TREASURY
WINE ESTATES

18 August 2022 **ASX ANNOUNCEMENT**

TWE 2022 Annual Report

Treasury Wine Estates Ltd (ASX:TWE) is pleased to present its Annual Report for the year ended 30 June 2022, which includes the Company's full year financial statements and Appendix 4E.

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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Appendix 4E

Preliminary Final Report in respect to Treasury Wine Estates Limited

For the year ended 30 June 2022

ABN 24 004 373 862

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information	Year ended 30 June 2022 $m	Year ended 30 June 2021 $m	% Change increase/ (decrease)	Amount increase/ (decrease) $m
Revenue from ordinary activities	2,531.8	2,683.9	(5.7%)	(152.1)
Profit attributable to members of Treasury Wine Estates Limited	263.2	250.0	5.3%	13.2
Net profit after tax before material items and SGARA	322.6	309.6	4.2%	13.0
Earnings before interest, tax, SGARA and material items	523.7	510.3	2.6%	13.4

Earnings per share	Year ended 30 June 2022 Cents per share	Year ended 30 June 2021 Cents per share
Basic earnings per share	36.5	34.7
Basic earnings per share, adjusted to exclude SGARA, material items	44.7	42.9

Dividends (distributions)	Cents per share	Franking %
Final dividend – year ended 30 June 2022 (determined subsequent to balance date)[1]	16.0 cents	100%
Interim dividend – half year ended 31 December 2021	15.0 cents	100%
Final dividend – year ended 30 June 2021	13.0 cents	100%

1. The record date for determining an entitlement to receipt of the final dividend is 1 September 2022 and the Company expects to pay the dividend on 30 September 2022. The Company's Dividend Reinvestment Plan will be in operation for the final dividend. The last date for receipt of election notices for participation in the Dividend Reinvestment Plan is 2 September 2022 at 5pm (AEST).

2. PRELIMINARY FINAL FINANCIAL STATEMENTS

Please refer to pages 74 through 124 of this report wherein the following are provided:

- Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022;
- Consolidated statement of financial position as at 30 June 2022;
- Consolidated statement of changes in equity for the year ended 30 June 2022;
- Consolidated statement of cash flows for the year ended 30 June 2022; and
- Notes to the consolidated financial statements.

Appendix 4E

Preliminary Final Report in respect to Treasury Wine Estates Limited

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3. NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary share	Year ended 30 June 2022 $	Year ended 30 June 2021 $
Net tangible asset backing per ordinary share	3.31	3.37

4. ASSOCIATES AND JOINT VENTURES

Investments in Associates and Joint Ventures	Year ended 30 June 2022 $m	Year ended 30 June 2021 $m
Investments accounted for using the equity method	0.0	2.6

Investments in associates and joint venture partnerships are accounted for in the consolidated financial statements using the equity method of accounting. During the year, the Group disposed of a 50 percent investment in Fiddlesticks LLC, a company incorporated in the United States of America.

5. ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 18 October 2022.

6. FURTHER INFORMATION

Additional Appendix 4E disclosure requirements can be found in the notes to the year-end financial report and the ASX announcement lodged with this Annual Report.

Annual Report 2022

TREASURY WINE ESTATES

We’re striving to be the world’s most admired premium wine company, and we’re boldly leading change in the world of wine

CONTENTS

IMPORTANT INFORMATION

This report is in summary form and is not necessarily complete. It should be read together with the Company’s other announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

This report contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward-looking statements are subject to a range of risk factors. The Company cautions against reliance on any forward-looking statements, particularly in light of the current economic climate and potential impacts on consumer demand, the impact of continued high inflation on business outcomes, global difficulties in logistics and supply chains, the potential ongoing impacts relating to the COVID-19 pandemic, exchange rate impacts given the global nature of our business, vintage variations and the evolving nature of global geopolitical dynamics.

While the Company has prepared this information based on its current knowledge and understanding and in good faith, there are risks and uncertainties involved which could cause results to differ from projections. The Company will not be liable for the correctness and/or accuracy of the information, nor any differences between the information provided and actual outcomes, and reserves the right to change its projections from time to time. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this report, subject to disclosure obligations under the applicable law and ASX listing rules.

Certain market and industry data used in this report has been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither TWE nor its representatives or advisers have independently verified any market or industry data provided by third parties or industry or general publications.

References to ‘TWE’, ‘Company’, ‘Group’, ‘we’, ‘us’ and ‘our’ are to Treasury Wine Estates Limited and/or, except where the context otherwise requires, its subsidiaries. All currency referred to in the report is in Australian dollars, unless otherwise stated.

2,500

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

Brand portfolio divisions

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

11,300

Hectares

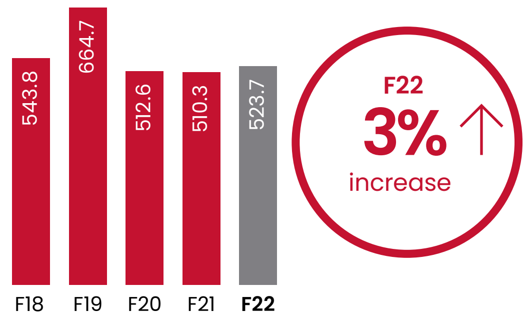
Our global multi-regional sourcing model is at the heart of our business, and includes vineyards and production assets in some of the world's best wine regions.

At a glance[1]

- F22 EBITS[2] increased 3% to $523.7 million; EBITS margin up 1.3 percentage points to 21.1%
- EPS (before material items and SGARA) up 4.1% to 44.7 cents per share
- Return on Capital Employed decreased 0.1 ppts to 10.7%
- Final dividend of 16 cents per share (fully franked); bringing F22 annual dividend to 31 cents per share; up 10.7% on the prior period
- Full-year cash conversion of 104.3%

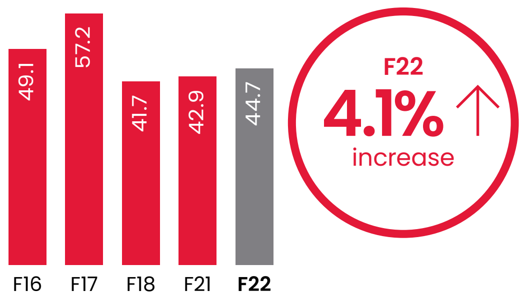
EBITS

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



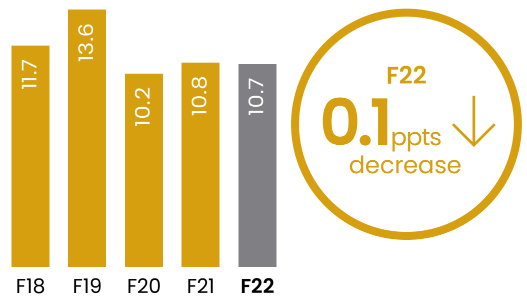
EPS (BEFORE MATERIAL ITEMS AND SGARA)

(Earnings per share) (cents)



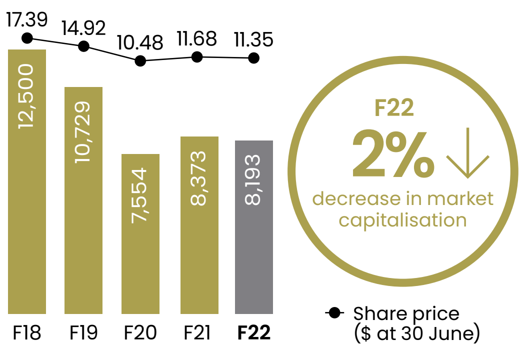
ROCE

(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. Earnings before interest, tax, SGARA and material items.

Chairman and Chief Executive Officer's report

Paul Rayner Chairman and **Tim Ford** Chief Executive Officer

Throughout fiscal 2022 we've seamlessly transitioned to our new operating model, which has built momentum around our strategy. The positive changes made throughout the year have laid the foundations for this next phase of growth and innovation.

INTRODUCTION

Dear shareholders,

We are pleased to present the 2022 Annual Report for Treasury Wine Estates Limited.

Last year we acknowledged that change would continue to be ever present in our business, and that indeed has been the case throughout F22 as we managed the effective closure of the Mainland China market to Australian wine products as well as navigated a number of macroeconomic challenges including the global pandemic, significant supply chain disruptions, and inflationary cost pressures.

Through these challenges, we have continued to adapt and evolve, and have emerged a stronger and more sustainable business as we continue to expand our multi-country of origin portfolio and invest more strongly across a range of markets. We have found new opportunities to innovate - across our business, our product portfolio and how we connect with our customers and consumers.

We started the fiscal year with a seamless transition to our new brand-portfolio-led operating model, which has brought even greater focus and accountability to how we execute our strategy.

Our new divisions – Penfolds, Treasury Americas and Treasury Premium Brands – have accelerated our focus on premiumisation and responding to trends in a way that meets the unique propositions of our existing consumers, and introducing new consumers to premium and luxury wines.

Now emerging as a true luxury icon, Penfolds continued to focus on introducing its wine to more consumers around the world through a range of unique luxury experiences, events, and the launch of new wines including the Penfolds g5 which is blended from five exceptional Grange vintages. The g5 marks the final release in *'g'* series trio and was awarded a perfect 100-point score four times by leading wine critics.

Penfolds also continued to grow its presence in some of the finest winemaking regions in the world, with the purchase of additional winery and vineyard assets neighboring our current site in Bordeaux, to support growth of the French portfolio, and announced that in calendar 2022 it would launch the first Penfolds wine made in China for the China market.

In addition to Penfolds, our Treasury Premium Brands division has continued to drive growth across Asia. In response to the tariffs on Australian wine into China, our team is now sourcing South African and Chilean country of origin wine for Rawson's Retreat ensuring the popular brand continues to be a foundation for growth in China with plans to expand the portfolio and distribution next financial year.

In the Americas, we have now materially reshaped our business, laying the foundations for growth in the world's largest wine market through a focused portfolio of brands that are leading the way in luxury, culture-led experiences.

There is no better example of this than 19 Crimes, which now joins Penfolds as our second global growth brand. Over the past 10 years there has been a continuous focus on consumer-led innovation, including the extension into new varietals, category-leading digital engagement and popular celebrity collaborations, which has seen the brand deliver leading innovation in the US wine market for two years running.

Treasury Americas continued to build its luxury credentials with the acquisition of Frank Family Vineyards. Rich and Leslie Frank have crafted a portfolio of exceptionally high-quality wines and nurtured an industry-leading guest experience at the winery that we intend to emulate across our American cellar doors.

Across our portfolio we have also continued to innovate our approach to no-alcohol wine and grow our low-alcohol portfolio, recognising the growing conscious consumption trend across all markets.

In F22, we launched two meaningful innovations in this category – Matua Lighter in the United States and the Wolf Blass Zero range in Australia. These innovations were well received by consumers and we believe there is a significant opportunity for TWE to be the global leader in these emerging segments of the wine category. With that in mind, we will continue to invest in research and development to deliver the leading brand and wine quality combination to give our consumers real choice for every occasion.

The strength of our team, our global diversified business model, our iconic brand portfolio, and our unrelenting focus on the consumer has given us an unrivalled competitive advantage and enabled us to quickly respond to environmental challenges and recalibrate our strategy when, and as, required.

OVERVIEW OF RESULTS

In F22, Group EBITS increased 3% to $523.7 million, while our EBITS margin improved 1.3 percentage points to 21.1%. TWE's long-term financial objective remains to deliver sustainable top-line growth, high single digit average earnings growth and Group EBITS margin target of 25%+.

Throughout the year, NSR declined 3.6% to $2,476.7 million reflecting divestment of the US commercial portfolio and the decline in shipments to Mainland China and reduced commercial volumes in the UK and Australia, partly offset by strong growth in the premium and luxury portfolios.

TWE continued portfolio premiumisation and growth of distribution and availability for priority brands, with NSR per case up 16.1% and the contribution of the premium and luxury portfolios to 83% of Group NSR, up from 77% in F21.

Excluding Penfolds Australian country-of-origin sales to Mainland China, NSR and EBITS grew 9% and 22% respectively.

This result reflects disciplined execution of F22 priorities including continued portfolio premiumisation and growth in distribution and availability for priority brands.

In particular, Penfolds has driven stand-out growth in Asia, with NSR in regional markets, excluding Mainland China, increasing 106%, alongside strong growth across the EMEA region, particularly UK and Germany, where NSR grew 32.9%.

Penfolds growth is evidence of its credentials as a global luxury brand and investment will continue in its multi-country of origin portfolio strategy, particularly in France with the pending acquisition of Chateau Lanessan, which will double the existing vineyard footprint in Bordeaux, to be completed in the first half of F23.[1,2]

Significant changes to the Treasury Americas brand portfolio and asset base continued in F22, repositioning the business as a premium wine business with a focused portfolio of priority brands.

Treasury Americas continues to be recognised for its outstanding innovation capability, with 19 Crimes Cali Red recognised by IRI as the number one selling wine in history in its first-year sales. In addition to Cali Red, we launched Cali Rosé through our partnership with entertainment icon Snoop Dogg, and achieved success with the release of Martha's Chard, in partnership with Martha Stewart, which took out the number one US wine market innovation in 2022.

Outside of the US, our diverse portfolio of brands continued to make their mark with the launch of the Wolf Blass Zero and Squealing Pig lighter ranges, as well the sourcing of South African and Chilean wine for Rawson's Retreat for the Mainland China market, and the Wolf Blass House of the Dragon partnership with HBO, an innovative new platform to introduce new consumers to the portfolio.

We were delighted to see the team at Penfolds Magill Estate win the International Best of Wine Tourism Award in the Wine Tourism Restaurant category and being named Adelaide's International Winner at the 2022 Great Wine Capitals Best of Wine Tourism Awards, recognising the important role that wine regions and our wineries play in driving regional tourism.

All divisions contributed to our F22 result, with key elements as follows.

- Penfolds reported an 8% decline in EBITS to $319.3 million while EBITS margin increased 0.6 ppts to 44.5%. The significant decline in shipments to Mainland China was partly offset by continued strength in a number of global markets and channels, with NSR and EBITS outside of Mainland China increasing by 45% and 25% respectively on a constant currency basis. Penfolds continues to attract new consumers and grow distribution and availability globally. In Asian markets, outside of Mainland China, NSR grew 106% supported by strong depletion trends in multiple markets led by consumer demand and channel penetration.
- Treasury Americas reported a 21% increase in EBITS to $185.6 million with EBITS margin up 2.9 ppts to 19.3%. The priority brand portfolio continued to perform strongly with NSR increasing 15% in the year, led by standout growth from Beringer, Stags' Leap, Matua and 19 Crimes. Following the completion of significant changes in the brand portfolio and asset base, including the acquisition of Frank Family Vineyards, Treasury Americas has been repositioned as a premium wine business with a focused portfolio of growing brands.
- Treasury Premium Brands reported a 27% increase in EBITS to $79.6 million with EBITS margin increasing 2.5 ppts to 10.0%. Portfolio premiumisation continued, with strong performance by priority brands including 19 Crimes, Pepperjack, Squealing Pig and Wynns. Significant distribution gains and NSR growth for priority brands in key EMEA and Asia markets was an execution highlight, as was continued innovation success across the portfolio.

1. Organic, pre-material items and on a constant currency basis.
2. TWE to acquire 78.6% stake from the Bouteiller Family, who will remain a shareholder. The cash outflow associated with the acquisition is expected to be approximately A$60 million, including a capital injection to fund winery and vineyard development. Completion expected Oct-22, subject to satisfaction of conditions precedent.

SUSTAINABILITY

One year into our evolved sustainability strategy, we made good progress against our ambition to cultivate a brighter future for everyone who touches our business.

Throughout the year we made progress against all of our targets and commitments.

The key sustainability highlights for the year included:

- Completion of a comprehensive review of water management across the global viticulture and winery operations, with clear recommendations to drive our water security and efficient usage strategies.
- Committed to invest $20 million on solar panel and meter technology across our global production network in support of the ambition to achieve 100% renewable electricity by F24.
- Improving levels of gender representation across the global business, with overall female representation up 1.3 ppts to 41.5% while females in leadership roles were down 0.2 ppts to 44.9%.

In F22, TWE refinanced AU$1.4 billion of existing debt into a Sustainability Linked Loan (SLL) that rewards performance against agreed milestones with discounts on the loan rate. The establishment of the SLL is a key step in integrating our sustainability agenda across the business and is an important step for both our sustainability and market capital journeys, incentivising us to move even more quickly towards achieving our sustainability ambition and targets.

Whilst we recognise there is more work to do, we are embracing the leadership role we must play in sharing a positive future for everyone who touches our business from grape to glass.

More information about our enhanced strategy, goals, and the progress we are making against our commitments will be available in our 2022 Sustainability Report which will be released later this year and will be made available online at tweglobal.com/sustainability.

BALANCE SHEET STRENGTH AND DIVIDEND

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

The Company's balance sheet continues to be strong, efficient, and flexible. Net debt/EBITDAS was 1.8x in F22 up from 1.6x in F21, and below TWE's up to 2.0x through the cycle target.

Total capex for the year was $112.2 million comprising maintenance and replacement capex of $70.6 million, and growth capex including the completion of our investment in South Australian luxury winemaking infrastructure, of $41.6 million.

Cash conversion of 104.3% reflects continued strong operating cash flow performance, in addition to improved working capital. Excluding the net change in non-current luxury and premium inventory, cash conversion was 103.1%.

Earnings per share increased 4.1% to 44.7 cents per share and return on capital employed was up 0.1 ppt to 10.9%, excluding divested and acquired brands, demonstrating our continued disciplined approach to capital allocation.

For F22, TWE is pleased to declare a final dividend of 16.0 cents per share, fully franked, which brings the total dividend for F22 to 31 cents per share and a payout ratio of 69% at the upper end of the target dividend policy range.

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 will continue to build momentum behind the premium portfolio which has seen strong performance globally in F22. We will also continue to grow distribution, demand, and availability for TWE's priority brands as well as drive category-leading consumer-led innovation.

Whilst uncertain economic and geopolitical trends will continue in global markets throughout F23, we believe that our global footprint, the flexibility of our operating model and the outstanding execution capability of our teams means we are well positioned to navigate these headwinds.

After two years of significant changes within our business, we enter F23 with momentum, focusing on our objectives of delivering quality earnings growth, efficient capital utilisation and sustainable shareholder returns.

We are confident that the positive changes we have made throughout the year have laid the foundations for our next phase of growth and innovation, positioning us well to deliver on our long-term growth ambitions we set out in the TWE 2025 strategy.

Our people, alongside our suppliers, customers, and partners, remain critical to delivering on this agenda. With that in mind, we want to thank everyone across our global team for their outstanding efforts during the year, for the care they continue to show each other, and the way they have embodied our TWE DNA as they pursue our strategic agenda and navigated another challenging year.

We would also like to thank the Board for their contribution throughout the year. We would like to take this opportunity to acknowledge the enduring contribution made by Warwick Every-Burns who will retire from the Board at our 2022 Annual General Meeting. Warwick has been a Non-Executive Director since the Company was floated in 2011 and has been an excellent director, having spent more than 10 years as Chair of the Human Resources Committee, and as Chief Executive Officer on an interim basis from September 2013 to March 2014.

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

Kind regards,

Paul Rayner
Chairman

Tim Ford
Chief Executive Officer

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 details of the significant changes in TWE's state of affairs that occurred during the year ended 30 June 2022.

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. 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 Barossa Valley and Coonawarra 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 more than 2,500 people.

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

New operating model

TWE has operated under a new global business model since 1 July 2021, with three standalone divisions enabling strong underlying performance.

- Penfolds – representing global sales of the Penfolds brand portfolio.
- Treasury Premium Brands (TPB) – representing the sale of TWE's diverse range of predominately Australia and New Zealand sourced brands globally.
- Treasury Americas – representing sales of primarily US-sourced brands in the Americas.

Divestment of non-priority US brands and assets

In F21, TWE's US business was reshaped into a premium-focused wine business after the exit of a significant portion of its commercial brand portfolio. The divestment of non-priority US brands and assets continued in F22 with the divestment of the Provenance and Chateau St Jean brands and surplus supply chain assets. TWE has now substantially completed its US divestment program with confirmed net cash proceeds of approximately $300 million, in line with expectations.

Frank Family Vineyards acquisition

In December 2021, TWE completed the acquisition of Frank Family Vineyards (FFV), an acclaimed luxury wine business based in California's Napa Valley, for US$315 million. The business comprises an award-winning luxury portfolio across three collections with retail price points ranging from US$38 to US$225 per bottle. Supporting the portfolio is an efficient, capital-light Napa Valley asset base, comprising two vineyards, a single winery and a highly renowned tasting room and direct to consumer wine club model.

The FFV portfolio complements the Treasury Americas luxury brand portfolio, filling a key gap for luxury Chardonnay. Treasury Americas is well placed to enhance FFV's growth given its leading luxury sales credentials, national distribution network, and Californian asset base and sourcing model.

COVID-19 impact on business performance

During F22, pandemic-related restrictions continued to impact TWE's global operations, with key sales channels remaining in varied states of impact and recovery. Retail and e-commerce sales channels continued to operate above pre-pandemic levels with some moderation compared to F21, where demand was particularly elevated. On-premise, cellar doors and travel retail sales channels continued to experience varying levels of disruption.

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.

Our operating model

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

Penfolds

- Penfolds
- LIMITED EDITIONS
- BIN AND ICON
- SPECIAL BOTTLINGS
- MAX'S
- KOONUNGA HILL

Treasury Premium Brands

- 19 Crimes.
- squealing pig
- Pepperjack
- Wynns Coonawarra Estate
- St Huberts The Stag
- MATUA
- WOLF BLASS
- SEPPELT
- LINDEMAN'S
- BLOSSOM HILL

Treasury Americas

- 19 Crimes.
- STERLING VINEYARDS
- St Huberts The Stag
- Beaulieu Vineyard BV
- BERINGER BROS.
- BERINGER
- Etude
- MATUA
- Stags' Leap
- FRANK FAMILY VINEYARDS

Supply (Penfolds, Treasury Premium Brands)

US Supply (Treasury Americas)

Treasury Business Solutions

Corporate Functions

TWE'S BUSINESS MODEL

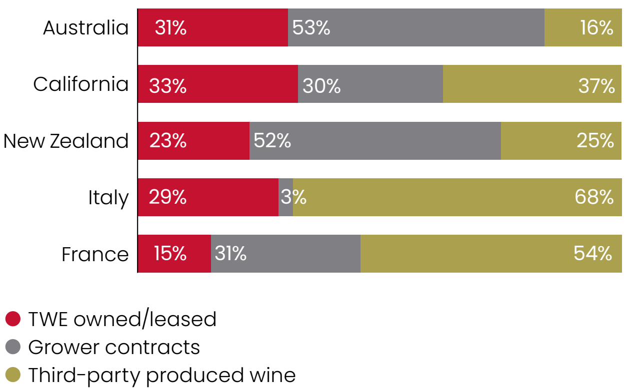
TWE is a vertically integrated wine business with three principal activities:

- grape growing and sourcing
- wine production
- wine marketing, sales and distribution.

Grape growing and sourcing

TWE accesses grapes and bulk wine from a range of sources including Company-owned and leased vineyards, grower vineyards, and the bulk-wine market, varying by region as shown in Figure 1.

Figure 1: TWE's regional sourcing model[2]



A global sourcing model, diversified across geographic regions, varietals and price segments, supports growth and limits exposure to vintage variation risk, as well as grape and bulk wine pricing during 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 8,362 planted hectares of vineyards in Australia and New Zealand and is the custodian of sought-after viticultural assets in renowned winemaking regions including Australia's Barossa Valley and Coonawarra, and Marlborough in New Zealand.

The Company also owns and leases 2,702 planted hectares in key viticultural regions in California, including Napa Valley, Sonoma County, Lake County, and the Central Coast. In Europe, TWE owns and leases 90 planted hectares in France's Bordeaux region and 154 planted hectares in Tuscany, Italy.

TWE optimises its inventory holdings to support portfolio premiumisation and continues to focus on increasing access to luxury and premium fruit from multiple countries of origin through vineyard acquisitions, vineyard leasing, and supply contracts with third-party growers. For commercial grade wine, TWE prioritises sourcing from the bulk-wine market.

Wine production

TWE owns world-class wine production and packaging facilities.

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

Marketing, selling and distribution of TWE wine

TWE generates revenues and profits from the production, marketing and sale of its portfolios of branded wine in more than 70 countries, with its route-to-market model reflecting regional insights and opportunities.

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

TWE's profitability continues to be increasingly driven by the high-growth luxury and premium segments, as well as improved profitability across all segments.

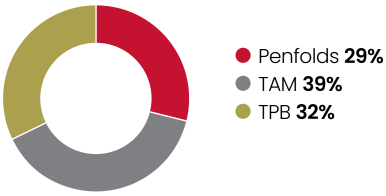
Figure 2 shows the net sales revenue (NSR) and earnings before interest, tax, SGARA and material items (EBITS) contribution by division in F22.

2. Regional sourcing is historical data for the northern hemisphere 2021 vintage and the southern hemisphere 2022 vintage.

