



# TREASURY WINE ESTATES

31 October 2023

ASX ANNOUNCEMENT

## TWE announces the acquisition of DAOU Vineyards and associated entitlement offer

NOT FOR DISTRIBUTION OR RELEASE INTO THE UNITED STATES

### Announcement highlights

- Treasury Wine Estates Ltd (ASX:TWE or “TWE” or the “Company”) has entered into arrangements to acquire 100% of DAOU Vineyards, LLC and its associated entities (collectively “DAOU”) for an upfront consideration of US\$900m<sup>1</sup> (‘Upfront Consideration’), plus an additional earn-out of up to US\$100m payable in the event that certain NSR targets deliver growth in excess of pre-agreed thresholds from CY25-27<sup>2</sup> (the “Acquisition”)
- DAOU is a highly acclaimed luxury wine brand based in Paso Robles, California, and is the fastest growing luxury wine brand in US Trade over the past year<sup>3</sup>
- The Acquisition accelerates TWE’s focus on luxury-led portfolio premiumisation to approximately 50% of global Group NSR, with immediate accretion to key operating metrics, and creates a leading and iconic US luxury wine business through the combination of Treasury Americas and DAOU
- DAOU fills a key Treasury Americas portfolio gap at US\$20-40 per bottle and strengthens the existing luxury portfolio above US\$40 per bottle
- Provides the scale to support a future standalone Treasury Americas Luxury division
- The Acquisition is expected to be EPS accretive (pre-synergies) and mid to high single digit EPS accretive (pro forma for cost synergies of US\$20m+) in F25, the first full year of ownership<sup>4</sup>
- Acquisition to be funded via a A\$825m equity raising by way of a fully underwritten pro-rata accelerated renounceable entitlement offer with retail entitlements trading (“Entitlement

1 Reflects enterprise value, assumes acquisition is on a cash and debt free basis

2 DAOU Vineyards will establish a contingent earn-out bonus plan under which a material portion of the earn-out will be made available to certain DAOU employees. Amounts paid under that plan will reduce the US\$100m earn-out described above. Any P&L impacts relating to the portion held by certain employees will be treated as material items

3 Circana Market Advantage, Total US MULO+C, US\$20+ Table, value, brands >US\$30M, latest 52 weeks ending 8 October 2023

4 Excludes any non-cash financing charge associated with the accounting recognition of the earn-out liability (to the extent relevant) or any one-off transaction or integration costs (including those required to deliver synergies). Based on post entitlement offer and DAOU owners placement shares issued

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Offer”), a A\$157m (US\$100m) placement of new TWE shares<sup>5</sup> to be issued to the existing owners of DAOU, and US\$311m of debt with the establishment of a new US\$350m acquisition bridge facility

- Proposed funding mix results in pro forma leverage at Jun-23 of 2.5x<sup>6</sup>, with strong cash flow to support deleveraging from 2H24 and back within TWE’s target range of 1.5-2.0x by the end of F25

## Transaction overview

TWE has entered into arrangements to acquire 100% of DAOU, a highly acclaimed luxury wine business based in Paso Robles, California, for Upfront Consideration of US\$900m<sup>7</sup>, plus an additional earn-out of up to US\$100m payable in the event that certain NSR targets deliver growth in excess of pre-agreed thresholds from CY25-27<sup>8</sup>.

The Acquisition results in material cashflow benefits arising from the ability to deduct the amortisation of goodwill over a 15-year period for US tax purposes. Indicative NPV of cash benefits of ~US\$100m with an average annual cash flow benefit of US\$12m<sup>9</sup>.

Implied EV/CY23e EBITDAS multiple of 12.8x<sup>10</sup>. Adjusting for the NPV of the tax benefits and pro-forma cost synergies reduces this to 8.9x<sup>11</sup>.

Acquisition is expected to be EPS accretive (pre-synergies) and mid to high single digit EPS accretive (pro forma for cost synergies of US\$20m+) in F25, the first full year of ownership<sup>12</sup>.

Completion is expected by the end of CY23, subject to US anti-trust approval.

