TREASURY
WINE ESTATES

25 August 2020 **ASX ANNOUNCEMENT**

TWE 2020 Annual Report

Treasury Wine Estates Ltd (ASX:TWE) is pleased to present its Annual Report for the year ended 30 June 2020.

For the purposes of ASX Listing Rule 15.5, TWE confirms that this document has been authorised for release to the market by the Board.

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TREASURY
WINE ESTATES

ANNUAL REPORT 2020

TREASURY
WINE ESTATES

WE ARE THE CUSTODIANS OF A DISTINCTIVE PORTFOLIO OF PREMIUM BRANDS

Behind every bottle of wine, is a world-class team of thinkers, makers, doers passionate about creating moments of joy and connection

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IMPORTANT INFORMATION

This report contains certain forward looking statements, which may be identified by the use of terminology including 'expects', 'believes', 'targets', 'likely', 'should', 'could', 'intends', 'aims' or similar expressions. Indicators of and guidance on future earnings and financial position are also forward looking statements. These forward looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of TWE, and which may cause actual results to differ materially from those expressed or implied in such statements. Further information on important factors that could cause actual results to differ materially from those projected in such statements is included in the Material Business Risks section of the Operating and Financial Review. Readers are cautioned not to place undue reliance on forward looking statements.

References to 'TWE', 'Company', 'Group', 'we', 'us' and 'our' are to Treasury Wine Estates Limited and/or, except where the context otherwise requires, its subsidiaries. References to 'F19' and 'F20' are to the periods 1 July 2018 to 30 June 2019 and 1 July 2019 to 30 June 2020 respectively. All currency referred to in the report is in Australian dollars, unless otherwise stated.

In this report Hong Kong Special Administrative Region of the People's Republic of China has been referred to as 'Hong Kong'.

ABOUT TWE

We make premium wines from the great wine making regions of the world and are the custodians of distinctive brands that delight wine-lovers all over the world.

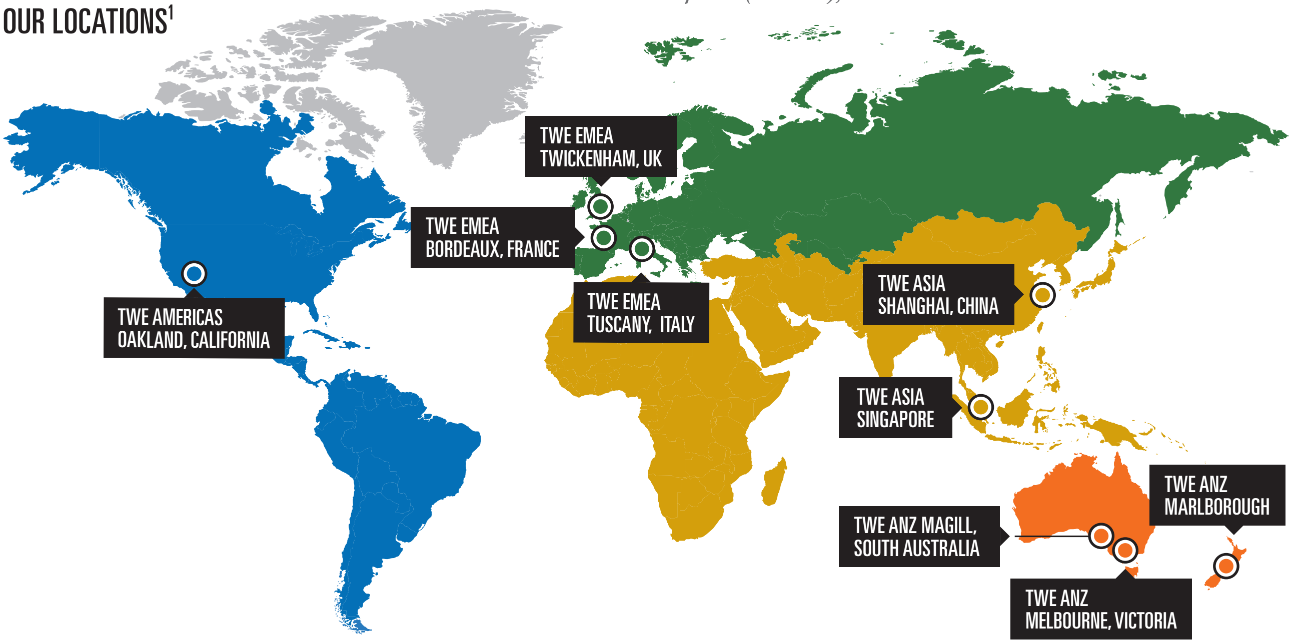
3,000
employees
We employ approximately 3,000 talented people across the globe

70+
countries
Our iconic wines are sold in more than 70 countries across the world

4
regions
We are focused on four principal regions across the world: Australia and New Zealand; the Americas; Europe, Middle East and Africa (EMEA); and Asia

12,600
hectares
We access approximately 12,600 planted hectares of vineyards in some of the world's most sought-after winemaking regions

OUR LOCATIONS[1]



AUSTRALIA & NEW ZEALAND[2]

AU **71** vineyards

AU **8,676** planted hectares

AU **8** wineries

NZ **9** vineyards

NZ **498** planted hectares

NZ **1** winery

AUSTRALIA
Corporate head office:
Melbourne, Victoria

NEW ZEALAND
Country head office:
Marlborough

AMERICAS[2]

US **42** vineyards

US **3,213** planted hectares

US **7** wineries

US | Regional head office:
Oakland, California

EMEA[2]

EU **5** vineyards

EU **193** planted hectares

EU **2** wineries

UK | Regional head office:
Twickenham, Middlesex

FRANCE | Country head office: Margaux, Bordeaux

ITALY | Country head office: Gabbiano, Tuscany

ASIA

Regional head offices:
CHINA | Shanghai
SINGAPORE

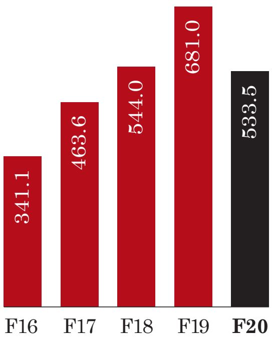
1. Locations marked on the global map represent corporate and regional head offices. TWE also maintains other major operations across all regions of its business.
2. Information current as at 30 June 2020.

AT A GLANCE[1,2]

- *F20 EBITS[3] down 21.7% to $533.5 million; EBITS margin down 4.0 percentage points to 20.1%*
- *EPS (before material items and SGARA) down 25.5% to 43.9 cents per share*
- *Return on Capital Employed decreased 3.3 ppts to 10.6%*
- *Final dividend of 8 cents per share (fully franked); bringing F20 annual dividend to 28 cents per share; down by 26% on the prior period*
- *Full year cash conversion of 94.7%*

EBITS

(A$ million)

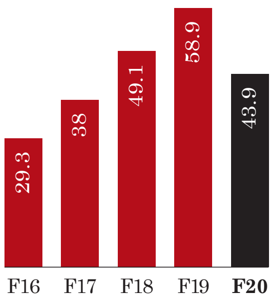


F20

21.7% decrease

EPS (BEFORE MATERIAL ITEMS AND SGARA)

(Earnings Per Share) (cents)

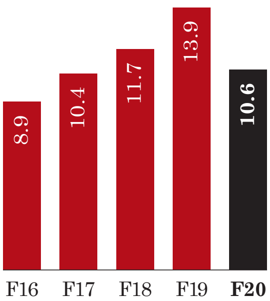


F20

25.5% decrease

ROCE

(Return on Capital Employed) (%)

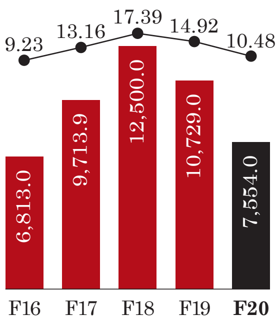


F20

3.3 ppts decrease

MARKET CAPITALISATION

(A$ million)



F20

30% decline in market capitalisation

Share price ($ at 30 June)

1. Unless otherwise state, all figures and percentage movements are stated on a reported currency basis and are subject to rounding.
2. Prior years have been restated for application of *AASB 16 Leases* and *AASB 112 Income Taxes*, as per note 32 in the Financial Statements.
3. Earnings before interest, tax, SGARA and material items.
4. Compound Annual Growth Rate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

Fiscal 20 was a unique and challenging year for TWE, our industry and the markets within which we operate. The quality, dedication and resilience of our team during this time, working alongside our customers and suppliers, provides confidence in our ability to become an even stronger business.

PAUL RAYNER *Chairman*

TIM FORD *Chief Executive Officer*

INTRODUCTION

Dear shareholders,

We are pleased to present the 2020 Annual Report for Treasury Wine Estates Limited.

Fiscal 2020 has been a challenging year for many of us. The COVID-19 global pandemic has changed the way many of us live and work, and disruption arising from the government-mandated restrictions across our key markets has impacted our operating performance. Shifting market place dynamics in the United States, driven by the structural oversupply of Californian wine, created specific challenges to navigate throughout the year.

At the time of preparing this Annual Report, TWE had been advised that the Chinese Ministry of Commerce had initiated an anti-dumping investigation into Australian wine exports into China. This decision matters deeply to our business and the industry, both in Australia and China. We remain committed to China as a priority market and will continue to invest in our local operating model, team and our relationships with customers and consumers to enhance the wine category and grow our contribution to China. We will work co-operatively with the Chinese and Australian governments at all levels to resolve the situation.

Through the outstanding efforts of our team and valued partners we continued to safely operate our business. This demonstrates the resilience of our operating models as well as our ability to innovate and deliver collaborative customer and stakeholder partnerships that responded to the changing needs of our customers and consumers, and the environment in which we operate.

The combined strength of our team, iconic portfolio of brands and our competitively advantaged business models gives us confidence that we are well-positioned to come through this period a stronger business.

OVERVIEW OF RESULTS

In F20, Group EBITS decreased 21.7% to $533.5 million, delivering a five-year EBITS CAGR of 19.7%, while our EBITS margin decreased 4.0 percentage points to 20.1%.

The key drivers of the lower EBITS in F20 were an unfavourable volume and portfolio mix during the second half of F20 because of COVID-19 impacts, driven by lower luxury sales due to the closure of key channels for high-margin luxury wine in addition to consumers trading down in some markets.

Strong progress was made throughout the year on those strategic initiatives designed to accelerate our premiumisation strategy.

We completed the design and implementation of the new operating model and organisational structure in our Americas region, and started work on the potential divestiture of specific commercial brands and related assets, along with the restructuring of the supporting supply chain.

In F20, we also announced our decision to explore a demerger of the Penfolds brand and business. The work completed has validated expectations that value will be created through a separate focus for Penfolds and TWE's other brands, and we continue to explore the best operating model and structure to drive long term growth and value creation.

Our iconic portfolio of brands continued to find new ways to connect and excite consumers throughout the year as government-mandated restrictions changed how they connected and celebrated with family and friends such as Stags' Leap virtual tasting room and Wolf Blass' partnership with Deliveroo in the UK.

TWE continued to drive category leadership with 19 Crimes disrupting the wine market by announcing a multi-year partnership with entertainment icon Snoop Dogg to celebrate the release of its first Californian red wine. Squealing Pig also launched its Rosé Gin and Pepperjack expanded beyond its celebrated Shiraz and Cabernet Sauvignon to release new varietals including a Malbec with grapes sourced from Argentina.

The rich heritage of our brands was showcased this year with Penfolds celebrating its 175-year anniversary as well as 60 years of Bin 389, while Stags' Leap reached 125 years and the Beaulieu Vineyard celebrated its 80-year anniversary with a bespoke partnership with wine glass maker Riedel.

All regions contributed to our F20 result, with key elements as follows:

- Americas reported a 36.9% decline in EBITS to $147.3 million and an EBITS margin of 13.8% (down 6.8 ppts). The key drivers were challenging US wine market conditions throughout F20 and the COVID-19 driven closure of key sales channels outside retail and e-commerce through 2H20. TWE's portfolio of focus brands continued to perform well, delivering the continuation of premiumisation in the region through F20.
- Asia reported a 13.9% decline in EBITS to $243.7 million and an EBITS margin of 39.5% (up 0.3 ppts), with volume lower through Q320 as key consumption occasions for wine were impacted by government-mandated restrictions throughout the region. Positive trends were noted in Q420, with TWE seeing consumption and sales depletion recovery across the portfolio, particularly in June. TWE also performed strongly in e-commerce during the period.
- Australia & New Zealand (ANZ) reported a 15.6% decline in EBITS to $133.3 million and an EBITS margin of 22.5% (down 3.7 ppts). The drivers of performance were the COVID-19 driven closure of key channels apart from retail and e-commerce, along with consumers trading down to lower price points.
- The Europe, Middle East and Africa (EMEA) region reported an 18.3% decline in EBITS to $51.7 million and an EBITS margin of 14% (down 2.9 ppts), with strong performance in UK retail offset by declines in Continental Europe and in the Middle East & Africa, which were impacted by government-mandated key channel closures.

CORPORATE RESPONSIBILITY

Our commitment to creating long term value by being sustainable in everything we do and shaping a positive future for everyone who touches our business and products continued to be a focus through the year.

Over a year that has seen significant change, we continued to drive our Corporate Responsibility agenda, which is focused on our four pillars of Performance, Planet, People and Product, and further integrated our priorities into our business strategy and alignment to external financial reporting benchmarks.

Progress included the implementation of our Taskforce on Climate-Related Financial Disclosure (TCFD) roadmap into business strategy, financial and risk management processes, the launch of our Global Packaging Guidelines and targets, and advancement of our Human Rights Roadmap.

In 2020 many of our communities faced significant challenges from drought and bushfire through to the health and economic impacts of the COVID-19 global pandemic. We maintained our commitment to support those most vulnerable in our communities through a mix of volunteering, charitable donations and product donations. We have also directly supported our team with counselling and support services and regular engagement programs to strengthen our people's mental health and wellbeing. During this time, we also provided our employees with a range of processes, tools and activities to keep our people physically and mentally safe and healthy during the COVID-19 global pandemic.

We are proud once again to present the Company's Sustainability Report which will be released in September and be made available online at www.tweglobal.com/sustainability.

BALANCE SHEET STRENGTH AND DIVIDEND

TWE maintains financial metrics that are consistent with an investment grade credit profile.

The Company's balance sheet continues to be strong, efficient and flexible. Lease adjusted net debt/EBITDAS was 2.2x in F20 reflecting maintenance of the investment grade credit profile. Total capex for the year was $188.8 million of which maintenance and replacement spend was $82.6 million, in line with our guidance. Growth capex of $106.2 million included investment in our luxury winemaking infrastructure, vineyard acquisitions and IT investments.

Cash conversion of 94.7% was above the guided 60-70% range, Earnings Per Share declined 26% to 43.9 cents per share, and Return on Capital Employed decreased 3.3 percentage points to 10.6% due to lower EBITS.

For F20, TWE is pleased to declare a final dividend of 8 cents per share, fully franked, which brings the total dividend for F20 to 28 cents per share.

THANKS AND CONCLUSION

Looking ahead, we remain optimistic in our ability to return to sustainable profit and margin growth over the medium to long-term. Supporting this optimism is our comprehensive strategic agenda, which is focussed on building upon what is already a very strong business and positioning it for the next phase of TWE's growth journey and the achievement of our ambition to be the world's most admired premium wine company.

We believe TWE is well positioned to navigate the near-term challenges associated with the health and economic impacts of the COVID-19 global pandemic. The quality, dedication and resilience of our team during this time, working alongside our customers and suppliers, provides confidence in our ability to become an even stronger business.

With that in mind, we would like to thank our team for their outstanding efforts during the year, for the care they have shown each other and for the way in which they have responded in the face of these challenges. We are proud to have a diverse, high calibre team that is committed to realising the potential for our business.

We also want to take this opportunity to acknowledge Mike Clarke for the transformative contribution that he made to TWE during the past six years. The growth and success of our business and significant improvement in our operating and financial performance over his tenure reflects Mike's strong and decisive leadership, and as a result TWE is a stronger and better positioned business today.

In closing, we would like to extend our thanks to you, our shareholders, for your ongoing belief and investment in, and support of, TWE.

Kind regards,

Paul Rayner
Chairman

Tim Ford
Chief Executive Officer

BRAND HIGHLIGHTS

PENFOLDS

100-point Special Bin 111A caps off Penfolds' 175th Anniversary

In 2019, Penfolds celebrated its 175th anniversary with a year-long celebration marked by new wine releases and special events. The celebrations culminated in October when the brand hosted a gala event at Magill Estate. More than 100 guests from across the globe gathered to commemorate its history, people and wines. As part of the celebrations, Penfolds also hosted the first global influencer event which generated more than 12 million impressions and unveiled a new, rare wine representing the pinnacle of our winemaking endeavour – Special Bin 111A Clare Valley Barossa Valley Shiraz 2016.

Penfolds Celebrate 60 Years of Bin 389 with Special Chinese New Year Limited Edition

Penfolds released a limited edition 60th Anniversary 'Year of the Rat' Bin 389 magnum. The release was supported by a global activation. This is the first time Penfolds executed a global pull through program across every region. It was supported by powerful in-store creative featuring unique auspicious number animations.

WOLF BLASS

Wolf Blass Launches Makers' Project

Bringing the craft, education and excitement back into the wine category, Wolf Blass launched Makers' Project with six new wines across two tiers. Pink Pinot Grigio, Shiraz Grenache, Pinot Noir, Reserve Pinot Three, Reserve Shiraz and Reserve Rosé. This refreshingly innovative range explores winemaking techniques such as free run wine; partial whole berry fermentation and early press to deliver its delicious and category defining offers. The introduction of Makers' Project was designed to grow the wine category penetration through the 'Discover More and Spend More' category drivers, with a focus on new and younger consumers whilst remaining true to the core portfolio.

PEPPERJACK

Pepperjack Drives Innovation for the Category

With a focus on innovation to meet the dynamic, ever-changing needs of consumers, Pepperjack expanded beyond Shiraz and Cabernet Sauvignon to produce four outstanding wines – Malbec, Grenache, Sangiovese and Chardonnay. Pepperjack Malbec is a true standout. In a first for Pepperjack, Winemaker, Richard Mattner, sourced grapes internationally and travelled to Argentina personally to craft the wine, ensuring the Pepperjack style and quality was not compromised. The brand underwent a packaging refresh with a new look and feel that stands out on shelf, maintains its key assets and appeals to consumers already familiar with the brand.

TWE

TWE Brands Ace the Australian Open

TWE returned as the Official Wine Supplier for the Australian Open 2020. In 2020, TWE served up a stellar selection of wines from across its Australian portfolio. As part of the new multi-year deal, a selection of wines, including wines in can, were available at the event's restaurants. In addition, a selection of Victorian wines were showcased at The Vault tasting room. Led by Mornington Peninsula based label, T'Gallant, The Vault offered tennis fans a complete cellar-door experience with the ability to enjoy fresh, food-friendly wines alongside top drops from fellow Victorian wineries Seppelt, Coldstream Hills and St Huberts The Stag. In addition, Penfolds' acclaimed Magill Estate Restaurant activated at The Glasshouse during week two of the Australian Open, with executive chef Scott Huggins designing an exclusive menu, paired alongside some of the label's most sought-after wines.

SQUEALING PIG

This Little Pig Launches a Rosé Gin

In July 2019 Squealing Pig launched an exciting new product, the Squealing Pig Rosé Gin – a refreshing Gin crafted with 10 botanicals and a dash of their award-winning Squealing Pig Rosé wine. Released in response to Australian's love affair with Rosé and a boom in Gin sales, Squealing Pig combined these two categories together to debut the first Gin sold in Australia containing Rosé wine. With an alluring pale salmon colour, Squealing Pig Rosé Gin is dry, light and refreshing with subtle juniper, bright citrus flavours and balanced spices. The addition of the rosé wine gives it a delightful hint of lifted strawberry on the finish. The innovative new release has been another success for the brand, which teamed up with internationally renowned drinks figurehead Jason Crawley to bring some creative ideas to bars and bottle shops for the launch.

WOLF BLASS

Wolf Blass Partners with Taste London & Deliveroo to Drive Discovery

Wolf Blass partnered with the Taste London Festival, to drive consumer engagement, through live immersive experiences. In November, consumers attending the Taste of Winter in Tobacco Dock, London, were led though an indoor sensory vineyard experience, tasting through the Wolf Blass tiers, to discover the range and lead them to their ultimate wine match. Following the cancellation of the summer Taste London Festival, Wolf Blass adapted to the challenges of COVID-19 government mandated restrictions by engaging in a partnership with Deliveroo, offering free samples of Yellow Label 187ml bottles to Londoners who ordered takeaways via Deliveroo.

19 CRIMES

19 Crimes Partners with Icon Snoop Dogg

19 Crimes, the first winery that used augmented reality to bring wine labels to life, continues to disrupt the market announcing a multi-year partnership with entertainment icon, Snoop Dogg. The partnership launches 19 Crimes first California wine, appropriately named the '**Snoop Cali Red**'. The line expansion casts a contemporary lens on 19 Crimes – a line of wines inspired by the convicts turned colonists that built Australia. 19 Crimes was announced as #4 in *Drinks International's* 'The World's Most Admired Wine Brands 2020 and, for the fifth consecutive year, 19 Crimes was awarded *Shanken's* Impact Hot Brand. It is currently the Number 1 Australian wine brand in the US above $8.

STAGS' LEAP

Stags' Leap Winery Celebrates 125 Years with Innovative Tastings Under Shelter in Place

The 2018 Stags' Leap Winery vintage, marked 125 years since the winery's first harvest. The brand hosted journalists at the Winery, offering an immersive weekend full of tastings, tours and iconic Napa Valley experiences. They also had the opportunity to preview the brand's first ever bottling of Sauvignon Blanc. In 2020, as the country upheld shelter in place policies, Stags' Leap Winery opened the doors to its virtual tasting room for weekly Instagram and Facebook Live tastings that mirrored traditional guest experiences, but from the safety of home. The virtual activation series garnered press from top-tier media outlets such as *Veranda, HGTV, Afar, Wine Enthusiast, and Yahoo Lifestyle*, to name a few.

BLOSSOM HILL

Blossom Hill Gin Fizz Brings Bright Flavours and Innovation

One of the key growing trends in the UK market is consumer demand for products that blur category lines. The launch of Blossom Hill Gin Fizz added over £2.5m of value to the category in its first nine months of sale. The range was so successful that new can formats were launched which have seen listings in major retailers and initial sales success – just in time for the British summer.

BEAULIEU VINEYARD

Beaulieu Vineyard Celebrates 80th Anniversary with Bespoke Riedel Partnership.

To mark the 80th anniversary of BV's Georges de Latour, a bespoke glass created by the legendary Georg Riedel was released. The design features a wide bowl and a tapered, narrow rim that allows aromas to focus at the top of the glass, while the richness of the wine is showcased on the palate. Trevor Durling, Beaulieu Vineyards General Manager and Senior Winemaker, describes it as a 'decanter on a stem'. The 2016 vintage, released in August 2019, is a blend of 97% Cabernet and 3% Petit Verdot, matured for 22 months in French Oak and garnering 97 points from respected wine publication, Robert Parker's Wine Advocate.

WOLF BLASS

Wolf Blass Showcases Asian Food and Wine Pairing with Michelin Guide Partnership

Eight out of ten Southeast Asians do not believe that wine compliments their meals. This insight led to a strategic partnership between Wolf Blass and the Michelin Guide. The resulting campaign aimed to debunk this myth by pairing Wolf Blass with iconic local recipes created by Michelin-starred chefs. Media, trade partners and consumers were encouraged to experiment and 'Find Your Flavour', pairing Wolf Blass with flavoursome sauces typical of the region's cuisine. The campaign reached more than 20 million consumers. Keeping momentum despite COVID-19 restrictions, diners were converted to a delivery service where 'lockdown' recipes and take-out tips were created to elevate at home dining experiences.

PENFOLDS

Penfolds Koonunga Hill Encourages Chinese Consumers to Share the Extraordinary

To drive greater awareness and purchase intent for Penfolds Koonunga Hill with Chinese consumers, Penfolds launched a campaign featuring a destination travel experience at a scenic resort atop Mogan Mountain in Southern China. The campaign saw a select group of influencers create digital content showcasing themselves enjoying personal time relaxing and socializing with friends over glasses of red and white wines from the Koonunga Hill range. The aspirational and locally relevant social media content also supported retail promotions for the purchase of six-bottle cases of Koonunga Hill to drink and share with friends.

OPERATING AND FINANCIAL REVIEW

Treasury Wine Estates (TWE) is one of the world's largest wine companies, listed on the Australian Securities Exchange (ASX). The Company is focused on delivering shareholder value through the production of wine, and marketing and selling quality wine brands to consumers around the world.

The following Operating and Financial Review contains details of the significant changes in TWE's state of affairs that occurred during the year ended 30 June 2020.

TWE'S BUSINESS ACTIVITIES

TWE's business activities in fiscal 2020 remained unchanged.

TWE is a vertically integrated wine business focused on portfolio premiumisation supported by innovation, brand building investment and global sales and marketing execution.

TWE's brand portfolio is represented across the Luxury, Masstige and Commercial[1] price segments and sold in more than 70 countries around the world. Furthermore, TWE operates a balanced and sustainable sourcing model by diversifying its sourcing regions across Australia, the United States, New Zealand, Italy, France and other regions.

TWE employs approximately 3,000 winemakers, viticulturists, sales, distribution and support staff across the globe.

TWE'S ORGANISATIONAL STRUCTURE AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

TWE is focused on four regional segments:

- Australia and New Zealand (ANZ)
- Europe, Middle East and Africa (EMEA)
- Asia
- Americas

In fiscal 2020, the Middle East and Africa region was transitioned from the Asia segment to the Europe segment and the regional financial data was restated from 1H20 to reflect this transition.

During the year, Chief Executive Officer Michael Clarke announced his retirement and Chief Operating Officer Tim Ford was appointed to the Chief Executive Officer role (effective 1 July 2020).

TWE also made a series of management changes:

- Ben Dollard was appointed President Americas, based in Oakland (effective 13 January 2020).
- Kirsten Gray was appointed Chief Corporate Services Officer and Company Secretary, based in Melbourne (effective 23 March 2020).
- Stuart Boxer was appointed Chief Strategy and Corporate Development Officer, based in Melbourne (effective 1 June 2020).
- Tom King (previously Managing Director North Asia) was appointed Managing Director Asia, based in Shanghai (effective 1 July 2020).
- Kerrin Petty (previously Senior Vice President Supply Chain Services Americas) was promoted to Director Global Supply Chain, currently based in Napa Valley (effective 1 July 2020).

These appointments continue to reflect the flexibility and breadth of TWE's global talent pool at the executive leadership level.

1. TWE participates in three price segments; Luxury (A$20+), Masstige (A$10-A$20) and Commercial (A$5-A$10). Segment price points are retail shelf price.

During the year TWE undertook a detailed review of its portfolio and an assessment of the optimal strategy and structure of the business. Key outcomes of this review included the intention to consider a separate focus for the Penfolds business which may include a demerger into a separate listed entity and accelerated reduction of the scale of the commercial wine business, particularly in the United States.

Evaluation of these initiatives were progressed in F20 and remain underway in F21. With respect to Penfolds, work completed to date continues to validate the expectation that value will be created through a separate focus for both Penfolds and TWE's other brands, globally, with TWE to explore the future operating model that best supports long-term growth and value creation.

Other than the above strategic initiatives and those matters referred to in both the 'TWE Vision and Strategy' section of the Operating and Financial Review and the Financial Statements in this Annual Report, there have been no other significant changes in the state of affairs of the Group during the financial year.

TWE'S BUSINESS MODEL

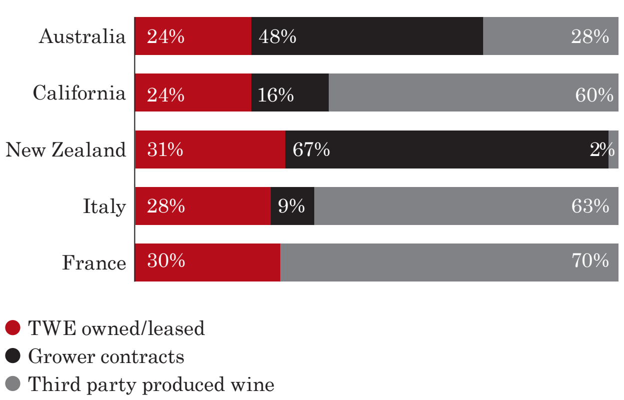
TWE is a vertically integrated wine business with three principal activities:

- Grape growing and sourcing
- Wine production
- Wine marketing, sales and distribution.

Grape growing and sourcing

TWE secures access to grapes and bulk wine from a range of sources including Company-owned and leased vineyards, grower vineyards and the bulk wine market. The Company's sourcing mix varies by region as shown in Figure 1.

Figure 1: TWE's regional sourcing model



Proactively taking steps to de-risk TWE's global sourcing model by embedding flexibility and diversification across geographic regions, varietals and price segments continues to be a driver of the Company's sourcing strategy.

By embedding a diversified sourcing model as well as focusing on multi-region and multi-country sourcing, TWE is better able to manage vintage variation as well as grape and bulk wine pricing through periods of grape shortages and surpluses.

This diversification and flexibility also enables TWE to react to changes in consumer and customer preferences.

TWE owns and leases 9,174 planted hectares of vineyards in Australia and New Zealand and is the custodian of some of the most sought after viticultural assets in renowned winemaking regions, including the Barossa Valley and the Coonawarra in Australia, and Marlborough in New Zealand.

The Company also owns and/or operates 3,213 planted hectares in key viticultural regions in California, including Napa Valley, Sonoma County, Lake County and Central Coast.

TWE continues to optimise its inventory holdings to support portfolio premiumisation and at the same time pursue initiatives to reduce production costs across the luxury, masstige and commercial segments, globally.

Organisational focus on optimising production costs across TWE's global business continues and future incremental savings are expected to be delivered in the ordinary course of business.

At the same time, TWE continues to focus on securing increased access to luxury and masstige fruit across all its sourcing regions via vineyard acquisitions, vineyard leasing, entering into supply contracts with third party growers as well as increasing its sourcing of commercial grade wine from the bulk wine market.

Wine Production

TWE owns world-class wine production and packaging facilities:

- In Australia, TWE owns and operates eight wineries and two packaging facilities. TWE's wines are primarily produced in South Australia and Victoria;
- In New Zealand, TWE owns one winery located in the Marlborough;
- In the US, TWE has seven wineries and one packaging facility located in the North and Central Coast regions of California;
- In Europe, TWE owns one winery in Italy and one winery in France.

Marketing, selling and distribution of TWE wine

TWE markets, sells and distributes its branded wine to a range of customers in more than 70 countries around the world, tailoring and optimising its route-to-market model by country to capitalise on regional insights and opportunities.

TWE generates its revenues and profits from the production, marketing and sale of its portfolios of branded wine.

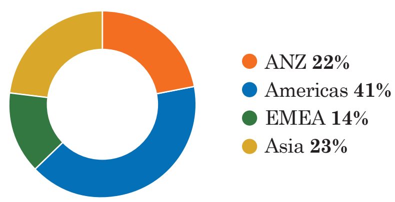
The Company seeks to embed balance across its regional earnings mix, sourcing models and earnings delivery.

TWE's profitability is increasingly being driven by high-growth segments, being luxury and masstige, as well as improved profitability across all segments (including the commercial segment).

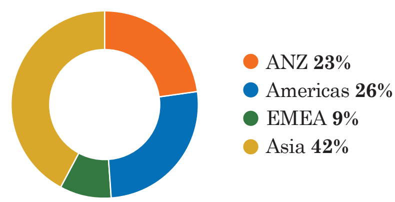
Figure 2 shows the net sales revenue (NSR) and earnings before interest, tax, SGARA and material items (EBITS) contribution by region in F20.

Figure 2: TWE's business performance by region in F20

Net sales revenue ($M)



EBITS contribution[2] ($M)



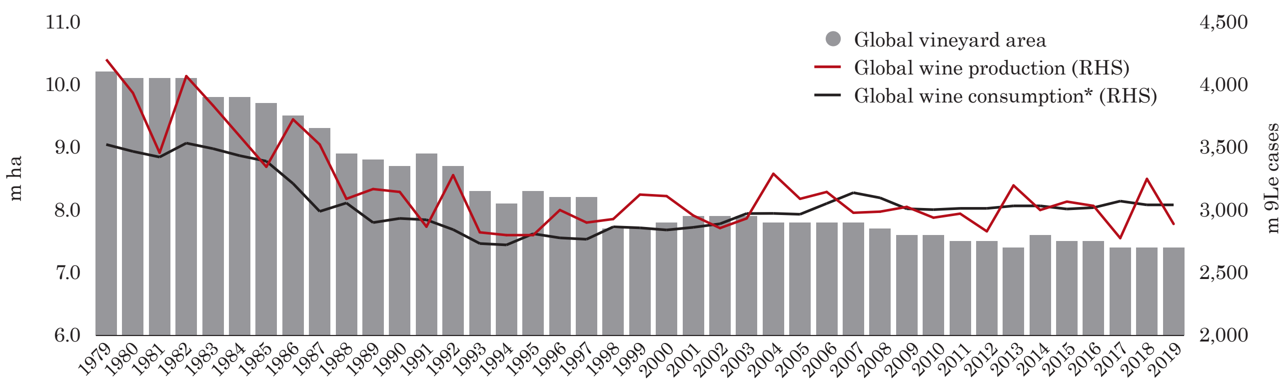
GLOBAL INDUSTRY OVERVIEW

Global wine production and consumption

Global wine production decreased by 11.5% in 2019, driven by bad weather conditions in the main EU producing countries of Italy, France and Spain.

Consumption remained broadly in line with the prior year with increased consumption in the United States, the world's largest consumer, offset by decreases in France and mainland China.

Figure 3: Global wine production and consumption[3]



* Consumption figures include ~330m 9L cases of wine used in the production of fortifieds & industrial applications

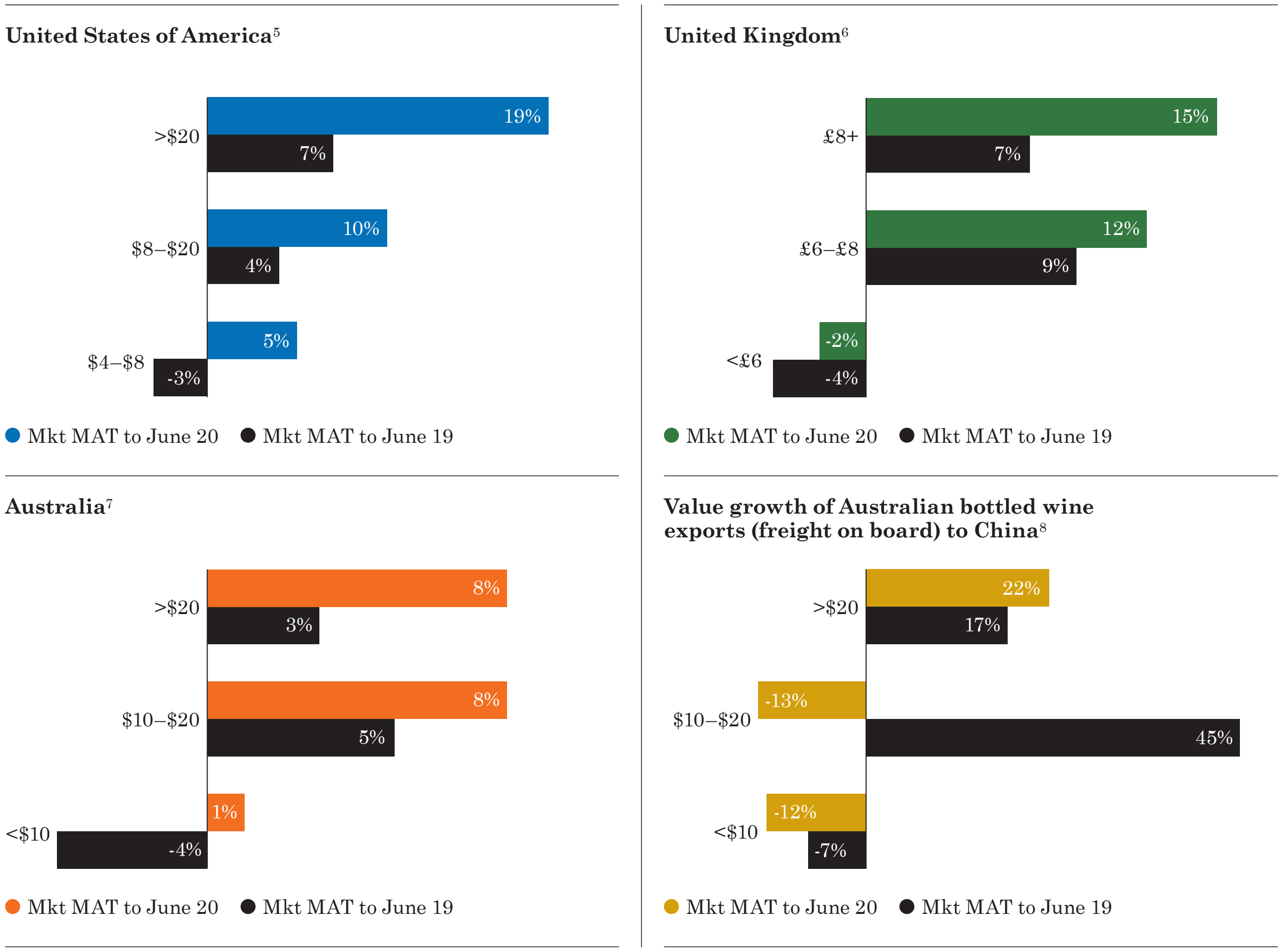
2. Excludes corporate costs of $42.5 million.
3. International Organisation of Vine and Wine (OIV).

While total wine consumption is forecast to decline in some markets due to a flat to declining commercial segment, consumer demand remains strong at the masstige and luxury price points and this is expected to continue.

Figure 4: Forecast five-year compound annual growth rate (CAGR) in wine consumption in key growth areas and markets[4]

COUNTRY	CAGR (2019 – 2023F)
China	3.3%
New Zealand	0.7%
Canada	0.2%
Australia	0.6%
Japan	0.1%
US	(0.2)%
United Kingdom	(1.3)%

Figure 5: Value growth by price point



4. IWSR 2020. Still, sparkling and fortified wine. Value growth. China and Japan imported wine only.
5. IRI Market Advantage, Table $4+, Still bottled wine only, MAT to 28 June 2020.
6. Nielsen (750mL bottled still wine only) MAT to 13 June 2020.
7. Aztec Sales Data | Off-premise Channel Only (scan measured market) | Bottled and canned wine only | Weighted MAT to 21 June 2020.
8. Wine Australia MAT to June 2020.

TWE VISION AND STRATEGY

TWE's strategic vision and strategic imperatives have been refreshed and are set out in Figure 6:

Figure 6: TWE's vision and strategy

STRATEGIC IMPERATIVE	PROGRESS AGAINST INITIATIVE IN F20
Consumer focused premium brand portfolio	In F20, TWE brand portfolio highlights included the following: • Activities continued to support the transformation of Penfolds from fine wine brand to become a true global luxury brand. – Penfolds 175th anniversary celebrations continued in 1H20, with special events and new wine releases. – Release of a limited addition 60th anniversary 'Year of the Rat' Bin 389 magnum. • 19 Crimes continued to disrupt the market announcing a multi-year partnership with Snoop Dogg and launching 19 Crimes first ever Californian wine, Snoop Cali Red. • Successful new product launches to meet ever-changing needs of consumers and occasions including Squealing Pig Rosé Gin, Blossom Hill Gin Fizz and the expansion of Pepperjack to produce four new outstanding wines. • Stags' Leap Winery celebrated 125 years with virtual weekly live tastings during shutdown.
Multi regional and multi-channel sales models	In F20, TWE achieved the following: • Expanded portfolio distribution and availability in priority markets in Asia. • TWE achieved significant value and share growth in e-commerce, particularly in China. • Implementation of new sales operating model and organisation structure in the US. • Strengthened category leadership position in Australia.
World class talent	In F20, TWE achieved the following: – Driving a diverse, inclusive and collaborative culture through various initiatives, including evolving our TWEforSHE program to be a gender equality program; continuing ELT sponsorship for high potential/high performing women, and participation of 1200 women in 'She Leads' capability sessions delivered globally; and achieving our women in senior leadership target of 40% by 2025. – In response to COVID-19, TWE instigated a global survey to canvas employee sentiment and feedback on ways we could further respond to and support our teams through the pandemic. We had a participation rate of 62% globally and our overall company confidence rating was 87% positive on the actions the company had taken to manage our business and teams over this period. • Growing our capability, now and for the future, by building the capability of our people managers through the creation and launch of 'MPAT' (Managing People @ Treasury) a comprehensive learning platform for all people leaders; launching 'TWEforME' initiatives focused on supporting employee resilience through targeted activities and resources aligned to mental health; physical health; life skills and development. • Continuing to operate an efficient and sustainable structure through implementation of a new operating model in ANZ and the Americas aligned to TWE's premiumisation strategy which included a shift in organisational structure and resourcing aimed at driving growth in our luxury and masstige categories, while retaining a profitable commercial business.
Sustainable & multi-regional sourcing and winemaking models	In F20, TWE achieved the following: • A global refresh of our Health and Safety Management Standards and our Destination Zero Harm program to include newly established personal commitments to health and safety. • The establishment of a global critical risk control program which will deliver minimum standard controls for the highest risk activities in our business. • Rapid and thorough response to COVID-19 that kept our people safe and supported, our supply chain operating and our customers served in all regions. • Invested in luxury winemaking capacity in Australia and France to support the next phase of the premiumisation journey. • Continued a relentless focus on cost, resetting our efforts on specific and significant strategic opportunities across the full value chain globally. • Completed the implementation of a new operating model and organisation structure in the US business aligned with the future volume and profitability objectives of the business, including progression towards the medium-term 25% EBITS margin target for the Americas region. • Established a new 'Future Fit program' to ensure we remain competitively strong in a changing marketplace, encompassing a range of key focus areas. • Establishment of the COVID-19 plan ahead agenda, focused on managing the business through the current environment and identifying opportunities to further strengthen the business into the future.
Deep, long-term partnerships and networks	In F20, TWE achieved the following: • TWE returned as the Official Wine Supplier for the Australian Open 2020, serving up a stellar selection of wines from across our Australian portfolio. • TWE and Seppelt once again partnered with the Victoria Racing Club during the Melbourne Cup Carnival as part of their longstanding partnership; which includes naming rights of Seppelt Wines Stakes Day. • TWE and Wolf Blass continued their affiliation with world sport with continued successful sponsorship of the Cricket World Cup. • Stronger direct relationships with US retailers and distribution partners driving increased distribution and availability of TWE's brand portfolio.

