TREASURY
WINE ESTATES

15 February 2024 **ASX ANNOUNCEMENT**

Correction to Appendix 4D and 2024 Interim Results – Segment Asset & Liability Information

Treasury Wine Estates Ltd (ASX:TWE) today released its interim financial statements for the half year ended 31 December 2023.

A transposition error has been identified with respect to the segment break down of the comparative (30 June 2023) asset and liability information included on page 13 of the Appendix 4D and 2024 Interim Results announcement. This error has been corrected in the attached Appendix 4D and half year financial statements.

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

Contacts:

Media
Mel Ward
Tel: +61 3 8533 3915
Mob: +61 437 959 228

Investors
Bijan Taghian
Tel: +61 3 8533 3568
Mob: +61 433 173 664

Appendix 4D

Treasury Wine Estates Limited

For the half year ended 31 December 2023

ABN 24 004 373 862

1. Results for announcement to the market

Key information	Half year ended 31 December 2023 $M	Half year ended 31 December 2022 $M	% Change increase / (decrease)	Amount increase / (decrease) $M
Revenue from ordinary activities	1,313.4	1,308.4	0.4%	5.0
Profit from ordinary activities after tax attributable to members of Treasury Wine Estates Limited	166.7	188.2	(11.4)%	(21.5)
Earnings before interest, tax, SGARA and material items	289.8	307.5	(5.8)%	(17.7)

Earnings per share	Half year ended 31 December 2023 Cents per share	Half year ended 31 December 2022 Cents per share[1]
Basic earnings per share	22.5	25.8
Basic earnings per share, adjusted to exclude SGARA and material items	24.6	26.6

2. Dividends

On 15 February 2024, the Board determined to pay an interim dividend of 17 cents per share in respect of the half year ended 31 December 2023. Accordingly, this dividend is not provided for in the balance sheet as at 31 December 2023. The record date for determining an entitlement to receipt of the interim dividend is 7 March 2024 (AEDT) and the dividend is expected to be paid on 3 April 2024.

The Company's Dividend Reinvestment Plan will be in operation for the interim dividend. The last date for receipt of election notices for participation in the Dividend Reinvestment Plan is 8 March 2024 (AEDT).

Dividends	Cents per share	Franking %
Interim dividend – half year ended 31 December 2023 (determined subsequent to balance date)	17	70
Final dividend – year ended 30 June 2023	17	100
Interim dividend – half year ended 31 December 2022	18	100

[1] Earnings per share for the half year ended 31 December 2022 has been restated, in accordance with AASB 133, for the dilutive effects of the rights issue executed during the current financial year to ensure consistency period on period. Refer to Note 8 for details.

3. Financial statements

Please refer to pages 4 through 23 of this report wherein the following are provided:

- Directors' Report;
- Auditor's independence declaration;
- Consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2023;
- Consolidated statement of financial position as at 31 December 2023;
- Consolidated statement of changes in equity for the half year ended 31 December 2023;
- Consolidated statement of cash flows for the half year ended 31 December 2023;
- Notes to the consolidated financial statements;
- Directors' Declaration; and
- Independent auditor's review report for the half year ended 31 December 2023.

4. Net tangible asset backing

Net tangible asset backing per ordinary share	As at 31 December 2023 $	As at 31 December 2022 $
Net tangible asset backing per ordinary share	2.85	3.45

5. Associates and joint ventures

Investments in Associates and Joint Ventures	As at 31 December 2023 $M	As at 31 December 2022 $M
Investments accounted for using the equity method	-	-

6. Further information

Additional Appendix 4D disclosure requirements can be found in the notes to the half-year financial report, the half year Directors' Report and the ASX announcement lodged on 15 February 2024.

Further information can be obtained from:

Media:

Mel Ward
Tel: +61 3 8533 3915
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Tel: +61 3 8533 3568
Mob: +61 433 173 664

Treasury Wine Estates Limited

Directors' report
For the half year ended 31 December 2023

The Directors present their report on the consolidated entity ("the Group") comprising Treasury Wine Estates Limited ("the Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2023.

