TREASURY
WINE ESTATES

19 August 2021 **ASX ANNOUNCEMENT**

TWE 2021 Annual Report

Treasury Wine Estates Ltd (ASX:TWE) is pleased to present its Annual Report for the year ended 30 June 2021.

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 2021

OUR AMBITION

To be the world's most admired premium wine company

CONTENTS

2,600
Team members
We pride ourselves on employing world-class talent across Australia, New Zealand, Asia, the Americas, the United Kingdom, Europe, the Middle East, and Africa.

70+
Countries
Our iconic wines are loved by consumers around the world and are available in major retailers, premium wine stores, restaurants, bars, and online.

3
Key divisions
A brand portfolio-led operating model with three key divisions – Penfolds, Treasury Premium Brands and Treasury Americas – supported by centralised business, supply, and corporate functions.

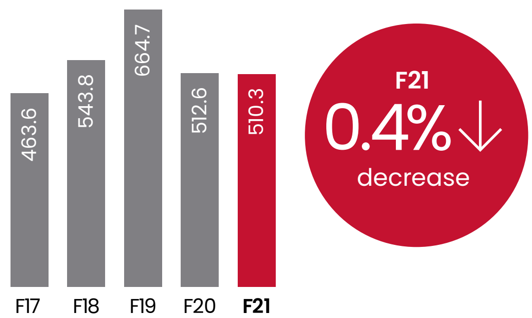
12,700
Hectares
Our global multi-regional sourcing model is at the heart of our business and includes vineyards and production assets in some of the world's best wine regions.

At a glance[1,2]

- F21 EBITS[3] down 0.4% to $510.3 million; EBITS margin up 0.6 percentage points to 19.9%
- EPS (before material items and SGARA) up 2.9% to 42.9 cents per share
- Return on Capital Employed increased 0.6 ppts to 10.8%
- Final dividend of 13 cents per share (fully franked); bringing F21 annual dividend to 28 cents per share; up 62.5% on the prior period
- Full year cash conversion of 100.8%

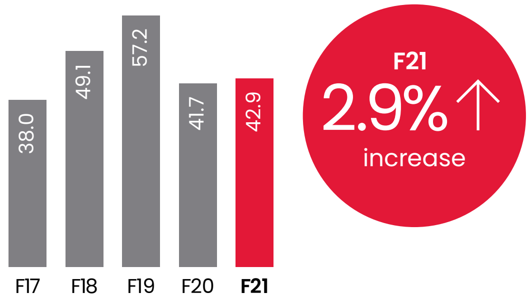
EBITS

(Earnings before interest, tax, material items and SGARA) (A$ million)



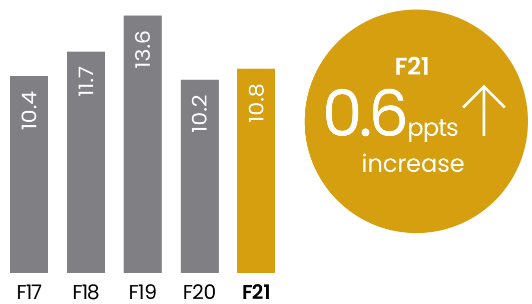
EPS (BEFORE MATERIAL ITEMS AND SGARA)

(Earnings per share) (cents)



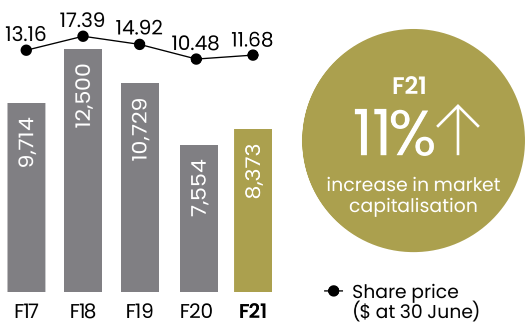
ROCE

(Return on capital employed) (%)



MARKET CAPITALISATION

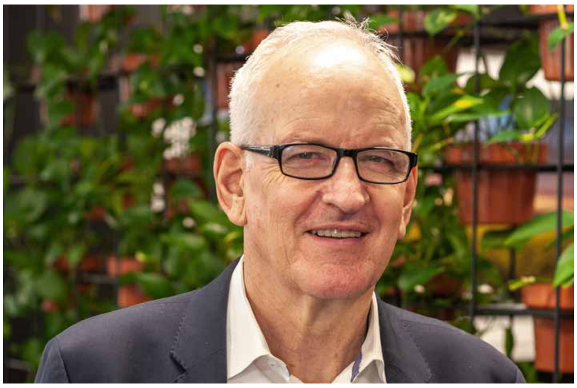
(A$ million)



1. Unless otherwise stated, all figures and percentage movements are stated on a reported currency basis and are subject to rounding.
2. TWE has updated its accounting policies in relation to the treatment of configuration and customization costs in cloud computing arrangements in accordance with *IFRIC agenda decision Configuration or Customisation Costs in Cloud Computing Arrangement (IAS38 Intangible Assets)*, resulting in the restatement of historical financials for the period F18 to F20.
3. Earnings before interest, tax, SGARA and material items.

Chairman and Chief Executive Officer's Report

This was a year of significant change and achievement for TWE. Our ability to deliver a quality financial result and make progress against our TWE 2025 ambition and game plan has been outstanding and is testament to the commitment and strength of our team, with the support of our partners and customers.



Paul Rayner Chairman

Tim Ford Chief Executive Officer

INTRODUCTION

Dear shareholders,

We are pleased to present the 2021 Annual Report for Treasury Wine Estates Limited.

At the start of the fiscal year we launched our strategic blueprint for the next five years, headlined by our ambition to be the world's most admired premium wine company.

This ambition is underpinned by a commitment to being bold in our decision making and the way we innovate so that we can drive change in the world of wine. Supporting this is our DNA – our cultural code that defines who we are and how we behave so that we create a positive experience for everyone who touches our business.

Our ambition, game plan and DNA were launched against a backdrop of significant disruption including the ongoing impacts of the COVID-19 global pandemic, the Californian wildfires, and the introduction of import duties on Australian wine in China. They have been critical in grounding our response strategies and putting the consumer at the heart of everything we do and every decision we make. In doing so, the team has embraced disruption in a way that has informed our strategy, reshaped our business to drive growth, and permanently changed the way we engage with customers and consumers.

We have demonstrated resilience and our ability to innovate and deliver collaborative customer and stakeholder partnerships that have ensured we can effectively respond to the changing landscape in which we operate.

Change will continue to be ever present in our business. Now more than a year into the COVID-19 global pandemic, we have successfully embraced flexible working models and responded to consumer trends, including the acceleration of e-commerce and digital engagement, the rise of localism, increased in-home consumption and heightened social consciousness, to ensure we meet changing consumer expectations and needs.

The effective closure of the Chinese wine market to Australian wine was a significant event for Treasury Wine Estates and the Australian industry in F21. While this has presented challenges for TWE and across the Australian industry, it has also created opportunities for us to drive growth in other key global markets, demonstrating the strength of our diversified business model. Importantly, we remain committed to the China market for the long term and continue to invest in our team, our brands, and our relationships with customers and consumers.

The strength of our team, our global diversified business model, our iconic brand portfolio, and our unrelenting focus on the consumer, means we are well placed to deliver on the long-term growth ambitions we set out in the TWE 2025 strategy.

CELEBRATING 10 YEARS

In F21, we celebrated 10 years of TWE and took the opportunity to reflect on how far our business has travelled since it was demerged from the Foster's Group in 2011. There have been numerous milestones that have marked this journey, including our luxury and premium wine portfolio led growth strategy, the acquisition of Diageo wine in 2016, the acquisition of production and vineyard assets in Bordeaux in 2019, and the significant expansion of our South Australian luxury winemaking infrastructure.

More recently, the resilience our business has shown in successfully managing macro environmental challenges has given us opportunities to reshape our business and ensure we are well positioned for long-term, quality growth in the years ahead.

We want to take this opportunity to recognise the significant contribution that many people have played in our growth and evolution during this past decade, from our team, past and present, through to partners, suppliers, communities, customers, and consumers, as well as our shareholders.

OVERVIEW OF RESULTS

In F21 we delivered earnings before interest, tax, material items and SGARA (EBITS) of $510.3 million in line with the prior year, while our EBITS margin increased 0.6 percentage points to 19.9%. TWE continues to target delivery of 25% Group EBITS margin.

In F21, TWE delivered strong growth in the $10-$30 Premium portfolio in the Americas, EMEA and ANZ regions, led by 19 Crimes, Pepperjack, Squealing Pig, Beringer Brothers and Matua. These positive growth trends were moderated by ongoing global pandemic disruptions, higher COGS and significantly reduced shipments to Mainland China following the introduction of import duties on Australian wine.

TWE continued our premiumisation journey, with Net Sales Revenue (NSR) per case up in each region and the luxury and premium portolios contributing 77% of global NSR, up 71% in F20.

We fundamentally changed our business model in the United States in F21 to better position us for sustainable, long-term success. These significant changes included the divestment of a significant portion of the commercial portfolio. The Americas division continues to progress initiatives focused on the divestment and exit of other non-priority brands and these remain on track for completion in F22.

Our diverse portfolio of brands continued to innovate and gain recognition with the launch of the Penfolds California Collection and the 19 Crimes Cali Red and new Rosé varietals. Wolf Blass was recognised as Red Winemaker of the Year at the 2021 International Wine Competition, and Pepperjack again, held its position as Australia's number one Shiraz.

Yellowglen also had reason to celebrate teaming up with Australian entertainment icon Dannii Minogue to celebrate 50 years with the launch of its limited edition 50 Year Celebration Brut Cuvée.

Lindeman's embraced sustainability, achieving carbon neutral status for its European product range. The brand also celebrated with its 'Step into the Sunshine' campaign, which pledged to plant one tree for every bottle sold, with the ultimate aim of planting 370,000 trees.

All regions contributed to our F21 result, with key elements as follows:

- Asia reported a 15% decline in EBITS to $205.4 million and an EBITS margin of 36.3% (down 2.8 ppts) with shipments to Mainland China significantly reduced following the implementation of import duties on Australian wine (Mainland China EBITS declined $77.3 million in F21). Pleasingly, this impact was partially offset by continued growth across the rest of the region, particularly for Penfolds Bin and Icon ranges, despite ongoing pandemic restrictions to key luxury sales channels. Margins were impacted by one-off product re-work and logistics costs, as well as committed brand investment in Mainland China.
- Americas reported a 23.0% increase in EBITS to $168.3 million and an EBITS margin of 17% (up 4.2 ppts), with positive momentum accelerating across the retail and e-commerce channels for TWE's premium brand portfolio. This momentum has been led by 19 Crimes, which continues to outperform the market.
- Australia and New Zealand reported a 10.0% increase in EBITS to $142.7 million and an EBITS margin of 23.7% (up 1.7 ppts) reflecting ongoing portfolio premiumisation which included growth in the Penfolds Bin and Icon portfolio. This was partially offset by the higher cost of goods sold (COGS) per case across the commercial and premium portfolios.
- EMEA reported a 6% decline in EBITS to $46.6 million and an EBITS margin of 11.3% (down 2.1 ppts), with 12% top-line growth driven by strong performance in retail channels. Offsetting this were higher COGS and higher cost of doing business (CODB), including one-off Brexit related costs. TWE's focus brands continue to perform strongly across key EMEA markets.

SUSTAINABILITY

In F21 we took a much bolder step towards sustainability leadership, with the release of our enhanced sustainability strategy, and an expanded suite of targets that respond to the topics that matter most to our business and our stakeholders.

The strategy reflects our ambition to *cultivate a brighter future* for everyone who touches our business and our products, with initiatives and programs focused on delivering against three newly established goals: building a resilient business; fostering healthy and inclusive communities; and producing wine sustainably.

Underpinning this ambition and our goals, we announced a number of new targets and commitments focused on enhanced water stewardship and working towards net zero emissions (scope 1 and 2) by 2030, including a 100% renewable electricity target across our global operations by 2024.

These are in addition to our existing priorities with regard to health, safety and wellbeing including mental health through our Destination Zero Harm program, inclusion and diversity commitments and our sustainable packaging targets.

More information about our enhanced strategy, goals and the progress we are making against our commitments will be available in our 2021 Sustainability Report. The report will be released later in the year and will be 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 with net debt down $376.5 million in F21 to $1,057.7 million (inclusive of $140.7 million currency benefit) and net debt to EBITDAS 1.6x down from 2.1x in F20. Total available liquidity of approximately $1.2 billion was on hand at the end of F21 (F20: $1.4 billion).

Total capital expenditure (capex) for the year was $121.2 million comprising maintenance and replacement capital expenditure (capex) of $55.2 million, and growth capex including investment in South Australian luxury winemaking infrastructure and long-term technology investments of $66.0 million.

Strong operating cash flow reflects a lower Californian vintage intake and an adjusted Australian vintage, in addition to the shift in the regional sales mix in Asia. F21 cash conversion was 100.8% and 96.9%, excluding the change in non-current luxury and premium inventory, in line with our target of 90% or above. Earnings per share (EPS) increased 1.8% to 34.7 cents per share and return on capital employed (ROCE) improved 10.8% demonstrating our continued disciplined approach to capital allocation.

For F21, TWE is pleased to declare a final dividend of 13 cents per share, fully franked, which brings the total dividend for F21 to 28 cents per share.

THANKS AND CONCLUSION

Looking ahead, we will remain focused on delivering sustainable top line growth and high, single-digit average earnings growth over the long term.

We are positive on the outlook across key markets outside Mainland China and we will continue to build momentum behind the premium portfolio which has seen strong performance globally in F21. We will also continue to execute plans to deliver growth for Penfolds Bin and Icon ranges.

In F22 we enter the next phase of our journey under the brand and consumer focused divisional model led by Penfolds, Treasury Americas and Treasury Premium Brands. Each division is well positioned to leverage its unique strengths to deliver on our strategic priorities to drive quality growth over the long term.

We are confident that our strategic agenda, including our elevated focus on digital consumer engagement and experience, data and technology, sustainability, culture and organisational capability, coupled with our new operating model, positions us well to respond to the changing landscape and progress our ambition of becoming the world's most admired premium wine company.

Our people, alongside our suppliers, customers, and partners, remain critical to delivering on this agenda. With that in mind, we want to thank our global team members for their outstanding efforts during the year. We also want to acknowledge the care they continue to show one another, and the way they have embodied our DNA as they navigated another challenging year to help us deliver against our strategic agenda.

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

Kind regards,

Paul Rayner
Chairman

Tim Ford
Chief Executive Officer

We want discovering and sharing our wines to be just as enjoyable as drinking them. That's why we use our brilliant portfolio of brands, in-depth consumer insights, and leading innovation to create memorable moments for everyone. We're all about creating experiences that open up the world of premium wine to more consumers to enjoy.

Creating experiences


STAG

Operating and Financial Review

Treasury Wine Estates (TWE) is a premium focused, global leader in wine, 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 significant details of TWE's business activities and state of affairs that occurred during the year ended 30 June 2021.

TWE'S BUSINESS ACTIVITIES

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, premium and commercial[1] price segments and sold in more than 70 countries around the world. At the heart of the business is TWE's global, multi-regional sourcing model which includes world-class vineyard and production assets in internationally acclaimed winemaking regions including the Barossa Valley in Australia, Napa Valley in the United States, Marlborough in New Zealand, Bordeaux in France, and Tuscany in Italy.

TWE employs a global team of over 2,600 people.

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

In F21, TWE operated under four regional segments:

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

Effective 1 July 2020: Tim Ford was appointed CEO; Tom King was appointed Managing Director Asia; and Kerrin Petty was appointed Director Global Supply Chain.

At the end of F20, TWE undertook a detailed review of its global brand portfolio and an assessment of the optimal strategy and structure of the business. Key outcomes of this review included the accelerated reduction of the scale of the commercial wine business, and the implementation of a new operating model.

1. TWE participates in three price segments; Luxury (A$30+), Premium (A$10-A$30) and Commercial (A$5-A$10). Segment price points are retail shelf price.

Penfolds

CALIFORNIA COLLECTION UNVEILED

In March 2021, Penfolds unveiled the inaugural California Collection — a range of four wines more than 20 years in the making. The flagship wine, 2018 Quantum Bin 98 Cabernet Sauvignon, was awarded 100 points by Somm Journal Magazine (US). To support the release, Penfolds partnered with Australian-born NBA All-Star Ben Simmons and produced a range of social and digital assets for American and Australian audiences.

New operating model

From F22, TWE will shift from a sales region-led business model to a brand portfolio led divisional model with three new standalone divisions:

- Treasury Americas led by Ben Dollard;
- Penfolds led by Tom King;
- Treasury Premium Brands (TPB) led by Peter Neilson.

The rationale for the new operating model is to drive increased focus and accountability and support optimal long-term growth and value creation.

Commercial wine business reduction

Initiatives to reduce the scale of the commercial wine business were progressed in F21 and continue to remain on track for completion in F22. In March 2021, TWE announced an agreement in relation to the exit of several commercial tier brands from our US portfolio. These brands represent a significant portion of the US commercial portfolio and a significant step towards delivering a premium focused US wine business. Exploration of additional opportunities for brand, asset and lease portfolio rationalisation continue in the US.

Our new operating model

Increased focus and accountability to unlock our long-term growth potential

Penfolds	Treasury Premium Brands	Treasury Americas
Limited editions	Wolf Blass	19 Crimes
Bin and Icon	19 Crimes	Sterling Vineyards
Special Bottlings	squealing pig	St Huberts The Stag
Max's	Wynns Coonawarra Estate	Beaulieu Vineyard
Koonunga Hill	Seppelt	Beringer
	St Huberts The Stag	Beringer Bros.
	Matua	Etude
	Pepperjack	Matua
	Lindeman's	Stags' Leap
	Blossom Hill	

Supply (Penfolds, Treasury Premium Brands) | US Supply (Treasury Americas)

Treasury Business Solutions

Corporate Functions

COVID-19 impact on business performance

Managing business performance throughout the global pandemic has been a top priority. Our COVID-19 Plan Ahead Agenda has supported the business well through this time of challenge and has helped to drive positive momentum.

Restrictions continued to impact TWE's global operations, with key sales channels remaining in varied states of impact and recovery. During F21, retail and e-commerce continued to demonstrate strong performance, offset by varying levels of disruption to sales channels for higher margin luxury wine including on-premise, cellar doors, and travel retail.

TWE remains confident that, as these channels re-open and consumption demand returns, it is very well placed to further the pace of its recovery.

Duty on Australian wine imports into China

In August 2020, TWE was advised that the Chinese Ministry of Commerce (MOFCOM) had initiated an anti-dumping investigation into Australian wine exports into China. This was followed by the implementation of provisional measures commencing from 28 November 2020, where a deposit rate of 169.3% was applied to the imported value of TWE's wine in containers of two litres or less.

TWE announced that we expected demand for our portfolio in China to be extremely limited as a result of these measures and immediately implemented a detailed response plan to reduce the impact on earnings and maintain the long term diversification and strength of TWE's business model and brands. These plans included driving incremental growth across priority global markets, China business model enhancements, and global operating model changes.

A final determination was announced by MOFCOM in March 2021, with a combined anti-dumping and countervailing duty rate of 175.6% applied to TWE's Australian country of origin wine in containers of two litres or less imported into China. The final determination applied from 28 March 2021 and will remain in place for at least five years. This determination did not result in any change to TWE's previously articulated response plan, with benefits expected to progressively reach their full potential over a two to three year period.

TWE maintains our long-term commitment to China and the growing number of consumers who enjoy TWE's brands.

Other than the above changes and those matters referred to in 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 Company during the financial year.

Squealing Pig

DRINKS INNOVATION

Tapping into the popularity of gin, quirky label Squealing Pig pushed category boundaries with the launch of two 'Ginseccos' – gin and prosecco spritzers – and a Pinot Noir Gin. These refreshing drinks innovations open doors to new consumers and occasions and help contribute to Squealing Pig's consumer awareness, consideration and purchase intent, which have tripled since 2017.

TWE'S BUSINESS MODEL

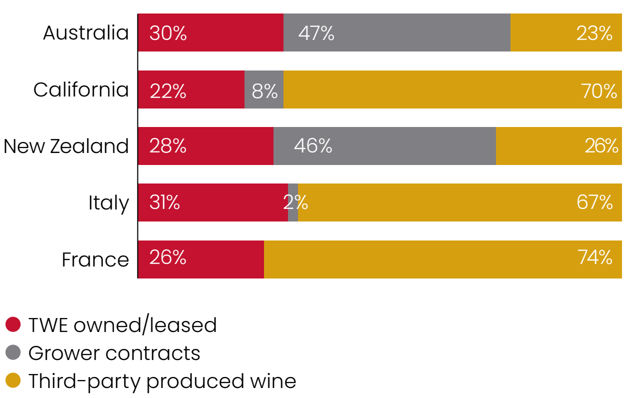
TWE is a vertically integrated wine business with three principal activities:

- grape growing and sourcing;
- wine production; and
- 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[2]



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 to support growth.

TWE owns and leases 9,260 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 Coonawarra in Australia, and Marlborough in New Zealand.

The Company also owns and leases 3,200 planted hectares in key viticultural regions in California, including the Napa Valley, Sonoma County, Lake County, and Central Coast.

TWE continues to optimise our inventory holdings to support portfolio premiumisation and at the same time pursue initiatives to reduce production costs across the luxury, premium and commercial segments, globally. In F20, TWE commenced a global supply chain optimisation program, implementing a range of initiatives expected to deliver annualised benefits of at least $75 million by F23[3].

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

2. Regional sourcing is historical data for the Northern Hemisphere V20 vintage and the Southern Hemisphere V21 vintage. The Californian vintage has not been adjusted to exclude inventory associated with the US Commercial portfolio brands divested in March 2021.
3. F20 base, excluding inflation and volume-mix impact on COGS.

Wolf Blass

RED WINEMAKER OF THE YEAR

Wolf Blass was thrilled to be recognised as Red Winemaker of the Year at the 2021 International Wine Competition — the world's most influential annual wine competition. This is an incredible achievement on a global scale and is the fourth time that Wolf Blass has been awarded this prestigious honour.

Wine production

TWE owns world-class wine production and packaging facilities.

- In Australia, TWE owns and operates eight wineries and one packaging centre. 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 generates revenues and profits from the production, marketing and sale of our portfolios of branded wine.

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

The Company has taken deliberate action to embed greater balance across our regional earnings mix, sourcing models and earnings delivery.

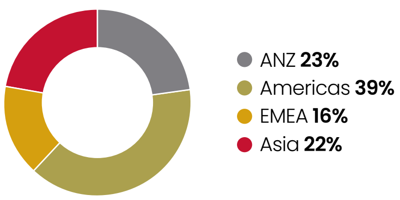
TWE's profitability is increasingly being driven by high-growth segments, being luxury and premium, as well as improved profitability across all segments (including the commercial segment).

Figure 2 shows the net sales revenue (NSR) and earnings before interest, tax, material items and SGARA (EBITS) contribution by region in F21.

Figure 2: TWE's business performance by region in F21

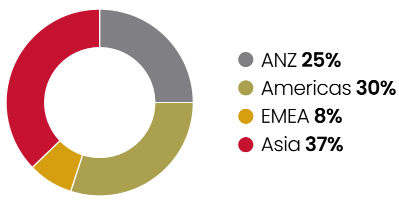
NSR

(Net sales revenue) ($M)



EBITS contribution[4]

(Earnings before interest, tax, material items and SGARA)($M)

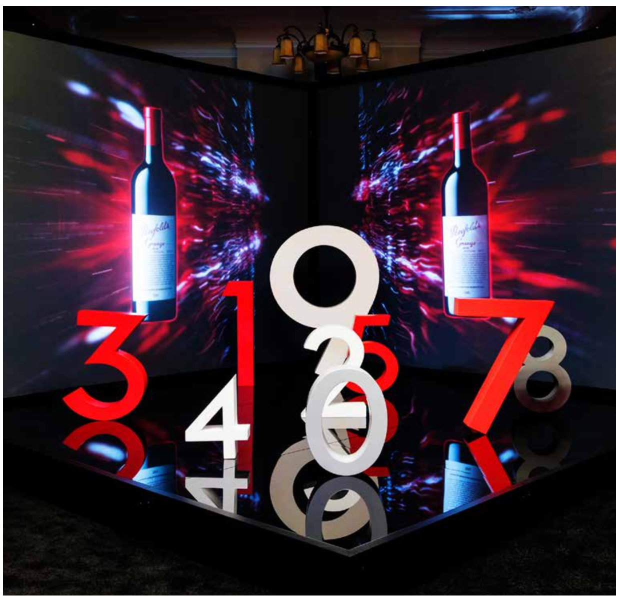


4. Excludes corporate costs of $52.7 million.

Penfolds

PENFOLDS HOUSE SHANGHAI LAUNCHES

Penfolds celebrated the launch of its 2020 Collection with an immersive 'Penfolds House' consumer event in China. Held at a historical villa in Shanghai's fashionable Xintiandi area, the three-week experience showcased the numerical significance and philosophy behind Penfolds' winemaking legacy through three-dimensional installations and engaging artwork, while serving as a platform for masterclass tastings and wine engagements for media, customers and consumers.



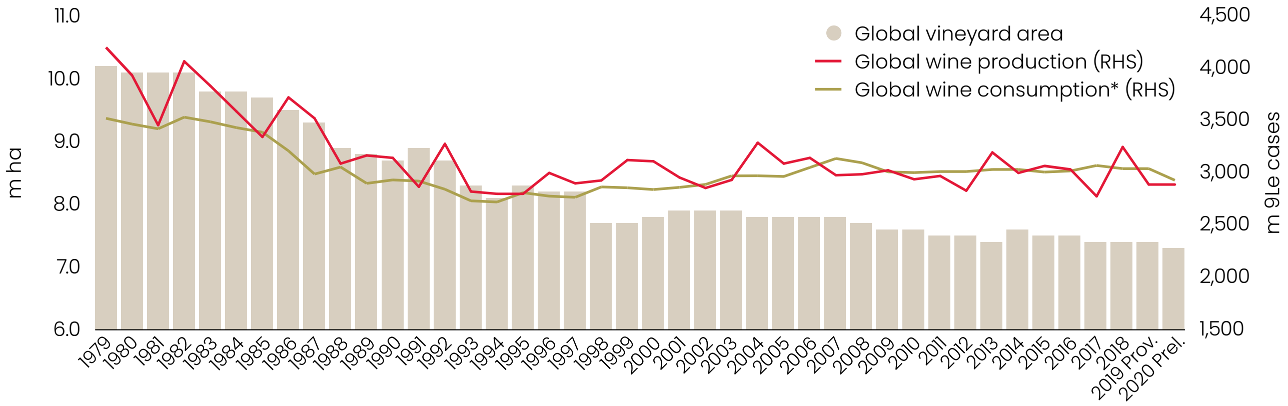
GLOBAL INDUSTRY OVERVIEW

Global wine production and consumption

Global wine production in 2020 was in line with the 2019 year and can be described as slightly below average. Production was again driven by the main European producing countries of Italy, France, and Spain.