Figure 2: TWE's business performance by division in F22

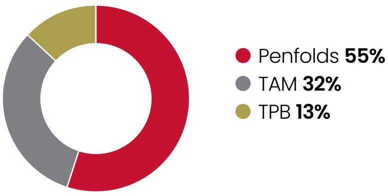
NSR

(Net sales revenue) ($M)



EBITS contribution[3]

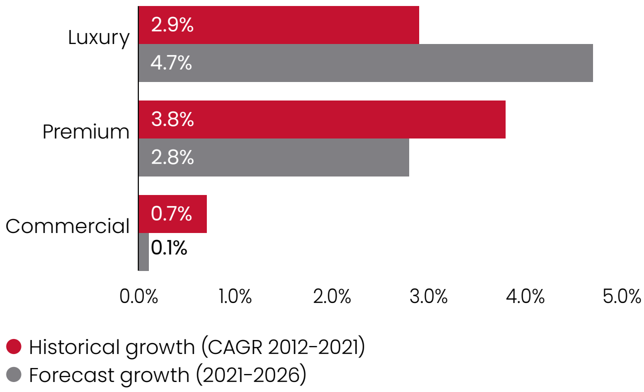
(Earnings before interest, tax, material items and SGARA) ($M)



Global wine consumption

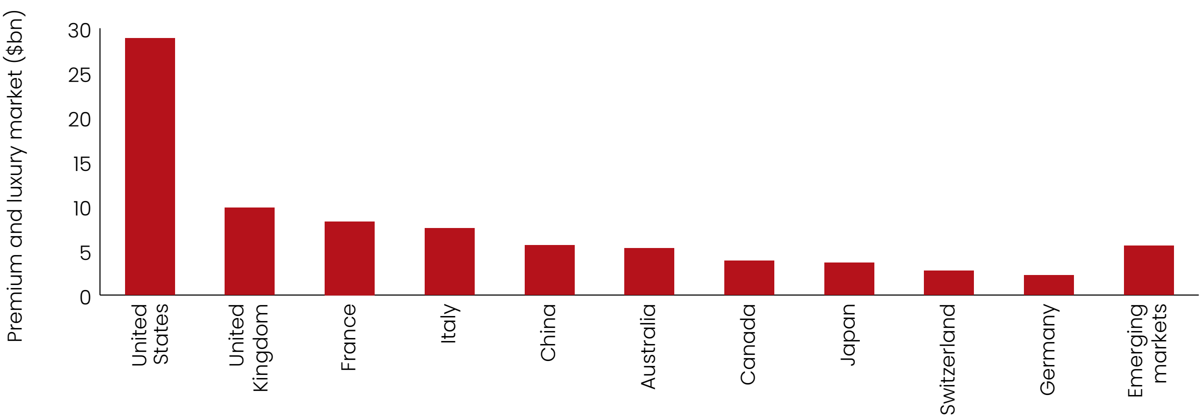
Global wine category growth is driven by the premium and luxury price segments, with strong consumer demand expected to continue. TWE's portfolio structure and premiumisation strategy are well aligned to benefit from these attractive category fundamentals with 83% of F22 NSR contributed by the premium and luxury portfolios.

Figure 3: Global wine category growth trends[4]



The top 10 markets for premium and luxury wine represent approximately 80% of global consumption. The US is the clear leader, with approximately 30% share of global consumption and strong forecast growth.

Figure 4: Key premium and luxury wine markets and forecast five-year compound annual growth rate (CAGR) in wine consumption[5]



	United States	United Kingdom	France	Italy	China	Australia	Canada	Japan	Switzerland	Germany	Emerging markets
Forecast CAGR: 2021-2026	4.8%	-0.1%	2.3%	1.9%	5.0%	1.1%	2.4%	2.6%	0.5%	2.9%	3.4%

3. Excludes corporate costs of $60.8 million.
4. IWSR 2022, still and sparkling wine only, A$ equivalent, portfolio price points per IWSR segmentation, value growth shown.
5. IWSR 2022, still and sparkling wine only, A$ equivalent, portfolio price points per IWSR segmentation, value growth shown. Emerging markets include key markets in Asia, MEA and Latin America.

TWE Ambition and Game Plan

TWE's strategic vision and strategic imperatives 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	F22 progress
Consumer focused premium brand portfolio	• Introduced Penfolds wines to more consumers around the world, purchasing production assets in Bordeaux to support growth of the Penfolds French portfolio and announcing the first Penfolds wine made in China, launching in calendar 2022. • Launched 19 Crimes Martha's Chard, in partnership with Martha Stewart in the US, following the successful launch of Cali Red and Cali Rosé through our partnership with entertainment icon Snoop Dogg. • Enhanced the luxury credentials of Treasury Americas with the addition of the award-winning Frank Family Vineyards portfolio. • Expanded the reach of priority brands in the Treasury Premium Brands portfolio, with increased distribution and listings across Asia and Europe for 19 Crimes, Squealing Pig, Wynns, and Pepperjack.
Multi-regional and multi-channel selling models	• Continued to invest in sales and marketing to grow distribution and availability of Penfolds in markets outside of Mainland China. • Penfolds successfully launched two NFT transactions, enabling engagement with a new set of consumers through a new sales channel. • Strong execution by the dedicated Treasury Americas luxury sales model 'Vault Collective' elevated performance across all sales channels. • Treasury Americas partnership with Republic National Distribution Company (RNDC) delivered significant distribution gains in California and Texas. • Treasury Premium Brands increased investment in e-commerce in the UK and Global Travel Retail in Europe and Asia to further diversify its sales by channel.
World class talent	• Created our TWE leadership attributes to define traits that underpin our TWE DNA, shaping the environment and experience of our team members. • Continued to invest in learning through our TWEforME Academy, focused on building capabilities such as innovation and digital, as well as our diverse, inclusive and collaborative culture. • Introduced new blended working principles and guidance to support a transition to hybrid working, with a focus on holistic employee wellbeing. • Conducted our second engagement and inclusion survey, with an increase in participation from 50% to 76%. Progress against all focus areas from the prior year increased the overall engagement and inclusion score to 70%, up from 68%. • Achieved recognition as a leading employer, including from the Australian Financial Review as one of the Best Places to Work in 2021, with the Inclusive and Diverse Workplace Award by Australia's The Drinks Association, Great Place to Work certification in the UK, and recognition as one of the Healthiest Employers of the Bay Area, San Francisco.
Sustainable and multi-regional sourcing and winemaking models	• Completed construction and commissioning of the TWE Barossa Winery expansion and associated consolidation of the Penfolds Nuriootpa Winery. • Acquired and integrated additional production assets in Bordeaux, expanding and diversifying our Penfolds production base in France. • Accelerated our China country of origin project, completing our first luxury winemaking trials to produce a Shangri-La and Ningxia-sourced Penfolds wine. • Executed a global cost optimisation program into all supply chain functions and processes to deliver benefits of $65 million in F23 and expected total savings of $90 million by F25.
Deep, long-term partnerships and networks	• Refinanced existing debt facilities, including the establishment of Sustainability Linked Loans, increasing accountability for delivering TWE's sustainability targets, and creating a direct link between sustainability performance and TWE's cost of capital. • Entered a long-term, strategic co-operation agreement with the China Alcoholic Drinks Association, demonstrating TWE's long-term commitment to the Chinese wine industry and consumers. • Treasury Americas renewed agreements with key suppliers, further solidifying our distribution network and strength of our relationships with key US distributors. • Treasury Premium Brands continued to raise awareness of its brands by investing in high profile partnerships including Wolf Blass and HBO in the launch of Game of Thrones: House of the Dragon, Pepperjack and the AFL and Squealing Pig and the Australian Open.

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[6].
- Continue the premiumisation of the sales mix.
- Expand EBITS margin to 25% and beyond.
- Restore ROCE to pre-pandemic levels and then grow.
- Maintain cashflow 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 growth 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 premiumisation to drive revenue growth along with cost 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 outlined below.

Impact of high inflationary economic environment on consumer demand

The impact of the current economic outlook on consumer demand is uncertain. However, wine consumption in TWE's key global markets is currently, and expected to remain, strong for premium and luxury price points, reflecting the continuation of long-term premiumisation trends and the historical resilience of category performance through past economic downturns. TWE expects its portfolio of trusted, well-known and growing brands will continue to perform well in this environment.

Inflation and cost outlook

Supply chain and input cost inflationary pressures are expected to continue, with an incremental $25 million currently estimated in F23. In addition, TWE's luxury inventory which will be sold in F23 will be primarily from the 2020 Australian and Californian vintages, both lower yielding and higher cost vintages. Offsetting these costs, TWE's global supply chain optimisation program (which commenced in F21) is now complete, with the program confirmed to deliver savings of $90 million (up from $75 million previously). The phasing of P&L delivery is now expected to be $65 million in F23 (down from $75 million previously) with the full run-rate of program benefits to flow through by F25, based on the age of release of the luxury wine portfolios. COGS per case are expected to remain in line with F22, with improvement expected from F24 onwards. Also mitigating higher costs are the further price increases TWE has implemented within all divisions in F23, specifically on growing premium and supply-constrained luxury brands.

6. 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.

MATERIAL BUSINESS RISKS

Various risks 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.

While our material risks have not fundamentally changed in F22, we have made some changes to the risks included below to reflect how the Board and Executive see TWE's risk profile considering both financial and non-financial impacts. Furthermore, the following risks have elevated in focus:

- Turnover of key talent as we operate in an environment of talent shortage and heightened levels of employee movement.
- Pricing and investment execution and cost management impacting margin outcomes, due to increased global inflationary pressures.

Risk	Description	Mitigation
Changing consumer preferences and market trends	Unanticipated changes in consumer demand or preferences can have adverse effects on the business' ability to either capture growth opportunities or manage supply. These changes could be caused or accelerated by changes in economic outlook.	• We maintain a global diversified portfolio of brands and products balanced between commercial, premium, and luxury segments and at different stages of the brand lifecycle. • Strategic focus on premium and luxury categories, which have a longer ageing process before being released, providing greater flexibility to respond to changes in demand. • Brand portfolio and product strategy, including portfolio rationalisation, brand prioritisation and targeted investment in consumer marketing. • A dedicated consumer insights and innovation team tracking consumer trends and researching new opportunities. • Global business planning processes, including portfolio reviews and global volume alignment processes.
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.	• 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 a robust compliance framework. • 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.
Changing regulatory environment	TWE operates in a regulated industry in many of the markets it makes and sells wine. Each of these markets has differing regulations that govern many aspects of TWE's operations. Changes to regulatory requirements are broad ranging and include taxes, health and labelling guidelines as well as climate and environmental requirements. 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
Cyber and information security	Cyber and 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.	• Defined Cyber-Security Strategy and Governance. • Information Security Policy, supporting framework and specialised resources. • IT Asset Management to manage our asset security throughout the lifecycle. • 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. • Restricted and segregated management of sensitive business/supplier/customer data. • Periodic employee training and alerts to ensure secure handling of sensitive data. • Periodic user access and general system penetration testing. • Crisis, business continuity and disaster recovery plans.
Health, safety and wellbeing	The health, safety and wellbeing of the TWE team and everyone who touches our business remains our highest priority. TWE recognises the importance of ensuring our people stay safe through closely managing existing risks and being proactive with emerging risks. Growing grapes, processing fruit and packing wine involves the use of complex equipment and processes that pose a risk and could result in death, serious injury, or illness leading to a financial, operational, and reputational impact.	• Formally defined Health, Safety and Wellbeing (HS&W) policy, standards, procedures and tools. • Induction/onboarding and on-going training programs including: safe work procedures, permit to work system, safety leadership programs, and Destination Zero Harm Global Commitments. • Preventative repair and maintenance programs and facility and equipment inspection programs. • Employee surveys, safety conversations, HR complaints and whistleblower service capture feedback from employees and external stakeholders on the effectiveness of our HS&W initiatives. • Monitoring of safety performance and incidents through regular reporting, investigations, and corrective action plans. • Comprehensive COVID-19 management tools and processes. • TWE Mental Health and Wellbeing Framework, including employee mental health surveys and membership of the Corporate Mental Health Alliance Australia (CMHAA), to improve understanding and support for mental health in the workplace. • Internal and external support mechanisms in place to create a healthy and safe workplace, including Employee Assistance Programs (EAP) and dedicated mental and emotional health care provider for our American-based team members.

Risk	Description	Mitigation
Impacts of climate-related change on TWE's ability to source grapes and make premium wines	The impacts of climate change may affect our ability to grow, make, and market quality wines. A changing climate presents physical risks such as more frequent extreme weather events and changing temperatures that affect the yield and quality of vineyards. Further, it could lead to decreases in water availability or quality and/or an increase in the cost of water. In addition, transition risks such as government 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.	• Climate-adaptive business strategy including a multi-region sourcing model to mitigate over-reliance on a single region. • Investment in key production assets to manage for compressed vintages, which are becoming more frequent with climate change. • Climate and water risk assessments allow us to understand what opportunities and risks may emerge as a result of climate change and to inform our adaptation responses. • Continued improvement of our data and weather forecasting abilities as well as investment in areas such as optimised irrigation and innovative agronomic practices. • Collaborating with a range of partners, such as universities, industry, and suppliers to improve our understanding of climate change and improve our practices. • We continue to monitor and understand emerging trends, policy developments, and our emissions profile.
Incident leading to negative coverage in traditional or social media	The strength of TWE's portfolio of brands is key to the success of the business. If we experience misrepresentation, negative or critical coverage in either traditional and/or social channels, this could result in damage to TWE's reputation and to its brands. This can be driven by a number of performance and operational factors, as well as commentary and opinions about issues and trends that have the potential to impact the business, its brands, and people.	• 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. • Active media monitoring and social listening including community engagement, product reviews, and public posting relating to TWE brands with ability to escalate core issues. • Global reputation research to understand current stakeholder perceptions and influence future engagement. • Brand and intellectual property protection strategies.
Technology and business 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 and/or damage to business reputation.	• Defined technology roadmap and strategy. • A global Enterprise Resource Planning System and reporting capability. • Global Shared Services Model including Continuous Improvement Framework. • 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.

Risk	Description	Mitigation
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. • 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.
Partner performance and market concentration	TWE's ability to achieve our objectives is directly tied to the performance of our partners (suppliers, distributors, and retailers). The sub-optimal performance of these partners, and/or their market concentration and power, could have a significant impact on TWE's market share and/or margins.	• 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 multi-faceted key partner relationships. • Joint business planning processes with customers and distributors to support and align their interests with our objectives. • Regular performance reviews.
Pricing and investment execution and cost management impacting margin outcomes	Where pricing and investment execution are not appropriately aligned to both the brand and product vision and strategy as well as external competitor activity, there is an increased risk to TWE of loss of market share, decreasing margins and/or brand damage. Developments in the global economy, including inflationary pressures and foreign exchange rate movements could add costs, impact TWE's earnings, and impact margins.	• Ongoing management of our key cost drivers, closely monitoring their potential for volatility and assessing their impact on TWE earnings. • Ongoing global pricing oversight and monitoring across markets, including key competitor pricing and promotional activity. • Brand portfolio and product strategy (incl. pricing guidelines). • Controls over product price changes. • Monthly brand/product sales performance reporting versus budget. • Active foreign exchange hedging strategy. • Continued focus on working capital, including cash conversion as a core financial metric.

Risk	Description	Mitigation
Product quality defects, contamination, and counterfeit	If we sell wine with a significant product quality defect, or deliberate contamination, it could have significant impacts on TWE's corporate and brand reputation. It may also add costs through product write offs or recall. As the reputation and value of TWE's brands increase, so does the risk of counterfeit and copycat products, which may impact profitability and brand reputation.	• Product quality policies, procedures and controls, coordinated and overseen by central TWE Technical Services team. • Product quality analytical control testing including chemical and microbiological testing. • Third-party audits and accreditation of processes and controls, including Hazard Analysis and Critical Control Points. • Supplier Service Level Agreements and specifications for Quality and Supplier Quality Assurance for packaging dry goods. • Crisis management and product withdrawal and/or recall plans. • Intellectual Property (IP) protection including trademark, copyright, design and other IP registrations. Strict IP agreements and guidelines, including for licensing arrangements, such as branded retail stores. • Collaborative alliances and working relationships with online marketplaces and other key industry bodies. • Regular internal counterfeit/copycat awareness training and clear customer communication policies regarding complaints/enquiries. • Brand Protection Program - focusing on online and offline enforcement (including maximising criminal enforcements). • Copycat enforcement strategy - focusing on high-priority targets. • IP due diligence - detailed checks on partners/retailers and ongoing supply chain audits.
Business disruption and/ or catastrophic damage or loss	TWE's scope of operations exposes it to a number of business disruption risks, such as environmental catastrophes, natural and man-made hazards and incidents, or politically motivated violence. Significant business disruption could result in TWE sites or people 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 109).

Risk	Description	Mitigation
Turnover of key 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's ability to deliver on key initiatives.	We aim to make TWE a great place to work with an inclusive culture and a compelling Employee Value Proposition (EVP). To differentiate TWE from competitors in the market, we provide a place where our people come together to spark innovation, fuel human connection, create belonging, and promote wellbeing through a range of employee programs such as: • strategically aligned and targeted learning and development • strategic workforce planning • talent review and succession planning processes • employee health, safety and wellbeing, including mental and physical health and resilience • market competitive remuneration and benefits and incentive and reward aligned to the achievement of TWE's financial and business goals and demonstration of the right behaviours • a culture, enabled by our DNA, which celebrates diversity, courage and collaboration.

PROFIT REPORT

Announcement highlights

- Reported EBITS grew 3% to $523.7 million and EBITS margin improved 1.3 ppts to 21.1%, reflecting execution of F22 priorities including continued portfolio premiumisation and growth of distribution and availability for priority brands.
- Strong performance delivered across TWE, with each brand portfolio division delivering underlying EBITS growth and EBITS margin expansion.
- Excluding Penfolds Australian COO sales to Mainland China, NSR and EBITS grew 9% and 22% respectively.
- Portfolio premiumisation continues, with the contribution of global NSR from the premium and luxury portfolios increasing 6 ppts to 83%.
- The strength of a number of TWE's luxury and premium brands enabled targeted price increases in F22, with additional price increases implemented in early F23 on selected brands.
- 104.3% cash conversion and investment grade capital structure enabling a 23% increase for F22 final dividend.
- In F23, TWE expects to deliver strong growth and continued EBITS margin expansion.

Group financial summary

A$m (unless otherwise stated)	F22	% Chg. Reported	% Chg. Constant Currency	% Chg. Organic[7]
Net Sales Revenue (NSR)	2,476.7	(3.6)%	(4.7)%	(1.1)%
NSR per case (A$)	97.3	16.1%	14.8%	7.7%
Earnings Before Interest, Tax, SGARA and Material items (EBITS)	523.7	2.6%	4.0%	4.1%
EBITS Margin	21.1%	1.3ppts	1.8ppts	1.0ppt
Net Profit After Tax	263.2	5.3%	10.0%	
Earnings Per Share (A$ cents)	36.5	5.2%	10.0%	
Net Profit After Tax before Material Items and SGARA	322.6	4.2%	7.4%	
Earnings Per Share before Material Items and SGARA (A$ cents)	44.7	4.1%	7.3%	

- NSR declined 3.6% to $2,476.7 million, reflecting reduced global commercial portfolio volumes and the decline in shipments to Mainland China[8], partly offset by strong growth in the premium and luxury portfolios.
- NSR per case improved 16.1%, with TWE's continued focus on portfolio premiumisation increasing the contribution of the premium and luxury portfolios to 83% of Group NSR, up from 77% in F21.
- EBITS increased 2.6% to $523.7 million; adjusting for the contribution from Penfolds Australian COO sales in Mainland China, EBITS increased 22%.
- EBITS margin increased 1.3 ppts to 21.1%, with improvement delivered across all divisions.
- NPAT improved 4.2% to $322.6 million and EPS improved 4.1% to 44.7 cents per share.
- ROCE 10.7%, down 0.1 ppt versus the pcp; excluding divested and acquired brands, ROCE was 10.9%.
- Cash conversion 104.3%; excluding the change in premium and luxury inventory, cash conversion was 103.1%.
- Net Debt to EBITDAS of 1.8x[9] reflects the maintenance of TWE's investment grade profile, up from 1.6x in the pcp following the acquisition of Frank Family Vineyards.
- Final dividend of 16.0 cents per share declared, fully franked, an increase of 23% on F21 final dividend; full year payout of 31.0 cents per share, or 69% of NPAT, at the upper end of TWE's long-term dividend policy.

7. On a constant currency basis, excluding the contribution of divested and acquired portfolio brands in Treasury Americas.
8. In November and December 2020, the Chinese Ministry of Commerce ('MOFCOM') announced provisional anti-dumping and countervailing measures, with a combined duty of 175.6% to be applied to the value of TWE Australian COO wine in containers of two litres or less imported into Mainland China. In March 2021, MOFCOM announced its final determination, announcing that the combined duty rate would remain in place for a minimum of five years.
9. Includes last-twelve months EBITDAS of Frank Family Vineyards.

Performance overview

A$m	F22	% Chg. Reported	% Chg. Constant Currency	% Chg. Organic
NSR				
Penfolds	717.3	(9.1)%	(9.3)%	-
Treasury Americas	963.4	2.5%	(0.1)%	11.6%
Treasury Premium Brands	796.0	(5.3)%	(5.6)%	-
Group	**2,476.7**	**(3.6)%**	**(4.7)%**	**(1.1)%**
Luxury & Premium (%NSR)	*83.3%*	*6.7ppts*	*6.6ppts*	*3.0ppts*
EBITS				
Penfolds	319.3	(7.8)%	(5.4)%	-
Treasury Americas	185.6	20.5%	16.9%	19.0%
Treasury Premium Brands	79.6	27.0%	33.6%	-
Corporate	(60.8)	(15.6)%	(15.6)%	-
Group	**523.7**	**2.6%**	**4.0%**	**4.1%**
EBITS Margin (%)	*21.1%*	*1.3ppts*	*1.8ppts*	*1.0ppt*

Execution of key F22 strategic priorities delivered strong operating momentum across each brand portfolio division:

- Penfolds reported an 8% decline in EBITS to $319.3 million and an EBITS margin of 44.5% (up 0.6 ppts). The significant decline in shipments to Mainland China was partly offset by continued strength in a number of global markets and channels. Penfolds continues to attract new consumers and grow distribution and availability, globally, with NSR and EBITS outside of Mainland China increasing by 45% and 25% respectively on a constant currency basis. In Asian markets outside of Mainland China NSR grew 106%, supported by strong depletion trends in multiple markets led by consumer demand and channel penetration.
- Treasury Americas reported a 21% increase in EBITS to $185.6 million and an EBITS margin of 19.3% (up 2.9 ppts). The priority brand portfolio continued to perform strongly with NSR increasing 15% in the year on a constant currency basis, led by standout growth from Beringer, Stags' Leap, Matua and 19 Crimes. Following the completion of significant changes in brand portfolio and asset base, including the acquisition of Frank Family Vineyards, Treasury Americas has been repositioned as a premium wine business with a focused portfolio of growing brands.
- Treasury Premium Brands reported a 27% increase in EBITS to $79.6 million and an EBITS margin of 10.0% (up 2.5 ppts). Portfolio premiumisation continued, with strong performance by priority brands including 19 Crimes, Pepperjack, Squealing Pig and Wynns. Significant distribution gains and NSR growth for priority brands in key EMEA and Asia markets was an execution highlight, as was continued innovation success across the portfolio.
- Corporate costs increased 16% reflecting increased investment in technology and higher insurance costs.

Profit and Loss[10]

		Reported Currency		Constant Currency	
$Am (unless otherwise stated)	**F22**	**F21**	**Change**	**F21**	**Change**
Net sales revenue	2,476.7	2,569.6	(3.6)%	2,598.1	(4.7)%
NSR per case ($)	*97.3*	*83.8*	*16.1%*	*84.8*	*14.8%*
Other Revenue	55.1	28.2	95.3%	28.3	94.8%
Cost of goods sold	(1,488.5)	(1,573.1)	5.4%	(1,597.8)	6.8%
Cost of goods sold per case ($)	*58.5*	*51.3*	*(14.0)%*	*52.1*	*(12.2)%*
Gross profit	1,043.2	1,024.7	1.8%	1,028.6	1.4%
Gross profit margin (% of NSR)	*42.1%*	*39.9%*	*2.2ppts*	*39.6%*	*2.5ppts*
Cost of doing business	(519.5)	(514.4)	(1.0)%	(525.2)	1.1%
Cost of doing business margin (% of NSR)	*21.0%*	*20.0%*	*(1.0)ppts*	*20.2%*	*(0.8)ppts*
EBITS (before material items)	**523.7**	**510.3**	**2.6%**	**503.4**	**4.0%**
EBITS margin (%)	*21.1%*	*19.9%*	*1.3ppts*	*19.4%*	*1.8ppts*
SGARA	(33.9)	9.4	NM	9.6	NM
EBIT (before material items)	**489.8**	**519.7**	**(5.8)%**	**513.0**	**(4.5)%**
Net finance costs	(71.4)	(73.5)	2.8%	(74.8)	4.5%
Tax expense	(120.2)	(130.1)	7.6%	(131.1)	8.3%
Net profit after tax (before material items)	**298.2**	**316.1**	**(5.7)%**	**307.2**	**(2.9)%**
Material items (after tax)	(35.0)	(66.1)	47.1%	(67.9)	48.5%
Net profit after tax	**263.2**	**250.0**	**5.3%**	**239.2**	**10.0%**
Reported EPS (A¢)	36.5	34.7	5.2%	33.2	10.0%
Net profit after tax (before material items and SGARA)	**322.6**	**309.6**	**4.2%**	**300.5**	**7.4%**
EPS (before material items and SGARA) (A¢)	44.7	42.9	4.1%	41.7	7.3%
Average no. of shares (m)	721.8	721.4	0.1%	721.4	0.1%
Dividend (A¢)	31.0	28.0	10.7%	28.0	10.7%

NSR declined 4.7% reflecting the divestment of the US commercial portfolio in March 2021, the decline in shipments to Mainland China and reduced commercial volumes in the UK and Australia. The decline was partly offset by strong premium and luxury performance in Treasury Americas and Treasury Premium Brands.

