TREASURY
WINE ESTATES

15 August 2023

ASX ANNOUNCEMENT

2023 Annual Report

Treasury Wine Estates Ltd (ASX: TWE) is pleased to present its Annual Report for the year ended 30 June 2023, 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

Final Report in respect to Treasury Wine Estates Limited

For the year ended 30 June 2023

ABN 24 004 373 862

1. Results for announcement to the market

Key information	Year ended 30 June 2023 $M	Year ended 30 June 2022 $M	% Change increase/ (decrease)	Amount increase/ (decrease) $M
Revenue from ordinary activities	2,488.3	2,531.8	(1.7)%	(43.5)
Profit attributable to members of Treasury Wine Estates Limited	254.5	263.2	(3.3)%	(8.7)
Net profit after tax before material items and SGARA	376.1	322.6	16.6%	53.5
Earnings before interest, tax, SGARA and material items	583.5	523.7	11.4%	59.8

Earnings per share	Year ended 30 June 2023 Cents per share	Year ended 30 June 2022 Cents per share
Basic earnings per share	35.3	36.5
Basic earnings per share, adjusted to exclude SGARA, material items	52.1	44.7

Dividends (distributions)	Cents per share	Franking %
Final dividend – year ended 30 June 2023 (determined subsequent to balance date)[1]	17.0 cents	100%
Interim dividend – half year ended 31 December 2022	18.0 cents	100%
Final dividend – year ended 30 June 2022	16.0 cents	100%

1. The record date for determining an entitlement to receipt of the final dividend is 1 September 2023 and the Company expects to pay the dividend on 3 October 2023. 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 4 September 2023 at 5pm (AEST).

2. Final financial statements

Please refer to pages 80 through 132 of this report wherein the following are provided:

- Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2023;
- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of changes in equity for the year ended 30 June 2023;
- Consolidated statement of cash flows for the year ended 30 June 2023;
- Notes to the consolidated financial statements; and
- Directors' declaration.

Appendix 4E

Final Report in respect to Treasury Wine Estates Limited

For the year ended 30 June 2023

ABN 24 004 373 862

3. Net tangible asset backing

Net tangible asset backing per ordinary share	Year ended 30 June 2023 $	Year ended 30 June 2022 $
Net tangible asset backing per ordinary share	3.40	3.31

4. Associates and Joint Ventures

Investments in Associates and Joint Ventures	Year ended 30 June 2023 $M	Year ended 30 June 2022 $M
Investments accounted for using the equity method	-	-

Investments in associates and joint venture partnerships are accounted for in the consolidated financial statements using the equity method of accounting.

5. Annual General Meeting

The Annual General Meeting of the Company will be held on 16 October 2023.

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 document.

Further information can be obtained from:

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Annual Report 2023

TREASURY WINE ESTATES


ONE
Penfolds
RED BLEND
CALIFORNIA
2020
ONE
Penfolds
RED BLEND
CHINA
2020
ONE
Penfolds
VIN ROUGE
FRANCE
2020

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 asx.com.au.

This report contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward-looking statements can generally be identified by the use of forward-looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'goal', 'ambition' and other similar expressions.

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, exchange rate impacts given the global nature of our business, vintage variations and the evolving nature of global geopolitical dynamics.

At the date of this report, the Company believes that there are reasonable grounds for these forward-looking statements. While the Company has prepared this information with due care based on its current knowledge and understanding and in good faith, there are risks, uncertainties and other factors beyond the Company's control 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.

About Treasury Wine Estates

70+

Countries

Consumers in more than 70 countries enjoy our iconic wines, available in major retailers, premium wine outlets, restaurants, bars, and online channels.

2,500

Team members

Our world-class team has a presence across Australia, New Zealand, Asia, the Americas, the United Kingdom, Europe, the Middle East, and Africa.

3 Brand portfolio divisions

Penfolds, Treasury Premium Brands, and Treasury Americas are supported by centralised business services, supply, and corporate functions.

10,100

Hectares

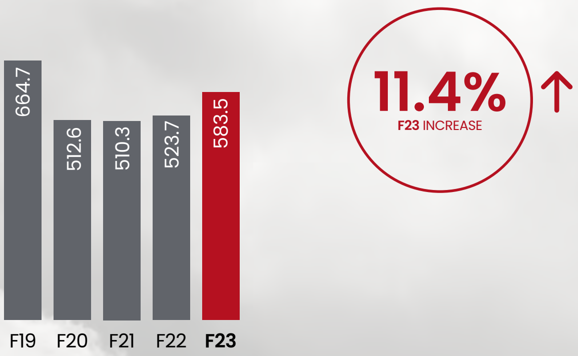
Our global multi-regional sourcing model is at the heart of our business. It includes vineyards and production assets in some of the world's best wine regions.

Tatachilla, McLaren Vale, South Australia.
Photo by **Darrel Sim, Vineyard Operator.**

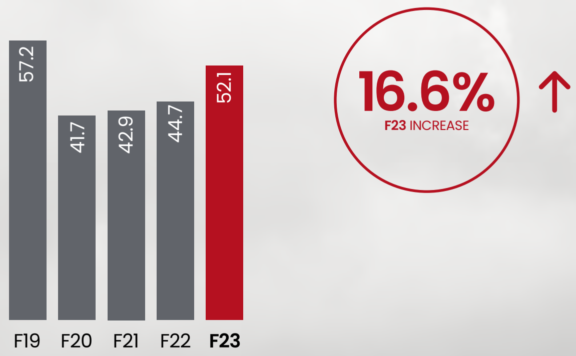
At a glance[1]

- F23 EBITS[2] increased 11.4% to $583.5 million; EBITS margin up 2.9 percentage points to 24.1%
- EPS (before material items and SGARA) up 16.6% to 52.1 cents per share
- Return on Capital Employed increased 0.6ppts to 11.3%
- Final dividend of 17 cents per share (fully franked); bringing F23 annual dividend to 35 cents per share, an increase of 12.9% on the prior period
- Full-year cash conversion of 60.6%

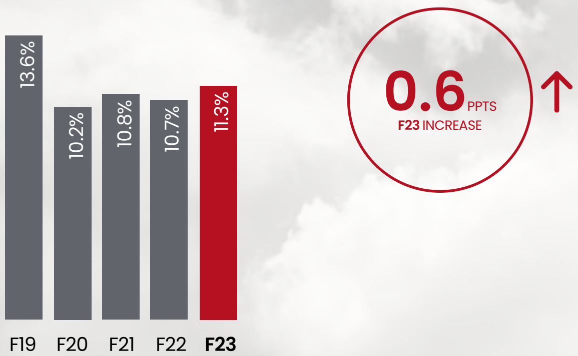
EBITS
(Earnings before interest, tax, material items and SGARA)
(A$ million)



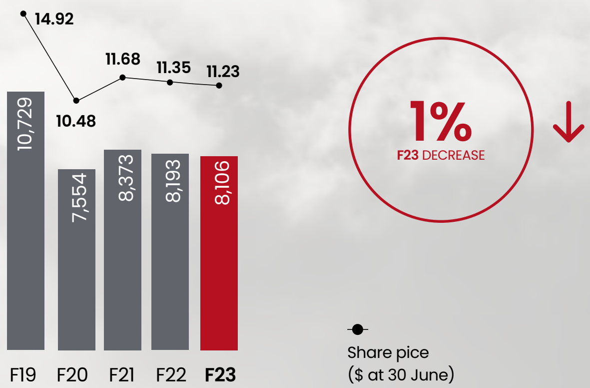
EPS (Before material items and SGARA)
(Earnings per share) (cents)



ROCE
(Return on Capital Employed)(%)



Market capitalisation
(A$ million)



Barossa Valley, South Australia.
Photo by **David Dahlenburg, Maintenance Scheduler.**

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

This year marked the halfway point of our five-year strategy, TWE2025. While the external environment continued to present challenges in some markets, the fundamentals of our strategy remain sound, with strong demand in the luxury wine segment driving progress towards our ambition of being the world's most admired premium wine company.

Dear shareholders,

We are pleased to present the 2023 Annual Report for Treasury Wine Estates Limited.

This has been a year of continued profit and EBITS margin growth despite difficult global economic and geo-political circumstances. While the challenging environment has continued the trend of recent years, our clear strategy, diversified business model and disciplined execution has seen our iconic brands continue to grow in key markets in Asia (excluding Mainland China), the Americas, Australia, Europe, and further afield.

Guided by our TWE2025 strategy while being agile and proactive in responding to shifts in the external environment, we continue to leverage the opportunities before us. Our activity this year has focused on investment behind our priority brands and innovation agenda, expanding our multi-country of origin portfolios, optimising our global asset footprint, and making organisational change that allows us to improve our efficiency. The re-allocation of investment to where it will best support growth in the current and future commercial environment has, and will continue to, deliver cost and structural benefits.

With our brand portfolio operating model now firmly in place, we've seen a clear focus on execution from each division: Penfolds, Treasury Premium Brands, and Treasury Americas. The premiumisation trend has continued across all our markets, informing our approach to attracting new consumers into the category and expanding the occasions that our portfolio satisfies for existing ones.

Penfolds has cemented its position as a global luxury icon, continuing the tradition of engaging wine lovers and new consumers in innovative ways: from premium after-sales experiences including wine certification through re-corking clinics to Penfolds House events around the world that bring together the best of wine, music, and design. Underpinning the brand's appeal in established and emerging markets is the focus on quality; the renowned Penfolds House Style. A new tier in the Penfolds range – 'One by Penfolds' – was launched in September 2022 as a dynamic way of engaging the 'new luxurian' consumer with wines from the US, France, and for the first time - China. One by Penfolds leverages the brand as a hallmark for heritage, and realises our long-held ambition to make wine in China. The China red blend, featuring grapes from the Ningxia region of China, is now available alongside the US and French wines after the Hong Kong launch in early F24.

Enhancing production capacity to satisfy growing global demand for Penfolds informed our acquisition of a majority stake in the historic Château Lanessan in Bordeaux, France, which completed in F23. The acquisition has doubled the production capacity for French-sourced Penfolds, and we have been collaborating closely with the Château's winemakers and the Bouteiller family, which retains a minority stake. Plans are underway for the transformation of the historic site, founded in the late 18th century, into a cohesive blend of Penfolds storied history of almost 180 years and the brand's future focus in Europe, in the heart of France's premier winemaking region.

With the increasing consumer interest in lighter red wines, we also completed the acquisition of Beenak Vineyard in Victoria's Yarra Valley, which has significant plantings of cool-climate varieties including Pinot Noir and Chardonnay. We also made the difficult decision to close the Karadoc commercial winery in Victoria, Australia, in F24. Wines made at the Karadoc site will continue to be produced locally through third party partnerships, allowing us to continue to focus our capital investment into premium and luxury winemaking.

This year, Treasury Premium Brands has grown demand across Asia, in particular south-east Asia, with priority brands Pepperjack, Squealing Pig, 19 Crimes, and Rawson's Retreat strengthening consumer engagement. Wynns has also continued to make inroads into established European markets with the Wynns John Riddoch Cabernet Sauvignon listing for the third year at famed Bordeaux wine retailer La Place de Bordeaux, joining Penfolds alongside the world's finest wines. Squealing Pig's colourful and inclusive consumer engagement approach was in full flight for the second year of the brand's partnership with Sydney Gay and Lesbian Mardi Gras, which this year included the 17-day Sydney WorldPride event.

Treasury Americas has continued to lay the platform for growth in in the premium and luxury segment, with Frank Family Vineyards and its portfolio of luxury wines now firmly part of the broader

Chairman and Chief Executive Officer's report (continued)

Treasury Americas family. Shifts in consumer preferences such as the decreasing demand in the commercial segment have played out particularly acutely in the US as the world's largest wine market. Recent investment in 19 Crimes as a global growth brand has started to bear fruit: the brand's ambassadors in Snoop Dogg and Martha Stewart continue to recruit a new demographic into the wine category, with 36% of consumers buying 19 Crimes Cali Red and Cali Rosé being new to drinking wine.

With changes to our operations underway and our diversification across sourcing regions, markets and brands well entrenched, we're poised to take advantage of luxury and premium category growth over the long term.

Recognising the growing health and wellness trend informing moderation, we continued to invest in our portfolio of no alcohol and low alcohol offerings. With world-class winemakers, cutting-edge technology, and a wealth of consumer insights, we're taking a leadership position in this growing segment. On the heels of the award-winning Wolf Blass Zero range, the latest product in the portfolio to tap into the moderation trend, Pepperjack mid-strength, leverages the brand recognition of Australia's favourite Shiraz with half the alcohol content at 7% ABV. We also launched our first Alcohol and Health Policy, setting out our position and commitments on issues such as product transparency, reducing harmful consumption and responsible marketing.

In F23, Group EBITS increased 11.4% to $583.5 million, while our EBITS margin strengthened 2.9 percentage points to 24.1%. 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 2.2% to $2,423.0 million, reflecting volume declines in the premium portfolio in Treasury Americas and commercial portfolio volume declines in Treasury Premium Brands, partially offset by strong luxury portfolio growth for Penfolds. NSR per case increased 12.7%, reflecting the luxury-led portfolio mix shift and price rises across several key brands.

The premium and luxury portfolios contributed 85% of Group NSR, continuing its growth trajectory of recent years, and up from 83% in F22.

Key elements of the result are detailed below.

- Penfolds reported a 14.2% increase in EBITS to $364.7 million and an EBITS margin of 44.5% (in line with F22). Strong NSR growth of 14.3% was delivered through Asia, Australia and EMEA, reflecting the continued momentum behind the Penfolds strategy to build distribution and grow consumer demand. In addition, the successful launch of One by Penfolds and growth of the multi-country of origin portfolio contributed to NSR growth, particularly in Asia. On a constant currency basis, NSR and EBITS increased 13.8% and 15.5%, respectively.

- Treasury Americas reported a 14.0% increase in EBITS to $203.9 million and an EBITS margin of 24.8% (up 5.6ppts). Strong performance of key luxury brands including Frank Family Vineyards and Beaulieu Vineyard, the continued growth of Matua, and favourable foreign exchange rates were partly offset by shipment declines in 19 Crimes and Sterling Vineyards, in addition to constrained luxury portfolio availability from the lower yielding 2020 Californian vintage. Improved portfolio mix, successful implementation of price increases on key brands and improved COGS and CODB supported EBITS margin growth. On a constant currency basis, NSR declined 18.4% and EBITS declined 0.3%.

- Treasury Premium Brands reported a 5.4% decline in EBITS to $81.7 million and an EBITS margin of 10.4%, in line with F22. Reduced NSR for the commercial portfolio in the UK and Australia, in addition to unfavourable foreign exchange movements, were partly offset by 7.8% NSR growth in priority premium brands including 19 Crimes, Squealing Pig and Pepperjack, as well as improved COGS and CODB. The combined premium and luxury portfolios delivered double-digit gross profit growth in F23. On a constant currency basis, NSR declined 4.7% and EBITS increased 4.0%.

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 1.9x in F23, up from 1.8x in F22, and below TWE's 'through the cycle' target of up to 2.0x.

Total capex for the year was $141.2 million comprising maintenance and replacement capex of $102.1 million, the purchase of a previously-leased vineyard in the US for $25.4 million and growth capex of $13.7 million.

Cash conversion was 60.6%; excluding the net change in non-current luxury and premium inventory, cash conversion was 76.2%, below the annual target of 90% or higher, reflecting the timing of shipments in Asia in 4Q23, in addition to the timing of supplier payments and promotional spend in Treasury Americas and Penfolds. TWE expects cash conversion to be delivered in line with the annual target in F24.

Earnings per share increased 16.6% to 52.1 cents per share and return on capital employed was up 0.6 ppt to 11.3%, driven by higher EBITS and demonstrating our disciplined approach to capital allocation.

For F23, TWE is pleased to declare a final dividend of 17 cents per share, fully franked, bringing the total dividend for F23 to 35 cents per share, an increase of 12.9% on the pcp. The 67% payout is at the upper end of TWE's long-term dividend policy range.

Sustainability

Continuing our focus on achieving sustainability leadership, we made strong progress against our targets and commitments, with highlights detailed below.

- The decarbonisation of our business was accelerated through a range of energy efficiency initiatives, as well as the installation of on-site solar across a number of our operational sites in Australia and Europe. A total of 21 projects were completed, including Australia's largest winery solar installation. We also announced plans for America's largest solar winery on-site system, expected to be complete in the coming year.

- Collaboration with our growers supported them in achieving region-relevant sustainability certification, using our scale and technical expertise to drive broader change across the industry. In Australia, 86% of fruit sourced from growers is certified, as is 100% in New Zealand, with progress in other regions well underway.

- Improving health, safety and environment metrics, including a significant reduction in the serious incident frequency rate of 1.2 percentage points to 0.2 as a result of the concerted focus on safety during the year, including our leader-led campaign 'Build safe together', as well as a range of mental wellbeing initiatives.

In F23, our Sustainability Linked Loan arrangement continued to reward performance against a range of milestones.

We're proud of our achievements in sustainability this year. This will remain a key focus in the years ahead, acknowledging that cultivating a brighter future depends on empowerment and collaboration across many areas of our business, as well as broad engagement with external partners including our network of growers and suppliers.

Our 2023 Sustainability Report will be available at tweglobal.com/sustainability in October 2023.

Our thanks

Our goal remains clear: to deliver top line growth and high single-digit average earnings growth over the long term. We will continue to strengthen the premium and luxury focus of our portfolio; grow distribution, demand and availability of our priority brands; proactively manage cost; and lead innovation in wine production and marketing. With recent years characterised by change and challenge, the work we have done in F23 has ensured we remain in a strong position. Our global footprint, diversification strategy and portfolio-led operating model, together with the strong capability of our experienced teams, sees us well positioned to navigate these macro and industry headwinds to achieve our objectives of delivering quality earnings growth, efficient capital utilisation and sustainable shareholder returns.

Our network of suppliers, customers, and partners, together with our talented global teams, are integral to our long-term growth ambitions. The ongoing success of our business relies on our experienced and dedicated teams around the world. We thank the people in each of our markets for their effort and commitment, and the way they live our cultural code, our TWE DNA, in everything they do.

We also welcome John Mullen to the Board. He joined in May 2023, and is a highly credentialled Chairman and Director with extensive executive and strategy experience in ASX-listed and international companies, and the right skills to steer the Company to continued growth. The Board has appointed Mr Mullen Chairman elect, to become Chairman at the conclusion of the Annual General Meeting, subject to his election.

Looking to the opportunities ahead and the work that's been done to position the Company for ongoing growth, we also acknowledge the continued support and investment of our shareholders - thank you.

Kind regards,

Paul Rayner
Chairman

Tim Ford
Chief Executive Officer

A note from the Chairman

As outgoing Chairman, I am particularly pleased with what's been achieved since I joined the Board when TWE was floated off from Foster's Group in May 2011. Our share price has risen, despite the loss of the majority of the China business, more than 250% from $3.30 on listing to $11.70 at the time of writing.

This growth is a reflection of a much stronger, more collaborative global management team, a more robust portfolio of brands focused on the premium and luxury end of the market, a more efficient and diversified global vineyard and winemaking footprint, and stronger market positions in most markets around the world.

There are a number people who've enabled this growth that I would like to thank. Firstly, my fellow Non-Executive Directors, past and present, who without exception have played a major role in these achievements. I'd also like to thank the three Chief Executive Officers that TWE has had since its inception: David Dearie, who launched the company with a bold vision, and then Mike Clarke, who transformed the company into a far more efficient and stronger operation, as well as leaving an excellent successor in the current CEO, Tim Ford. Tim has taken the business up another level, despite the headwinds of the COVID pandemic and Chinese government decision to impose tariffs on Australia-sourced wine in China. I firmly believe that as a result of the steps Tim and his management team have taken to diversify our sources of production and markets following this decision, the company is now in a far better position for long-term growth.

Apart from the individuals listed above, I'd like to acknowledge many others I've worked with, who have contributed to TWE's growth. Executives and team members in each of the regions where we operate have played an instrumental role in building the successful company we have today, and I thank them for their efforts.

I look forward to tracking the company's ongoing success following my retirement from the Board at the conclusion of the 2023 Annual General Meeting.

Paul Rayner

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, marketing and selling of 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 2023.

TWE's business activities

TWE is a vertically integrated wine business focused on portfolio premiumisation supported by innovation, brand building investment and global sales and marketing execution.
TWE's brand portfolio is represented across the luxury, premium, and commercial[1] price segments and sold in more than 70 countries around the world. At the heart of the business is TWE's global, multi-regional sourcing model which includes world class vineyard and production assets in internationally acclaimed winemaking regions including Barossa Valley and Coonawarra in Australia, Napa Valley in the United States, Marlborough in New Zealand, Bordeaux in France and Tuscany in Italy.

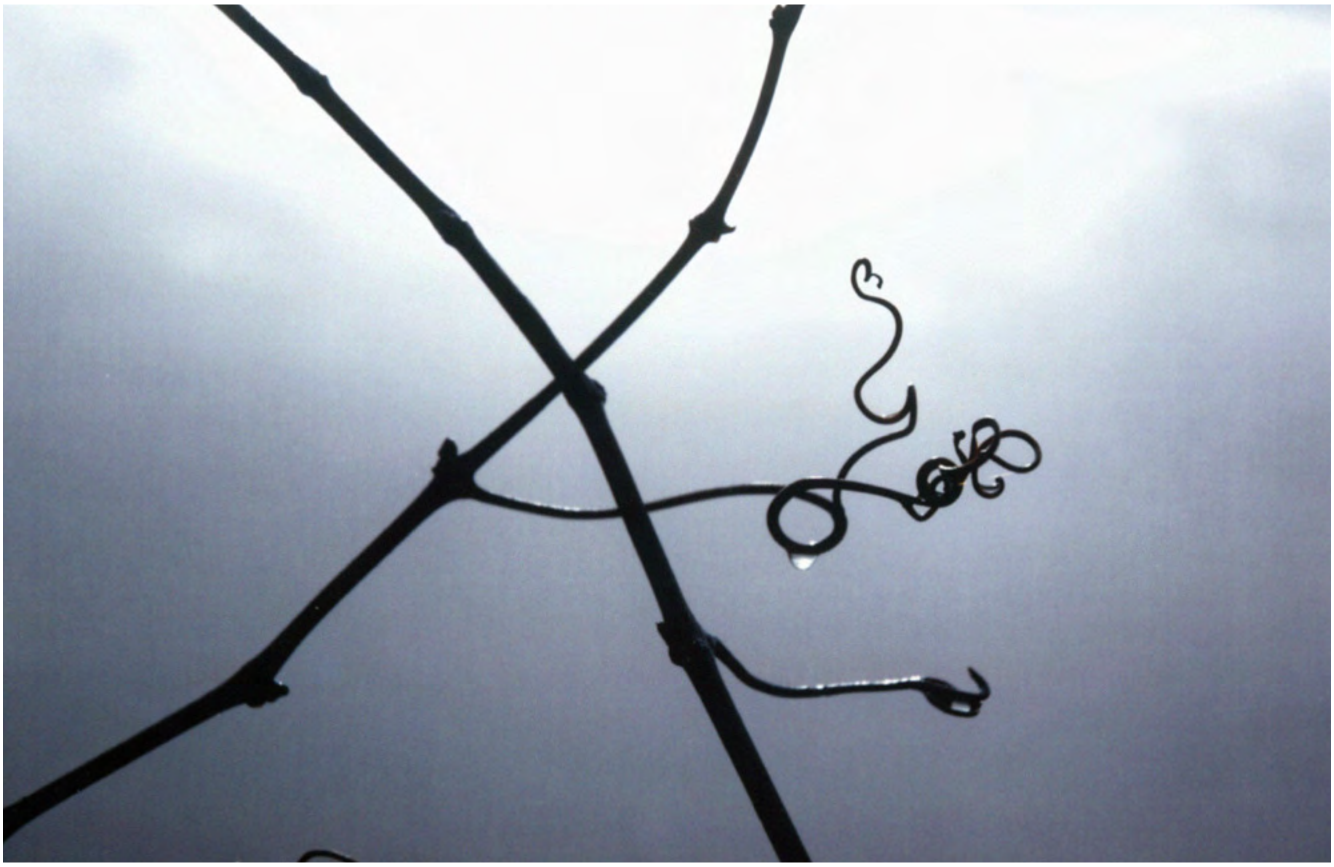
TWE employs a global team of approximately 2,500 people.

TWE's organisational structure

TWE has operated under a revised global business model since July 2021 with three standalone divisions.

- Treasury Americas – representing sales of US sourced brands, as well as those imported from Australia and New Zealand, in the Americas
- Penfolds – representing global sales of the Penfolds brand portfolio
- Treasury Premium Brands – representing the sale of TWE's diverse range of predominantly Australia and New Zealand sourced brands globally

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

Focus and accountability to unlock our long-term growth potential

Penfolds

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

Treasury Premium Brands

19 Crimes.
squealing pig
WYNNS COONAWARRA ESTATE
MATUA
SEPPELT FOUNDED 1851
BLOSSOM HILL
RAWSON'S RETREAT
PJ SALTRAM OF BAROSSA ESTABLISHED 1859
ST HUBERTS THE STAG
WOLF BLASS
LINDEMAN'S

Treasury Americas

19 Crimes.
Beaulieu Vineyard BV SINCE 1900
GABBIANO
Etude
Stags' Leap
STERLING VINEYARDS
ST HUBERTS THE STAG
BERINGER ESTD 1876
MATUA
FRANK FAMILY VINEYARDS

Supply

US Supply

Treasury Business Solutions

Corporate functions

Operating and Financial Review (continued)

TWE's business model

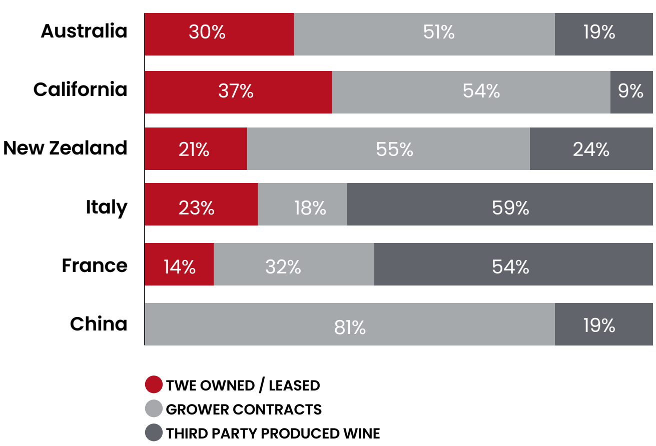
TWE is a vertically integrated wine business with three principal activities:

- 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 periods of grape shortages and surpluses.