Directors

The members of the Board of Directors of Treasury Wine Estates Limited who held office during the half year and as at the date of this report are as follows:

Paul Rayner (Chairman – retired on 16 October 2023)
John Mullen (appointed as Chairman on 16 October 2023)
Tim Ford (Chief Executive Officer)
Ed Chan
Garry Hounsell
Colleen Jay
Antonia Korsanos
Lauri Shanahan

Principal Activities

The principal activities of the Group during the period involved the production, marketing and sale of wine.

Operating and Financial Review

Financial information in the Operating and Financial Review is based on the reviewed financial statements. Non-IFRS measures have not been subject to audit or review. The non-IFRS measures are used internally by management to assess the performance of the business and make decisions on the allocation of our resources.

A full review of operations of the Group during the half year is contained in the Australian Securities Exchange announcement dated 15 February 2024.

Net profit after tax attributable to members of Treasury Wine Estates Limited for the half year ended 31 December 2023 was $166.7 million (2022: $188.2 million) and reported earnings per share was 22.5 cents per share (2022: 25.8 cents per share[1]).

Net Sales Revenue (NSR) for the period was $1,284.3 million (2022: $1,284.5 million), with Luxury portfolio growth driven by continued positive momentum for Penfolds and modestly increased availability in Treasury Americas, offset by reduced Premium shipment volumes in Treasury Americas and reduced Premium and Commercial shipments in Treasury Premium Brands.

NSR per case improved 9.1%, driven by the ongoing premiumisation of TWE's portfolio mix towards Luxury wine. COGS per case increased 15.8% as a result of portfolio mix and the sell through of higher cost vintages in Treasury Americas and Treasury Premium Brands.

Cost of Doing Business (CODB) improved 7.9%, reflecting improved overheads in Treasury Premium Brands and the timing of promotional brand investment.

Earnings before interest, tax, SGARA and material items ("EBITS") of $289.8 million (2022: $307.5 million) has decreased by 5.8%. The Group's EBITS margin decreased by 1.4ppts to 22.6%.

At 31 December 2023 a post-tax net material items loss of $29.0 million has been recognised and primarily related to one-off costs associated with the acquisition of DAOU Vineyards ("DAOU").

The SGARA gain for the period (AASB 141 Agriculture) was $16.6 million (2022: $(29.0) million loss) and reflects increased intake from the 2023 Californian vintage.

[1] Earnings per share for the half year ended 31 December 2022 has been restated, in accordance with AASB 133, for the dilutive effects of the rights issue executed during the current financial year to ensure consistency period on period. Refer to Note 8 for details.

Treasury Wine Estates Limited

Directors' report
For the half year ended 31 December 2023 (continued)

Events Subsequent to Reporting Date
The following events have occurred subsequent to 31 December 2023:

The Board declared an interim dividend of 17 cents per share (70% franked) on 15 February 2024.

In F23 the Group entered into a contract to purchase vineyard assets in New Zealand for approximately $50 million. Subsequent to 31 December 2023, the sale became unconditional. It is due to be completed in March 2024.

Other than the above, there are no further matters or circumstances which have arisen since 31 December 2023 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 periods.

Shares
The movement in share capital from 30 June 2023 is set out below:

	Number of shares (million)
Balance at 30 June 2023	721.8
Nil Shares issued for vested Incentive Plans	-
Nil Shares issued under the Dividend Reinvestment Plan	-
Ordinary shares issued to partially fund the business acquisition of DAOU	76.4
Ordinary shares issued as consideration for business acquisition of DAOU	13.2
Balance at 31 December 2023	**811.4**

Dividends
A final dividend in respect of the year ended 30 June 2023 of $122.7 million (representing a dividend of 17.0 cents per ordinary share) was paid in October 2023. This dividend was 100% franked.