Consumption decreased slightly when compared to 2019 driven by the COVID-19 pandemic and the impact on the hotel, restaurant, and catering industries. China saw the largest decline in consumption down 17% on 2019, partially offset by increases in Italy up 8% and the UK up 2%.

Figure 3: Global wine production and consumption[5]



5. International Organisation of Vine and Wine (OIV).

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

19 Crimes

CALI ROSÉ LAUNCHES

Hot on the heels of Snoop Dogg and 19 Crimes' first collaboration – Snoop Cali Red – came 19 Crimes Snoop Cali Rosé launching in the US. This is the first Californian Rosé for the brand using a blend of Grenache and Zinfandel. Snoop Cali Rosé breaks the rules of typical Rosé culture with a touch of Cali-behaviour and Snoop's iconic West Coast Style. The easy-drinking wine encourages consumers to raise a glass and celebrate life's greatest wins the way Snoop Dogg does, with no rules attached!

Figure 4: Forecast five-year compound annual growth rate (CAGR) in wine consumption in key growth areas and markets[6]

Markets	CAGR (2020 – 2024F)
United States	1.7%
Canada	(0.5)%
Latin America	1.4%
Australia	1.1%
United Kingdom	(1.1)%
Nordics	(2.3)%
Netherlands	(0.1)%
China	7.8%
Rest of North Asia	2.7%
South Asia	2.5%

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

6. International Wine and Spirits Record (IWSR) 2021, still, sparkling and fortified wine only. Value growth, Asia imported wine only.

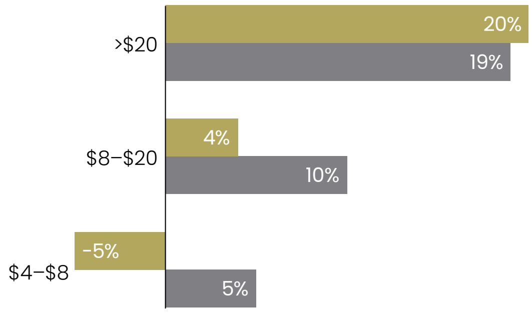
Beringer Bros.

COUNTRY MUSIC PARTNERSHIP

Beringer Bros. kicked off a partnership with the Country Music Association (CMA) to drive new consumer engagement with the growing spirit barrel aged wine segment. Country music is the perfect fit with the pioneering spirit of Beringer Bros. and its American roots. Beringer Bros. leveraged the 2020 CMA Country Christmas to execute in-store and digital programming leading up to the TV broadcast. We continued to drive awareness by inviting consumers to enter for a chance to win a VIP Pass to CMA Festival 2022, an event that attracts tens of thousands of country music fans to Nashville, Tennessee.

Figure 5: Value growth by price point

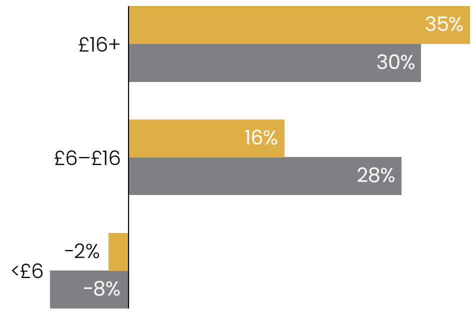
United States of America[7]



Mkt MAT* to June 21 Mkt MAT to June 20

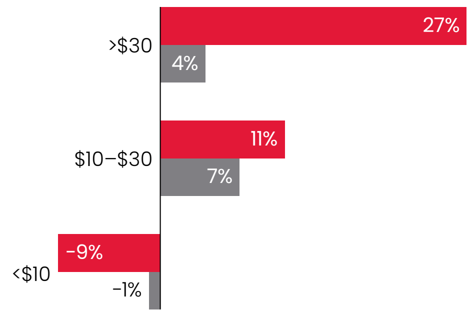
* Moving average total

United Kingdom[8]



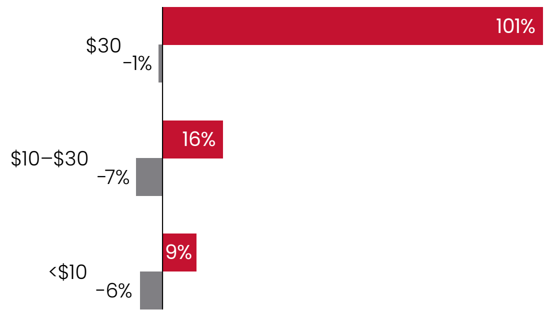
Mkt MAT to June 21 Mkt MAT to June 20

Australia[9]



Mkt MAT to June 21 Mkt MAT to June 20

Value growth of Australian bottled wine exports to Asia (excluding China)[10]



Mkt MAT to June 21 Mkt MAT to June 20

7. IRI Market Advantage, Table $4+, Still bottled wine only, MAT to 4 July 2021.
8. Nielsen Scantrack, Light Wine SKU, Value % change, data to 17 July 2021.
9. Aztec Sales Data, Off-premise Channel Only (scan measured market), Bottled and canned wine only, Unweighted MAT to 4 July 2021.
10. Wine Australia MAT to June 2021, Bottled wine exports to Asia (excluding China).

Pepperjack

REINVENTION BRINGS GROWTH

Pepperjack continues to be Australia's #1 Shiraz and in 2021 it underwent a reinvention — with fresh packs, new worldly varietals like Grenache and Malbec, and a new brand platform that reinforces the brand's quality role in bringing great mates together. The 'When Character Counts' campaign launched in outdoor, digital, social, and radio. Overall, the relaunch has driven significant new sales momentum for the brand.

Figure 6: TWE Vision and Strategy

TWE's strategic vision and strategic imperatives were refreshed in F21 and are set out below.

TWE GAME *Plan*

CONSUMER FOCUSED PREMIUM BRAND PORTFOLIO

- Consumer-led & experience focused marketing as our advantage
- Focused portfolio of brands with clear & differentiated roles
- Core objective to drive more consumption occasions
- Bold, consumer need driven innovation to build the future

MULTI-REGIONAL & MULTI-CHANNEL SALES MODELS

- Strengthened leadership position in China & Australia
- US established as a premium wine growth business
- Targeted growth through our markets in rest of Asia & Europe
- Category leadership with key retailers
- Acceleration in direct to consumer & ecommerce channels – ours & our retail partners'

WORLD CLASS TALENT

- TWE DNA at the heart of all we do
- Employee experience focused culture – a great place to work
- Broad diversity & inclusion agenda
- Continuous & company wide learning through TWEforME Academy
- Efficient and effective use of technology to enable collaboration, connection & development

SUSTAINABLE & MULTI-REGIONAL SOURCING & WINEMAKING

- Continued building & diversification of premium sourcing across Australia, the US & Europe
- Consumer led wine making at the best cost
- Sustainable supply chain, with a focus on water surety, emissions, climate adaptation & packaging
- Fit for purpose asset base structured to deliver sustainable performance now & in the future

DEEP, LONGTERM PARTNERSHIPS & NETWORKS

- Mutually beneficial partnerships across:
  - Customers
  - Growers
  - Suppliers
  - Communities
  - Government & industry bodies
- Strong third-party expertise leveraged for non-core business activities

Strategic imperative	Progress against initiative in F21
Consumer focused premium brand portfolio	• Driving Penfolds' reinvention from fine wine brand to global luxury icon through the launch of the Californian Collection, a partnership with Chinese luxury lifestyle brand Shang Xia, and the release of the Penfolds G4 – a blend of four exceptional Grange vintages. • 19 Crimes partnering with entertainment icon Snoop Dog to launch its first Californian wine which has seen tremendous success globally. The launch of a Rosé followed in March 2021 and is also resonating strongly with consumers. • Undertook our largest ever investment in wine intelligence to enhance our understanding of the luxury consumer and their relationship with wine. • Wynns (Australia's #1 Shiraz) and Pepperjack (Australia's second most cellared Cabernet) were given a renewed focus. Wynns launched a new global brand platform designed to make its luxury credentials more accessible whilst Pepperjack was rejuvenated with fresh packs, a new mateship-based brand platform and worldly new varietals.
Multi-regional & multi-channel sales models	• Accelerated investment in sales and marketing to grow distribution and availability of TWE brands in Asia (excluding China). • Accelerated investment behind existing and new direct to consumer (DTC) platforms globally. • Partnered with our customers to maximise the three-tier e-commerce opportunity, globally. • A detailed omni-channel consumer research study was conducted in the Americas to better inform e-commerce investment decisions.
World-class talent	• Launched our TWE DNA following a collaborative process including internal and external research and employee feedback. • Continued to leverage technology for collaboration, connection and development across our globally dispersed workforce during extended periods of working from home. • Increased investment in continuous and company-wide learning through our TWEforME Academy. • Continued to invest in and evolve our diverse, inclusive and collaborative culture, anchored in our TWE DNA, through various initiatives. • Undertook global surveys focused around Diversity and Inclusion, as well as overall employee engagement. From these surveys we have understood what our employees value when working at TWE, and identified opportunities for focus in F22.
Sustainable & multi-regional sourcing & winemaking	• Progressed the expansion of TWE's Barossa Winery and associated consolidation of Penfolds' Nuriootpa Winery. • Further expanded TWE's French winemaking capacity by expanding existing assets. • Divested a number of non-core US brands and vineyards. • Embedded a global cost optimisation program into all supply chain functions and processes, expected to deliver annualised benefits of at least $75 million by F23. • Launched our new sustainability strategy, which sets out an expanded suite of targets as well as progressing our two-year Climate Scenario Analysis.
Deep, longterm partnerships & networks	• Treasury Americas reached a long-term agreement with Republic National Distributing Company (RNDC) to distribute TWE's portfolio of luxury and premium wines throughout several states including California and Texas. • Established a long-term partnership with Accenture to support our technology transformation journey leveraging their extensive experience with industry-leading technology insights to implement the solutions required to meet TWE's strategic objectives.

FUTURE PROSPECTS

TWE remains focused on leveraging its organisational, strategic and physical assets across the world to deliver quality growth. Our long-term financial growth objectives are centred around driving profitability, efficient capital usage, and the delivery of sustainable shareholder returns, as listed below.

- Deliver sustainable top-line growth and high single-digit average earnings growth[11].
- Continue the premiumisation of sales mix.
- Expand EBITS margin to 25% and beyond.
- Restore return on capital employed (ROCE) to pre-pandemic levels and then grow.
- Maintain cash flow and capital metrics in line with an investment grade credit profile, including cash conversion of 90%+ (excluding the investment in non-current Luxury and Premium inventory) and net debt to EBITDAS to remain below 2.0x through the cycle.

Each division will contribute differently towards our long-term objectives, with their own financial targets.

- Penfolds will focus on growth in revenue to drive earnings growth, with an EBITS margin target of 40-45%.
- Treasury Americas will focus on improvement in mix to drive revenue growth along with cost and asset base optimisation to support higher earnings and improved return on capital, with an EBITS margin ambition of 25%.
- Treasury Premium Brands' growth objectives are focused on premiumisation and cost and capital efficiency opportunities with a high-teens EBITS margin ambition.

Areas of near-term focus that may impact TWE's future operational and financial prospects, excluding material business risks which are outlined in the next section, are listed below.

- Delivering continued momentum behind the premium portfolio, which has shown strong performance globally in F21.
- Successful execution of plans to deliver growth for Penfolds Bin and Icon ranges in markets outside of China, with continued recovery in key luxury channels an important enabler of future Penfolds portfolio growth.
- The short-term impact of the COVID-19 pandemic on trading conditions in TWE's key markets remains uncertain, despite recent reopening in on-trade channels and improving trade through cellar doors. Retail and e-commerce channels continue to perform strongly, albeit with moderating rates of growth, while travel retail remains severely impacted. Continued reopening of key sales channels will be an important enabler of future luxury portfolio growth.
- Mix-adjusted cost of goods sold (COGS) per case is expected to remain elevated, with benefits from the lower cost 2021 Australian vintage (commercial portfolio) offset by the higher cost 2020 Australian vintage (premium portfolio), recent higher cost US luxury vintages and dyssynergies following the US commercial portfolio divestment. Successful execution of supply chain optimisation programs to improve COGS will have a modest benefit in F22, with full run rate benefits of at least $75 million expected from F23 and beyond.
- Close monitoring of global demand trends and adjustment of Australian vintage 2022/23 intake, as required, through key initiatives including bringing forward vineyard re-development programs that will reduce our intake from our own asset base in the short term whilst positioning for growth again in the long-term and reviewing upcoming grower contract renewals.

11. Organic, pre-material items and on a constant currency basis. Continuation of COVID-19 related disruptions to key sales channels for luxury wine may impact short-term performance.

Yellowglen

TOASTS A MILESTONE BIRTHDAY

Much-loved Australian sparkling wine, Yellowglen, celebrated 50 fabulous years in 2021. To mark this milestone, Yellowglen teamed up with another Aussie icon who celebrated 50 years in 2021 — fashion and entertainment icon, Dannii Minogue.

As Australia's most popular sparkling, Yellowglen has become an icon of Australian celebrations and the launch of its limited edition 50 year Celebration Brut Cuvée is befitting to mark occasions big and small.

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.

Our material risks have not fundamentally changed in F21, however, the risks listed below have elevated in focus.

- Protectionism and geopolitical uncertainty heightened further during F21, elevating the risk of operating in a changing geopolitical environment and of significant business disruption.
- 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 and market trends.
- An increase in cyber threats with increasingly sophisticated and indiscriminate attacks on companies and organisations, elevating the risk of Information security and/or cyber-attacks.

Risk	Description	Mitigation
Climate	The impacts of climate change may lead to adverse effects on business operations and performance. A changing climate presents physical risks such as more frequent extreme weather events and changing temperatures. It could lead to restrictions on access to and/or an increase in the cost of water. The inability of third-party suppliers to adapt to and mitigate against climate change, could impact TWE's ability to effectively source grapes and wine for production. In addition, transition risks such as governmental actions to reduce the impacts of climate change, through emission reduction targets or cross-border carbon adjustment mechanisms may also impact TWE's cost base.	• Maintain multi-region sourcing model to mitigate against over-reliance on a single region, continue to focus on premiumisation and secure alternative methods to source commercial fruit and bulk wine. • Invest in the Company's adaptive capacity through innovative agronomic practices such as delayed pruning, improve canopy and vine architecture, installation of frost fans, and trialing non-traditional grape varietals (including drought resistant clones and root stocks), as well as embedding multi-regional growing and sourcing. • Invest to ensure resilience when building or upgrading facilities. • Climate Scenario Analysis to understand what future trends, opportunities and risks may emerge as a result of climate change and their potential financial and operational impacts on our business and its strategy. • Strategic climate change remediation investment plan and vineyard capital investment plan. • Closely monitor weather patterns and climate impacts on vintage timing and compression and use that information to inform vintage planning processes. This includes technology partnerships to improve decision making in response to changes. • Encouraging key businesses in our value chain to capture, report and reduce their emissions.
Misaligned supply and demand for region, variety and grade of grapes	TWE's ability to fulfil demand, in particular growing demand for luxury wine or specific varietals, can be restricted by the availability of grapes. Over time, changing consumer preferences affects demand for certain regional, varietal and/or grade of grapes, providing both potential opportunities for growth and potential price pressure on existing inventory/ committed supply. As a result, financial results could be affected, both in the year of harvest and in future periods.	• Multi-regional growing and sourcing. • Balanced grape intake between owned/leased vineyards and third-party suppliers. • Long-term vintage planning and ongoing demand planning processes, to align our supply with our insights from monitoring changing consumer preferences. • Strong grower relationships and defined service level agreements. • Ongoing customer/distributor relationship management to understand changes in demand and achieve alignment with our current and future portfolio of products. • Strategic climate change remediation investment plan and vineyard capital investment plan. • Innovative agronomic practices to improve vineyard yield. • Global wine allocation process for constrained products to maximise value from products where supply is unable to meet demand.

Risk	Description	Mitigation
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 for team members, aligned to the achievement of TWE's financial and business goals and demonstration of the right behaviours. • Market competitive remuneration and benefits.
Brand reputation/ damage	The strength of TWE's portfolio of brands is key to the success of the business. 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, Social Media Policy and incident management procedures. • Sustainability 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 the 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. • Responsible Procurement Code (RPC) to define our broader requirements of our suppliers, including expectations related to Human Rights, Safety, and the Environment. • Defined and pre-approved terms of engagement. • Investment in strong and multifaceted key partner relationships. • Joint business planning processes with customers and distributors to support and align their interests with our objectives. • Regular 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 to understand emerging issues and opportunities, and collaborate on advocacy strategies.

Risk	Description	Mitigation
Changing geopolitical environment	Instability in the markets in which we operate could impact consumer demand, ability to trade, access to new markets, disruption to global supply chains and other barriers to the movement of people and goods across international borders. There is heightened geopolitical tension as countries seek to balance national security, global leadership and cooperation and competition, nationalisation and economic recovery. The uncertain ongoing impacts of COVID-19, including sustained lockdowns, social and travel restrictions, could add to the geopolitical tensions.	• Continue to grow our diversified portfolio of products and markets including Australia, US, Europe, Middle East, and Asia. • 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.
Significant business disruption and/or catastrophic damage or loss	TWE's scope of operations exposes us 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 111).
Foreign exchange rate impacts	TWE is exposed to foreign exchange risk from several 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.

Risk	Description	Mitigation
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 and market trends	The business's 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's ability to either capture growth opportunities or manage supply.	• Implementation of a new divisional operating model to enable a separate focus across our brand portfolios, so we're better positioned to anticipate and respond to changing consumer preferences and customer market trends. • 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.

Wynns

CELEBRATES BIG WINS

Wynns shone brightly in F21 in recognition of its wines and winemakers. Cath Kidman was awarded 'Viticulturist of the Year' at the 2020 Gourmet Traveller WINE Winemaker of the Year Awards and Wynns also proudly launched its John Riddoch 2016 Cabernet Sauvignon at the esteemed La Place de Bordeaux, one of only two Australian wines to do so.

PROFIT REPORT

Key Highlights

Business headlines

- In F21, TWE demonstrated strong execution and organisational resilience during a year of significant disruption, including ongoing impacts from the global pandemic, the Californian wildfires and the introduction of import duties on Australian wine in Mainland China.
- Top-line growth in Asian markets outside of Mainland China, the Americas, ANZ and EMEA reflects positive momentum across TWE's globally diversified business; organic[12] NSR grew 4.4% in F21.
- TWE continues its premiumisation journey, with NSR per case up in each region and the contribution of the Luxury and Premium portfolios increasing to 77% of global NSR (up from 71% in F20).
- Consumer and experience led portfolio expansion was a highlight in F21, with brand innovations such as Penfolds California Collection and 19 Crimes Cali Red and Rose varietals enjoying outstanding success.
- TWE's business in the United States has been fundamentally changed and is now well placed for sustainable long-term success, with the divestment of a significant portion of the Commercial portfolio in March 2021 and route to market changes, particularly in California and Texas, important milestones. TWE is continuing to progress initiatives focused on the divestment and exit of other non-priority brands, operating assets and leases, and these remain on track for completion by end 1H22.
- TWE is progressing with its plans to drive incremental growth for the Penfolds Bin and Icon portfolio, with global NSR growing 7% in F21, supported by accelerated investment in sales and marketing capability to build demand and drive distribution and availability across key growth markets. The release of the Californian Collection, Penfolds first multi-COO release, was a significant brand highlight in F21.
- TWE has made significant progress on its global supply chain optimisation program, and now expects to achieve annualised benefits of at least $75 million by F23[13].
- Effective 1 July 2021, TWE transitioned to a new operating model under three brand-led portfolio divisions – Penfolds, Treasury Premium Brands and Treasury Americas. TWE expects this model will maximise the long-term benefits of separate focus across its diverse brand portfolios and leverage the scale of TWE's global business model.

F21 Luxury and Premium contribution to Group NSR

77% ↑ 6ppts vs. pcp

EBITS by region

		Reported currency		Constant currency	
A$m	F21	F20 Restated	%	F20 Restated	%
Americas	168.3	136.9	22.9%	109.2	54.1%
Asia	205.4	241.5	(14.9)%	248.2	(17.2)%
ANZ	142.7	130.1	9.7%	138.4	3.1%
EMEA	46.6	49.5	(5.9)%	46.0	1.3%
Corporate	(52.7)	(45.4)	(16.1)%	(45.2)	(16.6)%
TWE EBITS	**510.3**	**512.6**	**(0.4)%**	**496.6**	**2.8%**

Financial headlines[14, 15]

- EBITS of $510.3 million before material items up 2.8% and EBITS margin increased 0.3ppts to 19.9%; on an organic basis, EBITS increased 3.5%.
- Strong growth in the $10-$30 Premium portfolio and improved CODB was moderated by ongoing impacts from the global pandemic, significantly reduced shipments to Mainland China following the implementation of import duties and higher COGS on Australian sourced wine.
- NPAT and EPS (before material items and SGARA) increased 6.4% and 6.2% respectively.
- Cash conversion of 100.8% reflects continued strong operating cash flow performance, a lower Californian vintage intake and an adjusted Australian vintage intake, in addition to the shift in regional sales mix in Asia. Excluding the change in non-current Luxury and Premium inventory, cash conversion was 96.9%.
- TWE's strong, flexible balance sheet and investment grade capital structure retained, with Net Debt[16] reducing $376.5 million to $1,057.7 million (inclusive of $140.7 million favourable currency movement) and Net Debt to EBITDAS significantly improved to 1.6x (F20: 2.1x).
- A post-tax net material items loss of $66.1 million has been recognised in F21 and relates to divestment of US brands and assets, the South Australian Luxury winery expansion and the overhead and supply chain restructuring programs.
- TWE has to date confirmed cash proceeds totalling approximately $150 million as a result of the asset divestments in the US, and continues to expect net cash inflows under the restructuring program to total approximately $300 million.

12. On a constant currency basis, excluding US Commercial brands divested in March 2021.
13. F20 base, excluding inflation and volume mix-impact on COGS.
14. Financial information in this report is based on audited financial statements. Non-IFRS measures will not be 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.
15. 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 versus the prior corresponding period and are subject to rounding.
16. Net debt *excludes* fair value adjustments related to derivatives that are in a fair value hedge relationship on a portion of US Private Placement notes: F21 +$21.6 million, F20: +$41.7 million.

Dividend

- Final dividend 13.0 cents per share (up 62.5% on the F20 final dividend), fully franked, representing a pay-out ratio of 65% [17].

Outlook

- TWE's financial objective is to deliver sustainable top-line growth and high-single digit average earnings growth over the long-term[18].
- In F22, TWE is positive on its outlook across key markets outside of Mainland China, with its focus to be on continuing the strong momentum in its Premium portfolio in addition to executing plans to drive continued growth for Penfolds Bin and Icon ranges, with encouraging performance having been delivered in F21, and particularly 4Q21. COGS per case are expected to remain elevated, with benefits from the lower cost 2021 Australian vintage (commercial portfolio) offset by the higher cost 2020 Australian vintage (premium portfolio), recent higher cost US Luxury vintages and dis-synergies following the US commercial portfolio divestment.
- TWE will continue to closely monitor global demand trends and will adjust intake for the upcoming Australian vintages in 2022 and 2023, as required. Key initiatives include bringing forward vineyard redevelopment programs that will reduce intake from its own asset base in the short term while positioning for growth again in the long-term, in addition to reviewing upcoming grower contract renewals.
- TWE expects Net Debt to EBITDAS to remain below its up to 2.0x target throughout F22.

Profit and Loss

		Reported Currency		Constant Currency	
$Am (unless otherwise stated)	**F21**	**F20 Restated**	**Change**	**F20 Restated**	**Change**
Net sales revenue	2,569.6	2,649.5	(3.0)%	2,535.4	1.3 %
NSR per case ($)	*83.84*	*81.88*	*2.4 %*	*78.35*	*7.0 %*
Other Revenue	28.2	28.7	(1.7)%	26.1	8.0 %
Cost of goods sold	(1,573.1)	(1,588.9)	1.0 %	(1,501.3)	(4.8)%
Cost of goods sold per case ($)	*51.32*	*49.10*	*(4.5)%*	*46.39*	*(10.6)%*
Gross profit	1,024.7	1,089.3	(5.9)%	1,060.2	(3.3)%
Gross profit margin (% of NSR)	*39.9%*	*41.1%*	*(1.2)ppts*	*41.8%*	*(1.9)ppts*
Cost of doing business	(514.4)	(576.7)	10.8 %	(563.6)	8.7 %
Cost of doing business margin (% of NSR)	*20.0%*	*21.8%*	*1.8ppts*	*22.2%*	*2.2ppts*
EBITS (before material items)	**510.3**	**512.6**	**(0.4)%**	**496.6**	**2.8 %**
EBITS margin (%)	*19.9%*	*19.3%*	*0.6ppts*	*19.6%*	*0.3ppts*
SGARA	9.4	(41.3)	NM	(41.5)	NM
EBIT (before material items)	**519.7**	**471.3**	**10.3 %**	**455.1**	**14.2 %**
Net finance costs	(73.5)	(85.9)	14.4 %	(80.6)	8.8 %
Tax expense	(130.1)	(113.7)	(14.4)%	(112.5)	(15.6)%
Net profit after tax (before material items)	**316.1**	**271.7**	**16.3 %**	**262.0**	**20.6 %**
Material items (after tax)	(66.1)	(26.2)	NM	(25.0)	NM
Non-controlling interests	–	–	–	–	–
Net profit after tax	**250.0**	**245.4**	**1.8 %**	**237.0**	**5.5 %**
Reported EPS (A¢)	34.7	34.1	1.8 %	32.9	5.5 %
Net profit after tax (before material items and SGARA)	**309.6**	**300.4**	**3.0 %**	**291.0**	**6.4 %**
EPS (before material items and SGARA) (A¢)	42.9	41.7	2.9 %	40.4	6.2 %
Average no. of shares (m)	721.4	719.9		719.9	
Dividend (A¢)	28.0	28.0	–	28.0	–

17. TWE targets a dividend payout ratio of between 55%-70% of Net Profit After Tax (pre-material items and SGARA) over a fiscal year.
18. Organic, pre material items and on a constant currency basis. Continuation of COVID-19 related disruptions to key sales channels for Luxury wine may influence short-term performance.