NSR per case improved 14.8% with TWE's continuing focus on portfolio premiumisation increasing the contribution of the luxury and premium portfolios to 83% of Group NSR, up from 77% in the pcp.

COGS per case increased 12.2% reflecting the portfolio mix shift, higher COGS from the fire and drought impacted 2020 Californian vintage and elevated global supply chain, logistics and packaging costs which totalled approximately $25 million vs pcp.

CODB improved 1.1% to $519.5 million, driven by lower overheads and brand building investment in Mainland China in addition to reduced global commercial portfolio volumes.

EBITS margin improved 1.8 ppts to 21.1%, continuing progress towards TWE's Group EBITS margin target of 25% and beyond.

SGARA loss reflects reduced intake from the 2021 Californian vintage and 2022 Australian vintage, partially offset by the unwinding of losses from previous vintages.

Net finance costs improved 4.5%, driven by lower interest expense on right of use leases and a reduction in debt establishment costs.

Tax expense declined 8.3% in F22, reflecting lower statutory earnings. The effective tax rate (before material items) of 28.7% was in line with the pcp.

Material Items A post-tax net material items loss of $35.0 million has been recognised, and relates to costs associated with the divestment of US brands and assets, the acquisition of Frank Family Vineyards and supply chain changes.

EPS (before SGARA and material items) increased 7.3% to 44.7 cents per share. Reported EPS increased 10.0% to 36.5 cents per share.

10. Unless otherwise stated, all figures and percentage movements are stated on a constant currency basis versus the prior corresponding period and are subject to rounding.

Balance sheet (condensed)[11]

A$m	F22	F21
Cash & cash equivalents	430.5	448.1
Receivables	564.4	621.3
Current inventories	947.9	839.7
Non-current inventories	1,063.6	1,056.8
Property, plant & equipment	1,521.5	1,322.5
Right of use lease assets	435.3	448.4
Agricultural assets	32.9	33.8
Intangibles	1,399.8	1,155.5
Tax assets	163.5	183.7
Assets held for sale	35.6	140.2
Other assets	68.7	34.2
Total assets	**6,663.7**	**6,284.2**
Payables	747.2	703.6
Interest bearing debt	1,064.7	915.2
Lease liabilities	609.0	612.6
Tax liabilities	347.2	330.7
Provisions	81.0	104.8
Other liabilities	25.6	26.1
Total liabilities	**2,874.7**	**2,693.0**
Net assets	**3,789.0**	**3,591.2**

Net assets increased $197.8 million to $3,789.0 million in F22. Adjusting for foreign exchange rate movements, net assets increased by $108.2 million.

Working capital increased $14.5 million, driven by higher luxury inventory and partly offset by favourable movements in **receivables** (primarily associated with divestment of the US commercial portfolio) and **payables.**

Inventory increased $115.0 million to $2,011.5 million in F22.

- Current inventory increased $108.2 million to $947.9 million reflecting improved demand expectations for the Penfolds, Treasury Premium Brands and Treasury Americas portfolios, in addition to the acquisition of Frank Family Vineyards.
- Non-current inventory increased $6.8 million to $1,063.6 million, driven by the acquisition of Frank Family Vineyards and partly offset by the smaller 2021 Californian vintage intake.
- Luxury inventory increased 7.4% to $1,152.3 million.

Property, plant & equipment increased $199.0 million to $1,521.5 million driven by the Frank Family Vineyard acquisition, investment in South Australian luxury winemaking infrastructure and foreign currency movements.

Intangible assets increased by $244.3 million to $1,399.8 million, reflecting the acquisition of Frank Family Vineyards and foreign currency movements.

Assets held for sale declined $104.6 million following the divestment of Provenance, Chateau St Jean and surplus supply chain assets in the US.

Provisions includes employee provisions and allowance for future repairs on leased assets damaged by the Californian wildfires, which are recoverable under insurance.

Net borrowing[12] (including Lease Liabilities) increased by $163.5 million to $1,243.2 million, with interest bearing debt increasing by $149.5 million following the acquisition of Frank Family Vineyards, partly offset by cash proceeds from asset divestments.

Net debt to EBITDAS[13] 1.8x, up from 1.6x in F21 and below TWE's up to 2.0x 'through the cycle' target.

Funding structure includes committed debt facilities totalling $1.9 billion, of which $827.3 million were undrawn at 30 June 2022. New US Private Placement Notes totalling US$250 million were issued in 2H22, with funding to take place in September 2022. The weighted average term to maturity of committed debt facilities was 4.6 years.

11. Unless otherwise stated, balance sheet percentage or dollar movements from the previous period are on a reported currency basis.
12. 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: F22 $(11.3) million, F21 +$21.6 million.
13. Adjusted to include last twelve months EBITDAS for Frank Family Vineyards.

Cash flow – reconciliation of net deb[14]

A$m	F22	F21
EBITDAS	**672.3**	**661.0**
Change in working capital	34.0	(60.3)
Other items	(5.0)	65.6
Net operating cash flows before financing costs, tax & material items	**701.2**	**666.3**
Cash conversion	**104.3%**	**100.8%**
Payments for capital expenditure	(112.2)	(121.2)
Payments for subsidiaries	(439.6)	(0.0)
Proceeds from sale of assets	11.1	4.8
Cash flows after net capital expenditure, before financing costs, tax & material items	**160.6**	**549.9**
Finance costs paid	(66.9)	(72.3)
Tax paid	(95.5)	(118.4)
Cash flows before dividends & material items	**(1.8)**	**359.2**
Dividends/distribution paid	(202.1)	(158.7)
Cash flows after dividends before material items	**(203.9)**	**200.5**
Material item cash flows – proceeds from asset sales	155.2	53.1
(On-market share purchases)/issue of shares	(17.3)	0.9
Total cash flows from activities (before debt)	**(66.0)**	**254.5**
Net (repayment)/proceeds from borrowings	30.6	(245.8)
Total cash flows from activities	**(35.4)**	**8.7**
Opening net debt	**(1,057.7)**	**(1,434.2)**
Total cash flows from activities (above)	(66.0)	254.5
Net lease liability additions	(8.7)	(18.7)
Debt revaluation and foreign exchange movements	(122.0)	140.7
(Increase)/Decrease in net debt	**(196.6)**	**376.5**
Closing net debt[15]	**(1,254.3)**	**(1,057.7)**

Cash conversion of 104.3% reflects continued strong operating cash flow performance in addition to improved working capital. Excluding the net change in non-current luxury and premium inventory, cash conversion was 103.1%.

Capital expenditure (capex) of $112.2 million comprised maintenance and replacement capex of $70.6 million and growth capex of $41.6 million, including the completion of investment in South Australian luxury winemaking infrastructure. Ongoing expectation for maintenance and replacement capex of approximately $100 million.

Investment in subsidiaries of $439.6 million is driven by the acquisition of Frank Family Vineyards in December 2021, in addition to the purchase of supply assets in the Bordeaux region of France.

Material item cash flows includes the divestiture of vineyard assets in Australia and the US, partly offset by integration costs for Frank Family Vineyards and restructuring costs relating to the new divisional model.

With respect to the confirmed total net cash proceeds of approximately $300 million from divestments in Treasury Americas, approximately $235 million had been received as cash by 30 June 2022, with the remainder expected to be received by the end of calendar year 2022.

14. Unless otherwise stated, cash flow percentage or dollar movements from the previous period are on a reported currency basis.
15. Net debt *excludes* fair value adjustments related to derivatives in a fair value hedge relationship on a portion of US Private Placement notes: F22 +$(11.3) million, F21 +$21.6 million.

Penfolds

World's most admired wine brand: Drinks International annual poll (2016, 2019)

Penfolds Grange
24x
perfect score recipient

Sold in
60+
markets

5
wineries
(including shared wineries)

Penfolds collection of benchmark wines was established in the spirit of innovation and the endless pursuit of excellence. From the secret bottling of Grange in 1951 through to the unbroken line of vintages, Grange is arguably Australia's most iconic red wine.

Penfolds commitment to quality has always been underpinned by a consistent and recognisable 'House Style'; Penfolds time-honoured tradition of sourcing the best fruit from the best regions. Today, this philosophy extends beyond Australia, as Penfolds explores the bountiful soils of the Napa Valley, Bordeaux, Champagne, and most recently China's winemaking regions, for its winemaking endeavours.

Penfolds Ventures Beyond

Penfolds has ventured into an unexpected, exciting and visually powerful world of space exploration – with the launch of the brand's first global brand thematic – 'Venture Beyond'. This new territory unlocks a universe of playful experiences and out-of-this-world activations, designed to capture the imagination of global luxury consumers. The introduction of 'Venture Beyond' as a global thematic is a strategic first and a shift for Penfolds from fine wine brand to global luxury icon. A logical next step following the introduction of Penfolds *Meet Extraordinary* communications platform in 2020, 'Venture Beyond' personifies Penfolds innovative spirit and desire to push the boundaries through self-belief.

Penfolds g5

Penfolds new wine, blended from five vintages of Grange, Penfolds *g5*, entwines Grange DNA from the exceptional 2010, 2012, 2014, 2016, and 2018 vintages. The final release in the *'g'* series trio, it was awarded a perfect 100-point score four times by leading wine critics James Suckling, Matthew Jukes, Andrew Caillard, and Ken Gargett.

Penfolds NFT

Penfolds partnered with BlockBar, a non-fungible token (NFT) marketplace for luxury wine and spirits products, to create connections with consumers who buy and trade luxury wine in a new way. The debut limited edition NFT, tied to a rare Penfolds Magill Cellar 3 barrel of wine from the 2021 vintage valued at US$130,000, sold out in 12 seconds. Penfolds second NFT, linked to 300 bottles of 2018 Magill Cellar 3, launched in January 2022 and sold out within 12 hours.

DIVISIONAL PERFORMANCE OVERVIEW

Penfolds[16]

		Reported currency		Constant currency	
A$m (unless otherwise stated)	F22	F21	%	F21	%
Volume (m 9Le)	**2.2**	**2.2**	**(3.5)%**	**2.2**	**(3.5)%**
NSR (A$m)	**717.3**	**788.9**	**(9.1)%**	**790.5**	**(9.3)%**
ANZ	199.2	199.2	0.0%	199.2	0.0%
Asia	407.2	498.6	(18.3)%	498.7	(18.4)%
Americas	54.3	48.6	11.7%	50.0	8.6%
EMEA	56.6	42.4	33.3%	42.6	32.9%
NSR per case (A$)	*332.2*	*352.6*	*(5.8)%*	*353.2*	*(6.0)%*
EBITS (A$m)	**319.3**	**346.2**	**(7.8)%**	**337.5**	**(5.4)%**
EBITS margin (%)	*44.5%*	*43.9%*	*0.6ppts*	*42.7%*	*1.8ppts*

F22 Luxury and Premium contribution to division NSR

100%

Unchanged

FINANCIAL PERFORMANCE

Volume and **NSR** declined 3.5% and 9.3% respectively, driven by:

- the decline in shipments to Mainland China and deferral of the Californian Collection release from 2H22 to F23; and
- partly offset by continued positive momentum across the portfolio globally, with NSR outside of Mainland China increasing by 45.1% in F22.

NSR per case declined 6.0%, reflecting the impact of reduced Bin and Icon portfolio shipments to Mainland China and growth in the premium tier Max's range across all markets.

COGS per case improved 9.1%, reflecting the change in portfolio mix and the cycling of one-off impacts related to demurrage and incremental product costs in F21 following the implementation of import duties by The Ministry of Commerce of the People's Republic of China (MOFCOM).

CODB improved 11.9%, driven by reduced costs in Mainland China net of reinvestment to other priority global growth markets.

EBITS declined 5.4% to $319.3 million, and **EBITS margin** increased 1.8 ppts to 44.5%; excluding Mainland China, EBITS increased 25.1% in F22.

DIVISION INSIGHTS

- Key F22 execution highlights include:
  - growth in volume and NSR across a number of priority growth markets and channels, reflecting the momentum behind Penfolds global execution strategy of building distribution and increasing brand awareness; and
  - standout growth delivered in Asia, with NSR in regional markets ex-Mainland China increasing 106%, and in EMEA, particularly the UK and Germany, where NSR grew 32.9%. In Asia, NSR growth was supported by strong depletion trends, and inventory days remain in line with the prior year.
- Penfolds will continue to invest in its multi-country of origin portfolio strategy. The acquisition of Chateau Lanessan is expected to be completed in 1H23[17], more than doubling the existing vineyard footprint in Bordeaux and providing significant incremental winery production capacity that will support future growth.
- Penfolds has returned to a position of supply constraint across key luxury Cabernet Bins, and has implemented price increases in F23.
- Trends for distribution and volume growth are expected to remain strong across Penfolds priority growth markets. EBITS margin is expected to shift towards the mid-point of Penfolds 40-45% target range in F23, reflecting higher COGS from the 2020 Australian vintage and increased investment to accelerate the momentum in distribution and demand growth achieved in F22.

16. Unless otherwise stated, all figures and percentage movements from prior periods are pre-material items on a constant currency basis versus the prior corresponding period and are subject to rounding.
17. TWE to acquire 78.6% stake from the Bouteiller Family, who will remain a shareholder. The cash outflow associated with the acquisition is expected to be approximately A$60 million, including a capital injection to fund winery and vineyard development. Completion expected Oct-22, subject to satisfaction of conditions precedent.

Penfolds is providing consumers and collectors around the world with amazing Penfolds experiences, whether that's in their local wine store or favourite restaurant.

Treasury Premium Brands

Sold in
60+
countries

Top market share positions in still wine[18]

#1 Australia #1 Singapore
#1 Hong Kong #3 Nordics #3 UK

9
focus brands

7
wineries
(including shared wineries)

18. IWSR 2022, still wine, value share, Asia imported wine only.

Our vision is to be world's most inventive branded wine business, bringing the pleasure of premium wine to more people on more occasions.

Treasury Premium Brands (TPB) is an enviable premium wine business with significant opportunity. Premium-focused portfolio expansion and consumer-led innovation will be the drivers of success. With a portfolio of outstanding wine brands, prized viticultural assets, and world-class production facilities, TPB caters to a diverse range of consumer needs and occasions, sourced from the world's most renowned wine regions.

Rawson's Retreat expands country of origin

Leveraging the solid brand awareness of Rawson's Retreat in the China market, South African and Chilean country of origin wine was introduced in record time and is now available for consumers. Positioned to be a foundation and engine of growth for TPB China and the broader TPB business, initial sales are strong with plans in place to expand the portfolio and distribution in F23.

Squealing Pig flies with Pride

Inclusivity was put centre stage through a proud three-year partnership with the Sydney Gay and Lesbian Mardi Gras, incorporating the global Sydney WorldPride event in 2023. To further support 2022 Mardi Gras celebrations, Squealing Pig ambassadors - including comedian Joel Creasey - sky-dived over Melbourne to spotlight the many diverse communities that LGBTQIA+ represents.

Wolf Blass Zero launches

Our long awaited No Alcohol offering launched in October 2021, expertly crafted by our winemakers at Wolf Blass. With the conscious consumption trend on the rise, Wolf Blass Zero is the latest deliverable against our strategy to innovate to address market trends and deliver on taste for the 48% of Australian consumers now actively moderating their alcohol intake.

Wynns Reframed

Wynns Coonawarra Estate released a new tier of wines that represent a creative renaissance of Wynns' early pioneering years. Named Reframed, the tier comprises four new wines, which are an artistic, contemporary take on classic Wynns' varietals, styles, winemaking, and wine occasions; crafted by the same trusted Wynns team.

Business summary

DIVISIONAL PERFORMANCE OVERVIEW

Treasury Premium Brands[19]

A$m (unless otherwise stated)		Reported currency		Constant currency	
	F22	F21	%	F21	%
Volume (m 9Le)	**15.3**	**17.2**	**(11.0)%**	**17.2**	**(11.0)%**
NSR	**796.0**	**840.7**	**(5.3)%**	**843.4**	**(5.6)%**
ANZ	382.1	402.9	(5.2)%	403.1	(5.2)%
Asia	72.7	66.7	8.9%	66.8	8.8%
Americas	–	–	–	–	–
EMEA	341.2	371.1	(8.0)%	373.5	(8.6)%
NSR per case (A$)	*52.0*	*48.9*	*6.4%*	*49.0*	*6.0%*
EBITS	**79.6**	**62.7**	**27.0%**	**59.6**	**33.6%**
EBITS margin (%)	*10.0%*	*7.5%*	*2.5ppts*	*7.1%*	*2.9ppts*

F22 Luxury and Premium contribution to division NSR

59% ↑

6ppts vs. pcp

FINANCIAL PERFORMANCE

Volume and **NSR** declined 11.0% and 5.6% respectively, driven by:

- reduced commercial portfolio volumes in EMEA and ANZ, notably through the UK retail channel following heightened pandemic related demand in F21; and
- partly offset by premium and luxury portfolio NSR growth of 5.5%, led by priority brands including 19 Crimes, Pepperjack, Squealing Pig, Wynns and Rawson's Retreat.

NSR per case increased 6.0%, reflecting improved portfolio mix, with the premium and luxury portfolios contributing 59% of divisional NSR (up from 53% in F21).

COGS per case increased 2.3%, driven by the improved portfolio mix and elevated global supply chain costs, including packaging and freight.

CODB improved 6.9% reflecting more focused, prioritised brand investment and lower commercial portfolio volumes.

EBITS increased 33.6% to $79.6 million, and **EBITS margin** improved 2.9ppts to 10.0%.

DIVISION INSIGHTS

- Key F22 execution highlights include:
  - progression towards key divisional financial priorities, including portfolio premiumisation, EBITS growth and EBITS margin expansion;
  - distribution and NSR growth of priority brands in key global markets, with the premium portfolio performance in EMEA a highlight led by 19 Crimes and Squealing Pig;
  - strong growth in Asia driven by Chilean sourced Rawson's Retreat in China and premium portfolio distribution gains in South East Asia;
  - price increases across the premium portfolio in EMEA, partly offsetting impacts from higher global supply chain costs; and
  - strong innovation focus including the launch of the Wolf Blass Zero and Squealing Pig Lighter ranges, and the Wolf Blass House of the Dragon partnership with HBO, an innovative platform to introduce new consumers to the portfolio.
- 19 Crimes continues to grow strongly outside of the US with shipments across Treasury Premium Brands geographies increasing over 20% in F22 to surpass the two million case mark. Continued growth is expected in F23, supported by an innovation pipeline that includes extension of the 19 Crimes collaboration with Snoop Dogg beyond the Americas region.
- Treasury Premium Brands is investing in organisational capability in Asia, including Mainland China, to support growth plans throughout the region in F23 and beyond.
- Focused on continued premiumisation and top-line margin accretive growth in F23, supported by ongoing price realisation and cost mitigation strategies.

19. Unless otherwise stated, all figures and percentage movements from prior periods are pre-material items on a constant currency basis versus the prior corresponding period and are subject to rounding.

19 Crimes enlists the help of renowned tattoo historian Dr Matt Lodder to delve into the history of convict tattoos, creating an 8th century-inspired pop-up tattoo parlour in London.

Treasury Americas

#2 in the luxury wine market

10 focus brands

7 wineries

Treasury Americas boldly leads change in the Americas wine market with luxury, culture-led experiences.

Treasury Americas is a consumer-led wine business with disruptive marketing, and strong e-commerce, using innovation and the power of its portfolio to drive growth. Treasury Americas leads with world-class sustainability efforts, supply, and winemaking, and a flexible sourcing model to meet consumer demand. Treasury Americas' investment in sales and marketing capability drive the division forward.

Treasury Americas welcomes Frank Family Vineyards to the portfolio

Frank Family Vineyards joined the luxury portfolio in November 2021, filling a key portfolio gap and bringing Treasury Americas' position to #2 in the total luxury market. Rich and Leslie Frank have nurtured an industry-leading guest experience at the winery, cultivating a loyal consumer following. Todd Graff, General Manager and acclaimed winemaker, along with the entire team, pride themselves on producing a portfolio of exceptionally high-quality wines. This year, Frank Family Vineyards was also recognised as 'Best Winery Tasting Room' and Todd Graff as 'Best Local Winemaker' in Napa Valley Life Magazine's 2022 Best of Napa Valley Awards.

2019 Beaulieu Vineyard Georges de Latour receives 100-point score

The 2019 Beaulieu Vineyard Georges de Latour Private Reserve Cabernet Sauvignon has received its first ever 100-point score. Wine critic James Suckling published the 100-point score and his thoughts on the wine in an early May tasting report on JamesSuckling.com, writing, "Durling said he has been working toward a more 'refined' and 'drinkable' BV Private Reserve in recent years to honor the great bottlings of the 1960s and 1970s. He certainly achieved this with the incredible, and perfect, 2019. I'm calling it 'the new 1974 Georges de Latour,' which was a legend."

19 Crimes launches Martha's Chard

From an appearance on The Late Show with Stephen Colbert and Access Hollywood, to features in People Magazine, 19 Crimes' Martha's Chard has dominated the airwaves since its debut in February. To date, this buzzworthy wine has accumulated over 1.4 billion impressions. Work hard, play hard, drink Martha's Chard!

Stags' Leap reaches new heights with geo-targeted digital ads

Stags' Leap Winery continued elevating its brand presence among target consumers in F22 with strategically placed video billboards and geo-targeted digital ads in New York City's Times Square, Miami, and Los Angeles. Featuring artwork from our 'Take the Leap' campaign, these striking pieces generated over 14 million impressions over out-of-home digital, YouTube, and social channels in March and April 2022.

DIVISIONAL PERFORMANCE OVERVIEW

Treasury Americas[20]

		Reported currency		Constant currency		
A$m (unless otherwise stated)	F22	F21	%	F21	%	% Organic[21]
Volume (m 9Le)	**8.0**	**11.2**	**(28.9)%**	**11.2**	**(28.9)%**	**(3.3)%**
NSR	**963.4**	**940.0**	**2.5%**	**964.2**	**(0.1)%**	**11.6%**
ANZ	–	–	–	–	–	–
Asia	–	–	–	–	–	–
Americas	963.4	940.0	2.5%	964.2	(0.1)%	11.6%
EMEA	–	–	–	–	–	–
NSR per case (A$)	*120.9*	*83.8*	*44.1%*	*86.0*	*40.5%*	*15.5%*
EBITS	**185.6**	**154.0**	**20.5%**	**158.8**	**16.9%**	**19.0%**
EBITS margin (%)	*19.3%*	*16.4%*	*2.9ppts*	*16.5%*	*2.8ppts*	*1.0ppt*

F22 Luxury and Premium contribution to division NSR

92%

13ppts vs. pcp

FINANCIAL PERFORMANCE

Volume and **NSR** declined 28.9% and 0.1% respectively, driven by:

– structural changes to the Treasury Americas division, including divestment of the US commercial brand portfolio, Chateau St Jean and Provenance, partly offset by the contribution from the acquired Frank Family Vineyards portfolio in 2H22;

– on an organic basis, NSR grew 11.6% led by strong growth across the premium and luxury portfolios, partly offset by declines in US$8-11 price point brands; and

– excluding new product development and the one-off, distributor stocking as part of the 1H22 distributor model change to RNDC in California, shipments were in line with depletions.

NSR per case increased 40.5% reflecting a significantly improved portfolio mix, with the premium and luxury portfolios now contributing 92% of divisional NSR (up from 79% in F21).

COGS per case increased 35.4%, driven by the improved portfolio mix, higher COGS from recent vintages and elevated supply chain costs related to freight and logistics.

CODB improved 2.0% and includes insurance proceeds relating to lost profits from the ongoing closure of cellar doors following the 2020 Californian wildfires.

EBITS increased 16.9% to $185.6 million, with **EBITS margin** improving 2.8 ppts to 19.3%; on an organic basis EBITS increased 19.0%.

The contribution of Frank Family Vineyards was in line with expectations, with 2H22 NSR and EBITS of $40.2 million and $16.2 million respectively, delivering an EBITS margin of 40.2%.