On 15 February 2024, the Board determined to pay an interim dividend of 17 cents per share in respect of the half year ended 31 December 2023. Accordingly, this dividend has not been provided for in the balance sheet as at 31 December 2023. The record date for determining an entitlement to receipt of the interim dividend is 7 March 2024 and the dividend is expected to be paid on 3 April 2024.

The Company's Dividend Reinvestment Plan will be in operation for the interim dividend. The last date for receipt of election notices for participation in the Dividend Reinvestment Plan is 8 March 2024.

Auditor Independence
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Rounding
The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.* In accordance with that Instrument, reported amounts have been rounded to the nearest tenth of one million dollars unless otherwise stated.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

John Mullen
Chairman

Tim Ford
Managing Director and Chief Executive Officer

15 February 2024
Melbourne, Australia

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 review of Treasury Wine Estates Limited for the half-year ended 31 December 2023 there have been:

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

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

KPMG

KPMG

Penny Stragalinos
Partner
Melbourne
15 February 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

		HALF YEAR	
		2023	2022
	NOTE	$M	$M
Revenue	4	1,313.4	1,308.4
Cost of sales		(771.1)	(723.6)
Gross profit		**542.3**	**584.8**
Selling expenses		(119.9)	(116.5)
Marketing expenses		(69.8)	(85.3)
Administration expenses		(113.6)	(88.5)
Other income / (expenses)		29.9	3.6
Profit before tax and finance costs		**268.9**	**298.1**
Finance income		59.3	36.5
Finance costs		(101.4)	(74.1)
Net finance costs		**(42.1)**	**(37.6)**
Profit before tax		**226.8**	**260.5**
Income tax expense		(60.0)	(72.3)
Net profit		**166.8**	**188.2**
Net (profit)/loss attributable to non-controlling interests		(0.1)	-
Net profit attributable to members of Treasury Wine Estates Limited		**166.7**	**188.2**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges		18.5	19.5
Tax on cash flow hedges		(4.8)	(5.0)
Exchange gain / (loss) on translation of foreign operations		(115.0)	34.7
Other comprehensive income/(loss) for the year, net of tax		**(101.3)**	**49.2**
Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited		65.4	237.4
Non-controlling interests		0.1	-
Total comprehensive income/(loss) for the year		**65.5**	**237.4**

Earnings per share for profit attributable to the ordinary equity holders of the Company		CENTS PER SHARE	CENTS PER SHARE[1]
Basic	8	**22.5**	**25.8**
Diluted	8	**22.4**	**25.7**