FUTURE PROSPECTS

TWE remains focused on leveraging its organisational, strategic and physical assets across the world to drive continued value accretion for its shareholders. Areas of current and ongoing business focus that will likely impact TWE's future operational and financial prospects include the following:

- Managing the existing TWE business through the COVID-19 impacted trading environment and ensuring the successful execution of the US business restructure.
- Ongoing monitoring of developments as they relate to pressure on international free trade, in particular as a result of geopolitical tensions.
- Ongoing focus on premiumising TWE's portfolio, supported by TWE's non-current inventory of luxury and masstige wine.
- Right sizing of TWE's commercial wine business globally, but particularly in the United States.
- Exploring the potential to unlock value through a separate focus between Penfolds and the remainder of the global brand portfolio.
- Driving distribution and availability of luxury and masstige portfolios, focused on Asia, United States and ANZ.
- Investments in French production assets and Australian luxury winemaking capacity to support the next phase of the premiumisation journey.
- Acceleration in DTC and e-commerce channels, both TWE's and retail partners.
- Ongoing focus on generating new revenue streams for TWE's brand portfolio and selectively pursuing potential opportunities for category adjacencies for some brands.
- Maintaining financial metrics that are consistent with an investment grade credit profile. TWE's capital structure and balance sheet provides the Company with the flexibility to manage through the short to medium term impacts of the COVID-19 pandemic and pursue value accretive opportunities for shareholders into the future.

MATERIAL BUSINESS RISKS

There are various risks that could have a material impact on the achievement of TWE's strategies and future prospects. Below are those risks that TWE considers of greatest materiality to the business, and existing mitigations against these risks.

Whilst our material risks have not fundamentally changed in FY20, the following risks have elevated in focus:

- Protectionism and political uncertainty heightened during FY20, elevating the risk of operating in a changing geopolitical environment and changing laws and regulations;
- The unknown length or depth of the COVID-19 health and economic crisis, and the impact on social restrictions and the global economy, elevating the risk of changing consumer preferences/market trends; and
- The COVID-19 crisis and the impact on workplace restrictions has the potential to disrupt our ability to produce and distribute wine globally, elevating the risk of significant business disruption.

RISK	DESCRIPTION	MITIGATION
Climate	The impacts of climate change may lead to adverse effects on business operations and performance. Restrictions on access to and/or an increase in the cost of water and energy, and the inability of third-party suppliers to adapt to and mitigate against climate change, could impact on TWE's ability to effectively source grapes and wine for production. In addition, governmental actions to reduce the impacts of climate change, for example packaging waste and emission reduction targets may also impact TWE's cost base.	• Innovation investment, including collaboration with research institutes on climate change adaptation and water efficiency research, development and extension projects. • Environment Policy and Standard, monitoring and reporting systems. • Strategic climate change remediation investment plan and vineyard capital investment plan. • Innovative agronomic practices including investment in innovative technologies that use less water in vineyard, winery and packaging, such as drought resistant root stocks, and use of technology at key vineyards to monitor soil moisture and visualise water stress. • Sustainable Futures program to drive best practice across all regions and gain consistent measurement of, and reduction targets for, water and energy. • Global Packaging Guidelines to support our ambitions on sustainable packaging and set our expectations of our suppliers.

RISK	DESCRIPTION	MITIGATION
Constrained grape supply	TWE's ability to fulfil demand, in particular growing demand for luxury wine, is restricted by the availability of grapes. Climate change, agricultural and other factors, such as disease, pests, extreme weather conditions, water scarcity, biodiversity loss and competing land use could impact the quality and quantity of grapes available to TWE for the production of wine. As a result, the financial prospects of operations could be adversely affected, both in the year of harvest and in future periods.	• Long-term vintage planning and ongoing demand planning processes. • Strategic climate change remediation investment plan and vineyard capital investment plan. • Defined programs to progressively reduce cost of goods sold over the next five years. • Balanced grape intake between owned/leased vineyards and third-party suppliers. • Multi-regional growing and sourcing. • Innovative agronomic practices. • Strong grower relationships and defined service level agreements.
Loss of key leadership/ talent	TWE's ability to deliver on strategic targets is reliant on attracting and retaining experienced, skilled and motivated talent in core functions such as winemaking, sales and marketing. It also requires strong, resilient and effective leaders as the business grows at pace. Inability to retain key talent can impact relationships with TWE's key partners, result in lost business knowledge, increase risk of employee burnout and hamper the business' ability to deliver on key initiatives.	• Strategically aligned and targeted learning and development programs. • Strategic Workforce Planning. • Talent review and succession planning processes. • Employee safety (including health, wellbeing and resilience) program. • Incentive and reward programs aligned to the achievement of TWE's financial and business goals and demonstration of the right behaviours. • Market competitive remuneration and benefits offering.
Brand reputation/ damage	The strength of TWE's portfolio of brands is key to the success of the business. As a brand-led organisation, managing the reputation of brands, and mitigating the potential damage to brands from internal and external activity including counterfeited product, black market trade, inaccurate media coverage, unsatisfactory supplier performance, product quality issues, etc. is critical to TWE's ongoing success. Failure to protect and effectively manage TWE's portfolio of brands could have significant reputational and financial repercussions.	• Brand portfolio and product strategy, including portfolio rationalisation, prioritisation and targeted investment in consumer marketing. • Consumer insights and innovation team supporting the monitoring and awareness of brand health and consumer trends. • Product pricing strategy and global pricing alignment. • Code of Conduct, Responsible Marketing Guidelines, Responsible Consumption program, Responsible Procurement Code, Environment Policy and Standard, Media Policy and Social Media Policy and incident management procedures. • Corporate responsibility program. • Global media monitoring (including social/digital media). • Brand and intellectual property protection strategies.
Partner performance and market concentration	TWE relies on a number of key partners (suppliers, distributors and retailers) to support delivery of key strategic initiatives. The suboptimal performance of these partners, and/or their market concentration and power, could have a significant impact on TWE's ability to deliver these initiatives.	• Multi-regional and diversified supplier, distributor and retailer base. • Defined and pre-approved terms of engagement. • Investment in strong and multifaceted key partner relationships. • Joint business planning processes to support and align internal and partner incentives. • Quarterly performance reviews.
Changing laws & regulations	TWE operates in a highly regulated industry in many of the markets in which it makes and sells wine. Each of these markets have differing regulations that govern many aspects of TWE's operations, including taxation, production, manufacturing, pricing, marketing, advertising, distribution and sale of wine. Remaining compliant with and abreast of additional regulations and changes to existing regulations requires diligent and ongoing monitoring by the business.	• Company-wide policies, standards and procedures. • TWE compliance framework. • Specialised and experienced resources and teams. • Executive Leadership Team oversight via the Risk, Compliance and Governance Committee. • TWE risk and assurance framework, including targeted reviews by external and internal audit and other specialist providers. • Relationships and engagement (where relevant) with key government, industry advocacy and regulatory bodies.
Changing Geopolitical environment	International free trade is under pressure in the markets we operate and sell our products. Government actions which influence or restrict international trade, including increasing duties and tariffs could significantly impact the nature of operations and reduce the demand for our products in these markets.	• We respect local laws wherever we operate and have implemented robust trade compliance procedures and controls. • Relationships and engagement (where relevant) with key government, industry advocacy and regulatory bodies. • Flexible supply chain practices. • Crisis management and business continuity plans. • Seek opportunities for strategic investment from, and into key markets to capture new growth opportunities and enhance connection to key markets. • Continue to grow our diversified portfolio of products and markets including Australia, US, Europe, Middle East and Asia.

RISK	DESCRIPTION	MITIGATION
Significant business disruption and/or catastrophic damage or loss	TWE's scope of operations exposes it to a number of business disruption risks, such as environmental catastrophes, natural and man-made hazards and incidents, or politically motivated violence. Significant business disruption could result in TWE sites or employees being harmed or threatened, loss of key infrastructure, inability to trade, inventory shortages, excess or loss, customer dissatisfaction, or financial and reputational loss.	• Crisis, business continuity and disaster recovery plans, training and resources. • Dedicated health and safety team oversight, audit programs and training. • Preventative repair and maintenance program. • Multi-regional sourcing and production capability. • Multi-regional sales diversification. • Comprehensive insurance program. • Global business planning processes. • Financial risk management (refer to Page 101).
Foreign exchange rate impacts	TWE is exposed to foreign exchange risk from a number of sources, namely from the export of Australian produced wine to key offshore markets in North America and Europe. Foreign exchange rate movements impact TWE's earnings on a transactional and translational basis.	• Active foreign exchange hedging strategy. • Partial natural hedges (purchases and sales within the same currency) where possible. • Matched debt funding of assets by currency, where possible.
Information security/ cyber/fraud threat	Data/information security is essential to protect business critical intellectual property and privacy of data. Continuing advances in technology, systems and communication channels mean increasing amounts of private and confidential data are now stored electronically. This, together with increasing cyber-crime, heightens the need for robust data security measures.	• Information Security Policy, supporting framework and specialised resources. • Restricted and segregated management of sensitive business/supplier/customer data. • Periodic employee training and alerts to ensure secure handling of sensitive data. • Crisis, business continuity and disaster recovery plans. • Periodic user access and general system penetration testing. • Defined cyber security strategy and governance. • Program to monitor and detect cyber threats across the enterprise network. • Vulnerability management program to identify and remediate susceptible high-risk areas within the enterprise environment.
Infrastructure supporting growth	The business relies on IT infrastructure, systems and processes to support ongoing business growth. Where such infrastructure cannot efficiently support the changing needs of the business, there is risk of process inefficiency and/or error, which includes increased costs and processing times or damage to business reputation.	• Defined and Executive Leadership Team approved IT roadmap and strategy. • A global enterprise resource planning system and reporting capability. • IT policies and supporting procedures (security, change management, project management, etc.). • Documentation and mapping of key processes and controls across the business. • Semi-annual key control self-assessment process.
Changing consumer preferences/ market trends	The business' ability to effectively manage current and non-current inventory is intrinsically linked to actual and forecast consumer demand – particularly given the long product lead-time and agricultural nature of the business. Unanticipated changes in consumer demand or preferences can have adverse effects on the business' ability to either capture growth opportunities or manage supply.	• Dedicated consumer insights and innovation team tracking consumer trends and researching new opportunities. • Brand portfolio and product strategy, including portfolio rationalisation, prioritisation and targeted investment in consumer marketing. • Global business planning processes, including portfolio reviews and global volume alignment processes. • Strategic focus on premium (high demand) categories.

PROFIT REPORT

Financial Performance[1]

$Am (UNLESS OTHERWISE STATED)	F20	REPORTED CURRENCY F19	REPORTED CURRENCY CHANGE	CONSTANT CURRENCY F19	CONSTANT CURRENCY CHANGE
Net sales revenue	2,649.5	2,831.6	(6.4)%	2,920.3	(9.3)%
NSR per case ($)	81.88	79.77	2.6 %	82.27	(0.5)%
Other Revenue	28.7	51.4	(44.2)%	51.8	(44.6)%
Cost of goods sold	(1,588.9)	(1,642.5)	3.3 %	(1,696.4)	6.3 %
Cost of goods sold per case ($)	49.10	46.27	(6.1)%	47.79	(2.7)%
Gross profit	1,089.3	1,240.5	(12.2)%	1,275.7	(14.6)%
Gross profit margin (% of NSR)	41.1%	43.8%	(2.7)ppts	43.7%	(2.6)ppts
Cost of doing business	(555.8)	(559.5)	0.7 %	(573.7)	3.1%
Cost of doing business margin (% of NSR)	21.0%	19.8%	(1.2)ppts	19.6%	(1.4)ppts
EBITS (before material items)	**533.5**	**681.0**	**(21.7)%**	**702.0**	**(24.0)%**
EBITS margin (%)	20.1%	24.1%	(4.0)ppts	24.0%	(3.9)ppts
SGARA	(41.3)	(19.7)	(109.6)%	(20.2)	(104.5)%
EBIT (before material items)	**492.2**	**661.3**	**(25.6)%**	**681.8**	**(27.8)%**
Net finance costs	(85.9)	(85.7)	(0.2)%	(89.1)	3.6 %
Tax expense	(119.3)	(167.1)	28.6 %	(166.9)	28.5 %
Net profit after tax (before material items)	**287.0**	**408.5**	**(29.7)%**	**425.8**	**(32.6)%**
Material items (after tax)	(26.2)	–	–	–	–
Net profit after tax	**260.8**	**408.5**	**(36.2)%**	**425.8**	**(38.8)%**
Reported EPS (A¢)	36.2	56.9	(36.4)%	59.3	(39.0)%
Net profit after tax (before material items and SGARA)	**315.8**	**422.8**	**(25.3)%**	**440.6**	**(28.3)%**
EPS (before material items and SGARA) (A¢)	43.9	58.9	(25.5)%	61.3	(28.4)%
Average no. of shares (m)	719.9	718.4	–	718.4	–
Dividend (A¢)	28.0	38.0	(26.3)%	38.0	(26.3)%

Business headlines

- TWE's diversified global business model, brand portfolio and organisational capability supported the delivery of profitability and strong cash flow performance throughout F20, despite significant disruption from the onset of the COVID-19 pandemic.
- In Asia, and in particular China, TWE continues to see positive signs of both consumption and sales depletion recovery. While recent trends are positive, TWE remains cautious on the short to medium term outlook with gatherings and social occasions, which drive consumption of luxury wine, yet to fully recover to previous levels.
- In the Americas, ANZ and EMEA regions, retail channels experienced high volume and value growth through F20. TWE's solid performance within retail reflects the strength of its collaborative, long-term customer partnerships and the power of its compelling brand propositions.
- Outside of retail, key channels including on-premise, cellar doors and global travel retail were closed for a significant proportion of the second half of F20, some of which have been progressively re-opening. TWE's sales through these channels are weighted towards higher margin, luxury wine and generally have a lower cost of doing business (CODB) than retail channels.
- TWE has commenced key initiatives to deliver a future state premium wine business in the US, including implementation of key operating model and organisational structure changes in addition to the potential divestiture of selected wine brands and assets.
- TWE has also commenced a restructure of its global supply chain, which is focused on driving optimisation and efficiency to significantly reduce future production costs.

1. Prior year comparatives have been restated for *AASB 16 Leases* and *AASB 112 Income Taxes*, as disclosed in note 32 of the Financial Statements.

Financial headlines[2,3]

- Group volume and Net Sales Revenue (NSR) declined by 8.8% and 9.3% respectively, reflecting the impact of COVID-19 disruptions to key sales channels along with challenging conditions in the US wine market which persisted into the second half of F20.
- NSR per case declined 0.5%, driven by ongoing challenging conditions in the US driving incremental levels of promotions. In other markets, NSR per case improved driven by continued portfolio premiumisation with the luxury and masstige portfolios now contributing 71% of global NSR (up from 69% in F19).
- Cost of Goods Sold (COGS) per case increased 2.7%, reflecting higher COGS on Australian sourced commercial wine and US sourced luxury wine, partially offset by lower COGS on Australian sourced luxury wine.
- Cost of Doing Business (CODB) improved 3.1%, with proactive cost management of discretionary expenditure in the second half of F20, including no payment of discretionary incentives in respect of F20.
- Earnings before Interest, Tax and Self Generating and Regenerating Assets (EBITS) of $533.5 million, down 21.7% on a reported currency basis and 24.0% on a constant currency basis.
- EBITS margin declined 3.9ppts to 20.1%, with higher COGS per case of 2.7% a key driver.
- Net Profit after Tax (NPAT) and Earnings per Share (EPS) (before material items and SGARA) declined 28.3% and 28.4% respectively.
- Strong cash conversion of 94.7%, with lower Q4 sales and a smaller Australian vintage offset by higher levels of inventory for luxury wine; cash conversion excluding the net change in non-current luxury and masstige inventory was 97.6%.
- TWE's strong, flexible balance sheet and investment grade capital structure retained, with net debt/ EBITDAS of 2.2x, up from 1.8x in F19 due to lower EBITS and interest cover of 10.1x. Total liquidity was approximately $1.4 billion, comprising cash on hand of $449.1 million and undrawn committed debt facilities of $920.2 million.

Dividend

- Final dividend of 8 cents per share, fully franked; full year dividend of 28 cents per share delivering a pay-out ratio of 64%.[4]

Revenue by region[5]

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$m	**F20**	**F19**	**%**	**F19**	**%**
Net Sales Revenue					
Americas	1,069.4	1,134.4	(5.7)%	1,209.6	(11.6)%
Asia	617.1	721.4	(14.5)%	723.4	(14.7)%
EMEA	370.6	373.5	(0.8)%	384.9	(3.7)%
ANZ	592.4	602.3	(1.6)%	602.4	(1.7)%
Total sales revenue	**2,649.5**	**2,831.6**	**(6.4)%**	**2,920.3**	**(9.3)%**
Other revenue	28.7	51.4	(44.2)%	51.8	(44.6)%
Total Revenue	**2,678.2**	**2,883.0**	**(7.1)%**	**2,972.1**	**(9.9)%**

Revenue

- NSR decreased 9.3% in F20 impacted by COVID-19 disruptions in key sales channels for higher margin, luxury wine and consumer trading down in some markets.
- Other revenue declined by 44.6%, largely due to discontinuation of third-party packaging arrangements in Australia.

Cost of Goods Sold (COGS)

- COGS per case increased 2.7% due to portfolio premiumisation and higher COGS on Australian sourced commercial wine and US sourced luxury wine, which increased 6.5% and 14.0% respectively, offset by lower COGS on Australian sourced luxury wine.
- Included in COGS are $19.8 million of increased inventory provisions (F19: $3.2 million), primarily in relation to the Americas due to the challenging market conditions.

Cost of Doing Business (CODB)

- CODB improved 3.1% to $555.8 million, driven largely by cost reduction initiatives in F20 including proactive management of discretionary expenditure, particularly the reduction in discretionary employee incentives.
- Included in CODB are $42.4 million of gains on sale of assets, $10.0 million charge associated with asset write downs, and $10.1 million charge related to restructuring activities associated with the Simplify for Growth Program. These items primarily relate to the Americas.
- CODB margin increased 1.4ppts due to lower NSR.

2. Financial information in this report is based on unaudited financial statements. Non-IFRS measures have not been subject to audit or review. The non-IFRS measures are used internally by Management to assess the operational performance of the business and make decisions on the allocation of resources.
3. Unless otherwise stated, all percentage or dollar movements from prior periods contained in the Profit report are pre-material items on a constant currency basis and are subject to rounding.
4. TWE targets a dividend payout ratio of between 55%-70% of Net Profit After Tax (pre-material items and SGARA) over a fiscal year.
5. Prior year comparatives include the reclassification of $27.5 million F19 NSR for the Middle East & Africa region, from Asia to EMEA.

Corporate costs

- Corporate costs reduced by 24.9% to $42.5 million due to a reduction in overheads following establishment of the Global Business Services platform and the reduction in discretionary employee incentives in F20.
- TWE received $0.5 million in government support payments in Asia and the Americas, the majority of which has been donated to local causes. TWE has not received, nor filed an application for, Job Keeper support in Australia.

EBITS by region[6]

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$m	F20	F19	%	F19	%
Americas	147.3	233.4	(36.9)%	262.1	(43.8)%
Asia	243.7	283.0	(13.9)%	274.5	(11.2)%
EMEA	51.7	63.3	(18.3)%	68.7	(24.7)%
ANZ	133.3	158.0	(15.6)%	153.3	(13.0)%
Corporate	(42.5)	(56.7)	25.0%	(56.6)	24.9%
TWE EBITS	**533.5**	**681.0**	**(21.7)%**	**702.0**	**(24.0)%**

EBITS

- EBITS of $533.5 million, down 21.7% on a reported basis and 24.0% on a constant currency basis, principally driven by the second half of F20 decline of 51.8%.
- EBITS margin declined 3.9ppts to 20.1%; TWE continues to target delivery of the 25% Group EBITS margin.

SGARA

- SGARA loss of $41.3 million ($21.1 million higher than pcp) driven by losses on the Australian 2020 vintage and the Californian 2019 vintage, partially offset by the unwinding of prior vintage losses. The significant reduction in tonnage and yield from the Australian 2020 vintage resulted in a SGARA loss of $37.2 million.

Net finance costs

- Net finance costs were favourable in F20, with the benefits of lower interest rates and improved financing costs partially offset by increased expense on higher average borrowings, including leases.

Tax expense

- Lower tax expense reflects the decrease in earnings in F20.
- Effective tax rate in F20 of 29.4% is broadly in line with the pcp.

Material items

- Post-tax material items of $26.2 million reflect costs pertaining to the long-term investment in luxury winemaking infrastructure in South Australia and one-off overhead restructuring costs in the US.

Net profit after tax (NPAT)

- NPAT before material items and SGARA $315.8 million, down 28.3%, driven by lower EBITS.

Earnings Per Share (EPS)

- EPS (before material items and SGARA) decreased 28.4% to 43.9 cps. Reported basic EPS decreased 39.0% to 36.2 cps, with the difference due principally to material items recognised in relation to the long-term investment in luxury winemaking infrastructure in South Australia and one-off overhead restructuring costs in the US.

Balance Sheet (condensed)[7,8]

A$m	F20	F19
Cash & cash equivalents	449.1	401.8
Receivables	554.1	662.0
Current inventories	1,017.4	1,001.7
Non-current inventories	1,059.2	1,045.6
Property, plant & equipment	1,397.4	1,369.9
Right of use lease assets	517.0	535.9
Agricultural assets	34.1	29.4
Intangibles	1,331.6	1,308.9
Tax assets	183.5	187.0
Assets held for sale	74.3	78.3
Other assets	54.2	21.0
Total assets	**6,671.9**	**6,641.5**
Payables	682.1	718.6
Interest bearing debt	1,227.0	1,090.0
Lease liabilities	698.6	704.6
Tax liabilities	357.1	430.1
Provisions	59.2	48.0
Other liabilities	24.5	8.7
Total liabilities	**3,048.5**	**3,000.0**
Net assets	**3,623.4**	**3,641.5**

Balance sheet movements as at 30 June 2020

Net assets decreased $18.1 million to $3,623.4 million. Adjusting for movements in foreign exchange rate movements, net assets decreased by $41.2 million.

6. Prior year comparatives have been restated for *AASB 16 Leases* and *AASB 112 Income Taxes*, as disclosed in note 32 of the Financial Statements and includes the reclassification of $11.5 million F19 EBITS for the Middle East & Africa region, from Asia to EMEA.
7. Unless otherwise stated, balance sheet percentage or dollar movements from the previous period are on a reported currency basis.
8. Prior year comparatives have been restated for *AASB 16 Leases* and *AASB 112 Income taxes*, as disclosed in note 32 of the Financial Statements

Working Capital

Working capital declined $42.2 million to $1,948.5 million, reflecting the impact of lower sales on receivables, offset by the lower payables balance as a result of lower volumes and the higher inventory balance which increased by $29.3 million to $2,076.6 million.

- The total inventory position reflects:
  - Higher average vintage costs for the 2020 Australian and 2019 Californian vintages, the latter a result of improved mix.
  - Lower total inventory volume, which declined 9%, driven by the 2020 Australian vintage that was down approximately 30% versus the prior year – partially offset by the carry forward of unsold wine previously allocated to the second half of F20.
- Luxury inventory increased by 8% to $1,305.6 million:
  - Higher average cost per case for the 2020 Australian and 2019 Californian vintages a key driver.
  - The 2020 Australian vintage was a smaller volume vintage for TWE with luxury intake down approximately 45% and driving a 5% decline in total luxury inventory volume.
  - TWE's flexible luxury wine allocation program is a key strength. TWE has put in place actions and plans to carry forward unsold wine previously allocated to F20 in addition to the reallocation of luxury wine that had been previously allocated to F21 and beyond into future years.

Property, Plant & Equipment

Property, Plant & Equipment increased $27.5 million to $1,397.4 million reflecting investment in production assets in the Bordeaux region of France, investment in luxury winemaking infrastructure in South Australia, in addition to vineyard investments in Australia, offset by depreciation and the disposal of surplus supply assets in the US.

Right of use lease assets

Right of use lease assets decreased by $18.9 million to $517.0 million, reflecting depreciation and partially offset by the net impact of new leases and increases to rent.

Agricultural assets

Agricultural assets represent the market value of unharvested grapes prior to the 2020 US vintage.

Intangibles

Adjusting for foreign currency movements, intangible assets increased by $14.1 million, principally reflecting investment in IT systems supporting enhancement of planning and e-commerce systems, offset by amortisation expense.

Provisions

Provisions increased $11.2 million, driven by one-off costs associated with the expansion of luxury winemaking infrastructure in South Australia.

Tax and other assets

Net tax liabilities declined in F20 due to the lower current year tax expense.

Assets held for sale

Assets held for sale relate primarily to surplus supply assets in the US.

Net Borrowings[9]

Net Borrowings, including lease liabilities per AASB 16, increased $54.1 million to $1,434.8 million comprising:

- Cash which increased $47.3 million to $449.1 million.
- Interest bearing borrowings which increased $137.0 million to $1,227.0 million, principally the result of higher bilateral facility drawings in F20.
- Lease liabilities which decreased $6.0 million to $698.6 million.

Balance sheet leverage

Net debt/EBITDAS 2.2x and interest cover 10.1x.

Funding structure

At 30 June 2020, TWE had committed debt facilities totalling approximately $2,111.3 million, comprising:

- Drawn bank facilities of $609.2 million and $581.9 million of US Private Placement notes.
- Undrawn committed, bilateral debt facilities totalling $629.2 million.
- Undrawn committed, term funding facility $291.0 million.

The weighted average term to maturity of committed facilities was 3.5 years at 30 June 2020.

9. Borrowings have been reduced $41.7 million (F19: $12.1 million decrease) to reflect fair value hedges on a portion of US Private Placement notes.

Cash flow – reconciliation of net debt[10]

A$m (UNLESS OTHERWISE STATED)	F20	F19
EBITDAS	**697.9**	**842.9**
Change in working capital	(22.2)	(167.5)
Other items	(15.0)	(14.7)
Net operating cash flows before financing costs, tax & material items	**660.7**	**660.7**
Cash conversion	**94.7%**	**78.4%**
Payments for capital expenditure and subsidiaries	(188.8)	(160.7)
Proceeds from sale of assets	100.2	102.5
Cash flows after net capital expenditure, before financing costs, tax & material items	**572.1**	**602.5**
Net interest paid	(84.1)	(84.8)
Tax paid	(168.0)	(112.5)
Cash flows before dividends & material items	**320.0**	**405.2**
Dividends/distributions paid	(276.3)	(244.7)
Cash flows after dividends before material items	**43.7**	**160.5**
Material item cash flows	(19.8)	(1.5)
On-market share purchases	(4.9)	(16.6)
Total cash flows from activities (before debt)	**19.0**	**142.4**
Net (repayment)/proceeds from borrowings	28.8	169.1
Total cash flows from activities	**47.8**	**311.5**

Opening net debt	**(1,380.0)**	**(1,336.9)**
Total cash flows from activities (above)	19.0	142.4
Net lease liability additions	(41.3)	(117.8)
Net debt acquired	(4.9)	–
Debt revaluation and foreign exchange movements	(27.0)	(67.7)
Increase in net debt	**(54.2)**	**(43.1)**
Closing net debt	**(1,434.2)**	**(1,380.0)**

Movement in net debt

Net debt increased $54.2 million to $1,434.2 million. Drivers of the movement in net debt included:

EBITDAS

EBITDAS decreased $145.0 million on a reported currency basis, driven by earnings decline resulting from COVID-19 impacts in key markets and challenging conditions in the US wine market.

Movement in working capital[11]

Net working capital outflow of $22.2 million is driven by a decrease in payables associated with lower production volume and the increase in inventory, partially offset by lower receivables due to reduced sales across all regions.

Other items

Other items reflects movements in provisions and the profit on sale of surplus supply assets in the US.

Capital expenditure

Capital expenditure (capex) of $188.8 million comprising:

- Maintenance & Replacement capex of $82.6 million.
- Growth capex including investment in South Australian luxury winemaking infrastructure, vineyard acquisitions and IT investments of $106.2 million.

In F21, capex is expected to be up to $200 million, including maintenance and replacement expenditure and continued business investment to support future premiumisation and growth.

Proceeds from sale of assets

Reflects receipts from the sale of surplus supply assets, notably vineyards in the US.

Net interest paid

Net interest paid is favourable by $0.7 million with benefits of lower interest rates, improved financing costs and higher investment balances partially offset by higher average net borrowings, including leases.

Dividends paid

Increase in dividends paid reflects payment of the F20 interim and F19 final dividends, both 20 cents per share, representing an increase of 12.9% relative to pcp.

In F20, TWE paid dividends totalling $276.3 million and retained positive cash flow.

Tax paid

Increase in tax paid predominantly reflects higher tax payable on the higher earnings in F19.

On-market share purchases

Reduction in on-market share purchases reflects vesting of shares under TWE's Long Term Incentive Plans being delivered in F20 via a combination of new shares issued and shares purchased on market.

Net lease liability additions

Additions of $41.3 million primarily reflects a lease extension for the South Australian distribution centre and new office leases, offset by lease liability payments.

Exchange rate impact

Lower period-end exchange rates used to revalue foreign currency borrowings and cash as at 30 June 2020 increased net debt by $27.0 million.

Cash conversion

Cash conversion was 94.7%, with lower Q4 sales and a smaller Australian vintage offset by higher levels of inventory for luxury wine, cash conversion excluding the net change in non-current luxury and masstige inventory was 97.6%.

10. Unless otherwise stated, cash flow percentage or dollar movements from the previous period are on a reported currency basis.
11. Change in working capital reflects operating cash flow movements.

REGIONAL SUMMARIES
ASIA

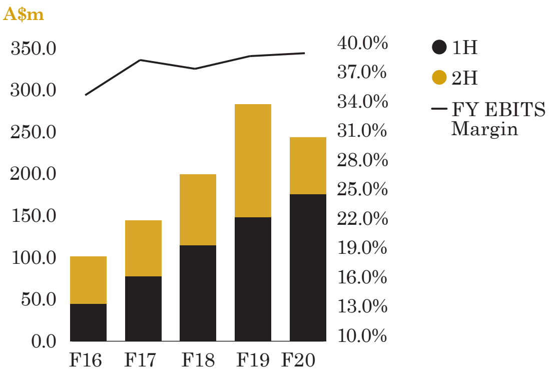
Financial performance[12]

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$m	F20	F19	%	F19	%
NSR	617.1	721.4	(14.5)%	723.4	(14.7)%
NSR per case	187.78	167.58	12.1%	168.04	11.7%
EBITS	243.7	283.0	(13.9)%	274.5	(11.2)%
EBITS margin (%)	39.5%	39.2%	0.3ppts	37.9%	1.6ppts

F20 luxury and masstige contribution to NSR

89% 3ppts in F20

Historical EBITS and EBITS margin



Business performance

- Volume and NSR declined 23.7% and 14.7% respectively, driven by decline in shipments in the second half of F20 with all key regions and price points impacted by COVID-19.
- In China, depletions were up 13% in Q4 versus the pcp, including approximately 40% in June, after having been down by more than 50% in February and March.
- In South East Asia, strong volume and NSR performance in the first half of F20 supported the delivery of 8% EBITS growth in F20.
- NSR per case increased 11.7% on the pcp due to luxury driven portfolio premiumisation.
- COGS per case was in line with the prior year, with higher COGS on Australian sourced commercial and masstige wine from the 2019 vintage offset by lower COGS on Australian luxury vintages.
- CODB improved 4.4%, with reduction in discretionary spend a key driver.
- F20 EBITS declined 11.2% to $243.7 million and EBITS margin increased 1.6ppts to 39.5%.

Asian regional perspectives

- The fundamentals of the Asian wine market remain positive, with consumption of luxury and masstige wine expected to continue growing over the long-term.
- COVID-19 significantly impacted luxury wine consumption in the second half of F20 as a result of channel closures and restrictions on gatherings and social occasions.
- TWE continues to see early positive signs of both consumption and sales depletion recovery throughout the region, but remains cautious on the short to medium term outlook. Gatherings and social occasions, which drive consumption of luxury wine, are yet to fully recover to previous levels.
- TWE will continue to monitor consumption trends to ensure shipments to customers are appropriately calibrated to depletions. Forecast forward days of inventory cover at the end of June are lower versus pcp.
- Key priority brands including Penfolds, Wolf Blass, Maison de Grand Esprit and Rawson's Retreat grew depletions and made significant market share gains in F20.
- TWE achieved significant value and share growth in e-commerce, particularly in China, with consumers having increasingly shifted their buying behaviour to this channel in recent months. While the broader e-commerce channel was oriented to lower price points, TWE's e-commerce sales reflect a premium portfolio mix.
- Organisational focus on expanding portfolio distribution and availability has supported growth in priority markets throughout F20.
- While TWE continues to monitor the global geopolitical environment, it will remain focused on building brands, investing in the market, engaging with its partners and ensuring compliance.
- TWE targets EBITS margin in the high 30% range.

12. Prior year comparatives have been restated for *AASB 16 Leases*, as disclosed in note 32 of the Financial Statements, and includes the reclassification of $11.5 million F19 EBITS for the Middle East & Africa region, from Asia to EMEA.

AMERICAS

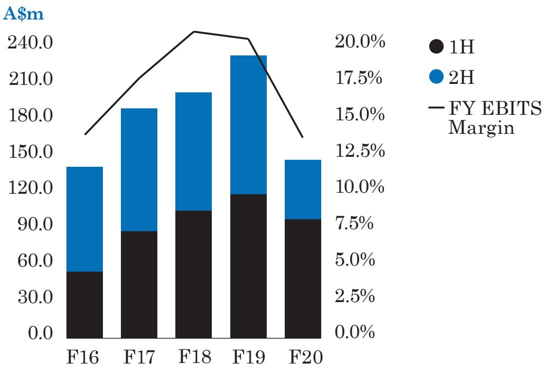
Financial performance[13]

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$m	F20	F19	%	F19	%
NSR	1,069.4	1,134.4	(5.7)%	1,209.6	(11.6)%
NSR per case	86.06	80.87	6.4%	86.24	(0.2)%
EBITS	147.3	233.4	(36.9)%	262.1	(43.8)%
EBITS margin (%)	13.8%	20.6%	(6.8)ppts	21.7%	(7.9)ppts

F20 luxury and masstige contribution to NSR

71% 4ppts in F20

Historical EBITS and EBITS margin



Business performance

- Volume and NSR declined by 11.4% and 11.6% respectively, with declines in the US, Canada and Latin America.
- In the US, shipments were below depletions by 7%, driven by industry-wide working capital management by distributors in response to the closure of key non-retail channels as a result COVID-19.
- NSR per case was in line with the prior year, which resulted from the closure of key channels for higher margin, luxury wine and impacted overall portfolio mix in the period.
- COGS per case increased 9%, driven by higher costs associated with US luxury wine releases in F20 and Australian sourced commercial wine, as well as increased inventory provisions.
- CODB was in line with the prior year, with overhead reductions offset by increased levels of promotional investment. CODB includes gains on sale of surplus vineyard assets, offset by asset writedowns and other restructuring charges associated with Simplify for Growth initiatives.
- Regional EBITS declined 43.8% to $147.3 million, and EBITS margin was 7.9ppts lower to 13.8%.

Americas regional perspectives

- The fundamentals of the US wine market remain attractive, with premiumisation trends remaining intact.
- Americas regional performance reflected the persistence of challenging US wine market conditions and the impact of COVID-19 on TWE's key sales channels outside of retail and e-commerce, which were significantly disrupted through the period. Increased levels of supply in the market continued to contribute to accelerated movement of product through private label, which grew over 50% in the $8-15 price points through the second half of F20.
- Retail channels in the US exhibited strong growth, with continued premiumisation driving 20%+ value and volume growth across luxury and masstige price points.[14]
- TWE's priority brand portfolio is performing strongly with depletions up 32% in the 13 weeks to 28 June 2020. Stags' Leap, Beringer Brothers, The Stag, Matua and 19 Crimes consistently outpaced the market throughout the year.[15]
- As consumers moved to trusted brands in the second half of F20, TWE shifted brand investment to support the e-commerce channel and saw strong growth from TWE's own branded websites, partially offsetting the adverse impacts from COVID-19 elsewhere in the direct to consumer channel.
- TWE has commenced initiatives to deliver a future state wine business in the US. Key actions to date include the implementation of a new sales operating model and organisation structure, which will deliver annualised cost savings of $35 million commencing in F21.
- Upon completion of these initiatives, TWE expects to have in place a stronger platform for growth in the Americas, in addition to an improved shape of P&L reflecting progression towards the 25% medium-term regional EBITS margin target.

13. Prior year comparatives have been restated for *AASB 16 Leases*, as disclosed in note 32 of the Financial Statements.
14. IRI Market Advantage, Multi-Liquor Outlet + Convenience, 26 weeks ending 28 June.
15. IRI Market Advantage, Multi-Liquor Outlet + Convenience, 13 weeks ending 28 June.

REGIONAL SUMMARIES
AUSTRALIA & NEW ZEALAND (ANZ)

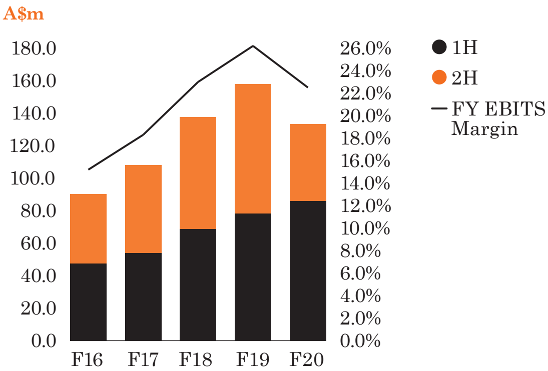
Financial performance[16]

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$m	F20	F19	%	F19	%
NSR	592.4	602.3	(1.6)%	602.4	(1.7)%
NSR per case	76.12	75.89	0.3%	75.90	0.3%
EBITS	133.3	158.0	(15.6)%	153.3	(13.0)%
EBITS margin (%)	22.5%	26.2%	(3.7)ppts	25.4%	(2.9)ppts

F20 luxury and masstige contribution to NSR

75% 2ppts in F20

Historical EBITS and EBITS margin



Business performance

- Volume and NSR declined 1.9% and 1.7% respectively in F20, with positive volume momentum in the masstige portfolio through F20.
- NSR per case was broadly in line with the prior year, but declined in the second half of F20 as consumers traded down, with TWE's upper end luxury portfolio most significantly impacted during the period.
- COGS per case increased 4.3% due to higher COGS on Australian sourced commercial and masstige wine from the 2019 vintage.
- F20 EBITS declined 13.0% to $133.3 million, and F20 EBITS margin declined 2.9 ppts to 22.5%.