DIVISION INSIGHTS

- Key F22 execution highlights include:
  - strong performance across the priority brand portfolio, where NSR increased 15.2%, led by standout growth from Beringer, Stags' Leap, Matua and 19 Crimes;
  - luxury portfolio growth across all channels, led by outstanding execution from Treasury Americas dedicated luxury sales model which achieved US distribution growth of 12%;
  - price increases on a number of fast growing and supply constrained portfolio brands, including Matua and Frank Family Vineyards; and
  - significant changes in the brand portfolio and asset base to reposition Treasury Americas as a premium wine business with a focused portfolio of growing brands, including the acquisition of Frank Family Vineyards.
- Treasury Americas continues to be recognised for its outstanding innovation capability, with 19 Crimes Cali Red recognised by IRI as the number one selling wine in history for first year sales[22]. Innovation success has continued in 2022 with Martha's Chard, the number one US wine market innovation this calendar year[23]. The launch of 19 Crimes Cali Gold sparkling wine is expected to be a significant innovation highlight in F23.
- Well positioned to deliver top-line growth and margin expansion in F23, led by continued strength in the premium portfolio and supported by additional price realisation across key brands, while luxury portfolio growth will be moderated by reduced availability of wine from the 2020 Californian vintage.

20. Unless otherwise stated, all figures and percentage movements from prior periods are pre-material items on a constant currency basis versus the prior corresponding period and are subject to rounding.
21. On a constant currency basis, excluding the contribution of divested and acquired portfolio brands in Treasury Americas.
22. IRI New Product Pacesetter announcement, 8 June 2022.
23. IRI, Total US MULO+Convenience, calendar year to date ending 10 July 2022.

St Huberts the Stag takes to the slopes for the second year in a row as the official wine of Winter X Games Aspen 2022.

VINTAGE UPDATE

Australia

Vintage 2022 industry yield was in line with long-term averages, but significantly below last year's record crush. It has been a high-quality Shiraz and Cabernet vintage across all regions. TWE proactively took in a smaller 2022 vintage intake as part of its plans to manage its inventory position following the reduction in shipments to Mainland China. Red wine intake was a highlight, reflecting high-quality fruit and the benefits of the $165 million investment in South Australian luxury winemaking infrastructure, completed in time for vintage 2022. Fruit processed through this new facility achieving exceptional grade conversion outcomes that will support future luxury portfolio growth.

Bulk wine and grape pricing has reduced over the last 18 months driven by a number of factors, including the large vintage 2021 harvest and the significant reduction in demand from Mainland China.

California

Early growing conditions for the 2022 California season are positive. Temperatures for the first half of the season were moderate, ensuring optimal growing conditions in much of California. Above average temperatures are predicted for the second half of the year across most of the state. The expectation across California is that vintage 2022 will be higher yielding than vintage 2021.

Following two short vintages, increased demand has led to higher prices throughout the grape and bulk wine market.

New Zealand

Vintage 2022 was an excellent vintage in New Zealand, with strong yields across all varietals and regions. The harvest crush for Marlborough Sauvignon Blanc was 51% higher than 2021. Central Otago Pinot Noir had an outstanding vintage with high quality wine and strong yields.

Grape pricing is likely to remain high in the short term, with bulk wine prices easing, but remaining high compared to long-term average.

France

France has experienced a challenging growing season to date with a mild to dry winter, early frost in the Bordeaux region and heat waves in all regions. The current heat and sunshine are helping the late varietals such as Cabernet Sauvignon to fully mature. Expectations are for below average industry intake in vintage 2022. For TWE, intake will be higher due to the acquisition of new vineyards which are providing access to incremental sourcing of luxury fruit.

Luxury grape and bulk wine pricing is largely stable.

Italy

Growing conditions in Italy have been challenging due to hot weather and a lack of rain. This will impact vintage 2022 industry intake, which is expected to be below the long-term average. TWE company-owned vineyards are performing well, with heat impacting only a small percentage of vines on the properties.

Bulk wine contracts are in place, albeit at slightly higher prices than vintage 2021, reflecting increased demand for Italian country of origin wine.

RECONCILIATION OF KEY PERFORMANCE MEASURES

A$m (unless otherwise stated)

Metric	Management calculation	F21	F20
EBITS	Statutory net profit	263.2	250.0
	Income tax expense	109.7	107.7
	Net finance costs	71.4	73.5
	Material items	45.5	88.5
	SGARA (gain)/loss	33.9	(9.4)
	EBITS	**523.7**	**510.3**
EBITDAS	EBITS	523.7	510.3
	Depreciation & Amortisation	148.6	150.7
	EBITDAS	**672.3**	**661.0**
EPS	Statutory net profit	263.2	250.0
	Material items	45.5	88.5
	Tax on material items	(10.5)	(22.4)
	SGARA	33.9	(9.4)
	Tax on SGARA	(9.5)	3.0
	NPAT (before material items & SGARA)	**322.6**	**309.7**
	Weighted average number of shares (millions)	721.8	721.4
	EPS (cents)	**44.7**	**42.9**
ROCE	EBITS (LTM)	523.7	510.3
	Net assets	3,789.0	3,591.2
	SGARA in inventory	(45.0)	(32.2)
	Net debt	1,254.3	1,057.7
	Capital employed – Current year	**4,998.3**	**4,616.7**
	Net assets (CFX)	3,690.0	3,477.7
	SGARA in inventory (CFX)	(30.3)	(22.9)
	Net debt (CFX)	1,130.0	1,343.0
	Capital employed – Prior year (CFX)	**4,789.7**	**4,797.8**
	Average capital employed	4,894.0	4,707.3
	ROCE[24]	**10.7%**	**10.8%**

24. Includes impacts from divested and acquired portfolio brands in Treasury Americas.

Sustainability

One year into our evolved sustainability strategy, we've made good progress against our plans to cultivate a brighter future, building momentum across all aspects of our agenda.

The progress made throughout the year reflects the collective effort of our team and partners who recognise that sustainability is integral to building a more resilient business, producing sustainable wine, and prioritising the wellbeing of our people, communities, and consumers.

Whilst we have more work to do, we recognise the leadership role we must play in shaping a positive future for everyone who touches our business, from grape to glass.

OUR APPROACH

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

This bold ambition requires an integrated approach to sustainability with a focus on long-term value creation and leading collective action to effectively manage risks and make the most of new and emerging opportunities.

This is coupled with investments in our data, processes and systems to support this transition, ensuring that sustainability is embedded into our business.

Our sustainability strategy and programs are informed by best practice initiatives and guidance including the Global Reporting Initiative, the United Nations Global Compact and the UN Sustainable Development Goals. We continue to monitor the Environmental, Social, and Governance (ESG) reporting landscape and will respond to significant changes (currently under consultation) in future reporting.

PROGRESS AGAINST OUR AGENDA

Since launching our sustainability strategy in September 2021, we have made significant progress against our agenda, including against our targets and commitments across our material focus areas.

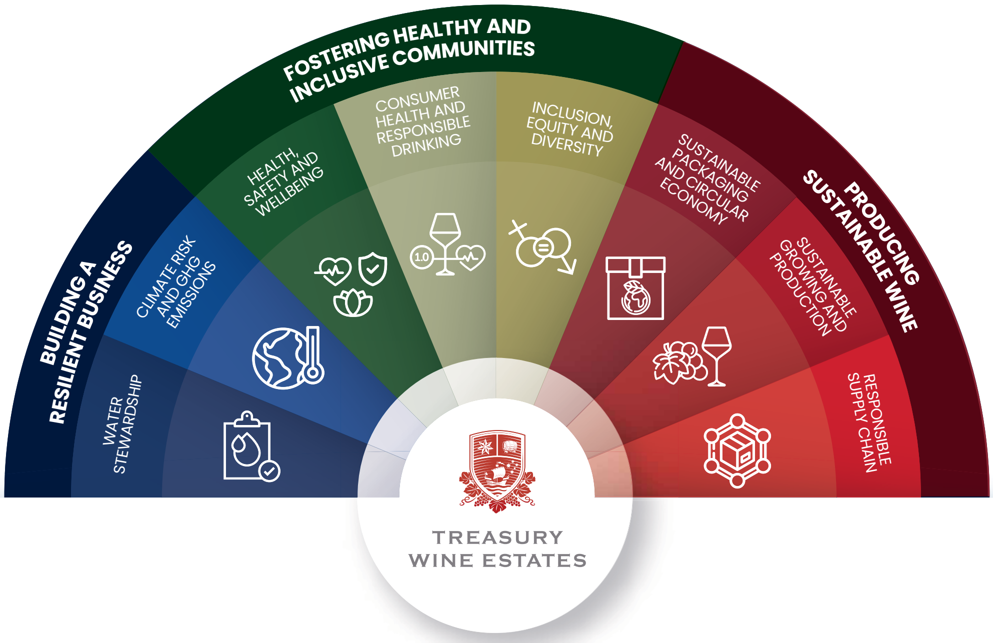
Throughout the year, we saw increased interest in our roadmap, accelerated by a range of social and environmental events, such as floods in Australia and the ongoing drought in California, that has ensured sustainability remains on the agenda across stakeholder groups including consumers.

Some of the key performance highlights include:

- refinancing of $1.4 billion of existing debt into a Sustainability Linked Loan that rewards performance against agreed milestones with discounts on the loan rate;
- a comprehensive review of water management across the global viticulture and winery operations, with clear recommendations to drive our water security and efficient usage strategies;
- commitment to invest $20 million on solar panel and meter technology across our global production network in support of our ambition to achieve 100% renewable electricity by 2024;
- improving levels of gender representation across the global business, with overall female representation up 1.3 ppts to 41.5% while females in leadership roles were down 0.2 ppts to 44.9%.

Whilst we are pleased with our performance in F22 we acknowledge that we have more work to do. We remain focused on improving the quality of our data and supporting systems and increasing the integration of sustainability considerations across our business. A fulsome overview of progress against our strategy, including the targets and commitments, will be available in our 2022 Sustainability Report, released later this year.

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 is consumed, safely and responsibly.

PRODUCING SUSTAINABLE WINE

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

GOVERNANCE AND REPORTING

In F22 we refreshed our management oversight of sustainability to respond more effectively to our ambition and the increasing pace of change. Progress against strategic roadmaps for each of our material topics, together with enabling areas such as communications and data, is reported monthly to executive sponsors, with quarterly reporting to the Executive Leadership Team (ELT).

The Board oversees TWE's approach to, and management of ESG matters and receives updates on sustainability and the status of key priorities and initiatives. TWE established a Board Wine Operations and Sustainability Committee in F22 for greater focus on strategic, long-term planning and operational issues in winemaking, sustainability, and supply chain in its own operations and relationships with the sector in different winemaking regions.

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.

TASKFORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

As a global viticultural business, TWE is exposed to both physical and transitional climate risks. The physical impacts of climate change include more frequent extreme weather events, but importantly for our business, the long-term risks arising from changes in climate patterns such as increased temperature and water security.

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 these emerging trends, together with changing consumer preferences and expectations.

We are seeking to increasingly align our climate disclosures with the recommendations of the TCFD. Following the conclusion of our global Climate Scenario Analysis in F21, we sharpened our focus this year with a global climate risk model (for our viticultural sites) that uses localised data to enable more specific projections. The model will inform the range of risk mitigation and adaptation responses that we might consider at our viticultural sites. We are also investing in a range of research and development initiatives including trials in dam coverings and vineyard shading, as well as refreshing portions of our prestige growing locations in the Barossa and Coonawarra to help them prepare for future climate change.

World-class talent

AT A GLANCE

A diverse global team

% global workforce by geography

56% Australia & New Zealand

28% Americas

8% Asia

8% Europe

Inclusion, equity and diversity

TWE's inclusion, equity and diversity (IE&D) strategy is underpinned by a commitment to upholding the International Bill of Human Rights, as well as the United Nations Guiding Principles on Business and Human Rights, and Modern Slavery Acts. TWE benefits from the diversity of our people, with their variety of backgrounds, ideas, cultures, ethnicities, talents, genders, and voices.

Our inclusive, supportive and collaborative culture attracts and retains the best talent, with an environment where people from diverse backgrounds can bring their unique perspectives and contribute to the organisation's success.

The Board has committed to reviewing and assessing progress against TWE's IE&D objectives annually. The Company is pleased to report progress in F22, together with the F23 measurable objectives.

The Company's IE&D policy can be found at: tweglobal.com.

F22 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 measurable objectives for achieving gender diversity. The F22 diversity targets set by the Board are:

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

Our refreshed IE&D strategy has three pillars.

1. **Leaders who model our DNA:** developing 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 team members, consumers and communities:** achieving meaningful outcomes from our people, who bring their whole selves to work, and consumers who recognise our commitment to inclusion and diversity through our brands and partnerships, with purpose-aligned communities, suppliers, and initiatives.
3. **Employer of choice:** creating industry-leading policies and work processes that maximise inclusion and minimise bias, with innovation through team contribution and data-informed plans and allocation of resources.

The CEO and all Executive Leadership team (ELT) members had a diversity and inclusion key performance objective (KPO) to deliver the objectives in F22.

F22 PROGRESS ON DIVERSITY TARGETS

44.9%
females in leadership roles ↓ (0.2%)

41.5%
females in all roles ↑ +1.3%

F22 PROGRESS AGAINST THE IE&D STRATEGY

Highlights of progress against the F22 plan supporting the IE&D strategy include:

1. **Leaders who model our DNA**
   - Inclusion was hardwired into TWE's leadership competency model, defining what 'good leadership' looks like at TWE and setting behavioural expectations (what it is and what it isn't) through the attribute of 'helping people belong'.
   - To build leadership capability and awareness, more than 190 leaders undertook inclusive leadership training which included managing biases, working inclusively, maximising collective intelligence, better understanding thinking styles, and using diversity of thinking to solve challenges.
   - To show how our IE&D strategy is underpinned by beliefs which inform and underpin actions, and to define a standard to which we can be held accountable, an IE&D manifesto was co-created through an inclusive and consultative process and introduced to the organisation through inclusive and courageous conversations. We will build on this foundation in F23.
   - To lift leadership capability and build awareness of inclusion through the eyes of another, the ELT participated in an inclusive (reverse) mentoring program. Each member of the ELT was mentored by an employee from a different background and through courageous conversations, developed a stronger and personalised understanding of the importance of inclusion, our IE&D strategy, and plans.

- To increase the number of females in senior leadership, we evolved the design of 'Empower Me', our female and non-binary top talent leadership development program. More than 25 females participated in the program this year, during which two were promoted.

2. **Engaged employees, consumers and communities**
   - To better understand the employee experience at TWE, we incorporated inclusion feedback and measurement in our annual all employee engagement survey. Our people told us: they feel a strong sense of inclusion, their unique difference is valued, they feel safe to be their authentic selves, and they value our focus on mental health and wellbeing. We also heard there is an opportunity for us to help people feel comfortable being innovative and taking calculated risks, as well as making sure internal career opportunities are visible and we support them by investing time in their learning and development.
   - To ensure greater diversity of voices in the governance of our IE&D strategy and plans, we extended the membership of the global IE&D council beyond the ELT to include representatives from each global Employee Resource Group (ERG) and all Regional IE&D Councils. This has helped build connection and relationships between ERGs and regions and promote greater collaboration and innovation, which has been evident through many of the ERG initiatives in F22.
   - To drive more meaningful connection between our consumers and brands, we have integrated purpose into our marketing strategies. For example, Squealing Pig launched a new long-term partnership with Sydney Gay and Lesbian Mardi Gras and Sydney WorldPride 2023, significantly improving brand affinity and conversion. Wolf Blass introduced a comprehensive inclusivity, equality and diversity pillar into its new global platform 'Why Settle When You Can Soar', with partnerships in the LGBTQIA+, disability, and female empowerment spaces established.
   - To leverage external expertise and escalate progress, TWE Enable established a partnership with the Australian Network on Disability and TWE Pride with Pride in Diversity. Through the efforts of TWE Pride, in its first submission, TWE has been acknowledged with the 2021 Bronze Award for inclusivity of LGBTQIA+ employees by the Australian Workplace Equality Index.
   - To make TWE more accessible, we have installed mobile wayfinding technology (BindiMaps) at 161 Collins Street Melbourne and Magill Estate Adelaide, with further sites to follow.
   - To raise awareness, we held or participated in local and global events including 16 days of Activism against Gender Based Violence; International Women's Day; Taste of Harmony and Pride Month; an Aboriginal walk of Melbourne; Culture Day in Asia; and International Day of People with Disabilities. We were also invited to speak at, host and participate in numerous industry events, including Black Food and Wine Event (US), Black Business Week, and Diversity in Grocery LIVE! (EMEA).

3. **Employer of choice**
   - To better support people impacted by domestic and family violence, we upgraded and extended benefits available through a global policy including up to 10 days of paid leave for both the impacted employee and anyone supporting someone impacted by domestic and family violence, and emergency financial support of up to $5,000.
   - To sustain our culture, balance individual autonomy and flexibility with connection and belonging, and the needs of individuals with those of teams and the business, we established the TWE approach to blended work. This is based on coming together and connecting in person more often than not, prioritising TWE common days onsite and leveraging our 'Find Your Flex' policy. This approach was developed after extensive employee consultation and is based on a test-and-learn methodology that means specific details will vary by country and over time as we continue to learn and adapt.
   - To ensure remuneration equity globally, we reviewed our gender pay gap to determine the difference between male and female earnings, irrespective of role or seniority. Five adjustments to remuneration were made as a result of this analysis.
   - To understand the impact of hiring, promotion, and termination decisions on female representation, we developed an Internal Labour Map. The map shows we have strong female representation in all divisions other than throughout our Supply and IT functions and, even within these areas of low female representation, there are functions and locations with strong levels of female representation. This information will help direct our focus during F23 in seeking to increase overall female representation.
   - We were recognised externally by: the Australian Financial Review as one of the Best Places to Work; the Drinks Association as the Most Inclusive and Diverse Workplace; and certified as a Great Place to Work in the UK. TWE Americas was recognised as one of the Healthiest Employers of the Bay Area (fourth in the mid-sized firm category).

F23 OBJECTIVES AND INITIATIVES

TWE reaffirms its commitment to and will continue 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.**
- Continue to foster an inclusive and equitable culture.

The following high priority initiatives are planned to build on the Company's achievements in F22.

- Leader-led, layered engagement so that all employees feel they belong, irrespective of location, language, or level. The IE&D Manifesto will be one tool used to engage employees and encourage powerful and inclusive conversations.
- Evolve data collection and analysis to measure diversity of factors other than gender.
- Invest in and support our Employee Resource Groups to enable their ongoing contribution to progressing our IE&D agenda.

The CEO and all ELT members have a leadership, inclusion, equity and diversity KPO to deliver the above objectives in F23.

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 importance of cultural, geographic, and gender diversity is reflected in the Board's membership, with three non-executive directors based offshore in regions in which the Company operates. Females represent 37.5% of the Board and two of our committees are currently chaired by females.

ORGANISATIONAL GENDER PROFILE

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

Recommendation 1.5 requirement	
Proportion of females in the whole organisation	As at 30 June 2022, 41.5% of the Company's employees were female.
Proportion of females in senior executive[1] positions within the Company	As at 30 June 2022, 30.0% of the senior executive positions within the Company were held by females.
Proportion of females on the Board of the Company	As at 30 June 2022, 37.5% of the Company's Board of Directors (including executive directors) were female. 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's objective is 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 this Annual Report.

As an Australian-based business, the Company complies with the *Workplace Gender Equality Act* which requires annual filings to the Australian Workplace Gender Equality Agency (WGEA) disclosing 'Gender Equality Indicators'. This report, covering the 12-month period ending 31 March, was published on the WGEA and TWE websites in August 2022: tweglobal.com/careers/inclusion-equity-diversity

1. For the purposes of this disclosure, the Company has defined 'senior executive' as the Chief Executive Officer and his/her direct reports. To note, using the TWE definition of leader, 44.9% of roles were held by females as at 30 June 2022.

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 Boral Limited (since September 2008, where he also serves as Chairman of the Audit and Risk Committee) and Murdoch Children's Research Institute (since December 2014, where he also serves as Chairman of the Audit, Finance and Risk Committee). Mr Rayner is a former Director of Qantas Airways Limited (July 2008 to November 2021).

Tim Ford
BBus, MBA
Managing Director and Chief Executive Officer

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).

Mr Chan is a former Partner at Gaorong Capital (from July 2020 to June 2022), a former Director of Yum China Holdings, Inc (from October 2016 to May 2021), 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.

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

Member of the Board since May 2011, member of the Human Resources Committee and 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 Wine Operations and Sustainability Committee and a member of the Audit and Risk Committee and 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), Wellness and Beauty Solutions Limited (since December 2021) 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), and Spotless Group Holdings Limited (from February 2017 to August 2017, and a Director from March 2014 to August 2017). He is 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, member of the Human Resources Committee and member of the Wine Operations and Sustainability 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) and Beyond Meat (NASDAQ: BYND).

Antonia Korsanos
BEC, CA, GAICD
Non-executive Director

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

Ms Korsanos is an independent Director and an Australian resident.

Ms Korsanos has extensive senior executive, strategy, M&A, financial, global supply chain, 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 technology 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 was appointed to the Board of Light & Wonder, Inc. (formerly known as Scientific Games Corporation) (NASDAQ: LNW) in September 2020. Ms Korsanos is a former Director of Crown Resorts Limited (from May 2018 to October 2021), Ardent Leisure Group Limited (from July 2018 to June 2020) and Webjet Limited (from June 2018 to March 2021). In the private sector, in 2019 she co-founded a Growth Equity Fund (Ellerston JAADE Fund) which invests in growing private Australian technology companies.

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

Member of the Board since November 2016, Chair of the Human Resources Committee and member of the Nominations Committee.

Ms Shanahan is an independent Director and an American resident.

Ms Shanahan has extensive retail, consumer brand, e-commerce, sustainability, 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 global expansion and had direct oversight responsibility for key strategic initiatives as well as for operating, administrative, and sustainability functions worldwide. Ms Shanahan also founded the consulting practice Maroon Peak Advisors of which she is a Principal.

Ms Shanahan is currently a Director of Cedar Fair Entertainment Company (NYSE: FUN), Deckers Outdoor Corporation (NYSE: DECK) and G Squared Ascend (NYSE: GSQD.U). Ms Shanahan is a former member of the California State Personnel Board (December 2012 to March 2022).

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 included the following.

- Overseeing the Company's sustainability agenda and progress, including approval of TWE's full suite of sustainability targets and the establishment of Sustainability Linked Loans.
- Providing input into, and approval of, the acquisition of Frank Family Vineyards in the US and the purchase of supply assets in the Bordeaux region of France.
- Continued development of Board composition and succession plans including the establishment of a new Board committee (the Wine Operations and Sustainability Committee), approving changes to committee composition, overseeing the retirement of Ms Louisa Cheang, and announcing Mr Every-Burns's intention to retire from the Board at the Company's upcoming Annual General Meeting.
- Overseeing Company culture including the establishment of Company-wide initiatives to perpetuate the TWE DNA, being the Company's core values.
- Overseeing the implementation of the Company's new divisional operating model under which Penfolds, Treasury Americas and Treasury Premium Brands operate as three separate business units.
- Guiding the Company through the continued uncertainty created by COVID-19.
- Continued commitment to the governance of workplace health, safety and wellbeing performance, and developing a culture of leadership on safety across the business.
- Providing input into, and approval of, the TWE five-year strategic plan, 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 ethical and responsible conduct and setting remuneration policy to attract and retain 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 2022, 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 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 8)		
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	4	4	0
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	5	3	0
Finance and business Proficiency in financial accounting and reporting, corporate finance and internal controls, corporate funding, capital management and associated risks	3	5	0
Governance, regulatory, and human capital Expertise identifying and managing legal, regulatory, governance, public policy, and corporate affairs issues; and experience in complex human capital and remuneration issues and understanding of the link between strategy, performance, and remuneration outcomes	2	6	0
Risk management Experience anticipating and identifying risks and monitoring the effectiveness of both financial and non-financial risk management frameworks and controls; and extensive experience with complex workplace health, safety, environmental, and community risks and frameworks	3	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	0	6	2
Innovation Expertise in and understanding of key factors relevant to digital disruption and innovation; and experience in the creation and delivery of new ways of working and commercial initiatives	2	5	1
International Relevant experience in regions and countries related to the Company's strategy and activities, including US, Asia, and EMEA	5	3	0
Board or senior management experience	**Yes**		**No**
Chairman – listed company	2		6
CEO/senior management	8		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 three 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 2022, the average tenure for the Company's non-executive directors was 7.7 years. Mr Every-Burns has advised of his intention to retire from the Company's Board at the upcoming Annual General Meeting and the Board has clear succession plans in place to ensure continued Board renewal.

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 retirement of Louisa Cheang on 1 September 2021, women represent 37.5% of the Board. In order to maintain gender diversity into the future, in 2022 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

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

Board of Directors

Audit and Risk Committee

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

Key focuses for F22

- 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 compliance matters across the Company.
- Reviewing whistleblower matters reported across the Company and endorsing a new Whistleblower Policy.
- Monitoring the Company's insurance renewal program.
- Reviewing and recommending to the Board for approval the full year and interim financial reports.
- Reviewing the Company's risk management framework to ensure that it continues to be sound.