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

[1] Earnings per share for the half year ended 31 December 2022 has been restated, in accordance with AASB 133, for the dilutive effects of the rights issue executed during the current financial year to ensure consistency period on period. Refer to Note 8 for details.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	NOTE	31 DEC 2023 $M	30 JUN 2023 $M	31 DEC 2022[1] $M
Current assets				
Cash and cash equivalents		436.4	565.8	684.9
Receivables		728.8	607.3	573.6
Inventories		1,059.7	990.3	1,013.3
Current tax assets		-	24.4	-
Assets held for sale		22.6	32.9	3.0
Other current assets		3.9	16.5	18.6
Total current assets		**2,251.4**	**2,237.2**	**2,293.4**
Non-current assets				
Inventories		1,221.3	1,175.3	1,028.5
Property, plant and equipment		1,701.9	1,576.8	1,586.3
Right of use assets		382.7	389.7	400.3
Agricultural assets		24.8	44.8	32.1
Intangible assets		2,448.1	1,426.7	1,430.0
Deferred tax assets		153.2	166.5	125.3
Other non-current assets		46.9	74.3	74.5
Total non-current assets		**5,978.9**	**4,854.1**	**4,677.0**
Total assets		**8,230.3**	**7,091.3**	**6,970.4**
Current liabilities				
Trade and other payables		691.4	709.7	670.3
Current tax liabilities		11.2	18.7	1.4
Provisions		92.5	101.7	72.6
Borrowings	9	78.9	250.7	252.7
Deferred other income	12	38.6	-	-
Other current liabilities		3.9	17.6	11.6
Total current liabilities		**916.5**	**1,098.4**	**1,008.6**
Non-current liabilities				
Borrowings	9	2,053.4	1,686.9	1,659.5
Deferred tax liabilities		380.8	383.2	351.1
Contingent consideration	13	42.6	-	-
Other non-current liabilities		79.3	43.9	43.1
Total non-current liabilities		**2,556.1**	**2,114.0**	**2,053.7**
Total liabilities		**3,472.6**	**3,212.4**	**3,062.3**
Net assets		**4,757.7**	**3,878.9**	**3,908.1**
Equity				
Contributed equity	10	4,226.9	3,280.7	3,280.7
Other Equity		(18.1)	(18.1)	(18.1)
Reserves		23.0	134.5	98.9
Retained earnings		508.6	464.6	528.2
Total parent entity interest		**4,740.4**	**3,861.7**	**3,889.7**
Non-controlling interests		17.3	17.2	18.4
Total equity		**4,757.7**	**3,878.9**	**3,908.1**

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

[1]31 December 2022 restated to reflect the final purchase price accounting for Chateau Lanessan. Refer to Note 35 of the 2023 Annual Report for further details.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 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 2022	**3,280.7**	**-**	**455.5**	**72.2**	**(23.5)**	**3,784.9**	**4.1**	**3,789.0**
Profit for the period	-	-	188.2	-	-	188.2	-	188.2
Total other comprehensive income/(loss)	-	-	-	34.7	14.5	49.2	-	49.2
Total comprehensive income/(loss) for the period	**-**	**-**	**188.2**	**34.7**	**14.5**	**237.4**	**-**	**237.4**
Transactions with owners in their capacity as owners directly in equity								
Share based payment expense	-	-	-	-	8.8	8.8	-	8.8
Vested deferred shares and share rights	-	-	-	-	(7.8)	(7.8)	-	(7.8)
Other equity	-	(15.1)	-	-	-	(15.1)	-	(15.1)
Non controlling interest of acquisition	-	-	-	-	-	-	14.3	14.3
Dividends to owners of the Company	-	-	(115.5)	-	-	(115.5)	-	(115.5)
Balance at 31 December 2022	**3,280.7**	**(15.1)**	**528.2**	**106.9**	**(8.0)**	**3,892.7**	**18.4**	**3,911.1**
Balance at 30 June 2023	**3,280.7**	**(18.1)**	**464.6**	**151.6**	**(17.1)**	**3,861.7**	**17.2**	**3,878.9**
Profit for the period	-	-	166.7	-	-	166.7	0.1	166.8
Total other comprehensive income/(loss)	-	-	-	(115.0)	13.7	(101.3)	-	(101.3)
Total comprehensive income/(loss) for the period	**-**	**-**	**166.7**	**(115.0)**	**13.7**	**65.4**	**0.1**	**65.5**
Transactions with owners in their capacity as owners directly in equity								
Share based payment expense	-	-	-	-	5.1	5.1	-	5.1
Issue of ordinary shares	825.4	-	-	-	-	825.4	-	825.4
Issue of ordinary shares as consideration for business acquisition	139.1	-	-	-	-	139.1	-	139.1
Transaction costs on issue of ordinary shares	(18.3)	-	-	-	-	(18.3)	-	(18.3)
Vested deferred shares and share rights	-	-	-	-	(15.3)	(15.3)	-	(15.3)
Dividends to owners of the Company	-	-	(122.7)	-	-	(122.7)	-	(122.7)
Balance at 31 December 2023	**4,226.9**	**(18.1)**	**508.6**	**36.6**	**(13.6)**	**4,740.4**	**17.3**	**4,757.7**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	NOTE	HALF YEAR 2023 $M INFLOWS/ (OUTFLOWS)	HALF YEAR 2022 $M INFLOWS/ (OUTFLOWS)
Cash flows from operating activities			
Receipts from customers		1,515.6	1,645.3
Payments to suppliers, governments and employees		(1,287.1)	(1,399.0)
Borrowing costs paid		(3.9)	(3.9)
Income taxes paid		(27.0)	(53.6)
Interest paid		(48.6)	(33.6)
Net cash flows from operating activities		**149.0**	**155.2**
Cash flows from investing activities			
Payments for property, plant, and equipment		(63.2)	(170.5)
Payments for intangible assets		(2.9)	(2.9)
Proceeds from sale of property, plant and equipment		72.9	191.9
Business acquisitions, net of cash acquired	13	(1,206.0)	(55.8)
Net cash flows used in investing activities		**(1,199.2)**	**(37.3)**
Cash flows from financing activities			
Purchase of shares – employee equity plans		-	(8.2)
Proceeds from issue of shares, net of transaction costs		807.1	-
Dividend payments		(122.7)	(115.5)
Proceeds from borrowings		444.8	383.4
Repayment of borrowings		(221.5)	(125.4)
Proceeds from settlement of currency swaps and other derivatives		19.4	-
Net cash flows used in financing activities		**927.1**	**134.3**
Total cash flows from activities		**(123.1)**	**252.2**
Cash and cash equivalents at the beginning of the period		**565.8**	**430.5**
Effects of exchange rate changes on foreign currency cash flows and cash balances		(6.3)	2.2
Cash and cash equivalents at end of the year		**436.4**	**684.9**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 1 – CORPORATE INFORMATION