ANZ regional perspectives

- Over the long-term, TWE expects Australian wine market volume and value growth to continue being driven by the luxury and masstige price points.
- The impact of COVID-19 has seen changes in consumer behaviour, with strong retail and e-commerce channel performance more than offset by the impacts from the closure of other key sales channels including on-premise, cellar doors and global travel retail. Consumers have increasingly sought well-known and trusted brands during this period.
- Current market growth is centred in the $10-20 price points, where TWE is growing ahead of the market led by focus brands including Squealing Pig, 19 Crimes and The Stag. 19 Crimes and Squealing Pig were the number one and number four brands respectively for absolute value growth in the market during F20.[17]
- The luxury segment has also been in growth, however this has been focused on the sub $50 price points, which had an adverse impact on TWE's high-end luxury portfolio performance in retail channels through the period.
- Cost impacts from the smaller volume, higher cost 2020 vintage will lead to higher commercial and masstige COGS in F21.
- TWE continues to aspire to a 25% value share in ANZ through prioritising growth across the luxury and masstige portfolios; 21% value share in F20.[18]

16. Prior year comparatives have been restated for *AASB 16 Leases*, as disclosed in note 32 of the Financial Statements.
17. Aztec sales value data, bottle and canned wine only, Australia Liquor weighted, quarter & FY to 21 June 2020.
18. Aztec sales value data, bottle and canned wine only, Australia liquor weighted, MAT to 7 June 2020.

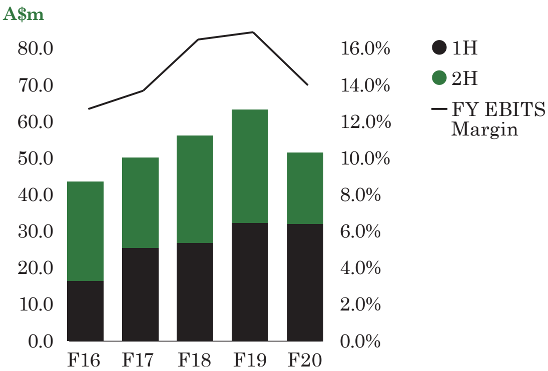
Financial performanc[19]

		REPORTED CURRENCY		CONSTANT CURRENCY	
A$m	F20	F19	%	F19	%
NSR	370.6	373.5	(0.8)%	384.9	(3.7)%
NSR per case	41.81	40.47	3.3%	41.70	0.3%
EBITS	51.7	63.3	(18.3)%	68.7	(24.7)%
EBITS margin (%)	14.0%	16.9%	(2.9)ppts	17.8%	(3.8)ppts

F20 luxury and masstige contribution to NSR

35% 3ppts in F20

Historical EBITS and EBITS margin



Business performance

- Volume and NSR declined 4.0% and 3.7% respectively with declines in Continental Europe and Middle East & Africa due to COVID-19 closures partly offset by strong masstige portfolio performance through retail channels in the UK.
- NSR per case was in line with the prior year.
- COGS per case increased 6.7%, reflecting masstige-led mix shift and higher cost on Australian and US sourced commercial wine.
- Favourable CODB reflects continued disciplined approach to brand building investment and overheads.
- Regional EBITS declined 24.7%, led by lower top-line performance in Continental Europe and Middle East & Africa in the second half of F20.
- F20 EBITS margin declined 3.8 ppts to 14.0%.

EMEA regional perspectives

- Despite being a predominantly Commercial market for TWE, long term wine category value growth is being driven by premiumisation across key EMEA markets and TWE's brand portfolio is well poised to take advantage of these trends.
- During the COVID-19 impacted period the wine category remains in growth across most key retail markets in EMEA, driven by increased in-home consumption. The UK, Nordics and Netherlands retail markets are all in strong value and volume growth.[20]
- TWE's focus brands are continuing to perform well across key EMEA markets led by Lindeman's, Blossom Hill and 19 Crimes.
- E-commerce sales have also accelerated with consumers increasingly shifting to this channel for convenience; TWE has recently launched its own luxury wine website in response to this emerging trend.
- TWE targets mid-teen EBITS margin in F21, with benefits of premiumisation and cost efficiencies to be more than offset by impacts of higher Australian commercial sourced COGS.

19. Prior year comparatives have been restated for *AASB 16 Leases*, as disclosed in Note 32 of the Financial Statements, and includes the reclassification of $11.5 million F19 EBITS for the Middle East & Africa region, from Asia to EMEA.
20. Neilson Scantrack Total Market 52 weeks ended 23 June, Symphony AI Albert Heijn 52 week, Monopoly data 52 wks to June 20.

VINTAGE UPDATE

Australia

The 2020 Australian vintage was challenging, with climatic factors including spring frosts and extreme heat events resulting in a total intake that was 30% lower than the prior year. With respect to the bushfires, TWE fully mitigated its risk exposure to smoke taint through early identification of potentially affected vineyards and batch ferments of suspect blocks.

The harvest delivered smaller volumes of luxury wine, with intake down approximately 45% versus the prior vintage. Commercial and masstige volumes were in line with demand requirements. Despite the challenges, the vintage will deliver wine of very high quality with highlights including exceptional parcels of Barossa Valley and McLaren Vale Shiraz.

TWE is well positioned through the flexibility of its luxury wine allocation program to manage through short term changes in demand or single vintage variation. TWE has put in place actions and plans to carry forward unsold wine previously allocated to the second half of F20 in addition to luxury wine that had been previously allocated to F21 and beyond into future years.

California

The California growing season started dry with limited winter rainfall. There were some regions with isolated rain and minor frost during bloom, but weather has been normal for this time of year. The outlook for the next three months through vintage is slightly warmer than long term average temperatures across California.

Growing conditions thus far have resulted in healthy vineyards and low disease pressure. At this stage the consistency of the year has led to no major regional and varietal differences, but lower winter rain may impact crop loads in regions with limited soil water availability, such as Central Coast. The 2020 vintage is expected to be equivalent to or lower than vintage 2019 due to the dry winter.

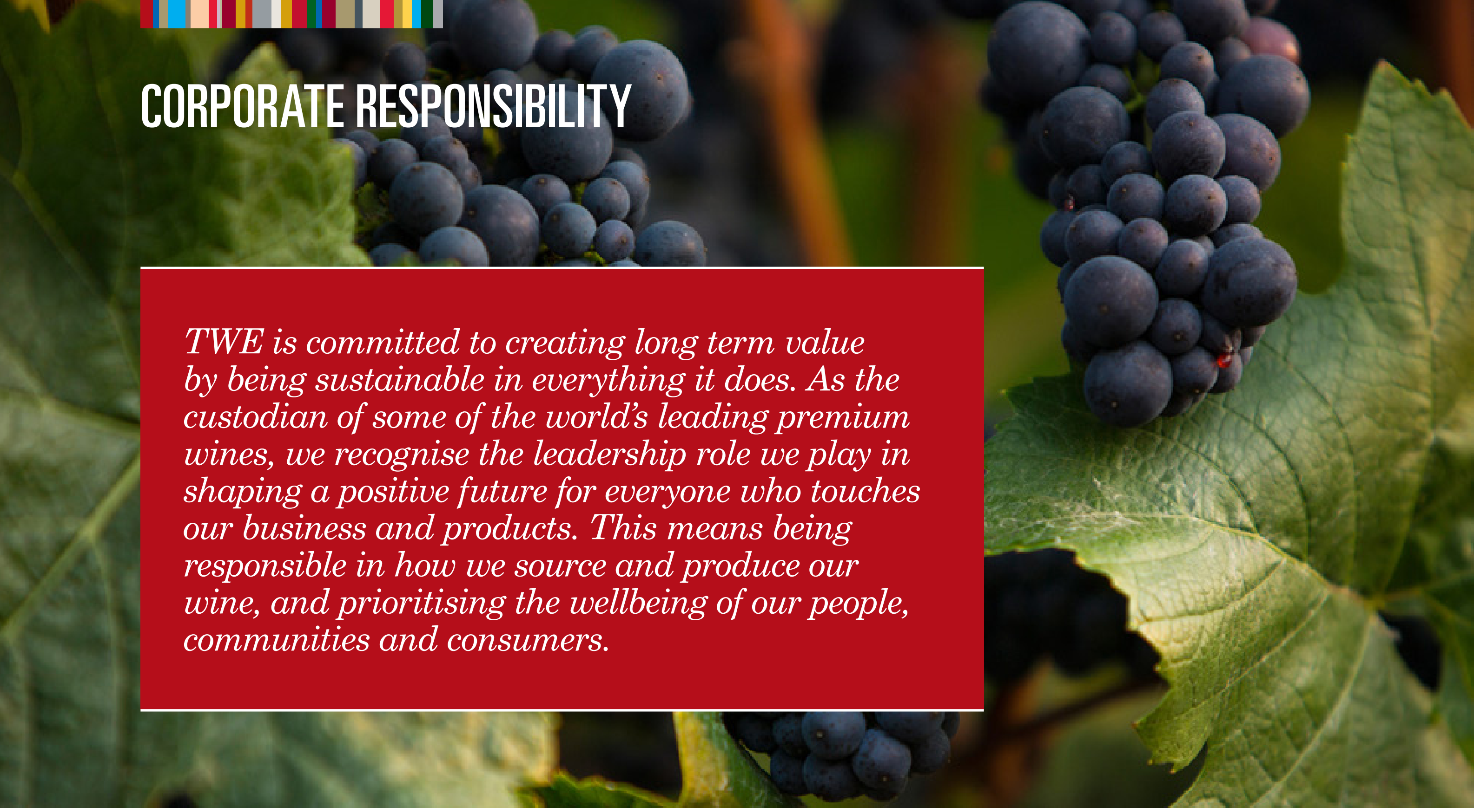
New Zealand

The 2020 New Zealand vintage was strong, with overall yields higher than 2019 and more in line with long term averages. The 2020 vintage was the second largest in terms of tonnes processed at the Matua Winery.

Overall quality is high, with good fruit concentration and varietal expression. With a warm, dry season in Marlborough the vineyards produced clean fruit with great concentration and flavour. Marlborough Sauvignon Blanc was a highlight with wines of high quality across all sub-regions.

France

After a cool winter and warm spring with heavy rain the grape growing season has been challenging in the wider Bordeaux area, however TWE's vineyards were not adversely impacted by these conditions. Vintage 2020 is expected to be high quality and Industry tonnage is expected to be above average. In the Bordeaux and Champagne Appellation areas approved production levels have been restricted and lowered.



CORPORATE RESPONSIBILITY

TWE is committed to creating long term value by being sustainable in everything it does. As the custodian of some of the world's leading premium wines, we recognise the leadership role we play in shaping a positive future for everyone who touches our business and products. This means being responsible in how we source and produce our wine, and prioritising the wellbeing of our people, communities and consumers.

TWE's reporting on environmental, social and governance (ESG) topics is captured in the Company's annual Sustainability Report, which provides updates on performance across its four corporate responsibility pillars – Performance, Planet, People and Product.

OUR APPROACH TO CORPORATE RESPONSIBILITY

TWE's commitment to Corporate Responsibility (CR) is expressed through the Company's corporate responsibility framework.

The Global CR Council, which comprises a mix of members from the Executive Leadership Team (ELT), including the Chief Executive Officer (CEO), and senior representatives from regional and functional areas of the business, governs the framework and programs across the four CR pillars.

The framework and programs are informed by relevant best practice initiatives and guidance including the Global Reporting Initiative (GRI), the United Nations (UN) Global Compact, and the UN Sustainable Development Goals (SDGs).

TWE continues to embed its CR framework integrating environmental, social and governance across the business, and in doing so continues to make strong progress against its priorities.

The Board has oversight of the Company's key ESG disclosures, including the Sustainability Report.

TWE's Corporate Responsibility team reports through to the company's Legal and Governance pillar as well as the Global Corporate Responsibility Council and works across the global business to lead and implement TWE's sustainability efforts.

Figure 7 outlines key priorities and the progress made to date.

TASKFORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

TWE understands that as a global viticultural business it will be exposed to both physical and transitional climate risks.

For TWE, the critical impacts of climate change are more frequent extreme weather events and the long term risks resulting from climate pattern changes.

In addition, transitional risks and opportunities arise from political, legal, technological, and market responses to the challenges posed by climate change and the transition to a lower carbon economy.

During F19, TWE developed a Taskforce on Climate Related Financial Disclosures (TCFD) roadmap that outlines how the business will meet the recommendations of the TCFD over a multi year timeframe.

Figure 7: TWE's Corporate Responsibility Framework and key priorities

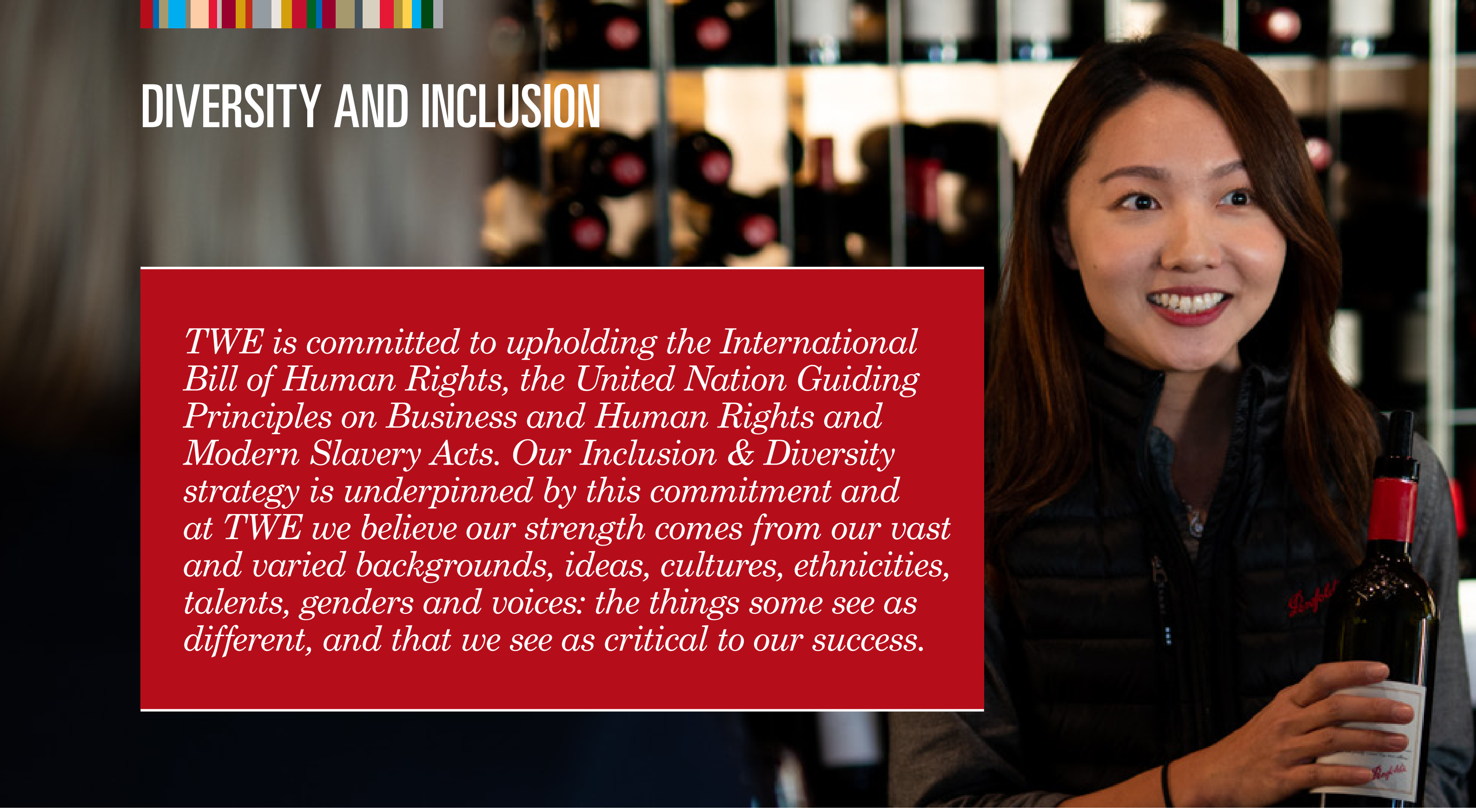
AMBITION To be the world's most admired premium wine company

SUSTAINABILITY MISSION Create long term value for TWE and everyone who touches our Company by being sustainable in everything we do

TWE STRATEGIC IMPERATIVES			
PARTNERS MARKETS	MODEL	PEOPLE	BRANDS
CR PILLAR			
PERFORMANCE	PLANET	PEOPLE	PRODUCT
GUIDING PRINCIPLE			
Be transparent and hold ourselves to account	*Be sustainable and efficient when sourcing and producing our wine*	*Respect and enhance the lives of our people and our communities*	*Create quality wines that are consumed and promoted responsibly and safely*
AMBITION			
Our stakeholders believe in and trust our Company to operate sustainably	*Our environmental impact is sustainable and reducing over time*	*Our peoples' human rights, safety and wellbeing is protected*	*Our wines are produced, marketed and consumed responsibly*
PRIORITIES			
• Remain a committed signatory to the United Nations (UN) Global Compact and a member of the local chapter Global Compact Network Australia • Introduced a rigorous supplier onboarding and risk assessment platform • Continued the implementation of its TCFD roadmap into business strategy, financial and risk management processes	• Launched Global Packaging Standards and targets • Continued to focus on driving greater awareness across the TWE business on reducing usage of resources such as energy and water, as well as reducing emissions • Maintained Global Sustainability Certifications in NZ, Australia, US, Italy and obtained the Haute Valeur Environnementale (HVE) certification in France	• Achieved 41.2% against a 40% women in leadership target and set a revised target of 50% by 2025 • Launched global TWEforMe program focusing on mental health and physical health, life skills, and development • Increased the focus on safety conversations and safety awareness and continued to establish Global Destination Zero Harm commitments • Continued to advance TWE's Human Rights Roadmap • Mobilised global COVID-19 support accompanied by TWE's first global workforce survey	• Continued to promote Smart Drinking Week and developed a global awareness toolkit for TWE team. • Continued to expand innovation strategy and focused upon the launch of lower alcohol options as well as an organically certified range • Continued to showcase responsible marketing through partnership with Drinkwise at the 2019 Spring Racing Carnival

PRIORITY UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

- 3 GOOD HEALTH AND WELL-BEING
- 5 GENDER EQUALITY
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 17 PARTNERSHIPS FOR THE GOALS



DIVERSITY AND INCLUSION

TWE is committed to upholding the International Bill of Human Rights, the United Nation Guiding Principles on Business and Human Rights and Modern Slavery Acts. Our Inclusion & Diversity strategy is underpinned by this commitment and at TWE we believe our strength comes from our vast and varied backgrounds, ideas, cultures, ethnicities, talents, genders and voices: the things some see as different, and that we see as critical to our success.

We are committed to creating an inclusive, supportive and collaborative culture to attract and retain the best possible talent, and create an environment where people from diverse backgrounds can fulfil their potential.

The Board has committed to reviewing and assessing progress against TWE's diversity and inclusion objectives annually. To that end, the Company is pleased to report progress made in F20, together with the F21 measurable objectives.

The Company's Diversity and Inclusion policy can be found on the Company's website: www.tweglobal.com

F20 DIVERSITY TARGET AND OBJECTIVES

Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations states that a company's board or board committee is to set the measurable objectives for achieving gender diversity. The diversity target set by the Board for F20 was to increase female representation in leadership roles to 40% by 2025.

The diversity objectives set by the board for F20 were:

1. **Diverse workforce**
   Strong workforce representation so we can leverage talent as a competitive advantage, creating value for our customers and community.
2. **Inclusive workplace**
   Create a differentiated inclusive culture where diverse & resilient talent can thrive during 'moments that matter' to deliver business outcomes that matter.
3. **Employer of Choice**
   Strong employer brand, employee value proposition and improved business outcomes that demonstrate return on investment in human capital.

The CEO and all ELT members had a diversity Key Performance Objective (KPO) to deliver the above objectives in F20.

F20 PROGRESS ON DIVERSITY TARGET

As at 30 June 2020, TWE reached 41.2% females in leadership[1] roles against the target of 40% by 2025. This is up from 39% in F19.

F20 PROGRESS ON F20 DIVERSITY OBJECTIVES:

Please note the following highlights demonstrating the progress made against the F20 diversity objectives, with some initiatives continuing into F21 for further expansion or embedding into the business.

Diverse Workforce

- Global and Regional I&D councils established with regular meeting cadence to ensure traction on initiatives and support progress.
- TWEforSHE capability and networking events conducted globally, with over 1200 women participating. Celebration of female leadership through our annual Mary Penfolds Award.
- Completion of a global gender pay equity review and associated actions.
- Commenced implementation of an artificial intelligence (AI) based recruitment tool to mitigate bias in candidate selection.

Inclusive Workplace
- Global Pride network implemented with education and community events globally.
- Inclusion resources, training and toolkits provided to leaders as part of Managing People at Treasury learning portal.
- Launched TWEforME program for all employees, providing resources, training and activities to build resilience and wellbeing.

Employer of Choice
- Review of key policies to ensure market competitiveness.
- TWE influencer social media campaign launched to amplify EVP and promote our inclusive workplace to candidates.

The ELT continued to operate as the Diversity Council in F20 with a focus on setting appropriate goals and targets, monitoring progress and driving action.

F21 OBJECTIVES AND INITIATIVES

Our Diversity and Inclusion strategy for F21 continues to be focussed on three key pillars, which positively contribute to our employee experience and business performance. These objectives are underpinned by our commitment to upholding the International Bill of Human Rights, the United Nation Guiding Principles on Business and Human Rights and Modern Slavery Acts.

1. **Diverse workforce**
   Strong workforce representation so we can leverage talent as a competitive advantage, creating value for our customers and community.
2. **Inclusive workplace**
   Create a differentiated inclusive culture where diverse & resilient talent can thrive during 'moments that matter' to deliver business outcomes that matter.
3. **Employer of Choice**
   Strong Employer Brand, Employee Value Proposition, and improved business outcomes that demonstrate return on investment in human capital.

The Executive Leadership Team is committed to continuing TWE's Diversity Council with accountability for setting the strategy and defining and managing TWE's diversity and inclusion goals and objectives.

Given the Company's target to increase females in leadership roles to 40% by 2025 has been reached during 2020, the Company has set a new measurable objective to increase female representation in leadership roles to 50% by 2025 whilst continuing to foster an inclusive culture.

The following initiatives are planned to build on the Company's achievements in F20 and support the delivery of our objectives in F21, aligned with each strategic pillars:

Diverse Workforce
Initiatives to attract, retain and progress females in leadership to achieve increased female representation in leadership roles, whilst continuing to broaden our focus in line with our strategy of diversity and inclusion beyond gender. Initiatives include:

- *Attracting* female and diverse talent groups: Introducing gender balanced interview panels and expanding the global implementation of an Artificial Intelligence (AI) based recruitment tool (designed to guide attraction and remove bias from selection decisions) including monitoring of results;
- *Retaining* female talent: Flexible working and lifestyle/carer's leave; Mary Penfold Award; Gender Pay Equity;
- *Progressing* female talent: female targeted succession planning for key roles; investment and development of female potential through TWEforSHE learning programs and events.

Inclusive Workplace
Initiatives to foster an inclusive workplace:

- Broaden the focus of inclusion beyond gender: undertake a global workforce survey to capture data and further inform the strategy and actions;
- Launch a global diversity and inclusion calendar with key dates acknowledged company wide, e.g. International Women's Day, Taste of Harmony, Pride; and
- Capture metrics on the use of flexible working across TWE's workforce.

Employer of Choice

- Focus on flexible working for a more gender equal uptake;
- Review of all diversity and inclusion policies regionally and globally, including establishment of a Human Rights Charter to articulate TWE's commitment to human rights (including diversity and inclusion); and
- Assessment against citations including WEGA, Edge and AWEI.

The CEO and all ELT members have a diversity Key Performance Objective (KPO) to deliver the above objectives in F21.

Board Diversity Objective

The Board is committed to ensuring it is comprised of individuals with appropriate skills, experience and diversity to develop and support the Company's strategic imperatives. The Board recognises the importance of cultural, geographic and gender diversity amongst its members which is reflected in the current representation on the Board, with four non-executive directors based offshore in regions in which the Company operates.

During F20, the Board achieved its gender target of at least 30% female representation on the Board, with women representing 44.4% of the board as at the date of this report. This is up from 37.5% in F19. In F21, the Board set itself a measurable objective that at least 30% of its directors will be of either gender, to maintain gender diversity in its composition.

Organisational gender profile

The Company makes the following diversity disclosures in relation to Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations:

RECOMMENDATION 1.5 REQUIREMENT
Proportion of women in the whole organisation As at 30 June 2020, 39.1% of the Group's employees were women.
Proportion of women in senior executive[1] positions within the Group As at 30 June 2020, 39.1% of the senior executive positions within the Group were held by women.
Proportion of women on the Board of the Company As at 30 June 2020, 44.4% of the Company's Board of Directors (including executive directors) were women. The Board is committed to ensuring that it is comprised of individuals with appropriate skills, experience, and diversity to develop and support the Company's strategic aims. The Board had set itself a target for achieving gender diversity in its composition of at least 30% female representation, and this was achieved during F20. Further details are set out in the *Corporate Governance* section of the Annual Report.
As an Australian based business, the Company complies with the *Workplace Gender Equality Act* which requires annual filings to the Australian Workplace Gender Equality Agency (WGEA) disclosing 'Gender Equality Indicators'. This report, covering the 12-month period ending 31 March, is published on the WGEA and the TWE websites in July 2020. It can be found here: TWEglobal.com/careers/diversity-inclusion.

1. For the purposes of this disclosure, the Company has defined 'senior executive' as the Chief Executive Officer and his/her direct reports. To note, using the TWE definition of leader, 41.2% of roles were held by women as at 30 June 2020.

BOARD OF DIRECTORS

Paul Rayner
B.Ec, MAdmin, FAICD
Chairman

Member of the Board since May 2011 and Chairman of the Board and the Nominations Committee since September 2012.

Mr Rayner is an independent Director and is an Australian resident.

He brings to the Board extensive international experience in markets relevant to Treasury Wine Estates including Europe, North America, Asia, as well as Australia. He has worked in the fields of finance, corporate transactions and general management in the consumer goods, manufacturing and resource industries. His last role as an executive was as Finance Director of British American Tobacco plc, based in London, from January 2002 to 2008.

Mr Rayner is also a director of Qantas Airways Limited (since July 2008 and where he also serves as Chairman of the Remuneration Committee), Boral Limited (since September 2008 and where he also serves as Chairman of the Audit Committee) and Murdoch Childrens Research Institute (since December 2014 and where he also serves as Chairman of the Audit, Finance and Risk Committee).

Tim Ford
BBus, MBA
Managing Director and Chief Executive Officer from July 2020

Member of the Board since July 2020.

Mr Ford is an Australian resident.

Tim Ford is TWE's Chief Executive Officer.

Since joining TWE in February 2011, Tim has held key roles across the business' global operations, including Director, Global Supply and Managing Director Europe, South East Asia, Middle East and Africa, and Deputy Chief Operating Officer with responsibilities for Asia, Europe and the ANZ regions.

In January 2019 Tim was appointed Chief Operating Officer with responsibility for TWE's global operations, and took the helm as Chief Executive Officer on 1 July 2020.

Tim has more than 20 years' experience in the wine, food and beverages sectors with a strong track record for disciplined execution of strategy, driving growth and building high performing and connected teams. Prior to joining TWE he held senior management roles with National Foods and CUB.

Michael Clarke
CA, B.Com
Managing Director and Chief Executive Officer to July 2020

Member of the Board from March 2014 to July 2020.

Mr Clarke has dual Irish/South African citizenship and is an Australian resident.

He has held senior executive roles at Kraft Foods, where he was President of the Company's European business and sat on the global operating board, The Coca-Cola Company and Reebok International. He was Chief Executive Officer of the UK publicly listed company Premier Foods Plc, where he led a significant turnaround of the business.

Mr Clarke was a director of Quiksilver Inc. from April 2013 to February 2016 and a director of Wolseley plc from March 2011 to March 2014.

Ed Chan
B.A/Ec, MS
Non-executive Director

Member of the Board since September 2012 and member of the Audit and Risk Committee.

Mr Chan is an independent Director and a Hong Kong resident.

He is currently a director of Hong Kong-listed LINK REIT (since February 2016) and Yum China Holdings, Inc (since October 2016). He is also a Partner at Gaorong Capital (since July 2020).

Mr Chan is a former Operating Partner of SoftBank Investment Advisers (from June 2019 to June 2020), the former Vice Chairman of Charoen Pokphand Group (from January 2012 to February 2018) and a former director of Hong Kong-listed CP Lotus (from April 2012 to February 2018).

From 2006 to 2011, Mr Chan was the President and CEO of Wal-Mart China. He has also held senior positions with Dairy Farm including his last position as North Asia Regional Director, as well as leading the Bertelsmann Music Group business in Greater China. Mr Chan began his career as a consultant with McKinsey & Co working in both Hong Kong and the United States.

Louisa Cheang
B.Soc.Sc
Non-executive Director

Member of the Board since December 2018.

Ms Cheang is an independent Director and a Hong Kong resident.

Ms Cheang is currently the Vice Chairman and Chief Executive of Hang Seng Bank, listed on the Stock Exchange of Hong Kong Limited, and has had a successful career spanning a number of critical leadership roles with the HSBC Group throughout the Asia Pacific region. She is also currently Group General Manager of HSBC Holdings plc.

Ms Cheang is also a member of key government advisory committees, notably The Twelfth Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference and the Consulting Committee for the China (Guangdong) Pilot Free Trade Zone.

Ms Cheang is a former director of The Hongkong and Shanghai Banking Corporation (from September 2017 to August 2020).

Warwick Every-Burns
AMP, Harvard University (Advanced Management Program)
Non-executive Director

Member of the Board since May 2011, Chairman of the Human Resources Committee and a member of the Nominations Committee.

Mr Every-Burns is an independent Director and is an Australian resident.

He was Chief Executive Officer of Treasury Wine Estates on an interim basis from 23 September 2013 until 30 March 2014.

Mr Every-Burns previously worked for more than 30 years in the consumer packaged goods sector. Most recently, he was President of International Business and a member of the Worldwide Executive Committee of The Clorox Company, a NYSE listed, S&P 500 business. He was based at The Clorox Company's headquarters in the United States for more than five years. Mr Every-Burns began his career at Unilever, is a former Managing Director of Glad Products of Australia and New Zealand and was formerly on the Advisory Council of the Frontier Strategy Group.

Mr Every-Burns is a director of The a2 Milk Company Limited (since August 2016).

Garry Hounsell
B.Bus (Acc), FCA, FAICD
Non-executive Director

Member of the Board since September 2012, Chairman of the Audit and Risk Committee and member of the Nominations Committee.

Mr Hounsell is an independent Director and is an Australian resident.

He is currently Chairman of Helloworld Travel Limited (since October 2016) and Myer Holdings Limited (since November 2017, and a director since September 2017). Mr Hounsell is also a director of the Commonwealth Superannuation Corporation Limited (since July 2016) and Findex Group Limited (since January 2020).

Mr Hounsell is a former Chairman of PanAust Limited (from July 2008 to August 2015), Spotless Group Holdings Limited (from February 2017 to August 2017, and a director from March 2014 to August 2017) and a former director of Qantas Airways Limited (from January 2005 to February 2015), Integral Diagnostics Limited (from October 2015 to March 2017) and Dulux Group Limited (from July 2010 to December 2017), and has held senior positions at both Ernst & Young and Arthur Andersen.

Colleen Jay
B.BA (Hons)
Non-executive Director

Member of the Board since April 2018 and a member of the Human Resources Committee.

Ms Jay is an independent Director and a United States resident.

Ms Jay has extensive experience in the fast-moving consumer goods industry, acquired over a long and successful career at Procter & Gamble (P&G, NYSE: PG), an American multinational consumer goods company, between 1985 and 2017. She has held a number of senior leadership roles at P&G, including President of Global Retail Hair Care & Colour and her most recent position as President of the US$5 billion Global Beauty Specialty business, where she also led a complex transition and divestiture of several businesses.

Ms Jay has significant global experience having lived and worked in the United States, Europe, China and Canada. Her leadership experience includes significant global line operational leadership, strategy creation and execution, global brand building, new business development, transformational innovation and M&A.

Ms Jay is currently an independent non-executive director of The Cooper Companies (NYSE: COO).

Antonia Korsanos
BEC, CA, GAICD
Non-executive Director

Member of the Board since April 2020 and member of the Audit and Risk Committee.

Ms Korsanos is an independent Director and an Australian resident.

Ms Korsanos has extensive senior executive, strategy, M&A, financial and governance experience, acquired over a successful career as Chief Financial Officer of ASX-listed Aristocrat Leisure Limited between 2009 and 2018, where she also served as Company Secretary from 2011. During her career with Aristocrat, Ms Korsanos gained a significant understanding of the US market and regulatory environment, and led a number of transformational cross-border acquisitions.

Prior to joining Aristocrat, Ms Korsanos held senior leadership roles in the fast-moving consumer goods industry for a period of 10 years, including at Goodman Fielder and Kelloggs. Ms Korsanos commenced her career with accounting firm Coopers & Lybrand (now PwC) and has been a Chartered Accountant since 1994.

Ms Korsanos is currently an independent director of ASX listed companies Crown Resorts Limited and Webjet Limited. Ms Korsanos also serves as Chair of the Audit Committees of Crown Resorts Limited, and Webjet Limited. Ms Korsanos is a former director of Ardent Leisure Group Limited (from July 2018 to June 2020).

Lauri Shanahan
JD Business Law, BS Finance
Non-executive Director

Member of the Board since November 2016 and a member of the Human Resources Committee.

Ms Shanahan is an independent Director and an American resident.

Ms Shanahan has extensive retail, consumer brand, e-commerce and governance experience. She has held senior executive positions, including as Chief Administrative Officer, Chief Legal Officer and Corporate Secretary with The Gap Inc, where she was involved in leading the company's domestic and international expansion.

Ms Shanahan also founded the consulting practice Maroon Peak Advisors of which she is a Principal.

Ms Shanahan is currently a director of Cedar Fair Entertainment Company (NYSE: FUN) and Deckers Outdoor Corporation (NYSE: DECK).

CORPORATE GOVERNANCE

The Board believes good corporate governance and transparency in corporate reporting is a fundamental part of the Group's culture and business practices.

During the year, the Board continued to govern the Company through the execution of its strategy. Key governance issues for the Board during the year included:

- Guiding the Company through the uncertainty created by COVID-19 and ensuring prompt and transparent communication with investors and stakeholders throughout the period.
- Overseeing the orderly CEO transition from Michael Clarke to Tim Ford.
- Continued commitment to the governance of workplace health, safety and wellbeing performance and developing a culture of leadership on safety across the business.
- Providing input into, and approval of, management's development of corporate strategy, including oversight of the strategic review, setting performance objectives and approving the annual financial budget; and monitoring corporate performance and the implementation of strategy and policy.
- Board succession planning, including the appointment of new independent non-executive director, Toni Korsanos, who joined the Board on 1 April 2020.
- Supporting and monitoring changes to the Executive Leadership Team.
- Oversight of management's continued commitment to a culture of high performance and ethical and responsible conduct to lead the global business and setting remuneration policy to attract and retain the best possible talent and reward high performance and conduct that exemplifies the Company's growth behaviours.
- Maintaining effective governance to facilitate high-quality processes and internal controls as the business continues to grow.

INTRODUCTION

The Board is committed to conducting the Company's business ethically and responsibly and in accordance with high standards of corporate governance. This is essential for the long-term performance and sustainability of the Company and to protect the interests of its stakeholders.

To this end, the Board regularly reviews the charters and key policies that underpin the Company's corporate governance practices to ensure they remain appropriate, reflect high standards of governance and meet regulatory requirements. During the financial year, the Company's governance practices complied with the third edition of the ASX Corporate Governance Principles and Recommendations (ASX Principles and Recommendations). The importance of effective leadership, good governance and appropriate culture has been at the forefront of a number of key developments across corporate Australia, culminating in the release of the fourth edition of the ASX Principles and Recommendations on 27 February 2019. The Company revised its governance practices to ensure alignment with the fourth edition of the ASX Principles and Recommendations from 1 July 2020.

This Corporate Governance section provides an overview of the Board's operations, details on the governance framework and the key governance focuses of the Board for the financial year.

The full Corporate Governance Statement, which outlines the key aspects of the Company's corporate governance framework and practices for the year ended 30 June 2020, together with the Appendix 4G *Key to Disclosures – Corporate Governance Council Principles and Recommendations* and key governance documents, including the constitution, charters and policies, are available on our website at www.tweglobal.com/investors/corporate-governance.

BOARD OF DIRECTORS

Members of the Board

The Board continues to comprise a majority of independent directors with all directors, other than the Chief Executive Officer (CEO), being independent non-executive directors.

As at 1 July 2020, Tim Ford was appointed as the Company's new CEO and Managing Director following the retirement of Michael Clarke. During the year, Toni Korsanos was also appointed as a non-executive director with effect from 1 April 2020.

The Board is committed to ensuring it is comprised of individuals with appropriate skills, experience and diversity to develop and support the Company's strategic aims, having regard to its strategic imperatives. The Board utilises a skills matrix to assist in assessing the mix of skills, experience and diversity on the Board, and to identify areas of focus to supplement the mix of skills and experience as part of Board succession planning.

The Board considers that its members collectively possess the appropriate competencies and attributes that enable the Board to discharge its responsibilities effectively, contribute to the Company's strategic direction and oversee the delivery of its corporate objectives.

Areas of competence and skills of the Board of directors are summarised in Table 1 below. In respect of each competence and skill (including health, safety and environment), either all directors or a majority of them are considered to be either highly competent or practised.

Table 1 – F20 Areas of Competence and Skills – Board of Directors

F20 Strategic Imperatives

PEOPLE	BRANDS	MARKETS	PARTNERS	MODEL
Build a high-performing organisation	Transform our portfolio	Win in priority markets	Develop long-term relationships	Optimise our capital base

Directors' Skills

AREA	COMPETENCE/EXPERIENCE
Industry	Wine, alcohol beverages, consumer and brand marketing, supply chain, distribution, route-to-market.
Leadership and Strategy	Listed company experience, business strategy development, business and executive leadership, CEO experience, mergers and acquisitions.
Finance and Business	Financial acumen, financial accounting, audit, corporate finance, capital management, e-commerce and technology.
Governance and Regulatory	Corporate governance, legal, regulatory, health, safety and environment, government relations, risk management, human resources and remuneration.
International	International business experience and international industry experience.

The Board recognises the importance of cultural, geographic and gender diversity amongst its members which is reflected in the current representation on the Board, with four non-executive directors based offshore in regions in which the Company operates. The Board considers that it also has an appropriate mix of director tenure, with its members ranging from newly appointed to longer standing directors. As at June 2020, the average tenure for the Company's non-executive directors was 5.2 years.

In order to maintain gender diversity in the composition of the Board, in 2019 the Board set itself a measurable objective that at least 30% of its directors will be of each gender going forward. Since the appointment of Toni Korsanos with effect from 1 April 2020, women represent 44.4% of the Board. In order to maintain gender diversity, in 2020 the Board has set itself a measurable objective to maintain at least 30% of its directors being of each gender going forward.

The Board is committed to ensuring its performance is enhanced through its director induction and ongoing education program. The Board's ongoing education calendar incorporates site visits and presentations given by management and external parties concerning developments impacting, or likely to impact, the business.

Independence

The Board, having reviewed the position, interests and relationships of all non-executive directors currently in office, considers that all non-executive directors are independent.

During the year, non-executive directors met periodically without the presence of management to have the opportunity to discuss key matters amongst the non-executive directors.

Annual director elections

Under the Constitution of the Company, at least every three years non-executive directors are required to retire and may seek re-election. However, having regard to the global nature of the Company, emerging governance requirements in key markets, the inherent benefits for Board renewal and to ensure accountability of directors, in 2019 the Board adopted a policy pursuant to which all non-executive directors will seek re-election annually.

Role of the Board

The responsibilities of the Board as set out in the Board Charter include:

Strategic guidance and effective oversight of management

- Providing input into, and approval of, the Group's corporate strategy, performance objectives and business plans as developed by management.

- Appointing the CEO and managing succession planning, as well as overseeing changes to the Executive Leadership Team, with a view to ensuring senior management has the appropriate resources to enable implementation of the Company's strategic initiatives.
- Directing, monitoring and assessing the Group's performance against strategic and business plans.
- Approving and monitoring capital management, including major capital expenditure, acquisitions and divestments.

Risk assessment and management

- Reviewing and evaluating the integrity of the Group's systems of risk management (for both financial and non-financial risks), legal compliance, and internal compliance and control.

Obligations to stakeholders

- Monitoring and reviewing processes aimed at ensuring integrity of financial and other reporting.
- Monitoring compliance with adopted strategies, procedures and standards, including corporate governance standards.

Board Committees

Three standing Board Committees have been established to assist the Board in fulfilling its responsibilities.

Board of Directors

Audit and Risk Committee

Oversees: Financial reporting, risk management and internal controls, external and internal audit, capital management and compliance.

