fma.govt.nz in the first instance.

Yours sincerely,

Allana

Allana Namutebi
Senior Adviser, Financial Reporting
Direct Dial: 09 905 3934