Revenue

- NSR increased 1.3% (4.4% on an organic basis) driven by strong execution and continued premiumisation momentum across all regions. Partly offsetting were the continuation of global pandemic disruptions to key sales channels for Luxury wine, the significant decline in shipments to Mainland China as a result of implementation of import duties and the divestment of US Commercial brands in March 2021.
- NSR per case grew in all regions and increased 7.0% at a Group level, led by the Premium portfolio, while disruptions to key channels for Luxury wine continued to impact volumes. In F21, the Luxury and Premium portfolios combined contributed 77% of TWE's global NSR (up from 71% in F20).
- F21 other revenue includes insurance proceeds relating to the California wildfires.

Cost of Goods Sold (COGS)

- COGS per case increased 10.6% due to the portfolio mix shift, higher COGS on Australian sourced Commercial and Premium wine, the impact of inventory damaged by the Californian wildfires and one-off costs relating to the implementation of import duties in Mainland China and Brexit.

Cost of Doing Business (CODB)

- CODB improved 8.7% and CODB margin improved 2.2ppts to 20.0%, driven by:
  - The new US sales and marketing model and organisational structure (implemented 4Q20); and
  - In Mainland China, lower overheads under the future state business model and alignment of brand building investment to reduced sales volume.

Corporate costs

- Corporate costs increased 16.6% to $52.7 million, reflecting higher discretionary employee incentives in F21.

EBITS

- EBITS $510.3 million in line with the prior year on a reported basis and up 2.8% on a constant currency basis; on an organic basis, EBITS increased 3.5%.
- EBITS margin increased 0.3ppts to 19.9%; TWE continues to target delivery of 25% Group EBITS margin.

SGARA

- SGARA gain of $9.4 million reflects gains from the high yielding 2021 Australian vintage and the unwinding of prior period losses, partly offset by the impact of a significant reduction in tonnage and yield from the 2020 Californian vintage which resulted in a loss of $24.0 million.

Net finance costs

- Net finance costs were 8.8% favourable in F21, driven by lower average net borrowings and the benefit of lower average interest rates.

Tax expense

- Increase in tax expense reflects higher earnings in F21, with the effective tax rate of 29.1% consistent with the prior year.

Material Items

- A post-tax net material items loss of $66.1 million has been recognised in F21 and relates to the divestment of US brands and assets, the South Australian Luxury winery expansion and the overhead and supply chain restructure.

Net profit after tax (NPAT)

- NPAT before material items and SGARA $309.6 million, up 6.4%, driven by lower net finance costs and tax expense.

Earnings Per Share (EPS)

- EPS (before SGARA and material items) increased 6.2% to 42.9 cents per share. Reported EPS increased 5.5% to 34.7 cents per share.

Balance Sheet (condensed)[19]

A$m	F21	F20 Restated
Cash & cash equivalents	448.1	449.1
Receivables	622.0	554.1
Current inventories	839.7	1,017.4
Non-current inventories	1,056.8	1,059.2
Property, plant & equipment	1,322.5	1,397.4
Right of use lease assets	448.4	517.0
Agricultural assets	33.8	34.1
Intangibles	1,155.5	1,294.1
Tax assets	183.7	193.8
Assets held for sale	140.2	74.3
Other assets	33.5	54.2
Total assets	**6,284.2**	**6,644.7**
Payables	703.6	682.1
Interest bearing debt	915.2	1,227.0
Lease liabilities	612.6	698.6
Tax liabilities	330.7	357.2
Provisions	104.8	59.2
Other liabilities	26.1	24.5
Total liabilities	**2,693.0**	**3,048.6**
Net assets	**3,591.2**	**3,596.1**

19. Unless otherwise stated, balance sheet percentage or dollar movements from the previous period are on a reported currency basis.

Balance sheet movements as at 30 June 2021

Net assets declined $4.9 million to $3,591.2 million. Adjusting for movements in foreign exchange rate movements, net assets increased by $113.4 million.

Working Capital

Working capital declined $133.7 million to $1,814.9 million:

- Inventory declined $180.1 million to $1,896.5 million. Including the impact of foreign currency movements from the stronger Australian dollar:
  - Current inventory declined $177.7 million to $839.7 million and includes the reduction in inventories following the disposal of US Commercial portfolio brands.
  - Non-current inventory was broadly in line with the prior year, with the carry-forward of Luxury inventory that had been allocated for sale in Mainland China and the higher 2021 vintage in Australia largely offset by the lower 2020 vintage in California.
  - Luxury inventory declined 2% to $1,072.3 million, with volume in line with the prior year.
- Receivables increased $67.9 million, including a receivable of approximately $40 million relating to insurance claims associated with the California wildfires.

Property, Plant & Equipment

Property, Plant & Equipment decreased $74.9 million to $1,322.5 million driven by foreign currency movements and the transfer of assets in the US to be held for sale as part of key restructuring initiatives.

Right of use lease assets

Right of use lease assets decreased $68.6 million to $448.4 million driven by depreciation expense and foreign currency movements.

Agricultural assets

Agricultural assets represent the fair value of unharvested grapes prior to the 2021 Northern hemisphere vintages.

Intangibles

Intangible assets decreased by $138.6 million to $1,155.5 million, driven by foreign currency movements and divestment of Commercial brands in the US.

Tax and other assets

Decrease in net tax liabilities driven by higher instalments paid in F21 and foreign currency movements.

Assets held for sale

Assets held for sale primarily relate to assets in the US, including wineries, vineyards and brands identified for disposal as part of plans to deliver the future state premium wine business.

Other assets and liabilities

Other assets and liabilities include derivatives in relation to TWE's foreign currency and interest rate hedging program.

Provisions

Provisions includes allowance for future repairs on leased assets damaged by the Californian wildfires, recoverable under insurance.

Net Borrowings[20]

Net Borrowings, including lease liabilities per AASB 16, decreased by $396.8 million to $1,079.7 million comprising:

- Cash, which was broadly in line with prior year $448.1 million.
- Interest bearing borrowings decreased by $311.8 million to $915.2 million.
- Lease liabilities decreased $86.0 million to $612.6 million.

Balance sheet leverage

Net debt to EBITDAS 1.6x, down from 2.1x in F20. For financial covenant reporting purposes, which excludes the capitalisation of leases, Net debt to EBITDAS was 0.9x and interest cover was 11.9x.

Funding structure

At 30 June 2021, TWE had committed debt facilities totalling approximately $1,692.7 million, comprising:

- Drawn bank facilities of $466.0 million and $432.7 million of US Private Placement notes.
- Undrawn committed, bilateral debt facilities totalling $794.0 million.

The weighted average term to maturity of committed facilities was 4.0 years at 30 June 2021, with the Group's liquidity position (including cash and committed undrawn facilities) totalling $1,242.1 million.

20. Interest bearing debt includes fair value adjustments related to derivatives that are in a fair value hedge relationship on a portion of US Private Placement notes: F21 +$21.6 million, F20 +41.7 million.

Cash flow – reconciliation of net debt[21]

A$m (unless otherwise stated)	F21	F20 Restated
EBITDAS	**661.0**	**675.9**
Change in working capital	(60.3)	(22.2)
Other items	65.6	(14.9)
Net operating cash flows before financing costs, tax & material items	**666.3**	**638.8**
Cash conversion	**100.8%**	**94.5%**
Payments for capital expenditure and subsidiaries	(121.2)	(166.9)
Proceeds from sale of assets	4.8	100.2
Cash flows after net capital expenditure, before financing costs, tax & material items	**549.9**	**572.1**
Net interest paid	(72.3)	(84.1)
Tax paid	(118.4)	(168.0)
Cash flows before dividends & material items	**359.2**	**320.0**
Dividends/distributions paid	(158.7)	(276.3)
Cash flows after dividends before material items	**200.5**	**43.7**
Material item cash flows	53.1	(19.8)
On-market share purchases	0.9	(4.9)
Total cash flows from activities (before debt)	**254.5**	**19.0**
Net (repayment)/proceeds from borrowings	(245.8)	28.8
Total cash flows from activities	**8.7**	**47.8**

Opening net debt	**(1,434.2)**	**(1,380.0)**
Total cash flows from activities (above)	254.5	19.0
Net lease liability additions	(18.7)	(41.3)
Net debt acquired	-	(4.9)
Debt revaluation and foreign exchange movements	140.7	(27.0)
(Increase)/Decrease in net debt	**376.5**	**(54.2)**
Closing net debt	**(1,057.7)**	**(1,434.2)**

Movement in net debt

Net debt[22] declined $376.5 million to $1,057.7 million, with drivers of the movement including:

EBITDAS

EBITDAS declined $14.9 million to $661.0 million on a reported currency basis, driven by foreign currency movements and lower depreciation expense following the divestment and transfer to held for sale of US assets as part of key restructuring initiatives.

Movement in working capital[23]

Net working capital outflow of $60.3 million is driven by the high-yielding 2021 Australian vintage and higher receivables, which include insurance claims associated with the Californian wildfires.

Other items

Other items reflects movements in provisions, relating primarily to damage on leased properties from the Californian wildfires (against which a receivable has been recognised for insurance claims) and the write-down of intangibles and inventories as part of the divestment of US Commercial portfolio brands.

Capital expenditure

Capital expenditure (capex) of $121.2 million comprising:

- Maintenance & Replacement capex of $55.2 million.
- Growth capex of $66.0 million including investment in South Australian Luxury winemaking infrastructure and long-term technology investments.

In F22, capex is expected to be up to $150.0 million, including up to $100 of maintenance and replacement expenditure and up to $50 million of continued investment to support future premiumisation and growth.

Proceeds from sale of assets

Reflects receipts from the sale of surplus supply assets, excluding material items.

Net interest paid

Net interest paid favourable by $11.8 million driven by lower average net borrowings and the benefits of lower average interest rates.

Tax paid

Decrease in tax paid reflects lower earnings in F20 compared to F19.

Dividends paid

Decrease in dividends paid reflects payment of the F21 interim dividend of 15 cents per share and the F20 final dividend of 8 cents per share.

In F21, TWE paid dividends totalling $158.7 million.

Material item cash flows

Material item net cash inflow of $53.1 million reflects the divestment of vineyard assets in California and a significant portion of the US Commercial brand portfolio in March 2021.

On-market share purchases

No shares were purchased on market in F21.

Net lease liability additions

Additions of $18.7 million primarily reflects new leases of supply assets in Australia and California.

Exchange rate impact

Higher period-end exchange rates used to revalue foreign currency borrowings and cash as at 30 June 2021 decreased net debt by $140.7 million.

Cash conversion

Cash conversion of 100.8% reflects continued strong operating cash flow performance, a lower Californian vintage intake and an adjusted Australian vintage intake, in addition to the shift in regional sales mix in Asia. Excluding the net change in non-current Luxury and Premium inventory, cash conversion was 96.9%.

21. Unless otherwise stated, cash flow percentage or dollar movements from the previous period are on a reported currency basis.
22. Net debt *excludes* fair value adjustments related to derivatives that are in a fair value hedge relationship on a portion of US Private Placement Notes: F21 +$21.6 million, F20 +$41.7 million.
23. Change in working capital reflects operating cash flow movements.

Regional summaries

Asia

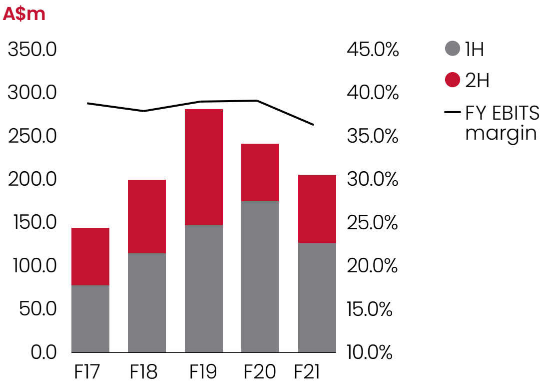
Financial performance

A$m	F21	Reported currency F20 Restated	Reported currency %	Constant currency F20 Restated	Constant currency %
NSR (A$m)	565.3	617.1	(8.4)%	615.1	(8.1)%
NSR per case (A$)	248.15	187.78	32.1%	187.17	32.6%
EBITS (A$m)	205.4	241.5	(14.9)%	248.2	(17.2)%
EBITS margin (%)	36.3%	39.1%	(2.8)ppts	40.4%	(4.1)ppts

F21 Luxury and Premium contribution to NSR

94% ↑ 5ppts in F21

Historical reported EBITS and EBITS margin



BUSINESS PERFORMANCE

- Volume and NSR declined 30.7% and 8.1% respectively:
  – shipments to Mainland China were significantly reduced following the implementation of import duties; and
  – throughout the rest of Asia, NSR rose 21.5% despite ongoing pandemic restrictions to key Luxury sales channels, driven by strengthening demand for TWE's brand portfolio including Penfolds Bin and Icon.
- NSR per case increased 32.6%, reflecting improved mix as the contribution of the Luxury and Premium portfolios increased to 94% of Asia region NSR (an improvement of 5ppts).
- COGS per case increased 50.1% as a result of improved portfolio mix and one-off costs including additional freight (demurrage) costs on clearance delays through Chinese ports.
- CODB improved 11.3%, driven by the alignment of brand investment in Mainland China (net of reinvestment to other regional markets) and reduced overheads under the future state business model.
- In Mainland China, 2H21 EBITS totalled $5.3 million, including sales of TWE's multi-COO portfolio (F21 Mainland China EBITS $84.1 million, a $77.3 million decline on F20).
- Regional EBITS declined 17.2% to $205.4 million and EBITS margin declined 4.1ppts to 36.3%; excluding one-off costs relating to China, regional EBITS margin was in line with the high 30% margin target.

ASIAN REGIONAL PERSPECTIVES

- Wine consumption declined across Asia in 2020 as a result of pandemic related disruptions to key sales channels and consumption occasions[24]. Across large parts of the region, significant disruptions and impacts continue.
- Over the long-term, the fundamentals of the wine category remain positive in Asia, with consumption of Premium and Luxury wine expected to return to growth.
- The growth of the Penfolds Bin and Icon range is accelerating in key regional markets (including Hong Kong, Singapore, Malaysia and Thailand), satisfying previously unmet demand and reflecting the initial benefits of investment in sales and marketing capability. In F21, NSR ex-Mainland China grew 38% and TWE is targeting continued growth of the Penfolds Bin and Icon range in these markets in F22 and beyond.
- In Mainland China, TWE will continue to invest in the portfolio as it progresses its multi-COO portfolio growth strategy, with 2H21 highlights including the launch of the Penfolds Californian Collection and the release of Rawson's Retreat sourced from South Africa.
- Ongoing strong consumer demand for the Australian sourced Penfolds Bin and Icon continues, and TWE is planning to sell through these products at higher, tariff inclusive retail prices, through F22. TWE continues to expect minimal EBITS contribution in Mainland China, net of brand building investment, in F22.

24. IWSR 2021, imported wine only

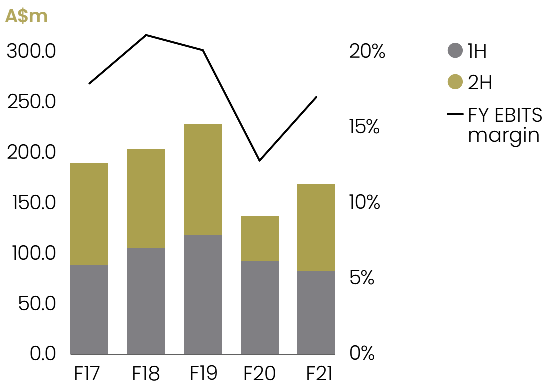
Regional summaries

Americas

Financial performance[25]

		Reported currency		Constant currency	
A$m	F21	F20 Restated	%	F20 Restated	%
NSR (A$m)	988.7	1,069.4	(7.5)%	970.3	1.9%
NSR per case (A$)	87.13	86.06	1.2%	78.08	11.6%
EBITS (A$m)	168.3	136.9	22.9%	109.2	54.1%
EBITS margin (%)	17.0%	12.8%	4.2ppts	11.3%	5.7ppts
Organic		Reported currency		Constant currency	
NSR (A$m)	875.6	865.5	1.2%	787.0	11.3%
NSR per case (A$)	103.52	112.03	(7.6)%	101.87	1.6%
EBITS (A$m)	156.8	120.6	30.0%	94.7	65.6%
EBITS margin (%)	17.9%	13.9%	4.0ppts	12.0%	5.9ppts

Historical reported EBITS and EBITS margin



F21 Luxury and Premium contribution to NSR

80% ↑ 9ppts in F21

BUSINESS PERFORMANCE

- Volume declined 8.7% while NSR increased 1.9%, reflecting:
  - the divestiture of a significant portion of the US Commercial brand portfolio in March 2021;
  - strong momentum in the retail and e-commerce channel, which supported growth in the Premium portfolio; and
  - on an organic basis, shipments and NSR increased 9.5% and 11.3% respectively.
- In the US, shipments were in line with depletions, and excluding new product launches, 3% below depletions.
- NSR per case increased 11.6%, reflecting the impact to portfolio mix with the Luxury and Premium portfolios now contributing 80% of regional NSR (an improvement of 9ppts).
- COGS per case increased 6.7% as a result of mix shift, higher costs on US sourced Luxury and Commercial wine and the impact of inventory damaged by the Californian wildfires (the cost of this impact was recovered through insurance and disclosed as Other Revenue[26]).
- CODB improved 13.5% driven by the new sales and marketing organisational structure that was implemented in 4Q20.
- Regional EBITS increased 54.1% to $168.3 million on a reported basis and EBITS margin increased 5.7ppts to 17.0%; on an organic basis, EBITS increased 65.6%.

AMERICAS REGIONAL PERSPECTIVES

- Strong premiumisation trends have continued in the US market, with the $11+ price points growing 12% in F21[27].
- TWE's focus brand portfolio is continuing its strong momentum, growing 23% in F21 and outperforming the category, led by 19 Crimes, Penfolds, Beringer Brothers, Matua and St Huberts the Stag[27].
- The Americas delivered outstanding innovation success with 19 Crimes Cali Red becoming the number one growth brand in the category[27] and 19 Crimes Cali Rose resonating strongly with consumers after launching in March. In addition, the launch of the inaugural Penfolds Californian collection was met with an outstanding response from critics, customers and consumers.
- In 4Q21, TWE saw modest recovery in on-premise, which has largely reopened, but activity remains below pre-pandemic levels due in part to reduced outlets and constraints on staff availability. Cellar doors have also reopened, with improved momentum in the lead up to the key summer period.
- Transition of distribution arrangements to RNDC in California, Texas and several surrounding states has commenced, with minimal disruptions. TWE expects this partnership to support continued growth across its Premium and Luxury portfolios.
- TWE continues to progress optimisation of its US asset base to ensure Treasury Americas is positioned for sustainable long-term success. Reducing supply chain dis-synergies following the Commercial portfolio divestment is a key priority in F22.

25. Organic performance on a constant currency basis, excluding US Commercial brands divested in March 2021.
26. Further insurance claims are currently in progress, determination pending.
27. IRI Market Advantage MULO+Conv; Still Wine Segment 52 wks ending 27 June 2021.

Regional summaries

Australia & New Zealand (ANZ)

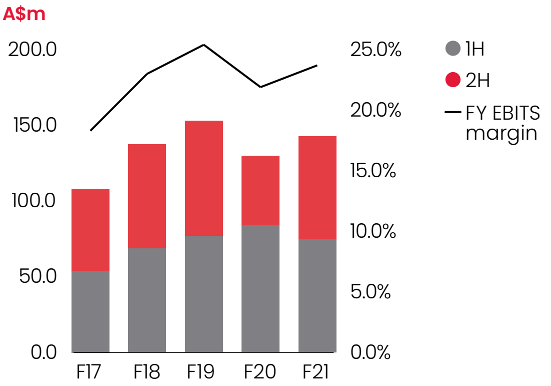
Financial performance

		Reported currency		Constant currency	
A$m	F21	F20	%	F20	%
NSR (A$m)	602.1	592.4	1.6%	591.8	1.7%
NSR per case (A$)	83.88	76.12	10.2%	76.04	10.3%
EBITS (A$m)	142.7	130.1	9.7%	138.4	3.1%
EBITS margin (%)	23.7%	22.0%	1.7ppts	23.4%	0.3ppts

F21 Luxury and Premium contribution to NSR

78% ↑ 3ppts in F21

Historical reported EBITS and EBITS margin



BUSINESS PERFORMANCE

- Volume declined 7.8% and NSR increased 1.8%, driven by:
  - increased contribution from the Luxury and Premium portfolios, driven by TWE's focus brands;
  - price uplift and optimised investment across select Premium portfolio brands; and
  - reduced contribution of Commercial portfolio volumes.
- NSR per case increased 10.3% driven by improved mix with the Luxury and Premium portfolios now contributing 78% of regional NSR, up 3ppts in F21.
- COGS per case increased 14.1%, reflecting portfolio premiumisation, higher cost vintages for Australian sourced wine and incremental costs associated with finished goods that had been intended for sale in Mainland China.
- CODB improved 8.9% driven by lower overheads and reduced A&P during the pandemic impacted period. These amounts are expected to normalise in F22.
- Regional EBITS increased 3.1% to $142.7 million and EBITS margin improved 0.3ppts to 23.7%.

ANZ REGIONAL PERSPECTIVES

- TWE expects Australian wine market volume and value growth to be driven by the Luxury and Premium price points, a trend which has continued strongly through the pandemic for trusted and well-known brands.
- While there has been progressive re-opening of on-premise venues in Australia through F21, key sales channels for higher margin Luxury wine, including travel retail and cellar doors, remain subdued due to ongoing government restrictions on gatherings and mobility.
- In the retail channel, market growth continues to be driven by above $10 price points, with the Premium price segment the biggest contributor to category growth in F21. TWE's focus brand portfolio continues to perform strongly, led by Pepperjack, St Huberts the Stag, Wynns, 19 Crimes and Squealing Pig[28].
- Penfolds Bin and Icon delivered strong gains in ANZ through F21, with NSR up 15%, setting a solid platform for future growth.
- Innovation remains a key source of growth for TWE, with a highlight in F21 being the successful extension of Pepperjack into new emerging varietals to become a leader in the growing malbec and grenache categories in Australia[29].
- Retail market conditions remained favourable post the 2021 vintage despite the loss of Mainland China as an export market, with strong domestic consumption and export demand continuing. Australian retail pricing trends have remained constant.

28. Aztec sales value data, bottle and canned wine only, Australia liquor weighted, 52 weeks to 4 July 2021.
29. Aztec sales value data, bottle and canned wine only, Australia liquor weighted, 52 weeks to 4 July 2021.

Regional summaries

EMEA

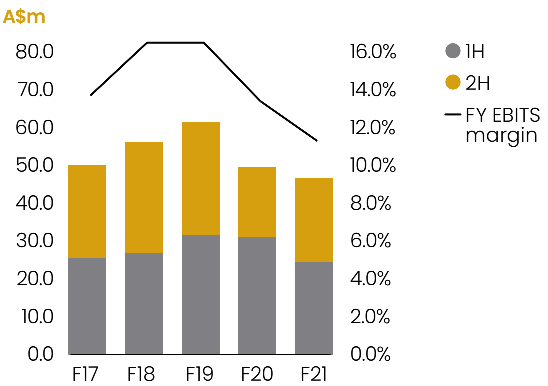
Financial performance

		Reported currency		Constant currency	
A$m	F21	F20 Restated	%	F20 Restated	%
NSR (A$m)	413.5	370.6	11.6%	358.2	15.4%
NSR per case (A$)	41.99	41.81	0.4%	40.41	3.9%
EBITS (A$m)	46.6	49.5	(5.9)%	46.0	1.3%
EBITS margin (%)	11.3%	13.4%	(2.1)ppts	12.8%	(1.5)ppts

F21 Luxury and Premium contribution to NSR

42% ↑ 7ppts in F21

Historical reported EBITS and EBITS margin



BUSINESS PERFORMANCE

- Volume and NSR increased 11.1% and 15.4% respectively, led by growth in the Premium portfolio through retail channels across the UK and Continental Europe.
- NSR per case improved 3.9%, reflecting improved portfolio mix, with the contribution of the Luxury and Premium portfolios increasing 7ppts to 42% of EMEA region NSR.
- COGS per case increased 7.1%, driven by the improved portfolio mix, higher cost on Australian and US sourced wine and one-off Brexit related costs.
- CODB increased 9.7%, with accelerated brand building investment for key portfolio brands the key driver.
- EBITS increased 1.3% to $46.6 million and EBITS margin declined 1.5ppts to 11.3%.

EMEA REGIONAL PERSPECTIVES

- Long-term wine category value growth is being driven by premiumisation across key EMEA markets, and TWE's Premium brand portfolio is well positioned to continue taking advantage of this trend.
- The wine category remains in growth across key retail markets in EMEA, with in-home consumption a strong consumer trend resulting from the global pandemic. The recent change of restrictions in some markets is expected to see some softening in retail channel performance which may slow the pace of top-line performance throughout the region in F22.
- Key focus brands including 19 Crimes, Penfolds, Matua, Wolf Blass, Blossom Hill, Lindeman's and Squealing Pig all delivered strong top-line growth in F21, with 19 Crimes the stand-out after becoming a 1m+ case brand across EMEA.

VINTAGE UPDATE

Australia

The 2021 Australian vintage was 31% higher[30] than the 2020 vintage after a season characterised by excellent growing conditions. TWE benefited from a more even intake over an extended period of time fully utilising the winery network and resulting in good grade conversion for key varietals. A highlight was the quality of the Cabernet Sauvignon from the Limestone Coast for key brands. Proactive adjustments were made to intake volumes in response to revised demand expectations for Mainland China.

California

The 2021 California growing season has been influenced by persistent drought conditions. There was minimal frost experienced early in the growing season and fruit set conditions were generally favourable across the state. However, the drought conditions and above average temperatures are expected to impact berry sizing and overall yield. Quality is expected to be sound based on the season thus far, particularly in regions with sufficient water.