Tim Ford, TWE’s Chief Executive Officer, commented:

*“We are delighted to welcome the DAOU brand to TWE, including its award-winning portfolio, experienced leadership team and aligned culture. The acquisition reflects the continuation and acceleration of our luxury-led portfolio premiumisation strategy with the luxury portfolio now contributing 50% of Group NSR and the quality of TWE’s and Treasury Americas operating metrics improving immediately and in the future. The combination of Treasury Americas and DAOU creates a leading luxury wine business in the United States, the world’s largest luxury wine market which is growing strongly, with an unparalleled portfolio of highly acclaimed and admired Luxury brands. We continue to see strong long-term growth trends for luxury wine in TWE’s key global markets, with a significant value creation opportunity*

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5 Up to A\$31.5m of the TWE shares may be issued to U.S. based donor advised funds (a common charitable giving structure in the U.S.) established by each of Daniel J. Daou and Georges J. Daou to pursue charitable giving primarily intended to address and alleviate poverty. TWE shares issued to these donor advised funds will be subject to the same escrow arrangements as shares issued to existing owners of Daou

6 DAOU F23 EBITDAS translated at AUD/USD 0.6353. Includes the capitalised value of the contingent earnout consideration which has been treated as indebtedness for the purpose of the pro forma leverage calculation

7 Reflects enterprise value, assumes acquisition is on a cash and debt free basis

8 DAOU Vineyards will establish a contingent earn-out bonus plan under which a material portion of the earn-out will be made available to certain DAOU employees. Amounts paid under that plan will reduce the ~US\$100m earn-out described above. Any P&L impacts relating to the portion held by certain employees will be treated as material items

9 Arises from the ability to deduct the amortisation of goodwill for tax purposes over a 15 year period under US tax law. US\$100m represents the NPV of the cashflow benefits

10 Excluding the earn-out payment of up to US\$100m

11 Excluding the earn-out payment of up to US\$100m

12 Excludes any non-cash financing charge associated with the accounting recognition of the earn-out liability (to the extent relevant) or any one-off transaction or integration costs (including those required to deliver synergies). Based on post entitlement offer and DAOU owners placement shares issued

*leveraging and building on the strengths today of TWE, Penfolds, Treasury Americas and DAOU to create a multi- brand global luxury wine business of scale.”*

Georges and Daniel Daou, Founders, DAOU Vineyards, commented:

*“The last frontier has always been international, and as part of the Treasury Wine Estates portfolio, we have unlocked the potential to be amongst the highest-end wines for consumers to enjoy globally. In Treasury Wine Estates, we have found a partner that not only understands the value of our brand and the premium assets we have cultivated but also the importance of ensuring that we maintain a relentless focus on quality and craftsmanship as we step into our future. Both companies are change leaders and by joining forces, we will continue to boldly disrupt the industry and bring the very best in wine and luxury experiences to consumers around the world.”*

### **Overview of the DAOU Vineyards business**

DAOU is a highly acclaimed luxury wine brand based in Paso Robles, California, founded in 2007 by Georges and Daniel Daou.

DAOU is a leading US luxury brand of scale and the fastest growing luxury wine brand in US Trade over the past year<sup>13</sup>, with an award-winning portfolio focused across five product tiers and luxury price points from US\$20-500 per bottle, diversified across multiple sales channels.

Paso Robles is a world-class winemaking region on the central-coast of California, with the two fastest growing luxury cabernet brands in the US, of which DAOU is one, sourced from the region<sup>14</sup>. The Adelaida sub-district is the region’s premier luxury wine producing area, where DAOU has a strong presence. DAOU owns the DAOU Mountain Tasting Room, four luxury vineyards, four wineries and 411 acres of vineyards in the region and will complement TWE’s existing sourcing and production base in Paso Robles.

In CY23, DAOU is forecast to deliver NSR of US\$212m, EBITs of US\$63m and an EBITs margin of 30%. DAOU has an outstanding track record of growth, with three-year NSR and EBITs CAGR of 45% and 61% respectively.

Founders Georges and Daniel Daou have a proven track record of success, and both intend to remain engaged and highly involved in the business post completion.

### **Strategic rationale**

The Acquisition of DAOU is strategically compelling.