Nominations Committee

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

Key focuses for F22

- Overseeing Board composition and succession plans including changes to Committee composition, overseeing the retirement of Ms Louisa Cheang, and the intended retirement of Mr Every-Burns from the Board at the Company's upcoming Annual General Meeting.
- Assessing the competencies of the directors to ensure the appropriate range of skills and expertise amongst Board members.
- Review of the Board skills matrix.
- Overseeing the externally 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 Inclusion, Equity, and Diversity Policy, evaluation of senior executive performance, remuneration, and non-executive directors' fees.

Key focuses for F22

- Reviewing remuneration practices for F23 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 and long-term incentive performance conditions.
- Reviewing and recommending to the Board for approval the Company's F22 Remuneration Report.
- Approving the terms of engagement of the remuneration consultant.
- Overseeing the Company's inclusion, equity, and diversity initiatives and progress against targets.

Wine Operations and Sustainability Committee

Oversees: winemaking operations in the various regions in which the Company operates, expansion opportunities in winemaking areas, supply chain sustainability, and the Company's sustainability reporting.

Key focuses for F22

- Reviewing and monitoring progress against the Company's sustainability targets and the implementation of initiatives to reach these targets.
- Overseeing Company initiatives to ensure industry and community engagement.
- Reviewing workplace health, safety, and wellbeing performance and initiatives.
- Overseeing wine asset management and strategy.
- Monitoring global vintage variations and outcomes.

GOVERNANCE POLICIES

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

- 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 or corruption.
- Whistleblower Policy, which promotes and supports the Company's culture of honest and ethical behaviour, by encouraging the reporting of potential misconduct 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 further restrictions on trading by 'Restricted Persons' including prohibiting trading during blackout periods, and requiring prior approval before trading at any other time.
- 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 2022 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 2022 and appear on pages 74 to 124.

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

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 (retired 1 September 2021)	1 December 2018
Antonia Korsanos	1 April 2020
Timothy Ford (Chief Executive Officer)	1 July 2020

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 2022 financial year

	Board meetings[1]		Audit and Risk Committee meetings[1]		Human Resources Committee meetings[1]		Nominations Committee meetings[1]		Wine Operations and Sustainability Committee meetings[1]		Additional meetings[2]
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Attended
Paul Rayner	17	17	–	–	–	–	4	4	–	–	11
Tim Ford	17	17	–	–	–	–	–	–	–	–	11
Ed Chan	17	17	4	4	–	–	–	–	–	–	1
Louisa Cheang[3]	2	0[4]	–	–	–	–	–	–	–	–	–
Warwick Every-Burns	17	16[5]	–	–	4	4	4	4	–	–	1
Garry Hounsell	17	17	4	4	–	–	4	4	2	2	8
Colleen Jay	17	15[5]	–	–	4	4	–	–	2	2	2
Antonia Korsanos[6]	17	17	4	4	–	–	1	1	–	–	5
Lauri Shanahan	17	17	–	–	4	4	–	–	–	–	3

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, Nominations Committee or Wine Operations and Sustainability Committee) where any two directors are required to form a quorum.
3. Ms Cheang retired from the Board on 1 September 2021.
4. This number reflects Ms Cheang's absence from two Board meetings due to a Board-approved leave of absence.
5. Mr Every-Burns and Ms Jay attended all scheduled Board meetings. This number reflects absence from unscheduled Board meetings due to a prior commitment.
6. Ms Korsanos joined the Nominations Committee with effect from 1 November 2021.

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 Sustainability and External Affairs Officer, Kirsten Gray BA/LLB (Hons), PDM, is also the Company's Company Secretary. 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 2022. The dividend was fully franked.

Final dividend: since the end of the financial year, the directors have approved a final dividend of 16 cents per share, fully franked and payable on 30 September 2022. The record date for entitlement to this dividend is 1 September 2022.

In summary:

	Dividend per share	$M
Interim dividend paid on 1 April 2022	15 cents	$108.3
Final dividend payable on 30 September 2022	16 cents	$115.5
Total	31 cents	$223.8

The Company paid shareholders a final dividend in respect of the 2021 financial year of $93.8 million.

REVIEW AND RESULTS OF OPERATIONS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, the Company's state of affairs was significantly impacted by the implementation of the Company's new divisional operating model, the divestment of non-priority US brands and assets, the Frank Family Vineyards acquisition, and COVID-19. 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, accompanying this Directors' 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, along with the expected results of those operations in future financial years.

EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year, the directors approved a final 100% franked dividend of 16 cents per share. This dividend has not been recognised as a liability in the consolidated financial statements at 30 June 2022.

On 1 July 2022 the Group purchased a number of vineyard assets in America for US$73 million that were previously subject to long term lease arrangements. These assets have been acquired with a view to resale in F23 as part of the ongoing restructure of supply assets in America.

In July 2022 the Group agreed to acquire a 78.6% stake in Chateau Lanessan, including its production and vineyard assets in the Bordeaux region of France. The cash outflow associated with the acquisition is expected to be approximately A$60 million, including a capital injection to fund winery and vineyard development. Completion is expected in October 2022, subject to satisfaction of conditions precedent.

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.

SUSTAINABILITY

Matters of environmental and social significance to the Group are primarily addressed within the Group's sustainability strategy. This strategy addresses the material topics for the Group, and the Executive Leadership Team actively monitors progress against our strategic roadmaps and public targets.

Further detail on the Group's sustainability strategy, 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 and risks 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. Although the Group's various operations involve relatively low inherent environmental compliance risk, matters of non-compliance are identified from time to time and are corrected. Where required, the appropriate regulatory authority is notified.

Under the compliance system, the Audit and Risk Committee and the Board receive six-monthly reports detailing 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 2021.

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 the following.

- 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.
- 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 $170,371. 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 2022 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.

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 18 August 2022, in accordance with a resolution of the directors.

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

Auditor’s independence declaration

KPMG

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

To the Directors of Treasury Wine Estates Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Treasury Wine Estates Limited for the financial year ended 30 June 2022 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
18 August 2022

F22 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 F22 remuneration report for which we will seek your approval at our Annual General Meeting (AGM) in October 2022. This 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.

This is my final letter to shareholders as the Chair of the Human Resources Committee (HRC) as I hand over the reins to Lauri Shanahan from 1 July 2022 and retire from the TWE Board following the upcoming AGM in October. Lauri has been on the TWE Board and a member of the HRC for almost six years, and will be an exceptional Chair. She has an extensive career background in retail, consumer brand, e-commerce, and environment, social and governance (ESG), and holds several Board positions in the US - Deckers Outdoor Corporation (NYSE: DECK), Cedar Fair Entertainment Company (NYSE: FUN), and G Squared Ascend (NYSE: GSQD.U). Lauri has previously held the position of Chair of the Compensation Committee at Deckers and Cedar Fair and is currently the Compensation Committee Chair at G Squared. Lauri is an American citizen, living in California and Colorado.

F22 saw TWE move from a period of recovery and significant restructuring and into an exciting new phase of growth and execution under our brand-led divisional portfolio model. Each of our new divisions – Penfolds, Treasury Premium Brands and Treasury Americas – are now on a clear and positive trajectory towards their respective long-term growth objectives. The benefits of separate focus and accountability are already very evident throughout TWE. Our short-term incentives support our Game Plan by rewarding our executives and global teams for accelerating divisional focus and delivery across the portfolio to unlock growth, whilst at the same time ensuring alignment to our company-wide strategic ambitions. Focused execution of the plan and priorities from our global teams has resulted in strong underlying earnings growth during F22 across each of the three brand portfolio divisions. This remarkable performance was delivered against a backdrop of varied and ongoing impacts from the global pandemic, supply chain disruptions, and the introduction of unprecedented import duties on Australian wine by MOFCOM.

We are confident that our executives have set the Company up exceptionally well for long term success and are positive on our outlook across key markets outside of Mainland China. We remain focused on continuing the strong momentum of growth in our luxury and premium portfolios as evidenced through our acquisition of Frank Family Vineyards and the divestment of our US commercial portfolio.

We have reported EBITS[1] growth of 3% to $523.7 million and EBITS margin improved 1.3 percentage points to 21.1%, reflecting excellent operating momentum and outstanding execution of strategic priorities across all divisions. Excluding Penfolds Australian country-of-origin sales to Mainland China, NSR and EBITS grew 9% and 22% respectively. ROCE declined slightly from F21 to 10.7% (10.9% when impacts from divested and acquired portfolio brands in Treasury Americas are excluded) but remains ahead of our weighted cost of capital. Portfolio premiumisation continues, with the contribution of NSR from the premium and luxury portfolios increasing 6 percentage points to 83%. The Company's capital structure remains flexible and efficient, and we have retained a strong balance sheet and investment grade capital structure, with net debt[2]/EBITDAS[3] of 1.8x. The Company's Total Shareholder Return performance, whilst still impacted by the unanticipated and ongoing external forces on our business, improved slightly from F21.

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. As the Chair of the Committee, I have consulted considerably in recent months with investors and proxy advisors to discuss the challenges with ensuring remuneration outcomes for F22 reflect an alignment between pay, TWE's strategic objectives, financial performance and shareholder returns given the cumulative and continuing impacts of the pandemic, supply chain disruptions and the tariffs imposed by China. Following the challenging year in F21, in F22 executives were tasked with aggressive, stretch goals to pivot the business and mitigate these impacts by driving growth in other markets and focusing on delivering growth in earnings.

Executives have delivered impressive results. Once again, however, remuneration outcomes have been directly impacted. Whilst short-term incentive outcomes in F22 appropriately reward our executives for pivoting the business and setting the Company up for long term growth, the collective impacts to remuneration outcomes for executives have been significant with no short-term incentive payments for F20, and nil vesting of the LTIP for the third year in a row. The Board recognises and greatly appreciates management's ongoing efforts and success in executing mitigation strategies.

1. Earnings before interest, tax, SGARA and material items.
2. 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: F22 ($11.3) million, F21 +$21.6 million.
3. Earnings before interest, tax, depreciation, amortisation, SGARA and material items.

As always, the Board will continue to evaluate remuneration strategies to ensure that the Company both retains and appropriately incentivises executives in the face of these significant obstacles.

The Committee is responsible for oversight of other human resources matters across the Company, including diversity, equity and inclusion, talent development and succession, culture and engagement. It remains our intention to encourage open dialogue with shareholders and other stakeholders, and accordingly we welcome any feedback and comments you may have.

Yours sincerely,

Warwick Every-Burns
Human Resources Committee Chairman

1. KEY MESSAGES

This report details the F22 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 F22

Following a challenging year in F21, F22 saw TWE return to earnings growth under our new brand-led divisional portfolio model. Our continued focus on portfolio premiumisation is delivering an impact with the contribution of NSR from the premium and luxury portfolios increasing to 83%. Management has executed strongly and shown organisational resilience despite several years of significant disruption and we delivered EBITS of $523.7 million, a 3% increase on prior year. EBITS margin improved 1.3 percentage points to 21.1% and TWE delivered EPS of 44.7 cents per share (before material items and SGARA) whilst ROCE declined slightly from F21 to 10.7% (10.9% when impacts from divested and acquired portfolio brands in Treasury Americas are excluded).

b) KMP

Executive KMP at TWE during F22 are as follows:

Executives (as at 30 June 2022)

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

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, wildfires and the tariffs imposed on Australian wine by MOFCOM. The reward, retention, and development of this team is a key consideration of the Board.

As reported in the Company's F21 Remuneration Report, Mr Ford's remuneration was increased by 5% to $1,575,000, Mr Young's remuneration was increased by 5% to $749,700, and Mr Boxer's remuneration increased by 2.5% to $691,875, all effective from 1 September 2021. For F23, the Board has approved a 3% increase to Mr Ford's remuneration to $1,622,250, a 3% increase to Mr Young's remuneration to $772,200 and a 3% increase to Mr Boxer's remuneration to $712,700, effective 1 September 2022.

d) Short-term incentives in the year

As we advised in our F21 Remuneration Report F21 , short-term incentive plan (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 another material uncontrollable event and also had a significant impact on our performance. F21 STIP targets were therefore 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. Management exceeded the revised targets, however the Board determined that the F21 STIP Balanced Scorecard multiplier for executives be paid at 1.0x (on target).

Targets set for F22 STIP once again included aggressive, stretch goals such as driving growth in other markets to mitigate the impact of severely reduced shipments to Mainland China, and to focus on delivering growth in earnings. These opportunities also assisted in offsetting ongoing adverse COVID-19 impacts. The F22 Balanced Scorecard multiplier for executives will be paid at 1.01x.

Despite significant supply chain and cost headwinds, the Company has achieved strong performance against the F22 STIP targets. The continued focus on our premiumisation strategy, has enabled EBITS growth and increased contribution of the premium and luxury portfolios to our NSR. We will continue to pursue opportunities to enhance the fundamentals of our business with a mindset of prioritising long-term success over short-term outcomes.

As a result, and taking into account each executive's individual performance multiplier (IPM) based on their achievement of individual KPOs and demonstration of the Company's DNA, the Board has determined that the F22 STIP outcomes are 73.9% of fixed remuneration for Mr Young and 87.3% of fixed remuneration for Mr Boxer. The CEO received an F22 STIP outcome of 109.4% 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 continue to have a direct impact on LTIP. The Company's TSR performance was at the 25th percentile relative to its peer group while ROCE results, impacted significantly by these events, were also below threshold as a direct result. Targets were not met which resulted in nil vesting for eligible executives. This is the third year in a row that LTIP has lapsed for executives due to unprecedented events outside of their control.

f) Changes for F23

F23 STIP

Following consultation with investors and to align Mr Ford's target STIP opportunity to the market, the Board has approved an increase to his target STIP opportunity from F23 onwards, from 83.3% to 100% of fixed remuneration.

F23 LTIP

The current performance measures of the LTIP have remained largely unchanged for seven years. Whilst adjustments to weighting and performance curves have been made, the current measures of relative TSR and ROCE have been in place since the F16 LTIP grant in 2015.

For the F23 LTIP, an additional measure of EPS, before material items and SGARA, will be introduced. An EPS measure is aligned to our growth strategy whilst ensuring remuneration outcomes are aligned to shareholder returns. Both the TSR and ROCE measures were retained and EPS was added as a third metric rather than removing one of the existing measures, which has been supported following consultation with investors.

The weighting of the three metrics for the F23 LTIP will be relative TSR weighted at 20%, ROCE weighted at 40%, and EPS weighted at 40% of the plan.

The following targets have been set for the F23 LTIP. The Board considers that the Company's F23 targets are realistic but challenging and an appropriate level of performance is required to justify full vesting of the portion of the LTIP award.

ROCE growth will be measured against the F22 ROCE base of 10.7% and will vest according to the following schedule.

ROCE baseline 10.7% (F22)	% points ROCE growth	ROCE result	% of Performance Rights subject to ROCE measure which vest
	Less than 2.8	Less than 13.5%	0%
	2.8 to 3.2	13.5% to 13.9%	35-75%
	3.2 to 4.0	13.9% to 14.7%	75-100%
	At or above 4.0	At or above 14.7%	100%

EPS Compound Annual Growth Rate (CAGR) will vest according to the following schedule

EPS Vesting Schedule	EPS[1] CAGR %	% of Performance Rights subject to EPS measure which vest
	Less than 7.5%	0%
	7.5% to 15%	35-100%
	At or above 15%	100%

The relative TSR vesting schedule for the F23 LTIP is unchanged from F22

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 material, non-recurring items.

Offers of Performance Rights under the F23 LTIP are subject to the satisfaction of performance conditions, as outlined above, over the performance period from 1 July 2022 to 30 June 2025. LTIP awards to KMP are at the absolute discretion of the Board. For the F23 LTIP the following awards will apply:

- Mr Ford: opportunity of 175% of fixed remuneration at maximum, 66.5% at threshold, 0% below threshold
- Mr Young: opportunity of 150% of fixed remuneration at maximum, 57% at threshold, 0% below threshold
- Mr Boxer: opportunity of 150% of fixed remuneration at maximum, 57% at threshold, 0% below threshold.

The Company will seek shareholder approval at the 2022 AGM for the F23 LTIP offer to the CEO.

F23 Non-executive director fees

Following over three years of no increases to non-executive director fees, the Board has approved a 3% increase to Board Chair and Member base fees and a moderate increase to Committee fees ranging between 2.3% to 4.5%, effective 1 July 2022. The previous increase to non-executive director fees was in April 2019.

1. Earnings per Share before material items and SGARA.

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 TR comprises fixed remuneration (FR) and variable ('at-risk') remuneration in the form of STIP and LTIP. The remuneration structure in F22 for current executives as at 30 June 2022 is as follows.

Total remuneration with STIP at target and LTIP at threshold:

CEO

Percentage of TR
- FR **40%**
- STIP (at target) **33%**
- LTIP (at threshold) **27%**

Executives

Percentage of TR
- FR **44%**
- STIP (at target) **30%**
- LTIP (at threshold) **26%**

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.

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.

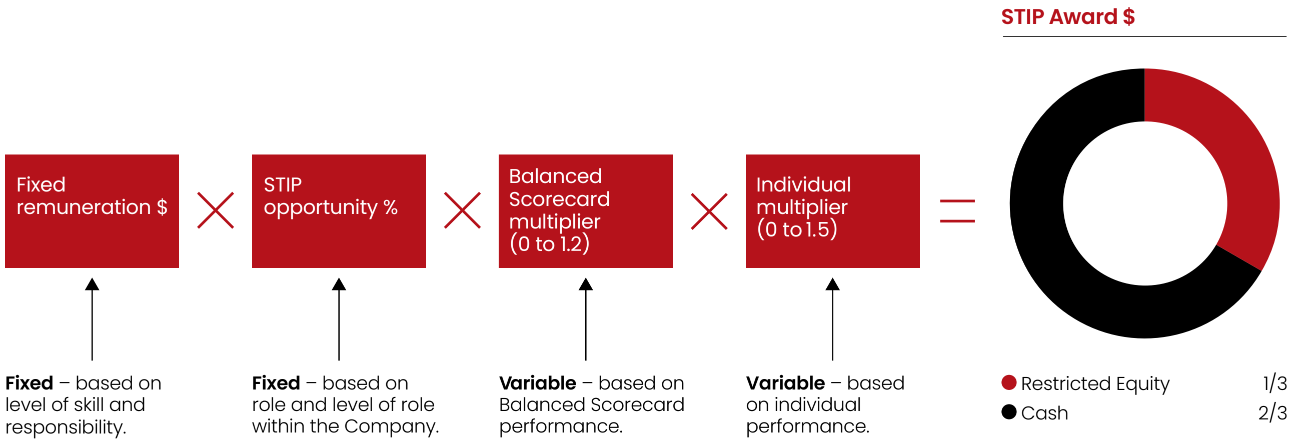
The STIP performance measures are designed to support the financial health of the organisation and shareholder return in terms of dividends and share price - this year and over time. The metrics are aimed at reinforcing Company culture as their achievement requires compliance with the Company's DNA: 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.

F22 STIP measures	Remuneration and performance link
Global EBITS (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 (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 (15%)	Executives delivering margin accretion are rewarded for delivering growth from quality brand contribution through premiumisation of the Company's portfolio, optimising investment and making risk-managed, smart decisions.
Cash conversion (10%)	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.
ROCE (10%)	This metric aims to incentivise executives to grow profits by increasing revenue or efficiency and optimise the Group's asset base.

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

F22 STIP performance measures	STIP opportunity	STIP detail
The STIP Balanced Scorecard is consistent across all executives and measures are weighted as follows: 50% global EBITS 15% quality growth in sales volume 15% brand contribution margin 10% cash conversion 10% ROCE 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 F22, 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 PM is derived from the level of each Executive's achievement of individual KPOs and demonstration of the Company's DNA. Individual KPOs for Executives and the CEO comprise the following objectives: 50% strategic/operational 25% leadership, inclusion, equity, and diversity 25% wellbeing and sustainability. The IPM can drive a result of 0 to 1.5 as per the diagram overleaf.	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 • agreed individual KPOs (including the TWE DNA) measured by way of the IPM. One-third of the STIP award for executives is deferred into Restricted Equity (RE) in the Company. Of this RE, 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 F22.

The overall structure of the F22 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 F22, the Board awarded the CEO an LTIP opportunity of 175% of fixed remuneration.

The performance period for the F22 LTIP is 1 July 2021 to 30 June 2024 and the plan has the following features.

LTIP performance measures	LTIP opportunity	LTIP detail
Relative TSR (25% weighting) Relative to S&P/ASX 200 Index, excluding companies from the energy, metal and mining, real estate and finance sectors. **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 F22, the following awards applied: • CEO 175% of FR • other executives 150% of FR.	LTIP awards are delivered in the form of Performance Rights. The number of rights allocated is based on face value using the 90-day 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.

The features of the F22 LTIP outlined above remained the same as the F20 and F21 LTIP.

F22 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	50%-70%
	60th to 75th percentile	70%-100%
	At or above 75th percentile	100%

ROCE baseline 10.8% (F21)	ROCE percentage points 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%

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 F22 under the 2021 Share Cellar offer and a subsequent offer to participate in the 2022 Share Cellar Plan was made during the year. The first share purchases in the 2022 Share Cellar Plan will occur in August 2022 (F23).

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 F22.

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 mis-statement 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 F22 saw earnings growth under our new brand-led divisional portfolio model. Our continued focus on portfolio premiumisation is delivering an impact with the contribution of NSR from the premium and luxury portfolios increasing to 83% from 77% in F21. We delivered EBITS of $523.7 million, a 3% increase on prior year and EBITS margin improved 1.3 percentage points to 21.1%. TWE delivered EPS of 44.7 cents per share (before material items and SGARA) whilst ROCE declined slightly from F21 to 10.7% (10.9% when impacts from divested and acquired portfolio brands in Treasury Americas are excluded). The Company's capital structure remains flexible and efficient. We have retained a strong balance sheet and investment-grade capital structure, with net debt/EBITDAS of 1.8x.

Due to the outstanding performance from our executives and our global teams, our global response plan to mitigate impacts from the measures implemented by MOFCOM is progressing well. Execution of key strategic priorities delivered strong operating momentum across each brand portfolio division in F22. Whilst Penfolds reported an 8% decline in EBITS due to reduced shipments to Mainland China, this was partly offset by continued positive momentum across the portfolio and performance in other Asian markets, which continues to build momentum. NSR and EBITS for Penfolds outside of Mainland China increased by 45% and 25% respectively on a constant currency basis and EBITS margin increased by 0.6 percentage points. Treasury Americas reported a 20.5% increase in EBITS and EBITS margin increased by 2.9 percentage points, led by standout growth from Beringer, Stags' Leap, Matua and 19 Crimes. The contribution of Frank Family Vineyards (FFV) was in line with expectations, with integration materially complete across people, systems, processes, and external partnerships. Treasury Premium Brands reported a 27% increase in EBITS and improved EBITS margin (up 2.5 percentage points). Portfolio premiumisation continued with strong performance by priority brands including 19 Crimes, Pepperjack, Squealing Pig, and Wynns. Significant distribution gains for focus brands in key EMEA and Asia markets was an execution highlight.

Whilst executives have delivered impressive performance in the face of the cumulative impact the unanticipated and unprecedented events have had on the Company, once again, remuneration outcomes have been impacted.

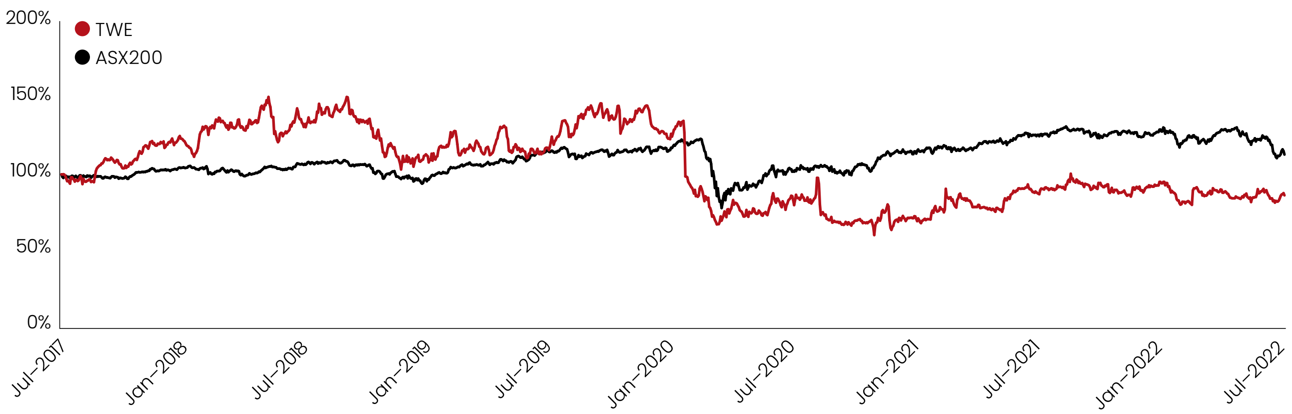
The table below summarises the Company's financial performance over the last five financial years.