This diversification and flexibility also enables TWE to react to changes in consumer and customer preferences to support growth. TWE owns and leases 7,364 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 2,393 planted hectares in key viticultural regions in California, including Napa Valley, Sonoma County, Lake County and Central Coast. In Europe, TWE owns and leases 175 planted hectares in France's Bordeaux region and 166 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 one packaging facility with wines primarily produced in South Australia and Victoria.
- In New Zealand, TWE owns one winery located in Marlborough.
- In the US, TWE has seven wineries and one packaging facility in California's North and Central Coast regions.
- In Europe, TWE owns one winery in Italy and three 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.

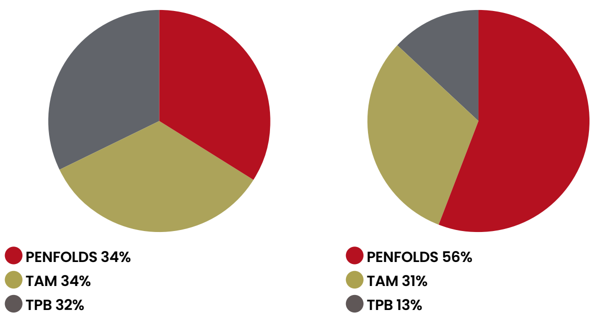
The Company has taken deliberate action to embed greater balance across its regional earnings mix and sourcing models. TWE's profitability continues to be increasingly driven by the luxury and premium segments, as well as improved profitability across all segments.

Figure 2 shows the net sales revenue (NSR) and earnings before interest, tax, SGARA and material items (EBITS) contribution by division in F23.

Figure 2: TWE's business performance by division in F23

Net sales revenue ($m)

EBITS contribution[3] ($m)
Earnings before interest, tax, material items and SGARA

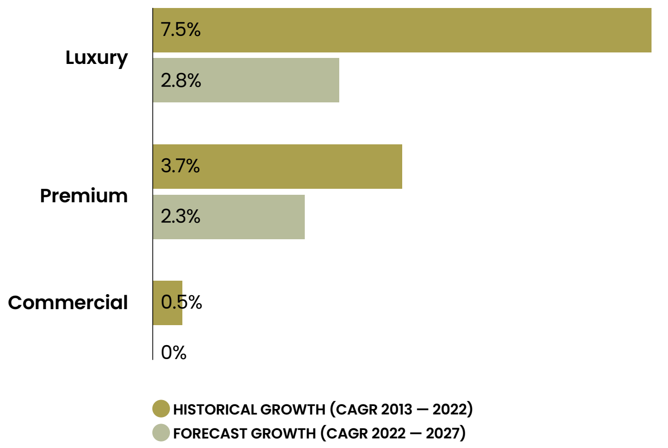


2. Regional sourcing is historical data for the northern hemisphere 2022 vintage and the southern hemisphere 2023 vintage.
3. Excludes corporate costs of $66.8 million

Global wine consumption

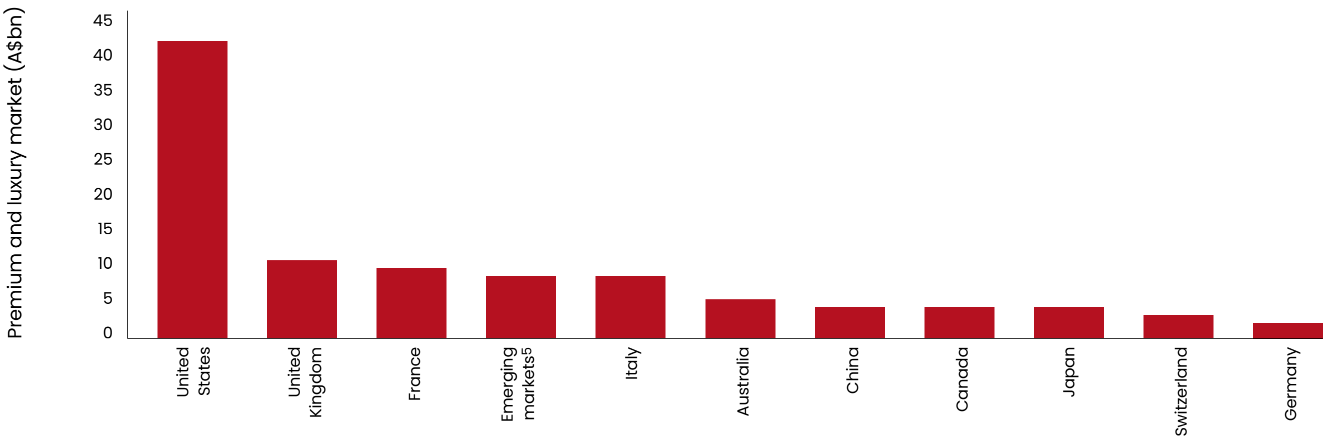
Global wine category growth is driven by the premium and luxury price segments – a trend expected to continue. TWE's portfolio structure and premiumisation strategy are well aligned to benefit from these attractive category fundamentals with 85% of F23 NSR contributed by the premium and luxury portfolios.

Figure 3: Global wine category growth trends[4]



The top 10 markets for premium and luxury wine represent approximately 80% of global consumption. The United States is the clear leader, with approximately 35% 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]



Forecast growth (CAGR 2022 — 2027)	2.3%	-0.1%	-0.8%	4.2%	1.4%	1.8%	12.7%	2.4%	2.8%	0.8%	-0.9%

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.

Operating and Financial Review (continued)

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	Progress against initiative in F23
World class talent	• Continued to put our DNA at the heart of everything we do, including further embedding our Leadership Attributes (which are underpinned by and reinforce our DNA). • Elevated our senior leader capability, through an immersive leadership program that helped leaders articulate a compelling future and create a high-performance culture. • Maintained our focus on building organisational growth capabilities and companywide learning through our TWEforME Academy, as well as building our pipeline of diverse senior leaders. • Consolidated our collective commitment to Inclusion, Equity & Diversity by integrating it into our ways of working, our leadership development and assessment processes and our commitment to 'whole of self' wellbeing across the enterprise. • Conducted our 3rd all employee Engagement and Inclusion Survey, seeing an 8% increase in participation, a 2% increase in inclusion and a 1% increase in overall engagement. TWE saw significant improvement in commitment to sustainability, taking action to improve engagement, and commitment to being courageous. • Recognised externally by the Australian Financial Review as one of the Best Places to Work for the third year in a row and certified as a Great Place to Work in the UK. TWE Americas was recognised as the Healthiest Employer in the San Francisco Bay Area (and in the Top 100 Healthiest Workplaces in America) while our recognition program "Cellarbrate" was awarded the winner of the 'Best Reward and Recognition Program' at the Australian Human Resources Awards.
Consumer focused premium brand portfolio	• The expansion of Penfolds multi-country of origin portfolio with the 2022 Penfolds Collection launch including the release of wines from three countries of origin: Australia, the US, and the inaugural release from France. One by Penfolds has sold over 100,000 cases in China and has achieved excellent distribution across flagship Penfolds online stores, major retail chain and independent liquor stores and restaurants. • Treasury Americas launched Matua Coolers in a can, following the highly successful launch of Matua Lighter, tapping into the strong consumer trend towards refreshment and further supporting the performance of the fast-growing Matua brand. • Treasury Premium Brands evolved its portfolio by successfully introducing new countries of origin and emerging varietals to its priority brands, including Pepperjack, Squealing Pig and Rawson's Retreat.
Multi regional and multi-channel selling models	• Penfolds delivered strong distribution growth in Asia, Australia and EMEA, reflecting Penfolds focus on building penetration across priority growth markets. • Treasury Americas' luxury selling platform is in great shape after distribution expansion across the US in F23. • Treasury Premium Brands' distribution expansion delivered solid depletions growth in Asia for its priority brand portfolio.

Deep, long-term partnerships and networks	• TWE continued to invest in partnerships and events that connected consumers with our brands, including those outlined below.
	  • Penfolds sponsorship of the Victoria Racing Club Derby Day and Australian Open tennis tournament.
	  • Treasury Premium Brands' Squealing Pig activations at the Australian Open and Sydney WorldPride.
	  • Treasury Americas' new partnerships with global brands to support the launch of the new 19 Crimes brand platform in F24.

Sustainable and multi-regional sourcing and winemaking models	• Pleasing progress with the sustainability agenda including Investment in water saving and solar infrastructure across our sites globally, promoting sustainable water and energy management practices. • Acceleration of our no and low alcohol wine development program, including new product development and investment in infrastructure with a focus on preserving the taste and quality of low alcohol wines. • Ongoing expansion of our multi-COO sourcing strategy with the purchase of Château Lanessan in Bordeaux providing additional vineyard and production assets and integration initiatives across our French sites supporting our French growth strategy. • Initiatives in key wine-producing countries Chile, Spain and South Africa to enhance TWE's operational efficiency and productivity. • Sourcing strategy on track with innovative new grower partnerships in the New Zealand market to increase the supply of Sauvignon Blanc grapes.

Operating and Financial Review (continued)

Future prospects

TWE's long-term financial objective remains to deliver sustainable top-line growth, high single-digit average earnings growth[1] and a Group EBITS margin target of 25%+. Supporting this objective will be continued portfolio premiumisation, growth in distribution, demand and availability for TWE's priority brands, cost optimisation and category leading, consumer-led innovation.

- TWE is well positioned to deliver growth in F24, supported by continued strong trends for luxury wine and resilient category dynamics for premium wine, the strength of its global brand portfolio, its diversified business model and the benefits of key asset base and cost optimisation initiatives.
- Consumer demand for luxury wine is expected to remain strong globally, with top-line growth to be led by Penfolds through continued execution of the focused strategy to build distribution and grow demand for its portfolio in key markets. Luxury portfolio growth for Treasury Americas will be modest in F24 through the release of the 2021 Californian vintage, laying the platform for a step-up in growth from F25 when the higher volume 2022 vintage will be released.
- Consumer demand for premium wine is expected to remain consistent, with Treasury Americas and Treasury Premium Brands performance to be supported by continued investment and innovation across key priority brands and, for 19 Crimes, the launch of the new global brand platform through 1H24.
- Demand for commercial wine is likely to remain challenged in both Australia and the UK, with further volume declines expected in this segment for Treasury Premium brands.
- Mix-adjusted COGS per case are expected to remain broadly in line with F23 (which was also broadly in line with F22), reflecting impacts from the lower yielding 2023 Australian vintage, reduced commercial portfolio volume expectations and continuing high inflationary costs which will offset incremental benefits from the global supply chain optimisation program and transition to the higher yielding, lower cost 2021 (luxury) and 2022 (premium) vintages.
- TWE notes the continued improvement in relations between Australia and China, which may have the potential for a future review of tariffs on Australian wine. In light of this, TWE will take a measured approach to the phasing of Penfolds shipments across all markets to retain the flexibility of its global distribution and pricing model, which is planned to result in Penfolds EBITS being weighted to the second half in F24.

1. Organic, pre material items and on a constant currency basis

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.

Our material risks have not fundamentally changed in F23, however, the risks listed below remain elevated in focus.

- Pricing and investment execution and cost management impacting margin outcomes, due to increased global inflationary pressures.
- Misaligned supply and demand for region, variety, and grade of grapes, due to ongoing decline in commercial wine category.

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, the 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 in. 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.

Operating and Financial Review (continued)

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. • Regular employee training and alerts to ensure secure handling of sensitive data. • Regular 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 ongoing 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 and safety conversations, with a HR complaints and whistleblower service that captures 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. • TWE Mental Health and Wellbeing Framework, including employee mental health surveys and membership of the Corporate Mental Health Alliance Australia, 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 and a dedicated mental and emotional healthcare provider for our American-based team members.
Impacts of climate-related change on TWE's ability to grow, make and market quality wines	We are exposed to threats and opportunities posed by climate change. As the climate changes, our ability to grow, make and market quality wines will be affected by 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, there are related transition risks arising from policy, legal, technology, market and reputation changes associated with the transition (or lack of) to a low-carbon economy.	• 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.

Risk	Description	Mitigation
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.
Misaligned supply and demand for region, variety, and grade of grapes	TWE's ability to balance supply to demand can become challenged by several factors, including restricted availability of quality grapes or bulk wine, supply pricing, changes in consumer preference (drinks category, wine style, region or varietal) or other shifts in demand. The misalignment of supply can lead to shortage, which in turn can limit growth and revenue potential. Alternatively, misalignment can generate excess supply that needs resolution through supply sales, asset re-alignment and/or reallocation of wine. As a result, our ability to manage COGS, grow revenue and achieve EBITS targets 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 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.

Operating and Financial Review (continued)

Risk	Description	Mitigation
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 (including 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.
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 the 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 115).

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. 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 values, which celebrates diversity, courage and collaboration.

Profit report

Announcement highlights[1]

- Reported EBITS grew 11.4% to $583.5 million driven by strong luxury top-line growth from Penfolds, successful price increases across several brands and cost savings from the global supply chain optimisation program.
- Premiumisation trends continue across the wine category, with demand for luxury wine remaining strong in TWE's key global markets and a resilient premium wine segment despite the tightening economic environment.
- NSR per case increased 12.7% led by premiumisation and price rises delivered across all divisions.
- EBITS margin strengthened 2.9ppts to 24.1%, with progression towards the long-term Group target of 25%+, delivered in an environment of elevated cost inflation.
- Strong progress was made towards implementation of the new Treasury Premium Brands operating model and restructuring of the Australian commercial wine supply chain. A total net program cost of up to $90 million (including $30 million of cash costs) will be incurred across F23 and F24. Ongoing benefits of the program will exceed the cash cost and mitigate the impact of rising cost of goods as a result of lower portfolio volumes.
- In F24, TWE is well positioned to deliver growth, supported by luxury portfolio growth, the strength of its global brand portfolio, its diversified business model and the benefits of key asset base and cost optimisation initiatives.

A$m (unless otherwise stated)	F23	% Chg. reported	% Chg. constant currency
Net Sales Revenue (NSR)	2,423.0	(2.2)%	(4.9)%
NSR per case (A$)	109.7	12.7%	9.6%
Earnings Before Interest, Tax, SGARA and Material items (EBITS)	583.5	11.4%	8.6%
EBITS Margin	24.1%	2.9ppts	3.0ppts
Net Profit After Tax	254.5	(3.3)%	(5.1)%
Earnings Per Share (A$ cents)	35.3	(3.3)%	(5.1)%
Net Profit After Tax before Material Items and SGARA	376.1	16.6%	13.8%
Earnings Per Share before Material Items and SGARA (A$ cents)	52.1	16.6%	13.8%

- NSR declined 2.2% to $2,423.0 million, driven by premium portfolio volume declines in Treasury Americas and commercial portfolio volume declines in Treasury Premium Brands, partly offset by strong luxury portfolio growth for Penfolds; on a constant currency basis NSR declined 4.9%.
- NSR per case improved 12.7%, reflecting the luxury-led portfolio mix shift and price increases across several key brands. The contribution of the luxury and premium portfolios is now 85% of Group NSR, up from 83% in the pcp.
- EBITS increased 11.4% to $583.5 million and EBITS margin increased 2.9ppts to 24.1%.
- NPAT and EPS both improved 16.6% to $376.1 million and 52.1 cents per share respectively.
- A post-tax material items loss of $76.0 million was recognised, primarily related to implementation of the new Treasury Premium Brands operating model and restructuring of the Australian commercial wine supply chain (F23 material items cash inflow of $34.5 million).
- ROCE 11.3%, up 0.6ppt versus the pcp driven by higher EBITS and continued capital allocation discipline.
- Cash conversion 60.6%; excluding the net change in non-current luxury and premium inventory, cash conversion was 76.2%, below TWE's annual target of 90% or higher, reflecting the timing of shipments in Asia within 4Q23 in addition to the timing of supplier payments and promotional spend in Treasury Americas and Penfolds. TWE expects cash conversion to be delivered in line with the annual target in F24.
- Net Debt to EBITDAS 1.9x (1.8x in the pcp), in line with TWE's through the cycle target, with flexibility retained to support continued investment in growth and the delivery of shareholder returns.
- The final dividend of 17 cents per share, fully franked, brings the total dividend for F23 to 35 cents per share, an increase of 12.9% on the pcp. The 67% payout is at the upper end of TWE's long-term dividend policy range.

1. Unless otherwise stated, all figures and percentage movements within commentary are stated on a reported currency basis versus the prior corresponding period, are pre-SGARA and material items and are subject to rounding. NPAT and EPS exclude earnings attributable to non-controlling interests.

A$m (unless otherwise stated)	F23	% Chg. reported	% Chg. constant currency
NSR			
Penfolds	819.7	14.3%	13.8%
Treasury Americas	820.9	(11.7)%	(18.4)%
Treasury Premium Brands	782.4	(5.7%)	(4.7%)
Group	**2,423.0**	**(2.2)%**	**(4.9)%**
Luxury and premium (%NSR)	85.0%	1.7ppts	1.3ppts
EBITS			
Penfolds	364.7	14.2%	15.5%
Treasury Americas	203.9	14.0%	(0.3)%
Treasury Premium Brands	81.7	(5.4)%	4.0%
Corporate	(66.8)	(9.9)%	(9.1)%
Group	**583.5**	**11.4%**	**8.6%**
EBITS Margin (%)	24.1%	2.9ppts	3.0ppts

- Penfolds reported a 14.2% increase in EBITS to $364.7 million and an EBITS margin of 44.5% (in line with F22). Strong NSR growth of 14.3% was delivered through Asia, Australia and EMEA, reflecting the continued momentum behind the Penfolds strategy to build distribution and grow consumer demand. In addition, the successful launch of One by Penfolds and growth of the multi-country of origin portfolios contributed to NSR growth, particularly in Asia. On a constant currency basis, NSR and EBITS increased 13.8% and 15.5%, respectively.

- Treasury Americas reported a 14.0% increase in EBITS to $203.9 million and an EBITS margin of 24.8% (up 5.6ppts). Strong performance of key luxury brands including Frank Family Vineyards and Beaulieu Vineyard, the continued growth of Matua, and favourable foreign exchange rates were partly offset by shipment declines for 19 Crimes and Sterling Vineyards in addition to constrained luxury portfolio availability from the lower yielding 2020 Californian vintage. Improved portfolio mix, successful implementation of price increases on key brands and improved COGS and CODB supported EBITS margin growth. On a constant currency basis, NSR declined 18.4% and EBITS declined 0.3%.

- Treasury Premium Brands reported a 5.4% decline in EBITS to $81.7 million and an EBITS margin of 10.4% (in line with F22). Reduced NSR for the commercial portfolio in the UK and Australia, in addition to unfavourable foreign exchange movements, were partly offset by 7.8% NSR growth for priority premium brands including 19 Crimes, Squealing Pig and Pepperjack, as well as improved COGS and CODB. The combined premium and luxury portfolios delivered double-digit gross profit growth in F23. On a constant currency basis, NSR declined 4.7% and EBITS increased 4.0%.

- Corporate costs increased 9.9%, driven by investment in cloud-based technology and higher employee expenses.

- The global supply chain optimisation program delivered COGS savings of approximately $62 million in F23, with mix-adjusted COGS per case in line with F22 despite supply chain cost inflationary pressures and the inclusion of the higher cost 2020 Australian and Californian luxury vintages. The program is on track to deliver incremental benefits in F24 and the full run-rate of $90 million+ in annual savings by F25.

- TWE has implemented a range of initiatives within the Treasury Premium Brands operating model aimed at delivering greater operational and strategic flexibility to enable continued growth of its premium and luxury portfolio, including those detailed below.

  - Adjusting the Treasury Premium Brands operating model and organisational structure to align with the future scale of the business, to reduce fixed costs and increase focus on priority brands.

  - Implementing changes to the commercial wine supply chain, including the exit of future sourcing arrangements, with a focus on improving total network cost to improve future cost of goods sold.

  - The divestiture and/or rationalisation of selected assets, including the closure of Karadoc winery, write down of several commercial wine brands, and the divestiture of commercial vineyards.


Penfolds
Penfolds

Penfolds

About Penfolds

Since 1844, historic blends, significant milestones and heritage vineyards have been honoured by a lineage of custodians whose courage and imagination have ensured Penfolds remains true to its original values while continuing to innovate and move forward.

Penfolds commitment to quality has been underpinned by a consistent and recognisable 'House Style'; the ultimate expression of 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 California, Napa Valley, Bordeaux, and China.

2019 Penfolds French Winemaking Trial 585

The second of two inaugural French wines launched in August 2022 as part of the 2022 Penfolds Collection, the 2019 Penfolds French Winemaking Trial 585 is a trial Bin wine made of Cabernet Sauvignon, Merlot and Petit Verdot at Cambon la Pelouse Winery. Since 2018, a number of blends were tasted throughout the classification process where comprehensive and focused wine trials marked the beginning of this new chapter for Penfolds in France.

Bringing two hemispheres together with a partnership between Penfolds and Dourthe

This partnership between Penfolds and one of Bordeaux's most respected winemaking groups, Dourthe, was born from a shared desire of two winemakers to express quality through a harmonious blend of traditional French winemaking techniques and time-honoured Australian winemaking methods. Combining the creativity, direction and vision of Penfolds Chief Winemaker Peter Gago and Dourthe Chief Winemaker Frédéric Bonnaffous, the two houses collaborated to craft a wine that spans Northern and Southern Hemispheres, blending grapes from Bordeaux (71%) and South Australia (29%). Made from the 2019 vintage, the final wine was blended and bottled in South Australia by Penfolds winemakers – and released as part of The Penfolds Collection 2022.

Excellence in Chardonnay with Penfolds V

In February 2023, Penfolds unveiled its first multi-vintage Chardonnay – Penfolds V. A special blend of five of the best Yattarna vintages (2011, 2012, 2014, 2016 and 2021), Penfolds V began as a white winemaking 'what if' that turned into a 'why not', sensitively selected and blended by Penfolds Chief Winemaker Peter Gago and White Winemaker Kym Schroeter. Penfolds Yattarna was first released in 1995 after 144 winemaking trials. A wine of meticulous refinement, generations of Penfolds winemakers inspired the creation of this white wine that went on to earn a reputation as one of Australia's finest. Today, we see the patience, courage, and evolution of Penfolds white winemaking endeavours personified in this new multi-vintage blend.

One By Penfolds

In September 2022, Penfolds announced a new range of wines made in France, America and China under a new tier: One by Penfolds. Launched in China as a prelude to the global launch in mid-2023, the first release included four wines from France, America and China, expanding on Penfolds multi-country of origin approach. For this inaugural release, Penfolds partnered with artist Ori Toor to create unique illustrations on each wine label that creatively capture the local communities of the three winemaking regions where the One by Penfolds China grapes are sourced from.

Divisional performance overview

Penfolds[1]

A$m (unless otherwise stated)	Reported currency F23	Reported currency F22	Reported currency %	Constant currency F22	Constant currency %
Volume (m 9Le)	2.3	2.2	7.1%	2.2	7.1%
NSR (A$m)	819.7	717.3	14.3%	720.2	13.8%
ANZ	235.9	199.2	18.4%	199.1	18.5%
Asia	467.4	407.2	14.8%	407.0	14.8%
Americas	51.5	54.3	(5.2)%	58.7	(12.4)%
EMEA	65.0	56.6	14.9%	55.3	17.4%
NSR per case (A$)	354.4	332.2	6.7%	333.5	6.3%
EBITS (A$m)	**364.7**	**319.3**	**14.2%**	**315.7**	**15.5%**
EBITS margin (%)	44.5%	44.5%	(0.0)ppts	43.8%	0.7ppts

Financial performance

Volume and **NSR** increased 7.1% and 13.8% respectively, driven by:

- Continued strong momentum across key Asian markets, growth in the multi-country of origin and Bin and Icon portfolios in addition to the successful launch of One by Penfolds in Mainland China
- Excellent progress in Australia, with gains delivered across independent retail, national accounts and on-premise
- Growth in key EMEA markets including the UK and Germany, and in travel retail
- Partly offset by declines in the Americas due to reduced shipments in Latin America, while depletions continue to grow in the US

NSR per case increased 6.3% reflecting improvement in mix, as well as price increases on luxury Cabernet Bins.

COGS per case increased 15.1% reflecting the release of wine from the lower yielding 2020 Australian vintage and increased contribution from the higher cost US and French portfolios.

CODB increased 2.0%, driven by increased brand building investment to accelerate the momentum of distribution and demand growth in Penfolds key global markets.

EBITS increased 15.5% to $364.7m and EBITS margin increased 0.7ppts to 44.5%.

1. 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.

Division insights

Key F23 execution highlights are detailed below.

- Strong distribution growth in Asia, Australia and EMEA, reflecting Penfolds focus on building penetration in target accounts across priority markets.
- Successful activation of key brand-building platforms focused on growing consumer demand, including continued execution of Penfolds 'Venture Beyond' thematic, Penfolds House activations in seven global locations, and sponsorship of the Victoria Racing Club Derby Day and Australian Open tennis tournament.
- The expansion of Penfolds multi-country of origin portfolio with the 2022 Penfolds Collection launch including the release of wines from three countries of origin: Australia, the US and the inaugural release from France. This was followed by the successful launch of Chinese-sourced and produced One by Penfolds in September 2022. A global launch followed in July 2023.
- Trends for distribution and volume growth are expected to remain consistent across Penfolds priority markets in F24, with top-line growth to reflect continued momentum for the Bin and Icon portfolio in addition to expansion of the newly-launched One by Penfolds tier.
- TWE notes the continued improvement in relations between Australia and China, which may have the potential for a future review of tariffs on Australian wine. In light of this, TWE will take a measured approach to the phasing of Penfolds shipments across all markets to retain the flexibility of its global distribution and pricing model, which is planned to result in EBITS being weighted to the second half in F24.
- EBITS margin is expected to remain stable in F24, and delivered in line with the revised division target of approximately 45% (replacing the previous target range of 40-45%).


Penfolds®
389
585
389

Treasury Premium Brands

Treasury Premium Brands

About Treasury Premium Brands

A premium wine business with a portfolio of outstanding wine brands, global viticultural assets and world-class production facilities, Treasury Premium Brands caters to a diverse range of consumer needs and occasions. With a range of priority brands, the division is focused on premium portfolio expansion and consumer-led innovation.