- Accelerates TWE’s focus on luxury-led portfolio premiumisation to approximately 50% global Group NSR, with immediate accretion to key operating metrics<sup>15</sup>:
  - Increases the luxury portfolio NSR contribution to 53% of Treasury Americas, and 49% of the TWE Group

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<sup>13</sup> Circana Market Advantage, Total US MULO+C, US\$20+ California wine only, Value, latest 52 week ending 8 October 2023

<sup>14</sup> Circana Market Advantage, Total US MULO+C, US\$20+ California wine only, Value, latest 52 week ending 8 October 2023

<sup>15</sup> Reflects the combination of F23 Group and Treasury Americas and CY23 DAOU performance. DAOU converted at AUD/USD 0.64

- Increases Treasury Americas F23 pro forma NSR per case by +21% to A\$181.4, and EBITs margin by +1.3ppts to 26.1%
- Increases Group F23 pro forma NSR per case by +6% to A\$115.8, and EBITs margin by +0.7ppts to 24.8%
- Creates a leading and iconic luxury wine business in the US through the combination of Treasury Americas and DAOU:
  - Solidifies Treasury Americas position in the highly attractive US luxury wine market
  - Ability to increase presence with both wholesale and retail channel accounts
  - Combined portfolio enables increased access to coveted on-premise accounts
- Fills a key Treasury Americas portfolio gap at US\$20-40 per bottle and strengthens the existing luxury portfolio above US\$40 per bottle
  - The US\$20-40 per bottle segment in the US is valued at US\$2.6bn and has grown at a CAGR of 7.2% over 2017-22<sup>16</sup>
  - DAOU is a strong complement to the existing portfolio in upper-luxury price points where Treasury Americas already has great strength with Stags' Leap, Beaulieu Vineyard, Beringer, Etude and Frank Family Vineyards
  - With the luxury segments the fastest growing in the US market<sup>17</sup>, Treasury Americas is well positioned to deliver growth across the portfolio
- A significant value creation opportunity leveraging TWE, Treasury Americas and DAOU's unique strengths in building luxury brands of scale
  - Treasury Americas has a deeper luxury distribution footprint across the US, leaving it uniquely placed to drive continued expansion of the DAOU portfolio
  - There is a unique opportunity to establish DAOU and Patrimony as renowned international brands, leveraging TWE's global scale and distribution platform
  - Full run rate cost synergies of US\$20m+ expected to be realised by F26 through optimised sourcing, bottling efficiencies, logistics, supply planning and procurement savings and optimisation of combined TWE and DAOU expenditure
- Provides the scale to support a future standalone Treasury Americas Luxury division
  - Potential to establish a global premium brands division, including Treasury Americas premium

## Outlook

- TWE's standalone earnings outlook is unchanged from its AGM update on 16 October 2023:
  - TWE's long-term financial objective is to deliver sustainable top-line growth and high single-digit average earnings growth<sup>18</sup>

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<sup>16</sup> IWSR 2023, still wine, value growth.

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<sup>18</sup> Organic, pre material items and on a constant currency basis

- Trading conditions in the first quarter were consistent with overall expectations, and TWE expects continued strong demand for Luxury wine and resilient category dynamics for Premium wine, globally
- In F24, TWE remains well positioned to deliver growth in line with its long-term ambition and continued EBITs margin expansion
- Group EBITs will be split approximately 45%/55% 1H/2H, reflecting the planned phasing of Penfolds shipments to retain operational flexibility given the expedited review of tariffs on Australian wine in China
- Outlook expectations do not assume any incremental earnings from China:
  - TWE's F24 and long-term earnings expectations do not assume any benefits from a positive outcome in relation to the review of tariffs on Australian wine in China
  - The timing, or outcome, of the review is not expected to impact TWE's full year shipment plan
- DAOU expected to contribute EBITs of approximately US\$23-25m in 2H24:
  - Earnings expectations assume a completion date of 31 December 2023 and the historical weighting of DAOU sales to the second half of the calendar year<sup>19</sup>
- Revised long-term margin ambitions for TWE and Treasury Americas, reflecting Luxury-led portfolio mix:
  - Long-term TWE and Treasury Americas EBITs margin ambitions have been revised upwards to the high 20% range, from 25%+ and 25% respectively, reflecting the addition of DAOU

## Acquisition Funding

The Upfront Consideration of US\$900m will be funded via a combination of equity and debt as follows:

- A\$825m equity raising by way of a fully underwritten pro-rata accelerated renounceable entitlement offer with retail entitlements trading ("Entitlement Offer");
- A\$157m placement of new TWE shares to the existing owners<sup>20</sup> of DAOU at an issue price of \$11.97 per share<sup>21</sup>. 50% of these TWE shares will be subject to one-year voluntary escrow, with the remaining 50% subject to a two-year voluntary escrow; and
- A new US\$350m acquisition debt facility, which, subject to satisfying customary conditions precedent, is available for the purposes of funding the debt component of the Acquisition (and related costs). The term of the new bridge facility is 18 months.