New Zealand

The 2021 New Zealand vintage was 19% smaller[30] than 2020 due to cooler spring weather and late frosts with central regions including Marlborough impacted the most. Despite the smaller volumes, overall quality was high with Marlborough Sauvignon Blanc a highlight in 2021, with strong aromatics, generosity on the palate and excellent acid structure. The reduced Sauvignon Blanc production is expected to lead to some undersupply of the varietal as strong global demand continues, however TWE is comfortable with its supply position compared to expectations for demand in F22.

France

France has experienced a very challenging growing season so far with frost, hail-storms and a wet beginning to summer in some regions. Bordeaux and Provence are the most unaffected vineyards. Cabernet Sauvignon has been less impacted by the frost and had a good fruit set rate in the Bordeaux area. Harvest is forecast to occur at the end of September as per average. TWE vineyards are looking healthy and quality is forecast to be good, pending growing conditions through summer.

30. Ciatti. Global Market Report July 2021

Stags' Leap

TAKES THE LEAP

Stags' Leap Winery is redefining how a luxury wine brand speaks to consumers. This year, Stags' Leap Winery launched its new dynamic campaign, 'Take the Leap' — artful worlds made for the explorer in everyone, inviting consumers to leap into the unknown just like the wine's namesake. Through a collaboration with three up-and-coming artists, the team brought the Stags' Leap label to life, enticing consumers to join our stag as it travels the world.

RECONCILIATION OF KEY PERFORMANCE MEASURES

Below numbers are in $ million unless otherwise stated.

Metric	Definition	Management calculation	F21	F20
EBITS	Earnings before interest, tax, material items and SGARA.	Statutory net profit	250.0	245.4
		Income tax expense	107.7	103.3
		Net finance costs	73.5	85.9
		Material items	88.5	36.6
		SGARA	(9.4)	41.3
		EBITS	**510.3**	**512.6**
EBITDAS	Earnings before interest, tax, depreciation, amortisation, material items and SGARA.	EBITS	510.3	512.6
		Depreciation & amortisation	150.7	163.3
		EBITDAS	**661.0**	**675.9**
EPS	Earnings per share. Net profit after tax excluding SGARA and material items, divided by the weighted average number of shares outstanding.	Statutory net profit	250.0	245.4
		Material items	88.5	36.6
		Tax on material items	(22.4)	(10.4)
		SGARA	(9.4)	41.3
		Tax on SGARA	3.0	(12.5)
		NPAT (before material items and SGARA)	**309.7**	**300.4**
		Weighted average number of shares	721.4	719.9
		EPS (cents)	**42.9**	**41.7**
ROCE	Return on capital employed. EBITS divided by average capital employed (at constant currency). Capital employed is the sum of average net assets (excluding SGARA) and average net debt.	EBITS	510.3	512.6
		Capital employed – current year		
		Net assets	3,591.2	3,596.1
		SGARA in inventory	(32.2)	(18.0)
		Net debt	1,057.7	1,434.2
			4,616.7	5,012.3
		Capital employed – prior year (CFX)		
		Net assets	3,477.7	3,652.6
		SGARA in inventory	(22.9)	(12.5)
		Net debt	1,343.0	1,400.8
			4,797.8	5,040.9
		Average capital employed	4,707.3	5,026.6
		ROCE	**10.8%**	**10.2%**

Winemaking is steeped in tradition, but innovation is crucial if we want to unlock new growth opportunities. That's why we're challenging the status quo and driving new initiatives where our consumers want it most – through digital experiences, new product development, and sustainability. Bold innovation is a real point of differentiation for us and will continue to be an integral focus.

Unlocking new opportunities

Sustainability

TWE is cultivating a brighter future and creating long-term value by embedding sustainability into our business.

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.

OUR APPROACH

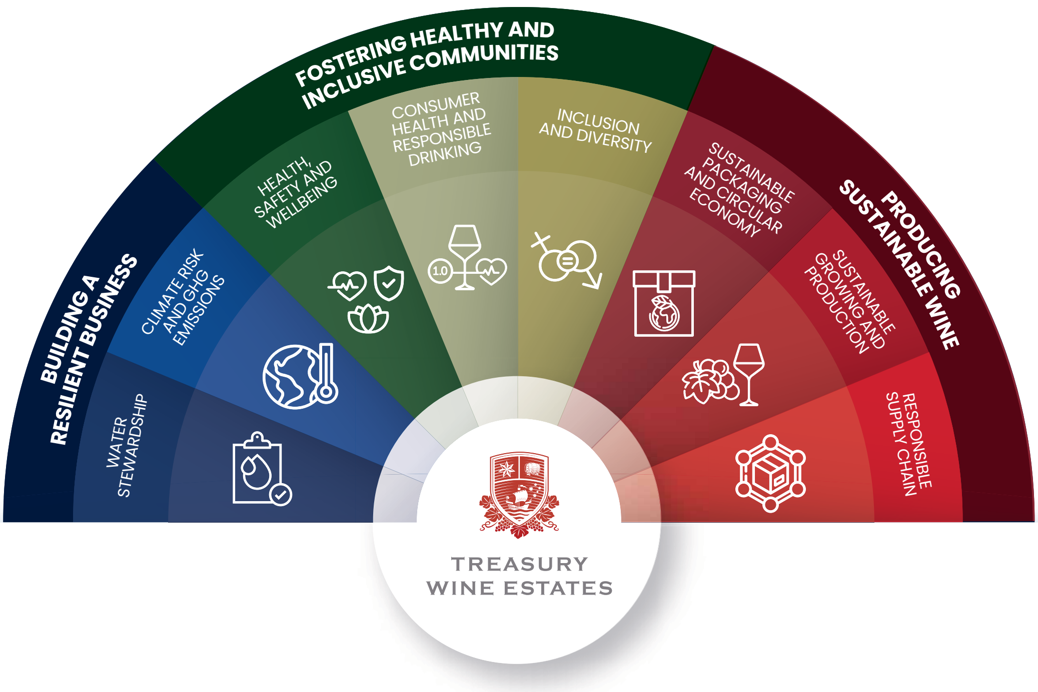
During the financial year, TWE launched its enhanced sustainability strategy and an expanded suite of targets that respond to the topics that matter most to us and our stakeholders.

Our approach to sustainability is embedded in our Ambition and Game Plan and is driven by our TWE DNA. It reflects a commitment to innovation and partnership as well as a commitment to sustainability leadership not just across the global wine sector, but looking to those leading the beverages sector more broadly.

This bold ambition recognises that we need to take a more integrated approach to sustainability with a strong focus on long-term value creation and leading collective action in a way that helps us effectively manage risks and make the most of new and emerging opportunities. We are also investing to ensure our data and systems support this ambition.

Our sustainability strategy 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).

Cultivating a brighter future



Our sustainability agenda has three focus areas:

BUILDING A RESILIENT BUSINESS

We want to ensure our business is resilient in the face of increasing uncertainty, complexity, and change.

FOSTERING HEALTHY AND INCLUSIVE COMMUNITIES

We want to foster safe, sociable, and connected communities where our brands are promoted, and our wine consumed, safely and responsibly.

PRODUCING SUSTAINABLE WINE

We want every consumer to experience wine that is sustainably grown, made, and packaged.

GOVERNANCE AND REPORTING

The Sustainability Leadership Group (formerly known as the Global CR Council) is the governing body with oversight of our sustainability approach and performance. The cross-functional group comprises members from the Executive Leadership Team (ELT) and senior representatives from functional areas of the business and across our key geographies of operation.

TWE's governance structure ensures that the Board oversees TWE's approach and management of Environmental, Social & Governance (ESG) matters and receives updates on sustainability and the status of key priorities.

TWE's reporting on ESG topics is captured in the Company's annual Sustainability Report, which provides updates on progress and performance. The Board has oversight of our key ESG disclosures, including the Sustainability Report. The report will be released later in 2021.

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

TWE understands that as a global viticultural business, we 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 such as changes in temperature patterns as well as access to water.

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. We continue to monitor and understand emerging trends and changing customer/consumer preferences.

We have begun to align our reporting with the recommendations of the TCFD and in F20 we began a two-year Climate Scenario Analysis to help us understand what future trends, opportunities and risks may emerge as a result of climate change and their potential financial and operational impacts on our business and its strategy.

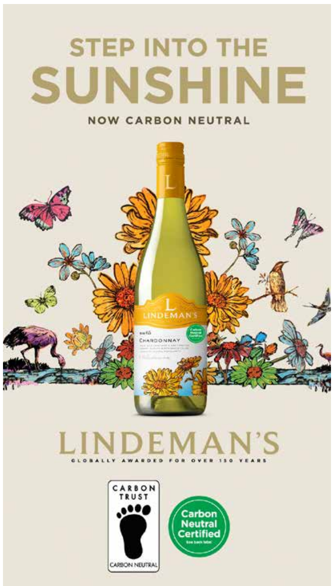
For each of our key growing regions, we used a high and low emissions scenario and identified a series of hypotheses related to water availability, long-term temperature and climate extremes that were modelled over various time horizons (2030, 2050 and 2070). Early in F22 we have begun to examine what these scenarios mean for our business at some specific sites in order to better understand our resilience and vulnerabilities and assist in guiding the range of our opportunity, risk mitigation, and adaptation responses. This work will continue throughout F22.

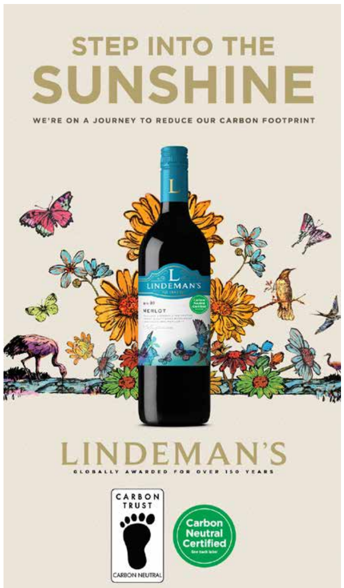
Lindeman's

STEPS INTO THE SUNSHINE

To celebrate Lindeman's achieving its carbon neutral status in Europe, the brand stepped into summer with a new integrated marketing campaign, 'Step into The Sunshine'.

Part of this campaign included a 'Buy one, plant one tree' in-store activation; for each bottle of Lindeman's sold, the brand pledges to plant a tree. The aim is for Lindeman's to plant an additional 370,000 trees.





NAFEZ

JDE Functional Consultant Lead, ANZ

‘Working at TWE has been the first time I have felt that I can be my true self at work. The people at TWE are supportive and engaging and I love being part of a company that allows its people to grow.

I’ve been leading enterprise software management for the company as a Functional Consultant Lead and am privileged to work with an amazing team around the globe.’

World-class talent

MARIA

Senior Director People and Culture, TWE America

'TWE has given me the opportunity to learn from the brightest in the industry, growing professionally every day whilst having fun in the process.

I've been in HR at TWE since 2016. As part of my job I have the pleasure to support our amazing teams in different locations across the US.'

Diversity and inclusion

TWE is committed to upholding the International Bill of Human Rights, the United Nations Guiding Principles on Business, and Human Rights and Modern Slavery Acts. Our inclusion and diversity strategy is underpinned by this commitment. 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 to creating environments 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. To that end, the Company is pleased to report progress made in F21, together with the F22 measurable objectives.

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

F21 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 targets set by the Board for F21 were to:

1. increase female representation in leadership roles to 50% by 2025; and
2. increase female representation across the total TWE workforce to 42% by 2025.

The following diversity objectives were set by the Board for F21.

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 and 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 and Inclusion Key Performance Objective (KPO) to deliver the above objectives in F21.

F21 PROGRESS ON DIVERSITY TARGETS

As at 30 June 2021, TWE reached:

- 45.1% females in leadership roles compared to the target of 50% by 2025 (up from 41.2% in F20); and
- 40.2% females in all roles compared to the target of 42% by 2025 (up from 39.1% in F20).

F21 PROGRESS ON F21 DIVERSITY OBJECTIVES

The following highlights demonstrate progress made against the F21 diversity and inclusion objectives.

Diverse workforce

- To invest in the capability of high potential female employees and build the female succession pipeline for leadership roles, we launched the *'Empower Me'* talent program, including an initial intake of 25 females. 30% of program participants were promoted during the course of the program.
- As part of working towards global alignment and embedding our TWE DNA, we reviewed our support to employees, resulting in the development of 'Find Your Flex', Family and Domestic Violence, and Gender Affirmation policies. We also made significant enhancements to the ANZ Parental Leave Policy, including broadening eligibility criteria, lengthening the period of paid leave, and the application of superannuation contributions to a portion of unpaid leave.
- To provide further support to parents and carers, we established a global partnership with Circle In, a personalised employee benefits platform that helps our employees navigate the challenge of working and caring for others.
- We further refined our approach to building gender balance by expanding the global TWEforSHE ambassador network to include male ambassadors and reviewed gender pay equity to identify any pay gaps in like-for-like roles.
- The Mary Penfold Award forms part of our commitment to achieve gender equality at TWE by recognising and celebrating outstanding women who have made an exceptional impact in our business. The winner of the 2021 annual award, Sharon Brown (Customer Service Team Leader EMEA) stood out as someone who demonstrated the leadership qualities embodied by Mary Penfold in her time.

Inclusive workplace

- To better understand the employee experience at TWE and identify areas for focus, we conducted our first global inclusion survey as well as an all employee survey. Our people told us they feel a strong sense of belonging and connection to TWE and understand how they contribute to our broader purpose. We also heard there is an opportunity for us to improve how we make decisions, including providing context for those decisions and considering the perspectives of our diverse team in the process, as well as making sure internal career opportunities are visible and we support our employees to undertake learning and development.
- Our Employee Resource Groups (ERGs) create a greater sense of inclusion, belonging and provide support to employees who may be underrepresented at TWE. As such we were pleased to support the establishment of a number of new ERGs including:
  - TWE Enable (Global) – improving accessibility for all and raising awareness around visible and invisible disability;
  - TWE Mosaic (ANZ) – celebrating and raising awareness around cultural diversity;
  - The Guardians (AME) – providing support and resources to parents and caregivers;
  - La Raza (AME) – supporting members of the Latinx/Hispanicx community to develop further and bring their whole selves to work;
  - Asian American Pacific Islanders (AAPI) (AME) – supporting members of the AAPI community to develop further and access support for their wellbeing.
- We also held companywide events to raise awareness of important inclusion and diversity issues, including: International Human Rights Campaign; 16 days of Activism against Gender Based Violence; Indigenous Education sessions; International Women's Day; Taste of Harmony; and Pride Month.

Employer of Choice

- We were invited to speak at, host and participate in numerous industry events, including: Women in Wine; The Colours of the Vine; D&I in Grocery; Out in the Vineyards; and I&D Drinks Association.
- We were recognised as runner up in the 2021 Australian Financial Review BOSS Best Places to Work (Manufacturing and Consumer Goods sector). The assessment showed particular strengths in Purpose, Flexibility, Wellbeing and Equality.
- In support of Diversity Council Australia's #IStandForRespect campaign, our CEO Tim Ford signed a pledge to (i) stand against gendered harassment and violence in all its forms and (ii) commit to taking steps to address sexual and sex-based harassment, to make the workplace safe for everyone.

The ELT continued to operate as the Diversity Council in F21 with a focus on leadership, setting appropriate goals and targets, monitoring progress and driving action.

F22 OBJECTIVES AND INITIATIVES

During F21, we reviewed and revised our strategy to create an Inclusion, Equity and Diversity (IE&D) strategy focused on the three key pillars below.

1. **Leaders who model our DNA**: leaders who steadfastly role-model and lead inclusion and have a true understanding of employee experience and culture, enabled by world-class leadership and development programs.
2. **Engaged employees, consumers and communities:** employees who bring their whole selves to work; consumers who recognise our commitment to inclusion and diversity through our brands; and partnerships with purpose-aligned communities and suppliers.
3. **Employer of choice:** industry leading policies and work processes to maximise inclusion and minimise bias; innovation optimised through team contribution and data informed plans and allocation of resources.

The strategy continues to be underpinned by our commitment to upholding the International Bill of Human Rights, the United Nations Guiding Principles on Business, and Human Rights and Modern Slavery Acts.

The ELT 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.

The Company continues to strive towards the following targets:

- increase female representation in leadership roles to 50% by 2025;
- increase female representation across the total TWE workforce to 42% by 2025; and
- continuing to foster an inclusive and equitable culture.

The following high priority initiatives are planned to build on the Company's achievements in F21.

- Defining inclusive leadership expectations and investment in inclusive capabilities.
- ELT and Senior Leaders expected to role model and promote inclusive behaviours that will be included in 360 degree feedback and performance reviews.
- Reverse mentoring for ELT and selected Senior Leaders, enabling enhanced IE&D understanding and leadership.
- IE&D manifesto developed and launched.
- Specific people processes reviewed and improved to minimise bias and maximise inclusion.

The CEO and all ELT members have a Leadership, Inclusion, Equity and Diversity KPO to deliver the above objectives in F22.

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.

Currently women continue to represent 44.4% of the Board as at the date of this report. The Board continues to maintain the 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.

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, was published on the WGEA and the TWE websites in July 2021: https://www.tweglobal.com/careers/diversity-inclusion.

Recommendation 1.5 Requirement

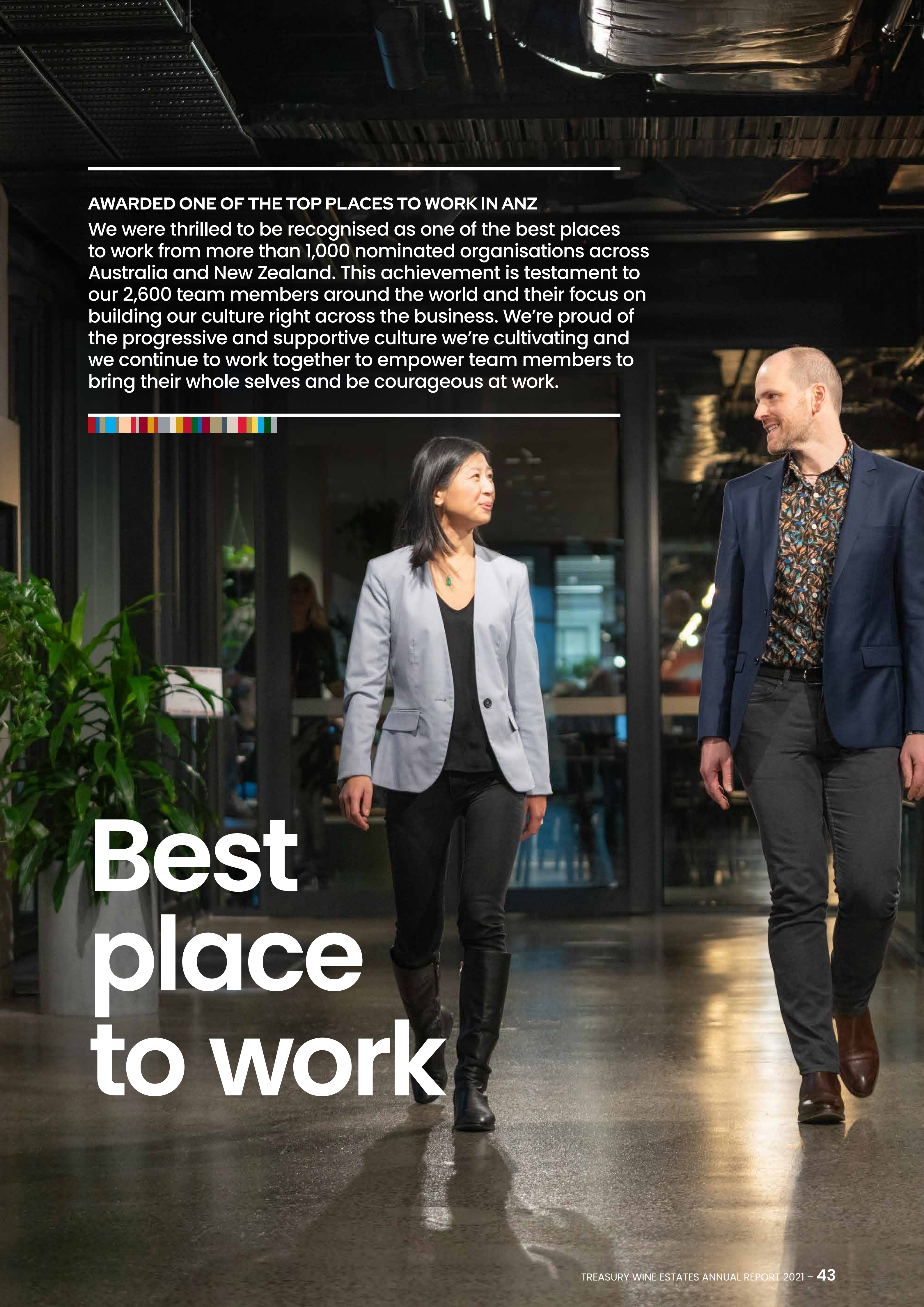
Proportion of women in the whole organisation	As at 30 June 2021, 40.2% of the Company's employees were women.
Proportion of women in senior executive[1] positions within the Company	As at 30 June 2021, 36.4% of the senior executive positions within the Company were held by women.
Proportion of women on the Board of the Company	As at 30 June 2021, 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 continues to maintain the objective that at least 30% of its directors will be of either gender, to maintain gender diversity in its composition. Further details are set out in the Corporate Governance section of the Annual Report.

1. For the purposes of this disclosure, the Company has defined 'senior executive' as the Chief Executive Officer and their direct reports. To note, using the TWE definition of leader, 45.1% of roles were held by women as at 30 June 2021.

Coastal Reserve

NEW BRAND LAUNCH

In the United Kingdom and Europe, we launched Coastal Reserve, an ethically minded, on-trade exclusive range of Vegan certified wines to provide consumers with a sustainable choice on wine menus in pubs and restaurants. As part of the launch, Coastal Reserve partnered with not-for-profit organisation Plastic Oceans Europe, to focus on raising awareness around its sustainable efforts and take a step in the right direction to reducing plastic pollution.



AWARDED ONE OF THE TOP PLACES TO WORK IN ANZ

We were thrilled to be recognised as one of the best places to work from more than 1,000 nominated organisations across Australia and New Zealand. This achievement is testament to our 2,600 team members around the world and their focus on building our culture right across the business. We're proud of the progressive and supportive culture we're cultivating and we continue to work together to empower team members to bring their whole selves and be courageous at work.

Best place to work

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 Children's 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 and TWE's Chief Executive Officer.

Since joining TWE in February 2011, Tim has held key roles across the business's 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.

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

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.

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 the Commonwealth Superannuation Corporation Limited (since July 2021, and a director since July 2016). Mr Hounsell is also a director of Findex Group Limited (since January 2020).

Mr Hounsell is a former Chairman of PanAust Limited (from July 2008 to August 2015), Myer Holdings Limited (from November 2017 to October 2020, and a director from September 2017 to October 2020), 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 an American 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 Crown Resorts Limited where she serves as Chair of the Audit Committee and the People, Remuneration and Nomination Committee. Ms Korsanos was also appointed to the Board of Scientific Games Corporation (NASDAQ: SGMS) in September 2020. Ms Korsanos is a former director of Ardent Leisure Group Limited (from July 2018 to June 2020) and Webjet Limited (from June 2018 – March 2021).

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 member of the California State Personnel Board and a director of Cedar Fair Entertainment Company (NYSE: FUN), Deckers Outdoor Corporation (NYSE: DECK) and G Squared Ascend (NYSE: GSQD.U).

Corporate governance

The Board believes good corporate governance and transparency in corporate reporting is a fundamental part of the Company'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 are listed here.

- Guiding the Company through the uncertainty created by COVID-19 and ensuring prompt and transparent communication with investors and stakeholders throughout the period.
- Providing input into and approval of the Company's restructure of its US business and the divestment of key assets within this business.
- Providing input into, and approval of, management's development of the Company's new ambition, Game Plan and DNA, being the Company's core values.
- Guiding the Company through its response to the China Ministry of Commerce investigation, its preliminary and final determinations, and the implementation of mitigating actions.
- Overseeing management's assessment of operating model opportunities to deliver long-term value through a separate focus across its brand portfolio and approving the divisionalisation under which the Company will operate under three separate brand led divisions.
- Setting a new sustainability ambition and targets and continued commitment to the governance of workplace health, safety and wellbeing performance, and a culture of leadership on safety across the business.
- Providing input into, and approval of, the TWE 2025 corporate strategy. Approving the annual financial budget, and monitoring corporate performance and the implementation of strategy and policy.
- Oversight of management's continued commitment to a culture of high performance and responsible conduct to lead the global business. Setting remuneration policy to attract and retain the best possible talent and reward high performance and conduct that exemplifies the Company's DNA.
- Maintaining effective governance to facilitate high-quality processes and internal controls.

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 fourth edition of the ASX Corporate Governance Principles and Recommendations (ASX Principles and Recommendations).

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 2021, 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.

The Board is committed to ensuring it is comprised of individuals with appropriate skills, experience and diversity to develop and support the Company's ambition to be the world's most admired premium wine company, having regard to the five pillars of its Game Plan. 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. Each director annually rates their skills, expertise and experience from 1 to 3 for each competency identified in the Board skills matrix (1 = working knowledge, 2 = good understanding, and 3 = expert). The self-assessment ratings are subsequently calibrated and included in the Board skills matrix.

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.

The Company's Game Plan is set out in Table 1. A summary of the Company's Board skills matrix is included in Table 2.