Pepperjack, Squealing Pig and Wynns continue their global expansion

Pepperjack launched in the UK, while the unconventional Squealing Pig was introduced to our consumers in China. Wynns continues to grow its presence on luxury channels including the internationally renowned fine wine marketplace La Place de Bordeaux, reaching a network of international fine wine buyers and collectors in over 100 countries.

Setting trends in wine

We were crowned Trend Leader of the Year by one of our largest Australian customers at the Endeavour Group Supplier Awards, in recognition of our innovative Squealing Pig and Wolf Blass Bagnums – a format that offers convenience, affordability and sustainable packaging rolled into one. The 1.5 litre lightweight, easy-to-carry 'magnum in a bag' has seven times lower carbon emissions than a traditional 750ml glass bottle, launching in time for the southern hemisphere's spring picnic season.

A music icon Down Under: Snoop visits TWE HQ

Our Melbourne team had a truly unforgettable experience, with Snoop dropping in at TWE HQ during the Melbourne leg of his 'I Wanna Thank Me' tour. To commemorate Snoop's visit, renowned artist Matty Te Paea created a street mural in Melbourne's famous Hosier Lane, inspired by the 19 Crimes label and photorealistic urban street art. Shehan Ananthakumar, Global Senior Brand Manager for Treasury Premium Brands, stepped away from his day job to be DJ for an afternoon of classic tunes and conversation with a music legend. Snoop fans attending his sellout concerts in Melbourne and Sydney could sip on an exclusive 19 Crimes Snoop Cali Rosé Frosé.

Treasury Premium Brands (continued)

Celebrating love with every sip

Squealing Pig marked the 'Summer of Love' as the official wine of the Australian Open tennis tournament in Melbourne, as well as Sydney Gay and Lesbian Mardi Gras, and Sydney WorldPride 2023 - the biggest event in the southern hemisphere since the Sydney 2000 Olympics. The Summer of Love campaign celebrated diversity across our communities and Squealing Pig's exclusive Pride Labels were the talk of the town. Developed in collaboration with the global Treasury Wine Estates Pride employee resource group and the Australian not-for-profit workplace inclusion organisation Pride in Diversity, the labels celebrate diverse groups in the LGBTQIA+ community: lesbian, gay, bisexual, queer or non-binary, transgender, intersex, asexual, pansexual and other gender-diverse identities.

Innovation in no and low alcohol wine

Hot on the heels of the award-winning Wolf Blass Zero range, our latest offering in no and low alcohol wine goes one step further: blending an iconic brand with an emerging consumer preference for moderation. At 7% alcohol by volume, Pepperjack mid-strength Shiraz has half the alcohol of the original while staying true to the character that's made it Australia's #1 Shiraz for value and the country's favourite steak accompaniment. Lighter in alcohol expressions of key varietals gives consumers more choice: they might be moderating their alcohol intake because they're more health conscious, or they might just be driving home. The growing alternatives in this popular category allow consumers to continue being part of social occasions with friends and family, with complex aroma and mouthfeel that replicates the character of full-strength wine counterparts.

Divisional performance overview

Treasury Premium Brands[1]

A$m (unless otherwise stated)	Reported currency			Constant currency	
	F23	F22	%	F22	%
Volume (m 9Le)	**14.3**	**16.0**	**(10.4)%**	**16.0**	**(10.4)%**
NSR (A$m)	**782.4**	**829.8**	**(5.7)%**	**820.7**	**(4.7)%**
ANZ	367.2	382.1	(3.9)%	381.4	(3.7)%
Asia	73.0	72.7	0.4%	73.3	(0.5)%
Americas	27.4	33.8	(18.9)%	32.5	(15.5)%
EMEA	314.8	341.2	(7.8)%	333.5	(5.6)%
NSR per case (A$)	54.7	52.0	5.2%	51.5	6.3%
EBITS (A$m)	**81.7**	**86.4**	**(5.4)%**	**78.6**	**4.0%**
EBITS margin (%)	10.4%	10.4%	(0.0)ppts	9.6%	0.9ppts

Financial performance

Volume and **NSR** declined 10.4% and 4.7% respectively, reflecting:

- Reduced commercial portfolio volumes in the UK and Australia
- Asia performance in line with the pcp, with strong growth in South-East Asia offset by pandemic-related decline in Mainland China

NSR per case increased 6.3% reflecting the benefit of price increases and improved portfolio mix, with the premium and luxury portfolios now contributing 61% of NSR (up from 58% in F22).

COGS per case increased 4.8% driven by the portfolio mix shift and partly offset by benefits from the global supply chain optimisation program.

CODB improved 3.2%, reflecting the gain on sale of assets of $5.9 million in 1H23 and re-alignment of brand investment due to reduced volume, partly offset by employee expenses.

EBITS increased 4.0% to $81.7 million, and EBITS margin improved 0.9ppts to 10.4%.

Division insights

Key F23 execution highlights are detailed below.

- Solid performance of the priority premium portfolio, where NSR grew 7.8% led by key brands including 19 Crimes, Squealing Pig and Pepperjack. 19 Crimes NSR increased 8.3%, driven by distribution growth in EMEA and the benefits of price increases.
- The delivery of double-digit gross profit growth from the premium and luxury portfolio.
- Category-leading innovation in the no and low alcohol segment with the launch of several new products, including Pepperjack mid-strength, with $10 million planned capital investment in supporting technology, reflecting TWE's focus on becoming the global category leader in no and low alcohol wine.
- TWE has implemented a range of initiatives in the Treasury Premium Brands operating model aimed at delivering greater operational and strategic flexibility to enable continued growth of its premium and luxury portfolio.
- A focus on continued top-line growth of the priority premium brand portfolio, in addition to cost optimisation initiatives, is expected to deliver modest EBITS margin growth in F24 towards the revised divisional mid-teens target (from high-teens previously).

1. 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.

Treasury Americas

Frank Family Vineyards harvest, Napa Valley, California.
Photo by **Marisa McCann, Brand Manager.**

Treasury Americas

About Treasury Americas

A consumer-led wine business with disruptive marketing, strong e-commerce capability, and an innovation focus, Treasury Americas leads change in the Americas wine market.

Celebrating 30 Years of Frank Family Vineyards

Welcomed into the Treasury Americas family in 2021, Frank Family Vineyards celebrated 30 years of winemaking this year and unveiled a new hospitality space, the Miller House, which will host exclusive events for larger groups. What better way to mark the occasion than with a new addition to the sparkling wine portfolio? Rich and Leslie Frank toasted to Frank Family Vineyards' legendary winemaker, Todd Graff, with the new 2015 Lady Edythe Reserve Brut Rosé named in honour of Rich's mother. In the Napa Valley Register's Napa Valley Finest Awards, Frank Family Vineyards also took out awards for 'Best Winery' and 'Best White Wine', reflecting the winery's incomparable hospitality experience and exceptional Chardonnay the brand is famous for.

19 Crimes Launches Snoop Dogg's Cali Gold

Snoop Dogg's Cali Gold was named the No. 1 Sparkling Wine Innovation for 2022, the No. 3 innovation in the sparkling category, and outperformed all top sparkling launches over the last five years. The brand continues to disrupt the industry, attracting new consumers into wine in ways unlike any other brand including through augmented reality that created the first-ever rapping wine label. In Snoop's words, "Glasses up, let's make a toast to success and nothing less."

BV recognised for value

Beaulieu Vineyard was named Wine Spectator's 'Value Wine of the Year' for the 2019 Napa Valley Cabernet Sauvignon. The award recognises wine that over-delivers on quality for its price. Senior Editor James Molesworth noted the 92-point wine's characteristics as "fresh, direct, and focused, with red currant and cherry coulis notes that race through, dotted with savory floral and tobacco accents. Judicious toast lets the fruit play out, and there's solid energy throughout."

Matua Coolers and Matua Lighter

Matua Lighter, a top 10 better-for-you SKU in the US, offers consumers the same quality and approachable wine style as the core Sauvignon Blanc. Both beverages deliver on consumers' desires to enjoy better-for-you products with lower alcohol, calories, and sugar. With a mix of crisp Matua Sauvignon Blanc, sparkling water, and a splash of kiwi in a can, Matua Coolers is a new innovation for summertime pool parties, barbeques, and country clubs.

Treasury Americas[1]

A$m (unless otherwise stated)	Reported currency F23	Reported currency F22	Reported currency %	Constant currency F22	Constant currency %	Constant currency % Organic
Volume (m 9Le)	**5.5**	**7.3**	**(25.4)%**	**7.3**	**(25.4)%**	**(25.4)%**
NSR (A$m)	**820.8**	**929.6**	**(11.7)%**	**1,005.8**	**(18.4)%**	**(23.1)%**
ANZ	–	–	–	–	–	–
Asia	–	–	–	–	–	–
Americas	820.8	929.6	(11.7)%	1,005.8	(18.4)%	(23.1)%
EMEA	–	–	–	–	–	–
NSR per case (A$)	150.0	126.7	18.4%	137.1	9.4%	3.1%
EBITS (A$m)	**203.9**	**178.9**	**14.0%**	**204.5**	**(0.3)%**	**(10.3%)**
EBITS margin (%)	24.8%	19.2%	5.6ppts	20.3%	4.5ppts	3.2ppts

Financial performance
Volume and **NSR** declined 25.4% and 18.4% respectively driven by:

- Premium portfolio shipment declines, led by 19 Crimes and Sterling Vineyards, partly offset by growth for Matua
- Reduced luxury wine volume availability from the lower yielding 2020 California vintage
- Excluding NPD, depletions exceeded shipments by approximately 0.6m cases, reflecting increased focus on inventory management by distributors and retailers

NSR per case increased 9.4% reflecting the portfolio mix shift towards luxury and price increases on several portfolio brands.

COGS per case was in line with F22, with portfolio mix shift impacts largely offset by savings from the global supply chain optimisation program.

CODB reduced 8.8% driven by lower discretionary overhead costs.

EBITS declined 0.3%, with EBITS margin increasing 4.5ppts to 24.8%; on an organic basis EBITS declined 10.3%.

Note: TWE's Canadian operations have been reorganised to better reflect the way brands are being managed. The results of Canada have been re-stated within Treasury Americas and Treasury Premium Brands.

Division insights
Key F23 execution highlights are detailed below.

- Strong luxury portfolio strategy execution in a year of constrained availability, laying a strong platform for future growth from F25.
- Double-digit price rises delivered on a number of key brands while selling through all the available vintage.
- Frank Family Vineyards delivered a strong result, exceeding expectations in its first full year as part of Treasury Americas and with increased availability to support growth from 4Q24.
- Good momentum across cellar doors and wine clubs, with NSR increasing by 10% in F23.
- The total 19 Crimes franchise remained in growth across scan channels during F23, up 1% outperforming the premium segment[2] which declined slightly.
- Premium portfolio performance in F24 will be supported by the launch of the new brand platform for the 19 Crimes Classics tier through 1H24, continued innovation for 19 Crimes and Matua and the reopening of the Sterling Winery.
- The availability of key luxury portfolio brands will remain relatively constrained in F24, albeit delivering growth, ahead of a return to normalised availability from F25.
- EBITS margin is expected to be delivered in the range of 22-23%, reflecting higher COGS and increased investment behind 19 Crimes.

1. 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.
2. IRI Market Advantage, Total MULO+C, US$8-20 table and sparkling, Value, 52 weeks ending 2 July 2023.

Vintage update

Australia
Vintage 2023 was characterised by cooler and wetter conditions, resulting in below-average industry volumes across most regions. Despite the challenges, overall quality remained impressive and TWE's multi-regional and flexible sourcing strategy ensured a consistent supply of high-quality grapes. TWE's total intake was down compared to vintage 2022 and on a relative basis, vintage 2023 was a high-cost vintage.

California
Early growing conditions for the 2023 California season are positive, with high winter rainfall setting up the season for larger yield and a later harvest. All regions and varieties have benefited from increased water availability. TWE's luxury intake is expected to be higher than vintage 2022 due to the favourable conditions to date.

New Zealand
Vintage 2023 was of average volume and high quality, similar to vintage 2022, returning the industry to a balanced supply position after several years of undersupply. TWE's yield was above average and delivered great varietal flavours. TWE is collaborating with new growers in the New Zealand market to increase the supply of Sauvignon Blanc grapes, a varietal where global demand continues to grow.

France
Conditions in the south of France are supporting a good quality 2023 vintage with industry tonnage expected to be in line with the long-term average. In the Bordeaux region disease pressure remains a risk but a warm summer forecast should help manage this risk. In TWE's own vineyards, yield is expected to be favourable, benefiting from the recent vineyard investment program, including the acquisition of Château Lanessan. TWE's strong partner network in Bordeaux is continuing to support growth in the intake of high quality fruit.

Italy
Current expectations are for a smaller vintage 2023 in many regions of Italy after heavy rains created disease pressure across many regions. TWE's intake is expected to meet demand from a quality and volume perspective, with the combination of a favourable summer forecast, proactive management of disease pressure and TWE's flexible sourcing strategy mitigating the vintage risk.

China
Conditions to date in TWE's key wine production regions in Mainland China - Yunnan and Ningxia - are expected to deliver below average harvests. TWE continues to work with growers in both regions to upgrade vineyards to produce higher quality fruit and expects intake in vintage 2023 to increase, supporting Penfolds China country of origin growth ambitions.

Castello di Gabbiano, Tuscany, Italy.
Photo by **Francesco Caselli, Head of Agriculture and Site Manager, and Silvia Botelli, Public Relations Specialist.**

Reconciliation of key performance measures

Metric (A$m unless otherwise stated)	Management calculation	F23	F22
EBITS	Statutory net profit	254.3	263.2
	Income tax expense	82.8	109.7
	Net finance costs	72.7	71.4
	Material items (gain)/loss	109.2	45.5
	SGARA (gain)/loss	64.5	33.9
	EBITS	**583.5**	**523.7**
EBITDAS	EBITS	583.5	523.7
	Depreciation and Amortisation	147.3	148.6
	EBITDAS	**730.8**	**672.3**
EPS[1]	Statutory net profit	254.5	263.2
	Material items (gain)/loss	109.2	45.5
	Tax on material items	(33.2)	(10.5)
	SGARA	64.5	33.9
	Tax on SGARA	(18.9)	(9.5)
	NPAT (before material items and SGARA)	**376.1**	**322.6**
	Weighted average number of shares (millions)	721.8	721.8
	EPS (cents)	52.1	44.7
ROCE	EBITS (LTM)	583.5	523.7
	Net assets	3,879.1	3,789.0
	SGARA in inventory	(37.8)	(45.0)
	Net debt	1,386.2	1,254.3
	Capital employed – Current year	**5,227.4**	**4,998.3**
	Net assets (CFX)	3,875.7	3,690.0
	SGARA in inventory (CFX)	(44.9)	(30.3)
	Net debt (CFX)	1,285.2	1,130.0
	Capital employed – Prior year (CFX)	**5,116.0**	**4,789.7**
	Average capital employed	5,171.7	4,894.0
	ROCE[2]	**11.3%**	**10.7%**

1. Excludes earnings attributable to non-controlling interests.
2. F22 includes impacts from divested and acquired portfolio brands in Treasury Americas.

Sustainability

In the face of a changing world and challenging market conditions we continue to make good progress on our sustainability agenda. We continue to build a more resilient business, produce sustainable wine, and prioritise the wellbeing of our people, communities, and consumers.

Through this commitment to sustainability we aspire to shape 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 is driven by our DNA. It reflects a clear commitment to innovation, partnership and taking a leadership role not just across the global wine sector, but looking to those leading 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.

We continue to invest to improve our data, processes and systems to support this transition, ensuring that sustainability is embedded into our business and decision making.

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 and are evolving to holistically meet the requirements of the recently released standards from the International Sustainability Standards Board (ISSB).

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.

Progress

Notable performance callouts over the year are included below.

- We completed 21 solar installations at nine sites, generating 6,000 MWh per year – enough to power 1,000 homes.
- We continued to invest significantly in the no and low alcohol category, with new products including Squealing Pig no and low alcohol options and Pepperjack mid-strength Shiraz joining existing lighter options from Lindeman's and the award-winning Wolf Blass Zero range.
- Collaboration with growers and bulk wine providers accelerated adoption of region-relevant certification, with 86% of fruit sourced from Australian growers now certified by Sustainable Winegrowing Australia and 100% of New Zealand volume certified by Sustainable Winegrowing New Zealand – with progress in other regions well underway.
- Development of a climate risk assessment framework for our viticultural assets, acknowledging the impact of a changing climate on our key growing regions.
- A significant reduction in the serious incident frequency rate of 1.2 percentage points to 0.2 as a result of the concerted focus on safety during the year, including our leader-led campaign 'Build safe together', as well as a range of mental health initiatives including 'Mental health first aid' and 'Mental health awareness' information sessions.
- We launched our first Alcohol and Health Policy, setting out our position and commitments on issues such as product transparency, reducing harmful consumption and responsible marketing.
- Overall gender diversity improved to 42.8% (a 1.3% increase from F22), but the proportion of females in senior management roles decreased to 44.5% (a decrease of 0.4% from F22).

While we are pleased with our performance over the year we acknowledge that we have more work to do. We remain focused on improving the quality of our data and supporting systems, deepening the integration of sustainability considerations across our business and supporting collaborative action on key issues in our operating markets.

A fulsome overview of progress against our strategic focus areas and public commitments will be available in our 2023 Sustainability Report, released later this year.

Governance and reporting

In F23 management continued to focus on the execution of our sustainability agenda. Progress against strategic roadmaps for each of our public commitments, alongside key enablers such as communications, reporting and data was reported monthly to executive sponsors, with regular reporting to the Executive Leadership Team (ELT).

The Board oversees TWE's approach to, and management of sustainability (or ESG) matters and receives updates on sustainability and the status of key priorities and initiatives. In F23 specialist training for Directors was conducted on key ESG trends, with particular insights on climate risk, nature and water stewardship.

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. The Wine Operations and Sustainability Committee continued to meet regularly over F23, engaging on a broad range of topics related to our performance including climate risk and adaptation, Net Zero emissions, and water stewardship.

TWE's reporting on sustainability or 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 and in line with the requirements of the recently-released ISSB Standards, as well as preparing for future mandatory reporting requirements.

In F23 we continued to refine our climate risk model (for our viticultural sites) that uses localised data to enable more specific projections. The outcomes will inform the range of risk mitigation and adaptation responses that we might consider at our viticultural sites.

Inclusion, equity and diversity

Our commitment to 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 F23, together with the F24 measurable objectives. The Company's IE&D policy can be found at tweglobal.com.

F23 diversity target and objectives

Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations states that a company's board or board committee is to set the measurable objectives for achieving gender diversity. The targets that have been set by the Board are laid out below.

1. To increase female representation in leadership roles to 50% by 2025, while continuing to foster an inclusive culture.

2. To increase female representation across the total TWE workforce to 42% by 2025.

The three pillars of our refreshed IE&D strategy

Leaders who model our DNA: developing leaders who steadfastly role model and lead inclusion.

Engaged employees, consumers and communities: achieving meaningful outcomes from employees who bring their whole selves to work, and consumers who recognise our commitment to inclusion and diversity through our brands.

Employer of choice: creating industry-leading policies and work processes that maximise inclusion and minimise bias.

The CEO and all ELT members had a Diversity and Inclusion Key Performance Objective (KPO) to deliver the objectives in F23.

F23 progress towards the IE&D Strategy

The Company's IE&D plan is built on the foundations established in recent years and focuses on IE&D being leader-led, integrated into the way that we work and inclusive of all employees. Highlights of progress against the F23 plans are detailed below.

F23 progress on diversity targets

44.5%
0.4% DECREASE
↓ Females in leadership roles

42.8%
1.3% INCREASE
↑ Females in all roles

Leaders who model our DNA

- To support leaders to integrate IE&D into everyday interactions and experience the power of empathy and perspective through storytelling, we led 'Belonging conversations' with members of the Global Leadership Group. This experience reinforced our leadership attributes and was an opportunity for leaders to practice creating a greater sense of belonging and develop a deeper appreciation of the role of connection in building an inclusive culture.

- To build future leaders, Empower Me, TWE's development program for females and non-binary employees, was expanded to include new and emerging leaders from under-represented groups across the business. During 2023 a total of 30 employees were enrolled in the program and are encouraged to take leadership roles within Employee Resource Groups (ERGs) and represent TWE publicly.

Engaged employees, consumers and communities

- To position IE&D within Supply in Australia as business critical and an intrinsic part of our Employee Value Proposition, as well as encouraging the involvement of Supply employees, a Supply IE&D governance structure was established. This structure is led by the Chief Supply Officer and members of the Supply Leadership Team, who review and support plans to build engagement. For example, members of the Supply Leadership Team led an ERG roadshow, visiting all Supply sites and providing education sessions to show how IE&D is relevant to all employees irrespective of location, and how ERGs can support employees to feel a sense of belonging. In the US, IE&D and the ERG topics have been included in front line supervisory training for new and developing front line leaders.

Inclusion, equity and diversity (continued)

- To promote Reconciliation with Aboriginal and Torres Strait Islander peoples, a Reconciliation Action Plan (RAP) working group was established. Under the guidance of the Chief Supply and Sustainability Officer, the Chief People Officer and Chief of Staff, and with the support of an external consultant, the working group has commenced the development of a Reflect RAP, with activities planned against each element, and with specific focus on increasing understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights through cultural learning and establishing and strengthening mutually beneficial relationships with Aboriginal and Torres Strait Islander stakeholders and organisations.

- To celebrate and raise awareness of the diversity of LGBTQIA+ communities, TWE and Squealing Pig sponsored the Australian Open tennis tournament in Melbourne and Sydney WorldPride 2023.

- To raise awareness of a diverse range of causes and communities, we hosted or participated in events including 16 days of Activism against Gender Based Violence, International Women's Day, A Taste of Harmony, Pride Month, Indigenous walks of Melbourne and Culture Days. We also participated in industry events including The Black Food & Wine Experience in the US, as well as Black Business Week and Diversity & Inclusion in Grocery LIVE! In the UK.

Employer of choice

- To enable us to understand how we impact different groups of employees over time and to be data-led in our IE&D plans for the future, we piloted the collection of personal demographic data (non-anonymised) in the UK. This followed significant employee consultation and engagement, and an in-depth data protection impact assessment to ensure all necessary controls were implemented to protect individual privacy. Employees are encouraged to voluntarily disclose demographic data including racial or cultural background, disability, caring status, gender including a non-binary option and veteran status. Data collection will be extended to employees in other countries during F24 and questions will be extended to include sexuality.

- To sustain our culture and business performance we evolved our approach to hybrid work in our Melbourne office. Our focus is to encourage employees to come into the office more often than not, and in doing so provide employees with the autonomy to decide the right days to come in, the opportunity to build capability and to connect with each other, developing a sense of purpose and belonging, and of contributing to something bigger.

- 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.

- We were recognised as an employer of choice with these accolades:
  - Recognised by the Australian Financial Review as one of the Best Places to Work
  - Certified as a Great Place to Work in the UK
  - TWE Americas was recognised as one of the Healthiest Employers of the Bay Area for the mid-sized company category, taking out first place, up from fourth in F22

F24 objectives and initiatives

TWE continues to strive towards the targets listed below.

- 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 F24.

- Support ongoing executive sponsorship of ERGs to lift their impact and sustain a culture of inclusion and belonging.
- Increase IE&D engagement with Supply through education and partnerships with ERGs.
- Continue to evolve our approach to our talent pipeline and onboarding to drive an increase in female representation in areas with <40% current female representation.
- Evolve data collection and analysis to measure diversity of factors other than gender.

The CEO and all ELT members have a Leadership, Inclusion, Equity and Diversity Key Performance Objective (KPO) to deliver the above objectives in F24.

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 as at the date of this report.

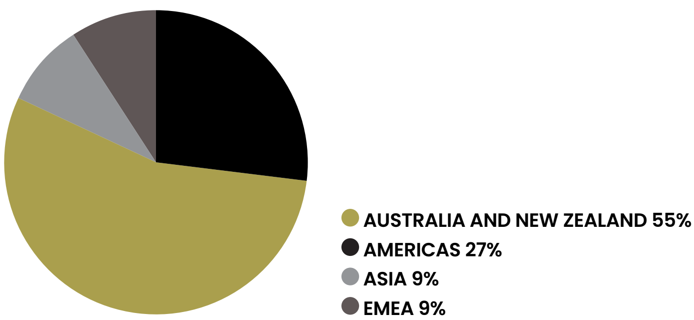
Organisational gender profile
The Company makes the following diversity disclosures in relation to Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations.

Recommendation 1.5 requirement

Proportion of females in the whole organisation	As at 30 June 2023, 42.8% of the Group's employees were female.
Proportion of females in senior executive[1] positions within the Group	As at 30 June 2023, 36.4% of senior executive positions within the Group were held by females.
Proportion of females on the Board of the Company	As at 30 June 2023, 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 the Annual Report.

As an Australian based business, the Company complies with the Workplace Gender Equality Act which requires annual filings to the Australian Workplace Gender Equality Agency (WGEA) disclosing 'Gender Equality Indicators'. This report, covering the 12-month period ending 31 March, was published on the WGEA and TWE websites in June 2023: tweglobal.com/careers/diversity-inclusion

Our global workforce by geography



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, 44.5% of roles were held by females as at 30 June 2023.

Board of Directors

Paul Rayner
B.E.C, 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 Murdoch Children's Research Institute (since December 2014 and where he also serves as Chairman of the Audit, Finance and Risk Committee). Mr Rayner is a former Director of Boral Limited (September 2008 to June 2023) and 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
BA/Ec, MS
Non–Executive Director

Member of the Board since September 2012 and a 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.

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, Human Resources 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), Hiro Brands Limited formerly known as 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), Spotless Group Holdings Limited (from February 2017 to August 2017, and a Director from March 2014 to August 2017) and a former director of Qantas Airways Limited (from January 2005 to February 2015), Integral Diagnostics Limited (from October 2015 to March 2017) and Dulux Group Limited (from July 2010 to December 2017), and has held senior positions at both Ernst & Young and Arthur Andersen.

Colleen Jay
B.BA (Hons)
Non–Executive Director

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

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 elected as Chair of SciPlay Corporation (NASDAQ: SCPL) in August 2022, and was appointed to the Board of Light & Wonder, Inc. (formerly known as Scientific Games Corporation) (NASDAQ: LNW) in September 2020, and elected as Executive Vice Chair of Light & Wonder Inc. 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 private Australian technology companies.

John Mullen
BSc
Non–Executive Director

Mr Mullen is an independent Director and is an Australian resident. Member of the Board since May 2023.