Key focuses for F20 included:

- Reviewing the scope of the annual internal and external audit programs and overseeing the conduct and coordination of those programs as well as the performance and independence of the internal and external auditors.
- Reviewing significant accounting and financial reporting related matters raised by management and the auditors.
- Reviewing workplace health, safety and environmental matters across the Group.
- Reviewing whistleblower matters reported across the Group.
- Monitoring the Group's insurance renewal program.
- Reviewing and recommending to the Board for approval the full year and interim financial reports.

Nominations Committee

Oversees: Board composition, performance of the Board, Board Committees and individual directors, as well as succession planning.

Key focuses for F20 included:

- Assessing the competencies of the directors to ensure the appropriate range of skills and expertise amongst Board members.
- Board succession planning, including recommending to the Board the appointment of Toni Korsanos as a new non-executive director with effect from 1 April 2020.
- Overseeing the internally facilitated review of the performance of individual directors, the Board as a whole and the operation of the Board Committees.
- Assessing the independence of directors and suitability of director candidates for re-election and election.

Human Resources Committee

Oversees: Training, development and succession planning for senior management, Company's diversity policy, evaluation of senior executive performance and remuneration and non-executive directors' fees.

Key focuses for F20 included:

- Reviewing and recommending to the Board for approval the new CEO, Tim Ford's employment contract, fixed remuneration and incentive compensation arrangements.
- Reviewing and approving the fixed remuneration and incentive compensation arrangements for senior executives, including reviewing the attainment of STI and LTI performance conditions.
- Reviewing and recommending to the Board for approval the Company's F20 Remuneration Report.
- Approving the terms of engagement of the remuneration consultant.
- Reviewing remuneration practices for F20 and F21 in light of COVID-19 impacts.

GOVERNANCE POLICIES

The Company has a number of governance policies which guide how it does business, including:

- Code of Conduct, which recognises that the Company's reputation is one of its most valuable assets, founded on the ethical and responsible behaviour of the people who represent the Company;
- Disclosure Policy, which recognises the importance of timely disclosure of the Company's activities to shareholders and market participants so that trading in the Company's shares takes place in an informed market;
- Anti-bribery and Corruption Policy, which supports the Company's commitment to countering bribery and corruption in all forms and confirms that the Company does not tolerate any form of bribery and corruption;
- Whistleblower Policy, which promotes and supports the Company's culture of honest and ethical behaviour by encouraging the reporting of suspected or actual unethical, illegal, corrupt or fraudulent behaviour or any other matter that may contravene the Company's Code of Conduct or other policies or the law;
- Potential Conflicts of Interest Policy, which guides the disclosure and management of potential conflicts of interest;
- Share Trading Policy, which prohibits trading in the Company's shares by directors and employees if they are in possession of 'inside information' and provides for trading windows during which directors and employees may trade subject to any required approvals being obtained; and
- Risk Management Policy, as well as a risk management framework, which provide guidance and direction on the management of risk in the Company and state the Company's commitment to the effective management of risk (financial and non-financial) to reduce uncertainty in the Company's business outcomes.

DIRECTORS' REPORT

The directors of Treasury Wine Estates Limited (the Company) present their report together with the financial report for the Company and its controlled entities (the Group) for the financial year ended 30 June 2020 and the auditor's report.

The following sections of the Annual Report are part of, and are to be read in conjunction with, this Directors' Report:

- Operating and Financial Review (OFR)
- Board of Directors
- Remuneration Report

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were viticulture and winemaking, and the marketing, sale and distribution of wine.

STATUTORY INFORMATION

The Group's consolidated financial statements have been presented for the financial year ended 30 June 2020 and appear on pages 64 to 120.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report are:

	DATE OF APPOINTMENT
Warwick Every-Burns	9 May 2011
Paul Rayner	9 May 2011
Ed Chan	1 September 2012
Garry Hounsell	1 September 2012
Michael Clarke (Chief Executive Officer) (Retired 1 July 2020)	31 March 2014
Lauri Shanahan	1 November 2016
Colleen Jay	1 April 2018
Louisa Cheang	1 December 2018
Antonia Korsanos	1 April 2020
Timothy Ford (Chief Executive Officer)	1 July 2020

Particulars of the current directors' qualifications, experience and Board Committee responsibilities are detailed in the Board of Directors section of this Annual Report.

DIRECTORS' MEETINGS

The number of Board and Board Committee meetings and the number of meetings attended by each of the directors of the Company during the financial year are listed below:

Meetings held during 2020 financial year

	BOARD MEETINGS[1]		AUDIT AND RISK COMMITTEE MEETINGS[1]		HUMAN RESOURCES COMMITTEE MEETINGS[1]		NOMINATIONS COMMITTEE MEETINGS[1]		ADDITIONAL MEETINGS[2]
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	ATTENDED
Paul Rayner	14	14	–	–	–	–	3	3	17
Michael Clarke	14	14	–	–	–	–	–	–	16
Ed Chan	14	13[3]	5	5	–	–	–	–	8
Louisa Cheang	14	12[3]	–	–	–	–	–	–	–
Warwick Every-Burns	14	13[3]	–	–	6	6	3	3	1
Garry Hounsell[4]	14	14	5	5	4	4	3	3	16
Colleen Jay[5]	14	14	4	4	2	2	–	–	–
Antonia Korsanos[6]	2	2	1	1	–	–	–	–	1
Lauri Shanahan	14	13[3]	–	–	6	6	–	–	–

1. Shows the number of meetings held and attended by each director during the period that the director was a member of the Board or Committee. Directors who are not members of Board Committees do attend Committee meetings from time to time. The above table reflects the meeting attendance of directors who are members of the relevant Committee(s).
2. Reflects the number of additional formal meetings attended during the financial year by each director, including Committee meetings (other than Audit and Risk Committee, Human Resources Committee or Nominations Committee) where any two directors are required to form a quorum.
3. Mr Chan, Ms Cheang, Mr Every-Burns and Ms Shanahan attended all scheduled Board meetings. This number reflects an absence from unscheduled Board meetings due to prior commitments.
4. Mr Hounsell retired as a member of the Human Resources Committee with effect from 1 April 2020.
5. Ms Jay retired as a member of the Audit and Risk Committee and joined the Human Resources Committee with effect from 1 April 2020.
6. Ms Korsanos joined the Board and the Audit and Risk Committee with effect from 1 April 2020.

Directors' interests in share capital

The relevant interest of each director in the share capital of the Company as at the date of this report is disclosed in the Remuneration Report.

Company Secretary

The Chief Corporate Services Officer and Company Secretary is Kirsten Gray BA/LLB (Hons), PDM. She has been the Company Secretary since 23 March 2020.

Ms Gray is an experienced executive with deep commercial, legal and governance expertise. Ms Gray began her career as a corporate lawyer with Allens Australia, following which she held senior global positions in various top ASX-listed companies including the BHP Group and Orica.

DIVIDENDS

Interim dividend: The Company paid an interim dividend of 20 cents per ordinary share on 3 April 2020. The dividend was fully franked.

Final dividend: Since the end of the financial year, the directors have approved a final dividend of 8 cents per share, fully franked and payable on 2 October 2020.

The record date for entitlement to this dividend is 3 September 2020.

In summary:

	DIVIDEND PER SHARE	$M
Interim dividend paid on 3 April 2020	20 cents	$144
Final dividend payable on 2 October 2020	8 cents	$57.70
Total	28 cents	$201.70

The Company paid shareholders a final dividend in respect of the 2019 financial year of $143.8 million.

REVIEW AND RESULTS OF OPERATIONS

Information on the operations and financial position for TWE is set out in the OFR accompanying this Directors' Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year the Company's state of affairs was significantly impacted by COVID-19 and the nature of these impacts have been discussed in various ASX announcements made by TWE.

Further information regarding the impact of COVID-19 on TWE can be found in the Chairman and CEO's letter and the OFR, each in the Company's 2020 Annual Report.

BUSINESS STRATEGIES, PROSPECTS AND LIKELY DEVELOPMENTS

The OFR sets out information on TWE's business strategies and prospects for future financial years and refers to likely developments in the Company's operations and the expected results of those operations in future financial years.

EVENTS SUBSEQUENT TO BALANCE DATE

On 18 August 2020 TWE was advised that the Chinese Ministry of Commerce had initiated an anti-dumping investigation into Australian wine exports into China. TWE will co-operate with any requests for information from Chinese or Australian authorities. Given the uncertainty regarding the extent, timing and outcome of the investigation, the financial impact on the Group's operations or financial position, if any, cannot be reasonably estimated at this time.

Other than as disclosed in the financial statements, the directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

CORPORATE RESPONSIBILITY

Matters of environmental and social significance to the Group are primarily addressed within the Corporate Responsibility (CR) framework. This framework is governed by the Global CR Council, comprising the Chief Executive Officer and senior representatives from regional and functional areas of the business.

Further detail on the Group's CR framework, initiatives and achievements are detailed in the Corporate Responsibility section of this Annual Report and the Company's most recent Sustainability Report.

ENVIRONMENTAL REGULATION

The Group is subject to various environmental laws and regulatory frameworks governing energy, water, waste and greenhouse gas reporting for its operations globally.

Management of environmental issues is a core element of the work program delivered by sustainability and technical teams and is detailed in the relevant material business risks outlined in the OFR.

The Group recognises the direct link between effective management of its environmental impacts and its business success. To this end, the Group's environment policies, procedures and practices are designed to ensure that the Group maintains focus on resource efficiency and continuous improvement, and that environmental laws and permit conditions are complied with. Compliance with these regulatory and operational programs has been incorporated into relevant business practices and processes.

The Group monitors its operations through a Health, Safety and Environment (HSE) Management System, overlaid with a risk management and compliance system overseen by the Audit and Risk Committee. The Global CR Council provides executive oversight of the Group's strategic approach to managing the environmental challenges it faces. Although the Group's various operations involve relatively low inherent environmental compliance risk, matters of non-compliance are identified from time to time and are corrected. Where required, the appropriate regulatory authority is notified.

Under the compliance system, the Audit and Risk Committee and the Board receive six-monthly reports detailing matters involving non-compliance and potential non-compliance. These reports also detail the corrective action that has been taken.

Under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act), the Company is required to report on its Australian operations that exceed specific greenhouse gas emissions or energy-use thresholds. The Company submitted its annual NGER Act report by the prescribed reporting date of 31 October 2019.

During the financial year, the Group was not found to be in breach of any environmental regulations.

PROCEEDINGS ON BEHALF OF THE COMPANY

There are no proceedings brought or intervened in, or applications to bring or intervene in proceedings, on behalf of the Company by a member or other person entitled to do so under section 237 of the *Corporations Act 2001* (Cth).

NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

KPMG is the Company's auditor, appointed with effect from 23 October 2013.

The Group may decide to engage the auditor, KPMG, on assignments additional to their statutory audit duties where such services are not in conflict with their role as auditor and their expertise and/or detailed experience with the Company may allow cost efficiencies for the work.

The Board has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of non-audit services by KPMG is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The Board also notes that:

- the engagements for all non-audit services have been reviewed by the Chief Financial Officer, and where relevant, the Chair of the Audit and Risk Committee in accordance with the Committee's rules of engagement regarding the provision of non-audit services by the External Auditor contained in the Committee Charter to ensure they do not impact the actual or perceived impartiality and objectivity of KPMG; and
- none of the services provided by KPMG undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the financial year, the fees paid or payable for non-audit services provided by KPMG and its related practices totaled $58,882. Amounts paid or payable for audit and non-audit services are disclosed in note 31 of the Financial Statements.

A copy of the auditor's independence declaration is set out on page 43 and forms part of this report.

INDEMNITIES AND INSURANCE

Rule 40 of the Company's Constitution provides that the Company must, to the extent permitted by and subject to the *Corporations Act 2001* (Cth), indemnify each officer, director and Company Secretary of a Group company in respect of any liability, loss, damage, cost or expense incurred or suffered or to be incurred or suffered by the officer, director or Company Secretary in or arising out of the conduct of any activity of the relevant Group company or the proper performance of any duty of that officer, director or Company Secretary.

Each director of Treasury Wine Estates Limited has entered into a Deed of Indemnity, Insurance and Access (Deed) with the Company. No director or officer of the Company has received a benefit under an indemnity from the Company during the period ended 30 June 2020 or to the date of this report.

In accordance with the Company's Constitution and the Deed, the Company has paid a premium in respect of an insurance contract that covers directors and officers of the Group companies. Due to confidentiality undertakings of the policy, no further details in respect of the premium or the policy can be disclosed.

ROUNDING

Treasury Wine Estates Limited is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, except where otherwise stated, amounts in the statutory financial statements forming part of this report have been rounded off to the nearest one hundred thousand dollars or to zero where the amount is $50,000 or less.

This report is made on 25 August 2020, in accordance with a resolution of the directors.

Paul Rayner
Chairman

Timothy Ford
Chief Executive Officer

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Treasury Wine Estates Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Treasury Wine Estates Limited for the financial year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Gordon Sangster
Partner
Melbourne
25 August 2020

F20 REMUNERATION REPORT (AUDITED)

CONTENTS

EXECUTIVE REMUNERATION

Introduction from the Chairman of the Human Resources Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present our F20 remuneration report for which we will seek your approval at our Annual General Meeting in November 2020. The remuneration report is designed to demonstrate the Company's performance, executive reward framework and outcomes and their strong alignment with our strategic objectives and shareholder interests.

TWE's remuneration practices are designed to attract, motivate and retain the high-calibre talent needed to deliver sustainable results that out-perform the market over the long term.

F20 was undoubtedly a challenging year for the Company and the global economy in general, and the remuneration outcomes for F20 reflect this.

The Board is immensely proud of the tenacity, discipline and resilience our team has shown throughout this period of disruption and uncertainty. Supply chain operations continued to function in each geography, with no material interruptions. We implemented a number of measures to protect both our people and our business during this time, and to comply with government directives. In addition to safeguarding the health, safety and wellbeing of our people, we implemented a number of measures including providing additional sick leave and cancelling all incentive plans to protect fixed remuneration and maintain ongoing employment. Stand downs have been minimal throughout this time and occurred predominately in our cellar doors.

We have reported a 22% decline in EBITS to $533.5 million and a reduction in lease-adjusted ROCE from 13.9% to 10.6%. Our lease-adjusted EBITS margin for F20 decreased from 24.1% to 20.1%, and the Company's Total Shareholder Return performance declined.

The Company remains profitable and our capital structure remains strong, flexible and efficient. Our liquidity position is also strong with approximately $1.4bn of cash and undrawn committed debt facilities.

Unlike many industries impacted by recent events, our business is as best placed as it can be to come out of this and transition back to growth. We are already seeing positive signs of recovery. While short term consumption has been impacted due to disruptions to key channels, the latent demand for Luxury wine is still a long-term play that we have confidence in. We believe that trusted and authentic brands are standing out to consumers in the current environment. We are committed to our Luxury allocation model and will continue to manage our allocations to support future growth.

The remuneration outcomes for F20 reflect an appropriate alignment between pay, TWE's strategic objectives and financial performance during the year and shareholder returns. Incentive plan targets were not met, and as many of our customers, suppliers, communities and shareholders continue to feel the effects of this pandemic, the Board agreed not to exercise discretion, and therefore no payments will be made under F20 incentive plans. We remain confident our talent, business model and remuneration policies and framework will return us to long-term value creation into the future.

The Committee is responsible for oversight of other Human Resources matters across the Group, including diversity and inclusion, talent development and succession, culture and engagement. It remains our intention to encourage open dialogue with shareholders and other stakeholders, particularly around our remuneration practices, disclosures, and governance matters, and accordingly I welcome any feedback and comments you may have.

Yours sincerely,

Warwick Every-Burns
Human Resources Committee Chairman

1. KEY MESSAGES

This report details the F20 remuneration framework and outcomes for the Key Management Personnel (KMP) of the Group which includes non-executive directors. In this report, 'executives' refers to executives identified as KMP excluding the non-executive directors. It is prepared in accordance with the requirements of the Corporations Act 2001 and all references are to Australian dollars (A$) unless otherwise specified.

a) Financial results for F20

F20 was a challenging year for many organisations and Treasury Wine Estates Limited (TWE) was no exception. With performance significantly impacted by the COVID-19 pandemic during the second half of the year and challenging US wine market conditions, in F20 TWE delivered EBITS[1] of $533.5 million, down 22%, and adjusted Earnings per Share (EPS) of 43.9 cents (before material items and SGARA). EBITS margin accretion[1] was also impacted, down 4.0 percentage points to 20.1%. Return On Capital Employed (ROCE)[1] declined by 3.3 percentage points to 10.6%.

b) KMP

Executive KMP at TWE during F20 are as follows:

EXECUTIVES (AS AT 30 JUNE 2019)

Current KMP		
MA Clarke	Chief Executive Officer	Full Year
TM Ford	Chief Operating Officer	Full Year
MJ Young	Chief Financial Officer	Full Year

From 1 July 2020 (F21), Michael Clarke ceased as an Executive KMP, Tim Ford commenced as CEO, and Stuart Boxer, Chief Strategy and Corporate Development Officer, became Executive KMP.

c) F20 remuneration outcomes

F20 brought unprecedented challenges globally to many organisations and industries and TWE was no exception. Our approach to remuneration was guided by our principles to:

- Ensure compliance with government directives;
- Minimise the impact of COVID-19 on our teams' health, safety and wellbeing;
- Position the Company for recovery;
- Preserve ongoing roles for employees;
- Protect fixed remuneration of all employees; and
- Align our response with shareholder interests.

We made decisions that we believe were financially prudent and to preserve the sustainability of our business. It is still unknown how long or deep the COVID-19 health and economic impact will be, and we have been measured and pragmatic in our approach to responding to, and mitigating the impacts of, this pandemic on our business.

With the exception of the remuneration of the incoming CEO, fixed remuneration for all executives has been frozen for F21. As previously disclosed, Mr Ford's fixed remuneration effective from his commencement as CEO on 1 July 2020, is $1,500,000. Mr Young's fixed remuneration will remain at $714,000 for F21 and Mr Boxer's remuneration from his commencement on 1 June 2020 is $675,000.

In addition, prior to COVID-19 impacts being fully known, the Board made the decision to cancel all discretionary employee incentives which related to F20 performance outcomes. This included payments under the F20 short-term incentive plan (STIP) for executives and all other eligible employees.

Whilst the Group has focussed on sustainable earnings, cost management and operational effectiveness during the pandemic, the pandemic and subsequent financial impacts have had an impact on long-term incentive plans (LTIP). The Group's Total Shareholder Return (TSR) performance was at the 40th percentile relative to its peer group while ROCE results, impacted significantly by the COVID-19 pandemic, were also below threshold. Targets were not met and the Board elected not to apply discretion to the F18 LTIP, which resulted in nil vesting for eligible executives.

d) CEO retirement

On 21 October 2019, TWE announced Mr Clarke's intention to retire from the role of CEO in the first quarter of F21 and the appointment of Tim Ford, the current Chief Operating Officer, as the incoming CEO. It was later agreed and announced that this transition would occur on 1 July 2020.

In line with agreements with Mr Clarke, TWE provided repatriation support up to a maximum of $50,000, and deemed Mr Clarke a good leaver for the purposes of his incentives. Upon cessation of employment, Mr Clarke's performance rights under the F19 and F20 LTIP were pro-rated to reflect the performance period served up to the date of cessation of employment. These rights remain on foot until the end of the performance period and are subject to the performance conditions under the plan. As a result of the pro ration, 94,973 performance rights pursuant to the F19 LTIP and 223,194 performance rights pursuant to the F20 LTIP, lapsed on cessation of employment. In addition, 100% of performance rights granted to Mr Clarke under the F18 LTIP lapsed as the performance hurdles were not met.

Mr Clarke was entitled to retain his Restricted Equity granted under STIP Deferral. In accordance with the plan rules, 34,247 restricted shares granted under the F18 STIP Deferral and 35,419 restricted shares granted under the F19 STIP Deferral were released from restriction to Mr Clarke on 16 August 2020, and a further 35,419 restricted shares granted under the F19 STIP Deferral remain subject to dealing restrictions with the restriction period due to end on 16 August 2021. As outlined in section 1 c), no F20 STIP is payable to executives, including Mr Clarke.

Upon cessation of employment, 145 and 344 matched share rights Mr Clarke received under the 2018 and 2019 Share Cellar Plans respectively, were converted to matched shares.

1. Lease-adjusted in accordance with AASB 16 Leases

e) Changes for F21

F21 LTIP

In the F21 LTIP, the weighting of the two metrics remain unchanged from the F20 LTIP with ROCE weighted at 75% of the plan and Relative Total Shareholder Return (TSR) weighted at 25%.

The following targets have been set for the F21 LTIP.

ROCE growth will be measured against the adjusted F20 ROCE base of 10.6%. This adjusted base takes into account the new Lease Accounting Standard, AASB 16 Leases, which is mandatorily effective in Australia for annual reporting periods commencing on or after 1 January 2019 and will vest according to the following schedule.

ROCE baseline 10.6% (F20)	% points ROCE growth	ROCE result	% of Performance Rights subject to ROCE measure which vest
	Less than 3.0	Less than 13.6%	0%
	3.0 to 3.6	13.6% to 14.2%	35-75%
	3.6 to 5.1	14.2% to 15.7%	75-100%
	At or above 5.1	At or above 15.7%	100%

The relative TSR vesting schedule for the F21 LTIP is unchanged from F20.

Relative TSR Vesting Schedule	Relative TSR Ranking	% of Performance Rights subject to relative TSR measure which vest
	Below 50th percentile	0%
	50th to 60th percentile	35-70%
	60th to 75th percentile	70-100%
	At or above 75th percentile	100%

The peer group for relative TSR comprises companies within the S&P/ASX 200 Index, excluding companies from the energy, metal and mining, real estate and finance sectors.

The Board has the discretion to adjust hurdles or vesting outcomes to ensure that executives are neither penalised nor provided with a windfall benefit arising from matters outside of Management's control.

Offers of performance rights under the F21 LTIP are subject to the satisfaction of performance conditions, as outlined above, over the performance period from 1 July 2020 to 30 June 2023. LTIP awards to KMP are at the absolute discretion of the Board. For the F21 LTIP the following awards will apply:

- Mr Ford: opportunity of 175% of fixed remuneration at maximum,61.25% at threshold, 0% below threshold
- Mr Young: opportunity of 150% of fixed remuneration at maximum, 52.5% at threshold, 0% below threshold
- Mr Boxer: opportunity of 150% of fixed remuneration at maximum, 52.5% at threshold, 0% below threshold

In F21, Mr Young will receive an additional one-off LTIP grant of 50% of fixed remuneration. This one-off grant will be subject to the same performance conditions as the F21 LTIP. Mr Young has established himself as a high-performing CFO, who the Company seeks to retain on a performance-based mechanism.

The Company will seek shareholder approval at the 2020 Annual General Meeting for the F21 LTIP offer to the CEO.

F21 STIP

The F21 STIP will once again be based on a balanced scorecard approach; with weightings on financial, strategic and operational objectives. The STIP metrics have been set to take performance to the next level and strengthen alignment between incentives and strategic priorities, and create shareholder value. Given the current global economic uncertainty, the Board will closely monitor STIP targets throughout the year to ensure the targets and payout ranges remain appropriate. The Board is committed that there will be no STIP payments to executives if the Company does not achieve bottom line growth.

2. REMUNERATION STRATEGY AND FRAMEWORK

a) Remuneration strategy

TWE's remuneration strategy sets the direction for the remuneration framework, and drives the design and application of remuneration programs across the Group, including for executives. The strategy aims to attract, retain and reward the best talent while building a performance oriented culture. It sets out principles and processes to ensure remuneration practices attract and motivate the highest calibre employees to achieve TWE's business and financial objectives.

The remuneration strategy is designed to drive strong alignment between financial results for the business, wealth outcomes for shareholders and remuneration outcomes for employees. The Board believes that remuneration of executives should include a fixed component and at-risk or performance-related components, including both short-term and long-term incentives. Executive and stakeholder interests are aligned through share ownership.

The weighting of the at-risk remuneration components for each executive reflects the Board's commitment to performance-based reward. The diagram below illustrates the mix of remuneration components for executives, firstly as a percentage of total remuneration (TR) at target, and then as a proportion of total maximum potential remuneration. Section 3 of this report describes performance outcomes over the past five years, and how they have impacted remuneration outcomes.

b) Total remuneration

Executive total remuneration (TR) comprises fixed remuneration (FR) and variable ('at-risk') remuneration in the form of STIP and LTIP. The remuneration structure in F20 for current executives as at 30 June 2020 is as follows.

Total Remuneration with STIP at Target and LTIP at Threshold:

CEO

Percentage of TR
- FR **37%**
- STIP (at target) **37%**
- LTIP (at threshold) **26%**

Executives

Percentage of TR
- FR **46%**
- STIP (at target) **30%**
- LTIP (at threshold) **24%**

Total Remuneration with both STIP and LTIP at Maximum:

CEO

- FR **22%**
- STIP (at maximum) **33%**
- LTIP (at maximum) **45%**

Executives

- FR **27%**
- STIP (at maximum) **32%**
- LTIP (at maximum) **41%**

The remuneration structure for Mr Ford from 1 July 2020 is as follows:

Total Remuneration with STIP at Target and LTIP at Threshold:

CEO

- FR **41%**
- STIP (at target) **34%**
- LTIP (at threshold) **25%**

Total Remuneration with both STIP and LTIP at Maximum:

CEO

- FR **24%**
- STIP (at maximum) **35%**
- LTIP (at maximum) **41%**

c) Fixed remuneration

For Australian-based executives, total fixed remuneration is inclusive of superannuation and other benefits. For executives based outside Australia, references to fixed remuneration refer to base salary.

Fixed remuneration is reviewed annually and set at a market-competitive level reflective of the executive's skills, experience and responsibilities, and taking into account complexity of role, location and performance. The Group looks at industry and general market peer groups, with key criteria applied such as market capitalisation and revenue. Both Australian and global peers are considered, reflecting the complexity of roles in a global business and the Group's international lens on talent. Peer groups are reviewed regularly for accuracy and alignment with the nature of the business.

d) Short-term incentive plan (STIP)

The STIP drives an annual at-risk component of remuneration and links business results for the fiscal year, executive performance and reward using a balanced scorecard approach.

The STIP performance measures are consistent across the Company. They are designed to support the financial health of the organisation and shareholder return in terms of dividends and share price – this year and over time. The metrics are aimed at reinforcing Company culture as their achievement requires compliance with the Company's Growth Behaviours: focus, belief, trust and collaboration. Hurdles and stretch targets are set for each metric and the sustainability of growth and returns is non-negotiable.

F20 STIP MEASURES	REMUNERATION AND PERFORMANCE LINK
Global/Regional EBITS (40%)	The EBITS metric focuses and rewards executives for the overall health and profit-producing ability of the Group/Region. It is designed to ensure TWE products are available in the right quantities and retail locations and to reward executives for levels of earnings that will benefit shareholders and provide capital that can be further invested by the Group for future growth.
Quality of EBITS Growth (15%)	This growth metric aims to reward executives for delivering sales volumes and new revenue opportunities to drive a steep trajectory in top line growth globally. Delivery of this metric drives executives to explore wider opportunities for the Company to grow beyond existing products, markets, consumers and customers.
Margin accretion and Simplify for Growth (15%)	Executives delivering margin accretion are rewarded for delivering growth from quality brand contribution through premiumisation of the Company's portfolio, optimising investment and making risk-managed, smart decisions. The Simply for Growth metric aims to reward executives for the efficient deployment of overheads. It encourages executives to innovate, and where warranted to invest, to remove waste, achieve economies of scale and simplify.
Quality of Growth (15%)	This metric rewards executives for the delivery of quality growth and strong planning operations as measured by improvements in the balance sheet, operating cash flow and forecast accuracy, all critical to delivering Return on Capital Employed metric (ROCE) and financial returns for investors.
Delivery on 'I Care' (15%)	The 'I Care' metric is delivered through robust business processes and outcomes, role modelling leadership and collaboration, and through Health and Safety.

The table below provides further detail including the weighting of metrics and size of opportunity.

F20 STIP PERFORMANCE MEASURES	STIP OPPORTUNITY	STIP DETAIL
The STIP Balanced Scorecard is weighted by role. *CEO:* 40% global EBITS 15% quality of EBITs growth 15% margin accretion and Simply for Growth 15% quality of growth 15% delivery on 'I Care' *CFO:* 40% global EBITS 15% quality of EBITs growth 15% margin accretion and Simply for Growth 15% quality of growth 15% delivery on 'I Care' *COO:* 40% global and regional EBITS 15% quality of sales volumes 15% margin accretion and supply and overhead cost optimisation 15% quality of growth 15% delivery on 'I Care' Each measure is assessed after the financial year-end against the full-year audited financial report on a constant currency basis to determine the overall level of performance achieved. The Balanced Scorecard can drive a multiplier outcome between 0 and 1.2 as per the diagram overleaf.	The annual STIP opportunity is at the absolute discretion of the Board. In F20, the following STIP opportunities applied: *Target:* Executives 66.5% of FR CEO 100% of FR *Maximum:* Executives 120% of FR CEO 150% of FR The Individual Performance Multiplier is derived from the level of each Executive's achievement of individual Key Performance Objectives (KPOs) and demonstration of the Company's growth behaviours. The Individual Performance Multiplier can drive a result of 0 to 1.5 as per the diagram below (except for the CEO for whom the individual multiplier on STIP was capped at 1.25).	An annual award of cash and/or equity may be received based on: • Group, team and individual financial, strategic and operational performance, measured by way of the Balanced Scorecard; and • Agreed individual key performance objectives (including company behaviours) measured by way of the Individual Performance Multiplier. One-third of the STIP award for executives is deferred into Restricted Equity in the Company. Of this Restricted Equity, one-half (i.e. one-sixth of the overall STIP award) will vest after one year, and one-half (i.e. one-sixth of the overall STIP award) will vest after two years. The remaining two-thirds of the STIP award is delivered in cash at the end of the F20 financial year.

The overall structure of the F20 STIP is provided below.

Fixed remuneration $ × STIP opportunity % × Balanced Scorecard multiplier (0 to 1.2) × Individual multiplier (0 to 1.5)* =

Fixed – based on level of skill and responsibility.

Fixed – based on role and level of role within the Company.

Variable – based on Balanced Scorecard performance.

Variable – based on individual performance.

* 0 to 1.25 for the CEO

STIP Award $

Restricted Equity	1/3
Cash	2/3

e) Long-term incentive plan (LTIP)

The LTIP is designed to reward executives for long-term performance and value creation for shareholders. Offers are approved by the Board and made to select executives and senior leaders as nominated by the CEO. For F20 the Board awarded the CEO an LTIP opportunity of 200% of fixed remuneration.

The performance period for the F20 LTIP is 1 July 2019 to 30 June 2022 and the plan has the following features.

LTIP PERFORMANCE MEASURES	LTIP OPPORTUNITY	LTIP DETAIL
Relative Total Shareholder Return (TSR) (25% weighting) Relative to S&P/ASX 200 Index, excluding companies from the energy, metal and mining, real estate and finance sectors. **Return on Capital Employed (ROCE) Growth (75% weighting)** Calculated as EBITS divided by average capital employed (at constant currency). Capital employed is the sum of average net assets (excluding SGARA) and average net debt.	LTIP awards are at the absolute discretion of the Board. In F20, the following awards applied: CEO 200% of FR Other executives 150% of FR	LTIP awards are delivered in the form of performance rights. The number of rights allocated is based on face value using the 90-day VWAP preceding 1 July at the start of the performance period. If the performance conditions are met at the end of the three-year performance period, rights vest and executives receive a share for each vested performance right. No amount is payable on the vesting of the performance rights or on their conversion into shares. Any rights that do not vest, lapse.

F20 LTIP Vesting schedules

Relative TSR Vesting Schedule	**Relative TSR Ranking**	**% of Performance Rights subject to relative TSR measure which vest**	
	Below 50th percentile	0%	
	50th to 60th percentile	35–70%	
	60th to 75th percentile	70–100%	
	At or above 75th percentile	100%	
ROCE baseline 13.8% (F19)	**% ROCE growth**	**ROCE result**	**% of Performance Rights subject to ROCE measure which vest**
	Less than 1.0%	Less than 14.8%	0%
	1.0% to 1.9%	14.8% to 15.7%	35–100%
	At or above 1.9%	At or above 15.7%	100%

f) General employee share plan (Share Cellar)

The Group has a broad-based employee share plan, Share Cellar, which operates by way of after-tax employee payroll contributions (minimum $500 to maximum $5,000) to acquire shares in the Company. An equivalent cash plan operates in countries where, due to local laws, it is not practicable to offer shares to employees.

In the plans operating from 2015 to 2018, for every two purchased shares that a participant holds at the vesting date (approximately two years) the Company delivered one matched share (i.e. one to two matching), subject to continued employment. This design feature was enhanced in the 2019 Share Cellar Plan. For employees enrolling in the plan from 2019 onwards, the Company delivers one matched share for every purchased share held at the plan vesting date (i.e. one to one matching), subject to continued employment.

Shares were acquired in F20 under the 2019 Share Cellar offer, and a subsequent offer to participate in the 2020 Share Cellar Plan was made during the year. The first share purchases in the 2020 Share Cellar Plan will occur in September 2020 (F21).

g) Mid-term incentive plan (MTIP) and restricted equity plan (REP)

In addition to the LTIP, the Group operates the MTIP and REP which allows the Board to make offers of Deferred Share Rights or Restricted Shares for the purpose of attracting, retaining and motivating key employees within the Group. Participation in the MTIP is open to senior managers (excluding executives eligible for LTIP) and is subject to performance conditions. There were no awards granted to, or vested for, executives under the MTIP or REP in F20.

h) Other key information

Board discretion and clawback

The Board will exercise discretion to ensure any cash or equity outcomes are appropriately aligned to the Company's underlying performance and the interests of shareholders. The Board maintains the discretion to clawback any vested or unvested equity should a clawback event arise, which was not apparent at the time the equity was awarded. This may include (but not limited to) material misstatement of financial results, material reputational damage to the Group, or where there was serious misconduct by a participant. This includes discretion to reduce, forfeit or reinstate awards, require payback of proceeds from the sale of vested awards and/or reset or alter the performance conditions applying to any award.

Leavers

The Board has absolute discretion as to whether participants retain their unvested equity upon ceasing employment, taking into account the circumstances of their departure. In general if an executive ceases employment with the Group they forfeit their entitlement to cash or equity under the Company's incentive plans.

In exceptional circumstances (such as redundancy, death or disability), the Board, in its discretion, may determine that a portion of the award is retained having regard to performance and time lapsed to date of cessation (or that an equivalent cash payment be made). Retained awards will generally be subject to post-employment vesting, where the participant must continue to hold the relevant Performance Rights until the end of the performance period, and be subject to the performance conditions under the plan.

Dividends and voting rights

Plan participants granted restricted shares are entitled to dividends and voting rights. Participants holding time-restricted rights or performance rights are entitled to neither dividends nor voting rights.

Change of control

In the event of a change of control, unless the Board determines otherwise, the transfer restrictions imposed on the shares will be lifted, but only in so far as to permit the executive to participate in the change of control event. Any shares that do not participate in the change of control event will continue to be subject to restrictions until the end of the applicable restriction period.

Hedging

To ensure the variable components of the Group's remuneration structure remain 'at-risk', employees may not hedge against the risk inherent in arrangements such as the LTIP or any other equity-based incentive plans. Awards will be forfeited if the policy is breached.

3. PERFORMANCE AND REMUNERATION OUTCOMES

a) Overview of Company performance

Company performance during F20 was impacted significantly by the COVID-19 pandemic and challenging US wine market conditions. Lease-adjusted EBITS and EBITS margin accretion both declined with the Company delivering EBITS of $533.5 million, down 22% year on year. Lease-adjusted ROCE declined by 3.3 percentage points as a result of the lower EBITS and TWE continues to take a disciplined approach to capital allocation.

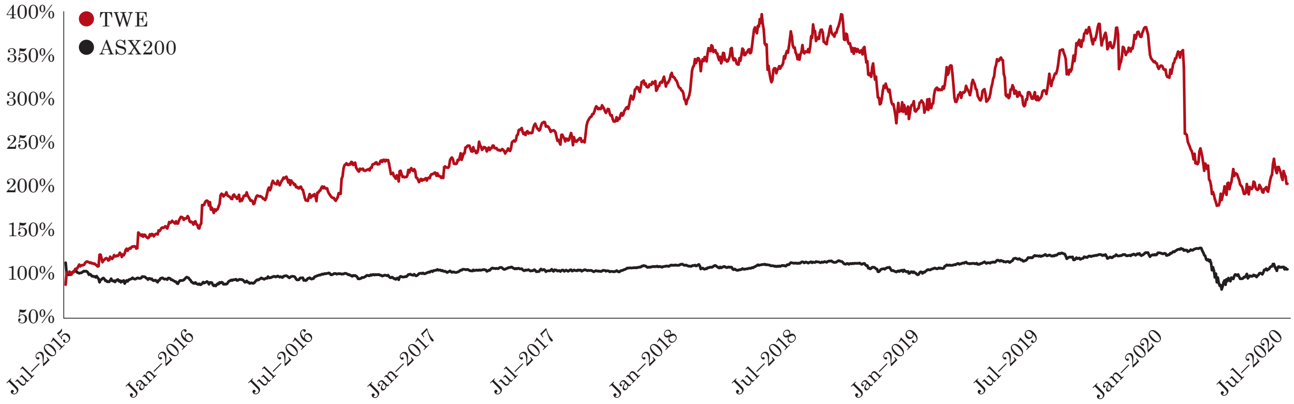
The table below summarises the Company's financial performance over the last five financial years.

Table 3.1: Overview of Company performance (reported)

FINANCIAL YEAR ENDED 30 JUNE 2020	2016[1]	2017[1]	2018[1]	2019[1]	2020
EBITS performance (A$ million)	341.1	463.6	544.0	681.0	**533.5**
Earnings per share (cents)[2]	29.3	38.0	49.1	58.9	**43.9**
Dividends paid per share (cents)	16	25	28	35	**40[3]**
Franked (%)	0	0	63	100	**100**
Closing share price ($ at 30 June)	9.23	13.16	17.39	14.92	**10.48**
Return on capital employed (%)	8.9	10.4	11.7	13.9	**10.6**

1. Prior year results for EBITS, Earnings per share and Return on Capital Employed have been restated for changes in accounting policies. Refer to note 32 of the Financial Statements for further information on *AASB 16 Leases*.
2. Before material items and SGARA.
3. The 2020 dividend of 40 cents is comprised of the final dividend in F19 of 20 cents (100% franked) paid on 4 October 2019 and the interim F20 dividend of 20 cents (100% franked) paid on 3 April 2020. For the final F20 dividend see Note 6 of the Financial Statements.

The following graph shows movement in the Company share price against movement in the ASX200 over the last five years.



b) Fixed remuneration outcomes

Market benchmarking and salary reviews are conducted annually with any changes effective from 1 September. In F20:

- The CEO, Mr Clarke, received an increase from $2,600,000 to $2,652,000 per annum, effective 1 September 2019, an increase of 2%.
- The CFO, Mr Young, received an increase from $700,000 to $714,000 per annum, effective 1 September 2019, an increase of 2%.
- Mr Ford, the COO, did not receive an increase during F20.

c) Short-term incentive outcomes

Short-term incentives are assessed by achievement against each executive's Balanced Scorecard and specific personal objectives.

The F20 STIP scorecard is heavily weighted to financial metrics with the primary driver EBITS. Our F20 EBITS results reflect the impact of the COVID-19 pandemic, which had a significant impact on TWE's trading performance across all geographies throughout the second half of the year. Cost management throughout this period has seen reductions in costs of doing business, including no payment of any discretionary employee incentives, including executives, which related to F20 performance outcomes. The impacts of the pandemic and the challenging US wine market conditions have been so significant and unpredictable as to render existing STIP metrics and targets no longer appropriate.

Actual results for the Balanced Scorecard are provided below.

F20 STIP SCORECARD	CEO		CFO		COO	
	WEIGHT	PAYMENT	WEIGHT	PAYMENT	WEIGHT	PAYMENT
Financial goals						
Global EBITS	40%	0%	40%	0%	40%	0%
Quality of EBITS Growth	15%	0%	15%	0%	15%	0%
Margin accretion and Simplify for Growth	15%	0%	15%	0%	15%	0%
Strategic goals						
Quality of Growth	15%	0%	15%	0%	15%	0%
I Care	15%	0%	15%	0%	15%	0%
Total	**100%**	**0%**	**100%**	**0%**	**100%**	**0%**

The table below sets out short-term incentive outcomes for each executive inclusive of the impact of individual performance multiplier outcomes.