Table 1: TWE Game Plan

TWE Game PLAN				
Consumer focused premium **brand portfolio**	Multi-regional & multi-channel **sales** models	World-class **talent**	Sustainable & multi-regional **sourcing & winemaking**	Deep, long-term **partnerships** & networks

Table 2: TWE Board skills matrix

	No. of directors (total of 9)		
Board skills and experience	**Expert**	**Good understanding**	**Working knowledge**
Industry Expertise and experience in the wine or alcohol industry, consumer marketing or supply and distribution	3	5	1
Business strategy development and M&A Demonstrated ability to build, develop, implement and deliver strategic business objectives, including sustainability objectives and/or experience in corporate transactions and joint ventures	3	6	0
Finance and business Proficiency in financial accounting and reporting, corporate finance and internal controls, corporate funding, capital management and associated risks	3	6	0
Governance, regulatory and human capital Expertise identifying and managing legal, regulatory, governance, public policy and corporate affairs issues; experience in complex human capital and remuneration issues and understanding of the link between strategy, performance and remuneration outcomes	3	6	0
Risk management Experience anticipating and identifying risks and monitoring the effectiveness of both financial and non-financial risk management frameworks and controls; extensive experience with complex workplace health, safety, environmental and community risks and frameworks	4	5	0
Technology Expertise and experience in the adoption and implementation of new technology, including IT infrastructure; understanding of key factors relevant to digital disruption, including opportunities to leverage digital technologies and cyber security; and understanding the use of data and analytics	1	5	3
Innovation Expertise in and understanding of key factors relevant to digital disruption and innovation; experience in the creation and delivery of new ways of working and commercial initiatives	3	5	1
International Relevant experience in regions and countries related to the Company's strategy and activities, including USA, Asia, and EMEA	6	3	0
Board or senior management experience	**Yes**		**No**
Chairman – listed company	2		7
CEO/senior management	9		0

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 2021, the average tenure for the Company's non-executive directors was 6.2 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 Antonia Korsanos on 1 April 2020, women represent 44.4% of the Board. In order to maintain gender diversity into the future, in 2021 the Board has set itself a measurable objective to maintain at least 30% 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 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, non-executive directors are required to retire and may seek re-election, at least every three years. 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 the following.

Strategic guidance and effective oversight of management

- Providing input into, and approval of, the Company'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 Company'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 Company's systems of risk management (for both financial and non-financial risks), legal compliance, and internal compliance and control.
- Reviewing and approving the Company's risk appetite statement.

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 & Risk Committee

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

Key focuses for F21:

- 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 and safety, environmental, litigation and compliance matters across the Company.
- Reviewing whistleblower matters reported across the Company.
- Monitoring the Company'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 F21:

- Assessing the competencies of the directors to ensure the appropriate range of skills and expertise amongst Board members.
- Board succession planning, including the adoption of a revised Board skills matrix.
- 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.

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 F21:

- Reviewing and revising remuneration practices for F22 to ensure alignment with the Company's DNA and to provide for the reward and retention of key talent.
- Reviewing and approving the fixed remuneration and incentive compensation arrangements for senior executives, including reviewing the attainment of short-term incentive (STI) and long-term incentive (LTI) performance conditions.
- Reviewing and recommending to the Board for approval the Company's F21 Remuneration Report.
- Approving the terms of engagement of the remuneration consultant.

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 ongoing development of a strategic and consistent company wide approach to risk management, underpinned by a risk aware culture.

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 2021 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 2021 and appear on pages 74 to 128.

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
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 2021 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	19	19	–	–	–	–	5	5	10
Tim Ford	19	19	–	–	–	–	–	–	10
Ed Chan	19	19	4	4	–	–	–	–	1
Louisa Cheang	19	15[3]	–	–	–	–	–	–	–
Warwick Every-Burns	19	19	–	–	8	8	5	5	–
Garry Hounsell	19	19	4	4	–	–	5	5	8
Colleen Jay	19	19	–	–	8	8	–	–	–
Antonia Korsanos	19	18[4]	4	4	–	–	–	–	2
Lauri Shanahan	19	19	–	–	8	8	–	–	1

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. This number reflects Ms Cheang's absence from four Board meetings due to a Board approved leave of absence.
4. This number reflects Ms Korsanos's absence from one Board meeting held early in F21 due to a prior commitment scheduled before her appointment to the Company's Board.

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 15 cents per ordinary share on 1 April 2021. The dividend was fully franked.

Final dividend: since the end of the financial year, the directors have approved a final dividend of 13 cents per share, fully franked and payable on 1 October 2021. The record date for entitlement to this dividend is 2 September 2021.

In summary:

	Dividend per share	$m
Interim dividend paid on 1 April 2021	15 cents	$108.2
Final dividend payable on 1 October 2021	13 cents	$93.8
Total	28 cents	$202.0

The Company paid shareholders a final dividend in respect of the 2020 financial year of $57.7 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, the announcement of the Company's new divisional operating model, the divestment of a significant portion of its US commercial wine business and the release by MOFCOM of the final determination in its anti-dumping and countervailing investigations into certain Australian wine exports into China. The nature of these impacts have been discussed in various ASX announcements made by TWE. Further information regarding these impacts on TWE can be found in the OFR, in the Company's 2021 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

Other than as disclosed in the financial statements, the directors are not aware of any 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.

SUSTAINABILITY

Matters of environmental and social significance to the Group are primarily addressed within the sustainability framework. This framework is governed by the Sustainability Leadership Group (formerly known as the Global CR Council), comprising members from the Executive Leadership Team and senior representatives from regional and functional areas of the business.

Further detail on the Group's sustainability framework, initiatives and achievements are detailed in the Sustainability 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 Sustainability Leadership Group provides 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 receive six-monthly reports detailing any 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 2020.

During the financial year, the Group has not been convicted of any significant breaches of environmental regulation.

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 totalled $439,280. 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 53 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 2021 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 19 August 2021, in accordance with a resolution of the directors.

Paul Rayner	**Timothy Ford**
Chairman	Chief Executive Officer

Auditor's independence declaration

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 2021 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
19 August 2021

F21 Remuneration Report

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 F21 remuneration report for which we will seek your approval at our Annual General Meeting in October 2021. 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.

While F21 was a challenging year for the Company, the Board is immensely proud of the outstanding execution and organisational resilience our team demonstrated despite significant disruption, including ongoing impacts from the global pandemic, the Californian wildfires and the introduction of unprecedented import duties on Australian wine by MOFCOM. Our response plan to mitigate impacts of the MOFCOM tariffs are proving successful with highlights including the delivery of incremental growth for Penfolds Bin and Icon ranges in key Asian markets outside of China, accelerated investment in sales and marketing capability in priority growth markets, and the establishment of new multi country of origin propositions including the Penfolds California Collection.

Despite these extraordinary headwinds, we have reported EBITS[1] of $510.3 million which is in line with prior year. On an organic basis, EBITS increased by 3.5%. ROCE improved from 10.2%[2] in F20 to 10.8% which remains ahead of our weighted cost of capital. Our EBITS margin for F21 increased by 0.6 percentage points to 19.9%, and the Company's Total Shareholder Return performance declined in light of the disproportionate impacts on our business. The Company's capital structure remains strong, flexible and efficient. We have retained a strong, flexible balance sheet and investment grade capital structure, with net debt[3] reducing by $376.5 million in F21 and net debt/EBITDAS significantly improving to 1.6x from 2.1x in F20.

The remuneration outcomes for F21 reflect an appropriate alignment between pay, TWE's strategic objectives, financial performance and shareholder returns. The unanticipated external forces on our performance have impacted remuneration outcomes for our executives.

No short-term incentives were paid in F21 for the F20 year and fixed remuneration for all executives was frozen during F21. Our long-term incentive plans have not vested for the second year in a row.

F21 Short Term Incentive Plan (STIP) targets were initially set in the context of our roadmap out of COVID-19, easing of government mandated restrictions and travel and economic recovery in our key markets. The MOFCOM announcement in August 2020 had a significant and unanticipated impact on our performance and was outside of our executives' control. As foreshadowed in the F20 Remuneration Report, the Board carefully evaluated F21 STIP targets during the year and as a result, the targets were adjusted mid-year. This was imperative to enable us to achieve a balance between appropriately motivating and rewarding our executives for results delivered in extenuating circumstances, and setting the Company up for long term growth and returns for our shareholders. When setting the adjusted targets, the impact caused by the loss of shipments to China was removed; however, executives were then tasked with aggressive, stretch goals such as driving growth in other markets and savings to mitigate the overall impact as well as focus on delivering growth in earnings. The Company has delivered exceptionally well against these revised targets and has partially offset some of the MOFCOM impacts as well as the ongoing adverse COVID-19 impacts. 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 Company, including diversity and inclusion, talent development and succession, culture and engagement. It remains our intention to encourage open dialogue with shareholders and other stakeholders, and accordingly I welcome any feedback and comments you may have.

Yours sincerely,

Warwick Every-Burns
Human Resources Committee Chairman

1. Earnings before interest, tax, SGARA and material items.
2. Prior year results for EBITS, Earnings per Share and ROCE have been restated for changes in accounting policies. Refer to Note 32 of the Financial Statements for further information.
3. Net debt excludes fair value adjustments related to derivatives that are in a fair value hedge relationship on a portion of US Private Placement Notes: F21 +$21.6 million, F20 +$41.7 million.

1. KEY MESSAGES

This report details the F21 remuneration framework and outcomes for the Key Management Personnel (KMP) of the Company 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* (Cth) and all references are to Australian dollars ($) unless otherwise specified.

a) Financial results for F21

Like many organisations, TWE experienced a challenging year in F21. We demonstrated outstanding execution and organisational resilience despite a year of significant disruption, including ongoing impacts from the global pandemic, the Californian wildfires and the introduction of import duties on Australian wine by MOFCOM, and delivered top-line growth in Asian markets outside of China, the Americas, ANZ and EMEA. We delivered EBITS of $510.3 million which was in line with prior year, and on an organic basis, was a 3.5% increase. EBITS margin increased 0.6 percentage points to 19.9%. TWE delivered Earnings per Share (EPS) of 42.9 cents per share (before material items and SGARA) whilst Return on Capital Employed (ROCE) improved from F20 at 10.8%.

b) KMP

Executive KMP at TWE during F21 are as follows:

Executives (as at 30 June 2021)

Current KMP		
TM Ford	Chief Executive Officer (CEO)	Full Year
MJ Young	Chief Financial Officer (CFO)	Full Year
SR Boxer	Chief Strategy and Corporate Development Officer (CSCDO)	Full Year
Former KMP		
MA Clarke	Former Chief Executive Officer	Ceased 1 July 2020

From 1 July 2020, Michael Clarke ceased as an Executive KMP, Tim Ford commenced as CEO, and Stuart Boxer, CSCDO, became Executive KMP.

c) Fixed Remuneration

TWE is a truly global company with significant growth increasing the responsibility and complexity of executive roles. The executive team has been crucial to the successful navigation of COVID-19 and the tariffs imposed on Australian wine by MOFCOM. The reward, retention and development of this team is a key consideration of the Board.

There were no adjustments to fixed remuneration for any executives during F21. To align executive remuneration with market benchmark data (provided by independent external consultants), for F22 the Board has approved a 5% increase to Mr Ford's remuneration to $1,575,000, a 5% increase to Mr Young's remuneration to $749,700 and a 2.5% increase to Mr Boxer's remuneration to $691,875, effective 1 September 2021.

d) Short-term incentives in the year

F21 STIP targets were set in the context of our roadmap out of COVID-19, easing of government mandated restrictions and travel, and economic recovery in our key markets. The MOFCOM announcement in August 2020 was a material uncontrollable event and had a significant impact on our performance. As outlined previously, F21 STIP targets were reviewed and adjusted after the first half of F21 to achieve a balance between appropriately motivating and rewarding our executives for results delivered in extenuating circumstances, and setting up TWE for long term growth and returns for our shareholders. When setting the adjusted targets, the impact caused by the loss of shipments to China was removed, however, executives were then tasked with aggressive, stretch goals such as driving growth in other markets and savings to mitigate the overall impact and to focus on delivering growth in earnings. These opportunities also assisted in offsetting ongoing adverse COVID-19 impacts.

We continue the focus on our premiumisation strategy and our global response plan to mitigate impacts from the measures implemented by MOFCOM continues to progress.

Whilst the company achieved above target performance against the revised STIP targets, the Board has determined that the F21 STIP Balanced Scorecard multiplier for executives will be paid at 1.0x (on target). When taking into account each executive's Individual Performance Multiplier based on their achievement of individual Key Performance Objectives (KPOs) and demonstration of the Company's DNA, the F21 STIP outcomes are 86.5% of fixed remuneration for Mr Young and 73.2% of fixed remuneration for Mr Boxer. The CEO received a STIP outcome of 108.3% of fixed remuneration.

e) Long-term incentives in the year

Whilst the Company has focused on sustainable earnings, cost management and operational effectiveness during the pandemic and following the introduction of the MOFCOM tariffs, the subsequent financial impacts have had an impact on long-term incentive plans (LTIP). The Company's Total Shareholder Return (TSR) performance was at the 15.8th percentile relative to its peer group while ROCE results, impacted significantly by the COVID-19 pandemic and the MOFCOM tariffs, were also below threshold. Targets were not met and the Board elected not to apply discretion to the F19 LTIP, which resulted in nil vesting for eligible executives.

f) Changes for F22

F22 LTIP

In the F22 LTIP, the weighting of the two metrics remain unchanged from the F21 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 F22 LTIP.

ROCE growth will be measured against the F21 ROCE base of 10.8% and will vest according to the following schedule.

ROCE baseline 10.8% (F21)	% points ROCE growth	ROCE result	% of Performance Rights subject to ROCE measure which vest
	Less than 1.8	Less than 12.6%	0%
	1.8 to 2.1	12.6% to 12.9%	35–75%
	2.1 to 2.8	12.9% to 13.6%	75–100%
	At or above 2.8	At or above 13.6%	100%

The relative TSR vesting schedule for the F22 LTIP has changed from F21 in that vesting has increased from 35% to 50% if TWE's ranking is at the 50th percentile. This change reflects common market practice but will not significantly alter outcomes for executives. Full vesting of the relative TSR metric will still require a ranking at or above the 75th percentile.

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	50–70%
	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 F22 LTIP are subject to the satisfaction of performance conditions, as outlined above, over the performance period from 1 July 2021 to 30 June 2024. LTIP awards to KMP are at the absolute discretion of the Board. For the F22 LTIP the following awards will apply:

- Mr Ford: opportunity of 175% of fixed remuneration at maximum, 87.5% at threshold, 0% below threshold
- Mr Young: opportunity of 150% of fixed remuneration at maximum, 75% at threshold, 0% below threshold
- Mr Boxer: opportunity of 150% of fixed remuneration at maximum, 75% at threshold, 0% below threshold

The Company will seek shareholder approval at the 2021 Annual General Meeting for the F22 LTIP offer to the CEO.

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 Company, 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 comprises fixed remuneration (FR) and variable ('at-risk') remuneration in the form of STIP and LTIP. The remuneration structure in F21 for current executives as at 30 June 2021 is as follows.

Total Remuneration with STIP at Target and LTIP at Threshold:

CEO

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

Executives

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

Total Remuneration with both STIP and LTIP at Maximum:

CEO

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

Executives

Percentage of TR
- FR **27%**
- STIP (at maximum) **32%**
- 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 Company 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 Company'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.

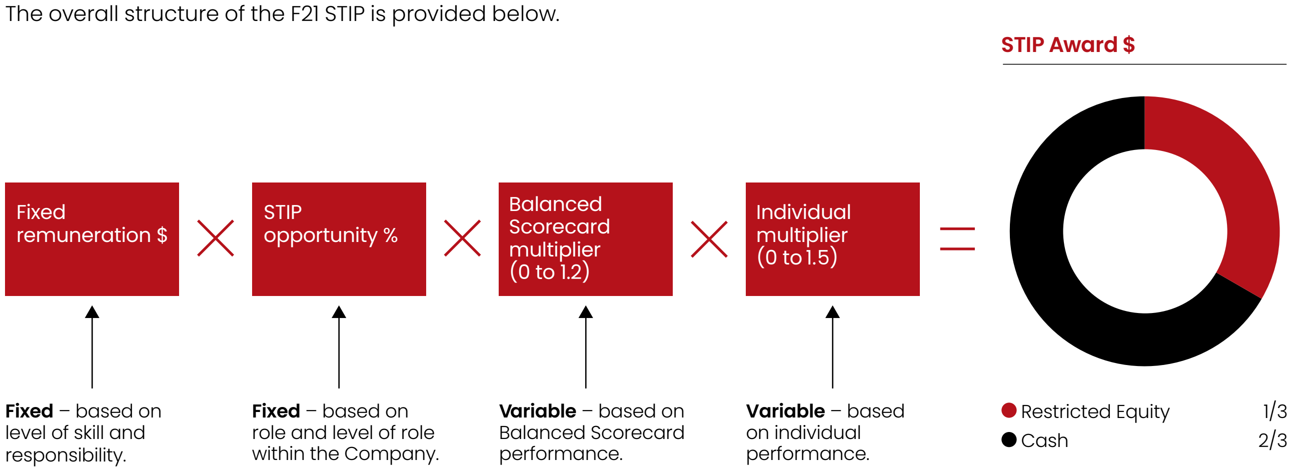
The STIP performance measures are consistent across the Company. They are designed to support the financial health of the organisation and shareholder return in terms of dividends and share price – this year and over time. The metrics are aimed at reinforcing Company culture as their achievement requires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

F21 STIP Measures	Remuneration and Performance Link
Global EBITS (30%-50%)	The EBITS metric focuses and rewards executives for the overall health and profit-producing ability of the Company. 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 Company for future growth.
Growth in sales volumes (10%-15%)	This growth metric aims to reward executives for delivering sales volumes in our priority brands 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.
Brand contribution margin (10%-20%)	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.
Cash conversion (10%-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 ROCE metric and financial returns for investors.
Commercial investment (0%-20%)	This metric aims to reward executives for commercial optimisation strategies, ensuring sales volumes are obtained in a sustainable way.
Transformation programs (0%-20%)	This measure focuses executives on the delivery of key transformational programs.

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

F21 STIP Performance Measures	STIP Opportunity	STIP Detail
The STIP Balanced Scorecard is weighted by role. *CEO*: 50% global EBITS 15% quality growth in sales volume 20% brand contribution margin 15% cash conversion *CFO*: 30% global EBITS 10% quality growth in sales volume 10% brand contribution margin 10% cash conversion 20% commercial investment 20% transformation programs *CSCDO*: 30% global EBITS 10% quality growth in sales volume 10% brand contribution margin 10% cash conversion 20% commercial investment 20% transformation programs 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 F21, the following STIP opportunities applied: *Target*: Executives 66.5% of FR CEO 83.3% 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 DNA. The Individual Performance Multiplier can drive a result of 0 to 1.5 as per the diagram below.	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 the TWE DNA) 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 F21.

The overall structure of the F21 STIP is provided below.



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 F21, the Board awarded the CEO an LTIP opportunity of 175% of fixed remuneration.

The performance period for the F21 LTIP is 1 July 2020 to 30 June 2023 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 F21, the following awards applied: • CEO 175% of FR. • Other executives 150% of FR. • In F21, Mr Young received an additional one-off LTIP grant of 50% of fixed remuneration. This one-off grant is subject to the same performance conditions as the F21 LTIP.	LTIP awards are delivered in the form of performance rights. The number of rights allocated is based on face value using the 90-day Volume Weighted Average Price (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.

F21 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 10.6% (F20)	**ROCE percentage points 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%

f) General employee share plan (Share Cellar)

The Company 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. The Company delivers one matched share for every purchased share held at the plan vesting date (approximately two years), subject to continued employment. An equivalent cash plan operates in countries where, due to local laws, it is not practicable to offer shares to employees.

Shares were acquired in F21 under the 2020 Share Cellar offer, and a subsequent offer to participate in the 2021 Share Cellar Plan was made during the year. The first share purchases in the 2021 Share Cellar Plan will occur in August 2021 (F22).

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

In addition to the LTIP, the Company 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 Company. 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 F21.

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 Company, 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 Company 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 Company'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 F21 was once-again impacted by the COVID-19 pandemic, but more significantly, the introduction of tariffs for imports into China by MOFCOM. EBITS margin accretion increased and the Company delivered EBITS of $510.3 million which is in line with prior year and a 3.5% increase on an organic basis. ROCE improved from F20 at 10.8% and TWE continues to take a disciplined approach to capital allocation. Our global response plan to mitigate impacts from the measures implemented by MOFCOM is progressing well. Key highlights since the tariffs announcement include the delivery of incremental growth for Penfolds Bin & Icon in key Asian markets outside of China, accelerated investment in sales and marketing capability in priority growth markets and the establishment of new multi country of origin propositions including Penfolds California Collection.

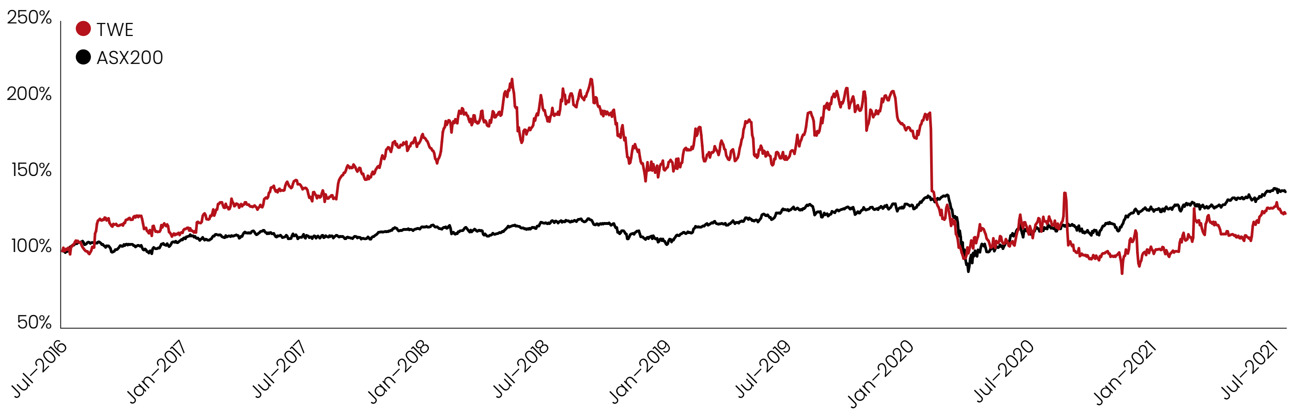
The table below summarises the Company's financial performance over the last five financial years.

Table 3.1: Overview of Company performance (reported)

Financial year ended 30 June 2021	2017	2018[1]	2019[1]	2020[1]	2021
EBITS performance (A$ million)	463.6	543.8	664.7	512.6	**510.3**
Earnings per share (cents)[2]	38.0	49.1	57.2	41.7	**42.9**
Dividends paid per share (cents)	25	28	35	40	**23[3]**
Franked (%)	0	63	100	100	**100**
Closing share price ($ at 30 June)	13.16	17.39	14.92	10.48	**11.68**
Return on capital employed (%)	10.4	11.7	13.6	10.2	**10.8**

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.
2. Before material items and SGARA.
3. The 2021 dividend of 23 cents is comprised of the final dividend in F20 of 8 cents (100% franked) paid on 2 October 2020 and the interim F21 dividend of 15 cents (100% franked) paid on 1 April 2021. For the final F21 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. When comparing executives' remuneration to the market, the ASX 21-75 peer group was used. No adjustments were made to fixed remuneration of executives in F21.

c) Short-term incentive outcomes

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

The F21 STIP scorecard is heavily weighted to financial metrics with the primary driver EBITS. Our F21 EBITS results reflect the impact of the COVID-19 pandemic and MOFCOM tariffs, which had a significant impact on TWE's trading performance across all geographies, in particular, China. As outlined previously, the Board adjusted STIP targets after the first half of F21. After removing the impact caused by the loss of shipments to China, the revised targets included stretch goals for executives to achieve. The Company has delivered outstanding performance against these, partially offsetting some of the MOFCOM impacts as well as ongoing adverse COVID-19 impacts. This was imperative to ensuring we appropriately motivate and reward our executives for results delivered in extenuating circumstances, but also to set up TWE for long term growth and returns for our shareholders.

Actual results for the Balanced Scorecards are provided below.

F21 STIP Scorecard	CEO			CFO			CSCDO		
	Weight	Achievement	Payment	Weight	Achievement	Payment	Weight	Achievement	Payment
Financial goals									
Global EBITS	50%	50%	**50%**	30%	30%	**30%**	30%	30%	**30%**
Quality growth in sales volume	15%	15%	**15%**	10%	10%	**10%**	10%	10%	**10%**
Brand Contribution margin	20%	23%	**20%**	10%	12%	**10%**	10%	12%	**10%**
Cash Conversion	15%	18%	**15%**	10%	12%	**10%**	10%	12%	**10%**
Strategic goals									
Commercial Investment				20%	20%	**20%**	20%	20%	**20%**
Transformation Program Execution				20%	20%	**20%**	20%	20%	**20%**
Total	**100%**	**106%**[1]	**100%**	**100%**	**104%**[1]	**100%**	**100%**	**104%**[1]	**100%**

1. Whilst the company achieved above target performance against the revised STIP targets, the Board has determined that the F21 STIP Balanced Scorecard multiplier for executives will be paid at 1.0x (on target).

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

Table 3.2: F21 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] (%)
TM Ford	1,500,000	83.3%	1,250,000	1,625,000	108.3%	1,083,333	541,667	0%
MJ Young	714,000	66.5%	474,810	617,253	86.5%	411,502	205,751	0%
SR Boxer	675,000	66.5%	448,875	493,763	73.2%	329,175	164,588	0%

1. Reports only executives who were KMP at 30 June 2021.
2. FR is salary as of 1 September 2020.
3. Inclusive of balanced scorecard and individual performance multiplier outcomes.

d) Long-term incentive awards and outcomes

LTIP awarded during the year

Performance rights were allocated to executives under the F21 LTIP after the 2020 Annual General Meeting and are subject to a three-year performance period. Any vesting is subject to two hurdles (detailed on page 60). 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: F21 LTIP performance rights

Executive	Grant date	Vesting date	Number of awards granted	Face Value at grantdate ($)[1]	Fair Value at grant date ($)[2]
Current (as at 30 June 2021)					
TM Ford	23 November 2020	30 June 2023	255,940	2,624,997	2,125,582
MJ Young	23 November 2020	30 June 2023	139,231	1,427,995	1,156,313
SR Boxer	23 November 2020	30 June 2023	98,719	1,012,492	819,861

1. 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 2020 ($10.2563 per share).
2. The fair value ($) in the table above is calculated using the valuation method detailed in note 22 of the Financial Statements.

LTIP Vesting

The F19 LTIP was due to vest at the end of F21. The vesting schedule for the F19 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%-70%	
	60th to 75th percentile	70%-100%	
	At or above 75th percentile	100%	
ROCE baseline 12.6% (F18)	**ROCE percentage points 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%

Performance is measured over the three-year period ended 30 June 2021. The Group's relative TSR performance was at the 15.8th percentile relative to its peer group while ROCE results, impacted significantly by the COVID-19 pandemic and MOFCOM tariffs, were also below threshold. The Board elected not to apply discretion to the F19 LTIP, which resulted in nil vesting for eligible executives.

The F19 LTIP vesting outcome by executive is provided below.