Mr Mullen has extensive experience in international transportation and logistics, with more than two decades in senior positions with some of the world's largest transport and infrastructure companies. He has lived or worked in 13 countries. From 2011 to 2017 Mr Mullen was Chief Executive Officer of Asciano, Australia's largest ports and rail operator. Prior to this Mr Mullen spent 15 years with DHL Express, a US$20b company employing over 100,000 people in 220 countries, serving as the global Chief Executive Officer from 2005 to 2009.

Prior to DHL, Mr Mullen spent 10 years with the TNT Group with four years as the Chief Executive Officer of TNT Express Worldwide based in the Netherlands.

Mr Mullen is also Chairman of Telstra Group Ltd (since 2016 and a Director since 2008), Chairman of Brambles Ltd (since 2020), a Director of Brookfield Infrastructure Partners L.P. (from 2021 and previously 2017-2020), and Chairman of the Australian National Maritime Museum (from 2019).

Former Directorships and appointments include Chairman of Toll Holdings (2017-2022), the US National Foreign Trade Council in Washington (2008-2010), and Member of the UNICEF Task Force on Workplace Gender Discrimination and Harassment (2018-2019).

Lauri Shanahan
JD Business Law, BS Finance
Non–Executive Director

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

Ms Shanahan is an independent Director and an American resident.

Ms Shanahan has extensive retail, hospitality, 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 Deckers Outdoor Corporation (NYSE: DECK) and CAVA Group Inc (NYSE: CAVA). Ms Shanahan is a former Director of Cedar Fair Entertainment Company (NYSE: FUN) 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:

- Overseeing the Company's sustainability agenda and progress, including approval of TWE's sustainability commitments and annual Sustainability Report and TWE's Statement on Human Rights and Modern Slavery as well as oversight of performance under TWE's public sustainability commitments and against performance milestones of the sustainability linked loan.
- Providing input into and approval of the majority acquisition of Château Lanessan, Bordeaux, France.
- Continued development of Board composition and succession plans including the appointment of Mr Mullen on 1 May 2023.
- Overseeing Company culture including the continuation of Companywide initiatives to embed the TWE DNA, being the Company's core values.
- 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 F24-F28 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 2023, 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 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				
Customer focused premium brand portfolio	Multi-regional and multi-channel sales models	World-class talent	Sustainable and multi-regional sourcing & winemaking	Deep, long-term partnerships and 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	6	2	0
Finance and business Proficiency in financial accounting and reporting, corporate finance and internal controls, corporate funding, capital management and associated risks	4	4	0
Governance, regulatory and human capital Expertise identifying and managing legal, regulatory, governance, public policy and corporate affairs issues; experience in complex human capital and remuneration issues and understanding of the link between strategy, performance and remuneration outcomes	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; extensive experience with complex workplace health, safety, environmental and community risks and frameworks	4	4	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	7	1
Innovation Expertise in and understanding of key factors relevant to innovation; 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 USA, Asia, and EMEA	5	3	0
Board or senior management experience		**YES**	**NO**
Chairman – Listed company		4	4
CEO/Senior management		8	0

The Board recognises the importance of cultural, geographic and gender diversity among 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 2023, the average tenure for the Company's Non-Executive Directors was 6.5 years. The Board has clear succession plans in place to ensure continued Board renewal. The length of service of each Director is set out in the Directors' Report contained in the annual report.

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 female going forward. Since John Mullen joined the Board on 1 May 2023, women represent 37.5% of the Board. To maintain gender diversity into the future, in 2023 the Board has set itself a measurable objective to maintain at least 30% of its Directors being female 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 among 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 F23

- Reviewing the scope of the annual internal and external audit programs and overseeing the conduct and coordination of those programs, as well as assessing the internal and external auditors and their independence.
- Undertaking a tender of the external audit services.
- 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.
- Monitoring the Company's insurance renewal program.
- Reviewing and recommending to the Board for approval the full year and interim financial reports.

Nominations Committee

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

Key focuses for F23

- Overseeing Board composition and succession plans including changes to Committee composition.
- 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 internally facilitated review of the performance of individual Directors, the Board as a whole and the operation of the Board Committees.
- Assessing the independence of Directors and suitability of Director candidates for re-election.

Human Resources Committee

Oversees: training, development and succession planning for senior management, Company's inclusion, equity and diversity policy, evaluation of senior executive performance, and remuneration, and Non-Executive Directors' fees.

Key focuses for F23

- Reviewing remuneration practices for F23 to ensure alignment with the Company's DNA and to provide for the attraction, incentives, rewards 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 F23 Remuneration Report.
- Approving the terms of engagement of the remuneration consultant.
- Overseeing the Company's inclusion, equity and diversity initiatives and progress against targets.
- Overseeing and monitoring the Company's culture.

Wine Operations and Sustainability Committee

Oversees: wine making 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 F23

- 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 and 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 companywide approach to risk management, underpinned by a risk-aware culture.

Barossa Winery and Production Centre,
Barossa Valley, South Australia.
Photo by: **David Dahlenburg, Maintenance Scheduler.**

Code of Conduct reporting

At TWE, we believe each of us has a responsibility to do the right thing. Our Code of Conduct outlines our expectations in how we do business. Like everything we do at TWE, our Code is underpinned by our DNA. Through our DNA, we seek to nurture a physically and psychologically safe environment where our people have the confidence and support to speak up if they see or experience any inappropriate behaviour.

We appreciate our employees speaking up about their concerns and encourage everyone to do the same. Processes are in place to ensure that reports of inappropriate behaviour are logged, investigated and that appropriate action is taken. Measures are in place to ensure complaints are treated confidentially, consistent with legislative protections.

Investigations into HR compliance matters are conducted by the People and Culture team or external third parties as appropriate, with matters reported to the HR Committee biannually. Breaches of governance policies and other core policies are reported to the Audit and Risk Committee, including a high level overview of Health and Safety and HR Compliance matters. Details of Health and Safety performance are reported via the Wine and Operations Sustainability Committee and are published in our annual Sustainability Report.

People-related compliance

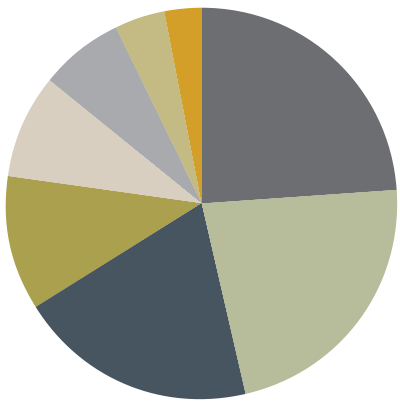
During F23, a total of 71 matters were reported, representing 2.8% of our workforce. Of these, five were received anonymously via our external whistleblower service. Of the reported people-related matters, 35 (76%) were fully or partially substantiated.

Actions taken in response to substantiated matters include those listed below.

- 24% resulted in coaching, counselling or training intervention.
- 33% resulted in formal written warnings (including final written warnings).
- 31% resulted in end of employment.

This information is provided as part of our ongoing commitment to transparency, accountability and sustainable performance. We are committed to improving our performance and our reporting year on year. We welcome feedback from our stakeholders on how we may continue to build and preserve trust in our business consistent with our ambition to be the world's most admired premium wine company.

Code of Conduct matters reported



- UNSUBSTANTIATED, 17
- THEFT OF COMPANY INFORMATION, 16
- BULLYING, HARASSMENT OR WORKPLACE MISCONDUCT, 14
- PERFORMANCE, 8
- UNDERPAYMENT OF WAGES/BENEFITS, 5
- BREACH OF POLICY, 6
- FRAUD, 3
- SEXUAL HARASSMENT, 2

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 2023 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 2023 and appear on pages 80 to 132..

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[3]	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
Antonia Korsanos	1 April 2020
Tim Ford (Chief Executive Officer)	1 July 2020
John Mullen	1 May 2023

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 2023 financial year

	Board meetings[1]		Audit and risk committee meetings		Human resources committee meetings		Nominations committee meetings		Wine operations and sustainability committee meetings		Additional meetings[2]
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Paul Rayner	12	12	–	–	–	–	7	7	–	–	5
Tim Ford	12	12	–	–	–	–	–	–	–	–	5
Ed Chan	12	12	4	4	–	–	–	–	–	–	–
Warwick Every-Burns[3]	3	3	–	–	1	1	6	6	–	–	–
Garry Hounsell	12	12	4	4	4	3	7	5	4	4	2
Colleen Jay	12	11	–	–	4	4	–	–	4	4	–
Antonia Korsanos	12	12	4	4	–	–	7	7	–	–	4
John Mullen	3	3	–	–	–	–	–	–	–	–	–
Lauri Shanahan	12	12	–	–	4	4	7	7	–	–	–

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. Mr Every-Burns retired from the Board on 18 October 2022.

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
Alexandra Lorenzi BA, LLB (Hons) was appointed Company Secretary on 3 July 2023. Ms Lorenzi is an experienced corporate lawyer with deep commercial, legal, and governance expertise. Ms Lorenzi has been a member of the TWE team since April 2020. Prior to joining TWE, Ms Lorenzi was a Senior Associate at leading global law firm Herbert Smith Freehills, where she advised senior management and Boards of Australia's largest listed companies.

As Ms Lorenzi is on maternity leave, Christine Harman BA, LLB (Hons) MBA has been appointed to act in the role of Company Secretary from 3 July 2023 until Ms Lorenzi's return from leave.

Dividends
Interim dividend: The Company paid an interim dividend of 18 cents per ordinary share on 4 April 2023. The dividend was fully franked.

Final dividend: Since the end of the financial year, the Directors have approved a final dividend of 17 cents per share, fully franked and payable on 3 October 2023. The record date for entitlement to this dividend is 1 September 2023.

In summary:

	Dividend per share	$M
Interim dividend paid on 1 April 2023	18 cents	$129.9
Final dividend payable on 3 October 2023	17 cents	$122.7
Total	35 cents	$252.6

The Company paid shareholders a final dividend in respect of the 2022 financial year of $115.5 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
The Company announced the next step in the evolution of its premiumisation strategy in May 2023, intended to strengthen the operating model and reduce the cost base of its Treasury Premium Brands division. The range of initiatives aim to deliver greater operational and strategic flexibility to enable continued growth of the premium and luxury portfolio, and include adjusting the division's operating model and organisational structure, implementing changes to the Commercial wine supply chain, and divestment and/or rationalisation of selected assets.

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

Events subsequent to balance date
On 15 August 2023 the Group announced that Paul Rayner will retire from the Company's Board as Chairman and independent Non-Executive Director effective from the conclusion of the Company's Annual General Meeting, to be held on Monday 16 October 2023. The Board has appointed John Mullen as Chairman elect, to become Chariman subject to Mr Mullen's election at the Annual General Meeting.

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

Sustainability
Matters of environmental and social significance to the Group are primarily addressed within the 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 2022. During the financial year, the Group has not been convicted of any significant breaches of environmental regulation.

Directors' report (continued)

Proceedings on behalf of the company

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

Non-audit services and auditor independence

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

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

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

- the engagements for all non-audit services have been reviewed by the Chief Financial Officer, and where relevant, the Chair of the Audit and Risk Committee in accordance with the Committee's rules of engagement regarding the provision of non-audit services by the External Auditor contained in the Committee Charter to ensure they do not impact the actual or perceived impartiality and objectivity of KPMG

- none of the services provided by KPMG undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the financial year, the fees paid or payable for non-audit services provided by KPMG and its related practices totaled $81,735. Amounts paid or payable for audit and non-audit services are disclosed in note 32 of the Financial Statements.

A copy of the auditor's independence declaration is set out on page 57 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 2023 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 15 August 2023, in accordance with a resolution of the Directors.

Paul Rayner
Chairman

Tim Ford
Chief Executive Officer

Auditor's independence declaration

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

To the Directors of Treasury Wine Estates Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Treasury Wine Estates Limited for the financial year ended 30 June 2023 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
15 August 2023

F23 remuneration report

Contents

Executive remuneration

Introduction from the Chair of the Human Resources Committee

Dear Shareholders,

On behalf of the Human Resources Committee and Board, I am pleased to present our F23 remuneration report for which we will seek your approval at our Annual General Meeting in October 2023. The remuneration report is designed to demonstrate strong alignment between our Company's performance, our executive reward framework, our strategic objectives and shareholder interests.

This is my first letter to Shareholders as the Chair of the Human Resources Committee. I would like to acknowledge Warwick Every-Burns' contribution to the Board and leadership of the Human Resources Committee from May 2011 to October 2022.

F23 performance

We are very pleased with the overall momentum of the business and the progress toward delivering our long term strategies under our CEO Tim Ford's leadership. Despite challenging economic and trading conditions globally, all divisions continued to build quality distribution, expand in key markets, and drive consumer demand. The management team demonstrated exceptional leadership, resilience, agility and tenacity, consistently turning challenges into opportunities while positioning the Company for future growth. Notably, the team's continued efforts to premiumise our business have paid off, with 85% of our revenues now coming from our premium and luxury portfolios.

In F23, Management delivered EBITS of $583.5m, an 11.4% increase on the prior year, and EBITS margin improved 2.9 percentage points to 24.1%. Net Sales Revenue (NSR) per case increased 12.7% led by premiumisation and price rises delivered across all divisions. TWE delivered Earnings per Share (EPS) of 52.1 cents per share (before material items and SGARA), up 16.6% from F22. ROCE increased from 10.7% in F22 to 11.3% in F23, driven by higher EBITS and continued capital discipline.

With a solid foundation in place, we have great confidence in the ambition, strategy and executional discipline of our leadership team that will enable TWE to deliver sustainable growth and outperform the market over the long term.

F23 executive remuneration outcomes

In F23, all executives received a 3% increase to fixed remuneration. The Board also approved a 3% increase to Board Chair and Member base fees and a moderate increase to Committee fees effective from 1 July 2022. Short Term Incentive Plan (STIP) outcomes reflect the level of business performance and range between 35%-72% of fixed remuneration, and 30%-40% of maximum opportunity. The F21 Long Term Incentive Plan (LTIP) had an adjusted vesting of 78.75% of the total target grant value.

In 2022 and 2023, I participated in numerous meetings with investors (representing over 60% of capital) and proxy advisors to discuss whether our programs were fit for purpose and working as intended, particularly in light of several material, one-off events entirely outside of management's control that materially impacted financial results. Beyond the COVID-19 pandemic, supply chain disruptions, and wildfires in California which reduced our access to luxury supply, the imposition of tariffs on Australian wine in 2020 effectively closed the China market – our largest and most profitable market at the time - overnight. In the face of these extraordinary events, executives were once again tasked in F23 with aggressive stretch goals to pivot the business and mitigate impacts by driving growth in other markets and focusing on delivering quality growth in earnings.

Despite their tremendous successes in F23 and over the past three years, it has proven virtually impossible to achieve alignment between pay, TWE's strategic objectives, financial performance and shareholder returns. Outcomes for our executives - and for our shareholders - have not reflected alignment with what we believe to be outstanding performance by our team. The cumulative impact of these external headwinds directly resulted in no STIP payments for F20, and nil vesting of the LTIP for three straight years in a row (2020, 2021 and 2022).

While we believe that STIP outcomes in F23 appropriately reward our executives, the impacts of these events have once again impacted both the relative Total Shareholder Return (rTSR) and Return on Capital Employed (ROCE) measures in the F21 LTIP, resulting in a significantly reduced rTSR payout and what would otherwise be a fourth year of a nil payout on ROCE. I was very encouraged to hear once again during our investor meetings in 2023 that our shareholders overwhelmingly agreed with our assessment regarding the team's performance, and also agreed that a compelling rationale warranted action by the Board to reward performance and remedy the otherwise inequitable outcome under the existing plan in place.

Principled approach to adjusting the ROCE outcome in the F21 LTIP

As outlined in this report, after careful consideration of numerous alternatives and factors, extensive consultation throughout this process with our independent consultant, and in light of the compelling results and the imperative to retain and motivate our leadership team, the Board made the unanimous decision to adjust only the ROCE outcome (and not rTSR), and moreover, to adjust the ROCE outcome only for the direct impact of the imposition of China's Ministry of Commerce (MOFCOM) tariffs (and to exclude the other material, unanticipated events including the pandemic and wildfires). The resulting payouts are at 39% for the rTSR component (unadjusted and weighted at 25%) and 92% for the ROCE component (as adjusted for the MOFCOM tariffs only and weighted at 75%), with total vesting of the F21 LTIP at 78.75% of the target grant value.

First off, we determined that the F21 LTIP was the appropriate vehicle, given this plan includes the entire leadership team in place who were tasked in F22 and F23 with aggressive stretch goals to pivot the business and mitigate these impacts. Moreover, the F21 LTIP is the final plan which did not account for the MOFCOM tariffs. While a compelling rationale existed to adjust for other material, unforeseen events outside the control of management, we ultimately decided to focus exclusively on the MOFCOM tariffs, with an eye toward both acknowledging the impacts on our investors as well as balancing the interests and outcomes of all stakeholders. In addition, focusing exclusively on the MOFCOM tariffs in our analysis enabled us to undertake a robust, objective, and comprehensive evaluation of the direct impacts of the tariffs since 2020 as well as the direct results of aggressive mitigation strategies. Finally, we strongly believe that this award has been earned by the team.

Rest assured, this decision was not taken lightly. The circumstances surrounding these events and the direct impact the tariffs had on the performance of the Company were carefully considered over the course of many months, as well as the impact on shareholder returns. As opposed to merely 'balancing' executives' and shareholders' interests, we strongly believe that the decisions we have taken directly align the best interests of our executives and shareholders alike. After much deliberation, the Board and Human Resources Committee unanimously concluded that this was simply the right thing to do - for all of our stakeholders.

F23 activities of the Human Resources Committee

During the year, we developed and formalised TWE's Executive Remuneration Framework and Strategy and also focused on remuneration policies and initiatives throughout the organisation. Beyond remuneration, the Committee invested significant time on oversight of other critical, Company-wide Human Resources matters, including culture, diversity and inclusion, talent development and succession, and employee engagement. Our overall objective is to utilise these levers collectively and holistically to ensure we attract, retain and motivate the highest calibre talent across the organisation and consistently deliver on the Company's strategic objectives over the near and longer term.

Ongoing engagement

The team and I have found the time spent with our investors to be productive, informative and impactful. As an example, we modified our metrics in our LTIP going forward as a direct result of our engagement. Our dialogue also directly informed and impacted our decisions taken on the F21 LTIP. In addition, we have enhanced our disclosures in the report regarding how we set objectives and determine outcomes for STIP. It remains our intention to proactively engage in and encourage open dialogue with our shareholders and other stakeholders. Accordingly, we welcome any feedback and comments you may have on these topics generally and more specifically, on the enclosed Remuneration Report.

Yours sincerely,

Lauri Shanahan

Human Resources Committee Chair

F23 remuneration report

1. Key messages

This report details the F23 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.

KMP
Executive KMP at TWE during F23 are as follows:

Executives (as at 30 June 2023)

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

a) Financial results for F23
F23 saw TWE continue to deliver earnings and margin growth, driven by strong luxury top-line growth from Penfolds, successful price increases across several brands and cost savings from the global supply chain optimisation program. The premiumisation trends continue across the wine category with luxury wine continuing strong growth trends in all of TWE's key global markets. Management executed strongly during the year and our diversified business model, together with the benefits of key asset base and cost optimisation initiatives, have resulted in a resilient premium wine category despite the tightening economic environment.

In F23, Management delivered EBITS of $583.5m, an 11.4% increase on the prior year, and EBITS margin improved 2.9 percentage points to 24.1%. Net Sales Revenue (NSR) per case increased 12.7% led by premiumisation and price rises delivered across all divisions.
TWE delivered Earnings per Share (EPS) of 52.1 cents per share (before material items and SGARA), up 16.6% from F22. ROCE increased from 10.7% in F22 to 11.3% in F23, driven by higher EBITS and continued capital discipline.

Despite continued supply chain and cost headwinds, and changing consumer and market dynamics, consumer demand for luxury wine remains strong in all markets globally, with luxury sales in the Penfolds, Treasury Americas and Treasury Premium Brands divisions in line with expectations. Penfolds, in particular, continues to deliver strong momentum in building distribution and consumer demand across a number of key global markets.

b) Fixed remuneration
TWE's global platform continues to experience significant growth, increasing the responsibility and complexity of executive roles. Moreover, the executive team has been crucial to ensuring the successful navigation of the COVID-19 pandemic 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 F22 Remuneration Report, Mr Ford's remuneration was increased by 3% to $1,622,250, Mr Young's remuneration was increased by 3% to $772,200, and Mr Boxer's remuneration increased by 3% to $712,700, all effective from 1 September 2022. For F24, the Board has approved a further 3% increase to Mr Ford's, Mr Young's and Mr Boxer's remuneration, effective 1 September 2023.

c) Short-term incentives in the year
As in previous years, targets set for F23 STIP included aggressive, stretch goals such as driving growth in other markets to mitigate the ongoing impact of severely reduced shipments to Mainland China and to focus on delivering quality growth in earnings. Despite continued supply chain and cost headwinds, and changing consumer and market dynamics, the Company has achieved solid performance against the F23 STIP targets. The continued focus on luxury wine and premiumisation has enabled strong EBITS and EBITS margin growth, despite a decline in NSR driven by premium portfolio volume declines in Treasury Americas and commercial portfolio volume declines in Treasury Premium Brands, partly offset by strong luxury portfolio growth for Penfolds.

The market trends and consumption outlook for commercial wine, however, remains challenged, most notably in Australia and the UK. In recent years, this has led to further declines in Treasury Premium Brands' lower margin commercial portfolio volumes, a market dynamic that is expected to continue in the future. In addition, the ongoing inflationary environment, particularly for packaging materials, is expected to place upward pressure on TWE's cost of goods in F24. Notwithstanding, TWE expects to be well positioned in F24 to capture luxury category growth and manage the uncertain environment through the diversification of its brand portfolio and priority markets. 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 of the Company's performance in F23, the F23 Balanced Scorecard multiplier for executives will be paid at 0.6x. Taking into account each executive's Individual Performance Multiplier based on the level of achievement of their respective Key Performance Objectives (KPOs) and demonstration of the Company's DNA, the Board has determined that the F23 STIP outcomes are 35.9% of fixed remuneration for Mr Young and 47.9% of fixed remuneration for Mr Boxer. The CEO received an F23 STIP outcome of 72% of fixed remuneration.

d) Long-term incentives in the year
The F21 LTIP grant, covering a performance period of 1 July 2020 to 30 June 2023, was offered to our CEO and management team, including our KMP, on the following terms: 25% of the Performance Rights were subject to achievement of a rTSR performance hurdle and 75% were subject to achievement of a ROCE performance hurdle.

Performance for rTSR was assessed by an independent service provider, Orient Capital. The Group's rTSR performance was at the 51st percentile of its peer group, driving an unadjusted outcome of 39% vesting for this component of the LTIP (weighted at 25%).

With respect to ROCE performance, however, and despite management's successes in pivoting the business and driving sustainable earnings, aggressive cost management and operational effectiveness, the impacts of the pandemic, the wildfires in the US and the introduction of the MOFCOM tariffs, without otherwise adjusting for any of these factors, resulted in the ROCE component falling once again below threshold.

Given the clear disconnect between the underlying assumptions made when targets were originally set in 2020 and what thereafter transpired (ie the COVID pandemic, wildfires and imposition of MOFCOM tariffs in China), the Committee and Board ultimately concluded that a clear and compelling rationale existed to warrant an adjustment to the ROCE outcome to ensure that the intent and integrity of the plan was maintained.

The Committee and Board has undertaken a comprehensive analysis of a number of identified principles which we believe were pertinent to our analysis, including: (a) whether the intent and integrity of the plan, while ensuring fair outcomes for Management, could be maintained; (b) whether external business and economic factors beyond the control of Management which have materially impacted performance have occurred; (c) whether unforeseen, non-recurring factors occurred during the performance period which have materially impacted performance; (d) management's efforts and results to mitigate the impacts of the factors outlined above; (e) the longer-term, sustainable impact of decisions and actions made by management in the short-term; (f) whether budgetary assumptions made when setting performance targets were accurate and remain appropriate, and whether conditions are potentially better or worse when compared with those assumptions; (g) the degree of difficulty and complexity associated with achieving the targets, as related to both the internal and external environment; and (h) alignment with the interest of shareholders.

While a compelling rationale existed to adjust for other material, unforeseen events outside the control of management, the Committee and Board ultimately decided to focus exclusively on the MOFCOM tariffs and the success of mitigation initiatives, with an eye toward both acknowledging the impacts on our investors as well as balancing the interests and outcomes of all stakeholders. In addition, focusing exclusively on the MOFCOM tariffs enabled us to undertake a robust and objective evaluation of the direct impacts of the tariffs since 2020 as well as the direct results of aggressive mitigation strategies.

The unanticipated introduction of the MOFCOM tariffs clearly constitutes an external business and economic factor beyond the control of management which materially impacted performance. Moreover, this event was unforeseen and non-recurring in nature, and budgetary assumptions made when setting performance targets were no longer rendered accurate or appropriate. Management, has been highly successful in aggressively mitigating these impacts by executing both near term strategies as well as sustainable, strategic initiatives for the longer term. Given that budgetary assumptions made when setting targets proved to be inaccurate, the intent and integrity of the F21 LTIP was clearly compromised such that fair outcomes could not be achieved without an adjustment. Moreover, the results achieved in the face of multiple obstacles highlight the strength and resilience of our global business and management's ability to navigate the complex and changing economic, consumer and market dynamics with agility and tenacity. Finally, the Committee and Board strongly believe that the intent and integrity of the plan could not otherwise be maintained, and that this award has been earned by the team.

Over the course of many months, the Committee continued to seek advice and guidance from our independent remuneration advisors, PwC, on the relevant considerations and factors as well as the potential approaches and alternatives. The HRC and Board also continued to evaluate and incorporate feedback from our investors and proxy advisors. The Committee and Board considered a number of alternatives, including a one-off grant of restricted and/or performance shares over a future timeframe, and increasing the F24 LTIP grant. However, it was ultimately determined that adjusting the ROCE outcome for the F21 LTIP was the most appropriate alternative as we were able to focus exclusively on the impacts of the MOFCOM tariffs and reward current executives for the actual results of their aggressive mitigation strategies. As outlined in my letter earlier in this report, ensuring we continue to retain and motivate executives is of great concern to the Board, and we believe that this decision is in the best interests of all stakeholders. Aside from the fact that a forward-looking award would not be aligned with rewarding management for earned, past results, we also took into account the potential for unintended consequences with forward looking grants that might potentially result in a windfall gain to management and prove not to be in the best interests of shareholders.