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<sup>19</sup> DAOU's sales, and therefore EBITs, have been historically weighted to the second half of the calendar year. Through CY21-23e, the weighting of EBITs to the second half of the calendar year has been in the range of 61-65%

<sup>20</sup> Up to A\$31.5m of the TWE shares may be issued or transferred to U.S. based donor advised funds (a common charitable giving structure in the U.S.) established by each of Daniel J. Daou and Georges J. Daou to pursue charitable giving primarily intended to address and alleviate poverty. TWE shares issued to these donor advised funds will be subject to the same escrow arrangements as shares issued to existing owners of Daou.

<sup>21</sup> Based on the ten-day volume weighted average price of TWE shares to 30 October 2023.

The proposed funding mix results in pro-forma leverage at Jun-23 of 2.5x<sup>22</sup>, with strong cash flow to support deleveraging from 2H24 and back within TWE's target range of 1.5-2.0x by the end of F25.

## Overview of the Entitlement Offer

TWE's acquisition of DAOU will be partly funded by a fully underwritten pro-rata accelerated renounceable entitlement offer with retail entitlements trading at an offer price of A\$10.80 per new share ("Offer Price"). The Entitlement Offer will raise approximately A\$825 million.

Under the Entitlement Offer, eligible shareholders are entitled to acquire 1 new TWE ordinary share ("New Shares") for every 9.45 existing TWE ordinary shares ("Entitlement") held as at 7.00pm (Melbourne time) on Friday, 3 November 2023 ("Record Date").

The Offer Price represents:

- a 9.8% discount to the theoretical ex-rights price<sup>23</sup> of A\$11.98; and
- a 10.7% discount to TWE's closing share price of A\$12.10 on 30 October 2023

Approximately 76.4 million New Shares will be issued under the Entitlement Offer which represents around 10.6% of TWE's existing shares on issue. The New Shares issued through the Entitlement Offer will rank equally with existing TWE shares in all respects.

The Entitlement Offer comprises an accelerated institutional entitlement offer ("Institutional Entitlement Offer") and a retail entitlement offer that includes the ability for eligible shareholders to trade their retail entitlements on ASX ("Retail Entitlement Offer").

### *Institutional Entitlement Offer*

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from Tuesday, 31 October 2023 to Wednesday, 1 November 2023. Eligible institutional shareholders can choose to take up all, part or none of their Entitlement ("Institutional Entitlement"). Institutional Entitlements cannot be traded on ASX. Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and Institutional Entitlements of ineligible institutional shareholders, will be offered for sale through an institutional shortfall bookbuild ("Institutional Shortfall Bookbuild") to be conducted from Wednesday, 1 November 2023 to Thursday, 2 November 2023. In this case, institutional shareholders will receive any proceeds in excess of the Offer Price (per underlying New Share) in respect of the part of their Institutional Entitlements sold to investors in the Institutional Shortfall Bookbuild ("Institutional Premium"), less any applicable withholding tax. There is no guarantee that there will be any Institutional Premium.

TWE shares have been placed in trading halt while the Institutional Entitlement Offer and Institutional Shortfall Bookbuild are undertaken.

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<sup>22</sup> DAOU F23 EBITDAS translated at AUD/USD 0.6353. Includes the capitalised value of the contingent earnout consideration which has been treated as indebtedness for the purpose of the pro forma leverage calculation.

<sup>23</sup> The Theoretical Ex-Rights Price ("TERP") is the theoretical price at which TWE shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which TWE shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to TWE's closing price of \$12.10 on 30 October 2023

### *Retail Entitlement Offer*

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Retail Entitlement Offer at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Wednesday, 8 November 2023 and close at 5.00pm on Thursday, 23 November 2023.