Table 3.4: Vesting/lapsing of F19 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 2021)						
TM Ford	61,669	1,078,270	0	0	61,669	720,294
MJ Young	60,468	1,057,271	0	0	60,468	706,266
Former						
MA Clarke[4]	285,963	5,000,006	0	0	285,963	3,340,048

1. 'Value at grant' is calculated based on $17.4848 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 2018. This was the price used to calculate the number of performance rights granted under the F19 LTIP as previously disclosed by the Company.
2. The value 'lapsed' or 'vested' is calculated based on the closing share price on the performance period end date of 30 June 2021, being $11.68.
3. The number of rights which lapsed as they did not vest.
4. As disclosed in TWE's Remuneration Report for the year ended 30 June 2020; 94,973 Performance Rights held by Mr Clarke on 30 June 2020 under the F19 LTIP were forfeited pursuant to the good leaver provisions of the LTIP Plan Rules on his retirement on 1 July 2020. The remaining 190,990 Performance Rights lapsed on 30 June 2021 as they did not vest.

e) General employee share plan (Share Cellar)

During F21, the 2021 Share Cellar Plan was launched. No executives participated in this or the 2020 plan. The Company has approximately one quarter 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 on the following page 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 3.5: 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 2021)							
TM Ford	Restricted Shares	20,875	–	(13,411)	–	–	7,464
	Performance Rights	139,105	255,940	–	(61,669)	–	333,376
	Deferred Share Rights	489	–	(145)	–	–	344
MJ Young	Restricted Shares	11,963	–	(6,468)	–	–	5,495
	Performance Rights	128,224	139,231	–	(60,468)	–	206,987
	Deferred Share Rights	224	–	–	–	–	224
SR Boxer[3]	Restricted Shares	–	–	–	–	–	–
	Performance Rights	–	98,719	–	–	–	98,719
	Deferred Share Rights	–	–	–	–	–	–
Total (Current KMP)		**300,880**	**493,890**	**(20,024)**	**(122,137)**	**–**	**652,609**
Former							
MA Clarke[4]	Restricted Shares	105,085	–	(69,666)	–	(35,419)	–
	Performance Rights	621,520	–	–	(509,157)	(112,363)	–
	Deferred Share Rights	489	–	(489)	–	–	–
Grand Total		**1,027,974**	**493,890**	**(90,179)**	**(631,294)**	**(147,782)**	**652,609**

1. Represents F19 LTIP performance rights which lapsed on 30 June 2021. In the case of Mr Clarke, it also represents 318,167 Performance Rights forfeited on retirement on 1 July 2020 pursuant to the good leaver provisions of the LTIP Plan Rules (94,973 from the F19 LTIP and 223,194 from the F20 LTIP).
2. Represents balance adjustment for executives ceasing to be a member of KMP.
3. Mr Boxer's holding at the start of the period reflects his holding on 1 July 2020 when he became KMP.
4. Ceased as KMP on 1 July 2020.

g) Remuneration of executives

The table below (Table 3.6) provides details of remuneration for the CEO and executives for F21, 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 3.6: 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 2021)						
TM Ford	**F21**	**1,478,306**	**268,498**	**26,847**	**1,083,333**	**808**
	F20	778,997	27,147	25,265	–	–
MJ Young	**F21**	**692,306**	**34,610**	**10,031**	**411,502**	**–**
	F20	690,664	12,776	10,665	–	–
SR Boxer	**F21**	**653,306**	**32,865**	**10,031**	**329,175**	**–**
	F20	–	–	–	–	–
Former						
MA Clarke	**F21**	**8,776**	**(304,837)**	**25,378**	**–**	**–**
	F20	2,622,331	(356,646)	(14,294)	–	–
TOTAL	**F21**	**2,832,694**	**31,136**	**72,288**	**1,824,010**	**808**
	F20	4,091,992	(316,723)	21,636	–	–

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, product allocations, executive medical checks, taxation expenses and Fringe Benefits Tax on all benefits, where applicable.
4. Represents cash payments made under the F21 STIP, excluding the Restricted Equity portion which will be allocated in September 2021. No payment was made to any KMP in relation to F20 STIP.
5. Represents a refund of withholding taxes on Mr Ford's prior year California State Tax return. This has been treated as a taxable benefit and has been subject to appropriate FBT.

Superannuation/ Pension	Share-Based Payments: Total Amortisation Value of LTIP[6]	Share-Based Payments: Other Equity[7]	Total	Performance related %[8]	Termination Benefits
21,694	**196,394**	**104,718**	**3,180,599**	**44%**	**–**
21,003	452,436	263,553	1,568,401	46%	–
21,694	**(27,630)**	**70,185**	**1,212,699**	**37%**	**–**
21,003	472,709	142,605	1,350,422	46%	–
21,694	**113,519**	**–**	**1,160,591**	**38%**	**–**
	–	–	–		–
834	**–**	**–**	**(269,849)**	**0%**	**–**
21,003	3,696,467	1,869,840	7,838,701	71%	–
65,916	**282,283**	**174,904**	**5,284,039**		**–**
63,008	4,621,613	2,275,998	10,757,524		–

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.
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. F19 STIP Restricted Equity was outstanding at the end of F21. 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 F21.

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
A Korsanos	Non-executive director	Full year
LM Shanahan	Non-executive director	Full year

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 F21.

Table 4.1: F21 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 F21 and F20 are provided below.

Table 4.2: F21 Non-executive director remuneration

Non-executive director	Year	Fees $	Non-monetary benefits[1] $	Superannuation $	Total $
PA Rayner	**FY21**	**524,576**	**15,617**	**5,424**	**545,617**
	FY20	508,997	16,088	21,003	546,088
EYC Chan	**FY21**	**215,000**	**4,000**	**–**	**219,000**
	FY20	211,865	4,000	3,135	219,000
L Cheang	**FY21**	**193,000**	**4,000**	**–**	**197,000**
	FY20	190,907	4,000	2,093	197,000
WL Every-Burns	**FY21**	**218,447**	**6,660**	**20,753**	**245,860**
	FY20	218,447	6,660	20,753	245,860
GA Hounsell	**FY21**	**221,918**	**6,660**	**21,082**	**249,660**
	FY20	237,447	6,660	21,003	265,110
CE Jay	**FY21**	**213,600**	**4,000**	**–**	**217,600**
	FY20	214,650	4,000	–	218,650
LM Shanahan	**FY21**	**213,600**	**4,000**	**–**	**217,600**
	FY20	213,600	4,000	–	217,600
A Korsanos[2]	**FY21**	**196,347**	**6,660**	**18,653**	**221,660**
	FY20	49,087	1,000	4,663	54,750
TOTAL	**FY21**	**1,996,488**	**51,597**	**65,912**	**2,113,997**
	FY20	1,845,000	46,409	72,650	1,964,059

1. Includes product allocations, entertainment and Fringe Benefits Tax, where applicable. The amounts for Mr Rayner includes car parking.
2. Ms Korsanos commenced as a 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 Company'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 Company 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 Company. In addition, the Company 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 F21, 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 Company'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, however there was no opportunity to participate in this plan during F21 due to trading restrictions. The table below sets out KMP shareholdings.

Table 5.1: KMP shareholdings

Current (as at 30 June 2021)	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 2021)				
TM Ford	50,199	13,566	–	63,755
MJ Young	18,712	6,468	178	25,358
SR Boxer	–	–	–	–
Former				
MA Clarke[3]	714,905	70,155	(785,060)	–
Executive total	**783,816**	**90,179**	**(784,882)**	**89,113**

1. Includes release of restricted shares under Tranche 1 of F19 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 F21 and for Mr Young, shares received under TWE's dividend reinvestment plan.
3. Mr Clarke's other changes includes a balance adjustment for when he ceased to be KMP.

Table 5.1: KMP shareholdings (continued)

F21	Balance at start of the year	Acquired during the year as part of DSAP[4]	Other changes during the year	Balance at end of year[5]
Non-executive directors				
Current (as at 30 June 2021)				
PA Rayner	297,819	–	–	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	3,382	–	–	3,382
LM Shanahan	11,559	–	3,666	15,225
T Korsanos	5,000	–	7,500	12,500
Non-executive director total	**549,540**	**–**	**7,500**	**560,706**
Grand total	**1,333,356**	**90,179**	**(773,716)**	**649,819**

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.

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 Company 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 dealings which include payments of salaries and benefits and purchase of Company products.

Some directors of the Company are also directors of public companies which have transactions with the Company. 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* (Cth).

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
TM Ford	F19 STIP (tranche 2)	Restricted Shares	13 September 2019	7,464	136,975	136,975	25 August 2021
	2019 Share Cellar	Matched Rights	3 September 2019	120	2,264	2,264	25 August 2021
	2019 Share Cellar	Matched Rights	30 October 2019	52	903	903	25 August 2021
	2019 Share Cellar	Matched Rights	20 April 2020	172	1,825	1,825	25 August 2021
	F20 LTIP	Performance Rights	11 November 2019	77,436	1,199,995	1,216,907	30 June 2022
MJ Young	F19 STIP (tranche 2)	Restricted Shares	13 September 2019	5,495	100,841	100,841	25 August 2021
	2019 Share Cellar	Matched Rights	30 October 2019	52	903	903	25 August 2021
	2019 Share Cellar	Matched Rights	20 April 2020	172	1,825	1,825	25 August 2021
	F20 LTIP	Performance Rights	11 November 2019	67,756	1,049,988	1,064,786	30 June 2022

1. Reports only executives who were KMP at 30 June 2021. As Mr Boxer did not commence until 1 June 2020, he has no prior years restricted equity on foot as at 30 June 2021.
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 F19 STIP allocation price was $18.3514.
3. The value of F20 LTIP awards at allocation date is calculated based on the ninety-day VWAP up to and including 30 June 2019 ($15.4966 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 2019 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.

Table 6.2: 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 percentage points 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%

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. SGARA represents the difference between the fair value of harvest (as determined under AASB 141 *Agriculture*) and the cost of harvest. The fair value gain or loss is excluded from Management EBITS so that earnings can be assessed based on the cost of harvest, rather than their fair value. This approach results in a better reflection of the true nature of TWE's consumer branded and FMCG business and improved comparability with domestic and global peers.
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 2021

	Note	2021 $m	Restated[1] 2020 $m
Revenue	3	**2,683.9**	2,678.2
Cost of sales		**(1,659.2)**	(1,588.9)
Gross profit		**1,024.7**	1,089.3
Selling expenses		**(246.6)**	(312.7)
Marketing expenses		**(131.5)**	(125.5)
Administration expenses		**(159.8)**	(166.8)
Other income/(expenses)		**(55.6)**	(49.7)
Profit before tax and finance costs		**431.2**	434.6
Finance income		**33.4**	54.1
Finance costs		**(106.9)**	(140.0)
Net finance costs		**(73.5)**	(85.9)
Profit before tax		**357.7**	348.7
Income tax expense	23	**(107.7)**	(103.3)
Net profit		**250.0**	245.4
Net profit attributable to non-controlling interests		**–**	–
Net profit attributable to members of Treasury Wine Estates Limited		**250.0**	245.4
Other comprehensive income/(loss)			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges		**10.9**	(15.5)
Tax on cash flow hedges		**(2.7)**	3.9
Exchange gain/(loss) on translation of foreign operations		**(109.0)**	14.5
Other comprehensive income/(loss) for the year, net of tax		**(100.8)**	2.9
Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited		**149.2**	248.3
Non-controlling interests		**–**	–
Total comprehensive income for the year		**149.2**	248.3

	Note	Cents per share	Cents per share
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic	7	**34.7**	34.1
Diluted	7	**34.6**	34.0

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.

Consolidated statement of financial position

As at 30 June 2021

	Note	2021 $m	Restated[1] 2020 $m
Current assets			
Cash and cash equivalents	9	**448.1**	449.1
Receivables	9	**621.3**	553.5
Inventories	9	**839.7**	1,017.4
Assets held for sale	14	**140.2**	74.3
Other current assets		**8.0**	6.0
Total current assets		**2,057.3**	2,100.3
Non-current assets			
Inventories	9	**1,056.8**	1,059.2
Property, plant and equipment	10	**1,322.5**	1,397.4
Right-of-use assets	11	**448.4**	517.0
Agricultural assets	12	**33.8**	34.1
Intangible assets	13	**1,155.5**	1,294.1
Deferred tax assets	23	**183.7**	193.8
Other non-current assets		**26.2**	48.8
Total non-current assets		**4,226.9**	4,544.4
Total assets		**6,284.2**	6,644.7
Current liabilities			
Trade and other payables	9	**703.6**	682.1
Current tax liabilities		**21.1**	22.9
Provisions	16	**100.0**	53.9
Borrowings	18	**53.1**	223.3
Other current liabilities		**0.7**	0.8
Total current liabilities		**878.5**	983.0
Non-current liabilities			
Borrowings	18	**1,474.7**	1,702.3
Deferred tax liabilities	23	**309.6**	334.3
Other non-current liabilities		**30.2**	29.0
Total non-current liabilities		**1,814.5**	2,065.6
Total liabilities		**2,693.0**	3,048.6
Net assets		**3,591.2**	3,596.1
Equity			
Contributed equity	19	**3,280.7**	3,269.8
Reserves	21	**(88.0)**	12.0
Retained earnings		**394.4**	310.2
Total parent entity interest		**3,587.1**	3,592.0
Non-controlling interests		**4.1**	4.1
Total equity		**3,591.2**	3,596.1

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.

Consolidated statement of changes in equity

For the year ended 30 June 2021

	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 2019[1]	**3,243.8**	**352.6**	**72.1**	**(43.0)**	**3,625.5**	**4.1**	**3,629.6**
Profit for the year	–	245.4	–	–	245.4	–	245.4
Total other comprehensive income/(loss)	–	–	14.5	(11.6)	2.9	–	2.9
Total comprehensive income for the year/(loss)	**–**	**245.4**	**14.5**	**(11.6)**	**248.3**	**–**	**248.3**
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[1]	**3,269.8**	**310.2**	**86.6**	**(74.6)**	**3,592.0**	**4.1**	**3,596.1**
Profit for the year	–	250.0	–	–	250.0	–	250.0
Total other comprehensive income/(loss)	–	–	(109.0)	8.2	(100.8)	–	(100.8)
Total comprehensive income for the year/(loss)	**–**	**250.0**	**(109.0)**	**8.2**	**149.2**	**–**	**149.2**
Transactions with owners in their capacity as owners directly in equity							
Share based payment expense	–	–	–	5.0	5.0	–	5.0
Vested deferred shares and share rights	3.7	–	–	(4.2)	(0.5)	–	(0.5)
Dividends to owners of the Company	7.2	(165.9)	–	–	(158.7)	–	(158.7)
Balance at 30 June 2021	**3,280.7**	**394.4**	**(22.4)**	**(65.6)**	**3,587.1**	**4.1**	**3,591.2**

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.

Consolidated statement of cash flows

For the year ended 30 June 2021

	Note	2021 $m inflows/ (outflows)	Restated[1] 2020 $m inflows/ (outflows)
Cash flows from operating activities			
Receipts from customers		**3,383.7**	3,616.6
Payments to suppliers, governments and employees		**(2,721.3)**	(2,997.6)
Borrowing costs paid		**(6.2)**	(4.0)
Income taxes paid		**(118.4)**	(168.0)
Interest paid (net)		**(66.1)**	(80.1)
Net cash flows from operating activities	8	**471.7**	366.9
Cash flows from investing activities			
Payments for property, plant, and equipment		**(109.9)**	(136.6)
Payments for intangible assets		**(11.3)**	(8.0)
Payments for subsidiaries, net of cash acquired		**–**	(22.3)
Proceeds from sale of property, plant and equipment		**61.8**	100.2
Net cash flows used in investing activities		**(59.4)**	(66.7)
Cash flows from financing activities			
Dividend payments		**(158.7)**	(276.3)
Proceeds from borrowings		**217.4**	329.2
Repayment of borrowings		**(463.2)**	(300.4)
Purchase of shares – employee equity plans		**0.9**	(4.9)
Net cash flows used in financing activities		**(403.6)**	(252.4)
Total cash flows from activities		**8.7**	47.8
Cash and cash equivalents at the beginning of the year		**449.1**	401.8
Effects of exchange rate changes on foreign currency cash flows and cash balances		**(9.7)**	(0.5)
Cash and cash equivalents at end of the year	9	**448.1**	449.1

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.

Notes to the consolidated financial statements:
About this report

For the year ended 30 June 2021

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 19 August 2021.

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.*

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 2021 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 economic impacts. 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 F21, the Group experienced the following impacts on its operations and financial statements as a result of these factors:

- Governments continued to take 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 partially or entirely closed with re-opening occurring at different rates across individual markets.
- In-home consumption remained higher during periods of lockdown, primarily through retail and e-commerce channels.
- Consumers continued to turn to well-known and trusted brands, which drove volumes of Commercial, Premium and lower Luxury wines. Higher value Luxury wines were negatively impacted by lower consumption – driven primarily by the closure of key Luxury channels.
- In the majority of TWE's markets, governments maintained fiscal and economic stimulus packages of varying natures during at least part of the year, some of which remain in place at 30 June 2021, 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 this financial report, 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 June 2021, in all regions.
- All regions will continue a phased 're-opening' of most previously closed or partially closed channels (bars, restaurants, cellar doors) towards pre-COVID-19 levels at a progressive rate over the course of F22, however travel retail is expected to remain below pre-COVID-19 levels.
- In-home consumption, and therefore retail and e-commerce channel sales, are assumed to stay at levels generally elevated against pre-COVID-19 conditions.
- Luxury wine consumption assumed to continue to progressively return to pre-COVID-19 levels over the course of F22.
- To the extent not yet phased out, government fiscal and economic stimulus packages are maintained, 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 progressive deployment of vaccines in key markets is expected to support recovery and the assumptions applied by the Group.

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.

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 F21 are:

A$1 = US$ 0.747 (F20: US$ 0.671)
A$1 = GB£ 0.555 (F20: GB£ 0.553)

Year-end exchange rates used in translating financial position items in F21 are:

A$1 = US$ 0.751 (F20: US$ 0.687)
A$1 = GB£ 0.543 (F20: GB£ 0.558)

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

Since the end of the financial year, the Directors approved a final 100% franked dividend of 13.0 cents per share. This dividend has not been recognised as a liability in the consolidated financial statements at 30 June 2021.

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.

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.

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.

SGARA represents the difference between the fair value of harvested grapes (as determined under AASB 141 *Agriculture*) and the cost of harvested grapes. The fair value gain or loss is excluded from Management EBITS so that earnings can be assessed based on the cost of harvest, rather than their fair value. This approach results in a better reflection of the true nature of TWE's consumer branded and FMCG business and improved comparability with domestic and global peers. The F21 SGARA gain of $9.4 million reflects gains from the high yielding 2021 Australian vintage and the unwinding of prior period losses, partly offset by the impact of a significant reduction in tonnage and yield from the 2020 Californian vintage which result in a loss of $24.0 million.

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 and 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.

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.

Notes to the consolidated financial statements:
Earnings

For the year ended 30 June 2021

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

2021	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	602.1	988.7	565.3	413.5	–	2,569.6	–	2,569.6
Other revenue	5.7	105.7	1.3	0.6	–	113.3	1.0	114.3
Intersegment revenue	311.7	34.8	0.5	16.8	(363.8)	–	–	–
Total segment revenue (excl other income/interest)	**919.5**	**1,129.2**	**567.1**	**430.9**	**(363.8)**	**2,682.9**	**1.0**	**2,683.9**
Management EBITS	**142.7**	**168.3**	**205.4**	**46.6**	**–**	**563.0**	**(52.7)**	**510.3**
SGARA gain/(loss)	10.9	(0.5)	–	(1.0)	–	9.4	–	9.4
Material items	(17.9)	(67.6)	–	(0.8)	–	(86.3)	(2.2)	(88.5)
Management EBIT	**135.7**	**100.2**	**205.4**	**44.8**	**–**	**486.1**	**(54.9)**	**431.2**
Net finance costs								(73.5)
Consolidated profit before tax								**357.7**
Depreciation of property, plant and equipment and right-of-use assets	**(51.1)**	**(70.7)**	**(5.2)**	**(3.3)**	**–**	**(130.3)**	**(4.1)**	**(134.4)**
Amortisation of intangible assets	**(0.4)**	**(2.7)**	**–**	**(1.6)**	**–**	**(4.7)**	**(11.6)**	**(16.3)**
Assets held for sale	**8.1**	**132.1**	**–**	**–**	**–**	**140.2**	**–**	**140.2**
Capital expenditure (additions)	**(98.7)**	**(13.7)**	**(2.4)**	**(4.9)**	**–**	**(119.7)**	**(9.4)**	**(129.1)**
Segment assets (excl intersegment assets)	**2,607.3**	**2,358.2**	**137.4**	**454.3**	**–**	**5,557.2**	**727.0**	**6,284.2**
Segment liabilities (excl intersegment liabilities)	**(363.8)**	**(779.1)**	**(77.8)**	**(105.5)**	**–**	**(1,326.2)**	**(1,366.9)**	**(2,693.1)**

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

2020[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	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[1]	130.1	136.9	241.5	49.5	–	558.0	(45.4)	512.6
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[1]	60.8	130.7	241.5	49.9	–	482.9	(48.2)	434.7
Net finance costs								(85.9)
Consolidated profit before tax[1]								348.8
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[1]	(0.6)	(3.6)	–	(1.6)	–	(5.8)	(13.8)	(19.6)
Assets held for sale	–	74.3	–	–	–	74.3	–	74.3
Capital expenditure (additions)[1]	(90.8)	(24.4)	(1.2)	(1.4)	–	(117.8)	(10.0)	(127.8)
Segment assets (excl intersegment assets)[1]	2,514.5	2,773.5	163.2	428.6	–	5,879.8	764.9	6,644.7
Segment liabilities (excl intersegment liabilities)	(348.4)	(819.0)	(68.3)	(97.7)	–	(1,333.4)	(1,715.2)	(3,048.6)

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

Notes to the consolidated financial statements:
Earnings

For the year ended 30 June 2021

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	
	2021 $m	2020 $m
Australia	**1,113.2**	1,180.4
United States of America	**1,000.3**	1,080.3
United Kingdom	**345.5**	286.4
Other geographical locations[1]	**110.6**	102.4
Total	**2,569.6**	2,649.5

1. 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	
	2021 $m	Restated[1] 2020 $m
Australia	**2,006.5**	1,854.8
United States of America	**1,713.6**	2,149.5
United Kingdom	**146.4**	145.8
Other geographical locations	**154.0**	157.0
Total geographical non-current assets	**4,020.5**	4,307.1
Other non-current assets[2]	**206.4**	237.3
Consolidated non-current assets	**4,226.9**	4,544.4

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

NOTE 3 – REVENUE

	2021 $m	2020 $m
Revenue		
Net sales revenue[1]	**2,569.6**	2,649.5
Other revenue	**114.3**	28.7
Total revenue	**2,683.9**	2,678.2

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, Premium 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, wholesalers, 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.

NOTE 3 – REVENUE (CONTINUED)

Other revenue

The Group provides contract bottling services to third parties.

In F21 other revenue includes $14.8 million of insurance income in relation to damage caused by wildfires in the Americas – refer to note 4 for details.

In F21 other revenue also includes revenue recognised for the sale of inventory to The Wine Group as part of the exit of commercial brands in the Americas.

Sales approach

For F21, the Group had one major customer in the Americas whose revenues represented 8.7% (F20: 8.7%) of reported net sales revenue, and one major customer in Australia whose revenue represented 8.1% (F20: 7.8%) 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 and depletions.

Notes to the consolidated financial statements:
Earnings

For the year ended 30 June 2021

NOTE 4 – OTHER EARNINGS DISCLOSURES

	2021 $m	2020 $m
Net foreign exchange gains	**1.9**	0.5
Salaries and wages expense	**(337.7)**	(404.1)
Implementation costs of cloud computing	**(6.6)**	(22.1)
Share based payments expense	**(5.0)**	(10.9)
Items recognised as material items – refer note 5		
Restructuring and redundancy costs	**(30.9)**	(30.6)
(Write-down)/reversal of write-down of assets	**(95.8)**	(6.0)
Net profit on sale of property, plant and equipment	**38.2**	–
Other items		
Restructuring and redundancy costs	**(1.9)**	(10.1)
(Write-down)/reversal of write-down of assets	**(54.1)**	(10.0)
Insurance income	**62.4**	–
Net profit on sale of property, plant and equipment	**1.4**	42.4
Total other gains and losses	**(80.7)**	(14.3)

In F21 a winery and vineyards were damaged by wildfires in the Americas. The Group's insurance policies provide coverage for damaged assets, lost profits and business interruption suffered as a result of the wildfires. The final claim is expected to be settled in F22. The following amounts have been recognised in F21 in relation to the matter:

Item	Description	Statement of Comprehensive Income		Statement of financial position		Statement of Cash Flows	
Insurance income	Income recognised under the terms of the Group's insurance policies for reimbursement of the cost to replace or repair damaged assets, business interruption and lost profits.	$14.8m $47.6m	Other revenue Other income/ (expenses)	$42.1m	Other receivables	$20.3m	Receipts from customers
Write down of damaged assets	The cost of inventory and property, plant and equipment damaged.	($8.1m)	Cost of sales	–	–	–	–
Repair costs for damages assets	Estimated costs to repair damaged leased assets.	($46.0m)	Other income/ (expenses)	($35.9m)	Provisions	($10.1m)	Payments to suppliers, governments and employees

In F21 TWE received $0.3 million in automatic government support payments in Asia (F20: $0.5 million), 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.

	2021 $m	2020 $m
Individually material items included in profit before income tax:		
Divestment of US brands and assets		
Restructuring and redundancy (costs)	**(11.3)**	–
(Write-down)/reversal of write-down of intangible assets	**(64.3)**	–
(Write-down)/reversal of write-down of assets held for sale	**(6.6)**	–
(Write-down)/reversal of inventory	**(11.0)**	–
(Write-down)/reversal of leased assets	**(7.3)**	–
Net profit on sale of property, plant and equipment	**38.2**	–
South Australian luxury winery expansion		
Restructuring and redundancy (costs)	**(1.2)**	(19.3)
(Write-down)/reversal of write-down of assets	**(6.6)**	(6.0)
Overhead and supply chain restructure		
Restructuring and redundancy (costs)	**(18.4)**	(11.3)
Total material items (before tax)	**(88.5)**	(36.6)
Tax effect of material items	**22.4**	10.4
Total material items (after tax)	**(66.1)**	(26.2)

In F21, material items reflect the restructure and review of commercial operations and assets in the Americas, the costs pertaining to the long-term investment in Luxury winemaking infrastructure in South Australia, and costs relating to the Group's overhead and supply chain restructure.