The financial report of Treasury Wine Estates Limited ("the Company") and of its controlled entities (collectively "the Group") for the half year ended 31 December 2023 was authorised for issue in accordance with a resolution of Directors on 15 February 2024. Treasury Wine Estates Limited is a for profit company incorporated and domiciled in Australia and limited by shares which are publicly traded on the Australian Securities Exchange (ASX).

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial report for the half year ended 31 December 2023 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and was approved by the Board of Directors on 15 February 2024.

This financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as the annual financial report. Accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by the Company in accordance with the continuous disclosure obligations arising under ASX listing rules.

(b) Basis of preparation

This report:

- Has been prepared on a historical cost basis, except for derivative financial instruments and assets classified as held for sale, agricultural produce and assets, and assets and liabilities acquired in a business combination which have been measured at fair value; and
- Is 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.*

Other than as described in Note 2(c) the accounting policies are consistent with those applied in the previous financial year.

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

(c) New standards adopted

Since 30 June 2023, the Group has adopted the following new or amended accounting standards.

Reference	Title	Application
AASB 17	Insurance Contracts	1 January 2023
AASB 2021-2	Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023
AASB 2021-5	Deferred Tax related to Assets and Liabilities arising from a single transaction	1 January 2023

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.

(d) 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 half year reporting period. This is not expected to have a material impact to the Group.

Reference	Title	Application
AASB 2023-1	Supplier Finance Arrangements	1 January 2024
AASB 2020-1	Classification of Liabilities as Current or Non-current	1 January 2024
AASB 2020-6	Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January 2024
AASB 2022-6	Classification Non-current Liabilities with covenants	1 January 2024
AASB 2023-3	Classification Non-current Liabilities with covenants: Tier 2	1 January 2024
AASB 2022-5	Lease Liability in a Sale and Leaseback	1 January 2024
AASB 2014-10	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025
AASB 2015-10	Effective Date of Amendments to AASB 10 and AASB 128	1 January 2025
AASB 2017-5	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

NOTE 3 - SEGMENT INFORMATION

The Group's segments

The Group reports segment information on the same basis as its internal management reporting structure and consistent with the information used to organise and manage the Group. The reportable segments are based on the aggregation of operating segments determined by the similarity of the nature of products, the production process, the types of customers and the methods used to distribute the products.