At the direction of the Committee and Board, management conducted a 'look back' review on ROCE outcomes of the F21 LTIP to quantify the impact of the imposition of MOFCOM tariffs, as well as the mitigation initiatives put in place. The assumptions and calculations made by management were thereafter internally audited.

Accordingly, the Board made the unanimous decision to adjust only the ROCE outcome (and not rTSR), and moreover, to adjust the ROCE outcome only for the direct impact of the imposition of MOFCOM tariffs and related mitigation strategies. Other material, unanticipated events including the pandemic and wildfires were excluded, as were the impacts of acquisitions and divestments during the period. The resulting payout is 92% for the ROCE component (weighted at 75%). Total vesting of the F21 LTIP was 78.75% of the target grant value.

e) Changes for F24

F24 LTIP

From F23, and after engagement with our investors, an additional measure of EPS, before material items and SGARA, was introduced into the LTIP. Both ROCE and relative TSR metrics were retained. Prior to this, the performance measures had remained largely unchanged for seven years. An EPS measure is aligned to our growth strategy while ensuring remuneration outcomes are aligned to shareholder returns.

The weighting of the three metrics for the F24 LTIP will be the same as F23 - 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 F24 LTIP. The Board considers that the Company's F24 targets are realistic but challenging and an appropriate level of performance is required to justify full vesting of each portion of the LTI award.

ROCE growth will be measured against the F23 ROCE base of 11.3% and will vest according to the following schedule.

ROCE baseline 11.3% (F23)	% points ROCE growth	ROCE result	% of performance rights subject to ROCE measure which vest
	Less than 1.0	Less than 12.3%	0%
	1.0 to 1.7	12.3% to 13.0%	35-75%
	1.7 to 2.1	13.0% to 13.4%	75-100%
	At or above 2.1	At or above 13.4%	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 6%	0%
	6% to 10%	35-100%
	At or above 10%	100%

The relative TSR vesting schedule for the F24 LTIP is unchanged from F23.

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 maintains 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 F24 LTIP are subject to the satisfaction of performance conditions, as outlined above, over the performance period from 1 July 2023 to 30 June 2026. LTIP awards to KMP are at the absolute discretion of the Board. For the F24 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 2023 Annual General Meeting for the F24 LTIP offer to the CEO.

F24 Non-Executive Director fees

The Board has approved a 3% increase to Board Chair and Member base fees effective 1 October 2023. No changes will be made to Committee fees.

1. Earning 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 achieve five key objectives.

1. Attract, motivate and retain the highest calibre executives.
2. Provide incentives and rewards that drive both our short and long-term strategic objectives.
3. Directly align the interests and outcomes of our executives with our shareholders.
4. Create a performance-driven culture.
5. Deliver results that reinforce our culture and are sustainable over the long-term.

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. Section 3 of this report describes performance outcomes over the past five years, and how they have impacted remuneration outcomes.

b) Remuneration framework

Remuneration strategy

Attract, motivate and retain the highest calibre executives	**Drive both our short and long-term strategic objectives**	**Align the interests and outcomes of our executives with our shareholders**	**Create a performance-driven culture**	**Deliver results that reinforce our culture and are sustainable over the long-term**

Remuneration framework

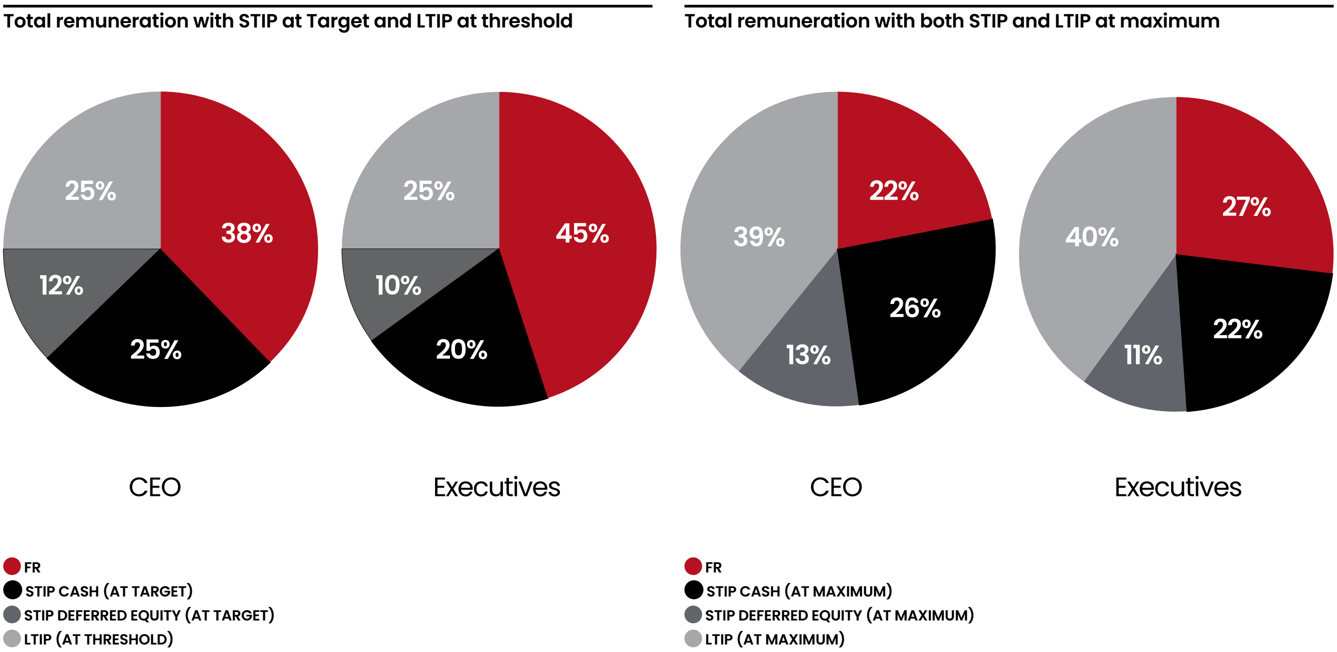
Components	Performance measures	Details
Fixed remuneration *Base salary, superannuation and other benefits* Further information is included in section 3 (d)	Considerations in setting fixed remuneration include: • External market benchmarking against the ASX21-75 peer group, and other industry and competitive data • Internal equity • The executive's skills, experience and responsibilities • Complexity and location of the role • The executive's performance	Fixed remuneration is reviewed annually. 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.
Short-Term Incentive Plan (STIP) *An annual award of cash and/or equity may be received based on:* *Group, team and individual financial, strategic and operational performance, measured by way of the Balanced Scorecard; and* *Agreed individual key performance objectives (including the TWE DNA) measured by way of the Individual Performance Multiplier.* Further information is included in section 3 (e)	The STIP Balanced Scorecard is consistent across all executives and includes measures such as global EBITS, quality growth in sales volume, brand contribution margin, cash conversion and ROCE. The Balanced Scorecard can drive a multiplier outcome between 0 and 1.2. The Individual Performance Multiplier is derived from the level of each executive's achievement of individual Key Performance Objectives (KPOs) and demonstration of the Company's DNA. The Individual Performance Multiplier can drive a result of 0 to 1.5.	The annual STIP opportunity is at the absolute discretion of the Board. In F23, the following STIP opportunities applied: Target: • Executives 66.5% of FR • CEO 100% of FR Maximum: • Executives 120% of FR • CEO 180% of FR One-third of the STIP award for executives is deferred into Restricted Equity in the Company. Of this Restricted Equity, one-half (i.e. one-sixth of the overall STIP award) will vest after one year, and one-half (i.e. one-sixth of the overall STIP award) will vest after two years.

Remuneration framework (continued)

Components	Performance measures	Details
Long-Term Incentive Plan (LTIP) *The LTIP is designed to reward executives for long-term performance and value creation for shareholders.* *It is delivered in the form of Performance Rights that vest at the end of the performance period if the performance and vesting conditions are met. The performance period is a 3-year period aligned with TWE's financial year (1 July to 30 June).* Further information is included in section 3 (f)	Relative Total Shareholder Return (rTSR) (20% weighting). Relative to S&P/ASX 200 Index, excluding companies from the energy, metal and mining, real estate and finance sectors. Return on Capital Employed (ROCE) Growth (40% 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. Earning per Share (EPS) Compound Annual Growth Rate (CAGR)(40% weighting). Basic EPS is calculated as Net Profit (or Loss) After Tax (NPAT) excluding SGARA and material items, divided by the weighted average number of shares.	LTIP awards are at the absolute discretion of the Board. In F23, the following awards applied: • CEO: 175% of FR • Other executives: 150% of FR The number of performance 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.

c) Total remuneration

Executive total remuneration (TR) comprises fixed remuneration (FR) and variable ('at-risk') remuneration in the form of STIP and LTIP. The diagram below illustrates the mix of remuneration components for current executives in F23, firstly as a percentage of total remuneration (TR) at target, and then as a proportion of total maximum potential remuneration.



d) 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. Any changes to fixed remuneration are effective from 1 September. 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. When comparing executives' remuneration to the market, the ASX 21-75 peer group is used and peer groups are reviewed regularly for accuracy and alignment with the nature of the business.

e) 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. The STIP uses a balanced scorecard approach for company performance measures while the individual performance for each executive is derived from the level of each executive's achievement of individual Key Performance Objectives (KPOs) and demonstration of the Company's DNA: We bring our whole self, We are courageous, and We deliver together.

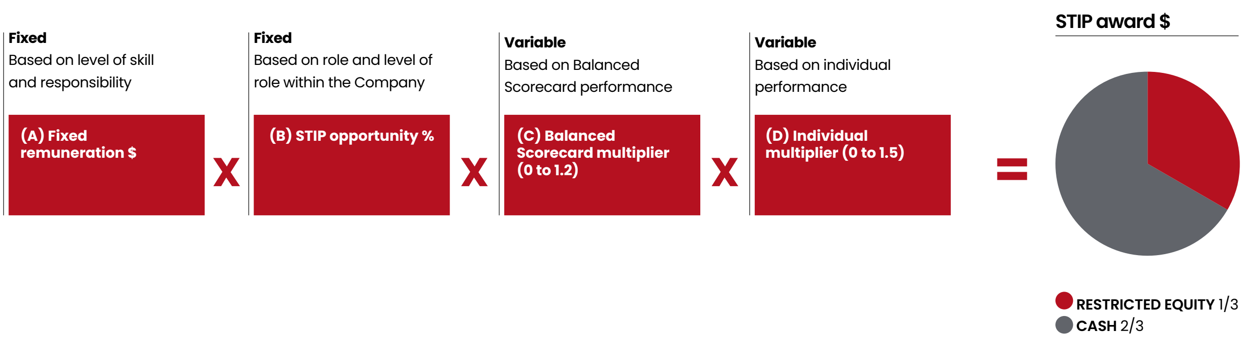
The STIP Balanced Scorecard measures are designed to support the financial health of the organisation and shareholder return in terms of dividends and share price - this year and over time. Hurdles and stretch targets are set for each metric and the sustainability of growth and returns is non-negotiable.

The individual KPOs include a combination of strategic and operational objectives specific to each executive (50%), and objectives relating to leadership, inclusion, equity and diversity, and wellbeing and sustainability (50%). Demonstration of the Company's DNA relates to specific behaviours of each executive and how the KPOs were achieved and is weighted equally with the individual KPOs.

The calculation of any STIP award for an executive is dependent on the following key factors listed below.

A. Fixed Remuneration as at 30 June of the performance year.
B. Individual short-term incentive (STI) opportunity: expressed as a percentage of Fixed Remuneration.
C. Balanced Scorecard (BSC) multiplier: based on the performance of the Group Balanced Scorecard measures.
D. Individual performance multiplier (IPM): based on the executive's achievement of individual Key Performance Objectives (KPOs) and demonstration of the Company's DNA.

Overall F23 STIP structure



STIP measures	
(C) F23 Balanced Scorecard measures (multiplier 0 to 1.2x)	
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.
(D) F23 Individual KPOs and Company DNA (multiplier 0 to 1.5x)	
Strategy and operations	• Individual strategic KPOs based on functional responsibility
Leadership, inclusion, equity and diversity	**All executives:** • Role model inclusive leadership and deliver on all global (and where relevant, local) diversity, equity and inclusion commitments. • Continue to champion and embed the TWE DNA and drive an increase in overall engagement. • Strengthen capability and depth of talent within own team and across all of TWE.
Wellbeing and sustainability	**All executives:** • Reduction in serious safety incidents through active participation in the Destination Zero Harm program • Employee mental wellbeing • Execution of Sustainability strategy - delivering on F23 targets and associated initiatives, and demonstrating progress towards F25 and F30 targets
Company DNA	• We bring our whole self • We are courageous • We deliver together

f) 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 F23, the Board awarded the CEO an LTIP opportunity of 175% of fixed remuneration.

The performance period for the F23 LTIP is 1 July 2022 to 30 June 2025 and the plan is detailed on the following page.

LTIP measures

F23 LTIP measures and vesting schedules

Relative Total Shareholder Return (rTSR) (20%)	**Relative TSR ranking**	**% of performance rights subject to relative TSR measure which vest**
Relative to S&P/ASX 200 Index, excluding companies from the energy, metal and mining, real estate and finance sectors.	Below 50th percentile 50th to 60th percentile 60th to 75th percentile At or above 75th percentile	0% 50%-70% 70%-100% 100%

Return on Capital Employed (ROCE) (40%)	**ROCE percentage points growth (from F22 ROCE baseline 10.7%)**	**ROCE result**	**% of performance rights subject to ROCE measure which vest**
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.	Less than 2.8 2.8 to 3.2 3.2 to 4.0 At or above 4.0	Less than 13.5% 13.5% to 13.9% 13.9% to 14.7% At or above 14.7%	0% 35%-75% 75%-100% 100%

Earnings per Share (EPS) (40%)	**EPS[1] CAGR %**	**% of performance rights subject to EPS measure which vest**
Basic EPS is calculated as Net Profit (or Loss) After Tax (NPAT) excluding SGARA and material items, divided by the weighted average number of shares.	0 – 7.5% 7.5% - 15% At or above 15%	0% 35%-100% 100%

g) 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 $250 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 F23 under the 2022 Share Cellar offer and a subsequent offer to participate in the 2023 Share Cellar Plan was made during the year. The first share purchases in the 2023 Share Cellar Plan occurred in July 2023 (F24).

h) Global Leadership Group Long-term incentive plan (GLG LTIP) and restricted equity plan (REP)

In addition to the LTIP for executives, the Company also now offers an LTIP to leaders below the executive leadership team, including the Global Leadership Group (GLG), along with a REP which allow the Board (and CEO through delegation) to make offers of Deferred Share Rights or Restricted Shares for the purpose of attracting, retaining and motivating key employees throughout the Company. Participation in the GLG LTIP is open to senior managers (excluding executives eligible for LTIP) and is subject to performance conditions and continued employment. There were no awards granted to, or vested for, executives under the GLG LTIP or REP in F23.

i) Other key information

Board discretion and clawback

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

Leavers

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

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

Dividends and voting rights

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

Change of control

In the event of a change of control, unless the Board determines otherwise, the transfer restrictions imposed on the shares will be lifted, but only insofar 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.

1. Earning per Share before material items and SGARA

3. Performance and remuneration outcomes

a) Overview of Company performance

Company performance during F23 saw earnings and margin growth, driven by strong luxury top-line growth from Penfolds, successful price increases across several brands and cost savings from the global supply chain optimisation program. The premiumisation trends continue across the wine category with luxury wine continuing strong growth trends in all of TWE's key global markets. Management executed strongly during the year and our diversified business model, together with the benefits of key asset base and cost optimisation initiatives, have resulted in a resilient premium wine category despite the tightening economic environment.

TWE delivered EBITS of $583.5m, an 11.4% increase on prior year and EBITS margin improved 2.9 percentage points to 24.1%. We delivered EPS of 52.1 cents per share (before material items and SGARA) while ROCE increased from 10.7% in F22 to 11.3% in F23, driven by higher EBITS and continued capital allocation discipline. 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 1.9x .

Due to the outstanding performance from our executives and our global teams and execution of key strategic priorities, the Company delivered strong operating momentum in F23. Penfolds reported a 14.2% increase in EBITS and NSR growth of 14.3% was delivered through Asia, Australia and EMEA, reflecting the continued momentum behind the Penfolds strategy to build distribution and grow consumer demand. Treasury Americas reported a 14.0% increase in EBITS and EBITS margin increased by 5.6 percentage points, led by strong performance of key luxury brands including Frank Family Vineyards and Beaulieu Vineyard and continued growth of premium brands, including Matua. This was partly offset by declines for 19 Crimes and Sterling Vineyards in addition to constrained luxury portfolio availability from the lower yielding 2020 Californian vintage. Treasury Premium Brands reported a 5.4% decline in EBITS while EBITS margin was in line with F22. Reduced NSR for the commercial portfolio in the UK and Australia were partly offset by 7.8% NSR growth for priority premium brands including 19 Crimes, Squealing Pig and Pepperjack. The combined premium and luxury portfolios delivered high double-digit gross profit growth in F23.

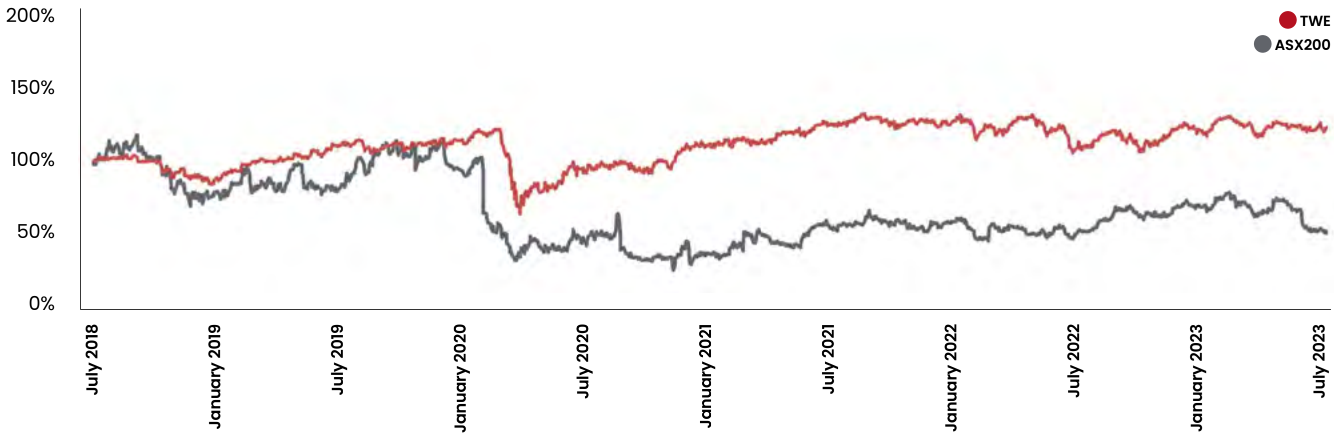
The table below summarises the Company's financial performance over the last five financial years.

Table 3.1: Overview of Company performance (reported)

Financial year ended 30 June 2023	2019[1]	2020[1]	2021	2022	
EBITS performance (A$ million)	664.7	512.6	510.3	523.7	583.5
Earnings per share (cents)[2]	57.2	41.7	43.0	44.7	52.1
Dividends paid per share (cents)	35	40	23	28	34[3]
Franked (%)	100	100	100	100	100
Closing share price ($ at 30 June)	14.92	10.48	11.68	11.35	11.23
Return on capital employed (%)	13.6	10.2	10.8	10.7	11.3

1. Prior year results for EBITS, Earnings per share and Return on Capital Employed have been restated for changes in accounting policies.
2. Before material items and SGARA.
3. The 2023 dividend of 34 cents is comprised of the final dividend in F22 of 16 cents (100% franked) paid on 30 September 2022 and the interim F23 dividend of 18 cents (100% franked) paid on 4 April 2023. For the final F23 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 F23:

- The CEO, Mr Ford, received a 3% increase from $1,575,000 to $1,622,250 per annum, effective 1 September 2022.
- The CFO, Mr Young, received a 3% increase from $749,700 to $772,200 per annum, effective 1 September 2022.
- The CSCDO, Mr Boxer, received a 3% increase from $691,875 to $712,700 per annum, effective 1 September 2022.

c) Short-term incentive outcomes
Short-term incentives are assessed by achievement against each executive's Balanced Scorecard and individual KPOs (including demonstration of the Company's DNA). The F23 STIP Balanced Scorecard is heavily weighted to financial metrics, with the primary driver EBITS. Despite continued supply chain and cost headwinds, and changing consumer and market dynamics, the Company has achieved strong performance against the F23 STIP targets and F23 EBITS increased by 11.4% from F22 to $583.5m. As in previous years, targets set for F23 STIP included aggressive, stretch goals such as driving growth in other markets to mitigate the ongoing impact of severely reduced shipments to Mainland China and to focus on delivering growth in earnings.

The continued focus on luxury wine and premiumisation has enabled EPS of 52.1 cents per share (before material items and SAGARA) and strong EBITS margin growth. NSR declined driven by premium portfolio volume declines in Treasury Americas and commercial portfolio volume declines in Treasury Premium Brands, partly offset by strong luxury portfolio growth for Penfolds. This level of performance is reflected in the STIP results and the level of payout for executives.

Actual results for the Balanced Scorecards are provided in the next table.

Actual results for the Balanced Scorecards are provided below.

F23 STIP Scorecard	CEO		CFO		CSCDO	
	Weight	*Payment*	*Weight*	*Payment*	*Weight*	*Payment*
Global EBITS	50%	36%	50%	36%	50%	36%
Quality growth in sales volume	15%	0%	15%	0%	15%	0%
Brand contribution margin	15%	18%	15%	18%	15%	18%
Cash conversion	10%	0%	10%	0%	10%	0%
Return on Capital Employed	10%	6%	10%	6%	10%	6%
TOTAL	**100%**	**60%**	**100%**	**60%**	**100%**	**60%**

As outlined in section 2 (e), individual KPOs include a combination of strategic and operational shared objectives specific to the executive, and shared objectives relating to leadership, inclusion, equity and diversity, and wellbeing and sustainability. Demonstration of the Company's DNA relates to behaviours specific to the executive and how the KPOs were achieved and is weighted equally with the individual KPOs. While the outcomes for the strategic and operational KPOs and demonstration of the Company's DNA will differ between executives, outcomes for the inclusion, equity and diversity, and wellbeing and sustainability KPOs are shared objectives among all executives.

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

Table 3.2: F23 STIP outcomes

Executive	(A) FR[1] for STIP opportunity ($)	(B) STIP opportunity at Target (% of FR) (%)	STIP opportunity at Target ($)	(C) Business scorecard multiplier (%)	(D) Individual performance multiplier (%)	STIP awarded ($)	Total STIP awarded (% of FR) (%)	Cash ($)	Restricted equity ($)	Total STIP opportunity forfeited (% of maximum) (%)
TM Ford	1,622,250	100.0%	1,622,250	60%	120%	1,168,020	72.0%	778,680	389,340	60%
M J Young	772,200	66.5%	513,513	60%	90%	277,297	35.9%	184,865	92,432	70%
SR Boxer	712,700	66.5%	473,946	60%	120%	341,241	47.9%	227,494	113,747	60%

1. FR is salary as of 1 September 2022.

d) Long-term incentive awards and outcomes

LTIP awarded during the year

Performance rights were allocated to executives under the F23 LTIP after the 2022 Annual General Meeting and are subject to a three-year performance period. Any vesting is subject to three hurdles (detailed on page 67). 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: F23 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 2023)					
TM Ford	1 November 2022	30 June 2025	251,607	2,838,938	2,906,564
MJ Young	1 November 2022	30 June 2025	102,657	1,158,300	1,185,894
SR Boxer	1 November 2022	30 June 2025	94,747	1,069,050	1,094,517

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 2022 ($11.2832 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 F21 LTIP was due to vest at the end of F23. The vesting schedule for the F21 LTIP is provided below.

Relative TSR vesting schedule	Relative TSR ranking	% of performance rights subject torelative 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%

As outlined previously in the report, the Group's Total Shareholder Return (TSR) performance was at the 51st percentile relative to its peer group driving 39% vesting for this component of the LTIP (weighted at 25%). However, while 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 the ROCE component which would have once again fallen below threshold unless otherwise adjusted. After careful consideration of numerous alternatives and factors, and in consultation throughout this process with our independent consultant, the Board made the unanimous decision to adjust only the ROCE outcome (and not rTSR), and moreover, to adjust the ROCE outcome only for the direct impact of the imposition of MOFCOM tariffs (and to exclude the other material, unanticipated events including the pandemic and wildfires). The resulting payout is 92% for the ROCE component (as adjusted for the MOFCOM tariffs only and weighted at 75%). Total vesting of the F21 LTIP for each executive equated to 78.75% of the target grant value. The F21 LTIP vesting outcome by executive is provided at Table 3.4.

Table 3.4: Vesting/lapsing of F21 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 2023)						
TM Ford	255,940	2,624,997	201,552	2,263,429	54,388	610,777
MJ Young	139,231	1,427,995	109,644	1,231,302	29,587	332,262
SR Boxer	98,719	1,012,492	77,741	873,031	20,978	235,583

1. 'Value at grant' is calculated based on $10.2563 which was the volume weighted average price of Company shares sold on the Australian Securities Exchange over the 90 day period up to and including 30 June 2020. This was the price used to calculate the number of performance rights granted under the F21 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 2023, being $11.23.
3. The number of rights which lapsed as they did not vest.

e) General employee share plan (Share Cellar)
During F23, the 2023 Share Cellar Plan was launched. No executives participated in this plan. The Company has approximately one third of all eligible employees participating in the Share Cellar Plan and investing their post-tax pay to become shareholders.

f) Summary of awards held by executives
Table 3.5 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.

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[1]	Lapsed or forfeited[2]	Other change	Held at the end of the reporting period
Current (as at 30 June 2023)							
TM Ford	Restricted Shares	44,338	42,794	(22,169)	-	-	64,963
	Performance Rights	496,111	251,607	(201,552)	(54,388)	-	491,778
MJ Young	Restricted Shares	16,842	13,760	(8,421)		-	22,181
	Performance Rights	237,220	102,657	(109,644)	(29,587)	-	200,646
SR Boxer	Restricted Shares	13,472	15,007	(6,736)	-	-	21,743
	Performance Rights	191,356	94,747	(77,741)	(20,978)	-	187,384
Grand Total		**999,339**	**520,572**	**(426,263)**	**(104,953)**	**-**	**988,695**

g) Remuneration of executives
Table 3.6 provides details of remuneration for the CEO and executives for F23, 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.