Table 3.1: Overview of Company performance (reported)

Financial year ended 30 June 2022	2018[1]	2019[1]	2020[1]	2021	2022
EBITS performance (A$ million)	543.8	664.7	512.6	510.3	523.7
Earnings per share (cents)[2]	49.1	57.2	41.7	43.0	44.7
Dividends paid per share (cents)	28	35	40	23	28[3]
Franked (%)	63	100	100	100	100
Closing share price ($ at 30 June)	17.39	14.92	10.48	11.68	11.35
Return on capital employed (%)	11.7	13.6	10.2	10.8	10.7

1. Prior year results for EBITS, EPS, and ROCE have been restated for changes in accounting policies.
2. Before material items and SGARA.
3. The 2022 dividend of 28 cents is comprised of the final dividend in F21 of 13 cents (100% franked) paid on 1 October 2021 and the interim F22 dividend of 15 cents (100% franked) paid on 1 April 2022. For the final F22 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. During F22:

- the CEO, Mr Ford, received a 5% increase from $1,500,000 to $1,575,000 per annum, effective 1 September 2021
- the CFO, Mr Young, received a 5% increase from $714,000 to $749,700 per annum, effective 1 September 2021
- the CSCDO, Mr Boxer, received a 2.5% increase from $675,000 to $691,875 per annum, effective 1 September 2021.

c) Short-term incentive outcomes

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

The F22 STIP scorecard is heavily weighted to financial metrics with the primary driver EBITS. Following a challenging year in F21, the Company has achieved strong performance against the F22 STIP targets and F22 EBITS increased by 3% from F21 to $523.7 million. Targets set for F22 STIP once again included aggressive, stretch goals such as driving growth in other markets to mitigate the impact of severely reduced shipments to Mainland China and to focus on delivering growth in earnings. These opportunities also assisted in offsetting ongoing adverse COVID-19 impacts. This level of performance is reflected in the STIP results and the level of payout for executives.

The continued focus on our premiumisation strategy, including the acquisition of Frank Family Vineyards and the divestment of our US commercial portfolio, has resulted in EBITS and EBITS margin growth and increased contribution of the premium and luxury portfolios to our NSR. We will continue to pursue opportunities to enhance the fundamentals of our business with a mindset of prioritising long-term success over short-term outcomes.

Actual results for the Balanced Scorecards are provided below.

F22 STIP Scorecard	CEO		CFO		CSCDO	
	Weight	Payment	Weight	Payment	Weight	Payment
Global EBITS	50%	**52%**	50%	**52%**	50%	**52%**
Quality growth in sales volume	15%	**8%**	15%	**8%**	15%	**8%**
Brand contribution margin	15%	**18%**	15%	**18%**	15%	**18%**
Cash conversion	10%	**12%**	10%	**12%**	10%	**12%**
Return on Capital Employed	10%	**11%**	10%	**11%**	10%	**11%**
Total	**100%**	**101%**	**100%**	**101%**	**100%**	**101%**

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

Table 3.2: F22 STIP outcomes

Executive[1]	FR[1] for STIP opportunity ($)	STIP opportunity at target (% of FR) (%)	STIP opportunity at target ($)	STIP awarded[2] ($)	Total STIP awarded (% of FR)[2] (%)	Cash ($)	Restricted Equity ($)	Total STIP opportunity forfeited (% of FR)[2] (%)
TM Ford	1,575,000	83.3%	1,312,500	1,722,623	109.4%	1,148,415	574,208	0%
MJ Young	749,700	66.5%	498,551	553,890	73.9%	369,260	184,630	0%
SR Boxer	691,875	66.5%	460,097	604,107	87.3%	402,738	201,369	0%

1. FR is salary as of 1 September 2021.
2. 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 F22 LTIP after the 2021 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: F22 LTIP Performance Rights

Executive	Grant date	Vesting date	Number of awards granted	Face Value at grant date ($)[1]	Fair Value at grant date ($)[2]
Current (as at 30 June 2022)					
TM Ford	1 December 2021	30 June 2024	240,171	2,624,997	2,425,127
MJ Young	1 December 2021	30 June 2024	97,989	1,070,990	989,444
SR Boxer	1 December 2021	30 June 2024	92,637	1,012,495	935,402

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 2021 ($10.9297 per share).
2. The fair value ($) in the table above is calculated using the valuation method detailed in note 22 of the Financial Statements.

LTIP Vesting

The F20 LTIP was due to vest at the end of F22. The vesting schedule for the F20 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 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%

Performance targets for the F20 LTIP were set prior to the COVID-19 pandemic and MOFCOM tariffs. Performance is measured over the three-year period ended 30 June 2022. The Company's relative TSR performance was at the 25th percentile relative to its peer group while ROCE results, impacted significantly by these events, were also below threshold resulting in nil vesting for eligible executives. This is the third year in a row that LTIP has lapsed for executives due to unprecedented events outside of their control.

The F20 LTIP vesting outcome by executive is provided below. Mr Boxer did not participate in the F20 LTIP as it was granted prior to his commencement with the Company.

Table 3.4: Vesting/lapsing of F20 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 2022)						
TM Ford	77,436	1,199,995	0	0	77,436	878,899
MJ Young	67,756	1,049,988	0	0	67,756	769,031

1. 'Value at grant' is calculated based on $15.4966 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 2019. This was the price used to calculate the number of Performance Rights granted under the F20 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 2022, being $11.35.
3. The number of rights which lapsed as they did not vest.

e) General employee share plan (Share Cellar)

During F22, the 2022 Share Cellar Plan was launched. No executives participated in this 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 2019 Share Cellar Plan.

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	Held at the end of the reporting Period
Current (as at 30 June 2022)							
TM Ford	Restricted Shares	7,464	44,338	(7,464)	–	–	44,338
	Performance Rights	333,376	240,171	–	(77,436)	–	496,111
	Deferred Share Rights	344	–	(344)	–	–	–
MJ Young	Restricted Shares	5,495	16,842	(5,495)	–	–	16,842
	Performance Rights	206,987	97,989	–	(67,756)	–	237,220
	Deferred Share Rights	224	–	(224)	–	–	–
SR Boxer	Restricted Shares	–	13,472	–	–	–	13,472
	Performance Rights	98,719	92,637	–	–	–	191,356
	Deferred Share Rights	–	–	–	–	–	–
Grand Total		**652,609**	**505,449**	**(13,527)**	**(145,192)**	**–**	**999,339**

1. Represents F20 LTIP Performance Rights which lapsed on 30 June 2022.

g) Remuneration of executives

Table 3.6 provides details of remuneration for the CEO and executives for F22, 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 2022)						
TM Ford	**F22**	**1,538,932**	**86,759**	**28,713**	**1,148,415**	**(1,856)**
	F21	1,478,306	268,498	26,847	1,083,333	808
MJ Young	**F22**	**720,182**	**35,487**	**10,499**	**369,260**	**–**
	F21	692,306	34,610	10,031	411,502	–
SR Boxer	**F22**	**665,495**	**4,375**	**10,493**	**402,738**	**–**
	F21	653,306	32,865	10,031	329,175	–
TOTAL	**F22**	**2,924,609**	**126,621**	**49,705**	**1,920,413**	**(1,856)**
	F21	2,823,918	335,973	46,910	1,824,010	808

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 F22 STIP, excluding the Restricted Equity portion which will be allocated in September 2022.
5. Represents an amount payable by Mr Ford to the Company in respect of a refund of foreign tax credits claimed on Mr Ford's 2020 US Federal tax return.

	Share-Based Payments				
Superannuation/ pension	Total amortisation value of LTIP[6]	Other equity[7]	Total	Performance related %[8]	Termination benefits
23,568	**696,229**	**181,115**	**3,701,875**	**55%**	**–**
21,694	196,394	104,718	3,180,599	44%	–
23,568	**212,369**	**72,061**	**1,443,426**	**45%**	**–**
21,694	(27,630)	70,185	1,212,699	37%	–
23,568	**410,773**	**52,249**	**1,569,691**	**55%**	**–**
21,694	113,519	–	1,160,591	38%	–
70,704	**1,319,371**	**305,425**	**6,714,992**		**–**
65,083	282,283	174,904	5,553,889		–

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. F21 STIP Restricted Equity was outstanding at the end of F22. Restricted Equity granted under the F22 STIP is expected to be allocated in September 2022. 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 F22.

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
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
Former		
LW Cheang	Non-executive director	Retired effective 1 September 2021

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 AGM.

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). At our 2021 AGM, we announced the establishment of a new Wine Operations and Sustainability Committee which is chaired by our Director Mr Hounsell.

There were no increases to Chairman or non-executive director fees during F22. From F23, the Board has approved a 3% increase to Board Chair and Member base fees and a moderate increase to Committee fees as detailed in Table 4.1. The previous increase to non-executive director fees was in April 2019.

Table 4.1: F22 Non-executive director fees

	F22 fees per annum		F23 fees per annum effective from 1 July 2022	
Board/Committee	Chair fee ($)	Member fee ($)	Chair fee ($)	Member fee ($)
Board base fee	530,000	193,000	546,000	198,500
Audit and Risk Committee	45,000	22,000	46,500	22,500
Human Resources Committee	41,200	20,600	42,500	21,500
Nominations Committee	10,000[1]	5,000	10,000[1]	5,000
Wine Operations and Sustainability Committee	35,000	18,000	35,000	18,000

The above fees are inclusive of superannuation for Australian-based non-executive directors.

1. The Chairman of the Board, Mr Rayner, is also the Chair 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 of $4,000. 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 F22 and F21 are provided overleaf.

Table 4.2: F22 Non-executive director remuneration

Non-executive director	Year	Fees $	Non-monetary benefits[1] $	Superannuation $	Total $
PA Rayner	**FY22**	**506,432**	**16,840**	**23,568**	**546,840**
	FY21	524,576	15,617	5,424	545,617
EYC Chan	**FY22**	**215,000**	**4,000**	**–**	**219,000**
	FY21	215,000	4,000	–	219,000
WL Every-Burns	**FY22**	**217,455**	**7,547**	**21,745**	**246,747**
	FY21	218,447	6,660	20,753	245,860
GA Hounsell	**FY22**	**222,878**	**7,547**	**22,288**	**252,713**
	FY21	221,918	6,660	21,082	249,660
CE Jay	**FY22**	**222,600**	**4,000**	**–**	**226,600**
	FY21	213,600	4,000	–	217,600
LM Shanahan	**FY22**	**213,600**	**4,000**	**–**	**217,600**
	FY21	213,600	4,000	–	217,600
A Korsanos	**FY22**	**212,425**	**7,547**	**21,242**	**241,214**
	FY21	196,347	6,660	18,653	221,660
Former					
L Cheang[2]	**FY22**	**48,250**	**4,000**	**–**	**52,250**
	FY21	193,000	4,000	–	197,000
TOTAL	**FY22**	**1,858,640**	**55,481**	**88,843**	**2,002,964**
	FY21	1,996,488	51,597	65,912	2,113,997

1. Includes product allocations, entertainment and fringe benefits tax, where applicable. The amounts for Mr Rayner include car parking.
2. Ms Cheang ceased as a non-executive Director from 1 September 2021.

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 HRC 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 and Risk Committee Chair attended all HRC meetings as a committee member. Also, the HRC Chair typically attends the Audit and 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 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 tweglobal.com).

b) Engagement of remuneration advisors

In F22, 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 F22 due to trading restrictions. The table below sets out KMP shareholdings.

Table 5.1: KMP shareholdings

F22	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 2022)				
TM Ford	63,755	7,808	–	71,563
MJ Young	25,358	5,719	192	31,269
SR Boxer	–	–	–	–
Executive total	**89,113**	**13,527**	**192**	**102,832**

1. Includes release of Restricted Shares under Tranche 2 of F19 Deferred STIP and vesting of Share Cellar matched rights.
2. Includes the purchase/sale of ordinary shares during F22 and for Mr Young, shares received under TWE's dividend reinvestment plan.

Table 5.1: KMP shareholdings (continued)

F22	Balance at start of the year	Acquired during the year as part of DSAP[3]	Other changes during the year	Balance at end of year[4]
Non-executive directors				
Current (as at 30 June 2022)				
PA Rayner	297,819		–	297,819
EYC Chan	48,280		–	48,280
WL Every-Burns	100,000			100,000
GA Hounsell	83,500		16,500	100,000
CE Jay	3,382	13,209	–	16,591
LM Shanahan	15,225		5,143	20,368
T Korsanos	12,500		5,000	17,500
Former				
L Cheang[5,6]	–		–	–
Non-executive director total	**560,706**	**13,209**	**26,643**	**600,558**
Grand total	**649,819**	**26,736**	**26,835**	**703,390**

3. Shares acquired by directors using post-tax fees in TWE's Director Share Acquisition Plan (DSAP).
4. No changes in shareholdings have occurred for non-executive directors from the balance date to the date of this report.
5. Ms Cheang was 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. Ms Cheang ceased to be a Director from 1 September 2021.

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 arm's length 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

Executive	Plan	Instrument type	Allocation date	Number	Face value at allocation date[1] ($)	Fair value at allocation date[2] ($)	Vesting date
TM Ford	F21 LTIP	Performance Rights	23 November 2020	255,940	2,624,997	2,125,582	30 June 2023
MJ Young	F21 LTIP	Performance Rights	23 November 2020	139,231	1,427,996	1,156,313	30 June 2023
SR Boxer	F21 LTIP	Performance Rights	23 November 2020	98,719	1,012,492	819,861	30 June 2023

1. The value of F21 LTIP awards at allocation date is calculated based on the 90-day VWAP up to and including 30 June 2020 ($10.2563 per share). The vesting schedule is provided in Table 6.2.
2. 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: 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%

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 material, non-recurring items.
EBITDAS	Earnings before interest, tax, depreciation, amortisation, material items and SGARA.
EBITS	Earnings before interest, tax, SGARA and material items.
EBITS Margin	EBITS divided by Net sales revenue.
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 (RE)	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.
Self-generating and regenerating assets (SGARA)	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 2022

	Note	2022 $m	2021 $m
Revenue	3	**2,531.8**	2,683.9
Cost of sales		**(1,488.5)**	(1,659.2)
Gross profit		**1,043.3**	1,024.7
Selling expenses		**(235.2)**	(246.6)
Marketing expenses		**(136.2)**	(131.5)
Administration expenses		**(148.9)**	(159.8)
Other income/(expenses)		**(78.7)**	(55.6)
Profit before tax and finance costs		**444.3**	431.2
Finance income		**51.5**	33.4
Finance costs		**(122.9)**	(106.9)
Net finance costs		**(71.4)**	(73.5)
Profit before tax		**372.9**	357.7
Income tax expense	23	**(109.7)**	(107.7)
Net profit		**263.2**	250.0
Net profit attributable to non-controlling interests		**–**	–
Net profit attributable to members of Treasury Wine Estates Limited		**263.2**	250.0
Other comprehensive income/(loss)			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges		**59.3**	10.9
Tax on cash flow hedges		**(16.6)**	(2.7)
Exchange gain/(loss) on translation of foreign operations		**94.6**	(109.0)
Other comprehensive income/(loss) for the year, net of tax		**137.3**	(100.8)
Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited		**400.5**	149.2
Non-controlling interests		**–**	–
Total comprehensive income for the year		**400.5**	149.2

		Cents per share	Cents per share
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic	7	**36.5**	34.7
Diluted	7	**36.3**	34.6

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

Consolidated statement of financial position

As at 30 June 2022

	Note	2022 $m	2021 $m
Current assets			
Cash and cash equivalents	9	**430.5**	448.1
Receivables	9	**564.4**	621.3
Inventories	9	**947.9**	839.7
Assets held for sale	14	**35.6**	140.2
Other current assets		**11.3**	8.0
Total current assets		**1,989.7**	2,057.3
Non-current assets			
Inventories	9	**1,063.6**	1,056.8
Property, plant and equipment	10	**1,521.5**	1,322.5
Right-of-use assets	11	**435.3**	448.4
Agricultural assets	12	**32.9**	33.8
Intangible assets	13	**1,399.8**	1,155.5
Deferred tax assets	23	**163.5**	183.7
Other non-current assets		**57.4**	26.2
Total non-current assets		**4,674.0**	4,226.9
Total assets		**6,663.7**	6,284.2
Current liabilities			
Trade and other payables	9	**747.2**	703.6
Current tax liabilities		**8.5**	21.1
Provisions	16	**76.3**	100.0
Borrowings	18	**161.5**	53.1
Other current liabilities		**9.6**	0.7
Total current liabilities		**1,003.1**	878.5
Non-current liabilities			
Borrowings	18	**1,512.2**	1,474.7
Deferred tax liabilities	23	**338.7**	309.6
Other non-current liabilities		**20.7**	30.2
Total non-current liabilities		**1,871.6**	1,814.5
Total liabilities		**2,874.7**	2,693.0
Net assets		**3,789.0**	3,591.2
Equity			
Contributed equity	19	**3,280.7**	3,280.7
Reserves	21	**48.7**	(88.0)
Retained earnings		**455.5**	394.4
Total parent entity interest		**3,784.9**	3,587.1
Non-controlling interests		**4.1**	4.1
Total equity		**3,789.0**	3,591.2

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

Consolidated statement of changes in equity

For the year ended 30 June 2022

	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 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**
Profit for the year	–	263.2	–	–	263.2	–	263.2
Total other comprehensive income/(loss)	–	–	94.6	42.7	137.3	–	137.3
Total comprehensive income for the year/(loss)	**–**	**263.2**	**94.6**	**42.7**	**400.5**	**–**	**400.5**
Transactions with owners in their capacity as owners directly in equity							
Share based payment expense	–	–	–	10.4	10.4	–	10.4
Vested deferred shares and share rights	–	–	–	(11.0)	(11.0)	–	(11.0)
Dividends to owners of the Company	–	(202.1)	–	–	(202.1)	–	(202.1)
Balance at 30 June 2022	**3,280.7**	**455.5**	**72.2**	**(23.5)**	**3,784.9**	**4.1**	**3,789.0**

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

1. Reported results restated due to changes in accounting policies as disclosed in the 30 June 2021 Annual Report.

Consolidated statement of cash flows

For the year ended 30 June 2022

	Note	2022 $m inflows/ (outflows)	2021 $m inflows/ (outflows)
Cash flows from operating activities			
Receipts from customers		**3,378.3**	3,383.7
Payments to suppliers, governments and employees		**(2,653.9)**	(2,721.3)
Borrowing costs paid		**(5.4)**	(6.2)
Income taxes paid		**(95.5)**	(118.4)
Interest paid (net)		**(61.5)**	(66.1)
Net cash flows from operating activities	8	**562.0**	471.7
Cash flows from investing activities			
Payments for property, plant, and equipment		**(102.4)**	(109.9)
Payments for intangible assets		**(9.8)**	(11.3)
Payments for subsidiaries, net of cash acquired		**(439.6)**	–
Proceeds from sale of property, plant and equipment		**143.2**	61.8
Net cash flows used in investing activities		**(408.6)**	(59.4)
Cash flows from financing activities			
Dividend payments		**(202.1)**	(158.7)
Proceeds from borrowings		**335.7**	217.4
Repayment of borrowings		**(301.1)**	(463.2)
Purchase of shares – employee equity plans		**(17.3)**	0.9
Net cash flows used in financing activities		**(184.8)**	(403.6)
Total cash flows from activities		**(31.4)**	8.7
Cash and cash equivalents at the beginning of the year		**448.1**	449.1
Effects of exchange rate changes on foreign currency cash flows and cash balances		**13.8**	(9.7)
Cash and cash equivalents at end of the year	9	**430.5**	448.1

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

Notes to the consolidated financial statements: About this report

For the year ended 30 June 2022

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 18 August 2022.

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 2022 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 34:	Business acquisitions

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 F22 are:

A$1 = US$ 0.726 (F21: US$ 0.747)
A$1 = GB£ 0.545 (F21: GB£ 0.555)

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

A$1 = US$ 0.688 (F21: US$ 0.751)
A$1 = GB£ 0.568 (F21: GB£ 0.543)

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.

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.

During the current period, the business structure was reorganised to reflect the Group's new divisional operating model. To facilitate comparability over reporting periods, comparatives have been restated to incorporate these changes.

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 F22 SGARA loss of $33.9 million includes the impact of a significant reduction in tonnage and yield from the 2021 Californian vintage and in some specific parcels of the 2022 Australian vintage, resulting in losses of $32 million.

The Group has the following reportable segments:

(i) Penfolds

This segment is responsible for the manufacturing, sale and marketing of Penfolds wine globally.

(ii) Treasury Premium Brands

This segment is responsible for the manufacturing, sale and marketing of wine within Australia, Asia, Europe, Middle-East and Africa.

(iii) Treasury Americas

This segment is responsible for the manufacture, sale and marketing of wine within North American and Latin Americas regions.

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.

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 2022

NOTE 2 – SEGMENT INFORMATION (CONTINUED)

2022	Treasury Premium Brands $m	Penfolds $m	Treasury Americas $m	Total segment $m	Unallocated/ corporate $m	Consolidated $m
Total revenue comprises:						
Net sales revenue	796.0	717.3	963.4	2,476.7	–	2,476.7
Other revenue	5.7	4.9	34.6	45.2	9.9	55.1
Total segment revenue (excl other income/interest)	**801.7**	**722.2**	**998.0**	**2,521.9**	**9.9**	**2,531.8**
Management EBITS	**79.6**	**319.3**	**185.6**	**584.5**	**(60.8)**	**523.7**
SGARA gain/(loss)	(9.8)	(12.7)	(11.4)	(33.9)	–	(33.9)
Material items	(0.1)	(2.4)	(39.0)	(41.5)	(4.0)	(45.5)
Management EBIT	**69.7**	**304.2**	**135.2**	**509.1**	**(64.8)**	**444.3**
Net finance costs						(71.4)
Consolidated profit before tax						**372.9**
Depreciation of property, plant and equipment and right-of-use assets	**(21.9)**	**(35.6)**	**(70.9)**	**(128.4)**	**(3.6)**	**(132.0)**
Amortisation of intangible assets	**(1.8)**	**(0.0)**	**(1.9)**	**(3.7)**	**(12.9)**	**(16.6)**
Assets held for sale	**7.9**	**4.5**	**23.2**	**35.6**	**–**	**35.6**
Capital expenditure (additions)	**(35.6)**	**(45.3)**	**(20.0)**	**(100.9)**	**(11.3)**	**(112.2)**
Segment assets	**1,452.8**	**1,647.2**	**2,817.2**	**5,917.2**	**746.5**	**6,663.7**
Segment liabilities	**(288.5)**	**(236.8)**	**(801.5)**	**(1,326.8)**	**(1,547.9)**	**(2,874.7)**

2021 Restated	Treasury Premium Brands $m	Penfolds $m	Treasury Americas $m	Total segment $m	Unallocated/ corporate $m	Consolidated $m
Total revenue comprises:						
Net sales revenue	840.7	788.9	940.0	2,569.6	0.0	2,569.6
Other revenue	4.2	3.4	105.7	113.3	1.0	114.3
Total segment revenue (excl other income/interest)	844.9	792.3	1045.7	2,682.9	1.0	2,683.9
Management EBITS	62.7	346.2	154.0	562.9	(52.6)	510.3
SGARA gain/(loss)	5.6	5.3	(1.5)	9.4	0.0	9.4
Material items	(4.4)	(14.3)	(67.6)	(86.3)	(2.2)	(88.5)
Management EBIT	63.9	337.2	84.9	486.0	(54.8)	431.2
Net finance costs						(73.5)
Consolidated profit before tax						357.7
Depreciation of property, plant and equipment and right-of-use assets	(24.2)	(33.1)	(73.0)	(130.3)	(4.1)	(134.4)
Amortisation of intangible assets	(1.8)	(0.3)	(2.6)	(4.7)	(11.6)	(16.3)
Assets held for sale	–	8.1	132.1	140.2	–	140.2
Capital expenditure (additions)	(20.1)	(83.2)	(16.4)	(119.7)	(9.4)	(129.1)
Segment assets	1,476.0	1,617.6	2,438.9	5,532.5	751.7	6,284.2
Segment liabilities	(295.7)	(237.6)	(791.3)	(1,324.6)	(1,368.4)	(2,693.0)

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 2022 $m	Net sales revenue 2021 $m
Australia	**985.4**	1,113.2
United States of America	**1,035.7**	1,000.3
United Kingdom	**345.6**	345.5
Other geographical locations[1]	**110.0**	110.6
Total	**2,476.7**	2,569.6

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 2022 $m	Non-current assets 2021 $m
Australia	**2,041.2**	2,006.5
United States of America	**2,113.5**	1,713.6
United Kingdom	**146.0**	146.4
Other geographical locations[2]	**154.3**	154.0
Total geographical non-current assets	**4,455.0**	4,020.5
Other non-current assets[3]	**219.0**	206.4
Consolidated non-current assets	**4,674.0**	4,226.9

2. Other than Australia, United States of America and the United Kingdom, non-current assets of other countries are individually less than 10% of the Group's non-current assets.
3. Other non-current assets include financial derivative assets and deferred tax assets.