Presentation of segment results

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 where the work is undertaken 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. This fair value gain or loss is excluded from Management EBITS so that earnings can be assessed 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 improves comparability with domestic and global peers. The SGARA gain for the period of $16.6 million reflects increased intake from the 2023 Californian vintage.

The Group has the following reportable segments:

(i) *Penfolds*

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

(ii) *Treasury Premium Brands*

This segment is responsible for the manufacture, 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 America regions and includes DAOU Vineyards from 12 December 2023.

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 also not allocated to segments.

NOTE 3 - SEGMENT INFORMATION (CONTINUED)

2023	PENFOLDS $M	TREASURY AMERICAS $M	TREASURY PREMIUM BRANDS $M	TOTAL SEGMENT $M	UNALLOCATED/ CORPORATE $M	CONSOLIDATED $M
Total revenue comprises:						
Net sales revenue	448.1	447.7	388.5	1,284.3	-	1,284.3
Other revenue	11.2	13.2	-	24.4	4.7	29.1
Total segment revenue (excl other income/interest)	**459.3**	**460.9**	**388.5**	**1,308.7**	**4.7**	**1,313.4**
Management EBITS	**186.9**	**93.1**	**45.8**	**325.8**	**(36.0)**	**289.8**
SGARA gain/(loss)	(8.6)	30.6	(5.4)	16.6	-	16.6
Material items	-	(32.7)	(2.9)	(35.6)	(1.9)	(37.5)
Profit before tax and finance costs	**178.3**	**91.0**	**37.5**	**306.8**	**(37.9)**	**268.9**
Net finance costs						(42.1)
Consolidated profit before tax						**226.8**
Depreciation of property, plant and equipment and right of use assets	(17.5)	(38.1)	(10.2)	(65.8)	(2.1)	(67.9)
Amortisation of intangible assets	(0.2)	(0.7)	(0.2)	(1.1)	(5.9)	(7.0)
Assets held for sale	10.2	-	12.4	22.6	-	22.6
Capital expenditure	(20.5)	(30.4)	(11.6)	(62.5)	(3.6)	(66.1)
Business acquisitions, net of cash acquired	-	(1,206.0)	-	(1,206.0)	-	(1,206.0)
Segment assets– 31 December 23	**1,904.7**	**4,240.8**	**1,374.0**	**7,519.5**	**710.8**	**8,230.3**
Segment assets – 30 June 23[1]	**1,854.9**	**2,902.6**	**1,398.5**	**6,156.0**	**935.3**	**7,091.3**
Segment liabilities – 31 December 23	**(239.7)**	**(815.9)**	**(290.1)**	**(1,345.7)**	**(2,126.9)**	**(3,472.6)**
Segment liabilities – 30 June 23[1]	**(267.2)**	**(695.7)**	**(301.4)**	**(1,264.3)**	**(1,948.1)**	**(3,212.4)**

1. Edited for transpositional error.

NOTE 3 - SEGMENT INFORMATION (CONTINUED)