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.

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.

Notes to the consolidated financial statements:
Earnings

For the year ended 30 June 2021

NOTE 6 – DIVIDENDS

	2021 $m	2020 $m
Dividends declared and paid on ordinary shares		
Final dividend for F20 of 8.0 cents per share 100% franked (F19: 20.0 cents per share – 100% franked)[A]	**57.7**	143.8
Interim dividend for F21 of 15.0 cents per share 100% franked (F20: 20.0 cents per share – 100% franked)[B]	**108.2**	144.0
	165.9	287.8
Dividends approved after balance date		
Since the end of the financial year, the Directors approved a final dividend of 13.0 cents per share (F20: 8.0 cents) 100% franked (F20: 100% franked). This dividend has not been recognised as a liability in the consolidated financial statements at year-end.	**93.8**	57.7

A The F20 final dividend includes an amount of $2.6 million (F19 final dividend: $3.7 million) for shares issued under the Dividend Reinvestment Plan.
B The F21 interim dividend includes an amount of $4.6 million (F20 interim dividend: $7.8 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

	2021 cents per share	Restated[1] 2020 cents per share
Basic EPS		
Basic EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**34.7**	34.1
Diluted EPS		
Diluted EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**34.6**	34.0

	Number	Number
Weighted average number of shares		
Weighted average number of ordinary shares on issue used in the calculation of basic EPS (in thousands)	**721,406**	719,893
Effect of potentially dilutive securities		
Deferred shares (in thousands)	**1,947**	1,460
Weighted average number of ordinary shares on issue used in the calculation of diluted EPS (in thousands)	**723,353**	721,353

Earnings reconciliation

Basic and diluted EPS	$m	$m
Net profit	**250.0**	245.4
Net profit attributable to non-controlling interests	**–**	–
Net profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted EPS	**250.0**	245.4

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

	2021 $m	Restated[1] 2020 $m
Reconciliation of net cash flows from operating activities to profit after income tax		
Profit for the year	**250.0**	245.4
Depreciation and amortisation	**150.7**	163.3
SGARA (gain)/loss	**(9.4)**	41.3
Write-down/(reversal of write-down) of assets	**92.9**	16.0
Net profit on disposal of non-current assets	**(39.6)**	(42.4)
Share based payments expense	**5.0**	10.9
Other	**(2.4)**	(2.9)
Net cash provided by operating activities before change in assets and liabilities	**447.2**	431.6
Change in working capital and tax balances, net of effects from acquisition/disposal of controlled entities		
Receivables	**4.8**	69.7
Inventories	**(22.7)**	(38.0)
Derivative financial assets/liabilities	**4.5**	(0.4)
Payables	**9.2**	(42.4)
Net tax balances	**(10.7)**	(64.7)
Provisions	**39.4**	11.1
Net cash flows from operating activities	**471.7**	366.9

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

Notes to the consolidated financial statements: Working capital

For the year ended 30 June 2021

NOTE 9 – WORKING CAPITAL

	2021 $m	2020 $m
Current		
Cash and cash equivalents	**448.1**	449.1
Receivables (a)	**621.3**	553.5
Inventories (b)	**839.7**	1,017.4
Trade and other payables	**(703.6)**	(682.1)
Total current	**1,205.5**	1,337.9
Non-current		
Inventories (b)	**1,056.8**	1,059.2
Total non-current	**1,056.8**	1,059.2

(a) Receivables

	2021 $m	2020 $m
Current		
Trade receivables	**487.1**	478.2
Allowance for expected credit loss	**(9.5)**	(9.6)
Other receivables	**107.4**	45.2
Prepayments	**36.3**	39.7
Total current receivables	**621.3**	553.5

(b) Inventories

	2021 $m	2020 $m
Current		
Raw materials and stores	**48.1**	66.6
Work in progress	**348.9**	459.3
Finished goods	**442.7**	491.5
Total current inventories	**839.7**	1,017.4
Non-current		
Work in progress	**747.6**	744.1
Finished goods	**309.2**	315.1
Total non-current inventories	**1,056.8**	1,059.2
Total inventories	**1,896.5**	2,076.6

Other receivables include $42.1 million receivable under the Group's insurance policies in connection with a winery and vineyards that were damaged by wildfires in the Americas in F21. Refer to note 4 for further details.

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 $1,397.5 million (F20: $1,511.7 million). In F21, the write-down of inventories to net realisable value amounted to $63.7 million (F20: $21.0 million). Of this amount $11.0 million was recognised in material items relating to the divestment of US brands and assets – refer note 5. A further $5.6 million relates to inventory written off as a result of damage caused by wildfires in the Americas, the value of which has been recovered under the Group's insurance policies.

Reversals of write-downs amounted to $1.0 million (F20: $1.2 million). These amounts are included in cost of sales.

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 $1,056.8 million (F20: $1,059.2 million) and its estimated selling price is therefore a key estimate.

Notes to the consolidated financial statements: Operating assets and liabilities

For the year ended 30 June 2021

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

	Land		Freehold buildings		Leasehold buildings		Plant and equipment		Total	
	2021 $m	2020 $m	2021 $m	2020 $m	2021 $m	2020 $m	2021 $m	2020 $m	2021 $m	2020 $m
Cost	**347.2**	381.6	**483.3**	509.9	**39.6**	44.4	**1,709.7**	1,803.9	**2,579.8**	2,739.8
Projects in Progress	**–**	–	**–**	–	**–**	–	**163.1**	128.2	**163.1**	128.2
Accumulated depreciation and impairment	**(41.6)**	(41.7)	**(222.7)**	(256.6)	**(23.8)**	(23.7)	**(1,132.3)**	(1,148.6)	**(1,420.4)**	(1,470.6)
Carrying amount at end of year	**305.6**	339.9	**260.6**	253.3	**15.8**	20.7	**740.5**	783.5	**1,322.5**	1,397.4

Reconciliations

	Land 2021 $m	Land 2020 $m	Freehold buildings 2021 $m	Freehold buildings 2020 $m	Leasehold buildings 2021 $m	Leasehold buildings 2020 $m	Plant and equipment 2021 $m	Plant and equipment 2020 $m	Total 2021 $m	Total 2020 $m
Carrying amount at start of year	**339.9**	341.9	**253.3**	250.4	**20.7**	22.3	**783.5**	755.3	**1,397.4**	1,369.9
Additions	**–**	3.3	**34.1**	7.0	**2.0**	0.7	**81.7**	108.8	**117.8**	119.8
Business acquisition	**–**	9.7	**–**	3.1	**–**	–	**–**	4.0	**–**	16.8
(Transfer to)/from Assets held for sale	**(20.7)**	(15.9)	**(8.3)**	(0.2)	**–**	–	**(20.2)**	(3.0)	**(49.2)**	(19.1)
(Transfer to)/from other asset classes	**–**	6.4	**–**	–	**–**	–	**–**	(6.4)	**–**	–
Disposals	**(0.5)**	(9.0)	**–**	(0.3)	**–**	–	**(1.8)**	(6.2)	**(2.3)**	(15.5)
(Write-downs)/ write-downs reversal	**(0.1)**	(0.1)	**(0.4)**	(1.4)	**(2.8)**	–	**(4.5)**	(4.5)	**(7.8)**	(6.0)
Depreciation expense	**–**	–	**(7.9)**	(8.7)	**(2.3)**	(2.6)	**(67.2)**	(70.4)	**(77.4)**	(81.7)
Foreign currency translation	**(13.0)**	3.6	**(10.2)**	3.4	**(1.8)**	0.3	**(31.0)**	5.9	**(56.0)**	13.2
Carrying amount at end of year	**305.6**	339.9	**260.6**	253.3	**15.8**	20.7	**740.5**	783.5	**1,322.5**	1,397.4

Included within plant and equipment are 'Projects in Progress' of $163.1 million (F20: $128.2 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 $7.8 million write-downs (F20: $6.0 million write-downs) for property, plant and equipment during the year.

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.

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Vineyard resources

	2021 hectares	2020 hectares
Australia	**8,762**	8,676
United States	**3,200**	3,213
New Zealand	**498**	498
Italy	**166**	138
France	**60**	60
	12,686	12,585

The area under vine shown above:

- Includes 3,111 hectares (F20: 3,263 hectares) under direct leasing arrangements and 10 hectares (F20: 10 hectares) of olive groves in Tuscany, a region of Italy.
- Yielded 110,701 tonnes of grapes (F20: 76,881 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 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	
	2021 $m	2020 $m	2021 $m	2020 $m	2021 $m	2020 $m	2021 $m	2020 $m
Cost	**461.3**	498.2	**245.7**	249.0	**36.7**	45.1	**743.7**	792.3
Accumulated depreciation and impairment	**(183.0)**	(173.9)	**(90.4)**	(75.8)	**(21.9)**	(25.6)	**(295.3)**	(275.3)
Carrying amount at end of year	**278.3**	324.3	**155.3**	173.2	**14.8**	19.5	**448.4**	517.0
Reconciliations								
Carrying amount at start of year	**324.3**	336.1	**173.2**	179.0	**19.5**	20.8	**517.0**	535.9
Additions	**5.8**	11.2	**24.6**	29.4	**5.1**	8.6	**35.5**	49.2
Disposals	**–**	–	**(12.9)**	(7.6)	**–**	–	**(12.9)**	(7.6)
Depreciation and impairment expense	**(26.1)**	(28.6)	**(22.5)**	(30.9)	**(8.4)**	(10.1)	**(57.0)**	(69.6)
Foreign currency translation	**(25.7)**	5.6	**(7.1)**	3.3	**(1.4)**	0.2	**(34.2)**	9.1
Carrying amount at end of year	**278.3**	324.3	**155.3**	173.2	**14.8**	19.5	**448.4**	517.0

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

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

	2021 $m	2020 $m
Expenses relating to variable lease payments not included in lease liabilities	**155.5**	135.0
Interest expense on lease liabilities	**34.4**	39.7
Expenses relating to low-value leases, excluding short-term leases of low-value items	**36.6**	31.0
Expenses relating to short-term leases	**0.1**	0.2

(c) Amounts recognised in statement of cash flows

	2021 $m	2020 $m
Total cash out flow for lease liabilities	**87.2**	95.1

(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 $798.8 million (F20: $811.0 million).

(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.

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

Accounting policies (continued)

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.

Key estimates and judgements:

Right-of-use assets

The Group has 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.

Notes to the consolidated financial statements:
Operating assets and liabilities

For the year ended 30 June 2021

NOTE 12 – AGRICULTURAL ASSETS

	2021 $m	2020 $m
Agricultural assets	**33.8**	34.1
Total agricultural assets	**33.8**	34.1
Reconciliations		
Carrying amount at start of year	**34.1**	29.4
Fair value increase	**36.0**	34.1
Transfers to inventory	**(34.1)**	(29.9)
Foreign currency translation	**(2.2)**	0.5
Carrying amount at end of year	**33.8**	34.1

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;
- The estimated harvest costs;
- Market prices for grapes; or
- The quality of grapes, including the impacts on harvested grapes of weather, agricultural practices and location of the vineyard.

NOTE 13 – INTANGIBLE ASSETS

	Brand names and licences		IT development costs		Goodwill		Total	
	2021 $m	2020 $m	2021 $m	Restated[1] 2020 $m	2021 $m	2020 $m	2021 $m	Restated[1] 2020 $m
Cost	**1,368.5**	1,462.1	**117.2**	104.9	**898.3**	903.8	**2,384.0**	2,470.8
Projects in progress at cost	**–**	–	**20.8**	25.2	**–**	–	**20.8**	25.2
Accumulated amortisation and impairment	**(543.2)**	(509.7)	**(85.3)**	(71.7)	**(620.8)**	(620.5)	**(1,249.3)**	(1,201.9)
Carrying amount at end of year	**825.3**	952.4	**52.7**	58.4	**277.5**	283.3	**1,155.5**	1,294.1
Reconciliations								
Carrying amount at start of year[1]	**952.4**	947.1	**58.4**	66.0	**283.3**	279.1	**1,294.1**	1,292.2
Additions	**0.5**	–	**10.8**	8.0	**–**	–	**11.3**	8.0
Business acquisitions	**–**	–	**–**	–	**–**	3.8	**–**	3.8
(Transfers to)/from assets held for sale	**(21.5)**	–	**–**	–	**–**	–	**(21.5)**	–
Amortisation and impairment expense	**(65.8)**	(3.5)	**(15.1)**	(16.1)	**–**	–	**(80.9)**	(19.6)
Foreign currency translation	**(40.3)**	8.8	**(1.4)**	0.5	**(5.8)**	0.4	**(47.5)**	9.7
Carrying amount at end of year	**825.3**	952.4	**52.7**	58.4	**277.5**	283.3	**1,155.5**	1,294.1

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 (other than IT development costs) is as follows:

	ANZ		Americas		Europe		Total	
	2021 $m	2020 $m	2021 $m	2020 $m	2021 $m	2020 $m	2021 $m	2020 $m
Goodwill								
Carrying amount at start of year	**180.6**	181.5	**78.0**	76.9	**24.7**	20.7	**283.3**	279.1
Business acquisitions	**–**	–	**–**	–	**–**	3.8	**–**	3.8
Foreign currency translation	**(0.2)**	(0.9)	**(6.1)**	1.2	**0.5**	0.1	**(5.8)**	0.4
Carrying amount at end of year	**180.4**	180.6	**71.9**	78.1	**25.2**	24.6	**277.5**	283.3
Brand names and licences								
Carrying amount at start of year	**479.2**	480.8	**469.8**	462.9	**3.4**	3.4	**952.4**	947.1
Additions	**0.5**	–	**–**	–	**–**	–	**0.5**	–
Amortisation and impairment expense	**(1.5)**	(1.5)	**(64.3)**	(2.0)	**–**	–	**(65.8)**	(3.5)
(Transfers to)/from assets held for sale	**–**	–	**(21.5)**	–	**–**	–	**(21.5)**	–
Foreign currency translation	**–**	(0.1)	**(40.2)**	8.9	**(0.1)**	–	**(40.3)**	8.8
Carrying amount at end of year	**478.2**	479.2	**343.8**	469.8	**3.3**	3.4	**825.3**	952.4

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

NOTE 13 – INTANGIBLE ASSETS (CONTINUED)

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.

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

Other than in relation to Software-as-a-Service (SaaS) arrangement, 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.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. The following outlines the accounting treatment of implementation costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract	• Fee for use of application software • Customisation costs only when 'not distinct' and undertaken by SaaS vendor
Recognise as an operating expense as the service is received	• Configuration costs • Data conversion and testing • Testing costs • Training costs

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible IT assets.

NOTE 14 – ASSETS AND DISPOSAL GROUPS HELD FOR SALE

	2021 $m	2020 $m
Assets and disposal groups held for sale	**140.2**	74.3
Total assets and disposal groups classified as held for sale	**140.2**	74.3

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 number of surplus assets in America and ANZ, including vineyards and wine making facilities, related property, plant and equipment, inventory and intangible assets. Accordingly, the vineyards and facilities have been presented as disposal groups held for sale.

Impairment losses relating to the disposal group

Impairment losses of $6.6 million (F20: Nil) 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 F21 the recoverable amounts of cash generating units (CGUs) exceed their carrying values and as a result no impairment has been recognised (F20: Nil). There were no indications that previously recognised impairment losses should be reversed (F20: Nil). The recoverable amount was determined through a value in use calculation. The write down of assets disclosed in note 4 relate to assets for which their valuation was tested independently of the CGUs in accordance with other accounting policies.

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.

Key estimate and judgement:

Impairment testing key assumptions

The Group has estimated recoverable amount based on value in use at 30 June 2021. 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 2021 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% (F20: 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:

	2021	2020
Americas	9.6%	9.4%
Europe	8.4%	9.5%
ANZ	10.4%	11.0%

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.

Based on current economic conditions and CGU performance, 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

	2021 $m	2020 $m
Current		
Employee entitlements	**51.2**	42.7
Other	**48.8**	11.2
Total current provisions	**100.0**	53.9

Other provisions	Onerous contracts $m	Restructuring $m	Other $m	Total $m
2021				
Carrying amount at start of year	**3.6**	**7.0**	**0.6**	**11.2**
Charged/(credited) to profit or loss	**–**	**11.1**	**37.1**	**48.2**
Payments	**(1.4)**	**(7.8)**	**–**	**(9.2)**
Foreign currency translation	**(0.4)**	**–**	**(1.0)**	**(1.4)**
Carrying amount at end of year	**1.8**	**10.3**	**36.7**	**48.8**

Other provisions include $35.9 million in relation to estimated repair costs for a winery and vineyards that were damaged by wildfires in the Americas. Refer to note 4 for further details.

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).

Notes to the consolidated financial statements: Capital structure

For the year ended 30 June 2021

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

	2021 $m	2020 $m
Total borrowings consist of:		
Current	**53.1**	223.3
Non-current	**1,474.7**	1,702.3
Total borrowings	**1,527.8**	1,925.6

Details of major arrangements

US Private Placement Notes and Debt Facilities

US Private Placement (USPP) notes totalling US$325.0 million (unsecured) are outstanding, with maturities ranging from December 2023 to June 2029. The carrying value of USPP notes at 30 June 2021 is $432.7 million (F20: $581.9 million).

During the year a US$200 million of syndicated debt facility originally maturing in October 2021 was cancelled. Syndicated debt facilities now total US$350 million with US$120 million maturing November 2023 and US$230 million maturing in November 2027. At 30 June 2021 syndicated facilities of US$350m are drawn against the November 2023 and 2027 tranches. The carrying value of the syndicated debt facility at 30 June 2021 is $466.0 million (F20: $509.2 million).

The Group has in place several revolving bank debt facilities with maturities staggered through to June 2025. As at 30 June 2021 there are no amounts drawn under the revolving bank debt facilities (F20: $100.0 million).

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.

Financial guarantees

The Group has issued financial guarantees to other persons of $23.5 million (F20: $23.4 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 2021, the Group recognised current lease liabilities of $54.8 million (30 June 2020: $56.1 million) and non-current lease liabilities of $557.8 million (30 June 2020: $642.5 million). The Group's lease arrangements have durations up to 25 years.

Notes to the consolidated financial statements:
Capital structure
For the year ended 30 June 2021

NOTE 18 – BORROWINGS (CONTINUED)

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 2021, nil receivables had been derecognised under this arrangement (F20: $26.8 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	2020 $m	Total cash flows from activities $m	Additions to net debt $m	Debt revaluation and FX movements $m	2021 $m
Net debt					
Cash and cash equivalents	449.1	8.7	–	(9.7)	**448.1**
Loan receivable	0.6	(0.1)	–	0.1	**0.6**
Bank loans[1]	(602.6)	88.8	–	53.5	**(460.4)**
US Private Placement Notes (net of fair value hedge)	(581.9)	99.2	–	50.0	**(432.7)**
Lease liabilities	(698.6)	57.9	(18.7)	46.8	**(612.6)**
Other loan payable	(0.8)	0.1	–	–	**(0.7)**
Net debt	**(1,434.2)**	**254.5**	**(18.7)**	**140.7**	**(1,057.7)**

1. Loans are stated net of capitalised facility finance costs. At reporting date, the balance of bank loans is $466.0 million (F20: $609.2 million) against capitalised facility finance costs of $5.6 million (F20: $6.6 million) to be amortised over the facility period.

NOTE 19 – CONTRIBUTED EQUITY

	2021 $m	2020 $m
Issued and paid-up capital		
721,848,176 (F20: 720,800,351) ordinary shares, fully paid	**3,280.7**	3,269.8
Own shares held	**–**	–
	3,280.7	3,269.8
Contributed equity at the beginning of the period	**3,269.8**	3,243.8
Shares movements:		
699,506 shares issued under the Dividend reinvestment plan (F20: 1,055,717)	**7.2**	11.5
348,319 shares issued for vested Long Term Incentive Plan and Share Cellar plan (F20: 644,149)	**3.7**	11.0
Net movement in own shares held	**–**	3.5
Contributed equity at the end of the period	**3,280.7**	3,269.8

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.

NOTE 19 – CONTRIBUTED EQUITY (CONTINUED)

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 2021.

During the period, the Group purchased 0.3 million shares ($2.8 million) under the third-party arrangement (F20: 0.3 million shares ($4.9 million)). A total of 0.1 million shares (F20: 0.2 million) purchased under the third-party arrangement are available at 30 June 2021. Nil treasury shares (F20: Nil) are available at 30 June 2021.

NOTE 20 – COMMITMENTS

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

	2021 $m	2020 $m
Capital expenditure and other commitments		
The following expenditure has been contracted but not provided for in the financial statements:		
Capital expenditure	**37.2**	45.5

NOTE 21 – RESERVES

	2021 $m	2020 $m
Cash flow hedge reserve	**(11.8)**	(20.0)
Share based payments reserve	**(53.8)**	(54.6)
Foreign currency translation reserve	**(22.4)**	86.6
Total reserves	**(88.0)**	12.0

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	**192,587**	**309,352**	**1,121,224**	**126,496**	**208,569**
Granted during the year	–	673,068	931,679	359,041	181,531
Exercised during the year	(126,727)	(110,426)	–	(80,161)	(56,016)
Forfeited during the year	–	(160,481)	(755,119)	(56,336)	(23,491)
Outstanding at the end of the year	**65,860**	**711,513**	**1,297,784**	**349,040**	**310,593**
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.

The F19 – F21 performance rights are subject to TSR and ROCE targets weighted of 25% for TSR and 75% for ROCE over a performance period of 3 years. The TSR and ROCE measures for the F19 plan were not met in F21 resulting in Nil vesting.

Mid-term Incentive Plan (MTIP)

The Group awarded an MTIP grant in F20 and F21. 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 F20 and F21 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 F20 MTIP Plan was not met in F21 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 2020 and 2021 plans, 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.

NOTE 22 – EMPLOYEE EQUITY PLANS (CONTINUED)

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.

Active share-based payment plans:

Long-term Incentive Plans

The below table outlines the F21 and F20 LTIP plans which have a vesting date post 30 June 2021:

Grant date	F21 Plan 23-Nov-20	F20 Plan 11-Nov-19
Grant date share price	$10.01	$18.14
Expected share price volatility (%)	41.0	29.0
Expected dividend yield (%)	2.1	2.4
Risk-free interest rate (%)	0.10	0.87
Fair value estimate at grant date – TSR	$4.78	$11.77
Fair value estimate at grant date – ROCE	$9.48	$17.03

Mid-term Incentive Plans

The below table outlines the F21 and F20 MTIP plans which have a vesting date post 30 June 2021:

Grant date	F21 Plan 23-Nov-20	F20 Plan 11-Nov-19
Grant date share price	$10.01	$18.14
Expected dividend yield (%)	2.1	2.4
Fair value estimate at grant date – ROCE	$9.68	$17.44
Fair value estimate time-based – Vesting F21: 2021 (F20: 2020)	$9.85	$17.79
Fair value estimate time-based – Vesting F21: 2022 (F20: 2021)	$9.65	$17.37

Restricted Equity Plans

Grant date	Grant date share price
F19 12-Nov-18	$15.56
F20 11-Nov-19	$18.14
F21 23-Nov-20	$10.01

Notes to the consolidated financial statements: Taxation

For the year ended 30 June 2021

NOTE 23 – INCOME TAX

	2021 $m	Restated[1] 2020 $m
The major components of income tax expense are:		
Statement of profit or loss		
Current income tax expense	**109.1**	99.3
Deferred income tax expense	**(1.4)**	4.0
Total tax expense	**107.7**	103.3
Deferred income tax expense included in the income tax expense comprises:		
Decrease in deferred tax assets	**0.1**	5.6
(Decrease)/increase in deferred tax liabilities	**(1.5)**	(1.6)
Deferred income tax	**(1.4)**	4.0
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:		
Profit before tax excluding material items	**446.2**	385.3
Material items before tax	**(88.5)**	(36.6)
Profit before tax	**357.7**	348.7
Prima facie income tax expense attributable to profit from operations calculated at the rate of 30% (F20: 30%)	**107.3**	104.6
Tax effect of:		
Non-taxable income and profits, net of non-deductible expenditure	**(3.0)**	2.9
Other deductible items	**(0.3)**	(5.8)
Change in tax rate	**6.2**	(0.7)
Foreign tax rate differential	**(2.0)**	(4.6)
Other	**3.1**	5.7
Under/(over) provisions in previous years	**(3.6)**	1.2
Total tax expense	**107.7**	103.3
Income tax expense on operations	**130.1**	113.7
Income tax benefit attributable to material items	**(22.4)**	(10.4)
Income tax expense	**107.7**	103.3
Deferred income tax relates to the following:		
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Inventory	**–**	15.1
Property, plant and equipment (including vines)	**11.0**	13.9
Right-of-use assets and lease liabilities	**38.8**	42.3
Accruals	**22.3**	17.6
Provisions	**27.3**	18.3
Deferred interest	**–**	4.5
Foreign exchange	**–**	8.8
Tax losses	**67.9**	61.6
Other	**16.4**	11.7
Total deferred tax assets	**183.7**	193.8

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

NOTE 23 – INCOME TAX (CONTINUED)

	2021 $m	Restated[1] 2020 $m
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Inventory	**23.6**	14.4
Property, plant and equipment (including vines)	**58.8**	74.9
Intangibles	**224.0**	241.3
Other	**3.2**	3.7
Total deferred tax liabilities	**309.6**	334.3
Movements in deferred income tax relate to the following:		
Movement in deferred tax assets:		
Opening balance	**193.8**	191.8
(Charged) to profit or loss	**(0.1)**	(5.6)
Recognised directly in Equity	**(2.7)**	4.7
Balance sheet reclassification	**(1.8)**	(1.8)
Foreign currency translation	**(11.9)**	2.6
Other	**6.4**	2.1
Closing balance	**183.7**	193.8
Movement in deferred tax liabilities:		
Opening balance	**334.3**	334.7
(Credited)/charged to profit or loss	**(1.5)**	(1.6)
Recognised directly in Equity	**–**	0.8
Business acquisitions	**–**	1.2
Transfer (to)/from Assets Held for Sale	**(5.5)**	(4.4)
Foreign currency translation	**(15.9)**	3.1
Balance sheet reclassification	**(1.8)**	(1.8)
Reclassification	**–**	2.3
Closing balance	**309.6**	334.3
Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly credited to equity	**(2.7)**	3.9

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 $39.2 million (F20: $38.1 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 $119.7 million (F20: $86.7 million) of franking credits available for subsequent reporting periods.