NOTE 3 – REVENUE

	2022 $m	2021 $m
Revenue		
Net sales revenue[1]	**2,476.7**	2,569.6
Other revenue	**55.1**	114.3
Total revenue	**2,531.8**	2,683.9

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, 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.

Other revenue

Other revenue of the Group includes contract bottling services to third parties, sub-lease income and grape and bulk wine sales.

In F22 other revenue includes $15.4 million (F21: $14.8 million) of insurance income in relation to damage caused by wildfires in the Americas.

Sales approach

For F22, the Group had one major customer in Treasury Americas whose revenues represented 11.4% (F21: 8.7%) of reported net sales revenue, and one major customer in Treasury Premium Brands and Penfolds whose revenue represented 7.6% (F21: 8.1%) of reported net sales revenue.

Financing components

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

Accounting policies

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group's contracts with customers generally include one performance obligation. Revenue from the sale of products or services is recognised at the point in time when control over a product or service is transferred to the customer, generally on delivery. 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 the 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 2022

NOTE 4 – OTHER EARNINGS DISCLOSURES

	2022 $m	2021 $m
Net foreign exchange gains/(losses)	**(0.6)**	1.9
Salaries and wages expense	**(342.8)**	(337.7)
Costs associated with cloud computing arrangements	**(7.2)**	(6.6)
Share based payments expense	**(10.4)**	(5.0)
Items recognised as material items – refer note 5		
Restructuring and redundancy costs	**(9.0)**	(30.9)
(Write-down)/reversal of write-down of assets	**(3.2)**	(95.8)
Net profit/(loss) on sale of property, plant and equipment	**(20.5)**	38.2
Transaction and integration costs	**(12.8)**	–
Other items		
Restructuring and redundancy costs	**(0.5)**	(1.9)
(Write-down)/reversal of write-down of assets	**–**	(54.1)
Insurance income	**15.4**	62.4
Net profit on sale of property, plant and equipment	**0.9**	1.4
Total other gains and (losses)	**(29.7)**	(80.7)

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.

	2022 $m	2021 $m
Individually material items included in profit before income tax:		
Divestment of US brands and assets		
Restructuring and redundancy (costs)	**(0.4)**	(11.3)
(Write-down)/reversal of write-down of intangible assets	**(5.3)**	(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/(loss) on sale of property, plant and equipment	**(20.5)**	38.2
South Australian luxury winery expansion		
Restructuring and redundancy (costs)	**(4.5)**	(1.2)
(Write-down)/reversal of write-down of assets	**2.1**	(6.6)
Overhead and supply chain restructure		
Restructuring and redundancy (costs)	**(4.1)**	(18.4)
Acquisition of Frank Family Vineyards		
Transaction and integration (costs)	**(12.8)**	–
Total material items (before tax)	**(45.5)**	(88.5)
Tax effect of material items	**10.5**	22.4
Total material items (after tax)	**(35.0)**	(66.1)

In F22, material items reflect costs relating to the acquisition of Frank Family Vineyards in the Americas, 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 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.

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 2022

NOTE 6 – DIVIDENDS

	2022 $m	2021 $m
Dividends declared and paid on ordinary shares		
Final dividend for 2021 of 13.0 cents per share, 100% franked (2020: 8.0 cents per share, 100% franked)[A]	**93.8**	57.7
Interim dividend for F22 of 15.0 cents per share 100% franked (F21: 15.0 cents per share – 100% franked)[B]	**108.3**	108.2
	202.1	165.9
Dividends approved after balance date		
Since the end of the financial year, the Directors approved a final dividend of 16.0 cents per share (F21: 13.0 cents) 100% franked (F21: 100% franked). This dividend has not been recognised as a liability in the consolidated financial statements at year-end.	**115.5**	93.8

A The F21 final dividend includes an amount of $4.0 million (F20 final dividend: $2.6 million) for shares issued under the Dividend Reinvestment Plan which were fulfilled by on market share purchase.
B The F22 interim dividend includes an amount of $5.0 million (F21 interim dividend: $4.6 million) for shares issued under the Dividend Reinvestment Plan which were fulfilled by on market share purchase.

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

NOTE 7 – EARNINGS PER SHARE

	2022 cents per share	2021 cents per share
Basic EPS		
Basic EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**36.5**	34.7
Diluted EPS		
Diluted EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**36.3**	34.6

	Number	Number
Weighted average number of shares		
Weighted average number of ordinary shares on issue used in the calculation of basic EPS (in thousands)	**721,848**	721,406
Effect of potentially dilutive securities		
Deferred shares (in thousands)	**3,233**	1,947
Weighted average number of ordinary shares on issue used in the calculation of diluted EPS (in thousands)	**725,081**	723,353

Earnings reconciliation

Basic and diluted EPS	$m	$m
Net profit	**263.2**	250.0
Net profit attributable to non-controlling interests	**–**	–
Net profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted EPS	**263.2**	250.0

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

	2022 $m	2021 $m
Reconciliation of net cash flows from operating activities to profit after income tax		
Profit for the year	**263.2**	250.0
Depreciation and amortisation	**148.6**	150.7
SGARA (gain)/loss	**33.9**	(9.4)
Write-down/(reversal of write-down) of assets	**3.2**	92.9
Net (profit)/loss on disposal of non-current assets	**9.1**	(39.6)
Share based payments expense	**10.4**	5.0
Other	**1.8**	(2.4)
Net cash provided by operating activities before change in assets and liabilities	**470.2**	447.2
Change in working capital and tax balances, net of effects from acquisition/disposal of controlled entities		
Receivables	**88.7**	4.8
Inventories	**(21.7)**	(22.7)
Derivative financial assets/liabilities	**(4.6)**	4.5
Payables	**43.2**	9.2
Net tax balances	**14.3**	(10.7)
Provisions	**(28.1)**	39.4
Net cash flows from operating activities	**562.0**	471.7

Notes to the consolidated financial statements:
Working capital

For the year ended 30 June 2022

NOTE 9 – WORKING CAPITAL

	2022 $m	2021 $m
Current		
Cash and cash equivalents	**430.5**	448.1
Receivables (a)	**564.4**	621.3
Inventories (b)	**947.9**	839.7
Trade and other payables	**(747.2)**	(703.6)
Total current	**1,195.6**	1,205.5
Non-current		
Inventories (b)	**1,063.6**	1,056.8
Total non-current	**1,063.6**	1,056.8

(a) Receivables

	2022 $m	2021 $m
Current		
Trade receivables	**427.2**	487.1
Allowance for expected credit loss	**(7.3)**	(9.5)
Other receivables	**95.2**	107.4
Prepayments	**49.3**	36.3
Total current receivables	**564.4**	621.3

(b) Inventories

	2022 $m	2021 $m
Current		
Raw materials and stores	**60.8**	48.1
Work in progress	**345.0**	348.9
Finished goods	**542.1**	442.7
Total current inventories	**947.9**	839.7
Non-current		
Work in progress	**815.5**	747.6
Finished goods	**248.1**	309.2
Total non-current inventories	**1,063.6**	1,056.8
Total inventories	**2,011.5**	1,896.5

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 $1,402.9 million (F21: $1,397.5 million).

In F22, the write-down of inventories to net realisable value amounted to $22.8 million (F21: $63.7 million). Reversals of write-downs amounted to nil (F21: $1.0 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. For trade receivables, the Group applies the simplified approach for expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of receivables. 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 weighted 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 $1,063.6 million (F21: $1,056.8 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 2022

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

	Land		Freehold buildings		Leasehold buildings		Plant and equipment		Total	
	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Cost	**442.8**	347.2	**540.2**	483.3	**43.8**	39.6	**1,867.7**	1,709.7	**2,894.5**	2,579.8
Projects in Progress	**–**	–	**–**	–	**–**	–	**91.4**	163.1	**91.4**	163.1
Accumulated depreciation and impairment	**(39.4)**	(41.6)	**(238.9)**	(222.7)	**(27.6)**	(23.8)	**(1,158.5)**	(1,132.3)	**(1,464.4)**	(1,420.4)
Carrying amount at end of year	**403.4**	305.6	**301.3**	260.6	**16.2**	15.8	**800.6**	740.5	**1,521.5**	1,322.5
Reconciliations										
Carrying amount at start of year	**305.6**	339.9	**260.6**	253.3	**15.8**	20.7	**740.5**	783.5	**1,322.5**	1,397.4
Additions	**6.5**	–	**10.2**	34.1	**1.2**	2.0	**84.5**	81.7	**102.4**	117.8
Business acquisition	**94.3**	–	**32.9**	–	**–**	–	**23.9**	–	**151.1**	–
(Transfer to)/from Assets held for sale	**(6.8)**	(20.7)	**–**	(8.3)	**–**	–	**(5.3)**	(20.2)	**(12.1)**	(49.2)
(Transfer to)/from other asset classes	**–**	–	**–**	–	**–**	–	**8.0**	–	**8.0**	–
Disposals	**(9.0)**	(0.5)	**(4.2)**	–	**–**	–	**(12.7)**	(1.8)	**(25.9)**	(2.3)
(Write-downs)/ write-downs reversal	**–**	(0.1)	**–**	(0.4)	**–**	(2.8)	**–**	(4.5)	**–**	(7.8)
Depreciation expense	**–**	–	**(8.7)**	(7.9)	**(1.9)**	(2.3)	**(65.7)**	(67.2)	**(76.3)**	(77.4)
Foreign currency translation	**12.8**	(13.0)	**10.5**	(10.2)	**1.1**	(1.8)	**27.4**	(31.0)	**51.8**	(56.0)
Carrying amount at end of year	**403.4**	305.6	**301.3**	260.6	**16.2**	15.8	**800.6**	740.5	**1,521.5**	1,322.5

Included within plant and equipment are 'Projects in Progress' of $91.4 million (F21: $163.1 million), which are assets under construction and therefore not yet depreciated. The cost of construction includes the cost of materials used in construction, direct labour on the project, and an allocation of overheads. The Group recognised nil write-downs (F21: $7.8 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

	2022 hectares	2021 hectares
Australia	**7,857**	8,762
United States	**2,702**	3,200
New Zealand	**505**	498
Italy	**154**	166
France	**90**	60
	11,308	12,686

The area under vine shown above:

- Includes 3,000 hectares (F21: 3,111 hectares) under direct leasing arrangements and 10 hectares (F21: 10 hectares) of olive groves in Tuscany, a region of Italy.
- Yielded 90,002 tonnes of grapes (F21: 110,701 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	
	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Cost	**483.9**	461.3	**259.2**	245.7	**39.4**	36.7	**782.5**	743.7
Accumulated depreciation and impairment	**(209.0)**	(183.0)	**(116.1)**	(90.4)	**(22.1)**	(21.9)	**(347.2)**	(295.3)
Carrying amount at end of year	**274.9**	278.3	**143.1**	155.3	**17.3**	14.8	**435.3**	448.4
Reconciliations								
Carrying amount at start of year	**278.3**	324.3	**155.3**	173.2	**14.8**	19.5	**448.4**	517.0
Additions	**5.8**	5.8	**2.3**	24.6	**9.5**	5.1	**17.6**	35.5
Disposals	**(4.2)**	–	**-**	(12.9)	**-**	–	**(4.2)**	(12.9)
Depreciation and impairment expense	**(26.3)**	(26.1)	**(21.9)**	(22.5)	**(7.5)**	(8.4)	**(55.7)**	(57.0)
Foreign currency translation	**21.3**	(25.7)	**7.4**	(7.1)	**0.5**	(1.4)	**29.2**	(34.2)
Carrying amount at end of year	**274.9**	278.3	**143.1**	155.3	**17.3**	14.8	**435.3**	448.4

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

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

	2022 $m	2021 $m
Variable lease payments not included in lease liabilities	**145.1**	155.5
Interest expense on lease liabilities	**32.5**	34.4
Expenses relating to low-value leases, excluding short-term leases of low-value items	**47.7**	36.6
Expenses relating to short-term leases	**0.1**	0.1

(c) Amounts recognised in statement of cash flows

	2022 $m	2021 $m
Total cash out flow for lease liabilities	**86.1**	87.2

(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 increased lease liability of $869.0 million (F21: $798.8 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 estimate and judgement:

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.

NOTE 12 – AGRICULTURAL ASSETS

	2022 $m	2021 $m
Agricultural assets	**32.9**	33.8
Total agricultural assets	**32.9**	33.8
Reconciliations		
Carrying amount at start of year	**33.8**	34.1
Fair value increase	**30.8**	36.0
Transfers to inventory	**(33.8)**	(34.1)
Foreign currency translation	**2.1**	(2.2)
Carrying amount at end of year	**32.9**	33.8

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 Valley 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	
	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
Cost	**1,605.0**	1,368.5	**130.5**	117.2	**963.6**	898.3	**2,699.1**	2,384.0
Projects in progress at cost	**–**	–	**10.1**	20.8	**–**	–	**10.1**	20.8
Accumulated amortisation and impairment	**(582.5)**	(543.2)	**(100.3)**	(85.3)	**(626.6)**	(620.8)	**(1,309.4)**	(1,249.3)
Carrying amount at end of year	**1,022.5**	825.3	**40.3**	52.7	**337.0**	277.5	**1,399.8**	1,155.5
Reconciliations								
Carrying amount at start of year[1]	**825.3**	952.4	**52.7**	58.4	**277.5**	283.3	**1,155.5**	1,294.1
Additions	**–**	0.5	**9.8**	10.8	**–**	–	**9.8**	11.3
Business acquisitions	**160.1**	–	**–**	–	**58.2**	–	**218.3**	–
Disposal	**(0.8)**	–	**–**	–	**–**	–	**(0.8)**	(0.8)
(Transfers to)/from other asset classes	**–**	(21.5)	**(8.0)**	–	**–**	–	**(8.0)**	(21.5)
Amortisation and impairment expense	**(2.1)**	(65.8)	**(14.5)**	(15.1)	**(5.3)**	–	**(21.9)**	(80.9)
Foreign currency translation	**40**	(40.3)	**0.3**	(1.4)	**6.6**	(5.8)	**46.9**	(47.5)
Carrying amount at end of year	**1,022.5**	825.3	**40.3**	52.7	**337.0**	277.5	**1,399.8**	1,155.5

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

	Treasury Premium Brands		Penfolds		Treasury Americas		Total	
	2022 $m	Restated[1] 2021 $m	2022 $m	Restated[1] 2021 $m	2022 $m	Restated[1] 2021 $m	2022 $m	Restated[1] 2021 $m
Goodwill								
Carrying amount at start of year	**115.4**	114.8	**90.4**	90.4	**71.7**	78.1	**277.5**	283.3
Business acquisitions	**–**	–	**0.8**	–	**57.4**	–	**58.2**	–
Impairment	**–**	–	**–**	–	**(5.3)**	–	**(5.3)**	–
Foreign currency translation	**(0.9)**	0.6	**(0.1)**	–	**7.6**	(6.4)	**6.6**	(5.8)
Carrying amount at end of year	**114.5**	115.4	**91.1**	90.4	**131.4**	71.7	**337.0**	277.5
Brand names and licences								
Carrying amount at start of year	**265.8**	267.2	**221.2**	220.7	**338.3**	464.5	**825.3**	952.4
Additions	**–**	–	**–**	0.5	**160.1**	–	**160.1**	0.5
Disposal	**(0.8)**	–	**–**	–	**-**	–	**(0.8)**	–
Amortisation and impairment expense	**(1.6)**	(1.5)	**–**	–	**(0.5)**	(64.3)	**(2.1)**	(65.8)
(Transfers to)/from other asset classes	**–**	–	**–**	–	**–**	(21.5)	**–**	(21.5)
Foreign currency translation	**1.8**	0.1	**0.1**	–	**38.1**	(40.4)	**40**	(40.3)
Carrying amount at end of year	**265.2**	265.8	**221.3**	221.2	**536.0**	338.3	**1,022.5**	825.3

1. Reported results restated for changes to reporting segments. Refer to note 2.

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

	2022 $m	2021 $m
Assets and disposal groups held for sale	**35.6**	140.2
Total assets and disposal groups classified as held for sale	**35.6**	140.2

Assets held for sale comprise property, plant and equipment 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 Australia, including vineyards and wine making facilities, related property, plant and equipment and inventory. Accordingly, the vineyards and facilities have been presented as disposal groups held for sale.

Impairment losses relating to the disposal group

Impairment losses of nil (F21: $6.6 million) for the write down of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been included in "other expenses" in the consolidated statement of profit or loss and other comprehensive income. Refer to note 4 for other earnings disclosures.

Accounting policies

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

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

NOTE 15 – IMPAIRMENT OF NON-FINANCIAL ASSETS

In F22 the recoverable amounts of cash generating units (CGUs) exceed their carrying values and as a result no impairment has been recognised (F21: Nil). There were no indications that previously recognised impairment losses should be reversed (F21: Nil). The recoverable amount was determined through a value in use calculation. The write down of assets disclosed in note 4 relates to assets for which their valuation was tested independently of the CGUs in accordance with other accounting policies.

As a result of the change to a brand portfolio led divisional model, new CGUs were identified, they are:

- Penfolds Americas;
- Penfolds ANZ;
- Penfolds EMEA;
- Treasury Americas;
- Treasury Premium Brands ANZ; and
- Treasury Premium Brands EMEA.

Goodwill is tested for impairment at a divisional level which is the level it is monitored at.

Accounting policies

Timing of Impairment Testing

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

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

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

Approach to Impairment Testing

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

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

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

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

Reversals of Impairment

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

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

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

Key estimate and judgement:

Impairment testing key assumptions

The Group has estimated recoverable amount based on value in use at 30 June 2022. 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 2022 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% (F21: 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:

	2022
Penfolds Americas	**9.0%**
Penfolds ANZ	**11.1%**
Penfolds EMEA	**10.5%**
Treasury Americas	**9.4%**
Treasury Premium Brands ANZ	**11.1%**
Treasury Premium Brands EMEA	**10.5%**

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

	2022 $m	2021 $m
Current		
Employee entitlements	**42.8**	51.2
Other	**33.5**	48.8
Total current provisions	**76.3**	100.0

Other provisions	Onerous contracts $m	Restructuring $m	Other $m	Total $m
2022				
Carrying amount at start of year	**1.8**	**10.3**	**36.7**	**48.8**
Charged/(credited) to profit or loss	**(0.6)**	**15.5**	**8.5**	**23.4**
Payments	**–**	**(21.2)**	**(21.2)**	**(42.4)**
Foreign currency translation	**0.3**	**0.2**	**3.2**	**3.7**
Carrying amount at end of year	**1.5**	**4.8**	**27.2**	**33.5**

Other provisions include $26.2 million (F21: $35.9 million) in relation to estimated repair costs for a winery and vineyards that were damaged by wildfires in the Americas.

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 2022

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

	2022 $m	2021 $m
Total borrowings consist of:		
Current	**161.5**	53.1
Non-current	**1,512.2**	1,474.7
Total borrowings	**1,673.7**	1,527.8

Details of major arrangements

US Private Placement Notes

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 2022 is $472.2 million (F21: $432.7 million).

In June 2022 the Group negotiated a USPP issuance totalling US$250 million with tranches of US$175 million maturing September 2032 and US$75 million maturing September 2034. Funding will be completed in September 2022 and a portion will be used to repay the syndicated debt facilities maturing in June 2023.

Debt Facilities

During the year $1.4 billion of existing debt facilities were refinanced to include the establishment of Sustainability Linked Loans, providing a direct link between the Group's sustainability performance and its cost of capital. The Group established a further US$240 million syndicated debt facility with US$170 million being repaid and extinguished during the year.

Syndicated debt facilities now total US$420 million with US$70 million maturing June 2023, US$120 million maturing December 2026 and US$230 million maturing in December 2027 which are fully drawn at 30 June 2022. The carrying value of the syndicated debt facilities at 30 June 2022 is $610.2 million (F21:$466.0 million). The US$70 million maturing in June 2023 will be repaid using the proceeds of the new USPP issuance.

The Group has in place several revolving bank debt facilities with maturities staggered through to June 2026. As at 30 June 2022 there are no amounts drawn under the revolving bank debt facilities (F21: Nil).

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

NOTE 18 – BORROWINGS (CONTINUED)

Financial guarantees
The Group has issued financial guarantees to other persons of $28.4 million (F21: $23.5 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 2022, the Group recognised current lease liabilities of $62.2 million (F21: $54.8 million) and non-current lease liabilities of $546.8 million (F21: $557.8 million). The Group's lease arrangements have durations up to 25 years.

Receivables purchasing agreement
The Group has entered into an uncommitted non-recourse receivable purchasing agreement to sell certain domestic and international receivables, from time to time, to an unrelated entity in exchange for cash. As at 30 June 2022, nil receivables had been derecognised under this arrangement (F21: nil).

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	2021 $m	Total cash flows from activities $m	Additions to Net Debt $m	Debt Revaluation and FX movements $m	2022 $m
Net debt					
Cash and cash equivalents	448.1	(25.1)	–	7.5	**430.5**
Loan receivable	0.6	(0.2)	–	–	**0.4**
Bank loans[1]	(460.4)	(100.6)	–	(42.5)	**(603.5)**
US Private Placement Notes (net of fair value hedge)	(432.7)	–	–	(39.5)	**(472.2)**
Lease liabilities	(612.6)	59.8	(8.7)	(47.5)	**(609.0)**
Other loan payable	(0.7)	0.2	–	–	**(0.5)**
Net debt	**(1,057.7)**	**(65.9)**	**(8.7)**	**(122.0)**	**(1,254.3)**

1. Loans are stated net of capitalised facility finance costs. At reporting date, the balance of bank loans is $610.2 million (F21: $466.0 million) against capitalised facility finance costs of $6.7 million (F21: $5.6 million) to be amortised over the facility period.

NOTE 19 – CONTRIBUTED EQUITY

	2022 $m	2021 $m
Issued and paid-up capital		
721,848,176 (F21: 721,848,176) ordinary shares, fully paid	**3,280.7**	3,280.7
Own shares held	**–**	–
	3,280.7	3,280.7
Contributed equity at the beginning of the year	**3,280.7**	3,269.8
Shares movements:		
Nil shares issued under the Dividend reinvestment plan (F21: 699,506)	**–**	7.2
Nil shares issued for vested Long Term Incentive Plan and Share Cellar plan (F21: 348,319)	**–**	3.7
Net movement in own shares held	**–**	–
Contributed equity at the end of the year	**3,280.7**	3,280.7

The shares have no par value.

Ordinary shares

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

Purchase of shares for LTIP plans

The Group engages a third party to purchase shares in the Company to be used to satisfy share-based payment obligations upon vesting under the Group's Employee Equity Plans. Historically, such commitments were satisfied by way of treasury share purchases (i.e. the Group acquiring shares on market directly). There are no treasury shares held at 30 June 2022 (F21: Nil).

Under this arrangement during the period, the Group purchased 1.4 million shares ($17.3 million) under the third-party arrangement (F21: 0.3 million shares ($2.8 million)). A total of 0.8 million shares (F21: 0.1 million) purchased under the third-party arrangement are available at 30 June 2022 (F21: Nil).

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.

	2022 $m	2021 $m
Capital expenditure and other commitments		
The following expenditure has been contracted but not provided for in the financial statements:		
Capital expenditure	**35.5**	37.2

NOTE 21 – RESERVES

	2022 $m	2021 $m
Cash flow hedge reserve	**30.9**	(11.8)
Share based payments reserve	**(54.4)**	(53.8)
Foreign currency translation reserve	**72.2**	(22.4)
Total reserves	**48.7**	(88.0)

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	**65,860**	**711,513**	**1,297,784**	**349,040**	**310,593**
Granted during the year	114,890	691,048	905,177	310,735	166,926
Exercised during the year	(65,860)	(221,263)	-	(314,734)	(141,916)
Forfeited during the year	–	(358,306)	(366,105)	(9,166)	(45,022)
Outstanding at the end of the year	**114,890**	**822,992**	**1,836,856**	**335,875**	**290,581**
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 F20 – F22 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 F20 plan were not met in F22 resulting in Nil vesting.