2022[1]	PENFOLDS	TREASURY AMERICAS	TREASURY PREMIUM BRANDS	TOTAL SEGMENT	UNALLOCATED/ CORPORATE	CONSOLIDATED
	$M	$M	$M	$M	$M	$M
Total revenue comprises:						
Net sales revenue	410.2	467.5	406.8	1,284.5	-	1,284.5
Other revenue	2.2	16.9	0.6	19.7	4.2	23.9
Total segment revenue (excl other income/interest)	**412.4**	**484.4**	**407.4**	**1,304.2**	**4.2**	**1,308.4**
Management EBITS	**181.6**	**112.7**	**47.5**	**341.8**	**(34.3)**	**307.5**
SGARA gain/(loss)	(11.4)	(8.9)	(8.7)	(29.0)	0.0	(29.0)
Material items	(3.5)	32.7	-	29.2	(9.5)	19.7
Profit before tax and finance costs	**166.7**	**136.5**	**38.8**	**342.0**	**(43.8)**	**298.1**
Net finance costs						(37.6)
Consolidated profit before tax						**260.5**
Depreciation of property, plant and equipment and right of use assets	(16.8)	(36.6)	(11.1)	(64.5)	(1.1)	(65.6)
Amortisation of intangible assets	(0.1)	(1.1)	(1.0)	(2.2)	(6.1)	(8.3)
Assets held for sale	-	-	3.0	3.0	-	3.0
Capital expenditure	(11.4)	(144.5)	(13.6)	(169.5)	(3.9)	(173.4)
Business acquisitions, net of cash acquired	(55.8)	-	-	(55.8)	-	(55.8)
Segment assets – 31 December 22[2]	**1,752.4**	**2,789.9**	**1,443.2**	**5,985.5**	**984.9**	**6,970.4**
Segment assets – 30 June 22	**1,647.2**	**2,808.2**	**1,461.8**	**5,917.2**	**746.5**	**6,663.7**
Segment liabilities – 31 December 22[2]	**(265.9)**	**(733.5)**	**(256.1)**	**(1,255.5)**	**(1,806.8)**	**(3,062.3)**
Segment liabilities – 30 June 22	**(236.8)**	**(797.5)**	**(292.5)**	**(1,326.8)**	**(1,547.9)**	**(2,874.7)**

1. 2022 segment information 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.
2. 31 December 2022 has been restated to reflect the final purchase price accounting for Chateau Lanessan. Refer to Note 35 of the 2023 Annual Report for further details.

NOTE 3 - SEGMENT INFORMATION (CONTINUED)

Geographical segments

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

	NET SALES REVENUE	
	Half year 2023 $M	Half year 2022 $M
Australia	**521.8**	485.6
United States of America	**500.9**	533.5
United Kingdom	**168.1**	172.5
Other geographical locations[1]	**93.5**	92.9
Total	**1,284.3**	**1,284.5**

1 – Other than Australia, the United States of America and the United Kingdom, sales from 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	
	31 DEC 2023 $M	30 JUN 2023 $M
Australia	1,899.1	1,974.7
United States of America	3,458.2	2,227.0
United Kingdom	134.2	136.8
Other geographical locations[2]	298.4	282.8
Total geographical non-current assets	**5,789.9**	**4,621.3**
Other non-current assets[3]	189.0	232.8
Consolidated non-current assets	**5,978.9**	**4,854.1**

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

NOTE 4 - REVENUE

	Half year 2023 $M	Half year 2022 $M
Revenue		
Net sales revenue[1]	1,284.3	1,284.5
Other revenue	29.1	23.9
Total revenue	**1,313.4**	**1,308.4**

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, Stag's Leap and Frank Family.

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.

NOTE 4 - REVENUE (CONTINUED)

Other revenue – types of services

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

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 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.

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 based on anticipated annual purchases.

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 by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

NOTE 5 - DIVIDENDS

	Half year 2023 $M	Half year 2022 $M
Dividends declared and paid on ordinary shares:		
Final dividend for 2023 of 17.0 cents per share, 100% franked (2022: 16.0 cents per share, 100% franked)	**122.7**	**115.5**
Dividends declared after balance date		
Since the end of the half year, the Directors declared an interim dividend of 17 cents per share (2022: 18.0 cents) 70% franked (2022: 100%). This dividend has not been recognised as a liability at 31 December 2023	**137.9**	**129.9**

The Company's Dividend Reinvestment Plan will be in operation for the interim dividend. The last date for receipt of election notices for participation in the Dividend Reinvestment Plan is 8 March 2024 (AEDT).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 6 - OTHER EARNINGS DISCLOSURES