UK corporation tax rate

On 3 March 2021, the UK Government announced that from 1 April 2023, the Corporation Tax main rate for non-ring fenced profits will be increased to 25% applying to profits over £250,000. The change was introduced in Finance Bill 2021 which was published on 11 March 2021. Following the substantive enactment of Finance Bill 2021, the Group remeasured the deferred tax assets and liabilities of its UK operations using the new tax rate and recognised a one-off charge of $6.2 million.

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

Notes to the consolidated financial statements:
Taxation

For the year ended 30 June 2021

NOTE 23 – INCOME TAX (CONTINUED)

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.

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 2021

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	X	X	X	X
Receivables	9		X	X	X
Other financial assets	9			X	X
Payables	9	X		X	
Derivative financial assets and liabilities	25, 32		X	X	X

(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:

	2021 $m	2020 $m
Committed facilities		
Available facilities	**1,692.7**	2,111.3
Amounts utilised	**(898.7)**	(1,191.1)
Amount unutilised	**794.0**	920.2

The Group is in compliance with all undertakings under its various financing arrangements.

Notes to the consolidated financial statements:
Risk
For the year ended 30 June 2021

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 and 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
2021							
Non-derivative financial liabilities							
Bank loans[1]	3.7	3.8	8.4	184.8	319.6	**520.3**	**460.4**
Lease liabilities	38.1	43.3	84.3	234.6	413.1	**813.4**	**612.6**
Other loans	–	–	0.6	–	–	**0.6**	**0.6**
US Private Placement Notes	9.9	9.3	18.5	269.0	233.2	**539.9**	**432.7**
Trade Payables	322.1	–	–	–	–	**322.1**	**322.1**
Other Payables	381.5	–	–	–	–	**381.5**	**381.5**
Derivative financial liabilities							
Foreign exchange contracts	0.1	0.1	0.4	–	–	**0.6**	**0.6**
Interest rate and cross currency swaps	6.5	7.3	13.5	31.8	5.6	**64.7**	**25.0**
Total financial liabilities	**761.9**	**63.8**	**125.7**	**720.2**	**971.5**	**2,643.1**	**2,235.5**
2020							
Non-derivative financial liabilities							
Bank loans[1]	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

1. Loans are stated net of capitalised facility finance costs. At reporting date, the balance of bank loans is $466.0 million (F20: 609.2 million) against capitalised facility finance costs of $5.6 million (F20: $6.6 million) to be amortised over the facility period.

(b) Interest rate risk
Nature of the risk
The Group is exposed to interest rate risk principally from floating rate bank borrowings. 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 have been exchanged to obtain the desired ratio of fixed and floating interest rates. At 30 June 2021, interest rate swap contracts were in use to exchange fixed interest rates to floating rates on $332.9 million (US$250.0 million) of US Private Placement notes. A combination of floating to fixed interest rate swaps and fixed interest rate caps have been used to exchange the floating rates to fixed on all US Private Placement notes (US$325 million). 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. Please refer note 24(a) for the profile and timing of cash flows over the next five years.

NOTE 24 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk (continued)

The Group's exposure to variable interest rate risk results from the following financial instruments at balance sheet date:

	2021 $m	2020 $m
Financial assets		
Cash and cash equivalents	**448.1**	449.1
Total assets	**448.1**	449.1
Financial liabilities		
US Private Placement Notes[1]	**–**	43.6
Bank loans[1]	**199.7**	318.2
Total liabilities	**199.7**	361.8

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 0.20% (F20: 0.37%) with all other variables held constant.

	Sensitivity		Pre-tax impact on profit			
	2021	2020	2021		2020	
Currency			+$m	-$m	+$m	-$m
USD	**+ / – 25bp**	+ / – 25bp	**(0.1)**	**0.1**	(0.2)	0.2
AUD	**+ / – 25bp**	+ / – 25bp	**0.6**	**(0.6)**	0.2	(0.2)
GBP	**+ / – 25bp**	+ / – 25bp	**0.1**	**(0.1)**	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.

(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 2021 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.

NOTE 24 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Foreign exchange risk (continued)

Details of the Group's open hedges at balance sheet date are shown below.

Open foreign currency hedges at 30 June 2021

Currency	Hedge type	Hedge value (notional AUD) $m	Average hedge rate
AUD/USD	Forwards	20.8	0.7566
	Options	210.2	0.7614
	Total	**231.0**	
AUD/GBP	Forwards	10.5	0.5371
	Options	82.6	0.5707
	Total	**93.1**	

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
2021					
Net debt					
Cash and cash equivalents	220.4	151.6	18.7	57.4	448.1
Loan receivable	0.6	–	–	–	0.6
Bank loans[2]	1.7	(462.1)	–	–	(460.4)
US Private Placement Notes (net of fair value hedge)	–	(432.7)	–	–	(432.7)
Lease liabilities	(97.9)	(492.4)	(2.1)	(20.2)	(612.6)
Other loan payable	(0.7)	–	–	–	(0.7)
Net debt	**124.1**	**(1,235.6)**	**16.6**	**37.2**	**(1,057.7)**
Other financial assets/(liabilities)					
Trade receivables (net of allowance for expected credit loss)	202.7	128.7	95.5	50.7	477.6
Other receivables	4.2	59.7	–	3.5	67.4
Trade and other payables	(320.9)	(244.5)	(55.7)	(82.5)	(703.6)
Net other assets/(liabilities)	**(114.0)**	**(56.1)**	**39.8**	**(28.3)**	**(158.6)**
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)**

2. Includes capitalised borrowing costs of $5.7 million (F20: $6.6 million).

NOTE 24 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Foreign Exchange risk (continued)

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[3]		Pre-tax impact on profit $m				Impact on equity $m			
	2021	2020	2021		2020		2021		2020	
Currency			+	–	+	–	+	–	+	–
United States Dollar	**9.0%**	10.9%	**(0.2)**	**0.2**	(0.9)	1.1	**(61.0)**	**82.2**	(78.0)	103.1
Great Britain Pound	**7.4%**	9.8%	**0.1**	**(0.1)**	(0.4)	0.5	**(17.0)**	**21.1**	(22.0)	29.1
Euro	**7.2%**	9.4%	**0.2**	**(0.2)**	0.9	(1.1)	**(3.7)**	**4.5**	(7.3)	8.9
Canadian Dollar	**6.7%**	8.6%	**(1.5)**	**1.7**	(1.4)	1.6	**1.5**	**(1.7)**	1.3	(1.5)
New Zealand Dollar	**4.9%**	5.8%	**–**	**–**	(0.1)	0.1	**(8.1)**	**9.0**	(8.1)	9.1

3. Australian dollar versus individual currencies. Implied one-year currency volatility at reporting date (Source: Bloomberg).

(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 F21 the Group, as part of its normal monitoring of the credit quality of trade receivables, continued 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 F21 as a result of COVID-19.

Level of exposure at balance date

The maximum counterparty credit risk exposure at 30 June 2021 in respect of derivative financial instruments was $4.5 million (F20: $13.9 million) and in respect of cash and cash equivalents was $125.0 million (F20: $109.6 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.

For the year ended 30 June 2021

NOTE 24 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit risk (continued)

The ageing of the consolidated Group trade receivables (net of provisions) is outlined below:

	2021 $m	2020 $m
Not past due	**459.5**	396.4
Past due 1-30 days	**10.9**	20.9
Past due 31-60 days	**1.8**	18.2
Past due 61 days+	**5.4**	33.1
Total	**477.6**	468.6

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 $754.2 million (Australian dollar equivalent) net face value of outstanding foreign exchange contracts at contract rates (F20: $506.5 million), interest rate swaps of $665.7 million (F20: $654.7 million) and cross currency interest rate swaps of $159.8 million (F20: $174.6 million) and interest rate collars of $146.5 million (F20: $218.2 million). 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 $492.8 million (F20: $679.3 million) and the fair value of the syndicated debt facility is $500.0 million (F20: $530.3 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 2021

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% (F20: 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
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
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 Australia Pty Ltd (formerly known as Treasury Logistics Pty Ltd)*	Australia
Penfolds Wines International Limited (formerly known as Coldstream Australasia Limited)*	Australia
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	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 Pty. Ltd.*	Australia
Southcorp XUK Limited	UK
T'Gallant Winemakers Pty. Ltd.	Australia
The Rothbury Estate Pty. Ltd.*	Australia
Tolley Scott & Tolley Limited*	Australia
Treasury Americas Inc	USA

NOTE 27 – SUBSIDIARIES (CONTINUED)

Entity name	Country of incorporation
Treasury Chateau & Estates LLC	USA
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 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.

		% of holding	
Entity name	Country of incorporation	2021	2020
Equity holding of less than 100%			
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:

	2021 $m	2020 $m
Balance sheet		
Current assets	**846.4**	841.4
Total assets	**8,953.3**	8,948.2
Current liabilities	**5,453.0**	5,293.7
Total liabilities	**5,453.0**	5,293.7
Net assets	**3,500.3**	3,654.5
Shareholders' equity		
Issued capital	**3,280.7**	3,269.8
Share based payments reserve	**(53.7)**	(54.6)
Retained earnings	**273.3**	439.3
Total equity	**3,500.3**	3,654.5
Profit for the year	**–**	350.0
Total comprehensive income	**–**	350.0

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 (F20: 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 2021 are set out below.

	2021 $m	Restated[1] 2020 $m
Extract of the statement of profit or loss and other comprehensive income		
Profit before tax	**365.8**	255.3
Income tax expense	**(100.2)**	(75.6)
Net profit after tax	**265.6**	179.7
Retained earnings at beginning of the year	**72.9**	181.1
External dividends	**(165.9)**	(287.9)
Retained earnings at end of the year	**172.6**	72.9

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

NOTE 29 – DEED OF CROSS GUARANTEE (CONTINUED)

	2021 $m	Restated[1] 2020 $m
Statement of financial position		
Current assets		
Cash and cash equivalents	**215.9**	267.3
Receivables	**250.1**	245.3
Inventories	**432.3**	495.6
Investments	**1.9**	1.9
Assets held for sale	**8.1**	–
Other current assets	**8.3**	6.6
Total current assets	**916.6**	1,016.7
Non-current assets		
Inventories	**650.8**	528.9
Investments	**2,257.5**	2,257.5
Property, plant and equipment	**629.9**	588.7
Right-of-use assets	**86.9**	96.2
Intangible assets	**547.0**	549.7
Deferred tax assets	**44.8**	43.9
Other non-current assets	**1.9**	2.7
Total non-current assets	**4,218.8**	4,067.6
Total assets	**5,135.4**	5,084.3
Current liabilities		
Trade and other payables	**326.4**	306.6
Borrowings	**655.1**	643.9
Current tax liabilities	**22.7**	23.9
Provisions	**46.4**	38.5
Other current liabilities	**5.4**	6.7
Total current liabilities	**1,056.0**	1,019.6
Non-current liabilities		
Borrowings	**547.5**	638.7
Deferred tax liabilities	**121.7**	122.6
Other non-current liabilities	**21.2**	11.6
Total non-current liabilities	**690.4**	772.9
Total liabilities	**1,746.4**	1,792.5
Net assets	**3,389.0**	3,291.8
Equity		
Contributed equity	**3,281.3**	3,269.8
Reserves	**(64.9)**	(50.9)
Retained earnings	**172.6**	72.9
Total equity	**3,389.0**	3,291.8

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.

Notes to the consolidated financial statements: Other

For the year ended 30 June 2021

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.

	2021 $	2020 $
Short-term employee benefits	**4,760,936**	3,796,905
Post-employment benefits	**65,916**	63,008
Share based payments	**457,187**	6,897,611
Total	**5,284,039**	10,757,524

Additionally, compensation paid to non-executive directors was $2,113,997 (F20: $1,964,059).

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:

	2021 $	2020 $
Audit and review of financial statements and other audit work under the *Corporations Act 2001*	**1,426,128**	1,303,462
Associate firms of Auditor	**493,530**	420,737
Other assurance services	**–**	–
Audit and review services	**1,919,658**	1,724,199
Other non-audit services	**439,280**	58,882
Total	**2,358,938**	1,783,081

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 2021, KPMG earned fees in respect to the provision of advisory and taxation services.

Notes to the consolidated financial statements:
Other

For the year ended 30 June 2021

NOTE 32 – OTHER ACCOUNTING POLICIES

New accounting standards and interpretations

Since 30 June 2020, the Group has adopted the following new and amended accounting standards.

Reference	Title	Application
References to Conceptual Framework	*Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020
AASB 2, AASB 101, AASB 108, AASB 110, AASB 134, AASB 137, the Framework and AASB Practice Statement 2	*Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020
AASB 3	*Amendments to Australian Accounting Standards – Definition of a Business*	1 January 2020
AASB 7, AASB 9 & AASB 139	*Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*	1 January 2020
AASB 16	*Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions*	1 June 2020
IFRIC agenda decision	*Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)*	April 2021

Other than the impact of IFRIC agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)* – April 2021 outlined below, the adoption of these standards did not have a significant impact on the consolidated financial statements.

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
AASB 4, AASB 7, AASB 9, AASB 16 & AASB 139	*Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*	1 January 2021
AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141	*Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*	1 January 2022
AASB 101	*Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*	1 January 2023
AASB 4 & AASB 17	*Amendments to Australian Accounting Standards – Insurance Contracts*	1 January 2021
AASB 17	*Insurance Contracts*	1 January 2023

These standards are not expected to have a material impact on the Group's financial position or its performance.

IFRIC agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)*

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The adoption of the above agenda decisions has resulted in the immediate recognition of certain configuration and customisation costs as an expense in the Statement of Comprehensive Income, impacting prior periods presented. The new accounting policy is presented in Note 13.

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

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 2021 financial statements. Only restated lines have been included in the tables below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT)

Operating profit has been restated to remove amortisation expense on previously capitalised intangible assets that do not meet the requirements of the IFRIC agenda decision, and to recognise previously capitalised costs incurred as an expense in the year that do not meet the requirements of the IFRIC agenda decision. Adjustments to tax are due to the change in profit before tax.

	30 June 2020 reported $m	Increase/ (decrease) $m	30 June 2020 restated $m
Administration expenses	(144.7)	(22.1)	(166.8)
Other income/(expenses)	(50.8)	1.1	(49.7)
Profit before tax	369.7	(20.9)	348.7
Income tax expense	(108.9)	5.6	(103.3)
Net profit attributed to members of Treasury Wine Estates Limited	**260.8**	**(15.4)**	**245.4**
Cash flow hedges	(15.5)	–	(15.5)
Other comprehensive income for the year, net of tax	**2.9**	**–**	**2.9**
Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited	**263.7**	**(15.4)**	**248.3**
Total comprehensive income for the year	**263.7**	**(15.4)**	**248.3**

	Cents per share	Increase/ (decrease)	Cents per share
Earnings per share for profit attributed to the ordinary equity holders of the Company			
– Basic	36.2	(2.1)	34.1
– Diluted	36.2	(2.2)	34.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)

The Group derecognised previously capitalised intangible assets that do not meet the requirements of the IFRIC agenda decision. Deferred tax adjustments are due to timing differences arising from the derecognition of intangible assets. Shareholders equity has been restated to reflect the cumulative impact of the IFRIC agenda decision on retained earnings.

	30 June 2020 reported $m	Increase/ (decrease) $m	30 June 2020 restated $m
Assets			
Intangible assets	**1,331.6**	(37.5)	**1,294.1**
Deferred tax assets	**183.5**	10.3	**193.8**
Equity			
Retained earnings	**337.5**	(27.3)	**310.2**

	30 June 2019 Reported $m	Increase/ (decrease) $m	30 June 2019 Restated $m
Assets			
Intangible assets	**1,308.9**	(16.6)	**1,292.3**
Deferred tax assets	**187.0**	4.8	**191.8**
Equity			
Retained earnings	**364.5**	(11.8)	**352.7**

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED STATEMENT OF CASH FLOWS (EXTRACT)

There is no impact on overall cash flows of the Group from the change in accounting policy. Payments for intangible assets that do not meet the requirements of the IFRIC agenda decision have been reclassified from investing activities to payments to suppliers, governments and employees in operating activities.

	30 June 2020 $m reported	Increase/ (decrease) $m	30 June 2020 $m restated
Payments to suppliers, governments and employees	**(2,975.7)**	(21.9)	**(2,997.6)**
Payments for intangible assets	**(29.9)**	21.9	**(8.0)**

SEGMENT INFORMATION (EXTRACT)

The table below outlines the impact of the IFRIC agenda decision on reported EBITS, amortisation expense, segment assets and segment liabilities.

	ANZ $m	Americas $m	Asia $m	EMEA $m	Total segment $m	Unallocated/ corporate $m	Consolidated $m
Management EBITS – 30 June 2020 reported	**133.3**	**147.3**	**243.7**	**51.7**	**576.0**	**(42.5)**	**533.5**
Increase/(Decrease)	(3.2)	(10.4)	(2.2)	(2.2)	(18.0)	(2.9)	(20.9)
Management EBITS – 30 June 2020 restated	**130.1**	**136.9**	**241.5**	**49.5**	**558.0**	**(45.4)**	**512.6**
Amortisation – 30 June 2020 reported	**(0.6)**	**(3.6)**	**–**	**(1.6)**	**(5.8)**	**(14.9)**	**(20.7)**
(Increase)/Decrease	–	–	–	–	–	1.1	1.1
Amortisation – 30 June 2020 restated	**(0.6)**	**(3.6)**	**–**	**(1.6)**	**(5.8)**	**(13.8)**	**(19.6)**
Capital expenditure – 30 June 2020 reported	**(90.8)**	**(32.0)**	**(1.2)**	**(1.4)**	**(125.4)**	**(24.3)**	**(149.7)**
(Increase)/Decrease	–	7.6	–	–	7.6	14.3	21.9
Capital expenditure – 30 June 2020 restated	**(90.8)**	**(24.4)**	**(1.2)**	**(1.4)**	**(117.8)**	**(10.0)**	**(127.8)**
Segment Assets – 30 June 2020 reported	**2,514.5**	**2,783.9**	**163.2**	**428.6**	**5,890.2**	**781.7**	**6,671.9**
Increase/(Decrease)	–	(10.4)	–	–	(10.4)	(16.8)	(27.2)
Segment Assets – 30 June 2020 restated	**2,514.5**	**2,773.5**	**163.2**	**428.6**	**5,879.8**	**764.9**	**6,644.7**
Capital expenditure – 30 June 2019 reported	**(63.5)**	**(50.7)**	**(2.1)**	**(0.9)**	**(117.2)**	**(35.2)**	**(152.4)**
(Increase)/Decrease	–	2.8	–	–	2.8	13.5	16.3
Capital expenditure – 30 June 2019 restated	**(63.5)**	**(47.9)**	**(2.1)**	**(0.9)**	**(114.4)**	**(21.7)**	**(136.1)**
Segment Assets – 30 June 2019 reported	**2,505.1**	**2,841.3**	**223.0**	**370.9**	**5,940.3**	**701.2**	**6,641.5**
Increase/(Decrease)	–	(2.8)	–	–	(2.8)	(9.0)	(11.8)
Segment Assets – 30 June 2019 restated	**2,505.1**	**2,838.5**	**223.0**	**370.9**	**5,937.5**	**692.2**	**6,629.7**

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

SEGMENT INFORMATION (EXTRACT) (CONTINUED)

Non-current assets	30 June 2020 reported $m	Increase/ (decrease) $m	30 June 2020 restated $m
Australia	**1,882.0**	(27.2)	**1,854.8**
United States of America	**2,159.8**	(10.3)	**2,149.5**
United Kingdom	**145.8**	–	**145.8**
Other geographical locations	**157.0**	–	**157.0**
Total geographical non-current assets	**4,344.6**	(37.5)	**4,307.1**
Other non-current assets	**227.0**	10.3	**237.3**
Consolidated non-current assets	**4,571.6**	(27.2)	**4,544.4**

Non-current assets	30 June 2019 reported $m	Increase/ (decrease) $m	30 June 2019 restated $m
Australia	**1,871.0**	(13.9)	**1,857.1**
United States of America	**2,148.8**	(2.7)	**2,146.1**
United Kingdom	**152.2**	–	**152.2**
Other geographical locations	**123.5**	–	**123.5**
Total geographical non-current assets	**4,295.5**	(16.6)	**4,278.9**
Other non-current assets	**199.7**	4.8	**204.5**
Consolidated non-current assets	**4,495.2**	(11.8)	**4,483.4**

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

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 32 – OTHER ACCOUNTING POLICIES (CONTINUED)

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 – CONTINGENT LIABILITIES

From time to time, Companies within the Group are party to various legal actions as well as inquiries from regulators and government bodies that have arisen in the normal course of business. The Directors have given consideration to such matters which are or may be subject to claims or litigation at year end and are of the opinion that that any liabilities arising over and above already provided in the financial statements from such action would not have a material effect on the Group's financial performance.

It is not practical to estimate the potential effect of these matters however the Group believe that it is not probable that a significant liability will arise.

Class actions

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. The two actions were consolidated into a single action on 15 October 2020.

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 2021 in respect of the claim.

Directors' declaration

For the year ended 30 June 2021

In accordance with a resolution of the Directors of Treasury Wine Estates Limited, the Directors declare that:

(a) In the Directors' opinion, 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 2021 and of its performance for the financial year ended on that date.

(b) In the Directors' opinion, 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 liabilities to which they are or may become, subject because of the Deed of Cross Guarantee described in note 29.

(d) Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(e) 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*.

Paul Rayner
Chairman

Tim Ford
Chief Executive Officer

19 August 2021

Independent auditor's report

KPMG

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 2021 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 2021;
- 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; and
- 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 $1,896.5 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 impact forecast prices.
	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; and
	  • 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

	calculation formulas; ● 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 $2,569.6 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 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.
	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 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

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	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.

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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 http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Treasury Wine Estates Limited for the year ended 30 June 2021, 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 54 to 73 of the Directors' report for the year ended 30 June 2021.

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

19 August 2021

Details of shareholders, shareholdings and top 20 shareholders

DETAILS OF SHAREHOLDERS AND SHAREHOLDINGS

Holding of securities

Listed securities 15 July 2021	No. of holders	No. of shares	% held by top 20
Fully paid ordinary shares	87,890	721,848,176	83.57

Size of holding	No. of holders	Total % held
1 – 1,000	61,713	3.39
1,001 – 5,000	22,979	6.67
5,001 – 10,000	2,185	2.11
10,001 – 100,000	951	2.91
100,001 and over	62	84.93
Total	**87,890**	**100**

As at 15 July 2021, 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 $12.03 per share, is 1,269.

TWENTY LARGEST SHAREHOLDERS – 15 JULY 2021

Rank	Shareholder	No. of fully paid ordinary shares	% of fully paid ordinary shares
1.	HSBC Custody Nominees	263,271,365	36.47
2.	J P Morgan Nominees Australia	200,557,135	27.78
3.	Citicorp Nominees Pty Limited	55,981,068	7.76
4.	National Nominees Limited	23,766,814	3.29
5.	BNP Paribas Nominees Pty Ltd	23,677,359	3.28
6.	Merrill Lynch (Australia) Nominees Pty Limited	13,555,232	1.88
7.	BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	5,155,950	0.71
8.	Argo Investments Limited	3,250,000	0.45
9.	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	2,297,559	0.32
10.	AMP Life Limited	1,386,386	0.19
11.	Ecapital Nominees Pty Limited <Accumulation A/C>	1,333,649	0.18
12.	Mutual Trust Pty Ltd	1,307,118	0.18
13.	Milton Corporation Limited	1,206,363	0.17
14.	NewEconomy Com AU Nominees Pty Limited <900 Account>	1,033,185	0.14
15.	Merrill Lynch (Australia) Nominees Pty Limited <MLPRO A/C>	1,031,921	0.14
16.	BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	1,000,000	0.14
17.	BNP Paribas Noms (NZ) Ltd <DRP>	938,898	0.13
18.	BKI Investment Company Limited	850,301	0.12
19.	Netwealth Investments Limited <Wrap Services A/C>	849,664	0.12
20.	UBS Nominees Pty Ltd	832,798	0.12
Total		**603,282,765**	**83.57**

SUBSTANTIAL SHAREHOLDERS – 15 JULY 2021

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 2001* (Cth).

Institution	No. of fully paid ordinary shares	% of fully paid ordinary shares
The Capital Group	60,779,529	8.42
BlackRock Group	53,502,603	7.41
Vanguard Group Inc	35,954,902	5.00

Shareholder information

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday 15 October 2021 (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 & THEWINESHOP.COM

Shareholders in Australia and the US have the opportunity to purchase the Company's wines through Cellardoor.co and TheWineShop.com, respectively.

Cellardoor.co is an exclusive members-only online wine community for shareholders and family and friends of Treasury Wine Estates. As proud custodians of awarded and recognised wineries, we invite Australian shareholders to join Cellardoor.co and establish a direct connection to our iconic vineyards. By joining Cellardoor.co you will have 24/7 access to an exceptional range of wines from Treasury Wine Estates' award winning wineries at exclusive shareholder prices.

TheWineShop.com is Treasury Wine Estates' multi-branded US shopping experience that highlights many of the most historic and recognised wineries in Napa and Sonoma. A new website for us, TheWineShop.com will continue to evolve and offer more and more offerings as time goes on. As a TWE shareholder, we invite you to save 30% off any purchase you make by using the promo code TWESHARE at checkout.

Australian shareholders:

To become a Cellardoor.co member – Go to https://invite.cellardoor.co/twe-shareholder1 and enter Access Code 89374 to register.

US shareholders:

Visit https://www.thewineshop.com/?utm_source=Shareholders&utm_medium=email&utm_campaign=TWE_Shareholders_email to shop our portfolio.

TREASURY WINE ESTATES LIMITED

ABN 24 004 373 862

COMPANY SECRETARY

Kirsten Gray BA LLB (Hons), PDM

REGISTERED OFFICE

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TWE takes the health, wellbeing and safety of its team, customers, consumers and its communities seriously. Given the COVID-19 global pandemic and the restrictions in place, TWE chose to largely use imagery, particularly those showing more than two people, photographed prior to the start of the pandemic. As a result some photos may not show social distancing and other social health practices that remain in place in markets in which we operate and sell wine.

TREASURY WINE ESTATES

tweglobal.com