Eligible retail shareholders will be allotted Entitlements (“Retail Entitlements”) which can be traded on ASX. If eligible retail shareholders do not wish to take up their Retail Entitlements, they may sell all or part of their Retail Entitlements on ASX from Friday, 3 November 2023 to Thursday, 16 November 2023 (expected to be under the ASX ticker TWER), or transfer all or part of their Retail Entitlements directly to another eligible person. The assignment, transfer and exercise of Retail Entitlements is restricted to persons meeting certain eligibility criteria as set out in the Retail Entitlement Offer Booklet. If holders of Retail Entitlements at the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Retail Entitlements and, as a result, they may receive no value for them.

If retail shareholders choose to do nothing in respect of all or part of their Retail Entitlements, part or all (as applicable) of their Retail Entitlements will be offered for sale for their benefit through a bookbuild process on Tuesday, 28 November 2023 (“Retail Shortfall Bookbuild”). In this case, eligible retail shareholders will receive any proceeds in excess of the Offer Price (per underlying New Share) in respect of the part of their Retail Entitlements sold to investors in the Retail Shortfall Bookbuild (“Retail Premium”), less any applicable withholding tax. There is no guarantee that there will be any Retail Premium.

Eligible retail shareholders should carefully read the retail entitlement offer booklet (“Retail Entitlement Offer Booklet”) and accompanying personalised entitlement and acceptance form which are expected to be made available to eligible retail shareholders on Wednesday, 8 November 2023.

TWE shareholders outside of Australia or New Zealand and retail shareholders who do not satisfy the other eligibility criteria are ineligible to participate in the Retail Entitlement Offer.

In particular, TWE shareholders in the United States are not eligible to participate in the Retail Entitlement Offer, and those who are acting for the account or benefit of persons in the United States (including custodians and nominees) are not eligible to participate on behalf of those persons.

Further details on the eligibility criteria for the Retail Entitlement Offer will be set out in the Retail Entitlement Offer Booklet.

### **Shareholder enquiries**

Retail shareholders who have questions relating to the Entitlement Offer should speak with their broker or adviser and/or call the TWE Offer Information Line on:

- 1800 158 360 (from within Australia); or
- +61 3 9415 4208 (from outside Australia),

between 8.30am to 5.00pm (Melbourne Time) Monday to Friday from Wednesday, 8 November 2023 to Thursday, 23 November 2023 (inclusive).

### Indicative timetable

The indicative timetable for the Entitlement Offer is as follows.

<b>Event</b>	<b>Date</b>
Announcement of Acquisition and Entitlement Offer and trading halt	Tuesday, 31 October 2023
Institutional Entitlement Offer closes	Wednesday, 1 November 2023
Institutional Shortfall Bookbuild closes	Thursday, 2 November 2023
Announcement of results of Institutional Entitlement Offer	Friday, 3 November 2023
Trading halt lifted and TWE shares recommence trading	Friday, 3 November 2023
Record date under the Entitlement Offer (7.00pm Melbourne time)	Friday, 3 November 2023
Retail entitlements commence trading on ASX on a deferred settlement basis	Friday, 3 November 2023
Retail Entitlement Offer open (9.00am Melbourne time)	Wednesday, 8 November 2023
Retail Entitlement Offer Booklet and personalised entitlement and acceptance form made available to eligible retail shareholders	Wednesday, 8 November 2023
Retail entitlements commence trading on ASX on a normal settlement basis	Thursday, 9 November 2023
Settlement of Institutional Entitlement Offer, including the Institutional Shortfall Bookbuild	Monday, 13 November 2023
Issue and quotation of New Shares under the Institutional Entitlement Offer, including the Institutional Shortfall Bookbuild	Tuesday, 14 November 2023
Retail Entitlements trading on ASX ends	Thursday, 16 November 2023
Retail Entitlement Offer closes (5.00pm Melbourne time)	Thursday, 23 November 2023
Announcement of the results of the Retail Entitlement Offer	Tuesday, 28 November 2023
Retail Entitlement Offer Shortfall Bookbuild	Tuesday, 28 November 2023
Announcement of the results of the Retail Entitlement Offer Shortfall bookbuild	Wednesday, 29 November 2023
Settlement of Retail Entitlement Offer, including the Retail Shortfall Bookbuild	Friday, 1 December 2023
Issue of New Shares under the Retail Entitlement Offer, including the Retail Shortfall Bookbuild	Monday, 4 December 2023
New Shares issued under the Retail Entitlement Offer, including the Retail Shortfall Bookbuild, commence trading on ASX	Tuesday, 5 December 2023
Holding statements in respect of new shares issued under the Retail Entitlement Offer dispatched	Wednesday, 6 December 2023
Retail premium (if any) dispatched	Friday, 8 December 2023