1. Represents restricted shares under the F21 Deferred STIP which became unrestricted during F23.
2. Represents F21 LTIP performance rights which lapsed on 30 June 2023.

Table 3.6: Remuneration of executives

		TM Ford		MJ Young		SR Boxer		Total	
		F23	F22	F23	F22	F23	F22	F23	F22
	Salary/fees[1]	1,588,486	1,538,932	743,120	720,182	683,937	665,495	3,015,543	2,924,609
Short-term benefits	Leave accrual[2]	75,359	86,759	16,736	35,487	1,400	4,375	93,495	126,621
	Non-monetary benefits[3]	14,422	28,713	12,312	10,499	10,184	10,493	36,918	49,705
	Total cash incentive[4]	778,680	1,148,415	184,865	369,260	227,494	402,738	1,191,039	1,920,413
	Other payments	-	(1,856)	-	-	-	-	-	(1,856)
Share-based payments	Superannuation /pension	25,292	23,568	25,292	23,568	25,292	23,568	75,876	70,704
	Total amortisation value of LTIP[5]	1,685,247	696,229	816,323	212,369	647,731	410,773	3,149,301	1,319,371
	Other equity[6]	507,449	181,115	173,634	72,061	169,540	52,249	850,623	305,425
	Total	4,674,935	3,701,875	1,972,282	1,443,426	1,765,578	1,569,691	8,412,795	6,714,992
	Performance related %[7]	64%	55%	60%	45%	59%	55%		
	Termination benefits	-	-	-	-	-	-	-	-

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 F23 STIP, excluding the Restricted Equity portion which will be allocated in September 2023.

5. 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.

6. 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. F22 STIP Restricted Equity was outstanding at the end of F23. Restricted Equity granted under the F23 STIP is expected to be allocated in September 2023. 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. 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 F23.

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
GA Hounsell	Non-Executive Director	Full year
CE Jay	Non-Executive Director	Full year
A Korsanos	Non-Executive Director	Full year
J Mullen	Non-Executive Director	Commenced 1 May 2023
LM Shanahan	Non-Executive Director	Full year
Former		
WL Every-Burns	Non-Executive Director	Retired effective 18 October 2022

a) Fee pool

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

b) Non-Executive Director fees

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

From F23, as disclosed in the 2022 Remuneration report and after no increases since April 2019, the Board approved a 3% increase to Board Chair and Member base fees and a moderate increase to Committee fees effective from 1 July 2022. For F24, the Board has approved a 3% increase to Chair and Member base fees to be effective from 1 October 2023. No changes will be made to Committee fees. Table 4.1 details the new Non-Executive Directors' fees.

Table 4.1: F23 Non-Executive Director fees

	F23 fees per annum, effective from 1 July 2022		F24 fees per annum, effective from 1 October 2023	
Board/Committee	Chair fee ($)	Member fee ($)	Chair fee ($)	Member fee ($)
Board base fee	546,000	198,500	562,380	204,455
Audit and Risk Committee	46,500	22,500	46,500	22,500
Human Resources Committee	42,500	21,500	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

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 F23 and F22 are provided.

Table 4.2: F23 Non-Executive Director remuneration ($)

Non-Executive Director	Year	Fees	Non-monetary benefits[1]	Superannuation	Total
PA Rayner	**FY23**	**520,708**	**17,363**	**25,292**	**563,363**
	FY22	506,432	16,840	23,568	546,840
EYC Chan	**FY23**	**214,792**	**4,000**	**6,208**	**225,000**
	FY22	215,000	4,000	–	219,000
J Mullen[2]	**FY23**	**29,940**	**–**	**3,144**	**33,084**
	FY22	–	–	–	–
GA Hounsell	**FY23**	**250,931**	**7,370**	**25,170**	**283,471**
	FY22	222,878	7,547	22,288	252,713
CE Jay	**FY23**	**238,000**	**4,000**	**–**	**242,000**
	FY22	222,600	4,000	–	226,600
LM Shanahan	**FY23**	**246,000**	**4,000**	**–**	**250,000**
	FY22	213,600	4,000	–	217,600
A Korsanos	**FY23**	**226,244**	**7,370**	**23,756**	**257,370**
	FY22	212,425	7,547	21,242	241,214
Former					
WL Every-Burns[3]	**FY23**	**61,409**	**7,157**	**6,448**	**75,014**
	FY22	217,455	7,547	21,745	246,747
TOTAL	**FY23**	**1,788,024**	**51,260**	**90,018**	**1,929,302**
	FY22	1,810,390	51,481	88,843	1,950,714

1. Includes product allocations, entertainment and Fringe Benefits Tax, where applicable. The amounts for Mr Rayner include car parking.
2. Mr Mullen joined the Board effective from 1 May 2023.
3. Mr Every-Burns retired from the Board of Directors as of 18 October 2022.

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, inclusion, equity and diversity, culture, and leadership development.

The Committee ensures that the Company's policies and frameworks aid the achievement of the Company's strategic objectives, provide appropriate governance, are aligned with market practice, and fulfil the Board's responsibility to shareholders. During the year the Audit and Risk Committee Chair attended all but one of the Human Resources Committee meetings as a Committee member. Also, the Human Resources Committee 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 F23, 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.

Table 5.1 sets out KMP shareholdings.

Table 5.1: KMP shareholdings

F23	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 2023)				
TM Ford	71,563	223,721	–	295,284
MJ Young	31,269	118,065	(3,993)	145,341
SR Boxer	–	84,477	–	84,477
Executive total	**102,832**	**426,263**	**(3,993)**	**525,102**

F23	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 2023)				
PA Rayner	297,819	3,663	189	301,671
EYC Chan	48,280	–	–	48,280
J Mullen	–	–	–	–
GA Hounsell	100,000	–	–	100,000
CE Jay	16,591	12,091	–	28,682
LM Shanahan	20,368	–	2,000	22,368
A Korsanos	17,500	–	–	17,500
Former				
WL Every-Burns[5]	100,000	–	(100,000)	–
Non-Executive Director total	**600,558**	**15,754**	**(97,811)**	**518,501**
Grand total	**703,390**	**442,017**	**(101,804)**	**1,043,603**

1. Includes release of restricted shares under Tranche 2 of F21 Deferred STIP and shares acquired upon auto-exercise of F21 LTIP awards.
2. Includes the purchase/sale of ordinary shares during F23 and for Mr Young, shares received under TWE's dividend reinvestment plan.
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. Mr Every-Burns retired from the Board of Directors as of 18 October 2022. Mr Every-Burns' balance of shares held as at 30 June 2023 is reduced to nil to reflect his retirement as an Non-Executive Director.

6. Further information

a) Executive contracts

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

b) Other transactions with KMP and their personally related entities

The 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	F22 LTIP	Performance Rights	1 December 2021	240,171	2,624,997	2,425,127	30 June 2024
MJ Young	F22 LTIP	Performance Rights	1 December 2021	97,989	1,070,990	989,444	30 June 2024
SR Boxer	F22 LTIP	Performance Rights	1 December 2021	92,637	1,012,495	935,402	30 June 2024

1. The value of F22 LTIP awards at allocation date is calculated based on the 90-day VWAP up to and including 30 June 2021 ($10.9297 per share). The vesting schedule is provided in Table 6.2.
2. This LTIP value is calculated using the valuation method detailed in Note 22 of the Financial Statements. All other plans are based on face value.

Table 6.2: 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%

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	Rights or shares granted by TWE that vest upon the satisfaction of certain conditions, such as continued employment for a period of time or the achievement of particular performance milestones. The plan participant cannot deal in the equity until it vests and the restriction is lifted.
Return on Capital Employed (ROCE)	EBITS divided by Capital Employed (at constant currency). Capital Employed is the sum of average net assets (adjusted for SGARA impact) and average net debt.
SGARA	Self-generating and regenerating assets. SGARA represents the difference between the fair value of harvest (as determined under AASB 141 *Agriculture*) and the cost of harvest. The fair value gain or loss is excluded from Management EBITS so that earnings can be assessed based on the cost of harvest, rather than their fair value. This approach results in a better reflection of the true nature of TWE's consumer branded and FMCG business and improved comparability with domestic and global peers.
Total Shareholder Return (TSR)	Total return on investment of a security, taking into account both capital appreciation and distributed income that was reinvested.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 $M	2022 $M
Revenue	3	**2,488.3**	2,531.8
Cost of sales		**(1,413.7)**	(1,488.5)
Gross profit		**1,074.6**	1,043.3
Selling expenses		**(231.3)**	(235.2)
Marketing expenses		**(157.1)**	(136.2)
Administration expenses		**(183.4)**	(148.9)
Other income/(expenses)		**(93.1)**	(78.7)
Profit before tax and finance costs		**409.7**	444.3
Finance income		**79.6**	51.5
Finance costs		**(152.3)**	(122.9)
Net finance costs		**(72.7)**	(71.4)
Profit before tax		**337.0**	372.9
Income tax expense	24	**(82.7)**	(109.7)
Net profit		**254.3**	263.2
Net (profit)/loss attributable to non-controlling interests		**0.2**	–
Net profit attributable to members of Treasury Wine Estates Limited		**254.5**	263.2
Other comprehensive income/(loss)			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges		**5.7**	59.3
Tax on cash flow hedges		**(1.3)**	(16.6)
Exchange gain /(loss) on translation of foreign operations		**80.0**	94.6
Other comprehensive income/(loss) for the year, net of tax		**84.4**	137.3
Total comprehensive income for the year attributable to members of			
Treasury Wine Estates Limited		**338.3**	400.5
Non-controlling interests		**0.4**	-
Total comprehensive income for the year		**338.7**	400.5

		Cents Per share	Cents Per share
Earnings per share for profit attributable to the ordinary equity holders of the Company			
Basic	7	**35.3**	36.5
Diluted	7	**35.1**	36.3

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 2023

	Note	2023 $M	2022 $M
Current assets			
Cash and cash equivalents	9	**565.8**	430.5
Receivables	9	**607.3**	564.4
Inventories	9	**990.3**	947.9
Current tax assets	24	**24.4**	-
Assets held for sale	14	**32.9**	35.6
Other current assets		**16.5**	11.3
Total current assets		**2,237.2**	1,989.7
Non-current assets			
Inventories	9	**1,175.3**	1,063.6
Property, plant and equipment	10	**1,576.8**	1,521.5
Right-of-use assets	11	**389.7**	435.3
Agricultural assets	12	**44.8**	32.9
Intangible assets	13	**1,426.7**	1,399.8
Deferred tax assets	24	**166.5**	163.5
Other non-current assets		**74.3**	57.4
Total non-current assets		**4,854.1**	4,674.0
Total assets		**7,091.3**	6,663.7
Current liabilities			
Trade and other payables	9	**709.7**	747.2
Current tax liabilities	24	**18.7**	8.5
Provisions	16	**101.7**	76.3
Borrowings	18	**250.7**	161.5
Other current liabilities		**17.6**	9.6
Total current liabilities		**1,098.4**	1,003.1
Non-current liabilities			
Borrowings	18	**1,686.9**	1,512.2
Deferred tax liabilities	24	**383.2**	338.7
Other non-current liabilities		**43.9**	20.7
Total non-current liabilities		**2,114.0**	1,871.6
Total liabilities		**3,212.4**	2,874.7
Net assets		**3,878.9**	3,789.0
Equity			
Contributed equity	19	**3,280.7**	3,280.7
Other equity	23	**(18.1)**	-
Reserves	21	**134.5**	48.7
Retained earnings		**464.6**	455.5
Total parent entity interest		**3,861.7**	3,784.9
Non-controlling interests		**17.2**	4.1
Total equity		**3,878.9**	3,789.0

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 2023

	Contributed equity $M	Other 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 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**
Profit for the year	-	-	254.5	-	-	254.5	(0.2)	254.3
Total other comprehensive income/(loss)	-	-	-	79.4	4.4	83.8	0.6	84.4
Total comprehensive income for the year/(loss)	**-**	**-**	**254.5**	**79.4**	**4.4**	**338.3**	**0.4**	**338.7**
Transactions with owners in their capacity as owners directly in equity								
Share based payment expense	-	-	-	-	13.8	13.8	-	13.8
Vested deferred shares and share rights	-	-	-	-	(11.8)	(11.8)	-	(11.8)
Other equity	-	(18.1)	-	-	-	(18.1)	-	(18.1)
Non controlling interest of aquisition	-	-	-	-	-	-	12.7	12.7
Dividends to owners of the Company	-	-	(245.4)	-	-	(245.4)	-	(245.4)
Balance at 30 June 2023	**3,280.7**	**(18.1)**	**464.6**	**151.6**	**(17.1)**	**3,861.7**	**17.2**	**3,878.9**

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

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	2023 $M inflows/ (outflows)	2022 $M inflows/ (outflows)
Cash flows from operating activities			
Receipts from customers		**3,125.8**	3,378.3
Payments to suppliers, governments and employees		**(2,710.2)**	(2,653.9)
Borrowing costs paid		**(9.7)**	(5.4)
Income taxes paid		**(69.8)**	(95.5)
Interest paid (net)		**(64.1)**	(61.5)
Net cash flows from operating activities	8	**272.0**	562.0
Cash flows from investing activities			
Payments for property, plant, and equipment		**(243.6)**	(102.4)
Payments for intangible assets		**(5.4)**	(9.8)
Payments for subsidiaries, net of cash acquired		**(55.8)**	(439.6)
Proceeds from sale of property, plant and equipment		**193.4**	143.2
Net cash flows used in investing activities		**(111.4)**	(408.6)
Cash flows from financing activities			
Dividend payments		**(245.4)**	(202.1)
Proceeds from borrowings		**394.2**	335.7
Repayment of borrowings		**(154.1)**	(301.1)
Purchase of shares – employee equity plans		**(21.9)**	(17.3)
Net cash flows used in financing activities		**(27.2)**	(184.8)
Total cash flows from activities		**133.4**	(31.4)
Cash and cash equivalents at the beginning of the year		**430.5**	448.1
Effects of exchange rate changes on foreign currency cash flows and cash balances		**1.9**	(9.7)
Cash and cash equivalents at end of the year	9	**565.8**	430.5

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 2023

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 15 August 2023.

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 2023 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 24:	Income tax
Note 35:	Business acquisitions

Notes to the consolidated financial statements: About this report

For the year ended 30 June 2023

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 28.

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 and Chinese Renminbi.

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 26.

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 F23 are:
A$1 = US$ 0.673 (F22: US$ 0.726)
A$1 = GB£ 0.559 (F22: GB£ 0.545)

Year-end exchange rates used in translating financial position items in F23 are:
A$1 = US$ 0.662 (F22: US$ 0.688)
A$1 = GB£ 0.525 (F22: GB£ 0.568)

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.

Notes to the consolidated financial statements: About this report

For the year ended 30 June 2023

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 better reflect the Group's management of the Canadian operations, with a number of brands sold in Canada that are now managed by Treasury Premium Brands being remapped from Treasury Americas to Treasury Premium Brands. 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 F23 SGARA loss of $64.5 million includes the impact of a significant reduction in tonnage and yield from the 2023 Australian vintage, resulting in losses of $24.7 million.

The Group has the following reportable segments:

(i) ***Penfolds***
This segment is responsible for the manufacturing, sale and marketing of Penfolds wine globaly.

(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 2023

Note 2 – Segment information (continued)

2023	Treasury Premium Brands $M	Penfolds $M	Treasury Americas $M	Total segment $M	Unallocated/ corporate $M	Consolidated $M
Total revenue comprises:						
Net sales revenue	782.4	819.7	820.9	2,423.0	–	2,423.0
Other revenue	4.8	26.7	28.0	59.5	5.8	65.3
Total segment revenue (excl other income/interest)	**787.2**	**846.4**	**848.9**	**2,482.5**	**5.8**	**2,488.3**
Management EBITS	**81.7**	364.7	203.9	650.3	(66.8)	583.5
SGARA gain/(loss)	(27.0)	(33.2)	(4.3)	(64.5)	–	(64.5)
Material items	(108.2)	(5.7)	31.6	(82.3)	(26.9)	(109.2)
Management EBIT	**(53.5)**	**325.8**	**231.2**	**503.5**	**(93.7)**	**409.7**
Net finance costs						(72.7)
Consolidated profit before tax						**337.0**
Depreciation of property, plant and equipment and right-of-use assets	**(21.3)**	**(34.5)**	**(73.1)**	**(128.9)**	**(3.7)**	**(132.6)**
Amortisation and impairment of intangible assets	**(16.4)**	**(0.1)**	**(2.1)**	**(18.6)**	**(10.5)**	**(29.1)**
Assets held for sale	**21.3**	**11.6**	**–**	**32.9**	**–**	**32.9**
Capital expenditure (additions)	**(23.2)**	**(38.6)**	**(178.5)**	**(240.3)**	**(8.7)**	**(249.0)**
Segment assets	**1,398.5**	**1,854.9**	**2,902.6**	**6,156.0**	**935.3**	**7,091.3**
Segment liabilities	**(301.4)**	**(267.2)**	**(695.7)**	**(1,264.3)**	**(1,948.1)**	**(3,212.4)**

2022 Restated[A]	Treasury Premium Brands $M	Penfolds $M	Treasury Americas $M	Total segment $M	Unallocated/ corporate $M	Consolidated $M
Total revenue comprises:						
Net sales revenue	829.8	717.3	929.6	2,476.7	–	2,476.7
Other revenue	5.6	4.9	34.7	45.2	9.9	55.1
Total segment revenue (excl other income/interest)	835.4	722.2	964.3	2,521.9	9.9	2,531.8
Management EBITS	86.4	319.3	178.8	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	76.5	304.2	128.4	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 and impairment of intangible assets	(1.8)	–	(7.2)	(9.0)	(12.9)	(21.9)
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	1,461.8	1,647.2	2,808.2	5,917.2	746.5	6,663.7
Segment liabilities	**(292.5)**	(236.8)	(797.5)	(1,326.8)	(1,547.9)	(2,874.7)

A F22 has been restated to reflect brands sold in Canada that are now managed by Treasury Premium Brands being remapped from Treasury Americas to Treasury Premium Brands.

Notes to the consolidated financial statements: Earnings

For the year ended 30 June 2023

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	
	2023 $M	2022 $M
Australia	**1,004.3**	985.4
United States of America	**922.0**	1,035.7
United Kingdom	**329.4**	345.6
Other geographical locations[1]	**167.3**	110.0
Total	**2,423.0**	2,476.7

1. 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 net sales revenue.

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

	Non-current assets	
	2023 $M	2022 $M
Australia	**1,974.7**	2,041.2
United States of America	**2,227.0**	2,113.5
United Kingdom	**136.8**	146.0
Other geographical locations[2]	**282.8**	154.3
Total geographical non-current assets	**4,621.3**	4,455.0
Other non-current assets[3]	**232.8**	219.0
Consolidated non-current assets	**4,854.1**	4,674.0

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.

Notes to the consolidated financial statements: Earnings

For the year ended 30 June 2023

Note 3 - Revenue

	2023 $M	2022 $M
Revenue		
Net sales revenue[1]	**2,423.0**	2,476.7
Other revenue	**65.3**	55.1
Total revenue	**2,488.3**	2,531.8

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.

Sales approach
For F23, the Group had no customers whose revenues represented more than 10% of reported net sales revenue. For F22, there was one customer in Treasury Americas whose revenues represented 11.4% 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 2023

Note 4 - Other earnings disclosures

	2023 $M	2022 $M
Net foreign exchange gains/(losses)	**0.5**	(0.6)
Salaries and wages expense	**(386.5)**	(342.8)
Costs associated with cloud computing arrangements	**(9.9)**	(7.2)
Share based payments expense	**(13.8)**	(10.4)
Items recognised as material items – refer note 5		
Restructuring and redundancy costs	**(82.6)**	(9.0)
(Write-down)/reversal of write-down of assets	**(55.2)**	(3.2)
Net profit/(loss) on sale of property, plant and equipment	**34.4**	(20.5)
Transaction and integration costs	**(5.8)**	(12.8)
Other items		
Restructuring and redundancy costs	**(0.3)**	(0.5)
Insurance income	**22.7**	15.4
Net profit on sale of property, plant and equipment	**7.3**	0.9
Total other gains and (losses)	**(79.5)**	(29.7)

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.

Notes to the consolidated financial statements: Earnings

For the year ended 30 June 2023

Note 5 - Material items

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

Individually material items included in profit before income tax:	2023 $M	2022 $M
Treasury Premium Brands operating model restructure		
Restructuring and redundancy (costs)	(72.9)	-
(Write-down)/reversal of write-down of property, plant and equipment	(40.9)	-
(Write-down)/reversal of write-down of intangible assets	(14.3)	-
Divestment of US brands and assets		
Restructuring and redundancy (costs)	(0.2)	(0.4)
(Write-down)/reversal of write-down of intangible assets	-	(5.3)
Net profit/(loss) on sale of property, plant and equipment	34.4	(20.5)
South Australian luxury winery expansion		
Restructuring and redundancy (costs)	-	(4.5)
(Write-down)/reversal of write-down of assets	-	2.1
Supply chain restructure		
Restructuring and redundancy (costs)	(9.5)	(4.1)
Acquisition of Frank Family Vineyards		
Transaction and integration (costs)	(0.4)	(12.8)
Acquisition of Château Lanessan		
Transaction and integration (costs)	(5.4)	-
Total material items (before tax)	**(109.2)**	(45.5)
Tax effect of material items	33.2	10.5
Total material items (after tax)	**(76.0)**	(35.0)

In F23, material items reflect costs relating to the implementation of the new Treasury Premium Brands operating model, the review and restructure of commercial operations and assets in the Americas, the acquisition of Frank Family Vineyards in the Americas and costs related to the acquisition of Château Lanessan.

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 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 2023

Note 6 - Dividends

	2023 $M	2022 $M
Dividends declared and paid on ordinary shares		
Final dividend for 2022 of 16.0 cents per share, 100% franked (2021: 13.0 cents per share, 100% franked)[A]	**115.5**	93.8
Interim dividend for F23 of 18.0 cents per share 100% franked (F22: 15.0 cents per share – 100% franked)[B]	**129.9**	108.3
	285.4	202.1
Dividends approved after balance date Since the end of the financial year, the Directors approved a final dividend of 17 cents per share (F22: 16.0 cents) 100% franked (F22: 100% franked). This dividend has not been recognised as a liability in the consolidated financial statements at year-end.	**122.7**	115.5

A. The F22 final dividend includes an amount of $5.1 million (F21 final dividend: $4.0 million) for shares issued under the Dividend Reinvestment Plan which were fulfilled by on market share purchase.
B. The F23 interim dividend includes an amount of $6.8 million (F22 interim dividend: $5.0 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 24.

Note 7 - Earnings per share

	2023 Cents per share	2022 Cents per share
Basic EPS Basic EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**35.3**	36.5
Diluted EPS Diluted EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	**35.1**	36.3

	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**	721,848
Effect of potentially dilutive securities Deferred shares (in thousands)	**3,612**	3,233
Weighted average number of ordinary shares on issue used in the calculation of diluted EPS (in thousands)	**725,460**	725,081

Earnings reconciliation *Basic and diluted EPS*	$M	$M
Net profit	**254.3**	263.2
Net profit attributable to non-controlling interests	**0.2**	-
Net profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted EPS	**254.5**	263.2

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.

Notes to the consolidated financial statements: Earnings

For the year ended 30 June 2023

Note 8 - Net cash flows from operating activities

Reconciliation of net cash flows from operating activities to profit after income tax	2023 $M	2022 $M
Profit for the year	**254.3**	263.2
Depreciation and amortisation	**147.4**	148.6
SGARA (gain)/loss	**64.5**	33.9
Write-down/ (reversal of write-down) of assets	**55.2**	3.2
Net profit on disposal of non-current assets	**(41.7)**	10.9
Share based payments expense	**13.8**	10.4
Net cash provided by operating activities before change in assets and liabilities	**493.5**	470.2
Change in working capital and tax balances, net of effects from acquisition/disposal of controlled entities		
Receivables	**(38.8)**	88.7
Inventories	**(132.5)**	(21.7)
Derivative financial assets/liabilities	**9.0**	(4.6)
Payables	**(69.9)**	43.2
Net tax balances	**(13.0)**	14.3
Provisions	**23.7**	(28.1)
Net cash flows from operating activities	**272.0**	562.0

Notes to the consolidated financial statements: Working capital

For the year ended 30 June 2023

Note 9 - Working capital

	2023 $M	2022 $M
Current		
Cash and cash equivalents	**565.8**	430.5
Receivables (a)	**607.3**	564.4
Inventories (b)	**990.3**	947.9
Trade and other payables	**(709.7)**	(747.2)
Total current	**1,453.7**	1,195.6
Non-current		
Inventories (b)	**1,175.3**	1,063.6
Total non-current	**1,175.3**	1063.6

(a) Receivables	2023 $M	2022 $M
Current		
Trade receivables	**448.6**	427.2
Allowance for expected credit loss	**(7.7)**	(7.3)
Other receivables	**99.7**	95.2
Prepayments	**66.7**	49.3
Total current receivables	**607.3**	564.4

(b) Inventories	2023 $M	2022 $M
Current		
Raw materials and stores	**67.7**	60.8
Work in progress	**253.6**	345.0
Finished goods	**669.0**	542.1
Total current inventories	**990.3**	947.9
Non-current		
Work in progress	**872.8**	815.5
Finished goods	**302.5**	248.1
Total non-current inventories	**1,175.3**	1,063.6
Total inventories	**2,165.6**	2,011.5

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 $1,314.3 million (F22: 1,402.9 million).

In F23, the write-down of inventories to net realisable value is $16.9 million (F22: $22.8 million). Reversals of write-downs amounted to nil (F22: nil). These amounts are included in cost of sales.