Table 3.2: F20 STIP outcomes

EXECUTIVE[1]	FR[2] FOR STIP OPPORTUNITY ($)	STIP OPPORTUNITY AT TARGET (% OF FR) (%)	STIP OPPORTUNITY AT TARGET ($)	STIP AWARDED[3] ($)	TOTAL STIP AWARDED (% OF FR)[3] (%)	CASH ($)	RESTRICTED EQUITY ($)	TOTAL STIP OPPORTUNITY FORFEITED (% OF FR)[3] (%)
MA Clarke	2,652,000	100%	2,652,000	–	0%	–	–	100%
TM Ford	800,000	66.5%	532,000	–	0%	–	–	100%
MJ Young	714,000	66.5%	474,810	–	0%	–	–	100%

1. Reports only executives who were KMP at 30 June 2020.
2. FR is salary as of 1 September 2019.
3. As previously noted, the Board exercised it's discretion to cancel the F20 STIP on the basis that the impacts of COVID-19 have been so significant and unpredictable as to render existing STIP metrics and targets no longer appropriate to the current year.

d) Long-term incentive awards and outcomes

LTIP awarded during the year

Performance rights were allocated to executives under the F20 LTIP after the 2019 Annual General Meeting and are subject to a three-year performance period. Any vesting is subject to two hurdles (detailed on page 50). The performance rights have no exercise price and the minimum total value of the grant is zero. The maximum value is the number of awards granted multiplied by the share price at vesting.

Table 3.3: F20 LTIP performance rights

EXECUTIVE	GRANT DATE	VESTING DATE	NUMBER OF AWARDS GRANTED	FACE VALUE AT GRANT DATE ($)[2]	FAIR VALUE AT GRANT DATE ($)[3]
Current (as at 30 June 2020)					
MA Clarke[1]	11 November 2019	30 June 2022	335,557	5,199,993	5,273,278
TM Ford	11 November 2019	30 June 2022	77,436	1,199,995	1,216,907
MJ Young	11 November 2019	30 June 2022	67,756	1,049,988	1,064,786

1. Mr Clarke forfeited 223,194 performance rights from the F20 LTIP on retirement on 1 July 2020.
2. The value of LTIP awards granted to executives was the face value of the volume weighted average price (VWAP) of Company shares sold on the Australian Securities Exchange over the 90-day period up to and including 30 June 2019 ($15.4966 per share).
3. The fair value ($) in the table above is calculated using the valuation method detailed in note 22 of the Financial Statements.

LTIP Vesting

The F18 LTIP was due to vest at the end of F20. The lease-adjusted vesting schedule for the F18 LTIP is provided below.

Relative TSR Vesting Schedule	**Relative TSR Ranking**	**% of Performance Rights subject to relative TSR measure which vest**	
	Below 50th percentile	0%	
	50th to 75th percentile	35–100%	
	At or above 75th percentile	100%	
ROCE baseline 10.4% (F17)	**% ROCE growth**	**ROCE result**	**% of Performance Rights subject to ROCE measure which vest**
	Less than 2.1%	Less than 12.5%	0%
	2.1% to 2.8%	12.5% to 13.2%	35–100%
	At or above 2.8%	At or above 13.2%	100%

Performance is measured over the three-year period ended 30 June 2020. The Group's relative TSR performance was at the 40th percentile relative to its peer group while ROCE results, impacted significantly by the COVID-19 pandemic, were also below threshold. The Board elected not to apply discretion to the F18 LTIP, which resulted in nil vesting for eligible executives.

The F18 LTIP vesting outcome by executive is provided below.

Table 3.4: Vesting / lapsing of F18 LTIP

EXECUTIVE	NUMBER OF PERFORMANCE RIGHTS GRANTED	VALUE AT GRANT[1] ($)	NUMBER OF RIGHTS VESTED	VALUE VESTED[2] ($)	NUMBER OF RIGHTS WHICH LAPSED[3]	VALUE LAPSED[2] ($)
Current (as at 30 June 2020)						
MA Clarke	514,283	6,599,999	0	0	514,283	5,389,686
TM Ford	52,597	674,998	0	0	52,597	551,217
MJ Young	17,727	227,498	0	0	17,727	185,779

1. 'Value at grant' is calculated based on $12.8334 which was the volume weighted average price of Company shares sold on the ASX over the 90 day period up to and including 30 June 2017. This was the price used to calculate the number of performance rights granted under the F18 LTIP as previously disclosed by the Company.
2. The 'value lapsed' is calculated based on the closing share price on the performance period end date of 30 June 2020, being $10.48.
3. The number of rights which lapsed as they did not vest.

e) General employee share plan (Share Cellar)

All executives are participants of the 2019 Share Cellar Plan. Share acquisitions occurred in September 2019, October 2019 and April 2020 with the relevant matching rights allocated to executives in F20. Subject to the executive continuing to meet the plan rules, these matching rights will convert to matching shares when the plan vests.

Table 3.5: Acquisitions in F20 for the 2018 Share Cellar Plan

EXECUTIVE	MECHANISM	ACQUISITION DATE	ACQUISITION PRICE	NUMBER OF SHARES ACQUIRED	NUMBER OF RIGHTS ALLOCATED	VALUE OF RIGHTS ALLOCATED ($)[1]
Current (as at 30 June 2020)						
MA Clarke[2]	Shares	3 September 2019	18.87	120	120	2,264
		30 October 2019	17.37	52	52	903
		20 April 2020	10.61	172	172	1,825
TM Ford	Shares	3 September 2019	18.87	120	120	2,264
		30 October 2019	17.37	52	52	903
		20 April 2020	10.61	172	172	1,825
MJ Young[3]	Shares	3 September 2019	18.87	120	0	0
		30 October 2019	17.37	52	52	903
		20 April 2020	10.61	172	172	1,825

1. The value of rights allocated at grant date is calculated based on the acquisition price.
2. 145 matched rights from the 2018 Share Cellar Plan and 344 matched rights from the 2019 Share Cellar Plan vested upon Mr Clarke's retirement on 1 July 2020.
3. Mr. Young acquired 120 shares on 3 September 2019 as part of the first tranche of the F20 Share Cellar plan. Subsequent to this acquisition, Mr. Young transferred these shares to an ordinary share class holding and consequently became ineligible for matching rights associated with this first tranche of shares.

During F20, the 2020 Share Cellar Plan was launched with payroll deductions commencing in April 2020. Actual share acquisitions under the plan will be completed in F21, commencing September 2020. The Company continues to have more than a third of all eligible employees participating in the Share Cellar Plan and investing their post-tax pay to become shareholders.

f) Summary of awards held by executives

The table below sets out the number and movement of awards held by executives. Restricted Shares are generally issued under STIP Deferral (Restricted Equity). Performance Rights are issued under the LTIP. Deferred Share Rights are issued under the REP or represent the right to matching shares under the 2018 and 2019 Share Cellar Plans.

Table 3.6: Summary of awards held by executives

NAME		HELD AT THE START OF THE REPORTING PERIOD	GRANTED/ ACQUIRED DURING REPORTING PERIOD	RECEIVED UPON VESTING/ EXERCISING	LAPSED OR FORFEITED[1]	OTHER CHANGE[2]	HELD AT THE END OF THE REPORTING PERIOD
Current (as at 30 June 2020)							
MA Clarke[3]	Restricted Shares	106,613	70,838	(72,366)	–	–	105,085
	Performance Rights	800,246	335,557	–	(514,283)	–	621,520
	Deferred Share Rights	303	–	(158)	–	344	489
TM Ford	Restricted Shares	18,115	14,928	(12,168)	–	–	20,875
	Performance Rights	114,266	77,436	–	(52,597)	–	139,105
	Deferred Share Rights	303	–	(158)	–	344	489
MJ Young	Restricted Shares	1,946	10,990	(973)	–	–	11,963
	Performance Rights	78,195	67,756	–	(17,727)	–	128,224
	Deferred Share Rights	87	–	–	–	137	224
Grand Total		**1,120,074**	**577,505**	**(85,823)**	**(584,607)**	**825**	**1,027,974**

1. Represents F18 LTIP performance rights which lapsed on 30 June 2020.
2. Represents matched rights granted as part of the Share Cellar global employee share plan in F20.
3. Of the 621,520 Performance Rights held by Mr Clarke as at 30 June 2020, 318,167 were forfeited pursuant to the good leaver provisions of the LTIP Plan Rules (94,973 from the F19 LTIP and 223,194 from the F20 LTIP) on his retirement from TWE on 1 July 2020. The number of Performance Rights retained after his retirement was calculated by reference to the number of days Mr Clarke was employed by TWE during the Performance Periods of the relevant Plans.

g) Remuneration of executives

The table below (Table 3.7) provides details of remuneration for the CEO and executives for F20, calculated in accordance with statutory accounting requirements. All amounts are in Australian dollars and relate only to the portion of the year in which the person occupied the KMP role.

Table 3.7: Remuneration of executives

			SHORT-TERM BENEFITS			
EXECUTIVE	YEAR	SALARY/ FEES[1]	LEAVE ACCRUAL[2]	NON-MONETARY BENEFITS[3]	TOTAL CASH INCENTIVE[4]	OTHER PAYMENTS[5]
Current (as at 30 June 2020)						
MA Clarke[9]	**F20**	**2,622,331**	**(356,646)**	**(14,294)**	–	–
	F19	2,562,802	207,830	415,669	2,600,000	75,983
TM Ford[10, 11]	**F20**	**778,997**	**27,147**	**25,265**	–	–
	F19	338,602	52,613	5,550	276,130	–
MJ Young[12]	**F20**	**690,664**	**12,776**	**10,665**	–	–
	F19	679,469	(5,003)	8,120	403,433	–
Total	**F20**	**4,091,992**	**(316,723)**	**21,636**	–	–
	F19	3,580,873	255,440	429,339	3,279,563	75,983

1. Represents cash salary including any salary sacrificed items such as superannuation and novated motor vehicles.
2. Includes any net changes in the balance of annual leave and long service leave (i.e. leave entitlements that accrued during the year but were not used).
3. Includes the provision of car parking, insurances, product allocations, executive medical checks, the value of entertainment, taxation expenses, immigration/visa expenses and Fringe Benefits Tax on all benefits, where applicable. For Mr Clarke, it also includes repatriation expenses and a payment Mr Clarke was required to make to TWE arising from a reconciliation of worldwide tax liabilities performed under the terms of his prior year international co-location arrangement between Australia and the United States.
4. Represents cash payments made under the F19 STIP, excluding the Restricted Equity portion. No payment was made to any KMP in relation to F20 STIP.
5. Includes allowances such as, but not limited to, relocation, car and repatriation.
6. Includes a proportion of the fair value of all outstanding LTIP offers at the start of the year, or which were offered during the year. Under Australian Accounting Standards, the fair value is determined as at the offer date and is apportioned on a straight-line basis across the expected vesting period after adjusting at each reporting date for an estimation of the number of shares that will ultimately vest.

		SHARE-BASED PAYMENTS				
	SUPERANNUATION/ PENSION	TOTAL AMORTISATION VALUE OF LTIP[6]	OTHER EQUITY[7]	TOTAL	PERFORMANCE RELATED %[8]	TERMINATION BENEFITS
	21,003	**3,696,467**	**1,869,840**	**7,838,701**	**71%**	**–**
	20,531	4,327,981	1,176,249	11,387,045	71%	–
	21,003	**452,436**	**263,553**	**1,568,401**	**46%**	**–**
	9,224	251,954	78,173	1,012,246	60%	–
	21,003	**472,709**	**142,605**	**1,350,422**	**46%**	**–**
	20,531	236,217	21,536	1,364,304	48%	–
	63,009	**4,621,612**	**2,275,998**	**10,757,524**		**–**
	50,287	4,816,152	1,275,958	13,763,596		–

7. Includes a proportion of the fair value of all Restricted Shares and Deferred Share Rights held under outstanding Restricted Equity Plans at the start of the year. F18 and F19 STIP Restricted Equity were outstanding at the end of F20. Under Australian Accounting Standards, the fair value is determined as at the offer date and is apportioned on a straight-line basis across the expected vesting period after adjusting at each reporting date for an estimation of the number of shares that will ultimately vest.
8. Represents the sum of incentive and Performance Rights/Restricted Equity as a percentage of total remuneration, excluding termination payments. No termination payments were made to Executives during F20.
9. Mr Clarke's salary was adjusted on 1 September 2019 from AU$2,600,000 to AU$2,652,000.
10. F19 amounts reported for Mr Ford for KMP period commencing from 19 January 2019.
11. Mr Ford's salary was adjusted on 1 March 2019 from AU$700,000 to AU$800,000, no further increase was made to Mr Ford's salary in F20.
12. Mr Young's salary was adjusted on 1 September 2019 from AU$700,000 to AU$714,000.

NON-EXECUTIVE DIRECTOR REMUNERATION

4. FRAMEWORK AND OUTCOMES

This section of the report refers to the following non-executive directors.

NAME	POSITION	DATES
Non-executive directors		
Current		
PA Rayner	Chairman	Full year
EYC Chan	Non-executive director	Full year
LW Cheang	Non-executive director	Full year
WL Every-Burns	Non-executive director	Full year
GA Hounsell	Non-executive director	Full year
CE Jay	Non-executive director	Full year
LM Shanahan	Non-executive director	Full year
A Korsanos	Non-executive director	From 1 April 2020

a) Fee pool

The current maximum aggregate fee pool of $2,500,000 per annum (inclusive of superannuation) was approved by shareholders at the 2016 Annual General Meeting.

b) Non-executive director fees

The level of non-executive directors' fees takes into account the risks and responsibilities of the role, the global reach and complexity of the business, director skills and experience, and market benchmark data (provided by independent external consultants).

There were no increases to Chairman or non-executive director fees during F20.

Table 4.1: F20 Non-executive director fees

BOARD/COMMITTEE	CHAIRMAN FEE ($)	MEMBER FEE ($)
Board base fee	530,000	193,000
Audit and Risk Committee	45,000	22,000
Human Resources Committee	41,200	20,600
Nominations Committee	10,000[1]	5,000

The above fees were effective from 1 April 2019 are inclusive of superannuation.

1. The Chairman of the Board, Mr Rayner, is also the Chairman of the Nominations Committee. He does not receive any additional fees for this role.

In addition to the above fees, non-executive directors receive a wine allowance. In order to maintain independence, non-executive directors do not participate in the Company's incentive plans and they do not receive retirement benefits other than the superannuation contributions disclosed in this report.

c) Non-executive director outcomes

Details of non-executive director remuneration for F20 and F19 are provided below.

Table 4.2: F20 Non-executive director remuneration

NON-EXECUTIVE DIRECTOR	YEAR	FEES ($)	NON-MONETARY BENEFITS[1] ($)	SUPER-ANNUATION ($)	TOTAL ($)
PA Rayner	**FY20**	**508,997**	**16,088**	**21,003**	**546,088**
	FY19	498,219	14,088	20,531	532,838
EYC Chan	**FY20**	**211,865**	**4,000**	**3,135**	**219,000**
	FY19	204,858	4,000	4,329	213,187
L Cheang[2]	**FY20**	**190,907**	**4,000**	**2,093**	**197,000**
	FY19	106,589	2,000	3,369	111,958
WL Every-Burns	**FY20**	**218,447**	**6,660**	**20,753**	**245,860**
	FY19	213,742	6,660	20,245	240,647
GA Hounsell	**FY20**	**237,447**	**6,660**	**21,003**	**265,110**
	FY19	228,591	6,660	20,436	255,687
CE Jay	**FY20**	**214,650**	**4,000**	–	**218,650**
	FY19	209,188	4,000	–	213,188
LM Shanahan	**FY20**	**213,600**	**4,000**	–	**217,600**
	FY19	208,838	4,000	–	212,838
A Korsanos[3]	**FY20**	**49,087**	**1,000**	**4,663**	**54,750**
	FY19	–	–	–	–
Total	**FY20**	**1,845,000**	**46,409**	**72,650**	**1,964,059**
	FY19	1,670,025	41,409	68,910	1,780,344

1. Includes product allocations, entertainment and Fringe Benefits Tax, where applicable. The amounts for Mr Rayner includes car parking.
2. Ms Cheang commenced as Non Executive Director from 1 December 2018.
3. Ms Korsanos commenced as Non Executive Director from 1 April 2020.

OTHER REMUNERATION INFORMATION

5. GOVERNANCE

a) Role of the Human Resources Committee (HRC)

The HRC provides assistance to the Board in relation to such matters as monitoring remuneration principles and frameworks, providing advice on remuneration matters, making remuneration recommendations for executives, approving incentive plans, and reviewing and governing remuneration policies. In addition to its remuneration responsibilities and together with the Board, the HRC's duties include overseeing talent management, diversity and leadership development.

The Committee ensures that the Company's policies and frameworks aid the achievement of the Group's strategic objectives, provide appropriate governance, are aligned with market practice, and fulfil the Board's responsibility to shareholders. During the year the Audit & Risk Committee Chair attended all Human Resources Committee meetings as a Committee member. Also, the Human Resources Committee Chair typically attends the Audit & Risk Committee meetings, providing a link between both Committees to assist with oversight of non-financial risk.

As outlined in Section 4 of the Corporate Governance Statement disclosed on the Company's website www.tweglobal.com, the Group has procedures in place for the reporting of any matter that may give rise to a conflict between the interests of a director and those of the Group. In addition, the Group has adopted a general policy for employees in relation to the disclosure and management of potential conflicts of interest (see Section 4 of the Corporate Governance Statement on www.tweglobal.com).

b) Engagement of remuneration advisors

In F20, the Board and HRC engaged PwC as an independent advisor to the HRC. Potential conflicts of interest are considered by the HRC, and the Board and HRC are satisfied that the advice provided by PwC was free from undue influence. Any advice provided by remuneration consultants is used as a guide only and is not a substitute for detailed consideration of all relevant issues by the HRC. No remuneration recommendations, as defined by the *Corporations Act 2001* (Cth), were provided.

c) Executive and non-executive director share ownership

Executives and non-executive directors are encouraged to have control over ordinary shares in the Company, and executives and non-executive directors are required to hold at least the equivalent of one year's fixed remuneration or base fees. The guidelines are expected to be met over a reasonable period of time (approximately five years). The Group's variable incentive programs contribute towards executives meeting this guideline. The Director Share Acquisition Plan (DSAP) allows directors to apply after-tax fees to the acquisition of the Company's shares on a periodic basis at the prevailing market rate. The table below sets out KMP shareholdings.

Table 5.1: KMP shareholdings

F20	BALANCE AT START OF THE YEAR	RECEIVED UPON VESTING/ EXERCISE[1]	OTHER CHANGES DURING THE YEAR[2]	BALANCE AT END OF YEAR
Executive				
Current (as at 30 June 2020)				
MA Clarke	888,586	72,524	(246,205)	714,905
TM Ford[3]	82,778	12,326	(44,905)	50,199
MJ Young	16,973	973	766	18,712
Executive total	**988,337**	**85,823**	**(290,344)**	**783,816**

Table 5.1: KMP shareholdings (continued)

F20	BALANCE AT START OF THE YEAR	ACQUIRED DURING THE YEAR AS PART OF DSAP[4]	OTHER CHANGES DURING THE YEAR[2]	BALANCE AT END OF YEAR[5]
Non-executive directors				
Current (as at 30 June 2020)				
PA Rayner	280,234	–	17,585	297,819
EYC Chan	48,280	–	–	48,280
L Cheang[6]	–	–	–	–
WL Every-Burns	100,000	–	–	100,000
GA Hounsell	83,500	–	–	83,500
CE Jay	2,862	520	–	3,382
LM Shanahan	11,559	–	–	11,559
T Korsanos[7]	–	–	5,000	5,000
Non-executive director total	**526,435**	**520**	**22,585**	**549,540**
Grand total	**1,514,772**	**86,343**	**(267,759)**	**1,333,356**

1. Includes release of restricted shares under Tranche 1 of F17 Deferred STIP and Tranche 2 of F18 Deferred STIP, and vesting of Share Cellar matched rights.
2. Includes the purchase/sale of ordinary shares during F20 and for Mr Young, shares received under TWE's dividend reinvestment plan.
3. Following the end of the financial year, 5,947 restricted shares granted under the F18 Deferred STIP and 7,464 restricted shares granted under the F19 Deferred STIP, vested and were released to Mr Ford, leaving a shareholding balance of 63,610 as at the date of this report.
4. Shares acquired by Directors using post-tax fees in TWE's Director Share Acquisition Plan (DSAP).
5. No changes in shareholdings have occurred for non-executive directors from the balance date to the date of this report.
6. Ms Cheang has been granted an exemption from TWE's minimum shareholding requirement due to the extensive regulatory processes for securities trading that apply in relation to her role as Vice Chairman and Chief Executive of Hang Seng Bank Limited and Group General Manager of HSBC Holdings plc.
7. Shares acquired by Ms Korsanos represent her opening shareholding upon commencement as a Director.

6. FURTHER INFORMATION

a) Executive contracts

There is no fixed term for executive contracts. The Company may terminate service agreements immediately for cause, in which case the executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date. On resignation all executives are required to give six months' notice. If the termination is Company initiated without cause, all executives have termination provisions of six months' notice by the Company plus six months' severance pay.

b) Other transactions with KMP and their personally related entities

The Group entered into transactions which are insignificant in amount with KMP and their related parties within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available in similar arm's length dealings which include payments of salaries and benefits and purchase of Group products.

Some directors of the Company are also directors of public companies which have transactions with the Group. The relevant directors do not believe they have the individual capacity to control or significantly influence the financial policies of those companies. The companies are therefore not considered to be related parties for the purpose of the disclosure requirements of the *Corporations Act 2001*.

c) Prior years' equity arrangements

This section summarises all outstanding equity arrangements for executives, as reported in previous Remuneration Reports.

The below equity plans have no exercise price and the minimum total value of the grant is zero. The maximum value is the number of awards granted multiplied by the share price at vesting.

Table 6.1: Prior years' restricted equity[1]

EXECUTIVE	PLAN	INSTRUMENT TYPE	ALLOCATION DATE	NUMBER	FACE VALUE AT ALLOCATION DATE[2,3,4] ($)	FAIR VALUE AT ALLOCATION DATE[5] ($)	VESTING DATE
MA Clarke	F18 STIP (tranche 2)	Restricted Shares	14 September 2018	34,247	624,997	624,997	14 August 2020
	F19 STIP (tranche 1)	Restricted Shares	13 September 2019	35,419	649,987	649,987	14 August 2020
	F19 STIP (tranche 2)	Restricted Shares	13 September 2019	35,419	649,987	649,987	16 August 2021
	F19 LTIP[6]	Performance Rights	12 November 2018	285,963	5,000,006	3,691,782	30 June 2021
	2018 Share Cellar	Matched Rights	3 September 2018	57	1,131	1,131	1 September 2020
	2018 Share Cellar	Matched Rights	2 November 2018	29	454	454	1 September 2020
	2018 Share Cellar	Matched Rights	6 March 2019	59	906	906	1 September 2020
TM Ford	F18 STIP (tranche 2)	Restricted Shares	14 September 2018	5,947	108,531	108,531	14 August 2020
	F19 STIP (tranche 1)	Restricted Shares	13 September 2019	7,464	136,975	136,975	14 August 2020
	F19 STIP (tranche 2)	Restricted Shares	13 September 2019	7,464	136,975	136,975	16 August 2021
	F19 LTIP	Performance Rights	12 November 2018	61,669	1,078,270	796,147	30 June 2021
	2018 Share Cellar	Matched Rights	3 September 2018	57	1,131	1,131	1 September 2020
	2018 Share Cellar	Matched Rights	2 November 2018	29	454	454	1 September 2020
	2018 Share Cellar	Matched Rights	6 March 2019	59	906	906	1 September 2020
MJ Young	F18 STIP (tranche 2)	Restricted Shares	14 September 2018	973	17,757	17,757	14 August 2020
	F19 STIP (tranche 1)	Restricted Shares	13 September 2019	5,495	100,841	100,841	14 August 2020
	F19 STIP (tranche 2)	Restricted Shares	13 September 2019	5,495	100,841	100,841	16 August 2021
	F19 LTIP	Performance Rights	12 November 2018	60,468	1,057,271	780,642	30 June 2021
	2018 Share Cellar	Matched Rights	3 September 2018	0	0	0	1 September 2020
	2018 Share Cellar	Matched Rights	2 November 2018	0	0	0	1 September 2020
	2018 Share Cellar	Matched Rights	6 March 2019	0	0	0	1 September 2020

1. Reports only executives who were KMP at 30 June 2020.
2. The value of STIP Deferral at allocation date is calculated based on the five-day VWAP up to and including the allocation date. The F18 and F19 STIP allocation price was $18.2497 and $18.3514 respectively.
3. The value of F19 LTIP awards at allocation date is calculated based on the ninety-day VWAP up to and including 30 June 2018 ($17.4848 per share). The vesting schedule is provided in Table 6.2.
4. The value of matched rights is calculated based on the purchase price of the 2018 Share Cellar shares at each purchase date.
5. This LTIP value is calculated using the valuation method detailed in Note 21 of the Financial Statements. All other plans are based on face value.
6. Mr Clarke forfeited 94,973 performance rights from the F19 LTIP on retirement on 1 July 2020.

Table 6.2: F19 LTIP vesting schedules

Relative TSR Vesting Schedule	**Relative TSR Ranking**		**% of Performance Rights subject to relative TSR measure which vest**
	Below 50th percentile		0%
	50th to 60th percentile		35–70%
	60th to 75th percentile		70–100%
	At or above 75th percentile		100%
ROCE baseline 12.6% (F18)	**% ROCE growth**	**ROCE result**	**% of Performance Rights subject to ROCE measure which vest**
	Less than 1.9%	Less than 14.5%	0%
	1.9% to 2.6%	14.5% to 15.2%	35-100%
	At or above 2.6%	At or above 15.2%	100%

d) Definitions

TERM	DEFINITION
Constant currency	An exchange rate that eliminates the effects of exchange rate fluctuations year-on-year.
Earnings per Share (EPS)	NPAT excluding SGARA and material items, divided by the weighted average number of shares. Adjusted EPS is used to calculate performance outcomes, meaning that the Board retains the discretion to adjust EPS to ensure that participants are not penalised or provided with a windfall gain arising from matters outside of management's control.
EBITS	Earnings before interest, tax, SGARA and material items.
Key management personnel (KMP)	Those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise), as listed in the introduction to the Remuneration Report.
Phantom Shares	Units which provide the participant with a right to receive a cash payment at the vesting date, whereby the payment is tied to the market value of an equivalent number of TWE shares. The amount of the payout will increase as the share price rises, and decrease if the share price falls, but without the participant actually receiving any TWE shares.
Relative Total Shareholder Return (TSR)	The return on investment of a company relative to a peer group of companies.
Restricted Equity	Rights or shares granted by TWE that vest upon the satisfaction of certain conditions, such as continued employment for a period of time or the achievement of particular performance milestones. The plan participant cannot deal in the equity until it vests and the restriction is lifted.
Return on Capital Employed (ROCE)	EBITS divided by Capital Employed (at constant currency). Capital Employed is the sum of average net assets (adjusted for SGARA impact) and average net debt.
SGARA	Self-generating and regenerating assets. The adjustment to self-generating and regenerating assets (SGARA) is excluded to reflect the fair value adjustment each financial year which is largely due to environmental conditions not within the Group's control.
Total Shareholder Return (TSR)	Total return on investment of a security, taking into account both capital appreciation and distributed income that was reinvested.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $M	RESTATED[1] 2019 $M
Revenue	3	**2,678.2**	2,883.0
Cost of sales		**(1,588.9)**	(1,642.5)
Gross profit		**1,089.3**	1,240.5
Selling expenses		**(312.7)**	(328.3)
Marketing expenses		**(125.5)**	(118.3)
Administration expenses		**(144.7)**	(117.9)
Other expenses		**(50.8)**	(14.7)
Profit before tax and finance costs		**455.6**	661.3
Finance income		**54.1**	47.4
Finance costs		**(140.0)**	(133.1)
Net finance costs		**(85.9)**	(85.7)
Profit before tax		**369.7**	575.6
Income tax expense	23	**(108.9)**	(167.1)
Net profit		**260.8**	408.5
Net profit attributable to non-controlling interests		**–**	–
Net profit attributable to members of Treasury Wine Estates Limited		**260.8**	408.5
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges		**(15.5)**	(15.0)
Tax on cash flow hedges		**3.9**	4.4
Exchange gain/(loss) on translation of foreign operations		**14.5**	66.1
Other comprehensive income for the year, net of tax		**2.9**	55.5
Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited		**263.7**	464.0
Non-controlling interests		**–**	–
Total comprehensive income for the year		**263.7**	464.0

		CENTS PER SHARE	CENTS PER SHARE[1]
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic	7	**36.2**	56.9
Diluted	7	**36.2**	56.6

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTE	2020 $M	RESTATED[1] 2019 $M
Current assets			
Cash and cash equivalents	9	**449.1**	401.8
Receivables	9	**553.5**	661.3
Inventories	9	**1,017.4**	1,001.7
Assets held for sale	14	**74.3**	78.3
Other current assets		**6.0**	3.2
Total current assets		**2,100.3**	2,146.3
Non-current assets			
Inventories	9	**1,059.2**	1,045.6
Property, plant and equipment	10	**1,397.4**	1,369.9
Right-of-use assets	11	**517.0**	535.9
Agricultural assets	12	**34.1**	29.4
Intangible assets	13	**1,331.6**	1,308.9
Deferred tax assets	23	**183.5**	187.0
Other non-current assets		**48.8**	18.5
Total non-current assets		**4,571.6**	4,495.2
Total assets		**6,671.9**	6,641.5
Current liabilities			
Trade and other payables	9	**682.1**	718.6
Current tax liabilities		**22.9**	95.4
Provisions	16	**53.9**	43.6
Borrowings	18	**223.3**	67.3
Other current liabilities		**0.8**	1.8
Total current liabilities		**983.0**	926.7
Non-current liabilities			
Borrowings	18	**1,702.3**	1,727.3
Deferred tax liabilities	23	**334.2**	334.7
Other non-current liabilities		**29.0**	11.3
Total non-current liabilities		**2,065.5**	2,073.3
Total liabilities		**3,048.5**	3,000.0
Net assets		**3,623.4**	3,641.5
Equity			
Contributed equity	19	**3,269.8**	3,243.8
Reserves	21	**12.0**	29.1
Retained earnings		**337.5**	364.5
Total parent entity interest		**3,619.3**	3,637.4
Non-controlling interests		**4.1**	4.1
Total equity		**3,623.4**	3,641.5

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	CONTRIBUTED EQUITY $M	RETAINED EARNINGS $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	OTHER RESERVES $M	TOTAL $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 30 June 2018[1]	**3,235.4**	**207.3**	**6.0**	**(7.2)**	**3,441.5**	**4.3**	**3,445.8**
Profit for the year[1]	–	408.5	–	–	408.5	–	408.5
Total other comprehensive income/(loss)[1]	–	–	66.1	(10.6)	55.5	–	55.5
Total comprehensive income for the year/(loss)[1]	**–**	**408.5**	**66.1**	**(10.6)**	**464.0**	**–**	**464.0**
Transactions with owners in their capacity as owners directly in equity							
Share based payment expense	–	–	–	18.9	18.9	–	18.9
Vested deferred shares and share rights	1.6	–	–	(44.1)	(42.5)	–	(42.5)
Dividends to owners of the Company	6.8	(251.3)	–	–	(244.5)	(0.2)	(244.7)
Balance at 30 June 2019[1]	**3,243.8**	**364.5**	**72.1**	**(43.0)**	**3,637.4**	**4.1**	**3,641.5**
Profit for the year	–	260.8	–	–	260.8	–	260.8
Total other comprehensive income/(loss)	–	–	14.5	(11.6)	2.9	–	2.9
Total comprehensive income for the year/(loss)	**–**	**260.8**	**14.5**	**(11.6)**	**263.7**	**–**	**263.7**
Transactions with owners in their capacity as owners directly in equity							
Share based payment expense	–	–	–	10.9	10.9	–	10.9
Vested deferred shares and share rights	14.5	–	–	(30.9)	(16.4)	–	(16.4)
Dividends to owners of the Company	11.5	(287.8)	–	–	(276.3)	–	(276.3)
Balance at 30 June 2020	**3,269.8**	**337.5**	**86.6**	**(74.6)**	**3,619.3**	**4.1**	**3,623.4**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 $M INFLOWS/ (OUTFLOWS)	RESTATED[1] 2019 $M INFLOWS/ (OUTFLOWS)
Cash flows from operating activities			
Receipts from customers		**3,616.6**	3,689.2
Payments to suppliers, governments and employees		**(2,975.7)**	(3,030.0)
Borrowing costs paid		**(4.0)**	(7.3)
Income taxes paid		**(168.0)**	(112.5)
Interest paid		**(80.1)**	(77.5)
Net cash flows from operating activities	8	**388.8**	461.9
Cash flows from investing activities			
Payments for property, plant, and equipment		**(136.6)**	(132.0)
Payments for intangible assets		**(29.9)**	(27.8)
Payments for subsidiaries, net of cash acquired		**(22.3)**	(0.9)
Proceeds from sale of property, plant and equipment		**100.2**	102.5
Net cash flows used in investing activities		**(88.6)**	(58.2)
Cash flows from financing activities			
Dividend payments		**(276.3)**	(244.7)
Proceeds from borrowings		**329.2**	707.6
Repayment of borrowings		**(300.4)**	(538.5)
Purchase of shares – employee equity plans		**(4.9)**	(16.6)
Net cash flows used in financing activities		**(252.4)**	(92.2)
Total cash flows from activities		**47.8**	311.5
Cash and cash equivalents at the beginning of the year		**401.8**	89.4
Effects of exchange rate changes on foreign currency cash flows and cash balances		**(0.5)**	0.9
Cash and cash equivalents at end of the year	9	**449.1**	401.8

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: ABOUT THIS REPORT

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 – ABOUT THIS REPORT

Treasury Wine Estates Limited ('the Company') is a for profit company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX). The consolidated financial statements comprise the Company and its controlled entities (collectively, 'the Group').

The accounting policies that are critical to understanding the financial statements are set out in this section. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

Basis of preparation

The consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Boards (IASB). They were authorised for issue by the Board of Directors on 25 August 2020.

The financial statements are presented in Australian dollars with all values rounded to the nearest tenth of one million dollars unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.*

This is the first set of the Group's annual financial statements in which AASB 16 Leases has been applied. The impact of AASB 16 and other accounting standards and interpretations adopted during the year is set out in note 32.

Notes to the financial statements

The notes include additional information required to understand the financial statements that is material and relevant to the operations, financial position and performance of the Group.

Information is considered material and relevant if the amount in question is significant because of its size, nature or incidence or it helps to explain the impact of significant changes in the business, for example, acquisitions and asset write-downs.

Line items labelled 'other' on the face of the consolidated statements comprise miscellaneous income, expenses, assets, liabilities or cash flows which individually or in aggregate are not considered material to warrant additional disclosures.

Where applicable, comparative periods have been adjusted to disclose comparatives on the same basis as the current year.

The notes are organised into the following sections:

Earnings: focuses on the financial results and performance of the Group. It provides disclosures relating to income, expenses, segment information, material items and earnings per share.

Working capital: shows the assets and liabilities generated through trading activity. It provides information regarding working capital management and analysis of the elements of working capital.

Operating assets and liabilities: provides information regarding the physical assets and non-physical assets used by the Group to generate revenues and profits (including associated liabilities). This section also explains the accounting policies applied and specific judgements and estimates made by management in arriving at the value of these assets and operating liabilities.

Capital structure: provides information about the capital management practices adopted by the Group – particularly how much capital is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the activities of the Group both now and in the future.

Taxation: sets out the Group's tax accounting policies, the current and deferred tax charges, a reconciliation of profit or loss before tax to the tax charge or credit and the movements in deferred tax assets and liabilities.

Risk: discusses the Group's exposure to various financial risks, explains how these affect the financial position of the Group and what is done to manage these risks.

Group composition: explains aspects of the Group's structure and business acquisitions.

Other: other required disclosures under Australian Accounting Standards and IFRS.

Key estimates and judgements

In preparing this financial report, the Group is required to make estimates, judgements and assumptions that affect the reported amounts in the financial statements.

These estimates, judgements and assumptions are continually evaluated, and are based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2020 about future events that the Directors believe are reasonable in the circumstances.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements:

Note 3:	Revenue
Note 9:	Working capital
Note 11:	Right-of-use assets
Note 12:	Agricultural assets
Note 13:	Intangible assets
Note 15:	Impairment of non-financial assets
Note 23:	Income tax

NOTE 1 – ABOUT THIS REPORT (CONTINUED)

Key estimates and judgements (continued)

COVID-19 considerations

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of financial statements, generally, due to the impact of the following factors:

- the extent and duration of actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn. This includes the disruption to capital markets, deteriorating credit, higher unemployment, and changes in consumer discretionary spending behaviours; and
- the effectiveness of government measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

During F20, the Group experienced the following impacts on its operations and financial statements as a result of these factors:

- Governments took varying approaches to containment of the virus in each of TWE's markets. In general, retail and e-commerce channels remained open and other channels (including restaurants, bars, cellar doors and travel retail) were closed for the majority of 2H20 but re-commenced opening at different rates across individual markets.
- In-home consumption increased during periods of lockdown, primarily through retail and e-commerce channels.
- Consumers generally turned to well-known and trusted brands, which drove volumes of Commercial, Masstige and lower Luxury wines. Higher value luxury wines were negatively impacted by lower consumption – driven in part by the closure of key luxury channels, the reduction in social gathering and social occasions, and lower discretionary consumer spending on Luxury products.
- In the majority of TWE's markets, governments have put in place fiscal and economic stimulus packages of varying natures, the majority of which remain in place at 30 June 2020, and at the date of this report.
- Agricultural activities (including wine production) has generally been considered an essential service in all of the Group's key sourcing regions, with no material interruptions encountered through global operations.

In respect of these financial statements, the impact of COVID-19 is primarily relevant to estimates of future performance which is in turn relevant to the areas of impairment of non-financial assets (note 15), net realisable value of inventory (note 9), recoverability of receivables (note 9) and recoverability of income tax losses (note 23). Other areas of estimates, judgements and assumptions for the Group are not impacted by estimates of future performance.

In making estimates of future performance, the following assumptions and judgements in relation to the potential impact of COVID-19 have been applied by the Group. Actual results may differ from these estimates under different assumptions and conditions.

- Retail and e-commerce channels are assumed to remain open at the levels as at 30 June 2020, in all regions.
- All regions will continue a phased 're-opening' of previously closed channels (bars, restaurants, cellar doors, travel retail) to Pre-COVID-19 levels at a progressive rate over the course of F21. All channels are assumed to be open by the end of F21 with the exception of travel retail which will not fully re-open until F22.
- In-home consumption, and therefore retail and e-commerce channel sales, are assumed to reduce in line with re-opening of on-premise channels (bars, restaurants) but return to levels generally elevated against Pre-COVID-19 conditions.
- Luxury wine consumption assumed to progressively return to Pre-COVID-19 levels over the course of F21, but assumed to be below Pre-COVID-19 levels in key festive selling periods (Christmas, New Year, Chinese New Year).
- Government fiscal and economic stimulus packages are maintained or extended, but phased out as economies return to historical output levels.
- Agricultural activities (including wine production) continue to be considered an essential service in all of the Group's key sourcing regions.
- As noted above, the Group assumes a trend of general recovery. Whilst further virus outbreaks may occur in some regions, the Group does not assume a significant 'second wave' event which results in major lockdowns (similar to those experienced in the second half of F20) in the Group's primary sales regions.

Key assumptions and judgements have been stress tested for the impacts of COVID-19 with further downside sensitivity. As a result, more extensive changes in assumptions have been considered and disclosed in the financial statements.

Further details on the estimates, judgements and assumptions applied by the Group within these Financial statements are included within the relevant Notes, including sensitivities applied to ensure financial statements and disclosures are appropriate.

NOTE 1 – ABOUT THIS REPORT (CONTINUED)

Principles of consolidation

The consolidated financial statements include the assets and liabilities of Treasury Wine Estates Limited and its controlled entities as a whole at year-end and the consolidated results and cash flows for the year. A list of controlled entities (subsidiaries) is provided in note 27.

An entity is regarded as a controlled entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

The rights of other investors to the results and equity of the subsidiaries (called non-controlling interests) are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

The financial information of the subsidiaries is prepared for the same reporting period as the parent, using consistent accounting policies. Intra-group balances and transactions arising from intra-group transactions are eliminated.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The major functional currencies used throughout the Group include Australian Dollar (AUD), United States Dollar (USD) and Great British Pound (GBP). Other currencies used include the Canadian Dollar, Euro, New Zealand Dollar, Singapore Dollar, Swedish Krona, Norwegian Krone, Chinese Renminbi and South African Rand.

Foreign group companies

As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate of exchange ruling at the balance sheet date and the income statement is translated at the average exchange rates for the period. The exchange differences arising on the translation are recognised in the foreign currency translation reserve within equity.

When a foreign operation is sold, the cumulative exchange difference in equity for this operation is recognised in the consolidated statement of profit or loss and other comprehensive income as part of the gain and loss on sale.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency of the relevant entity at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are subsequently translated at the rate of exchange ruling at the balance sheet date.