Mid-term Incentive Plan (MTIP)
The Group awarded an MTIP grant in F21 and F22. 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 F21 and F22 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 F21 MTIP Plan was not met in F22 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 F22 and F21 LTIP plans which have a vesting date post 30 June 2022:

Grant date	F22 Plan 1-Dec-21	F21 Plan 23-Nov-20
Grant date share price	$11.79	$10.01
Expected share price volatility (%)	42.0	41.0
Expected dividend yield (%)	2.7	2.1
Risk-free interest rate (%)	0.77	0.10
Fair value estimate at grant date – TSR	$7.39	$4.78
Fair value estimate at grant date – ROCE	$11.00	$9.48

Mid-term Incentive Plans

The below table outlines the F22 and F21 MTIP plans which have a vesting date post 30 June 2022:

Grant date	F22 Plan 1-Oct-21	F21 Plan 23-Nov-20
Grant date share price	$12.37	$10.01
Expected dividend yield (%)	2.7	2.1
Fair value estimate at grant date – ROCE	$11.80	$9.68
Fair value estimate time-based – Vesting F22: 2022 (F21: 2021)	$12.07	$9.85
Fair value estimate time-based – Vesting F22: 2023 (F21: 2022)	$11.75	$9.65

Restricted Equity Plans

Grant date	Grant date share price
F20 11-Nov-19	$18.14
F21 23-Nov-20	$10.01
F22 1-Oct-21	$12.37

Notes to the consolidated financial statements: Taxation

For the year ended 30 June 2022

NOTE 23 – INCOME TAX

	2022 $m	2021 $m
The major components of income tax expense are:		
Statement of profit or loss		
Current income tax expense	**83.2**	109.1
Deferred income tax expense	**26.5**	(1.4)
Total tax expense	**109.7**	107.7
Deferred income tax expense included in the income tax expense comprises:		
(Decrease)/increase in deferred tax assets	**41.6**	0.1
(Decrease)/increase in deferred tax liabilities	**(15.1)**	(1.5)
Deferred income tax	**26.5**	(1.4)
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	**418.4**	446.2
Material items before tax	**(45.5)**	(88.5)
Profit before tax	**372.9**	357.7
Prima facie income tax expense attributable to profit from operations calculated at the rate of 30% (F21: 30%)	**111.9**	107.3
Tax effect of:		
Non-taxable income and profits, net of non-deductible expenditure	**3.4**	(3.0)
Other deductible items	**(1.9)**	(0.3)
Tax losses recognised	**(2.2)**	–
Change in tax rate	**1.0**	6.2
Foreign tax rate differential	**(7.3)**	(2.0)
Other	**5.6**	3.1
Under/(over) provisions in previous years	**(0.8)**	(3.6)
Total tax expense	**109.7**	107.7
Income tax expense on operations	**120.2**	130.1
Income tax benefit attributable to material items	**(10.5)**	(22.4)
Income tax expense	**109.7**	107.7
Deferred income tax relates to the following:		
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Property, plant and equipment (including vines)	**0.2**	11.0
Right-of-use assets and lease liabilities	**42.9**	38.8
Accruals	**36.1**	22.3
Provisions	**23.1**	27.3
Derivative instruments	**7.9**	–
Tax losses	**40.6**	67.9
Other	**12.7**	16.4
Total deferred tax assets	**163.5**	183.7

NOTE 23 – INCOME TAX (CONTINUED)

	2022 $m	2021 $m
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Inventory	**16.5**	23.6
Property, plant and equipment (including vines)	**87.5**	58.8
Intangibles	**221.2**	224.0
Other	**13.5**	3.2
Total deferred tax liabilities	**338.7**	309.6
Movements in deferred income tax relate to the following:		
Movement in deferred tax assets:		
Opening balance	**183.7**	193.8
(Charged) to profit or loss	**(41.6)**	(0.1)
Recognised directly in Equity	**(2.9)**	(2.7)
Business acquisitions	**5.1**	–
Balance sheet reclassification	**–**	(1.8)
Foreign currency translation	**10.9**	(11.9)
Other	**8.3**	6.4
Closing balance	**163.5**	183.7
Movement in deferred tax liabilities:		
Opening balance	**309.6**	334.3
(Credited)/charged to profit or loss	**(15.1)**	(1.5)
Recognised directly in Equity	**13.7**	–
Business acquisitions	**6.0**	–
Transfer (to)/from Assets Held for Sale	**10.0**	(5.5)
Foreign currency translation	**14.7**	(15.9)
Balance sheet reclassification	**(0.2)**	(1.8)
Closing balance	**338.7**	309.6
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	**(16.6)**	(2.7)

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 $31.9 million (F21: $39.2 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 $113.3 million (F21: $119.7 million) of franking credits available for subsequent reporting periods.

UK corporation tax rate

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 as of 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 2022

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:

	2022 $m	2021 $m
Committed facilities		
Available facilities	**1,909.8**	1,692.7
Amounts utilised	**(1,082.5)**	(898.7)
Amount unutilised	**827.3**	794.0

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

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
2022							
Non-derivative financial liabilities							
Bank loans[1]	10.6	114.8	18.3	243.9	342.1	**729.7**	**603.5**
Lease liabilities	40.4	46.4	89.7	250.5	385.1	**812.1**	**609.0**
Other loans	–	–	0.5	–	–	**0.5**	**0.5**
US Private Placement Notes	9.7	9.7	197.1	247.4	78.2	**542.1**	**472.2**
Trade Payables	314.9	–	–	–	–	**314.9**	**314.9**
Other Payables	432.3	–	–	–	–	**432.3**	**432.3**
Derivative financial liabilities							
Foreign exchange contracts	2.1	1.0	4.1	2.5	–	**9.7**	**9.7**
Interest rate and cross currency swaps	2.0	6.8	17.8	34.9	2.7	**64.2**	**11.3**
Total financial liabilities	**812.0**	**178.7**	**327.5**	**779.2**	**808.1**	**2,905.5**	**2,453.4**
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

1. Loans are stated net of capitalised facility finance costs. At reporting date, the balance of bank loans is $610.2 million (F21: $466.0 million) against capitalised facility finance costs of $6.7 million (F21: $5.6 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 2022, interest rate swap contracts were in use to exchange fixed interest rates to floating rates on $363.2 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 December 2026. 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:

	2022 $m	2021 $m
Financial assets		
Cash and cash equivalents	**430.5**	448.1
Total assets	**430.5**	448.1
Financial liabilities		
US Private Placement Notes[1]	**–**	–
Bank loans[1]	**101.7**	199.7
Total liabilities	**101.7**	199.7

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 0.80% (F21: 0.20%) with all other variables held constant.

	Sensitivity		Pre-tax impact on profit			
	2022	2021	2022		2021	
Currency			+$m	-$m	+$m	-$m
USD	**+ / – 25bp**	+ / – 25bp	**0.3**	**(0.3)**	(0.1)	0.1
AUD	**+ / – 25bp**	+ / – 25bp	**0.3**	**(0.3)**	0.6	(0.6)
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 2022 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 2022

Currency	Hedge type	Hedge value (notional AUD) $m	Average hedge rate
AUD/USD	Forwards	60.0	0.7296
	Options	185.5	0.7558
	Total	**245.5**	
AUD/GBP	Forwards	33.0	0.5273
	Options	107.0	0.5637
	Total	**140.0**	

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
2022					
Net debt					
Cash and cash equivalents	120.9	228.4	36.1	45.1	430.5
Loan receivable	–	0.4	–	–	0.4
Bank loans[2]	1.7	(605.2)	–	–	(603.5)
US Private Placement Notes (net of fair value hedge)	–	(472.2)	–	–	(472.2)
Lease liabilities	(89.3)	(499.6)	(2.0)	(18.1)	(609.0)
Other loan payable	(0.5)	–	–	–	(0.5)
Net debt	**32.8**	**(1,348.2)**	**34.1**	**27.0**	**(1,254.3)**
Other financial assets/(liabilities)					
Trade receivables (net of allowance for expected credit loss)	208.7	86.2	88.8	36.2	419.9
Other receivables	17.3	75.5	-	2.4	95.2
Trade and other payables	(384.9)	(259.0)	(69.9)	(33.4)	(747.2)
Net other assets/(liabilities)	**(158.9)**	**(97.3)**	**18.9**	**5.2**	**(232.1)**
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)**

2. Includes capitalised borrowing costs of $6.7 million (F21: $5.6 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			
	2022	2021	2022		2021		2022		2021	
Currency			+	-	+	-	+	-	+	-
United States Dollar	**12.6%**	9.0%	**0.1**	**(0.1)**	(0.2)	0.2	**(36.8)**	**57.7**	(61.0)	82.2
Great Britain Pound	**10.0%**	7.4%	**(0.5)**	**0.7**	0.1	(0.1)	**(26.7)**	**35.4**	(17.0)	21.1
Euro	**10.7%**	7.2%	**(0.1)**	**0.1**	0.2	(0.2)	**(2.3)**	**3.9**	(3.7)	4.5
Canadian Dollar	**9.1%**	6.7%	**(2.0)**	**2.4**	(1.5)	1.7	**2.2**	**(2.6)**	1.5	(1.7)
New Zealand Dollar	**6.3%**	4.9%	**0.0**	**0.0**	–	–	**(7.5)**	**8.5**	(8.1)	9.0

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.

In F22 the Group, as part of its normal monitoring of the credit quality of trade receivables, continued 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 continued to monitor customer credit risk assessments across the entire customer portfolio.

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.

Level of exposure at balance date

The maximum counterparty credit risk exposure at 30 June 2022 in respect of derivative financial instruments was $22.0 million (F21: $4.5 million) and in respect of cash and cash equivalents was $186.2 million (F21: $125.0 million). The Group's authorised counterparties are restricted to banks and financial institutions whose long-term credit rating is at or above a Standard and Poors rating of A- (or Moody's equivalent rating of A3), with any exceptions requiring approval from the Board. Commercial paper investments are restricted to counterparties whose short-term credit rating is at or above a Standard and Poor's rating of A-1 (or Moody's equivalent rating of P-2). The magnitude of credit risk in relation to receivables is generally the carrying amount, net of any allowance for expected credit loss.

NOTE 24 – FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit risk (continued)

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

	2022 $m	2021 $m
Not past due	**387.7**	459.5
Past due 1–30 days	**25.4**	10.9
Past due 31–60 days	**4.3**	1.8
Past due 61 days+	**2.5**	5.4
Total	**419.9**	477.6

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 $385.4 million (Australian dollar equivalent) net face value of outstanding foreign exchange contracts at contract rates (F21: $324.0 million), interest rate swaps of $857.2 million (F21: $665.7 million) and cross currency interest rate swaps of $174.4 million (F21: $159.8 million) and interest rate collars of $203.4 million (F21: $146.5 million). These instruments are regarded as Level 2 under AASB's Fair Value measurement hierarchy.

NOTE 26 – FAIR VALUES

The fair value of the US Private Placement Notes is $484.1 million (F21: $492.8 million) and the fair value of the syndicated debt facility is $644.3 million (F21: $500.0 million). The fair values of cash and cash equivalents, financial assets and other financial liabilities approximate their carrying value. 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 2022

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% (F21: 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
Frank Family Vineyards LLC	USA
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 de la Gironville	France
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

NOTE 27 – SUBSIDIARIES (CONTINUED)

Entity name	Country of incorporation
Tolley Scott & Tolley Limited*	Australia
Treasury Americas Inc	USA
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	2022	2021
Equity holding of less than 100%			
Fiddlesticks LLC	USA	**0.0**	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:

	2022 $m	2021 $m
Balance sheet		
Current assets	**1,356.8**	846.4
Total assets	**9,462.8**	8,953.3
Current liabilities	**5,617.6**	5,453.0
Total liabilities	**5,617.6**	5,453.0
Net assets	**3,845.2**	3,500.3
Shareholders' equity		
Issued capital	**3,280.7**	3,280.7
Share based payments reserve	**(55.1)**	(53.7)
Retained earnings	**619.6**	273.3
Total equity	**3,845.2**	3,500.3
Profit for the year	**548.1**	–
Total comprehensive income	**548.1**	–

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 (F21: 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 2022 are set out below.

	2022 $m	2021 $m
Extract of the statement of profit or loss and other comprehensive income		
Profit before tax	**252.3**	365.8
Income tax expense	**(67.4)**	(100.2)
Net profit after tax	**184.9**	265.6
Retained earnings at beginning of the year	**172.6**	72.9
External dividends	**(202.1)**	(165.9)
Retained earnings at end of the year	**155.4**	172.6

NOTE 29 – DEED OF CROSS GUARANTEE (CONTINUED)

	2022 $m	2021 $m
Statement of financial position		
Current assets		
Cash and cash equivalents	**115.1**	215.9
Receivables	**315.2**	250.1
Inventories	**380.7**	432.3
Investments	**1.9**	1.9
Assets held for sale	**12.3**	8.1
Other current assets	**20.8**	8.3
Total current assets	**846.0**	916.6
Non-current assets		
Inventories	**686.6**	650.8
Investments	**2,257.5**	2,257.5
Property, plant and equipment	**672.8**	629.9
Right-of-use assets	**77.5**	86.9
Intangible assets	**542.8**	547.0
Deferred tax assets	**35.8**	44.8
Other non-current assets	**38.4**	1.9
Total non-current assets	**4,311.4**	4,218.8
Total assets	**5,157.4**	5,135.4
Current liabilities		
Trade and other payables	**383.8**	326.4
Borrowings	**584.1**	655.1
Current tax liabilities	**10.1**	22.7
Provisions	**34.3**	46.4
Other current liabilities	**16.8**	5.4
Total current liabilities	**1,029.0**	1,056.0
Non-current liabilities		
Borrowings	**581.4**	547.5
Deferred tax liabilities	**123.8**	121.7
Other non-current liabilities	**9.8**	21.2
Total non-current liabilities	**715.0**	690.4
Total liabilities	**1,744.0**	1,746.4
Net assets	**3,413.4**	3,389.0
Equity		
Contributed equity	**3,280.7**	3,281.3
Reserves	**(22.7)**	(64.9)
Retained earnings	**155.4**	172.6
Total equity	**3,413.4**	3,389.0

Current borrowings include balances with other entities within the Group. These balances will not be called within the next 12 months.

Notes to the consolidated financial statements: Other

For the year ended 30 June 2022

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.

	2022 $	2021 $
Short-term employee benefits	**5,019,492**	4,760,936
Post-employment benefits	**70,704**	65,916
Share based payments	**1,624,796**	457,187
Total	**6,714,992**	5,284,039

Additionally, compensation paid to non-executive directors was $2,002,965 (F21: $2,113,997).

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:

	2022 $	2021 $
Audit and review of financial statements and other audit work under the *Corporations Act 2001*	**1,534,555**	1,426,128
Associate firms of Auditor	**537,206**	493,530
Other assurance services	**–**	–
Audit and review services	**2,071,761**	1,919,658
Other non-audit services	**170,371**	439,280
Total	**2,242,132**	2,358,938

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 2022, other non-audit services included fees in respect to the provision of advisory and taxation services.

Notes to the consolidated financial statements:
Other
For the year ended 30 June 2022

NOTE 32 – OTHER ACCOUNTING POLICIES

New accounting standards and interpretations
Since 30 June 2021, the Group has adopted the following new and amended accounting standards.

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 4 & AASB 17	*Amendments to Australian Accounting Standards – Insurance Contracts*	1 January 2021
AASB 2020-9	*Amendments to Australian Accounting Standards – Tier 2 Disclosure: Interest rate benchmark reform (phase 2) and other amendments*	1 January 2021
IFRIC agenda decision	*Costs necessary to sell inventories*	June 2021

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 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141	*Annual Improvements 2018–2020 and Other Amendments*	1 January 2022
AASB 101	*Classification of Liabilities as Current or Non-current*	1 January 2023
AASB 101	*Classification of Liabilities as Current or non-current – deferral of effective date*	1 January 2023
AASB 17	*Insurance Contracts* *Initial applicable of AASB 17 and AASB 9 – Comparative Information*	1 January 2023
AASB 2021-5	*Deferred Tax related to Assets and Liabilities arising from a single transaction*	1 January 2023
AASB 2021-2	*Disclosure of accounting policies and definition of accounting estimates*	1 January 2023

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

Other accounting policies

Finance income

Finance income is recognised as the interest accrues (using the effective interest method, which applies a rate that discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Finance costs

Finance costs are recognised as an expense when they are incurred, except for interest charges attributable to major projects with substantial development and construction phases, which are capitalised as part of the cost of the asset.

Financial assets

A financial asset is classified as at fair value through profit or loss or fair value through other comprehensive income unless it meets the definition of amortised cost. This is determined on initial recognition.

Financial assets classified as at amortised cost are measured initially at fair value and adjusted in respect of any incremental and directly attributable transaction costs. All other financial assets are measured at fair value on initial recognition.

Reclassification occurs only if there are fundamental changes to the Group's business model for managing financial assets.

Amortised cost

A financial asset is classified as at amortised cost only if the asset is held to collect contractual cash flows and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

A financial asset is measured at amortised cost using the effective interest rate method. Any gains and losses are recognised through the amortisation process or when the financial asset is derecognised or impaired.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are determined using historical recovery of contractual cash flows and the amount of loss incurred, adjusted for current economic and credit conditions.

An impairment loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. Impairment losses on assets classified as amortised cost are recognised in profit or loss when they are expected, not when they are incurred. If a later event causes the impairment loss to decrease, the amount is reversed in profit or loss.

Derecognition of financial assets

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial instrument.

This is normally the case when the instrument is sold or all the cash flows attributable to the instrument are passed through to an independent third party.

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 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

An Australian shareholder class action has been commenced against TWE Limited.

One action was served on 2 April 2020 by Slater & Gordon (S&G) acting for Brett Stallard as trustee for the Stallard superannuation fund. A 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 the class action. No provision has been recognised at 30 June 2022 in respect of the claim.

NOTE 34 – BUSINESS ACQUISITIONS

Frank Family Vineyards

On 14 December 2021, the Company acquired 100% of the ordinary shares of Frank Family Vineyards LLC ('FFV'), a Company incorporated in the US. FFV is highly acclaimed luxury wine business based in the Napa Valley, California. comprising two vineyards, a single winery, and a highly renowned tasting room and direct to consumer wine club model.

The cash consideration of US$316.9 million was funded by a combination of cash resources (including proceeds from recent US asset divestments) and utilising the Group's cash and debt facilities.

NOTE 34 – BUSINESS ACQUISITIONS (CONTINUED)

From the date of acquisition, FFV contributed $61.0 million revenue and $14.2 million profit before tax from continuing operations of the Group. Estimated F22 EBITS from the acquired entities that would have been earned if the acquisition had occurred at the commencement of the financial year was $28.5 million. Additionally, information relating to the fair value of assets acquired is not available to accurately determine any purchase price accounting adjustments that would have been recognised had the acquisition taken place on 1 July 2021. Transaction and integration costs of $12.8 million were expensed and are included in administration expenses, refer to Note 5 for further detail.

Assets acquired and liabilities assumed

The value of the identifiable assets and liabilities of FFV at the date of acquisition were:

	Value recognised on acquisition (provisional) $m
Assets	
Cash	9.6
Receivables	8.1
Inventories	62.4
Property, plant and equipment	148.1
Brand names	151.3
Licenses	8.8
Deferred tax asset	5.0
	393.3
Liabilities	
Trade and other payables	9.9
Employee entitlement provisions	0.2
Deferred tax liabilities	5.0
	15.1
Total identifiable net assets at fair value	378.2
Goodwill and intangible assets arising on acquisition	57.4
Purchase consideration	435.6

Analysis of cash flows on acquisition

Cash consideration paid	435.6
Cash acquired as part of the acquisition	9.6
Net cash flow outflow on acquisition (included in cash flows from investing activities)	**426.0**

These amounts have been measured on a provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of the acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, the accounting for the acquisition will be revised.

Other business acquisition

During the year the Group acquired production and vineyard assets in the Bordeaux region of France to expand its French country-of-origin portfolio, centered on the Penfolds brand. Cash consideration of $8.0 million was paid to acquire 100% of Société Civile de la Gironville the owner of these assets.

NOTE 35 – SUBSEQUENT EVENTS

Since the end of the financial year, the Directors approved a final 100% franked dividend of 16.0 cents per share. This dividend has not been recognised as a liability in the consolidated financial statements at 30 June 2022.

On 1 July 2022 the Group purchased a number of vineyard assets in America for US$73 million that were previously subject to long term lease arrangements. These assets have been acquired with a view to resale in F23 as part of the ongoing restructure of supply assets in America.

In July 2022 the Group agreed to acquire a 78.6% stake in Chateau Lanessan, including its production and vineyard assets in the Bordeaux region of France. The cash outflow associated with the acquisition is expected to be approximately A$60 million, including a capital injection to fund winery and vineyard development. Completion is expected in October 2022, subject to satisfaction of conditions precedent.

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.

Directors' declaration

For the year ended 30 June 2022

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 35 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 2022 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
Managing Director and Chief Executive Officer

18 August 2022
Melbourne, Australia

Independent auditor's report

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 2022 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 2022;
- 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 these requirements.

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Key Audit Matters	
The ***Key Audit Matters*** we identified are: • Valuation of inventory; and • Recognition of discounts and rebates.	***Key Audit Matters*** are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventory (total finished goods and work in progress inventory was $2,011.5 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 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 sale 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 the Group's brand strategies and forecast sales plans for consistency;
	  • assessed the Group'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; and
	  • assessed the impact of the actions undertaken during the current year to mitigate the risk that the wine will be sold below cost, including Australian sourced inventory that was previously planned to have been sold in China.
	• assessing the integrity of the inventory valuation models used, including the mathematical

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	accuracy of the underlying calculation formulas; • attending cycle counts and / or year-end inventory counts in significant locations, which included independently 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 $2,476.7 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
	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.
	• analysing the impact of any one-off events in the

performance year does not align to the Group's financial year.	estimation of the accrual; • testing key controls in significant jurisdictions for calculating, reviewing and approving discounts and rebates; • assessing the integrity of the discount and rebate models used, including the mathematical accuracy of the underlying calculation formulas; • challenging the nature and quantum of the amounts recorded by reference to historical sales, rebates paid, and discounts paid. We also tested, on a sample basis, the nature and level of such amounts back to contractually agreed terms; • assessing the accuracy of the accrual in previous years in order to challenge the Group's current year estimation processes; and • considering the Group's disclosures with respect to revenue, discounts and rebates accruals against accounting standard requirements.

Other Information

Other Information is financial and non-financial information in Treasury Wine Estates Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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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 2022, 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 2022.

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

18 August 2022

Details of shareholders, shareholdings and top 20 shareholders

DETAILS OF SHAREHOLDERS AND SHAREHOLDINGS

Holding of securities

LISTED SECURITIES 11 JULY 2022	No. of holders	No. of shares	% held by top 20
Fully paid ordinary shares	83,760	721,848,176	84.06

Size of holding	No. of holders	Total % held
1 – 1,000	59,100	3.21
1,001 – 5,000	21,616	6.27
5,001 – 10,000	2,101	2.03
10,001 – 100,000	879	2.67
100,001 and over	64	85.82
Total	**83,760**	**100**

As at 11 July 2022, 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 $11.36 per share, is 1,646.

TWENTY LARGEST SHAREHOLDERS – 11 JULY 2022

Rank	Shareholder	No. of fully paid ordinary shares	% of fully paid ordinary shares
1.	HSBC Custody Nominees	269,512,025	37.34
2.	J P Morgan Nominees Australia	182,019,304	25.22
3.	Citicorp Nominees Pty Limited	70,117,667	9.71
4.	National Nominees Limited	30,702,392	4.25
5.	BNP Paribas Nominees Pty Ltd	25,760,731	3.57
6.	Merrill Lynch (Australia) Nominees Pty Limited	13,398,845	1.86
7.	Argo Investments Limited	3,250,000	0.45
8.	HSBC Custody Nominees (Australia) Limited <GSCO Customers A/C>	3,233,866	0.45
9.	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	2,700,992	0.37
10.	Mutual Trust Pty Ltd	1,599,182	0.22
11.	NewEconomy Com AU Nominees Pty Limited <900 Account>	1,364,520	0.19
12.	Milton Corporation Limited	1,206,363	0.17
13.	Netwealth Investments Limited <Wrap Services A/C>	1,104,644	0.15
14.	UBS Nominees Pty Ltd	972,927	0.13
15.	Sandhurst Trustees Ltd <Harper Bernays Ltd A/C>	968,030	0.13
16.	BKI Investment Company Limited	850,301	0.12
17.	CPU Share Plans Pty Ltd <TWE Unallocated A/C>	755,847	0.10
18.	BNP Paribas Noms (NZ) Ltd <DRP>	718,919	0.10
19.	Netwealth Investments Limited <Super Services A/C>	649,882	0.09
20.	Mrs Xinying Zhou	555,919	0.08
Total		**611,442,356**	**84.71**

SUBSTANTIAL SHAREHOLDERS – 11 JULY 2022

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
Capital Group	68,677,969	9.51
BlackRock Group	45,713,004	6.33
State Street Corporation	36,604,889	5.07

Shareholder information

ANNUAL GENERAL MEETING AND DIRECTOR NOMINATIONS

The Annual General Meeting (AGM) of the Company will be held at 10:00am on Tuesday, 18 October 2022 (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. All director nominations for election at the 2022 AGM are to be received in writing no later than 5:00pm (AEST) on Tuesday, 30 August 2022:

By mail: Company Secretary

Treasury Wine Estates Limited
Level 8, 161 Collins Street
Melbourne, Victoria 3000
Australia

By fax: +61 3 9690 5196

VOTING RIGHTS

Shareholders are encouraged to participate in the AGM, however, when this is not possible, shareholders may appoint a proxy to participate in the AGM in their place.

Every shareholder participating in the AGM 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 Annual Report elections
- download commonly used forms.

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 AND 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 invite.cellardoor.co/twe-shareholder1 and enter Access Code 89374 to register.

US shareholders:

Visit 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

Level 8, 161 Collins Street
Melbourne Victoria 3000 Australia
Telephone: +61 3 8533 3000

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Stags' Leap

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