Notes to the consolidated financial statements: Working capital

For the year ended 30 June 2023

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 $1,175.3 million (F22: $1,063.6 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 2023

Note 10 - Property, plant and equipment

	Land		Freehold buildings		Leasehold buildings		Plant and equipment		Total	
	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M
Cost	**475.9**	442.8	**544.4**	540.2	**45.1**	43.8	**1,783.5**	1,867.7	**2,849.9**	2894.5
Projects in progress	**-**	-	**-**	-	**-**	-	**72.6**	91.4	**72.6**	91.4
Accumulated depreciation and impairment	**(29.4)**	(39.4)	**(223.9)**	(238.9)	**(25.1)**	(27.6)	**(1,066.3)**	(1,158.5)	**(1,344.7)**	(1,464.4)
Carrying amount at end of year	**446.5**	403.4	**320.5**	301.3	**20.0**	16.2	**789.8**	800.6	**1,576.8**	1,521.5

Reconciliations

	Land 2023	Land 2022	Freehold buildings 2023	Freehold buildings 2022	Leasehold buildings 2023	Leasehold buildings 2022	Plant and equipment 2023	Plant and equipment 2022	Total 2023	Total 2022
Carrying amount at start of year	**403.4**	305.6	**301.3**	260.6	**16.2**	15.8	**800.6**	740.5	**1,521.5**	1,322.5
Additions	**133.6**	6.5	**13.7**	10.2	**-**	1.2	**96.3**	84.5	**243.6**	102.4
Business acquisition	**19.8**	94.3	**23.4**	32.9	**-**	-	**1.9**	23.9	**45.1**	151.1
(Transfer to)/from assets held for sale	**(121.4)**	(6.8)	**(1.1)**	-	**-**	-	**(15.6)**	(5.3)	**(138.1)**	(12.1)
(Transfer to)/from other asset classes	**1.6**	-	**(8.0)**	-	**6.3**	-	**(0.4)**	8.0	**(0.5)**	8.0
Disposals	**(1.4)**	(9.0)	**(0.1)**	(4.2)	**(0.2)**	-	**(17.0)**	(12.7)	**(18.7)**	(25.9)
(Write-downs)/write-downs reversal	**(0.7)**	-	**(6.2)**	-	**(0.1)**	-	**(33.9)**	-	**(40.9)**	-
Depreciation expense	**-**	-	**(11.2)**	(8.7)	**(2.7)**	(1.9)	**(61.9)**	(65.7)	**(75.8)**	(76.3)
Foreign currency translation	**11.6**	12.8	**8.7**	10.5	**0.5**	1.1	**19.8**	27.4	**40.6**	51.8
Carrying amount at end of year	**446.5**	403.4	**320.5**	301.3	**20.0**	16.2	**789.8**	800.6	**1,576.8**	1,521.5

Included within plant and equipment are 'Projects in progress' of $72.6 million (F22: $91.4 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 a write down of $40.9 million (F22: nil write-downs) for property, plant and equipment during the year.

Notes to the consolidated financial statements: Operating assets and liabilities

For the year ended 30 June 2023

Note 10 – Property, plant and equipment (continued)

Accounting policies

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

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

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

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

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

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

Derecognition and disposal

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

Vineyard resources	2023 Hectares	2022 Hectares
Australia	**6,859**	7,857
United States	**2.393**	2,702
New Zealand	**505**	505
Italy	**185**	154
France	**175**	90
	10,117	11,308

The area under vine shown above:

- Includes 2,719 hectares (F22: 3,000 hectares) under direct leasing arrangements.
- 19 hectares (F22: 10 hectares) of olive groves in Tuscany, a region of Italy.
- Yielded 68,026 tonnes of grapes (F22: 90,002 tonnes).

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

Notes to the consolidated financial statements: Operating assets and liabilities

For the year ended 30 June 2023

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	
	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M
Cost	**469.5**	483.9	**256.3**	259.2	**39.2**	39.4	**765.0**	782.5
Accumulated depreciation and impairment	**(225.2)**	(209.0)	**(131.2)**	(116.1)	**(18.9)**	(22.1)	**(375.3)**	(347.2)
Carrying amount at end of year	**244.3**	274.9	**125.1**	143.1	**20.3**	17.3	**389.7**	435.3
Reconciliations								
Carrying amount at start of year	**274.9**	278.3	**148.1**	155.3	**17.3**	14.8	**435.3**	448.4
Additions	**8.7**	5.8	**9.1**	2.3	**10.1**	9.5	**27.9**	17.6
Disposals[A]	**(20.5)**	(4.2)	**(7.7)**	-	**-**	-	**(28.2)**	(4.2)
Depreciation and impairment expense	**(26.7)**	(26.3)	**(22.3)**	(21.9)	**(7.8)**	(7.5)	**(56.8)**	(55.7)
Foreign currency translation	**7.9**	21.3	**2.9**	7.4	**0.7**	0.5	**11.5**	29.2
Carrying amount at end of year	**244.3**	274.9	**125.1**	143.1	**20.3**	17.3	**389.7**	435.3

A. During F23 the Group purchased and subsequently sold a number of vineyard assets that were previously subject to long term lease arrangements, as a part of the ongoing restructure of supply assets in America.

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

	2023 $M	2022 $M
Interest expense on lease liabilities	**30.1**	32.5
Expenses relating to low-value leases, excluding short-term leases of low-value items	**31.5**	35.1
Expenses relating to short-term leases	**0.1**	0.1

(c) Amounts recognised in statement of cash flows

	2023 $M	2022 $M
Total cash out flow for lease liabilities	**88.0**	86.1

(d) Extension options

Some property and vineyard leases contain extension options exercisable by the Group up to the end of the non-cancellable contract period. These options are used to provide operational flexibility across the Group. The extension options held are exercisable only by the Group and not the lessors. The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increased lease liability of $577.4 million (F22: $869.0 million).

(E) Variable lease payments

	2023 $M	2022 $M
Variable lease payments not included in lease liabilities	**128.4**	119.7

Notes to the consolidated financial statements: Operating assets and liabilities

For the year ended 30 June 2023

Note 11 – Right-of-use assets (continued)

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

Certain leases include variable lease payments, including payments that depend on an index or rate, as well as variable payments for items such as grapes, labour, property taxes, insurance, maintenance, and other operating expenses associated with leased assets. Certain grape purchasing arrangements include variable payments based on actual tonnage and price of grapes that will vary depending on certain factors, including weather, time of harvest, overall market conditions, and the agricultural practices and location of the vineyard.

Such variable lease payments are excluded from the calculation of the right-of-use asset and are recognised in the period in which the obligation is incurred.

Accounting policies

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

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

Key estimates and judgements

Right-of-use assets

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

Notes to the consolidated financial statements: Operating assets and liabilities

For the year ended 30 June 2023

Note 12 - Agricultural assets

	2023 $M	2022 $M
Agricultural assets	**44.8**	32.9
Total agricultural assets	**44.8**	32.9
Reconciliations		
Carrying amount at start of year	**32.9**	33.8
Fair value increase	**43.7**	30.8
Transfers to inventory	**(32.9)**	(33.8)
Foreign currency translation	**1.1**	2.1
Carrying amount at end of year	**44.8**	32.9

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, the Napa Valley in California and the Bordeaux region of France. 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 estimates and judgements

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.

Notes to the consolidated financial statements: Operating assets and liabilities

For the year ended 30 June 2023

Note 13 - Intangible assets

	Brand names and licences		IT development costs		Goodwill		Total	
	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M
Cost	**1,646.4**	1,605.0	**145.8**	130.5	**989.9**	963.6	**2,782.1**	2,699.1
Projects in progress at cost	**-**	-	**2.5**	10.1	**-**	-	**2.5**	10.1
Accumulated amortisation and impairment	**(617.4)**	(582.5)	**(114.4)**	(100.3)	**(626.1)**	(626.6)	**(1,357.9)**	(1,309.4)
Carrying amount at end of year	**1,029.0**	1,022.5	**33.9**	40.3	**363.8**	337.0	**1,426.7**	1,399.8

Reconciliations

	Brand names and licences 2023	Brand names and licences 2022	IT development costs 2023	IT development costs 2022	Goodwill 2023	Goodwill 2022	Total 2023	Total 2022
Carrying amount at start of year	**1,022.5**	825.3	**40.3**	52.7	**337.0**	277.5	**1,399.8**	1,155.5
Additions	**-**	-	**5.4**	9.8	**-**	-	**5.4**	9.8
Business acquisitions	**1.6**	162.2	**-**	-	**17.3**	59.0	**18.9**	221.2
Disposal	**-**	(0.8)	**-**	-	**-**	-	**-**	(0.8)
(Transfers to)/from other assets classes	**-**	-	**0.4**	(8.0)	**-**	-	**0.4**	(8.0)
Amortisation and impairment expense	**(16.9)**	(2.1)	**(12.2)**	(14.5)	**-**	(5.3)	**(29.1)**	(21.9)
Foreign currency translation	**21.8**	37.9		0.3	**9.5**	5.8	**31.3**	44.0
Carrying amount at end of year	**1,029.0**	1,022.5	**33.9**	40.3	**363.8**	337.0	**1,426.7**	1,399.8

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	
	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M
Goodwill								
Carrying amount at start of year	**114.5**	115.4	**91.1**	90.4	**131.4**	71.7	**337.0**	277.5
Business acquisitions	**-**	-	**17.3**	0.8	**-**	58.2	**17.3**	59.0
Impairment	**-**	-	**-**	-	**-**	(5.3)	**-**	(5.3)
Foreign currency translation	**1.6**	(0.9)	**2.6**	(0.1)	**5.3**	6.8	**9.5**	5.8
Carrying amount at end of year	**116.1**	114.5	**111.0**	91.1	**136.7**	131.4	**363.8**	337.0

Brand names and licences

	Treasury Premium Brands 2023	Treasury Premium Brands 2022	Penfolds 2023	Penfolds 2022	Treasury Americas 2023	Treasury Americas 2022	Total 2023	Total 2022
Carrying amount at start of year	**265.2**	265.8	**221.3**	221.2	**536.0**	338.3	**1,022.5**	825.3
Business acquistions	**-**	-	**1.6**	-	**-**	162.2	**1.6**	162.2
Disposal	**-**	-	**-**	-	**-**	(0.8)	**-**	(0.8)
Amortisation and impairment expense	**(15.8)**	(1.6)	**-**	-	**(1.1)**	(0.5)	**(16.9)**	(2.1)
Foreign currency translation	**0.3**	1.0	**0.1**	0.1	**21.4**	36.8	**21.8**	37.9
Carrying amount at end of year	**249.7**	265.2	**223.0**	221.3	**556.3**	536.0	**1,029**	1.022.5

Notes to the consolidated financial statements: Operating assets and liabilities

For the year ended 30 June 2023

Note 13 - Intangible assets (continued)

Key estimates and judgements

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

	2023 $M	2022 $M
Assets and disposal groups held for sale	32.9	35.6
Total assets and disposal groups classified as held for sale	**32.9**	**35.6**

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 Australia, including vineyards and wine making facilities, as well as the related property, plant and equipment. Accordingly, the vineyards and facilities have been presented as assets held for sale.

Impairment losses relating to the asset and disposal group
Impairment losses of nil (F22: nil) for the write down of the asset and 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 F23 the recoverable amounts of cash generating units (CGUs) exceed their carrying values and as a result no impairment has been recognised (F22: nil). There were no indications that previously recognised impairment losses should be reversed (F22: 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.

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

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

Notes to the consolidated financial statements: Operating assets and liabilities

For the year ended 30 June 2023

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 2023. 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 2023 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% (F22: 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:

	2023	2022
Penfolds Americas	10.4%	9.0%
Penfolds ANZ	10.4%	11.1%
Penfolds EMEA	9.5%	10.5%
Treasury Americas	10.0%	9.4%
Treasury Premium Brands ANZ	10.7%	11.1%
Treasury Premium Brands EMEA	10.0%	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.

For the TPB division, the recoverable amount exceeds the carrying value by $186 million. A reduction in cash flow forecasts of more than 26% for all years in the forecast period and also in the terminal year would reduce the CGU's headroom to nil. There are no reasonably possible changes in the discount rate that would result in an impairment.

For the remaining CGUs, 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

	2023 $M	2022 $M
Current		
Employee entitlements	**39.2**	42.8
Other	**62.5**	33.5
Total current provisions	**101.7**	76.3

Other provisions 2023	Supply contracts $M	Restructuring $M	Other $M	Total $M
Carrying amount at start of year	1.5	4.8	27.2	33.5
Charged/(credited) to profit or loss	31.5	26.2	6.1	63.8
Payments	-	(8.1)	(27.6)	(35.7)
Foreign currency translation	0.1	0.1	0.7	0.9
Carrying amount at end of year	**33.1**	**23.0**	**6.4**	**62.5**

Other provisions include $5.2 million (F22: $26.2 million) in relation to estimated repair costs for a winery and vineyards that were damaged by wildfires in the Americas.

Supply contract provisions are held for 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.

Supply contracts
Supply contracts provisions 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 2023

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
- 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
- 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
- Group debt maturity profile.

Note 18 - Borrowings

Total borrowings consist of:	2023 $M	2022 $M
Current	**250.7**	161.5
Non-current	**1,686.9**	1,512.2
Total borrowings	**1,937.6**	1,673.7

Details of major arrangements

US Private Placement Notes

US Private Placement (USPP) notes totalling US$575 million (unsecured) are outstanding, with maturities ranging from December 2023 to September 2034. The carrying value of USPP notes at 30 June 2023 is $868.6 million (F22: $472.2 million).

In September 2022 the Group issued USPP notes totalling US$250 million with tranches of US$175 million maturing September 2032 and US$75 million maturing September 2034.

Debt facilities

During the year the Group repaid and extinguished US$70 million of drawn syndicated debt facilities. Syndicated debt facilities now total US$350 million with US$120 million maturing December 2026 and US$230 million maturing in December 2027 which are fully drawn at 30 June 2023. The carrying value of the syndicated debt facility at 30 June 2023 is $528.7 million (F22: $610.2 million).

The Group has in place several revolving bank debt facilities with maturities staggered through to June 2026. As at 30 June 2023 $10.3 million is drawn under the bank debt facilities (F22: 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 25 for further details.

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 2023, the Group recognised current lease liabilities of $63.8 million (F22: $62.2 million) and non-current lease liabilities of $485.1 million (F22: $546.8 million). The Group's lease arrangements have durations up to 25 years.

Notes to the consolidated financial statements: Capital structure

For the year ended 30 June 2023

Note 18 - Borrowings (continued)

Financial guarantees

The Group has issued financial guarantees to other persons of $28.8 million (F22: $28.4 million) that could be called upon at any time in the event of a breach of the Group's financial obligations. No payments are expected to eventuate under these financial guarantees as the Group expects to meet its respective obligations to the beneficiaries of these guarantees.

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 2023, receivables of $22.9 million had been derecognised under this arrangement (F22: 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	2022 $M	Total cash flows from activities $M	Additions to net debt $M	Debt revaluation and FX movements $M	2023 $M
Net debt					
Cash and cash equivalents	430.5	117.0	-	18.3	565.8
Loan receivable	0.4	5.4	-	-	5.8
Bank loans[1]	(603.5)	83.9	-	(20.2)	(539.8)
US Private Placement Notes (net of fair value hedge)	(472.2)	(377.7)	-	(18.7)	(868.6)
Lease liabilities	(609.0)	63.8	16.1	(19.8)	(548.9)
Other loan payable	(0.5)	-	-	-	(0.5)
Net debt	**(1,254.3)**	**(107.6)**	**16.1**	**(40.4)**	**1,386.2**

1. Loans are stated net of capitalised facility finance costs. At reporting date, the balance of bank loans is $546.3 million (F22: $610.2 million) against capitalised facility finance costs of $6.5 million (F22: $6.7 million) to be amortised over the facility period.

Note 19 - Contributed equity

Issued and paid-up capital	2023 $M	2022 $M
721,848,176 (F22: 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 period	**3,280.7**	3,280.7
Shares movements:		
Nil shares issued under the Dividend reinvestment plan (F22: nil)	**-**	-
Nil shares issued for vested Long Term Incentive Plan and Share Cellar plan (F22: nil)	**-**	-
Net movement in own shares held	**-**	–
Contributed equity at the end of the period	**3,280.7**	3,280.7

The shares have no par value.

Notes to the consolidated financial statements: Capital structure

For the year ended 30 June 2023

Note 19 - Contributed equity (continued)

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 2023 (F22: nil).

Under this arrangement during the period, the Group purchased 1.6 million shares ($21.8 million) under the third-party arrangement (F22: 1.4 million shares ($17.3 million). A total of 1.5 million shares (F22: 0.8 million) purchased under the third-party arrangement are available at 30 June 2023 (F22: 0.8 million).

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.

Capital expenditure and other commitments	2023 $M	2022 $M
The following expenditure has been contracted but not provided for in the financial statements:		
Capital expenditure	**42.2**	35.5

Note 21 - Reserves

	2023 $M	2022 $M
Cash flow hedge reserve	**35.3**	30.9
Share based payments reserve	**(52.4)**	(54.4)
Foreign currency translation reserve	**151.6**	72.2
Total reserves	**134.5**	48.7

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.

Notes to the consolidated financial statements: Capital structure

For the year ended 30 June 2023

Note 22 - Employee equity plans

	STIP (restricted shares)	ELT LTIP (performance rights)	GLG LTIP (performance rights)	MTIP (performance rights)	REP (restricted shares/ deferred share rights)	Share Cellar (broad-based employee share plan)
Outstanding at the beginning of the year	**114,890**	**1,836,856**	**-**	**822,992**	**335,875**	**290,581**
Granted during the year	141,620	1,030,135	1,170,287	-	27,222	155,345
Exercised during the year	(57,445)	(733,689)	-	(312,666)	(323,375)	(164,748)
Forfeited during the year	-	(197,990)	(17,494)	(348,890)	(12,500)	(24,108)
Outstanding at the end of the year	**199.065**	**1,935,312**	**1,152,793**	**160,436**	**27,222**	**257,070**
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.

ELT LTIP
Under the ELT LTIP, members of the Executive Leadership Team 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 and Performance Rights will generally be forfeited if the executive is dismissed for cause or resigns. Clawback mechanisms apply.

The performance conditions are:

- Relative Total Shareholder Return (TSR)
- Return on Capital Employed (ROCE) growth
- Earnings per Share (EPS) compound annual growth rate.

The F21 – F22 LTIP 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 F23 LTIP performance rights are subject to TSR (20%), ROCE (40%) and EPS (40%) over a performance period of 3 years. The F21 LTIP partially vested as the TSR threshold was met, and the adjusted ROCE threshold was met.

Global Leadership Group (GLG) LTIP
The Group awarded a GLG LTIP grant in F23 to senior leaders included in the Global Leadership Group. Under the GLG LTIP, employees receive Performance Rights which entitle the participant to receive shares at no cost subject to the achievement of performance conditions and continuing employment. No dividends are payable to participants prior to vesting and Performance Rights will generally be forfeited if the executive is dismissed for cause or resigns. Clawback mechanisms apply.

The F23 GLG LTIP grant has three vesting conditions: time-based (50%), EBITS (25%) and EBITS Margin (25%) over a performance period of 3 years.

Mid-Term Incentive Plan (MTIP)
The Group awarded an MTIP grant in F22 to senior leaders. Under the MTIP, employees receive Performance Rights which entitle the participant to receive shares at no cost subject to the achievement of performance conditions and continuing employment. No dividends are payable to participants prior to vesting and Performance Rights will generally be forfeited if the executive is dismissed for cause or resigns. Clawback mechanisms apply.

The F22 MTIP has 2 equal vesting conditions: time-based (50%), ROCE (50%) over a performance period of 2 years. For the time-based conditions, half vested in 1 year (25%) and half in 2 years (25%). The threshold for the ROCE measure of the F22 MTIP was not met in F23, resulting in nil vesting of this measure.

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. For employees enrolling in the 2021-2023 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.

Notes to the consolidated financial statements: Capital structure

For the year ended 30 June 2023

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 F23 and F22 LTIP plans which have a vesting date post 30 June 2023:

Grant date	F23 Plan 1-Nov-22	F22 Plan 1-Dec-21
Grant date share price	$13.03	$11.79
Expected share price volatility (%)	40.0	42.0
Expected dividend yield (%)	2.6	2.7
Risk-free interest rate (%)	3.36	0.77
Fair value estimate at grant date - TSR	$9.12	$7.39
Fair value estimate at grant date - ROCE	$12.16	$11.00
Fair value estimate at grant date - EPS	$12.16	-

The below table outlines the F23 GLG LTIP plan which has a vesting date post 30 June 2023:

Grant date	F23 Plan 1-Oct-22
Grant date share price	$12.57
Expected dividend yield (%)	2.6
Fair value estimate at grant date – EBITS & EBITS Margin	$11.70
Fair value estimate time-based – Vesting F23: 2025	$11.65

Notes to the consolidated financial statements: Capital structure

For the year ended 30 June 2023

Note 22 - Employee equity plans (continued)

Mid-term Incentive Plans

The below table outlines the F22 MTIP plan which has a vesting date post 30 June 2023:

Grant date	F22 Plan 1-Oct-21
Grant date share price	$12.37
Expected dividend yield (%)	2.7
Fair value estimate at grant date - ROCE	$11.80
Fair value estimate time-based – Vesting F22: 2022	$12.07
Fair value estimate time-based – Vesting F22: 2023	$11.75

Restricted Equity Plans

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

Note 23 - Non-controlling interest

	SAS Domaines Bouteiller 2023 $M
NCI percentage	21.4%
Non-current assets	62.0
Current assets	20.1
Non-current liabilities	16.0
Current liabilities	4.9
Net assets	**61.2**
Net assets attributable to NCI	13.1
Revenue	0.9
Profit/(loss) after tax	(1.0)
Other comprehensive income/(loss)	2.8
Total comprehensive income/(loss)	**1.8**
Profit/(loss) allocated to NCI	(0.2)
Other comprehensive income/(loss) allocated to NCI	0.6
Cash flows from operating activities	(0.7)
Cash flows from investment activities	(2.5)
Cash flows from financing activities (dividends to NCI: nil)	–
Net increase (decrease) in cash and cash equivalents	**(3.2)**

The Group only discloses subsidiaries where there is a material non controlling interest.

The Group has a put option to acquire the non controlling interest in investment ($18.1 million).

Notes to the consolidated financial statements: Taxation

For the year ended 30 June 2023

Note 24 - Income tax

	2023 $M	2022 $M
The major components of income tax expense are:		
Statement of profit or loss		
Current income tax expense	**57.9**	83.2
Deferred income tax expense	**24.8**	26.5
Total tax expense	**82.7**	109.7
Deferred income tax expense included in the income tax expense comprises:		
Decrease in deferred tax assets	**1.0**	41.6
(Decrease)/increase in deferred tax liabilities	**23.8**	(15.1)
Deferred income tax	**24.8**	26.5

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:

	2023 $M	2022 $M
Profit before tax excluding material items	**446.2**	418.4
Material items before tax	**(109.2)**	(45.5)
Profit before tax	**337.0**	372.9
Prima facie income tax expense attributable to profit from operations calculated at the rate of 30% (F22: 30%)	**101.1**	111.9
Tax effect of:		
Non-taxable income and profits, net of non-deductible expenditure	**1.8**	3.4
Impairment of non-current assets	**4.3**	-
Other deductible items	**(2.3)**	(1.9)
Tax losses recognised	**(4.3)**	(2.2)
Change in tax rate	**(0.1)**	1.0
Foreign tax rate differential	**(10.0)**	(7.3)
Other	**(4.3)**	5.6
Under/(over) provisions in previous years	**(3.5)**	(0.8)
Total tax expense	**82.7**	109.7
Income tax expense on operations	**115.9**	120.2
Income tax benefit attributable to material items	**(33.2)**	(10.5)
Income tax expense	**82.7**	109.7

Deferred income tax relates to the following:

Deferred tax assets

The balance comprises temporary differences attributable to:

	2023 $M	2022 $M
Inventory	**1.1**	-
Property, plant and equipment (including vines)	**-**	0.2
Right-of-use assets and lease liabilities	**39.8**	42.9
Accruals	**32.5**	36.1
Provisions	**36.7**	23.1
Derivative instruments	**11.2**	7.9
Tax losses	**37.4**	40.6
Other	**7.8**	12.7
Total deferred tax assets	**166.5**	163.5

Notes to the consolidated financial statements: Taxation

For the year ended 30 June 2023

Note 24 - Income tax (continued)

	2023 $M	2022 $M
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Inventory	**13.8**	16.5
Property, plant and equipment (including vines)	**106.1**	87.5
Intangibles	**225.4**	221.2
Other	**37.9**	13.5
Total deferred tax liabilities	**383.2**	338.7
Movements in deferred income tax relate to the following:		
Movement in deferred tax assets:		
Opening balance	**163.5**	183.7
(Charged) to profit or loss	**(1.0)**	(41.6)
Recognised directly in Equity	**(0.8)**	(2.9)
Business acquisitions	**1.0**	5.1
Balance sheet reclassification	**(1.2)**	-
Foreign currency translation	**5.6**	10.9
Other	**(0.6)**	8.3
Closing balance	**166.5**	163.5
Movement in deferred tax liabilities:		
Opening balance	**338.7**	309.6
(Credited)/charged to profit or loss	**23.8**	(15.1)
Recognised directly in Equity	**0.5**	13.7
Business acquisitions	**8.4**	6.0
Transfer (to)/from Assets Held for Sale	**5.4**	10.0
Balance sheet reclassification	**(1.2)**	(0.2)
Foreign currency translation	**8.1**	14.7
Other	**(0.5)**	-
Closing balance	**383.2**	338.7
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	**(1.3)**	(16.6)

Current tax position

The current tax asset of $24.4 million and current tax liability of $18.7 million reflect the difference between the timing of installment payments made during the year and the estimated final F23 tax receivable/liability. Current tax assets and liabilities are only offset where they relate to the same tax authority.

Franking credits

The Australian Tax Consolidation Group has $67.0 million (F22: $113.3 million) of franking credits available for subsequent reporting periods.

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 $34.5 million (F22: $31.9 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.

Notes to the consolidated financial statements: Taxation

For the year ended 30 June 2023

Note 24 -Income tax (continued)

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.

OECD global minimum tax framework
The Group operates in two countries (Japan and the United Kingdom) which have either enacted or substantively enacted new tax legislation to implement the Pillar Two global minimum top-up tax (top-up tax). The Group does not expect to be subject to material top-up tax in relation to its operations in any of these countries as the effective tax rate is expected to be greater than 15%. The newly enacted tax legislation in these countries is effective only from years commencing from 1 January 2024.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax if it is incurred from 1 July 2024 (see Note 33).