NOTE 1 – ABOUT THIS REPORT (CONTINUED)

Exchange differences arising are recognised in the consolidated statement of profit and loss and other comprehensive income, except for gains or losses arising on assets or liabilities that qualify for hedge accounting, discussed further in note 24. Tax charges and credits attributable to these exchange differences are also recognised in equity.

Average exchange rates used in translating profit and loss items in F20 are:

A$1 = US$ 0.671 (F19: US$ 0.715)
A$1 = GB£ 0.533 (F19: GB£ 0.553)

Year-end exchange rates used in translating financial position items in F20 are:

A$1 = US$ 0.687 (F19: US$ 0.701)
A$1 = GB£ 0.558 (F19: GB£ 0.553)

Fair value measurement

The Group measures certain financial instruments, including derivatives, and certain non-financial assets such as agricultural assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in its principal or most advantageous market at the measurement date. It is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial item assumes it is put to its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Accounting standards prescribe a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly (i.e. as prices) or indirectly (i.e. derived by prices) observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Subsequent events

As at 1 July 2020, Tim Ford was appointed as the Company's new CEO and Managing Director following the retirement of Michael Clarke.

Since the end of the financial year, the Directors approved a final 100% franked dividend of 8.0 cents per share. This dividend has not been recognised as a liability in the consolidated financial statements at 30 June 2020.

On 18 August 2020 the Group was advised that the Chinese Ministry of Commerce had initiated an anti-dumping investigation into Australian wine exports into China. The Group will co-operate with any requests for information from Chinese or Australian authorities. Given the uncertainty regarding the extent, timing and outcome of the investigation, the financial impact on the Group's operations or financial position, if any, cannot be reasonably estimated at this time.

The Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: EARNINGS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2 – SEGMENT INFORMATION

The Group's segments

The Group reports segment information on the same basis as its internal management reporting structure and consistent with the information used to organise and manage the Group.

The reportable segments are based on the aggregation of operating segments determined by the similarity of the nature of products, the production process, the types of customers and the methods used to distribute the products.

During F20 the business structure was re-organised to better reflect the way the Group was being managed. Effective from 1 July 2019, the management activities of Middle, East and Africa are reported together with Europe, collectively referred to as EMEA. Previously the aforementioned regions were reported under Asia. To facilitate comparability over reporting periods, as comparatives have been re-stated to reflect the change in management and monitoring responsibilities.

Segment results have also been restated for changes to the Group's accounting policies. Refer to note 32 for further information.

Presentation of segment results

Management EBITS

The principal profit metric for internal management reporting is Management earnings before interest, tax, SGARA and material items (EBITS). Corporate charges are allocated to each segment on a proportionate basis linked to segment revenue, head count or other appropriate driver depending on the nature of the charge.

The identified reportable segments in the Group are below:

(i) Australia and New Zealand (ANZ)
This segment is responsible for the manufacture, sale and marketing of wine within Australia and New Zealand.

(ii) Europe, Middle, East and Africa (EMEA)
This segment is responsible for the manufacture, sale and marketing of wine within Europe and Middle, East & Africa.

(iii) Americas
This segment is responsible for the manufacture, sale and marketing of wine within North America and Latin America.

(iv) Asia
This segment is responsible for the sale and marketing of wine within Asia (excluding the Middle East and Africa).

Segment accounting policies

Segment assets and liabilities

Segment assets and liabilities represent those working capital and non-current assets and liabilities which are located in the respective segments. Cash and borrowings, other than lease liabilities, are not considered to be segment assets/liabilities as they are managed by our centralised treasury function. Consistent with the use of EBITS for measuring profit, tax assets and liabilities, which do not contribute towards EBITS, are not allocated to operating segments.

Intersegment transactions

The price of an intersegment transaction is set at an arm's length basis. Whilst these transactions are eliminated on consolidation, they are shown within the segment revenue and EBITS to properly reflect the segment of origin performance, including production.

Corporate charges

Unallocated corporate charges are reported in the Corporate/unallocated segment. Net finance costs are not allocated to segments as the Group's financing function is centralised through its treasury function.

Segment loans payable and loans receivable

Segment loans are initially recognised at the amount transferred. Intersegment loans receivable and payable that earn or incur non-market interest are adjusted to fair value based on market interest rates.

Other

If items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are not allocated to segments either.

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

2020	ANZ $M	AMERICAS $M	ASIA $M	EMEA $M	INTERSEGMENT ELIMINATION $M	TOTAL SEGMENT $M	UNALLOCATED/ CORPORATE $M	CONSOLIDATED $M
Total revenue comprises:								
Net sales revenue	592.4	1,069.4	617.1	370.6	–	2,649.5	–	2,649.5
Other revenue	10.4	15.9	0.6	1.6	–	28.5	0.2	28.7
Intersegment revenue	287.7	50.2	0.2	27.7	(365.8)	–	–	–
Total segment revenue (excl other income/interest)	**890.5**	**1,135.5**	**617.9**	**399.9**	**(365.8)**	**2,678.0**	**0.2**	**2,678.2**
Management EBITS	**133.3**	**147.3**	**243.7**	**51.7**	–	**576.0**	**(42.5)**	**533.5**
SGARA gain/(loss)	(43.5)	1.8	–	0.4	–	(41.3)	–	(41.3)
Material items	(25.8)	(8.0)	–	–	–	(33.8)	(2.8)	(36.6)
Management EBIT	**64.0**	**141.1**	**243.7**	**52.1**	–	**500.9**	**(45.3)**	**455.6**
Net finance costs								(85.9)
Consolidated profit before tax								**369.7**
Depreciation of property, plant and equipment and right-of-use assets	**(52.6)**	**(79.8)**	**(4.5)**	**(3.0)**	–	**(139.9)**	**(3.8)**	**(143.7)**
Amortisation of intangible assets	**(0.6)**	**(3.6)**	–	**(1.6)**	–	**(5.8)**	**(14.9)**	**(20.7)**
Assets held for sale	–	**74.3**	–	–	–	**74.3**	–	**74.3**
Capital expenditure (additions)	**(90.8)**	**(32.0)**	**(1.2)**	**(1.4)**	–	**(125.4)**	**(24.3)**	**(149.7)**
Segment assets (excl intersegment assets)	**2,514.5**	**2,783.9**	**163.2**	**428.6**	–	**5,890.2**	**781.7**	**6,671.9**
Segment liabilities (excl intersegment liabilities)	**(348.4)**	**(819.0)**	**(68.3)**	**(97.7)**	–	**(1,333.4)**	**(1,715.1)**	**(3,048.5)**

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

2019[1]	ANZ $M	AMERICAS $M	ASIA $M	EMEA $M	INTERSEGMENT ELIMINATION $M	TOTAL SEGMENT $M	UNALLOCATED/ CORPORATE $M	CONSOLIDATED $M
Total revenue comprises:								
Net sales revenue	602.3	1,134.4	721.4	373.5	–	2,831.6	–	2,831.6
Other revenue	32.7	15.3	1.1	2.1	–	51.2	0.2	51.4
Intersegment revenue	347.5	45.8	0.3	34.7	(428.3)	–	–	–
Total segment revenue (excl other income/interest)	982.5	1,195.5	722.8	410.3	(428.3)	2,882.8	0.2	2,883.0
Management EBITS[1]	158.0	233.4	283.0	63.3	–	737.7	(56.7)	681.0
SGARA gain/(loss)	(9.8)	(10.2)	–	0.3	–	(19.7)	–	(19.7)
Material items	–	–	–	–	–	–	–	–
Management EBIT	148.2	223.2	283.0	63.6	–	718.0	(56.7)	661.3
Net finance costs								(85.7)
Consolidated profit before tax[1]								575.6
Depreciation of property, plant and equipment and right-of-use assets[1]	(52.1)	(82.8)	(3.6)	(2.5)	–	(141.0)	(7.1)	(148.1)
Amortisation of intangible assets	(0.6)	(2.4)	–	(0.9)	–	(3.9)	(9.9)	(13.8)
Assets held for sale	–	78.3	–	–	–	78.3	–	78.3
Capital expenditure (additions)	(63.5)	(50.7)	(2.1)	(0.9)	–	(117.2)	(35.2)	(152.4)
Segment assets (excl intersegment assets)[1]	2,505.1	2,841.3	223.0	370.9	–	5,940.3	701.2	6,641.5
Segment liabilities (excl intersegment liabilities)[1]	(359.4)	(865.3)	(57.9)	(95.0)	–	(1,377.6)	(1,622.4)	(3,000.0)

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

Geographical segments

The presentation of geographical net sales revenue is based on the location of the selling entity.

	NET SALES REVENUE	
	2020 $M	**2019 $M**
Australia	**1,180.4**	1,295.7
United States of America	**1,080.3**	1,147.3
United Kingdom	**286.4**	298.1
Other geographical locations[2]	**102.4**	90.5
Total	**2,649.5**	2,831.6

2. Other than Australia, United States of America and the United Kingdom, sales of other countries are individually less than 10% of the Group's net sales revenue.

The presentation of non-current assets is based on the geographical location of the assets.

	NON-CURRENT ASSETS	
	2020 $M	**2019[1] $M**
Australia	**1,882.0**	1,871.0
United States of America	**2,159.8**	2,148.8
United Kingdom	**145.8**	152.2
Other geographical locations	**157.0**	123.5
Total geographical non-current assets	**4,344.6**	4,295.5
Other non-current assets[3]	**227.0**	199.7
Consolidated non-current assets	**4,571.6**	4,495.2

3. Other non-current assets include financial derivative assets and deferred tax assets.

NOTE 3 – REVENUE

	2020 $M	**2019 $M**
Revenue		
Net sales revenue[1]	**2,649.5**	2,831.6
Other revenue	**28.7**	51.4
Total revenue	**2,678.2**	2,883.0

1. Net sales revenue is net of trade discounts and volume rebates.

Net sales revenue – types of products

The Group generates revenue through the sale of branded wines, principally as a finished, bottled product. The Group's wine portfolio includes some of the world's leading Luxury, Masstige and Commercial wine brands such as Penfolds, Beringer, Lindeman's, Wolf Blass, 19 Crimes, Chateau St Jean, Beaulieu Vineyard, Sterling Vineyards and Stags' Leap.

The Group distributes wine to a range of customers across the world, with routes to market tailored by country. Depending on the geography, wine is sold to distributors (who tend to be exclusive and stock a whole portfolio), wholesalers (who choose which brands they would like to order from the portfolio), direct to national retail chains, independent retailers and on-premise outlets. The Group also has some sales direct to the consumer.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 3 – REVENUE (CONTINUED)

Other revenue – types of services
The Group also provides contract bottling services to third parties.

Sales approach
For F20, the Group has one major customer in the Americas whose revenues represent 8.7% (F19: 9.6%) of reported net sales revenue, and one major customer in Australia whose revenue represents 7.8% (F19: 7.1%) of reported net sales revenue.

Financing components
The Group does not have any contracts where the period between the transfer of the promised product or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

Accounting policies
Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group's contracts with customers generally include one performance obligation. Revenue from the sale of products or services is recognised at the point in time when control over a product or service is transferred to the customer, generally on delivery. The Group recognises revenue when it transfers control over a product or service to a customer. Revenue is recorded net of sales discounts and rebates, duties and taxes. Payment terms vary by customer. The following specific criteria are also applied:

Wine
Revenue is recognised in a manner that depicts transfer of control of goods to customers at the amount that reflects consideration the business expects to be entitled to in exchange for those goods. Sales to national retail chains, domestic distributors, independent retailers and on-premise outlets are usually recognised when goods are delivered. Sales to international customers are recognised based on the international commercial terms the goods are shipped under, but typically when goods are despatched. This is also the case for some national retail chains that manage their own distribution networks.

Bottling services
Revenue is recognised when the relevant service has been completed.

Key estimate and judgement:

Trade discounts and volume rebates
Products are often sold with volume discounts and other rebates. Sales are recorded based on the consideration specified in the sales contracts or terms, net of the estimated discount or rebate at the time of sale. These discounts or rebates are considered variable consideration and are accounted for in determining the transaction price of a contract. The method used by the Group to estimate discounts and rebates is the most likely amount. Accumulated experience is used to estimate and provide for the discounts and rebates based on anticipated purchases.

NOTE 4 – OTHER EARNINGS DISCLOSURES

	2020 $M	2019 $M
Net foreign exchange gains / (losses)	**0.5**	(1.7)
Salaries and wages expense	**(404.1)**	(412.4)
Share based payments expense	**(10.9)**	(18.9)
Insurance and other income	**–**	8.5
Other gains and losses		
Restructuring and redundancy expense[1]	**(40.7)**	(24.1)
(Write-down)/reversal of write-down of assets[1]	**(16.0)**	(8.8)
Net profit/(loss) on disposal of non-current assets	**42.4**	25.9
Total other gains and losses	**(14.3)**	(7.0)

1. Includes items classified as material items. Refer to note 5.

In F20 TWE received $0.5m in government support payments in Asia and the Americas, the majority of which has been donated to local causes. TWE has not received, nor filed an application for JobKeeper support in Australia.

Accounting policies

Employee benefits
Employee benefits include wages, salaries, annual leave, bonuses, non-monetary benefits and share based payment expenses. Further details of Group policy on measuring employee benefits are set out in note 16.

Superannuation
Employees are members of defined contribution superannuation schemes. Superannuation contributions are recognised as an expense when they are due and payable.

Property, plant and equipment income
Revenue from the sale of property, plant and equipment is recognised when an executed contract becomes unconditional.

Other income
Revenue is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Insurance income
Revenue is recognised when recovery is virtually certain.

NOTE 5 – MATERIAL ITEMS

The following individually material items are included within the consolidated statement of profit or loss and other comprehensive income.

	2020 $M	2019 $M
Individually material items included in profit before income tax:		
Restructuring and redundancy costs	**(30.6)**	–
(Write-down)/reversal of write-down of assets	**(6.0)**	–
Total material items (before tax)	**(36.6)**	–
Tax effect of material items	**10.4**	–
Total material items (after tax)	**(26.2)**	–

In F20, material items reflect the restructure and review of commercial operations and assets in the Americas and the costs pertaining to the long-term investment in Luxury winemaking infrastructure in South Australia. In F19, there were no material items.

Material items
Material items are defined as those items of income or expense which have been determined as being sufficiently significant by their size, nature or incidence and are disclosed separately to assist in understanding the Group's financial performance.

NOTE 6 – DIVIDENDS

	2020 $M	2019 $M
Dividends declared and paid on ordinary shares		
Final dividend for F19 of 20.0 cents per share 100% franked (F18: 17.0 cents per share – 100% franked)[2]	**143.8**	122.2
Interim dividend for F20 of 20.0 cents per share 100% franked (F19: 18.0 cents per share – 100% franked)[3]	**144.0**	129.1
	287.8	251.3
Dividends approved after balance date		
Since the end of the financial year, the Directors approved a final dividend of 8.0 cents per share (F19: 20.0 cents) 100% franked (F19: 100% franked). This dividend has not been recognised as a liability in the consolidated financial statements at year-end.	**57.7**	143.8

2. The F19 final dividend includes an amount of $3.7 million for shares issued under the Dividend Reinvestment Plan.
3. The F20 interim dividend includes an amount of $7.8 million (F19: $6.8 million) for shares issued under the Dividend Reinvestment Plan.

Details in relation to franking credits are included in note 23.

NOTE 7 – EARNINGS PER SHARE

	2020 CENTS PER SHARE	2019[1] CENTS PER SHARE
Basic EPS		
Basic EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**36.2**	56.9
Diluted EPS		
Diluted EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**36.2**	56.6

	NUMBER	NUMBER
Weighted average number of shares		
Weighted average number of ordinary shares on issue used in the calculation of basic EPS (in thousands)	**719,893**	718,419
Effect of potentially dilutive securities		
Deferred shares (in thousands)	**1,460**	3,516
Weighted average number of ordinary shares on issue used in the calculation of diluted EPS (in thousands)	**721,353**	721,935

Earnings reconciliation

Basic and diluted EPS	$M	$M
Net profit	**260.8**	408.5
Net profit attributable to non-controlling interests	–	–
Net profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted EPS	**260.8**	408.5

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 7 – EARNINGS PER SHARE (CONTINUED)

Calculation of earnings per share

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic EPS is calculated by dividing the net profit after income tax attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by dividing the profit attributable to ordinary shareholders after tax by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive potential ordinary shares in the employee Long-Term Incentive Plan and Restricted Equity Plan (see note 22).

NOTE 8 – NET CASH FLOWS FROM OPERATING ACTIVITIES

	2020 $M	2019[1] $M
Reconciliation of net cash flows from operating activities to profit after income tax		
Profit for the year	**260.8**	408.5
Depreciation and amortisation	**164.4**	161.9
SGARA loss	**41.3**	19.7
Write-down/(reversal of write-down) of assets	**16.0**	8.8
Net profit on disposal of non-current assets	**(42.4)**	(25.9)
Share based payments expense	**10.9**	18.9
Other	**(2.9)**	(3.6)
Net cash provided by operating activities before change in assets and liabilities	**448.1**	588.3
Change in working capital and tax balances, net of effects from acquisition/disposal of controlled entities		
Receivables	**69.7**	(70.3)
Inventories	**(38.0)**	(115.8)
Derivative financial assets/liabilities	**(0.4)**	(2.3)
Payables	**(42.6)**	5.6
Net tax balances	**(59.1)**	54.6
Provisions	**11.1**	1.8
Net cash flows from operating activities	**388.8**	461.9

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: WORKING CAPITAL

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 9 – WORKING CAPITAL

	2020 $M	2019[1] $M
Current		
Cash and cash equivalents	**449.1**	401.8
Receivables (a)	**553.5**	661.3
Inventories (b)	**1,017.4**	1,001.7
Trade and other payables	**(682.1)**	(718.6)
Total current	**1,337.9**	1,346.2
Non-current		
Inventories (b)	**1,059.2**	1,045.6
Total non-current	**1,059.2**	1,045.6

(a) Receivables

	2020 $M	2019 $M
Current		
Trade receivables	**478.2**	545.8
Allowance for expected credit loss	**(9.6)**	(2.6)
Other receivables	**45.2**	91.4
Prepayments	**39.7**	26.7
Total current receivables	**553.5**	661.3

(b) Inventories

	2020 $M	2019 $M
Current		
Raw materials and stores	**66.6**	60.7
Work in progress	**459.3**	415.8
Finished goods	**491.5**	525.2
Total current inventories	**1,017.4**	1,001.7
Non-current		
Work in progress	**744.1**	830.0
Finished goods	**315.1**	215.6
Total non-current inventories	**1,059.2**	1,045.6
Total inventories	**2,076.6**	2,047.3

Inventories of wine stocks are classified between current and non-current based on sales projections for the ensuing year. Inventories recognised as an expense during the year and included in cost of sales amounted to $1,511.7 million (F19: $1,571.8 million). In F20, the write-down of inventories to net realisable value amounted to $21.0 million (F19: $15.4 million). The reversal of write-downs amounted to $1.2 million (F19: $12.2 million). These amounts are included in cost of sales.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 9 – WORKING CAPITAL (CONTINUED)

Accounting policies

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, cash in transit, short-term deposits and investments with maturities of three months or less.

Cash assets and cash liabilities are offset and presented as a net amount in the consolidated statement of financial position when the Group has a legally enforceable right to offset or intent to settle on a net basis.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are disclosed net of outstanding bank overdrafts.

Receivables

Trade receivables are initially recognised at invoice value (fair value) and subsequently measured at amortised cost, less an allowance for expected credit losses.

Credit terms are generally between 30 – 120 days depending on the nature of the transaction. Expected credit losses are calculated by utilising a provision matrix where loss rates are calculated based on days past due for groupings of various customer segments that have similar loss patterns (for example geography, product type and rating). The provision matrix is initially determined by the Group's historical observed loss rates and calibrated for forward looking information. Loss rates will be updated at each reporting date based on changes in observed default rates and changes in forward looking information.

Inventories

Inventories are valued at the lower of their cost (using average or FIFO basis) or estimated net realisable value.

The cost of raw materials is their purchase price or, in the case of grapes sourced from Group owned vineyards, fair value (see note 12 for further details). The cost of manufactured goods is determined on a consistent basis and is made up of the raw materials and direct labour used in manufacture. It also includes other direct costs and related production overheads based on normal operating capacity.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs to be incurred in marketing, selling and distribution.

Trade and other payables

Trade and other payables including accruals are recorded when the Group is required to make future payments as a result of purchases of goods or services. Trade and other payables are carried at amortised cost.

Key estimates and judgements:

Trade discounts and volume rebates

Key estimates relate to the amount accrued for discounts and rebates. Products are often sold with trade discounts and volume rebates. Sales are recorded based on the price specified in the sales contracts or terms, net of the estimated discount or rebate at the time of sale. Accumulated experience is used to estimate and provide for the discounts and rebates based on anticipated purchases and depletions.

Net realisable value of inventory

The period over which some wine inventories are converted from raw materials to finished goods can be a significant length of time. Failure to forecast demand effectively may result in excess inventories or missed revenue opportunities.

Forecast demand and market prices can vary significantly over the holding period up to the likely date of sale. Estimating the most likely conditions at the expected point of sale is therefore more challenging over the longer term. Non-current inventory is $1,059.2 million (F19: $1,045.6 million) and its estimated selling price is therefore a key estimate.

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

	LAND		FREEHOLD BUILDINGS		LEASEHOLD BUILDINGS		PLANT AND EQUIPMENT		TOTAL	
	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019[1] $M	2020 $M	2019 $M	2020 $M	2019[1] $M
Cost	**381.6**	383.5	**509.9**	496.4	**44.4**	43.3	**1,803.9**	1,828.1	**2,739.8**	2,751.3
Projects in Progress	–	–	–	–	–	–	**128.2**	82.1	**128.2**	82.1
Accumulated depreciation and impairment	**(41.7)**	(41.6)	**(256.6)**	(246.0)	**(23.7)**	(21.0)	**(1,148.6)**	(1,154.9)	**(1,470.6)**	(1,463.5)
Carrying amount at end of year	**339.9**	341.9	**253.3**	250.4	**20.7**	22.3	**783.5**	755.3	**1,397.4**	1,369.9
Reconciliations										
Carrying amount at start of year	**341.9**	355.3	**250.4**	242.4	**22.3**	17.2	**755.3**	771.4	**1,369.9**	1,386.3
Additions	**3.3**	14.2	**7.0**	16.2	**0.7**	8.4	**108.8**	81.6	**119.8**	120.4
Business acquisition	**9.7**	–	**3.1**	–	–	–	**4.0**	–	**16.8**	–
(Transfer to)/from Assets held for sale	**(15.9)**	(14.0)	**(0.2)**	(5.4)	–	(0.3)	**(3.0)**	(17.5)	**(19.1)**	(37.2)
(Transfer to)/from other asset classes	**6.4**	–	–	–	–	–	**(6.4)**	–	–	–
Disposals	**(9.0)**	(23.5)	**(0.3)**	(0.8)	–	–	**(6.2)**	(27.5)	**(15.5)**	(51.8)
(Write-downs)/ write-downs reversal	**(0.1)**	–	**(1.4)**	–	–	–	**(4.5)**	0.3	**(6.0)**	0.3
Depreciation expense	–	–	**(8.7)**	(8.7)	**(2.6)**	(3.8)	**(70.4)**	(73.9)	**(81.7)**	(86.4)
Foreign currency translation	**3.6**	9.9	**3.4**	6.7	**0.3**	0.8	**5.9**	20.9	**13.2**	38.3
Carrying amount at end of year	**339.9**	341.9	**253.3**	250.4	**20.7**	22.3	**783.5**	755.3	**1,397.4**	1,369.9

Included within plant and equipment are ‘Projects in Progress’ of $128.2 million (F19: $82.1 million), which are assets under construction and therefore not yet depreciated. The cost of construction includes the cost of materials used in construction, direct labour on the project, and an allocation of overheads. The Group recognised $6.0 million write-downs (F19: $0.3 million write-down reversal) for property, plant and equipment during the year.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Accounting policies

Property, plant and equipment is initially recorded at cost and then reduced by accumulated depreciation and any impairment losses.

Plant and equipment is depreciated so that the assets are written down to their residual value over their useful lives, using a reducing balance or straight-line method depending on the nature of the asset. Assets that relate to leases are written-off over the period of the lease or useful life, whichever is the shorter. Residual values, useful lives and amortisation methods are reviewed annually and adjusted when required.

Depreciation expense is included in 'costs of sales', 'selling expenses' and 'administration expenses' in the consolidated statement of profit or loss and other comprehensive income.

The depreciation rates used for each class of asset are as follows:

Freehold buildings	1.5% – 10.0%
Leasehold buildings	10.0% – 20.0%
Plant and equipment	3.3% – 40.0%

Costs incurred in maintaining agricultural assets are recognised as an expense as incurred.

Derecognition and disposal

When an asset is sold, scrapped or is no longer of use to the business it is derecognised. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net proceeds and the carrying amount of the asset) is recorded in the period the asset is derecognised in the consolidated statement of profit or loss and other comprehensive income.

Vineyard resources

	2020 HECTARES	2019 HECTARES
Australia	**8,676**	8,651
United States	**3,213**	3,728
New Zealand	**498**	498
Italy	**193**	148
	12,580	13,025

The area under vine shown above:

- Includes 3,263 hectares (F19: 3,317 hectares) under direct leasing arrangements and 10 hectares (F19: 7 hectares) of olive groves in Tuscany, a region of Italy.
- Yielded 76,881 tonnes of grapes (F19: 94,292 tonnes).

Harvests generally occur in September – October in the Northern Hemisphere and February – May in the Southern Hemisphere.

NOTE 11 – RIGHT-OF-USE ASSETS

The Group has adopted AASB 16 *Leases* retrospectively from 1 July 2019 and has restated comparatives for the 2019 reporting period. For adjustments recognised on adoption of AASB 16 *Leases*, refer to note 32.

The Group has leases for vineyards, buildings, equipment and motor vehicles. The Group's lease arrangements have durations up to 25 years but may have extension options as described in (d) below.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment and oak barrels. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(a) Right-of-use assets

	LAND		LEASEHOLD BUILDINGS		PLANT AND EQUIPMENT		TOTAL	
	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M
Cost	**498.2**	482.3	**249.0**	236.1	**45.1**	41.3	**792.3**	759.7
Accumulated depreciation and impairment	**(173.9)**	(146.2)	**(75.8)**	(57.1)	**(25.6)**	(20.5)	**(275.3)**	(223.8)
Carrying amount at end of year	**324.3**	336.1	**173.2**	179.0	**19.5**	20.8	**517.0**	535.9
Reconciliations								
Carrying amount at start of year	**336.1**	315.0	**179.0**	121.1	**20.8**	19.9	**535.9**	456.0
Additions	**11.2**	31.4	**29.4**	76.7	**8.6**	9.7	**49.2**	117.8
Disposals	**–**	–	**(7.6)**	–	**–**	–	**(7.6)**	–
Depreciation and impairment expense	**(28.6)**	(23.0)	**(30.9)**	(23.9)	**(10.1)**	(9.2)	**(69.6)**	(56.1)
Foreign currency translation	**5.5**	12.7	**3.4**	5.1	**0.2**	0.4	**9.1**	18.2
Carrying amount at end of year	**324.2**	336.1	**173.3**	179.0	**19.5**	20.8	**517.0**	535.9

(b) Amounts recognised in the statement of profit or loss and other comprehensive income

	2020 $M	2019 $M
Expenses relating to variable lease payments not included in lease liabilities	**135.0**	188.3
Interest expense on lease liabilities	**39.7**	37.5
Expenses relating to low-value leases, excluding short-term leases of low-value items	**31.0**	18.9
Expenses relating to short-term leases	**0.2**	0.1

(c) Amounts recognised in statement of cash flows

	2020 $M	2019 $M
Total cash out flow for lease liabilities	**95.1**	85.1

(d) Extension options

Some property and vineyard leases contain extension options exercisable by the Group up to the end of the non-cancellable contract period. These options are used to provide operational flexibility across the Group. The extension options held are exercisable only by the Group and not the lessors. The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase lease liability of $811.0 million (F19: $796.9 million).

NOTE 11 – RIGHT-OF-USE ASSETS (CONTINUED)

(e) Variable lease payments

Certain contractual arrangements may contain both lease and non-lease components. Non-lease components are distinct elements of a contract that are not related to securing the use of the leased asset, such as inventory, common area maintenance, and other management costs. The Group has elected to measure the amount disclosed in relation to variable leases for these arrangements by combining the lease and non-lease components.

Certain leases include variable lease payments, including payments that depend on an index or rate, as well as variable payments for items such as grapes, labour, property taxes, insurance, maintenance, and other operating expenses associated with leased assets. Certain grape purchasing arrangements include variable payments based on actual tonnage and price of grapes that will vary depending on certain factors, including weather, time of harvest, overall market conditions, and the agricultural practices and location of the vineyard. Such variable lease payments are excluded from the calculation of the right-of-use asset and are recognised in the period in which the obligation is incurred.

Accounting policies

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16 *Leases*.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets as 'right-of-use assets' and lease liabilities in 'borrowings' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment and oak barrels. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTE 11 – RIGHT-OF-USE ASSETS (CONTINUED)

Key estimate and judgement:

Right-of-use assets

The Group has a applied judgement in determining the interest rates used in the discount rate and in determining the term of a lease, which is based on the likelihood of the Group's ability to renew the lease and having regard for terms equivalent to those that currently exit.

NOTE 12 – AGRICULTURAL ASSETS

	2020 $M	2019 $M
Agricultural assets	**34.1**	29.4
Total agricultural assets	**34.1**	29.4
Reconciliations		
Carrying amount at start of year	**29.4**	41.3
Fair value increase	**34.1**	29.4
Transfers to inventory	**(29.9)**	(41.9)
Foreign currency translation	**0.5**	0.6
Carrying amount at end of year	**34.1**	29.4

Grape growing and sourcing

The Group has a variety of sources of fruit including owned and leased vineyards, contracted growers and the bulk wine market.

This approach provides flexibility through the economic cycle and assists with managing the risks arising from agricultural factors beyond the Group's control such as pests, disease and extreme weather conditions.

The Group's owned vineyards ensure access to super premium fruit from key viticultural regions including the Barossa Valley and Coonawarra in Australia, Marlborough in New Zealand and the Napa and Sonoma Valleys in California. These vineyards contribute to some of the Group's most prestigious wines.

Accounting policies

The agricultural assets of the Group (i.e. grapes) are measured at their fair value, less estimated point of sale costs.

The fair value adjustment during the year is recognised within 'Other expenses' in the consolidated statement of profit or loss and other comprehensive income.

Harvested grapes are transferred to inventory initially at fair value and are then subsequently accounted for in the cost of inventory (see note 9).

Fair value determination

The valuations of agricultural assets are Level 2 fair value measurements under the Group's accounting policy (see note 1), with the principal inputs being:

Grapes prior to harvest

Estimated based on the expected yields per hectare, estimated harvest costs and the anticipated market price of grapes.

Harvested grapes

Determined by reference to the weighted district average of grape prices for each region for the current vintage. Prices vary with the grade quality of grapes produced in each region.

Key estimate and judgement:

Fair value of grapes

Key to estimating the value of grapes is the following:

- Yield estimates were higher/(lower);
- The estimated harvest costs were lower/(higher);
- Market prices for grapes were higher/(lower); or
- The quality of grapes, including the impacts on harvested grapes of weather, agricultural practices and location of the vineyard were higher/(lower).

NOTE 13 – INTANGIBLE ASSETS

	BRAND NAMES AND LICENCES		IT DEVELOPMENT COSTS		GOODWILL[1]		TOTAL	
	2020 $M	**2019 $M**	**2020 $M**	**2019 $M**	**2020 $M**	**2019 $M**	**2020 $M**	**2019 $M**
Cost	**1,462.1**	1,446.3	**119.3**	94.2	**903.8**	899.8	**2,485.2**	2,440.3
Projects in progress at cost	**–**	–	**49.4**	44.3	**–**	–	**49.4**	44.3
Accumulated amortisation and impairment	**(509.7)**	(499.2)	**(72.8)**	(55.8)	**(620.5)**	(620.7)	**(1,203.0)**	(1,175.7)
Carrying amount at end of year	**952.4**	947.1	**95.9**	82.7	**283.3**	279.1	**1,331.6**	1,308.9
Reconciliations								
Carrying amount at start of year	**947.1**	937.8	**82.7**	62.0	**279.1**	274.2	**1,308.9**	1,274.0
Additions	**–**	–	**29.9**	32.0	**–**	–	**29.9**	32.0
Business acquisitions	**–**	–	**–**	–	**3.8**	–	**3.8**	–
(Transfers to)/from assets held for sale	**–**	(11.7)	**–**	–	**–**	–	**–**	(11.7)
Amortisation expense	**(3.5)**	(1.8)	**(17.2)**	(12.0)	**–**	–	**(20.7)**	(13.8)
Foreign currency translation	**8.8**	22.8	**0.5**	0.7	**0.4**	4.9	**9.7**	28.4
Carrying amount at end of year	**952.4**	947.1	**95.9**	82.7	**283.3**	279.1	**1,331.6**	1,308.9

Goodwill is allocated to the Cash Generating Units (CGUs) or group of CGUs (see note 15 for further details) that are expected to benefit from the synergies of the combination. The allocation of intangible assets (other than IT development costs) is as follows:

	ANZ		AMERICAS		EUROPE		TOTAL	
	2020 $M	**2019 $M**	**2020 $M**	**2019 $M**	**2020 $M**	**2019 $M**	**2020 $M**	**2019 $M**
Goodwill[1]								
Carrying amount at start of year	**181.5**	180.0	**76.9**	73.7	**20.7**	20.5	**279.1**	274.2
Business acquisitions	**–**	–	**–**	–	**3.8**	–	**3.8**	–
Foreign currency translation	**(0.9)**	1.5	**1.2**	3.2	**0.1**	0.2	**0.4**	4.9
Carrying amount at end of year	**180.6**	181.5	**78.1**	76.9	**24.6**	20.7	**283.3**	279.1
Brand names and licences								
Carrying amount at start of year	**480.8**	481.4	**462.9**	453.2	**3.4**	3.2	**947.1**	937.8
Additions	**–**	–	**–**	–	**–**	–	**–**	–
Amortisation expense	**(1.5)**	(0.8)	**(2.0)**	(1.0)	**–**	–	**(3.5)**	(1.8)
(Transfers to)/from assets held for sale	**–**	–	**–**	(11.7)	**–**	–	**–**	(11.7)
Foreign currency translation	**(0.1)**	0.2	**8.9**	22.4	**–**	0.2	**8.8**	22.8
Carrying amount at end of year	**479.2**	480.8	**469.8**	462.9	**3.4**	3.4	**952.4**	947.1

Key estimate and judgement:

Useful life of brand names

In assessing whether a brand has a finite or indefinite useful life, the Group makes use of information on the long-term strategy for the brand, the level of growth or decline of the markets that the brand operates in, the history of the market and the brand's position within that market.

If a brand is assessed to have a finite life, the Group will use judgement in determining the useful life of the brand including the period over which expected cash flows will continue to be derived in making that decision.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 13 – INTANGIBLE ASSETS (CONTINUED)

Accounting policies

Brand names and licences

Brand names are recognised as assets when purchased individually and (primarily) as part of the allocation of the purchase price when the Group acquires other businesses. Internally generated brand names are not capitalised and expenditure incurred in developing, maintaining or enhancing brand names is charged to profit or loss in the year incurred.

Brand names are initially recognised at cost when purchased individually and at fair value when acquired with a business. This fair value is determined by reference to independent valuations.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill

Goodwill arises on the acquisition of businesses and represents the difference between the purchase price and share of the net assets of the acquired business, recorded at fair value.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested for impairment at least annually (see note 15).

IT development and software

Costs incurred in developing information technology (IT) products or systems and costs incurred in acquiring software and multi-year licenses are capitalised as intangible IT assets. They include the cost of purchased software and internal labour and contractors used in the development of software.

IT assets are carried at cost less any accumulated amortisation and are amortised over their expected useful life (2-10 years) on a straight-line basis. Amortisation is included in 'Other expenses' in the consolidated statement of profit or loss and other comprehensive income.

NOTE 14 – ASSETS AND DISPOSAL GROUPS HELD FOR SALE

	2020 $M	2019 $M
Assets and disposal groups held for sale	**74.3**	78.3
Total assets and disposal groups classified as held for sale	**74.3**	78.3

Assets held for sale comprise property, plant and equipment and related deferred tax assets and liabilities identified by the Group to be recovered through sale.

Management are committed to a plan to sell a vineyard and a wine making facility, including its related property, plant and equipment, inventory and intangible assets within America. Accordingly, that vineyard and facility has been presented as a disposal group held for sale.

Impairment losses relating to the disposal group

Impairment losses of Nil million (F19: $6.3 million) for the write down of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in 'other expenses' in the consolidated statement of profit or loss and other comprehensive income. Refer to note 4 for other earnings disclosures.

Accounting policies

Non-current assets are classified as held for sale if their value will be recovered principally through their sale, rather than through ongoing use within the business.

Assets are not depreciated or amortised while they are classified as held for sale. They are valued at the lower of their carrying amount and fair value less costs to sell with an impairment loss recognised for any difference. A gain is recognised for any subsequent increase in value, but not in excess of any cumulative impairment loss previously recognised. Any gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at that point. The fair values of the assets based on independent market appraisals exceed the assets' carrying values.

NOTE 15 – IMPAIRMENT OF NON-FINANCIAL ASSETS

In F20 the recoverable amounts of cash generating units (CGUs) exceed their carrying values and as a result no impairment has been recognised (F19: Nil). There were no indications that previously recognised impairment losses should be reversed (F19: Nil). The recoverable amount was determined through a value in use calculation.

The Group's CGUs are consistent with the prior period and are:

- Americas;
- Europe; and
- Australia and New Zealand (ANZ).

Accounting policies

Timing of Impairment Testing

The Group tests property, plant and equipment and intangible assets for impairment:

- At least annually for goodwill and indefinite life brands; and
- Where there are indications that an asset may be impaired; or
- Where there is an indication that previously recognised impairments may have changed.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income.

Approach to Impairment Testing

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the CGU to which it belongs.

When an asset's (or CGU's) carrying value exceeds its recoverable amount, it is impaired. Recoverable amount is the higher of the asset's (or CGU's) fair value less costs of disposal or value in use.

Fair value is determined in accordance with the accounting policy set out in note 1.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Reversals of Impairment

If there is an indicator that a previously recognised impairment loss no longer exists or has decreased, recoverable amount is estimated. If there has been a change in the estimates used to determine an asset's recoverable amount since an impairment loss was recognised, the carrying value of the asset is increased to its recoverable amount (limited to the amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years).

Any reversal is recognised in the consolidated statement of profit or loss and other comprehensive income with an adjustment to depreciation in future periods to allocate the asset's revised carrying value, less any residual value, on a systematic basis over its remaining useful life. The Group does not reverse impairments recognised for goodwill.

NOTE 15 – IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

Key estimate and judgement:

Impairment testing key assumptions
The Group has estimated recoverable amount based on value in use at 30 June 2020. Key estimates and judgements include:

Cash flow forecasts
Cash flow forecasts are based on the Group's most recent five-year financial plans approved by the Board. Key assumptions in the cash flow forecasts include sales volume growth, cost of sales and cost of doing business.

The Group's assumptions regarding sales volume growth and costs of doing business are based on expectations of the market demand and past experience. The assumption on cost of sales is based on expectation about future vintage costs which assume continuity of sourcing and access to fruit.

These estimates, judgements and assumptions are based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2020 about future events that the Directors believe are reasonable in the circumstances.

Long-term growth rates
Cash flow forecasts beyond a five-year period are extrapolated using a growth rate range of 2.0% to 3.0% (F19: 2.0% to 3.0%). Growth rates are specific to individual CGUs and reflect expected future market and economic conditions.

Discount rates
The Group applies a post-tax discount rate to post-tax cash flows as the valuation calculated using this method closely approximates applying pre-tax discount rates to pre-tax cash flows. The post-tax discount rates incorporate a risk-adjustment relative to the risks associated with the net post-tax cash flows being achieved. The following pre-tax discount rates were applied:

	2020	2019
Americas	**9.4%**	10.0%
Europe	**9.5%**	9.6%
ANZ	**11.0%**	11.8%

Exchange rates
Cash flow forecasts in foreign currency are forecast in that currency and discounted using the applicable regional discount rates (predominantly USD and GBP).

Sensitivity analysis
Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amount to fall below carrying values.

For the Americas CGU, a reduction in cash flow forecasts of more than 20% for all years in the forecast period and also in the terminal year would reduce the CGU's headroom to nil. There are no reasonably possible changes in the discount rate that would result in an impairment.

For the Group's remaining CGUs, based on current economic conditions and CGU performances, there are no reasonably possible changes to key assumptions used in the determination of CGU recoverable amounts that would result in an impairment to the Group.