These dates are indicative only and are subject to change without notice. All times and dates refer to times and dates in Melbourne, Australia. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, TWE has the right, with the consent of the joint lead managers to the Entitlement Offer, to amend the timetable, including extending the Retail Entitlement Offer or accepting late applications, either generally or, in particular cases, without notice.

Further information regarding this announcement is contained in the investor presentation released to the ASX today.

## Conference call

Treasury Wine Estates will host an investor and analyst webcast and conference call commencing at 10:30am AEDT on 31 October 2023. Links to register are provided below. A replay of the presentation will also be available on the website [www.tweglobal.com](http://www.tweglobal.com) from approximately 1:00pm AEDT.

Conference call registration

<https://s1.c-conf.com/diamondpass/10034581-hdy6sc.html>

Webcast registration <https://edge.media-server.com/mmc/p/vvg65uv3>

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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Nothing contained in this announcement shall form the basis of any contract or commitment, or constitute investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action taken on the basis of the information.

## **Future performance and forward looking statements**

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. The words “believe”, “expect”, “estimate”, “will”, “may”, “target”, “anticipate”, “guidance”, “intend”, “predict”, “plan”, “should”, “could”, and other similar expressions are intended to identify forward looking statements. Indications of, and guidance or outlook on, future earnings or financial position or performance, including the outcome of the Acquisition and performance and any synergies of the combined businesses following the Acquisition and the outcome of the Entitlement Offer, are also forward looking statements. Such statements are not statements of fact, are provided as a general guide only and there can be no certainty of outcome in relation to the matters to which the statements relate.

The forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes, performance or achievements to be materially different from the events or results expressed or implied by such statements and any projections and assumption on which these statements are based. Those risks, uncertainties, assumptions and other important factors are not all within the control of TWE, its directors and management and cannot be predicted by TWE and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which TWE operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market and industry demands and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised. These statements may assume the success of TWE’s business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. You are cautioned not to place undue reliance on forward-looking statements. Except as required by law or regulation, none of TWE, its representatives or advisers assumes any obligation to update these forward-looking statements. No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement.

The forward-looking statements are based on information available to TWE as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of TWE, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

None of TWE or any of its subsidiaries and its affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Statements about past performance are not necessarily indicative of future performance.

## Financial data

Investors should be aware that certain financial data included in this announcement are “non-GAAP financial measures” under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures include EBITDAS, EBITs, net debt and net debt/EBITDAS.

In addition, such measures may be “non-IFRS financial information” under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. The disclosure of such non-IFRS financial information / non-GAAP financial measures in the manner included in this announcement may not be permissible in a registration statement under the U.S. Securities Act. These non-IFRS financial information / non-GAAP financial measures do not have a standardized meaning prescribed by Australian Accounting Standards or IFRS and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards or IFRS. Although TWE believes these non-IFRS financial information / non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information / non-GAAP financial measures included in this announcement.

Investors should note that this announcement contains pro forma financial information, including the pro forma balance sheet as at 30 June 2023, reflecting the impact of the acquisition of DAOU as if the acquisition had occurred on 30 June 2023. The pro-forma historical financial information provided in this announcement is for illustrative purposes only and is not represented as being indicative of TWE’s views on its, nor anyone else’s, future financial position and/or performance or any scale benefits, synergies or opportunities that may be realised as a result of the Acquisition. The pro forma balance sheet has been prepared by TWE in accordance with the measurement and recognition principles, but not the disclosure requirements, prescribed by the Australian Accounting Standards (AAS). The pro forma balance sheet has been prepared by TWE and is based on the audited FY23 TWE balance sheet, unaudited and unreviewed management reporting balance sheets of DAOU as at 30 June 2023 and certain acquisition adjustments. The pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Such financial information does not purport to comply with Article 3-05 of Regulation S-X.