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 2023

Note 25 - 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
- 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	26		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	**2,216.9**	1.909.8
Amounts utilised	**(1,416.0)**	(1,082.5)
Amount unutilised	**800.9**	827.3

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

Notes to the consolidated financial statements: Risk

For the year ended 30 June 2023

Note 25 - Financial risk management (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
2023							
Non-derivative financial liabilities							
Bank loans[1]	18.4	18.1	30.4	585.5	-	**652.4**	**539.8**
Lease liabilities	40.2	45.3	89.2	234.8	306.5	**716.0**	**548.9**
Other loans	-	-	0.5	-	-	**0.5**	**0.5**
US Private Placement Notes	205.5	11.6	23.2	281.9	518.0	**1,040.2**	**868.6**
Trade payables	339.9	-	-	-	-	**339.9**	**339.9**
Other payables	369.8	-	-	-	-	**369.8**	**369.8**
Derivative financial liabilities							
Foreign exchange contracts	3.6	3.0	2.8	0.4	-	**9.8**	**9.8**
Interest rate and cross currency swaps	5.0	6.7	10.6	2.5	0.4	**25.2**	**20.3**
Total financial liabilities	**982.4**	**84.7**	**156.7**	**1,105.1**	**824.9**	**3,153.8**	**2,696.7**
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

1. Loans are stated net of capitalised facility finance costs. At reporting date, the balance of bank loans is $546.3 million (F22: $610.2 million) against capitalised facility finance costs of $6.5 million (F22: $6.7 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 2023, interest rate swap contracts were in use to exchange fixed interest rates to floating rates on $377.6 million (US$250 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$375 million). The swaps mature between December 2023 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, maturing in December 2026. Please refer note 25(a) for the profile and timing of cash flows over the next five years.

Notes to the consolidated financial statements: Risk

For the year ended 30 June 2023

Note 25 - Financial risk management (continued)

(b) Interest rate risk (continued)

In accordance with the phasing out of the London Interbank Rate (LIBOR) from 30 June 2023, during the year $1.3 billion of existing debt facilities with a LIBOR benchmark rate were transitioned to reference the Secured Overnight Financing Rate (SOFR).

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

	2023 $M	2022 $M
Financial assets		
Cash and cash equivalents	**565.8**	430.5
Total assets	**565.8**	430.5
Financial liabilities		
US Private Placement Notes[1]	**75.5**	-
Bank loans[1]	**166.2**	101.7
Total liabilities	**241.7**	101.7

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 5.01% (F22: 0.80%) with all other variables held constant.

	Sensitivity		Pre-tax impact on profit			
	2023	2022	2023		2022	
Currency			+$M	-$M	+$M	-$M
USD	**+ / - 25bp**	+ / - 25bp	**0.3**	**(0.3)**	0.3	(0.3)
AUD	**+ / - 25bp**	+ / - 25bp	**0.7**	**(0.7)**	0.3	(0.3)
GBP	**+ / - 25bp**	+ / - 25bp	**-**	**-**	0.1	(0.1)

The movements in profit on a consolidated level are primarily a result of interest costs from borrowings. There would have been no significant impact on equity.

Notes to the consolidated financial statements: Risk

For the year ended 30 June 2023

Note 25 - Financial risk management (continued)

(c) Foreign exchange risk

Nature of the risk

The Group is exposed to foreign exchange risk through:

- Transaction exposures including sales of wine into export markets and the purchase of production inputs, denominated in foreign currencies other than the respective functional currency of the specific Group entity;
- Exposures arising from borrowings denominated in foreign currencies; and
- Translation exposures including earnings of foreign subsidiaries and revaluation of monetary assets and liabilities, including borrowings.

The currencies in which these transactions are primarily denominated are the Australian Dollar (AUD), United States Dollar (USD) and Great British Pound (GBP). Other currencies used include the Canadian Dollar, Euro, New Zealand Dollar, Singapore Dollar, Swedish Krona, Norwegian Krone and Chinese Renminbi.

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.

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.

Risk management

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	20.5	0.7356
	Options	287.9	0.7008
	Total	**308.4**	
AUD/GBP	Forwards	64.7	0.5503
	Options	151.3	0.5550
	Total	**216.0**	
NZD/USD	Forwards	32.5	0.5718
	Options	-	
	Total	**32.5**	

Notes to the consolidated financial statements: Risk

For the year ended 30 June 2023

Note 25 – Financial risk management (continued)

(c) Foreign exchange risk (continued)

Level of exposure at balance date

At the reporting date, the Group's financial assets and liabilities were denominated across the following currencies:

All balances translated to AUD	AUD $M	USD $M	GBP $M	Other $M	Total $M
2023					
Net debt					
Cash and cash equivalents	292.6	196.2	–	77.0	565.8
Loan receivable	–	0.3	–	5.5	5.8
Bank loans[2]	1.3	(522.0)	–	(19.1)	(539.8)
US Private Placement Notes (net of fair value hedge)	–	(868.6)	–	–	(868.6)
Lease liabilities	(86.6)	(447.1)	(1.6)	(13.6)	(548.9)
Other loan payable	(0.5)	–	–	–	(0.5)
Net debt	**206.8**	**(1,641.2)**	**(1.6)**	**49.8**	**1,386.2**
Other financial assets/(liabilities)					
Trade receivables (net of allowance for expected credit loss)	223.1	80.4	66.5	70.9	440.9
Other receivables	26.4	68.9	–	4.4	99.7
Trade and other payables	(334.3)	(232.0)	(60.1)	(83.3)	(709.7)
Net other assets/(liabilities)	**(84.8)**	**(82.7)**	**6.4**	**(8.0)**	(169.1)
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)

2. Includes capitalised borrowing costs of $6.5 million (F22: $6.7 million).

Notes to the consolidated financial statements: Risk

For the year ended 30 June 2023

Note 25 - 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:

Currency	Sensitivity Assumption[3]		Pre-tax impact on profit $M				Impact on equity $M			
	2023	2022	2023		2022		2023		2022	
			+	–	+	–	+	–	+	–
United States Dollar	**9.9%**	12.6%	0.3	(0.4)	0.1	(0.1)	(98.6)	119.5	(36.8)	57.7
Great Britain Pound	**8.0%**	10.0%	(0.9)	1.1	(0.5)	0.7	(29.2)	32.5	(26.7)	35.4
Euro	**8.0%**	10.7%	(1.9)	2.2	(0.1)	0.1	6.4	(5.9)	(2.3)	3.9
Canadian Dollar	**7.3%**	9.1%	0.0	0.0	(2.0)	2.4	0.0	0.0	2.2	(2.6)
New Zealand Dollar	**5.6%**	6.3%	0.0	0.0	0.0	0.0	(7.0)	7.9	(7.5)	8.5

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 F23 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 2023 in respect of derivative financial instruments was $23.3 million (F22: $22.0 million) and in respect of cash and cash equivalents was $113.9 million (F22: $186.2 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-2 (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 25 - Financial risk management (continued)

(d) Credit risk (continued)

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

	2023 $M	2022 $M
Not past due	**378.5**	387.7
Past due 1-30 days	**50.9**	25.4
Past due 31-60 days	**5.6**	4.3
Past due 61 days+	**5.9**	2.5
Total	**440.9**	**419.9**

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 26 - Derivative financial instruments

At reporting date, there were $556.9 million (Australian dollar equivalent) net face value of outstanding foreign exchange contracts at contract rates (F22: $385.4 million), interest rate swaps of $1,021.1 million (F22: $857.2 million) and cross currency interest rate swaps of $181.3 million (F22: $174.4 million) and interest rate collars of nil (F22: $203.4 million). These instruments are regarded as Level 2 under AASB's Fair Value measurement hierarchy.

Note 27 - Fair values

The fair value of the US Private Placement Notes is $904.8 million (F22: $484.1 million) and the fair value of the syndicated debt facility is $552.7 million (F22: $644.3 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 2023

Note 28 - 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[A]	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

* Entity is a member of the Closed Group under the Deed of Cross Guarantee (refer to note 30) and relieved from the requirement to prepare audited financial statements by ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

[A] This entity was liquidated on 16 June 2023.

Notes to the consolidated financial statements: Group composition

For the year ended 30 June 2023

Note 28 – Subsidiaries (continued)

Entity name	Country of incorporation
Southcorp Whitegoods Pty. Ltd.	Australia
Southcorp Wines Asia Pty. Ltd.	Australia
Southcorp Wines Pty. Ltd.*	Australia
Southcorp XUK Limited	UK
T'Gallant Winemakers Pty. Ltd.	Australia
The Rothbury Estate Pty. Ltd.*	Australia
Tolley Scott & Tolley Limited*	Australia
Treasury Americas Inc	USA
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 30) and relieved from the requirement to prepare audited financial statements by ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

Notes to the consolidated financial statements: Group composition

For the year ended 30 June 2023

Note 28 - Subsidiaries (continued)

Entity name	Country of incorporation	% of holding	
Equity holding of less than 100%		2023	2022
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
Groupment Forestier des Landes de Lanessan	France	78.6	-
SAS Domaines Bouteiller	France	78.6	-

Note 29 - Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2023 $M	2022 $M
Balance sheet		
Current assets	**1,370.6**	1,356.8
Total assets	**9,476.5**	9462.8
Current liabilities	**5,863.0**	5,617.6
Total liabilities	**5,863.0**	5,617.6
Net assets	**3,613.5**	3,845.2
Shareholders' equity		
Issued capital	**3,280.7**	3,280.7
Share based payments reserve	**(41.3)**	(55.1)
Retained earnings	**374.1**	619.6
Total equity	**3,613.5**	3,845.2
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 (F22: nil).

Notes to the consolidated financial statements: Group composition

For the year ended 30 June 2023

Note 30 - 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 28.

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 2023 are set out below.

Extract of the statement of profit or loss and other comprehensive income	2023 $M	2022 $M
Profit before tax	**144.7**	252.3
Income tax expense	**(36.2)**	(67.4)
Net profit after tax	**108.5**	184.9
Retained earnings at beginning of the year	**155.4**	172.6
External dividends	**(245.4)**	(202.1)
Retained earnings at end of the year	**18.5**	155.4

Notes to the consolidated financial statements: Group composition

For the year ended 30 June 2023

Note 30 - Deed of cross guarantee (continued)

Statement of financial position	2023 $M	2022 $M
Current assets		
Cash and cash equivalents	**414.4**	115.1
Receivables	**310.8**	315.2
Inventories	**394.8**	380.7
Investments	**1.8**	1.9
Assets held for sale	**32.1**	12.3
Other current assets	**20.5**	20.8
Total current assets	**1.174.4**	846.0
Non-current assets		
Inventories	**685.8**	686.6
Investments	**2,257.5**	2.257.5
Property, plant and equipment	**616.4**	672.8
Right-of-use assets	**74.2**	77.5
Intangible assets	**539.4**	542.8
Deferred tax assets	**55.2**	35.8
Other non-current assets	**46.1**	38.4
Total non-current assets	**4,274.6**	4,311.4
Total assets	**5,449.0**	5,157.4
Current liabilities		
Trade and other payables	**346.0**	383.8
Borrowings	**969.8**	584.1
Current tax liabilities	**(0.7)**	10.1
Provisions	**80.7**	34.3
Other current liabilities	**20.0**	16.8
Total current liabilities	**1,415.8**	1,029.0
Non-current liabilities		
Borrowings	**597.4**	581.4
Deferred tax liabilities	**130.6**	123.8
Other non-current liabilities	**7.2**	9.8
Total non-current liabilities	**735.2**	715.0
Total liabilities	**2,151.0**	1,744.0
Net assets	**3,298.0**	3,413.4
Equity		
Contributed equity	**3,280.7**	3,280.7
Reserves	**(1.2)**	(22.7)
Retained earnings	**18.5**	155.4
Total equity	**3,298.0**	3,413.4

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 2023

Note 31 - Related party disclosures

Ownership interests in related parties
All material ownership interests in related parties are disclosed in note 28 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.

	2023 $M	2022 $M
Short-term employee benefits	**4,366,995**	5,019,492
Post-employment benefits	**75,876**	70,704
Share based payments	**3,999,924**	1,624,958
Total	**8,412,795**	6,715,154

Additionally, compensation paid to Non-Executive Directors was $1,929,302 (F22: $2,002,965).

Note 32 - 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:

	2023 $M	2022 $M
Audit and review of financial statements and other audit work under the *Corporations Act 2001*	**1,796,637**	1,534,555
Associate firms of Auditor	**434,334**	537,206
Other assurance services	**102,500**	–
Audit and review services	**2,333,471**	2,071,761
Other non-audit services	**81,735**	170,371
Total	**2,415,206**	2,242,132

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 2023, other non-audit services included fees in respect of compliance and taxation services.

Notes to the consolidated financial statements: Other

For the year ended 30 June 2023

Note 33 - Other accounting policies

New accounting standards and interpretations

Since 30 June 2022, the Group has adopted the following new and amended accounting standards.

Reference	Title	Application
AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141	*Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*	1 January 2022
AASB 2023-2	*Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules*	1 January 2023

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 17	*Insurance Contracts*	1 January 2023
AASB 2020-5	*Amendments to Australian Accounting Standards – Insurance Contracts*	1 January 2023
AASB 2022-1	*Amendments to Australian Accounting Standards – Initial application of AASB 17 and AASB 9 – Comparative Information*	1 January 2023
AASB 2022-8	*Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments*	1 January 2023
AASB 2021-2	*Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023
AASB 2021-5	*Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a single transaction*	1 January 2023
AASB 2021-6	*Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*	1 January 2023
AASB 2022-7	*Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*	1 January 2023
AASB 2023-1	*Amendments to Australian Accounting Standards – Supplier Finance Arrangements*	1 January 2024
AASB 2020-1	*Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*	1 January 2024
AASB 2020-6	*Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current - Deferral of Effective Date*	1 January 2024
AASB 2022-6	*Amendments to Australian Accounting Standards – Classification Non-current Liabilities with Covenants*	1 January 2024
AASB 2023-3	*Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2*	1 January 2024
AASB 2022-5	*Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	1 January 2024
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2025
AASB 2015-10	*Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*	1 January 2025
AASB 2017-5	*Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2025
AASB 2021-7(a-c)	*Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 January 2025

Notes to the consolidated financial statements: Other

For the year ended 30 June 2023

Note 33 - Other accounting policies (continued)

Other accounting policies

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

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

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

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

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

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

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

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are determined using historical recovery of contractual cash flows and the amount of loss incurred, adjusted for current economic and credit conditions.
An impairment loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. Impairment losses on assets classified as amortised cost are recognised in profit or loss when they are expected, not when they are incurred. If a later event causes the impairment loss to decrease, the amount is reversed in profit or loss.

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

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

Derivatives
The Group uses derivative financial instruments such as foreign currency contracts, interest rate swaps and options to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are carried at fair value and are financial assets when the fair value is positive and financial liabilities when the fair value is negative.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

Hedge accounting
For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction; or hedges of a net investment in a foreign operation.

Initial recognition
At the beginning of a hedge relationship, the Group designates and documents the hedge relationship and the related risk management objective and strategy. The documentation identifies the hedging instrument and the hedged item as well as describing the economic relationship, the hedge ratio between them and potential sources of ineffectiveness. The documentation also includes the nature of the risk being hedged and the method of assessing the hedging instrument's effectiveness. To achieve hedge accounting, the relationship must be expected to be highly effective and are assessed on an ongoing basis to determine that they continue to meet the risk management objective.

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

Notes to the consolidated financial statements: Other

For the year ended 30 June 2023

Note 33 - Other accounting policies (continued)

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 34 – 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
Two Australian shareholder class actions have been commenced against TWE Limited.

The first action was served on 2 April 2020 by Slater & Gordon (S&G) acting for Brett Stallard as trustee for the Stallard superannuation fund. The second action was served on 1 May 2020 by Maurice Blackburn (MB) acting for Steven Napier. The class in both proceedings comprise shareholders who purchased shares between 30 June 2018 and 28 January 2020. The two actions were consolidated into a single action on 15 October 2020. TWE filed its Defence on 25 February 2021. On 21 April 2023, the joint plaintiffs filed an Amended Consolidated Statement of Claim (ASOC). The 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.

Regarding the 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 2023 in respect of the claim.

Sale of water entitlements to Duxton Water
On 30 June 2023 the Group agreed to sell 4,770 megalitres of Australian water entitlements to Duxton Water Limited for cash consideration of $39.1 million. This agreement includes a call option whereby the Group can repurchase all, or a portion, of the water entitlements back from Duxton Water Limited at market price (subject to a cap and collar) which expires on 30 June 2024. If the call option is exercised it will result in a payment to Duxton Water Limited.

Vineyard acquisition
The Group has entered into a contract to purchase vineyard assets in Australia and New Zealand for approximately $50 million. The sale is subject to a number of conditions and is due to be completed in early 2024.

Note 35 – Business acquisitions

Frank Family Vineyards
On 14 December 2021, the Group 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.

There have been no changes to provisional values of the assets and liabilities of FFV at the date of acquisition that were disclosed at 30 June 2022. The accounting for the acquisition is now final.

Château Lanessan
On 19 October 2022, the Group acquired a 78.6% stake in SAS Domaines Bouteiller and Groupment Forestier des Landes de Lanessan (collectively referred to as "Château Lanessan"), including its production and vineyard assets in the Bordeaux region of France.

The cash consideration of $63.9 million ($55.8 million net of cash acquired) was funded by a combination of cash resources and utilising the Group's cash and debt facilities.

From the date of acquisition, the revenue and profit before tax contributed by Château Lanessan from continuing operations to the Group is not material. Estimated F23 EBITS that would have been earned if the acquisition had occurred at the commencement of the financial year is not material. Transaction costs of $5.4 million were expensed and are included in administration and other expenses.

Notes to the consolidated financial statements: Other

For the year ended 30 June 2023

Note 35 – Business acquisitions (continued)

Assets acquired and liabilities assumed

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

	Value recognised on acquisition (provisional) $M
Assets	
Cash	17.2
Trade and other receivables	3.0
Inventories	10.5
Property, plant and equipment	45.1
Agricultural assets	3.9
Intangible assets	1.6
Deferred tax assets	1.0
	82.3
Liabilities	5.5
Trade and other payables	9.1
Borrowings	8.4
Deferred tax liability	**23.0**
Total identifiable net assets at fair value	**59.3**
Goodwill arising from the acquisition has been recognised as follows:	
Consideration transferred	63.9
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Château Lanessan	12.7
Fair value of identifiable assets and liabilities acquired	(59.3)
Goodwill	**17.3**
Analysis of cash flows on acquisition	
Cash consideration paid	63.9
Net debt acquired as part of the acquisition	(8.1)
Net cash flow outflow on acquisition (included in cash flows from investing activities)	**55.8**

Note 36 – Subsequent events

Since the end of the financial year, the Directors approved a final 100% franked dividend of 17 cents per share. This dividend has not been recognised as a liability in the consolidated financial statements at 30 June 2023.

On 15 August 2023 the Group announced that Paul Rayner will retire from the Company's Board as Chairman and independent Non-Executive Director effective from the conclusion of the Company's Annual General Meeting, to be held on Monday 16 October 2023. The Board has appointed John Mullen as Chairman elect, to become Chairman subject to Mr Mullen's election at the Annual General Meeting.

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 2023

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 36 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 2023 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 28 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 30.

(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

15 August 2023
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 2023 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 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated 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.

Independent auditor's report

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Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of goodwill and intangible assets;
- 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 goodwill and intangible assets (Goodwill and intangible assets was $1,426.7 million)

Refer to Note 15 *Impairment of non-financial assets* to the financial report

The key audit matter	How the matter was addressed in our audit
Valuation of goodwill and brand names is a key audit matter due to: • The size of the balance being 20.1% of total assets. • The inherent complexity in auditing the forward-looking assumptions applied to the Group's value in use models (VIU) for each Cash Generating Unit (CGU) given the significant judgement involved. We focussed on the significant forward-looking assumptions the Group applied in their VIU models including forecast cash flows and terminal growth rates due to market conditions increasing the risk of future fluctuations and inaccurate forecasting. • The significant judgement associated with discount rates including the underlying risks of each CGU and the countries they operate in. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Working with our valuation specialists, our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill and intangible assets for impairment against the requirements of the accounting standards; • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas; • We compared the forecast cash flows contained in the value in use models to Board approved forecasts; • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models; • We assessed the Group's determination of CGU assets for consistency with the assumptions used in the forecast cash flows and the requirements of the accounting standards; • We challenged the Group's significant forecast cash flow and growth assumptions; • We compared terminal growth rates to published studies of industry trends and expectations, and considered differences for the Group's operations; • We independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in;

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	• We compared the implied multiples from comparable market transactions to the implied multiple from the Group's model; and • We assessed the disclosures in the financial report using our understanding of the issues obtained from our testing and against the requirements of the accounting standards.

Valuation of inventory (total finished goods and work in progress inventory was $2,165.6 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. 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, 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 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 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 accuracy of the underlying calculation formulas;
	• attending cycle counts and / or year-end inventory

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	counts in significant locations; • assessing the accuracy of the slow moving inventories provision in prior periods to assess the historical accuracy of the Group's estimation 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 accrual (Trade and other payables, which includes discounts and rebates accrual, was $709.7 million)

Refer to Note 9 *Working Capital* and Note 9 *Key estimates and judgement – trade discounts and volume rebates* to 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 and rebates. 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 a key audit matter due to the significance of the Group judgements applied and the number of unique customer arrangements that are in place. For example, the Group's judgement is required to estimate the accrual where discounts and rebates are dependent on customers achieving annual sales targets and the performance year does not align to the Group's financial year.
	Our procedures included:
	• considering the appropriateness of the Group's accounting policy for the recognition and measurement of discounts and rebates, by assessing compliance with applicable accounting standards;
	• testing the estimation of discounts and rebates accruals. We used underlying documentation such as customer agreements, shipment and depletion data, claims for discounts and rebates along with cash payments made. We evaluated the estimate, for a sample of customers, by:
	  • checking amounts to the agreements; and
	  • analysing sales and depletion to date, and depletion programs expected to take place in future periods against sales budgets, depletion plans and actual claims, to assess the estimate of discounts and rebates incurred but not yet paid.
	• testing key controls in significant jurisdictions for 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

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	back to approved claims; • 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 discounts and rebates accruals against accounting standard requirements.

Independent auditor's report

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Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf This description forms part of our Auditor's Report.

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Treasury Wine Estates Limited for the year ended 30 June 2023, 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 60 to 79 of the Directors' report for the year ended 30 June 2023.

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

15 August 2023

Details of shareholders, shareholdings and top 20 shareholders

Details of shareholders and shareholdings

Holding of securities

Listed securities 12 July 2023	No. of holders	No. of shares	% held by Top 20
Fully paid ordinary shares	84,674	721,848,176	83.62

Size of holding	No. of holders	Total % held
1 – 1,000	59,540	3.20
1,001 – 5,000	21,907	6.41
415,001 – 10,000	2,210	2.15
10,001 – 100,000	953	2.86
100,001 and over	64	85.39
Total	**83,760**	**100**

As at 12 July 2023, the number of shareholders holding less than a marketable parcel of $500 worth of shares, based on the closing market price on that date of $10.89 per share, is 2,106.

Twenty largest shareholders – 12 July 2023

Rank	Shareholder	No. of fully paid ordinary shares	% of fully paid ordinary shares
1	HSBC Custody Nominees (Australia) Limited	242,841,941	33.64
2	J P Morgan Nominees Australia Pty Limited	161,373,209	22.36
3	Citicorp Nominees Pty Limited	96,355,350	13.35
4	National Nominees Limited	29,022,843	4.02
5	BNP Paribas Noms Pty Ltd	16,388,537	2.27
6	HSBC Custody Nominees (Australia) Limited - A/C2	12,028,953	1.67
7	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	9,890,843	1.37
8	Merrill Lynch (Australia) Nominees Pty Limited	7,350,565	1.02
9	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	4,939,495	0.68
10	HSBC Custody Nominees (Australia) Limited	3,302,617	0.46
11	Argo Investments Limited	3,250,000	0.45
12	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	3,159,448	0.44
13	Buttonwood Nominees Pty Ltd	2,697,076	0.37
14	Citicorp Nominees Pty Limited	2,388,941	0.33
15	HSBC Custody Nominees (Australia) Limited <GSCO Customers A/C>	1,909,332	0.26
16	Mutual Trust Pty Ltd	1,468,313	0.20
17	CPU Share Plans Pty Ltd <TWE Unallocated A/C>	1,440,247	0.20
18	Netwealth Investments Limited <Wrap Services A/C>	1,324,515	0.18
19	BNP Paribas Noms (NZ) Ltd <DRP>	1,269,854	0.18
20	NewEconomy Com Au Nominees Pty Limited <900 Account>	1,176,080	0.16
Total		**611,442,356**	**83.62**

Substantial shareholders – 12 July 2023

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	61,037,277	8.5%
BlackRock Group	45,713,004	6.3%
State Street Corporation	43,951,109	6.1%

Shareholder information

Annual General Meeting and Director nominations

The Annual General Meeting of the Company will be held at 10:00am on Monday, 16 October 2023 (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 2023 Annual General Meeting are to be received in writing no later than 5:00pm (AEST) on Monday, 28 August 2023:

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 Annual General Meeting, however, when this is not possible, shareholders may appoint a proxy to participate in the Annual General Meeting in their place.

Every shareholder participating in the Annual General Meeting personally or by proxy, attorney or representative has, on a poll, one vote for each fully paid share held.

Securities exchange listing

Treasury Wine Estates Limited shares are listed on the Australian Securities Exchange under the code 'TWE'.

Treasury Wine Estates Limited ordinary shares are traded in the US in the form of American Depositary Receipts (ADR) issued by The Bank of New York Mellon as Depositary.

Share register and other enquiries

If you have any questions in relation to your shareholding, share transfers or dividends, please contact our share registry:

Computershare Investor Services Pty Limited
Yarra Falls 452 Johnston Street
Abbotsford Victoria 3067
Australia

Telephone: 1800 158 360 (Australia)
International: +61 3 9415 4208
Facsimile: +61 3 9473 2500
Website: 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: 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 43006
Providence RI 02940 – 3078 United States of America

Telephone: 1888 269 2377
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; and
- download commonly used forms.

To access the online share registry, log on to weglobal.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

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 prices.

Shareholder information

TheWineShop.com is Treasury Wine Estates' multi-branded US shopping experience that highlights historic and recognised wineries in Napa. TheWineShop.com will continue to evolve and offer more and more offerings as time goes on. TheWineShop ships to most states. 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: thewineshop.com

Treasury Wine Estates Limited

ABN 24 004 373 862

Company Secretary

Christine Harman BA LLB (Hons), MBA

Registered office

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

Notes

Notes

Overlooking Kanuka Vineyard to Wairau Valley, Marlborough, New Zealand
Photo by **Grant Udy, Water Treatment Supervisor.**

TREASURY
WINE ESTATES

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