NOTE 16 – PROVISIONS

	2020 $M	2019[1] $M
Current		
Employee entitlements	**42.7**	36.1
Other	**11.2**	7.5
Total current provisions	**53.9**	43.6

Other provisions

	ONEROUS CONTRACTS $M	RESTRUCTURING $M	OTHER $M	TOTAL $M
2020				
Carrying amount at start of year	**1.4**	**5.3**	**0.8**	**7.5**
Charged/(credited) to profit or loss	**3.6**	**14.7**	**(0.2)**	**18.1**
Payments	**(1.5)**	**(12.9)**	–	**(14.4)**
Foreign currency translation	**0.1**	**(0.1)**	–	–
Carrying amount at end of year	**3.6**	**7.0**	**0.6**	**11.2**

Onerous contract provisions are held for IT infrastructure and service contracts that have been identified as being surplus to the Group's needs. The restructuring provision comprises costs in relation to the Group's rationalisation and restructure program.

Accounting policies

Provisions are recognised for present obligations (legal, equitable or constructive) to make future payments (or other transfer of value) to other entities due to past transactions or events. They are recognised only when it is probable the liability will arise and when a reliable estimate can be made of the amount.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate plus, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee entitlements

Liabilities for employees' entitlements to wages and salaries, annual leave and other current employee entitlements (that are expected to be paid within 12 months) are measured at amounts expected to be paid as at the reporting date.

Liabilities for other employee entitlements, which are not expected to be paid or settled within 12 months of reporting date, are accrued in respect of all employees at the present value of future amounts expected to be paid.

Restructuring

Restructuring provisions are recognised at the point when a detailed plan for the restructure has been developed and implementation has commenced. The cost of restructuring provided is the estimated future cash flows, discounted at the appropriate rate which reflects the risks of the cash flow.

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of a current employee according to a detailed formal plan without possibility of withdrawal or upon the provision of an offer to encourage voluntary redundancy.

Onerous contracts

Onerous contracts are measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract (discounted to present value if material).

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CAPITAL STRUCTURE

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17 – CAPITAL MANAGEMENT

The Group considers capital to be the combination of shareholders' equity, reserves and net debt. The key objectives of the Group's approach to capital management include:

- Safeguard the Company's ability to continue as a going concern;
- Maintaining a credit profile and the requisite financial metrics that secures access to funding with a spread of maturity dates and sufficient undrawn committed facility capacity;
- Optimising over the long term, and to the extent practicable, the weighted average cost of capital to reduce the Group's cost of capital while maintaining financial flexibility; and
- To provide returns to shareholders and benefits to other stakeholders.

In order to optimise the Group's capital structure and in line with the Group's strategic objectives and operating plans, the Company may:

- Alter the amount of dividends paid to shareholders;
- Return capital to shareholders;
- Issue new shares;
- Vary discretionary capital expenditure;
- Draw-down additional debt; or
- Sell assets to reduce debt.

Various financial ratios and internal targets are assessed and reported to the Board on a regular basis by management to monitor and support the key objectives set out above. These ratios and targets include:

- An earnings to net interest expense ratio;
- A total net indebtedness to earnings before interest, tax, depreciation, amortisation and self-generating and regenerating assets ratio; and
- Group debt maturity profile.

NOTE 18 – BORROWINGS

	2020 $M	2019[1] $M
Total borrowings consist of:		
Current	**223.3**	67.3
Non-current	**1,702.3**	1,727.3
Total borrowings	**1,925.6**	1,794.6

Details of major arrangements

US Private Placement Notes and Debt Facilities

US Private Placement (USPP) notes totalling US$400.0 million (unsecured) are outstanding, with maturities ranging from December 2020 to June 2029. The carrying value of USPP notes at 30 June 2020 is $581.9 million (F19: $571.0 million).

During F20 the Group established a US$200.0 million syndicated debt facility maturing in October 2021. Syndicated debt facilities now total US$550.0 million, with US$200.0 million maturing in October 2021, US$120.0 million maturing November 2023 and US$230.0 million maturing in November 2026. At 30 June 2020 syndicated debt facilities of US$350.0 million are drawn against the November 2023 and 2026 maturities. The carrying value of the syndicated debt facility at 30 June 2020 is $509.2 million (F19: $499.6 million).

The Group has in place several revolving bank debt facilities with maturities staggered through to December 2024. As at 30 June 2020 there are $100.0 million drawn under the bank debt facilities (F19: nil).

USPP notes bear interest at fixed and floating interest rates. In accordance with the Group's risk management strategy, the Group has entered into a combination of fixed to floating and floating to fixed interest rate swaps to obtain the desired fixed/floating interest ratio, with interest rate collars also used to manage interest rate risk. Refer to note 24 for further details.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 18 – BORROWINGS (CONTINUED)

Financial guarantees

The Group has issued financial guarantees to other persons of $23.4 million (F19: $23.0 million) that could be called upon at any time in the event of a breach of the Group's financial obligations. No payments are expected to eventuate under these financial guarantees as the Group expects to meet its respective obligations to the beneficiaries of these guarantees.

Lease liabilities

The Group enters into Lease arrangements that meet the capitalisation requirements under AASB 16 *Leases*. Current and non-current lease liabilities are recognised for the present value of the lease payments due under the lease contracts and are represented as borrowings.

At 30 June 2020, the Group recognised current lease liabilities of $56.1 million (30 June 2019: $55.2 million) and non-current lease liabilities of $642.5 million (30 June 2019: $649.4 million). The Group's lease arrangements have durations up to 25 years.

Receivables purchasing agreement

The Group has entered into an uncommitted non-recourse receivable purchasing agreement to sell certain domestic and international receivables, from time to time, to an unrelated entity in exchange for cash. As at 30 June 2020, receivables totalling $26.8 million had been derecognised under this arrangement (F19: $26.2 million).

Accounting policies

Borrowings are initially recorded at fair value of the consideration received, net of directly attributable costs.

After initial recognition, borrowings are measured at amortised cost, using the effective interest rate method. Amortised cost is calculated by considering any issue costs, and any discount or premium on issuance. Gains and losses are recognised in the statement of profit or loss and other comprehensive income if borrowings are derecognised.

ALL BALANCES TRANSLATED TO AUD	2019[1] $M	TOTAL CASH FLOWS FROM ACTIVITIES $M	ADDITIONS TO NET DEBT $M	DEBT REVALUATION AND FX MOVEMENTS $M	2020 $M
Net debt					
Cash and cash equivalents	401.8	47.8	–	(0.5)	**449.1**
Loan receivable	0.7	(0.1)	–	–	**0.6**
Bank loans[2]	(492.7)	(101.2)	(4.9)	(3.8)	**(602.6)**
US Private Placement Notes (net of fair value hedge)	(571.0)	–	–	(10.9)	**(581.9)**
Lease liabilities	(704.6)	59.1	(41.3)	(11.8)	**(698.6)**
Other loan payable	(14.2)	13.4	–	–	**(0.8)**
Net debt	**(1,380.0)**	**19.0**	**(46.2)**	**(27.0)**	**(1,434.2)**

2. Loans are stated net of capitalised facility finance costs. At reporting date, the balance of bank loans is $609.2 million (F19: $499.6 million) against capitalised facility finance costs of $6.6 million (F19: $6.9 million) to be amortised over the facility period.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 19 – CONTRIBUTED EQUITY

	2020 $M	2019 $M
Issued and paid-up capital		
720,800,351 (F19: 719,100,485) ordinary shares, fully paid	**3,269.8**	3,247.3
Own shares held	–	(3.5)
	3,269.8	3,243.8
Contributed equity at the beginning of the period	**3,243.8**	3,235.4
Shares movements:		
1,055,717 shares issued under the Dividend reinvestment plan (F19: 436,939)	**11.5**	6.8
644,149 shares issued for vested Long Term Incentive Plans (F19: Nil)	**11.0**	–
Net movement in own shares held	**3.5**	1.6
Contributed equity at the end of the period	**3,269.8**	3,243.8

The shares have no par value.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

Purchase of shares for LTIP plans

The Group engages a third party to purchase shares in the Company to be used to satisfy share-based payment obligations upon vesting under the Group's Employee Equity Plans. Historically, such commitments were satisfied by way of treasury share purchases (i.e. the Group acquiring shares on market directly). There are no treasury shares held at 30 June 2020.

During the period, the Group purchased 0.3 million shares ($4.9 million) under the third-party arrangement (F19: 0.9 million shares ($16.6 million)). A total of 0.2 million shares (F19: 0.9 million) purchased under the third-party arrangement are available at 30 June 2020. Nil treasury shares (F19: 0.3 million) are available at 30 June 2020.

NOTE 20 – COMMITMENTS

Details of the Group's lease commitments are captured in Lease Liabilities disclosure within Borrowings (note 18) and the impact of short-term and low value leases is captured in note 11.

	2020 $M	2019 $M
Capital expenditure and other commitments		
The following expenditure has been contracted but not provided for in the financial statements:		
Capital expenditure	**45.5**	49.2

NOTE 21 – RESERVES

	2020 $M	2019 $M
Cash flow hedge reserve	**(20.0)**	(8.4)
Share based payments reserve	**(54.6)**	(34.6)
Foreign currency translation reserve	**86.6**	72.1
Total reserves	**12.0**	29.1

Cash flow hedge reserve
This reserve records the effective portion of gains or losses from open cash flow hedges.

Share based payment reserve
This reserve records amounts offered to employees under Long-term Incentive Plan (LTIP), Restricted Equity Plan (REP), deferred Short-term Incentive Plan (STIP) and Share Cellar plan.

Foreign currency translation reserve
This reserve holds exchange differences arising on translation of foreign subsidiaries, as described in note 1.

NOTE 22 – EMPLOYEE EQUITY PLANS

	STIP (RESTRICTED SHARES)	MTIP (PERFORMANCE RIGHTS)	LTIP (PERFORMANCE RIGHTS)	REP (RESTRICTED SHARES/ DEFERRED SHARE RIGHTS)	SHARE CELLAR (BROAD-BASED EMPLOYEE SHARE PLAN)
Outstanding at the beginning of the year	**197,319**	**211,460**	**1,938,097**	**226,295**	**101,664**
Granted during the year	131,720	289,264	763,823	32,777	198,259
Exercised during the year	(136,452)	(52,926)	–	(64,605)	(74,166)
Forfeited during the year	–	(138,446)	(1,580,696)	(67,971)	(17,188)
Outstanding at the end of the year	**192,587**	**309,352**	**1,121,224**	**126,496**	**208,569**
Exercisable at the end of the year	–	–	–	–	–

The Group operates equity plans as outlined below:

STIP Restricted Equity
One-third of earned STIP is delivered in the form of deferred equity (Restricted Shares). The key terms of this award are:

- Subject to a mandatory restriction period and continued employment. Half of the award is restricted for one year and the remaining half for two years from grant date;
- Holders of Restricted Shares are entitled to dividends and to exercise their voting rights during the restriction;
- Will generally be forfeited if the executive is dismissed for cause or resigns. Clawback mechanisms apply.

LTIP
Under the LTIP certain employees receive Performance Rights which entitle participants to receive the Company's shares at no cost subject to the achievement of performance conditions and continued employment. No dividends are payable to participants prior to vesting. The performance conditions are:

- Relative Total Shareholder Return (TSR)
- Return on Capital Employed (ROCE) growth
- Will generally be forfeited if the executive is dismissed for cause or resigns. Clawback mechanisms apply.

For the F18 award, Performance Rights are subject to dual performance measures with equal weighting of TSR and ROCE over a performance period of three years. The F19 and F20 awards were issued over the same performance period but with a weighting of 25% for TSR and 75% for ROCE. The TSR and ROCE measures for the F18 plan were not met in F20 resulting in Nil vesting.

NOTE 22 – EMPLOYEE EQUITY PLANS (CONTINUED)

Mid-term Incentive Plan (MTIP)

The Group awarded an MTIP grant in F19 and F20. Under the MTIP certain employees receive Performance Rights which entitle the participant to receive shares at no cost subject to the achievement of performance conditions and continuing employment. The F19 and F20 plans have two equal vesting conditions: time-based (50%) and ROCE growth (50%). For the time-based conditions half vest in 1-year (25%) and half in 2-years (25%). The ROCE measure for the F19 MTIP Plan was not met in F20 resulting in Nil vesting.

Restricted Equity Plan (REP)

Under the REP certain employees receive a grant of restricted equity awards in the form of Restricted Shares. If Restricted Shares cannot be awarded (e.g. due to country specific regulation) Deferred Share Rights are granted. The award is at no cost to the employee and is subject to a restriction period. Restricted equity awards require continued employment with the Group through the restriction period. Other terms are similar to the STIP terms above.

Restricted equity awards may be granted to compensate employees for foregoing equity compensation in their previous organisation as a sign-on award and/or as a retention incentive.

Share Cellar (broad-based Employee Share Plan)

Share Cellar is the Group's broad-based Employee Share Plan and plan participation is offered annually. The plan was first launched early in 2015. Participation is voluntary and employees in select countries are eligible to join the Plan. Share Cellar operates as a matching plan whereby employees contribute funds to the Plan from their after-tax pay and shares are acquired by the Group on their behalf. In the plans operating from 2015 to 2018, for every two purchased shares that a participant holds at the vesting date (approximately two years) the Group delivers one matched share, subject to continued employment. For employees enrolling in the 2019 and 2020 plan, the Group will deliver one matched share for every purchased share held at the plan vesting date, subject to continued employment.

Participants are entitled to dividends and to exercise voting rights attached to the shares purchased under the plan, and matched shares once they have been allocated.

Accounting policies

Employee equity plans are accounted for as share based payments, whereby employees render services in exchange for the awards. The fair value of the shares and performance rights that are expected to vest is progressively recognised as an employee benefits expense over the relevant vesting period with a corresponding increase in equity.

The fair value of shares granted is determined by reference to observed market values. The fair value of the TSR component of performance rights is independently determined at grant date by an external valuer using a Monte-Carlo simulation. For the non-market components (ROCE), the fair value is independently determined based on the share price less the present value of dividends.

Non-market performance conditions do not impact the value of shares and performance rights, but rather the estimate of the number of shares to vest.

At each reporting date the Company revises the estimate of the number of shares and the non-market component of performance rights that are expected to vest, and the employee benefits expense recognised each period incorporates this change in estimate.

An expense is recognised for the TSR component of performance rights whether or not the TSR hurdle is met. No expense is recognised if these rights do not vest due to cessation of employment. No expense is recognised for shares and non-market components of performance rights that do not ultimately vest.

NOTE 22 – EMPLOYEE EQUITY PLANS (CONTINUED)

Active share-based payment plans:

Long-term Incentive Plans

The below table outlines the F20 and F19 LTIP plans which have a vesting date post 30 June 2020:

GRANT DATE	F20 PLAN 11-NOV-19	F19 PLAN 12-NOV-18
Grant date share price	$18.14	$15.56
Expected share price volatility (%)	29.0	28.0
Expected dividend yield (%)	2.4	1.9
Risk-free interest rate (%)	0.87	2.1
Fair value estimate at grant date – TSR	$11.77	$7.24
Fair value estimate at grant date – ROCE	$17.03	$14.80

Mid-term Incentive Plans

The below table outlines the F20 and F19 MTIP plans which have a vesting date post 30 June 2020:

GRANT DATE	F20 PLAN 11-NOV-19	F19 PLAN 12-NOV-18
Grant date share price	$18.14	$15.56
Expected dividend yield (%)	2.4	1.9
Fair value estimate at grant date – ROCE	$17.44	$15.09
Fair value estimate time-based – Vesting F20: 2020 (F19: 2019)	$17.79	$15.32
Fair value estimate time-based – Vesting F20: 2021 (F19: 2020)	$17.37	$15.04

Restricted Equity Plans

GRANT DATE	GRANT DATE SHARE PRICE
F17	
5-Dec-16	$10.42
F18	
13-Nov-17	$15.82
1-Mar-18	$17.32
F19	
12-Nov-18	$15.56
F20	
11-Nov-19	$18.14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: TAXATION

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 23 – INCOME TAX

	2020 $M	2019[1] $M
The major components of income tax expense are:		
Statement of profit or loss		
Current income tax expense	**99.3**	156.8
Deferred income tax expense	**9.6**	10.3
Total tax expense	**108.9**	167.1
Deferred income tax expense included in the income tax expense comprises:		
Decrease in deferred tax assets	**11.2**	9.3
(Decrease)/increase in deferred tax liabilities	**(1.6)**	1.0
Deferred income tax	**9.6**	10.3

Tax reconciliation

The amount of income tax expense as shown in the consolidated statement of profit or loss and other comprehensive income differs from the prima facie income tax expense attributable to earnings. The differences are reconciled as follows:

	2020 $M	2019[1] $M
Profit before tax excluding material items	**406.3**	575.6
Material items before tax	**(36.6)**	–
Profit before tax	**369.7**	575.6
Prima facie income tax expense attributable to profit from operations calculated at the rate of 30% (F19: 30%)	**110.9**	172.7
Tax effect of:		
Non-taxable income and profits, net of non-deductible expenditure	**2.9**	2.5
Other deductible items	**(5.8)**	(3.4)
Tax losses recognised	–	(2.3)
Change in tax rate	**(0.7)**	0.6
Foreign tax rate differential	**(5.3)**	(6.1)
Other	**5.7**	2.7
Under/(over) provisions in previous years	**1.2**	0.4
Total tax expense	**108.9**	167.1
Income tax expense on operations	**119.3**	167.1
Income tax benefit attributable to material items	**(10.4)**	–
Income tax expense	**108.9**	167.1

Deferred income tax relates to the following:

	2020 $M	2019[1] $M
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Inventory	**15.1**	35.0
Property, plant and equipment (including vines)	**3.6**	0.6
Right-of-use assets and lease liabilities	**42.3**	38.7
Accruals	**17.6**	5.8
Provisions	**18.3**	19.6
Deferred interest	**4.5**	2.5
Foreign exchange	**8.8**	5.2
Tax losses	**61.6**	71.0
Other	**11.7**	8.6
Total deferred tax assets	**183.5**	187.0

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 23 – INCOME TAX (CONTINUED)

	2020 $M	2019[1] $M
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Inventory	**14.4**	16.2
Property, plant and equipment (including vines)	**74.9**	78.6
Intangibles	**241.3**	238.8
Other	**3.6**	1.1
Total deferred tax liabilities	**334.2**	334.7

Movements in deferred income tax relate to the following:

	2020 $M	2019[1] $M
Movement in deferred tax assets:		
Opening balance	**187.0**	183.1
(Charged) to profit or loss	**(11.2)**	(9.3)
Recognised directly in Equity	**4.7**	3.0
Foreign currency translation	**2.6**	7.6
Reclassification	**0.4**	0.6
Other	–	2.0
Closing balance	**183.5**	187.0
Movement in deferred tax liabilities:		
Opening balance	**334.7**	330.6
(Credited)/charged to profit or loss	**(1.6)**	1.0
Recognised directly in Equity	**0.8**	(1.4)
Business acquisitions	**1.2**	–
Transfer (to)/from Assets Held for Sale	**(4.4)**	(5.3)
Foreign currency translation	**3.1**	9.2
Reclassification	**0.4**	0.6
Closing balance	**334.2**	334.7

Amounts recognised directly in equity

	2020 $M	2019[1] $M
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly credited to equity	**3.9**	4.4

Unrecognised tax assets

There are potential future income tax benefits relating to accumulated losses in non-Australian group companies, which have not been brought to account. These possible benefits amount to $38.1 million (F19: $38.5 million).

The Group has carry forward capital tax losses in Australia and the UK respectively. These losses may be used to offset any future capital gains derived by activities in these countries. The Group will assess the conditions for deductibility imposed by the tax laws of Australia and the UK prior to any utilisation of the capital losses.

Ongoing tax audits

The Group is subject to ongoing tax audits by taxation authorities in several jurisdictions covering a variety of taxes. The Group fully cooperates with these enquiries as and when they arise.

Franking credits

The Australian Tax Consolidation Group has $86.7 million (F19: $58.7 million) of franking credits available for subsequent reporting periods.

Key estimate and judgement:

Taxation

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 23 – INCOME TAX (CONTINUED)

Accounting policies

Current taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, taxation authorities at the tax rates and tax laws enacted or substantively enacted by the reporting date.

Deferred taxes

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that they will be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it will become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences at balance sheet date between accounting carrying amounts and the tax bases of assets and liabilities, other than for:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or on the recognition of goodwill.
- Foreign taxes which may arise in the event of retained profits of foreign controlled entities being remitted to Australia as there is no present intention to make any such remittances.

Deferred tax assets and deferred tax liabilities associated with indefinite life intangibles such as brand names are measured based on the tax consequences that would follow from the use and sale of that asset.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Offsetting deferred tax balances

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: RISK

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 24 – FINANCIAL RISK MANAGEMENT

Financial risk management framework

The Group's financial risk management policies ('Group Treasury Policies') cover risk tolerance, internal controls (including segregation of duties), delegated authority levels, management of foreign currency, interest rate and counterparty credit exposures, and the reporting of exposures. These policies are reviewed at least annually and approved by the Board of Directors.

The centralised Group Treasury function has been delegated operational responsibility for the identification and management of financial risks.

The Group holds financial instruments from financing (principally borrowings), transactions (trade receivables and payables) and risk management (derivatives) which result in exposure to the following financial risks, covered by the Group Treasury Policies:

- Liquidity risk;
- Interest rate risk;
- Foreign exchange risk; and
- Counterparty credit risk.

The following table outlines how these risks impact Group financial assets and liabilities:

	NOTE	LIQUIDITY RISK (A)	INTEREST RATE RISK (B)	FOREIGN EXCHANGE RISK (C)	CREDIT RISK (D)
Net borrowings	18	×	×	×	×
Receivables	9		×	×	×
Other financial assets	9			×	×
Payables	9	×		×	
Derivative financial assets and liabilities	25, 32		×	×	×

(a) Liquidity risk

Nature of the risk

The Group is exposed to liquidity risk primarily from its core operating activities. The Group's focus is to ensure it is able to meet financial obligations as and when they fall due.

Risk management

The Group ensures the maintenance, at all times, of an appropriate minimum level of liquidity, comprising committed, unutilised debt facilities and cash resources. To facilitate this, the Group monitors forecast and actual cash flows, performs sensitivity analysis as well as monitoring the availability and cost of debt and equity funding.

The Group's objective is to balance continuity of funding and flexibility by maintaining an appropriately structured debt maturity profile with a mix of bank and capital (bond) market debt, whilst also monitoring compliance with the Group's key financial covenants and undertakings.

At reporting date, the standby arrangements and unused credit facilities are as follows:

	2020 $M	2019 $M
Committed facilities		
Available facilities	**2,111.3**	1,887.1
Amounts utilised	**(1,191.1)**	(1,066.0)
Amount unutilised	**920.2**	821.1

The Group is in compliance with all undertakings under its various financing arrangements.

COVID-19 considerations

In F20 a number of additional measures were implemented to monitor the potential impact of COVID-19 to cash flows and liquidity. These included:

- Bi-monthly reporting to a sub-committee of the Board of cash flow and trading outlooks, including sensitivity analysis to consider the potential impacts of significant downside scenarios.
- Reductions in discretionary spending, including reduced travel and consulting spend, and reductions to non-essential capital expenditure.
- The Group established a US$200.0 million syndicated debt facility maturing in October 2021. This facility was undrawn at 30 June 2020.

NOTE 24 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Liquidity risk (continued)

Level of exposure at balance date

The following tables analyse the maturities of the Group's contractual undiscounted cash flows arising from its material financial liabilities, net and gross settled derivative financial instruments.

	MATURING IN:						
	6 MONTHS OR LESS $M	6 MONTHS TO 1 YEAR $M	1 TO 2 YEARS $M	2 TO 5 YEARS $M	OVER 5 YEARS $M	CONTRACTUAL TOTAL $M	CARRYING AMOUNT $M
2020							
Non-derivative financial liabilities							
Bank loans[2]	**105.5**	**4.3**	**8.4**	**197.6**	**353.7**	**669.5**	**602.6**
Lease liabilities	**47.0**	**45.5**	**88.8**	**249.6**	**512.7**	**943.6**	**698.6**
Other loans	**0.2**	–	**0.6**	–	–	**0.8**	**0.8**
US Private Placement Notes	**119.9**	**9.7**	**19.5**	**228.3**	**314.6**	**692.0**	**581.9**
Trade Payables	**300.4**	–	–	–	–	**300.4**	**300.4**
Other Payables	**381.7**	–	–	–	–	**381.7**	**381.7**
Derivative financial liabilities							
Foreign exchange contracts	**0.3**	**0.8**	**0.8**	**0.2**	–	**2.1**	**2.1**
Interest rate and cross currency swaps	**7.1**	**7.3**	**14.9**	**8.9**	–	**38.2**	**24.0**
Total financial liabilities	**962.1**	**67.6**	**133.0**	**684.6**	**1,181.0**	**3,028.3**	**2,592.1**
2019[1]							
Non-derivative financial liabilities							
Bank loans[2]	10.1	8.9	15.8	215.3	345.2	595.3	492.7
Lease liabilities	47.2	47.3	89.9	251.5	593.0	1,028.9	704.6
Other loans	13.6	–	0.6	–	–	14.2	14.2
US Private Placement Notes	10.9	10.2	126.8	231.8	319.9	699.6	571.0
Trade payables	351.7	–	–	–	–	351.7	351.7
Other Payables	373.0	–	–	–	–	373.0	373.0
Derivative financial liabilities							
Foreign exchange contracts	0.6	0.7	0.7	0.2	–	2.2	2.2
Interest rate and cross currency swaps	0.8	2.1	4.8	7.4	–	15.1	6.8
Total financial liabilities	807.9	69.2	238.6	706.2	1,258.1	3,080.0	2,516.2

2. Loans are stated net of capitalised facility finance costs. At reporting date, the balance of bank loans is $609.2 million (F19: $499.6 million) against capitalised facility finance costs of $6.6 million (F19: $6.9 million) to be amortised over the facility period.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 24 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk

Nature of the risk

The Group is exposed to interest rate risk principally from floating rate borrowings, including bank borrowings and US Private Placement Notes. Other sources of interest rate risk include receivable purchasing agreements, interest-bearing investments, creditors' accounts offering a discount and debtors' accounts on which discounts are offered.

Risk management

We manage interest rate risk by ensuring that the sensitivity of forecast future earnings to changes in interest rates is within acceptable limits. This involves longer term forecasting of both expected earnings and expected borrowing to determine the tolerable exposure.

A combination of interest rate swaps were exchanged to obtain the desired ratio of fixed and floating interest rates. At 30 June 2020, interest rate swap contracts were in use to exchange fixed interest rates to floating rates on $363.7 million (US$250.0 million) of US Private Placement notes. The swaps mature in December 2023, June 2027 and June 2029. Cross currency interest rate swaps are used to exchange floating USD interest on a portion of the USD syndicated debt facility of US$120 million into AUD fixed rate of $166.6 million with maturities in November 2023.

During the year interest rate collars were established to allow participation of floating interest rates whilst setting a fixed cap rate or fixed floor rate on $116.4 million (US$80.0 million) of drawn syndicated debt facilities and $101.8 million (US$70.0 million) of US Private Placement notes. The interest rate collars have maturities in June 2021, August 2021 and September 2022. Please refer note 23(a) for the profile and timing of cash flows over the next five years.

Level of exposure at balance date

The Group's exposure to variable interest rate risk results from the following financial instruments at balance sheet date:

	2020 $M	2019 $M
Financial assets		
Cash and cash equivalents	**449.1**	401.8
Total assets	**449.1**	401.8
Financial liabilities		
US Private Placement Notes[1]	**43.6**	285.5
Bank loans[1]	**318.2**	328.3
Total liabilities	**361.8**	613.8

1. Net of hedged amounts.

Sensitivity analysis

The table below shows the impact by currency denomination if the Group's weighted average floating interest rates change from the year-end rates of 1.23% (F19: 2.14%) with all other variables held constant.

	SENSITIVITY		PRE-TAX IMPACT ON PROFIT			
	2020	2019	2020		2019	
CURRENCY			+ $M	– $M	+ $M	– $M
USD	**+ / - 25bp**	+ / - 25bp	**(0.2)**	**0.2**	(1.4)	1.4
AUD	**+ / - 25bp**	+ / - 25bp	**0.2**	**(0.2)**	0.7	(0.7)
GBP	**+ / - 25bp**	+ / - 25bp	**0.1**	**(0.1)**	–	–

The movements in profit on a consolidated level are primarily a result of interest costs from borrowings. There would have been no significant impact on equity.

NOTE 24 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Foreign exchange risk

Nature of the risk

The Group is exposed to foreign exchange risk through:

- Transaction exposures including sales of wine into export markets and the purchase of production inputs, denominated in foreign currencies other than the respective functional currency of the specific Group entity;
- Exposures arising from borrowings denominated in foreign currencies; and
- Translation exposures including earnings of foreign subsidiaries and revaluation of monetary assets and liabilities, including borrowings.

The currencies in which these transactions are primarily denominated are the Australian Dollar (AUD), United States Dollar (USD) and Great British Pound (GBP). Other currencies used include the Canadian Dollar, Euro, New Zealand Dollar, Singapore Dollar, Swedish Krona, Norwegian Krone, Chinese Renminbi and South African Rand.

Risk management

The focus of the Group's foreign exchange risk management activities is on the transactional exposures arising from the sourcing and sale of wine.

A proportion of expenses are hedged over time up to a period of three years. The nominal amount and average hedge rate of the instruments in place at 30 June 2020 are disclosed in the following table.

In determining the amount of hedging required, the Group also considers the 'natural hedges' arising from the underlying net cash flows in the relevant currency, comprising operating, investing and financing cash flows.

Details of the Group's open hedges at balance sheet date are shown below.

Open foreign currency hedges at 30 June 2020

CURRENCY	HEDGE TYPE	HEDGE VALUE (NOTIONAL AUD) $M	AVERAGE HEDGE RATE
AUD/USD	Forwards	65.2	0.6353
	Options	199.2	0.6644
	Total	**264.4**	
AUD/GBP	Forwards	32.3	0.5320
	Options	209.9	0.5255
	Total	**242.2**	

NOTE 24 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Foreign exchange risk (continued)

Level of exposure at balance date

At the reporting date, the Group's financial assets and liabilities were denominated across the following currencies:

ALL BALANCES TRANSLATED TO AUD	AUD $M	USD $M	GBP $M	OTHER $M	TOTAL $M
2020					
Net debt					
Cash and cash equivalents	**160.4**	**186.1**	**58.4**	**44.2**	**449.1**
Loan receivable	**0.6**	–	–	–	**0.6**
Bank loans[2]	**(98.2)**	**(504.4)**	–	–	**(602.6)**
US Private Placement Notes (net of fair value hedge)	–	**(581.9)**	–	–	**(581.9)**
Lease liabilities	**(105.6)**	**(568.2)**	**(0.4)**	**(24.4)**	**(698.6)**
Other loan payable	**(0.8)**	–	–	–	**(0.8)**
Net debt	**(43.6)**	**(1,468.4)**	**58.0**	**19.8**	**(1,434.2)**
Other financial assets/(liabilities)					
Trade receivables (net of allowance for expected credit loss)	**226.0**	**110.8**	**74.2**	**57.6**	**468.6**
Other receivables	**25.1**	**18.8**	**0.5**	**0.8**	**45.2**
Trade and other payables	**(323.3)**	**(240.0)**	**(61.2)**	**(57.6)**	**(682.1)**
Net other assets/(liabilities)	**(72.2)**	**(110.4)**	**13.5**	**0.8**	**(168.3)**
2019[1]					
Net debt					
Cash and cash equivalents	273.8	75.6	10.9	41.5	401.8
Loan receivable	0.7	-	–	–	0.7
Bank loans[2]	1.8	(494.5)	–	–	(492.7)
US Private Placement Notes (net of fair value hedge)	–	(571.0)	–	–	(571.0)
Lease liabilities	(106.1)	(582.8)	(0.9)	(14.8)	(704.6)
Other loan payable	(14.2)	-	–	–	(14.2)
Net debt	**156.0**	**(1,572.7)**	**10.0**	**26.7**	**(1,380.0)**
Other financial assets/(liabilities)					
Trade receivables (net of allowance for expected credit loss)	305.8	116.1	73.2	48.1	543.2
Other receivables	36.2	52.5	0.6	2.1	91.4
Trade and other payables	(306.7)	(287.7)	(70.3)	(53.9)	(718.6)
Net other assets/(liabilities)	**35.3**	**(119.1)**	**3.5**	**(3.7)**	**(84.0)**

2. Includes capitalised borrowing costs of $6.6 million (F19: $6.9 million).

Sensitivity analysis

The following table illustrates the impact of potential foreign exchange movements on profit before tax and the statement of financial position at 30 June:

	SENSITIVITY ASSUMPTION[1]		PRE-TAX IMPACT ON PROFIT $M				IMPACT ON EQUITY $M			
	2020	2019	2020		2019		2020		2019	
CURRENCY			+	–	+	–	+	–	+	–
United States Dollar	**10.9%**	8.2%	**(0.9)**	**1.1**	(0.8)	1.0	**(78.0)**	**103.1**	(45.8)	58.4
Great Britain Pound	**9.8%**	9.9%	**(0.4)**	**0.5**	(0.1)	0.1	**(22.0)**	**29.1**	(14.3)	19.9
Euro	**9.4%**	7.1%	**0.9**	**(1.1)**	(0.3)	0.4	**(7.3)**	**8.9**	0.3	0.4
Canadian Dollar	**8.6%**	6.2%	**(1.4)**	**1.6**	(1.2)	1.3	**1.3**	**(1.5)**	1.0	(1.1)
New Zealand Dollar	**5.8%**	5.4%	**(0.1)**	**0.1**	(0.1)	0.2	**(8.1)**	**9.1**	(6.9)	7.7

3. Australian dollar versus individual currencies. Implied one-year currency volatility at reporting date (Source: Bloomberg).

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 24 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit risk

Nature of the risk

Counterparty credit risk arises primarily from the following assets:

- Cash and cash equivalents;
- Trade and other receivables; and
- Derivative instruments.

Risk management

The Group's counterparty credit risk management philosophy is to limit the Group's loss from default by any one counterparty by dealing only with financial institution counterparties of good credit standing, setting maximum exposure limits for each counterparty, and taking a conservative approach to the calculation of counterparty credit limit usage. Where available, credit opinions on counterparties from two credit rating agencies are used to determine credit limits.

The Group assesses the credit quality of individual customers prior to offering credit terms and continues to monitor on a regular basis. Each customer is assigned a risk profile based upon the measurable risk indicators for dishonoured payments, adverse information and average days late along with the securities and guarantees held. All prospective accounts are required to complete a credit application and generally a director's guarantee is required with minimal exceptions. Failure to provide a director's guarantee results in either no credit or a limited level of credit offered. Credit terms may be reduced or extended for individual customers based on risk.

Past due accounts are subject to a number of collection activities which range from telephone contact, suspension of orders through to legal action. Past due accounts are reviewed monthly with specific focus on accounts that are greater than 90 days overdue. Where debt cannot be recovered, it is escalated from the credit representative to the credit manager to initiate recovery action.

For derivatives, the Group transacts under an International Swaps and Derivatives Association (ISDA) master netting agreement. If a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

COVID-19 considerations

In F20 the Group, as part of its normal monitoring of the credit quality of trade receivables, implemented more frequent telephone contact and engagement with customers to understand customer trading and credit circumstances, and supporting them through any short term challenges identified. The Group also increased the frequency of monitoring customer credit risk assessments across the entire customer portfolio. No customers were identified to be in financial distress and no bad debts have been written off in F20.

Level of exposure at balance date

The maximum counterparty credit risk exposure at 30 June 2020 in respect of derivative financial instruments was $13.9 million (F19: $3.4 million) and in respect of cash and cash equivalents was $109.6 million (F19: $110.0 million). The Group's authorised counterparties are restricted to banks and financial institutions whose long-term credit rating is at or above a Standard and Poors rating of A- (or Moody's equivalent rating of A3), with any exceptions requiring approval from the Board. Commercial paper investments are restricted to counterparties whose short-term credit rating is at or above a Standard and Poor's rating of A-1 (or Moody's equivalent rating of P-2). The magnitude of credit risk in relation to receivables is generally the carrying amount, net of any allowance for expected credit loss. The ageing of the consolidated Group trade receivables (net of provisions) is outlined below:

	2020 $M	2019 $M
Not past due	**396.4**	489.1
Past due 1–30 days	**20.9**	29.7
Past due 31–60 days	**18.2**	9.4
Past due 61 days+	**33.1**	15.0
Total	**468.6**	543.2

Trade receivables have been aged according to their due date. Terms may be extended on a temporary basis with the approval of management. The past due receivables shown above relate to customers who have a good debt history and are considered recoverable. There is no collateral held as security against the receivables above and there are no other receivables past due.

NOTE 25 – DERIVATIVE FINANCIAL INSTRUMENTS

At reporting date, there were $506.5 million (Australian dollar equivalent) net face value of outstanding foreign exchange contracts at contract rates (F19: $721.9 million), interest rate swaps of $654.7 million (F19: $499.6 million) and cross currency interest rate swaps of $174.6 million (F19: $171.3 million) and interest rate collars of $218.2 million (F19: Nil). These instruments are regarded as Level 2 under AASB's Fair Value measurement hierarchy.

NOTE 26 – FAIR VALUES

The fair values of cash and cash equivalents, financial assets and most financial liabilities approximate their carrying value. The fair value of the US Private Placement Notes is $679.3 million (F19: $637.1 million) and the fair value of the syndicated debt facility is $530.3 million (F19: $544.5 million). There have been no reclassifications of financial assets from fair value to cost, or from cost or amortised cost to fair value during the year.

The fair values of derivative financial instruments are based upon market prices, or models using inputs observed from the market, where markets exist or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles (a Level 2 valuation).

The valuation of derivative financial assets and liabilities reflects the estimated amounts which the Group would be required to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates at reporting date. This is based on internal valuations using standard valuation techniques.

As the purpose of these derivative financial instruments is to hedge the Group's underlying assets and liabilities denominated in foreign currencies and to hedge against risk of interest rate fluctuations, it is unlikely in the absence of abnormal circumstances that these contracts would be terminated prior to maturity.

For all other recognised financial assets and financial liabilities, based on the facts and circumstances existing at reporting date and the nature of the Group's financial assets and financial liabilities including hedge positions, the Group has no reason to believe that the financial assets could not be exchanged, or the financial liabilities could not be settled, in an arm's length transaction at an amount approximating its carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: GROUP COMPOSITION

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 27 – SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

ENTITY NAME	COUNTRY OF INCORPORATION
Equity holding of 100% (F19: 100%)	
Aldershot Nominees Pty. Ltd.*	Australia
B Seppelt & Sons Limited*	Australia
Beringer Blass Distribution S.R.L.	Italy
Beringer Blass Italia S.R.L.	Italy
Beringer Blass Wine Estates Chile Limitada	Chile
Beringer Blass Wine Estates Limited	UK
Beringer Blass Wines Pty. Ltd.*	Australia
Bilyara Vineyards Pty. Ltd.*	Australia
Cellarmaster Wines (UK) Limited	UK
Cellarmaster Wines Holdings (UK) Limited	UK
Coldstream Australasia Limited*	Australia
Cuppa Cup Vineyards Pty. Ltd.	Australia
Devil's Lair Pty. Ltd.	Australia
Ewines Pty. Ltd.	Australia
FBL Holdings Limited	UK
Il Cavaliere del Castello di Gabbiano S.r.l.	Italy
Interbev Pty. Ltd.*	Australia
James Herrick Wines Limited[(a)]	UK
Leo Buring Pty. Ltd.	Australia
Lindeman (Holdings) Limited*	Australia
Lindemans Wines Pty. Ltd.	Australia
Mag Wines Pty. Ltd	Australia
Majorca Pty. Ltd.*	Australia
Mildara Holdings Pty. Ltd.*	Australia
North America Packaging (Pacific Rim) Corporation	USA
Penfolds Wines Pty Ltd	Australia
Piat Pere et Fils B.V.	Netherlands
Premium Land, Inc.	USA
Robertsons Well Pty. Ltd.	Australia
Robertsons Well Unit Trust	Australia
Rosemount Estates Pty. Ltd.	Australia
Rothbury Wines Pty. Ltd.*	Australia
SCW905 Limited*	Australia
Seaview Wynn Pty. Ltd.*	Australia
Société Civile d'Exploitation Agricole Cambon La Pelouse[1]	France
Southcorp Australia Pty. Ltd. *	Australia
Southcorp Brands Pty. Ltd.*	Australia
Southcorp International Investments Pty. Ltd.*	Australia
Southcorp Limited*	Australia
Southcorp NZ Pty. Ltd.*	Australia
Southcorp Whitegoods Pty. Ltd.	Australia
Southcorp Wines Asia Pty. Ltd.	Australia
Southcorp Wines Europe Limited[(a)]	UK
Southcorp Wines Pty. Ltd.*	Australia
Southcorp XUK Limited	UK
T'Gallant Winemakers Pty. Ltd.	Australia
The New Zealand Wine Club Limited[(a)]	UK
The Rothbury Estate Pty. Ltd.*	Australia
Tolley Scott & Tolley Limited*	Australia
Treasury Americas Inc	USA

1. F19 equity holding of 0%

NOTE 27 – SUBSIDIARIES (CONTINUED)

ENTITY NAME	COUNTRY OF INCORPORATION
Treasury Chateau & Estates LLC	USA
Treasury Logistics Pty Ltd*	Australia
Treasury Wine Estates (China) Holding Co Pty Ltd*	Australia
Treasury Wine Estates (Matua) Limited	New Zealand
Treasury Wine Estates (NZ) Holding Co Pty Ltd*	Australia
Treasury Wine Estates (Shanghai) Trading Co. Ltd.	China
Treasury Wine Estates (UK) Holding Co Pty Ltd*	Australia
Treasury Wine Estates Americas Company	USA
Treasury Wine Estates Asia (SEA) Pte Ltd	Singapore
Treasury Wine Estates Asia Pty. Ltd.	Australia
Treasury Wine Estates Australia Limited*	Australia
Treasury Wine Estates Barossa Vineyards Pty. Ltd.	Australia
Treasury Wine Estates Canada, Inc.	Canada
Treasury Wine Estates Denmark ApS	Denmark
Treasury Wine Estates EMEA Limited	UK
Treasury Wine Estates France S.A.R.L.	France
Treasury Wine Estates HK Limited	Hong Kong SAR, China
Treasury Wine Estates Holdings Inc.	USA
Treasury Wine Estates Japan KK	Japan
Treasury Wine Estates Limited*	Australia
Treasury Wine Estates Netherlands B.V	Netherlands
Treasury Wine Estates Norway AS	Norway
Treasury Wine Estates Sweden AB	Sweden
Treasury Wine Estates UK Brands Limited	UK
Treasury Wine Estates Vintners Limited*	Australia
TWE Finance (Aust) Limited*	Australia
TWE Finance (UK) Limited	UK
TWE Insurance Company Pte. Ltd.	Singapore
TWE Lima Pty Ltd*	Australia
TWE Share Plans Pty Ltd	Australia
TWE US Finance Co.	USA
TWE USA Partnership	USA
Wolf Blass Wines Pty. Ltd.*	Australia
Woodley Wines Pty. Ltd.	Australia
Wynn Winegrowers Pty. Ltd.	Australia
Wynns Coonawarra Estate Pty. Ltd	Australia

* Entity is a member of the Closed Group under the Deed of Cross Guarantee (refer to note 29) and relieved from the requirement to prepare audited financial statements by ASIC Corporations (Wholly owned Companies) Instrument 2016/785.
(a) These entities were dissolved on 3 March 2020.

Equity holding of less than 100%

	COUNTRY OF INCORPORATION	% OF HOLDING	
ENTITY NAME		2020	2019
Fiddlesticks LLC	USA	**50.0**	50.0
Graymoor Estate Joint Venture	Australia	**48.8**	48.8
Graymoor Estate Pty. Ltd.	Australia	**48.8**	48.8
Graymoor Estate Unit Trust	Australia	**48.8**	48.8
North Para Environment Control Pty. Ltd.	Australia	**69.9**	69.9

NOTE 28 – PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2020 $M	2019 $M
Balance sheet		
Current assets	**841.4**	827.0
Total assets	**8,948.2**	8,933.1
Current liabilities	**5,293.7**	5,343.3
Total liabilities	**5,293.7**	5,343.3
Net assets	**3,654.5**	3,589.8
Shareholders' equity		
Issued capital	**3,269.8**	3,247.3
Share based payments reserve	**(54.6)**	(34.6)
Retained earnings	**439.3**	377.1
Total equity	**3,654.5**	3,589.8
Profit for the year	**350.0**	421.0
Total comprehensive income	**350.0**	421.0

Current liabilities comprise balances with other entities within the Group. These balances will not be called within the next 12 months.

(b) Financial guarantees

Refer note 18 for financial guarantees to banks, financiers and other persons.

(c) Tax consolidation legislation

The Company formed a consolidated group for income tax purposes with each of its Australian resident subsidiaries on 21 May 2011. The Company and the controlled entities in the tax consolidation group continue to account for current and deferred tax amounts separately. These tax amounts are measured on a 'group allocation' approach, under which the current and deferred tax amounts for the tax-consolidated group are allocated among each reporting entity in the Group.

(d) Capital commitments

There are no capital commitments for the Company (F19: nil).

NOTE 29 – DEED OF CROSS GUARANTEE

Under the terms of ASIC Corporations (Wholly owned Companies) Instrument 2016/785, certain wholly owned controlled entities have been granted relief from the requirement to prepare audited financial reports. It is a condition of the class order that the Company and each of the relevant subsidiaries enter into a Deed of Cross Guarantee whereby each company guarantees the debts of the companies party to the Deed. The member companies of the Deed of Cross Guarantee are regarded as the 'Closed Group' and identified in note 27.

A summarised consolidated statement of profit or loss and other comprehensive income, retained earnings reconciliation and a consolidated statement of financial position, comprising the Company and those controlled entities which are a party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed, at 30 June 2020 are set out below.

	2020 $M	2019[1] $M
Extract of the statement of profit or loss and other comprehensive income		
Profit before tax	**268.7**	452.3
Income tax expense	**(79.6)**	(137.4)
Net profit after tax	**189.1**	314.9
Retained earnings at beginning of the year	**190.7**	127.1
External dividends	**(287.9)**	(251.3)
Retained earnings at end of the year	**91.9**	190.7

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTE 29 – DEED OF CROSS GUARANTEE (CONTINUED)

	2020 $M	2019[1] $M
Statement of financial position		
Current assets		
Cash and cash equivalents	**267.3**	273.1
Receivables	**245.3**	296.2
Inventories	**495.6**	480.0
Investments	**1.9**	1.9
Other current assets	**6.6**	4.4
Total current assets	**1,016.7**	1,055.6
Non-current assets		
Inventories	**528.9**	569.9
Investments	**2,257.5**	2,257.5
Property, plant and equipment	**588.7**	541.4
Right-of-use assets	**96.2**	98.0
Intangible assets	**576.9**	569.3
Deferred tax assets	**35.7**	31.1
Other non-current assets	**2.7**	1.1
Total non-current assets	**4,086.6**	4,068.3
Total assets	**5,103.3**	5,123.9
Current liabilities		
Trade and other payables	**306.6**	308.6
Borrowings	**643.9**	565.2
Current tax liabilities	**23.9**	89.2
Provisions	**38.5**	28.9
Other current liabilities	**6.7**	4.7
Total current liabilities	**1,019.6**	996.6
Non-current liabilities		
Borrowings	**638.7**	586.6
Deferred tax liabilities	**122.6**	125.5
Other non-current liabilities	**11.6**	10.3
Total non-current liabilities	**772.9**	722.4
Total liabilities	**1,792.5**	1,719.0
Net assets	**3,310.8**	3,404.9
Equity		
Contributed equity	**3,269.8**	3,247.3
Reserves	**(50.9)**	(33.1)
Retained earnings	**91.9**	190.7
Total equity	**3,310.8**	3,404.9

Current borrowings include balances with other entities within the Group. These balances will not be called within the next 12 months.

1. Reported results restated for changes to accounting policies. Refer to note 32 for transition impacts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: OTHER

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 30 – RELATED PARTY DISCLOSURES

Ownership interests in related parties

All material ownership interests in related parties are disclosed in note 27 to the financial statements.

Parent entity

The ultimate parent entity is Treasury Wine Estates Limited, which is domiciled and incorporated in Australia.

Transactions with entities in the wholly-owned Group

Transactions between companies within the Group during the current and prior year included:

- Purchases and sales of goods and services; and
- Provision of accounting and administrative assistance.

Transactions with controlled entities are made on normal commercial terms and conditions.

Transactions with other related parties

The Group entered into transactions which are insignificant in amount with executives, non-executive Directors and their related parties within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available in similar arm's length dealings.

There were no other transactions with related parties during the current year.

Key management personnel compensation

The following table shows the compensation paid or payable to the key management personnel ('executives') of the Group.

	2020 $	2019 $
Short-term employee benefits	**3,796,905**	9,734,012
Post-employment benefits	**63,008**	54,272
Share based payments	**6,897,611**	5,306,803
Total	**10,757,524**	15,095,087

Additionally, compensation paid to non-executive directors was $1,962,059 (F19: $1,845,107).

NOTE 31 – REMUNERATION OF AUDITORS

The Audit and Risk Committee has completed an evaluation of the overall effectiveness and independence of the external auditor, KPMG. As part of this process, the external auditor has provided a written statement that no professional engagement with the Group has been carried out which would impair their independence as auditor. The Chairman of the Audit and Risk Committee has advised the Board that the Committee's assessment is that the auditor is independent.

During the year, the following fees were paid or payable for services provided by the auditor of the Group, and its related practices:

	2020 $	2019 $
Audit and review of financial statements and other audit work under the *Corporations Act 2001*	**1,303,462**	1,452,298
Associate firms of Auditor	**420,737**	397,702
Other assurance services	–	51,000
Audit and review services	**1,724,199**	1,901,000
Other non-audit services	**58,882**	346,348
Total	**1,783,081**	2,247,348

The Group engages KPMG to provide other non-audit services where their expertise and experience best qualifies them to provide the appropriate service and as long as stringent independence requirements are satisfied. In the year ended 30 June 2020, KPMG earned fees in respect to the provision of advisory and taxation services.

NOTE 32 – OTHER ACCOUNTING POLICIES

New accounting standards and interpretations

Since 30 June 2019, the Group has adopted the following new and amended accounting standards.

REFERENCE	TITLE	APPLICATION
AASB 16	*Leases*	1 January 2019
IFRS Interpretations Committee – April 2020	*Multiple Tax Consequences of Recovering an Asset (AASB 112 Income Taxes)—Agenda Paper 2*	1 January 2019
Interpretation 23	*Uncertainty over Income Tax Treatments*	1 January 2019
AASB 2017-4	*Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*	1 January 2019
AASB 9	*Prepayment Features with Negative Compensation (Amendments to IFRS 9)*	1 January 2019
AASB 128	*Long-term Interests in Associates and Joint Ventures (Amendments to AASB 128)*	1 January 2019
AASB 119	*Plan Amendment, Curtailment or Settlement (Amendments to AASB 119)*	1 January 2019
	Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards	1 January 2019
AASB 2019-3	*Interest Rate Benchmark Reform*	1 January 2019

Other than the impact of AASB 16 *Leases* and the IFRS Interpretation Committee – April 2020 outlined below, the adoption of these standards did not have a significant impact on the consolidated financial statements.

AASB 16 *Leases*

AASB 16 *Leases* was released in February 2016 by the Australian Accounting Standards Board. This standard removes the lease classification test for lessees and requires the Group to bring all material leases with lease terms greater than one year onto the balance sheet. There is also new guidance on when an arrangement would meet the definition of a lease. The Group has chosen not to recognise short-term leases, which are those less than 12 months, and leases of low-value assets on the balance sheet.

The Group recognises new assets and liabilities for its operating leases including vineyards, buildings, equipment and motor vehicles, and the nature of the expenses related to those leases changed as AASB 16 *Leases* replaced the straight-line operating lease expense with a depreciation charge for the right-of-use assets and interest expense on the lease liabilities.

The Group applied the full retrospective transition option and applied the adopted policy on a fully retrospective basis from 1 July 2019. Please refer to note 11 for the Group's policy on leases.

IFRIC Agenda Decision – Multiple Tax Consequences of Recovering an Asset (AASB 112 Income Taxes)

The IFRS Interpretations Committee received a request about deferred tax when the recovery of the carrying amount of an asset gives rise to multiple tax consequences, specifically, where an entity acquires an intangible asset with a finite useful life as part of a business combination. The request asked how the entity determines the tax base of the asset and, consequently, how it recognises and measures deferred tax based on the principles of AASB 112 *Income Taxes* (referred as AASB 112).

In applying this decision from the IFRS Interpretations Committee, the Group has recognised a deferred tax liability on historic intangible asset acquisitions as part of a business combination.

Impact of adopting new policies

The below summarises the impact of adopting the new policies on the Group's consolidated financial statements for those periods presented within the 30 June 2020 financial statements. Only restated lines have been included in the tables below:

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT)

Operating profit has been restated to remove operating lease payments previously recognised and to recognise depreciation expense on the right-of-use assets that are now recognised on the balance sheet. Interest expense on lease liabilities has been recognised within finance costs. Adjustments to taxation are due to the change in profit before taxation. Currency translation gains/losses have also been restated to reflect the foreign exchange impact of AASB 16 *Leases* on foreign subsidiaries.

	30 JUNE 2019 $M REPORTED	INCREASE/ DECREASE $M AASB 16	AASB 112	30 JUNE 2019 $M RESTATED
Cost of sales	(1,660.8)	18.3	–	(1,642.5)
Finance costs	(99.4)	(33.7)	–	(133.1)
Profit before tax	591.0	(15.4)	–	575.6
Income tax expense	(171.5)	4.3	0.1	(167.1)
Net profit attributed to members of Treasury Wine Estates Limited	**419.5**	**(11.1)**	**0.1**	**408.5**
Exchange difference on translation of foreign operations	69.2	(3.1)	–	66.1
Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited	**478.1**	**(14.2)**	**0.1**	**464.0**
Earnings per share for profit attributed to the ordinary equity holders of the Company				
• Basic	58.4	(1.5)	–	56.9
• Diluted	58.1	(1.5)	–	56.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)

The Group recognised right-of-use assets on the balance sheet representing the right to use of the underlying assets from the lease contracts. Current and non-current lease liabilities were also recognised for the present value of the lease payments due under the lease contracts. Deferred tax adjustments are due to temporary timing differences arising from the recognition of right-of-use assets and lease liabilities. Shareholder's equity has been restated to reflect the cumulative impact of AASB 16 *Leases* on retained earnings and currency translation adjustment as a result of restatement of foreign subsidiaries.

The Group recognised a deferred tax liability with a corresponding increase to goodwill in relation to the AASB 112 accounting policy change, for deferred taxes recognised on intangible asset acquisitions as part of a business combination.

	30 JUNE 2019 $M REPORTED	INCREASE/ DECREASE $M AASB 16	AASB 112	30 JUNE 2019 $M RESTATED
Assets				
Current and non-current inventory	2,092.9	(45.6)	–	**2,047.3**
Right-of-use assets	–	535.9	–	**535.9**
Deferred tax assets	152.3	34.7	–	**187.0**
Property, plant and equipment	1,398.7	(28.8)	–	**1,369.9**
Intangible assets	1,163.8	–	145.1	**1,308.9**
Liabilities				
Trade and other payables	780.7	(62.1)	–	**718.6**
Provisions	45.8	(2.2)	–	**43.6**
Other current and non-current liabilities	30.4	(17.3)	–	**13.1**
Deferred tax liabilities	194.1	6.0	134.6	**334.7**
Current and non-current borrowings	1,147.7	646.9	–	**1,794.6**
Equity				
Reserves	33.8	(4.6)	(0.1)	**29.1**
Retained earnings	424.4	(70.5)	10.6	**364.5**

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT) (CONTINUED)

	30 JUNE 2018 $M REPORTED	INCREASE/ DECREASE $M		30 JUNE 2018 $M RESTATED
		AASB 16	AASB 112	
Assets				
Current and non-current inventory	**1,964.4**	(39.3)	–	**1,925.1**
Right-of-use assets	–	456.0	–	**456.0**
Deferred tax assets	**154.5**	28.6	–	**183.1**
Property, plant and equipment	**1,416.5**	(30.2)	–	**1,386.3**
Intangible assets	**1,128.9**	–	145.0	**1,273.9**
Liabilities				
Trade and other payables	**759.3**	(62.2)	–	**697.1**
Provisions	**45.4**	(1.4)	–	**44.0**
Other current and non-current liabilities	**24.1**	(4.3)	–	**19.8**
Deferred tax liabilities	**190.8**	5.4	134.5	**330.7**
Current and non-current borrowings	**875.3**	538.6	–	**1,413.9**
Equity				
Reserves	**0.4**	(1.6)	–	**(1.2)**
Retained earnings	**256.2**	(59.4)	10.5	**207.3**

CONSOLIDATED STATEMENT OF CASH FLOWS (EXTRACT)

There is no impact on overall cash flows on the Group from the adoption of AASB 16 *Leases*. Cash outflows for lease payments have been reclassified from operating activities – "payments to suppliers, governments and employees" to operating activities – "interest paid" and cash flows used in financing activities – 'repayment of borrowings'. There is no impact to cash flows as a result of adopting the amendments to AASB 112 *Income Taxes*.

	30 JUNE 2019 $M REPORTED	INCREASE/ DECREASE $M	30 JUNE 2019 $M RESTATED
Payment to suppliers, governments and employees	**(3,110.0)**	80.0	**(3,030.0)**
Interest paid	**(43.8)**	(33.7)	**(77.5)**
Repayment of borrowings	**(492.2)**	(46.3)	**(538.5)**

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

SEGMENT INFORMATION (EXTRACT)

The principal profit metric for internal management reporting is Management earnings before interest, tax, SGARA and material items (EBITS). The adoption of AASB 16 *Leases* also requires the recognition of depreciation expense on the right-of use assets.

The table below outlines the impact of AASB 16 *Leases* adoption, the reclassification of Middle, East and Africa ('MEA') from Asia to Europe (refer to note 2 for further information), and the AASB 112 *Income Taxes* policy change, on reported EBITS, depreciation expense, Segment Asset and Segment Liabilities.

	ANZ $M	AMERICAS $M	ASIA $M	EMEA $M	TOTAL SEGMENT $	UNALLOCATED/ CORPORATE $M	CONSOLIDATED $M
Management EBITS – 30 June 2019 reported	**156.5**	**218.7**	**293.5**	**51.4**	**720.1**	**(57.4)**	**662.7**
Increase/(Decrease) from AASB 16	1.5	14.7	1.0	0.4	17.6	0.7	18.3
Increase/(Decrease) from MEA	–	–	(11.5)	11.5	–	–	–
Management EBITS – 30 June 2019 restated	**158.0**	**233.4**	**283.0**	**63.3**	**737.7**	**(56.7)**	**681.0**
Depreciation – 30 June 2019 reported	**(38.4)**	**(44.6)**	**(0.9)**	**(1.8)**	**(85.7)**	**(3.5)**	**(89.2)**
(Increase)/Decrease AASB 16	(13.7)	(38.2)	(2.7)	(0.7)	(55.3)	(3.6)	(58.9)
Depreciation – 30 June 2019 restated	**(52.1)**	**(82.8)**	**(3.6)**	**(2.5)**	**(141.0)**	**(7.1)**	**(148.1)**
Segment Assets – 30 June 2019 reported	**2,286.2**	**2,487.6**	**228.3**	**357.5**	**5,359.6**	**640.6**	**6,000.2**
Increase/(Decrease) for AASB 16	74.6	353.7	5.6	1.7	435.6	60.6	496.2
Increase/(Decrease) for AASB 112	144.3	–	–	0.8	145.1	–	145.1
Increase/(Decrease) from MEA	–	–	(10.9)	10.9	–	–	–
Segment Assets – 30 June 2019 restated	**2,505.1**	**2,841.3**	**223.0**	**370.9**	**5,940.3**	**701.2**	**6,641.5**
Segment Liabilities – 30 June 2019 reported	**(273.1)**	**(421.7)**	**(51.8)**	**(92.8)**	**(839.4)**	**(1,454.7)**	**(2,294.1)**
(Increase)/Decrease for AASB 16	(86.3)	(443.6)	(6.1)	(2.2)	(538.2)	(33.1)	(571.3)
(Increase)/Decrease for AASB 112	–	–	–	–	–	(134.6)	(134.6)
Segment Liabilities – 30 June 2019 restated	**(359.4)**	**(865.3)**	**(57.9)**	**(95.0)**	**(1,377.6)**	**(1,622.4)**	**(3,000.0)**

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

SEGMENT INFORMATION (EXTRACT)

	ANZ $M	AMERICAS $M	ASIA $M	EMEA $M	TOTAL SEGMENT $	UNALLOCATED/ CORPORATE $M	CONSOLIDATED $M
Segment Assets – 30 June 2018 reported	**2,212.6**	**2,362.9**	**192.6**	**329.6**	**5,097.7**	**348.0**	**5,445.7**
Increase/(Decrease) for AASB 16	51.8	322.1	8.1	2.3	384.3	30.8	415.1
Increase/(Decrease) for AASB 112	144.2	–	–	0.8	145.0	–	145.0
Increase/(Decrease) from MEA	–	–	(7.1)	7.1	–	–	–
Segment Assets – 30 June 2018 restated	**2,408.6**	**2,685.0**	**193.6**	**339.8**	**5,627.0**	**378.8**	**6,005.8**
Segment Liabilities – 30 June 2018 reported	**(269.3)**	**(401.1)**	**(57.9)**	**(87.5)**	**(815.8)**	**(1,133.6)**	**(1,949.4)**
(Increase)/Decrease for AASB 16	(62.1)	(393.9)	(8.6)	(2.9)	(467.5)	(8.6)	(476.1)
(Increase)/Decrease for AASB 112	–	–	–	–	–	(134.5)	(134.5)
Segment Liabilities – 30 June 2018 restated	**(331.4)**	**(795.0)**	**(66.5)**	**(90.4)**	**(1,283.3)**	**(1,276.7)**	**(2,560.0)**

The presentation of non-current assets is based on the geographical location of the assets.

NON-CURRENT ASSETS	30 JUNE 2019 REPORTED $M	INCREASE/ DECREASE $M AASB 16	INCREASE/ DECREASE $M AASB 112	30 JUNE 2019 RESTATED $M
Australia	1,629.0	97.7	144.3	1,871.0
United States of America	1,776.8	372.0	–	2,148.8
United Kingdom	151.4	0.8	–	152.2
Other geographical locations	109.4	13.3	0.8	123.5
Total geographical non-current assets	**3,666.6**	**483.8**	**145.1**	**4,295.5**
Other non-current assets	165.0	34.7	–	199.7
Consolidated non-current assets	**3,831.6**	**518.5**	**145.1**	**4,495.2**

NON-CURRENT ASSETS	30 JUNE 2018 REPORTED $M	INCREASE/ DECREASE $M AASB 16	INCREASE/ DECREASE $M AASB 112	30 JUNE 2018 RESTATED $M
Australia	1,567.0	51.0	144.2	1,762.2
United States of America	1,716.6	357.8	–	2,074.4
United Kingdom	137.9	1.2	–	139.1
Other geographical locations	121.7	15.8	0.8	138.3
Total geographical non-current assets	**3,543.2**	**425.8**	**145.0**	**4,114.0**
Other non-current assets	160.7	28.6	–	189.3
Consolidated non-current assets	**3,703.9**	**454.4**	**145.0**	**4,303.3**

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

Issued but not yet effective accounting standards

The following relevant accounting standards have recently been issued or amended but are not yet effective and have not been adopted for this year-end reporting period.

REFERENCE	TITLE	APPLICATION
	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
AASB 2018-6	*Amendments to Australian Accounting Standards – definition of a Business*	1 January 2020
AASB 2018-7	*Amendments to Australian Accounting Standards – definition of Material*	1 January 2020
AASB 2019-1	*Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*	1 January 2020
AASB 2019-5	*Disclosure of the effect of new IFRS Standards not yet issued in Australia*	1 January 2020
AASB 17	*Insurance Contracts*	1 January 2021
AASB 10 and AASB 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)*	1 January 2022
AASB 2020-3	*Annual improvements 2018-2022 cycle (Amendments to AASB 1, 3, 9, 116, 137, 141)*	1 January 2022
AASB 2020-1	*Classification of Liabilities as Current or Non-Current*	1 January 2023

These standards are not expected to have a material impact on the Group's financial position or its performance.

Other accounting policies

Finance income

Finance income is recognised as the interest accrues (using the effective interest method, which applies a rate that discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Finance costs

Finance costs are recognised as an expense when they are incurred, except for interest charges attributable to major projects with substantial development and construction phases, which are capitalised as part of the cost of the asset.

Financial assets

A financial asset is classified as at fair value through profit or loss or fair value through other comprehensive income unless it meets the definition of amortised cost. This is determined on initial recognition.

Financial assets classified as at amortised cost are measured initially at fair value and adjusted in respect of any incremental and directly attributable transaction costs. All other financial assets are measured at fair value on initial recognition.

Reclassification occurs only if there are fundamental changes to the Group's business model for managing financial assets.

Amortised cost

A financial asset is classified as at amortised cost only if the asset is held to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

A financial asset is measured at amortised cost using the effective interest rate method. Any gains and losses are recognised through the amortisation process or when the financial asset is derecognised or impaired.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are determined using historical recovery of contractual cash flows and the amount of loss incurred, adjusted for current economic and credit conditions.

An impairment loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. Impairment losses on assets classified as amortised cost are recognised in profit or loss when they are expected, not when they are incurred. If a later event causes the impairment loss to decrease, the amount is reversed in profit or loss.

Derecognition of financial assets

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial instrument.

This is normally the case when the instrument is sold or all the cash flows attributable to the instrument are passed through to an independent third party.

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

Derivatives

The Group uses derivative financial instruments such as foreign currency contracts, interest rate swaps and options to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are carried at fair value and are financial assets when the fair value is positive and financial liabilities when the fair value is negative.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

Hedge accounting

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction; or hedges of a net investment in a foreign operation.

Initial recognition

At the beginning of a hedge relationship, the Group designates and documents the hedge relationship and the related risk management objective and strategy. The documentation identifies the hedging instrument and the hedged item as well as describing the economic relationship, the hedge ratio between them and potential sources of ineffectiveness. The documentation also includes the nature of the risk being hedged and the method of assessing the hedging instrument's effectiveness. To achieve hedge accounting, the relationship must be expected to be highly effective and are assessed on an ongoing basis to determine that they continue to meet the risk management objective.

Re-balancing

If the hedge ratio for risk management purposes is no longer met but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the Group will rebalance the relationship by adjusting either the volume of the hedged item or the volume of the hedging instrument.

Discontinuation

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the year.

Gains or losses recognised directly in equity are reclassified into profit and loss in the same period or periods the foreign currency risk affects consolidated profit and loss.

Fair value hedges

For fair value hedges (for example, interest rate swaps), any gain or loss from remeasuring the hedging instrument is recognised immediately in the statement of profit or loss and other comprehensive income. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortised to the statement of profit or loss and other comprehensive income such that it is fully amortised by maturity.

Cash flow hedges

In relation to cash flow hedges (forward foreign currency contracts) to hedge firm commitments, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the statement of profit or loss and other comprehensive income.

When the hedged item gives rise to the recognition of an asset or a liability, the associated deferred gains or losses are included in the initial measurement of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the statement of profit or loss and other comprehensive income in the same period in which the hedged firm commitment affects the profit and loss, for example when the future sale actually occurs.

NOTE 33 – CLASS ACTION

Two Australian shareholder class actions have been commenced against TWE Limited.

The first action was served on 2 April 2020 by Slater & Gordon (S&G) acting for Brett Stallard as trustee for the Stallard superannuation fund. The second action was served on 1 May 2020 by Maurice Blackburn (MB) acting for Steven Napier. The class in both proceedings comprise shareholders who purchased shares between 30 June 2018 and 28 January 2020. Both proceedings allege that the Company breached its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act and that it engaged in misleading or deceptive conduct in contravention of the Corporations Act and the ASIC Act.

With regard to claims, the Company strongly denies any and all allegations made against it and is vigorously defending the proceedings.

Based on the information currently available, the Company does not know the quantum of either class action. No provision has been recognised at 30 June 2020 in respect of the claim.

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2020

In the Directors' opinion:

(a) The financial statements and notes 1 to 33 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date.

(b) There are reasonable grounds to believe that Treasury Wine Estates Limited will be able to pay its debts as and when they become due and payable.

(c) There are reasonable grounds to believe that members of the Closed Group identified in note 27 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee described in note 29.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Paul Rayner
Chairman

Tim Ford
Chief Executive Officer

25 August 2020

Independent Auditor's Report

To the shareholders of Treasury Wine Estates Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Treasury Wine Estates Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2020;
- Consolidated statement of profit or loss and other comprehensive income, Statement of changes in equity, and statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of inventory; and
- Recognition of discounts and rebates.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventory (total finished goods and work in progress inventory was $2,010.0 million)

Refer to Note 9 *Working Capital* to the Financial Report

The key audit matter	How the matter was addressed in our audit
The valuation of inventories of finished goods and work in progress is a key audit matter as we need to consider estimates and judgements made by the Group. These include inherently subjective judgements about forecast demand and estimated market sales prices at the time the wine is expected to be sold. We focus our work on assessing the judgements contained in the valuation models for: • the period of time over which some harvested grapes are converted from work in progress to bottled wine ready for sale (the holding period) which can be a number of years depending on the varietal and type of wine; and • forecast demand and market sales prices, which can fluctuate significantly over the holding period and are influenced by the fundamentals of the global wine industry, including fluctuations in demand and supply and other factors that impact agricultural outputs. These factors influence the Group's determination of the most likely market conditions at the estimated date of sale. A key indicator for at-risk inventory values, including finished goods and work in progress in the holding period, is the identification of current slow moving and obsolete inventories. These can signal changes in consumer demand patterns or potential over-supply issues which may	Our procedures included: • testing key controls designed by the Group to identify slow moving and obsolete inventories (including wine held by third party distributors and retailers), which if existing, may indicate valuation issues with work in progress and finished goods; • testing year-end inventory valuation models, in particular the identification and valuation of work in progress and finished goods considered to be 'at risk' (i.e. where the costs may potentially exceed the estimated net realisable value at the time of sale). We considered forecast sales plans, inventory holding reports (including wine held by third party distributors and retailers), committed future supply contracts and the outcomes of the Group's process to identify slow moving and obsolete inventories. For a sample of 'at risk' inventory we: • evaluated the proposed inventory value against brand strategies and forecast sales plans for consistency; • assessed the reasonableness of management's action plans in place to mitigate the risk that wine will be sold below cost and facilitate the sale of potential at risk inventory above cost; • assessing the integrity of the inventory valuation models used, including the mathematical accuracy of the underlying

impact forecast prices.	calculation formulas; • comparing, by product grade, inventory volumes in significant markets to both recent and forecasted sales data to identify slow moving and potentially 'at risk' inventories, and assessing the computation of write-downs of inventory to net realisable value; • attending cycle counts and / or year-end inventory counts in significant locations, which included observing the process of identifying slow moving and potentially obsolete inventory; • comparing the estimated net realisable value of slow moving inventories identified in prior periods to actual sales outcomes subsequently achieved, to assess the historical accuracy of the Group's forecasting process; and • assessing the Group's inventory valuation methodologies and the Group's disclosures in respect of inventory valuation against the requirements of relevant accounting standards.

Recognition of discounts and rebates (Net Sales revenue, which is net of trade discounts and volume rebates, was $991.2 million)	
Refer to Note 3 *Revenue* of the Financial Report.	
The key audit matter	**How the matter was addressed in our audit**
The Group's policy is to record net sales revenue at the time goods are shipped to customers based on the price specified in the sales agreement, net of any estimated discount or rebate. In some cases, the discount or rebate will not be finally determined or paid until the inventory is depleted from the customer's warehouse, which may be some time after the Group's sale date to their customer. Sales agreement terms and historical trends are used by the Group to estimate the discounts. The impact of any one-off events are considered by the Group in the estimation of the accrual. At year end, the Group estimates and accrues amounts for discounts and rebates they consider have been incurred and not yet paid. The Group's estimation of these amounts at the year-end is	Our procedures included: • considering the appropriateness of the Group's accounting policy for the recognition and measurement of net sales revenue, including the policy for recording discounts and rebates, by assessing compliance with applicable accounting standards; • testing the estimation of discounts and rebates accruals. We used underlying documentation such as customer agreements, shipment and depletion data, claims for discounts and rebates along with cash payments made. We evaluated the estimate, for a sample of customers, by: • checking amounts to the agreements; and • analysing sales and depletion to date, and

considered as a key audit matter due to the significance of the Group judgements applied and the number of unique customer arrangements that are in place. For example, the Group's judgement is required to estimate the accrual where discounts and rebates are dependent on customers achieving annual sales targets and the performance year does not align to the Group's financial year.	depletion programs expected to take place in future periods against sales budgets, depletion plans and actual claims, to assess the estimate of discounts and rebates incurred but not yet paid. • testing key controls in significant jurisdictions for calculating, reviewing and approving discounts and rebates; • assessing the integrity of the discount and rebate models used, including the mathematical accuracy of the underlying calculation formulas; • challenging the nature and quantum of the amounts recorded by reference to historical sales, rebates paid and discounts paid. We also tested, on a sample basis, the nature and level of such amounts back to contractually agreed terms; • assessing the accuracy of the accrual in previous years in order to challenge the Group's current year estimation processes; and • considering the Group's disclosures with respect to revenue, discounts and rebates accruals against accounting standard requirements.

Other Information

Other Information is financial and non-financial information in Treasury Wine Estates Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Treasury Wine Estates Limited for the year ended 30 June 2020, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 44 to 63 of the Directors' report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Gordon Sangster

Partner

Melbourne

25 August 2020

DETAILS OF SHAREHOLDERS, SHAREHOLDINGS AND TOP 20 SHAREHOLDERS

DETAILS OF SHAREHOLDERS AND SHAREHOLDINGS

Holding of securities

LISTED SECURITIES 6 AUGUST 2020	NO. OF HOLDERS	NO. OF SHARES	% HELD BY TOP 20
Fully paid ordinary shares	84,280	720,800,351	84.45

SIZE OF HOLDING	NO. OF HOLDERS	TOTAL % HELD
1 – 1,000	58,487	3.31
1,001 – 5,000	22,644	6.59
5,001 – 10,000	2,143	2.05
10,001 – 100,000	950	2.83
100,001 and over	56	85.21
Total	**84,280**	**100**

As at 6 August 2020, the number of shareholders holding less than a marketable parcel of $500 worth of shares, based on the closing market price on that date of $10.79 per share, is 1,619.

TWENTY LARGEST SHAREHOLDERS – 6 AUGUST 2020

RANK	SHAREHOLDER	NO. OF FULLY PAID ORDINARY SHARES	% OF FULLY PAID ORDINARY SHARES
1	HSBC Custody Nominees	286,664,034	39.77
2	J P Morgan Nominees Australia	179,412,690	24.89
3	Citicorp Nominees Pty Limited	54,950,462	7.62
4	BNP Paribas Nominees Pty Ltd	29,685,238	4.12
5	National Nominees Limited	22,770,502	3.16
6	Merrill Lynch (Australia) Nominees Pty Limited	17,911,553	2.48
7	Argo Investments Limited	3,250,000	0.45
8	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	2,790,898	0.39
9	Avanteos Investments Limited <Encircle IMA A/C>	2,016,271	0.28
10	Netwealth Investments Limited <Wrap Services A/C>	1,343,894	0.19
11	Mutual Trust Pty Ltd	1,234,963	0.17
12	Milton Corporation Limited	1,206,363	0.17
13	AMP Life Limited	1,058,254	0.15
14	Avanteos Investments Limited <Encircle Super A/C>	895,920	0.12
15	BKI Investment Company Limited	850,301	0.12
16	BNP Paribas Noms (NZ) Ltd <DRP>	639,337	0.09
17	CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	594,220	0.08
18	Netwealth Investments Limited <Super Services A/C>	511,956	0.07
19	UBS Nominees Pty Ltd	505,847	0.07
20	Washington H Soul Pattinson and Company Ltd	450,000	0.06
Total		**608,742,703**	**84.45**

SUBSTANTIAL SHAREHOLDERS – 6 AUGUST 2020

The following shareholders have declared a relevant interest in the number of voting shares at the date of giving the notice under Part 6C.1 of the Corporations Act.

INSTITUTION	NO. OF FULLY PAID ORDINARY SHARES	% OF FULLY PAID ORDINARY SHARES
Blackrock Group	45,409,316	6.3
Capital Group	43,650,149	6.1
The Vanguard Group	35,954,902	5.0

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Thursday 5 November 2020 (AEDT). Full details will be contained in the Company's Notice of Meeting to be available on the Company's website prior to the meeting.

VOTING RIGHTS

Shareholders are encouraged to participate in the Annual General Meeting, however, when this is not possible, shareholders may appoint a proxy to participate in the Annual General Meeting in their place.

Every shareholder participating in the Annual General Meeting personally or by proxy, attorney or representative has, on a poll, one vote for each fully paid share held.

SECURITIES EXCHANGE LISTING

Treasury Wine Estates Limited shares are listed on the Australian Securities Exchange under the code 'TWE'.

Treasury Wine Estates Limited ordinary shares are traded in the US in the form of American Depositary Receipts (ADR) issued by The Bank of New York Mellon as Depositary.

SHARE REGISTER AND OTHER ENQUIRIES

If you have any questions in relation to your shareholding, share transfers or dividends, please contact our share registry:

Computershare Investor Services Pty Limited
Yarra Falls 452 Johnston Street
Abbotsford Victoria 3067
Australia

Telephone: 1800 158 360 (Australia)
International: +61 3 9415 4208
Facsimile: +61 3 9473 2500
For faxing Proxy Forms only: +61 3 9473 2555
(outside Australia) or 1800 783 447 (within Australia)
Website: www.investorcentre.com/contact

Please include your securityholder reference number (SRN) or holder identification number (HIN) in all correspondence to the share registry.

For enquiries relating to the operations of the Company, please contact the Investor Relations team on:

Telephone: +61 3 8533 3000
Facsimile: +61 3 9685 8001
Email: investors@tweglobal.com
Website: www.tweglobal.com

Address: Level 8, 161 Collins Street
Melbourne Victoria 3000
Australia

ADR Depositary and Transfer Agent:
BNY Mellon Shareowner Services
462 South 4th Street, Suite 1600
Louisville KY 40202
United States of America
Postal address: PO Box 505000
Louisville KY 40233 – 5000
United States of America
Telephone: 1888 269 2377 – toll free (US)
International: +1 201 680 6825
Email: shrrelations@cpushareownerservices.com
Website: www-us.computershare.com/investor

ELECTRONIC COMMUNICATIONS

The Company has an online share registry facility where shareholders can:

- check their current and previous holding balances;
- update their address details;
- update their bank details;
- review their dividend history;
- confirm whether they have lodged a TFN/ABN exemption;
- elect to receive communications and Company information electronically and change their Annual Report election;
- download commonly used forms; and
- elect to receive email notification when dividend statements and issuer sponsored holding statements are available to view online.

To access the online share registry, log on to www.tweglobal.com, go to the Shareholder Information section located under the Investors menu and click the 'online share registry' icon. For security and privacy reasons, shareholders will be required to verify their identity before they can view their records.

TAX FILE NUMBERS, AUSTRALIAN BUSINESS NUMBERS OR EXEMPTIONS

Australian taxpayers who do not provide details of their tax file number will have any unfranked portions of dividends subjected to the top marginal personal tax rate plus Medicare levy (if applicable). It may be in the interests of shareholders to ensure that tax file numbers have been supplied to the share registry. Shareholders may request a form from the share registry or submit their details via the online share registry.

CHANGE OF ADDRESS

It is important for shareholders to notify the share registry of any change of address. As a security measure, the previous address should also be quoted as well as your securityholder reference number (SRN). Shareholders may access the online share registry to submit their details or download a personalised change of address form.

SHAREHOLDER WINE OFFER – CELLARDOOR.CO & CELLAR360.COM

Shareholders in Australia and the US have the opportunity to purchase the Company's wines through Cellardoor.co and cellar360.com, respectively.

Cellardoor.co is an exclusive members-only online wine community for shareholders and family and friends of Treasury Wine Estates. The virtual cellar door provides 24/7 access to an exceptional range of wines from Treasury Wine Estates' award-winning wineries at exclusive shareholder prices. Shareholders in Australia can register for Cellardoor.co by visiting https://invite.cellardoor.co/twe-shareholder1, and entering the access code 89374. Shareholders in the US can shop the Treasury portfolio at cellar360.com.

TREASURY WINE ESTATES LIMITED

ABN 24 004 373 862

COMPANY SECRETARY

Kirsten Gray BA LLB (Hons), PDM

REGISTERED OFFICE

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WYNNS
COONAWARRA ESTATE
COONAWARRA
CABERNET SAUVIGNON
SALTRAM
1859
BAROSSA SHIRAZ
2018
THE
STAG
VICTORIA
COOL CLIMATE
PINOT NOIR
BERINGER
PRIVATE RESERVE
CABERNET SAUVIGNON
NAPA VALLEY
LINDEMAN'S
CHARDONNAY
this little pig went to market
this little pig stayed home
this little pig had roast beef
this little pig had none
this little pig went wee wee wee
squealing pig
marlborough sauvignon blanc
new zealand
BERINGER
BROS.
BOURBON BARREL AGED
CABERNET SAUVIGNON
RAWSON'S
RETREAT
CABERNET SAUVIGNON

TREASURY
WINE ESTATES