	Half year 2023 $M	Half year 2022 $M
Restructuring and redundancy costs[1]	**(2.4)**	**(9.5)**
(Write-down) / Reversal of write-down of assets	**-**	**-**
Insurance income	**8.6**	**7.6**
Net profit/(loss) on sale of property, plant and equipment[1]	**19.9**	**43.2**
Transaction and integration costs[1]	**(35.1)**	**(3.7)**

1. Includes items classified as material items. Refer to note 7 for further information.

NOTE 7 - MATERIAL ITEMS

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

	Half year 2023 $M	Half year 2022 $M
Individually material items included in profit before income tax:		
Acquisition of DAOU Vineyards		
Transaction and integration (costs)	**(35.1)**	**-**
Treasury Premium Brands Operating Model restructure		
Restructuring and redundancy (costs)	**(2.4)**	**-**
Divestment of US brands and assets		
Net profit/(loss) on sale of property, plant and equipment	**-**	**32.9**
Supply chain restructure		
Restructuring and redundancy (costs)	**-**	**(9.5)**
Acquisition of Frank Family Vineyards		
Transaction and integration (costs)	**-**	**(0.2)**
Acquisition of Château Lanessan		
Transaction and integration (costs)	**-**	**(3.5)**
Total material items (before tax)	**(37.5)**	**19.7**
Tax effect of material items	8.5	(4.3)
Total material items (after tax)	**(29.0)**	**15.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

NOTE 8 - EARNINGS PER SHARE

	Half year 2023 CENTS PER SHARE	Half year 2022[1] CENTS PER SHARE
Basic EPS		
Basic EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	22.5	25.8
Diluted EPS		
Diluted EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	22.4	25.7

	NUMBER	NUMBER
Weighted average number of shares		
Weighted average number of ordinary shares on issue (in thousands)	741,540	721,848
Impact of renounceable entitlement offer (in thousands)	-	6,889
Weighted average number of ordinary shares on issue used in the calculation of basic EPS (in thousands)	**741,540**	**728,737**
Effect of potentially dilutive securities		
Deferred shares (in thousands)	3,040	3,240
Weighted average number of ordinary shares on issue used in the calculation of diluted EPS (in thousands)	**744,580**	**731,977**

Earnings reconciliation

Basic and diluted EPS	$M	$M
Net profit	166.8	188.2
Net (profit)/loss attributable to non-controlling interests	(0.1)	-
Net profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted EPS	**166.7**	**188.2**

[1] Earnings per share for the half year ended 31 December 2022 has been restated, in accordance with AASB 133, for the dilutive effects of the rights issue executed during the current financial year to ensure consistency period on period.

NOTE 9 - BORROWINGS

Total borrowings consist of:	31 DEC 2023 $M	30 JUN 2023 $M
Current	78.9	250.7
Non-current	2,053.4	1,686.9
Total borrowings	**2,132.3**	**1,937.6**

Details of major arrangements

US Private Placement Notes

US Private Placement (USPP) notes totalling US$450.0 million (unsecured) are outstanding, with maturities ranging from December 2025 to September 2034. During the period the Group repaid US$125.0 million of USPP which matured in December 2023. The carrying value of USPP notes at 31 December 2023 is $658.7 million (30 June 2023: $868.6 million).

Debt Facilities

During the period the Group established a further US$350 million multicurrency syndicated debt facility. AU$445 million was drawn against the facility in connection with the acquisition of DAOU with the remaining facility expiring.

Syndicated debt facilities total AU$445.0 million and US$350.0 million. AU$445.0 million maturing in June 2025, US$120.0 million maturing in December 2026 and US$230.0 million maturing in December 2027 which are fully drawn at 31 December 2023. The carrying value of the syndicated debt facilities at 31 December 2023 is $957.3 million (30 June 2023: $528.7 million).

NOTE 9 – BORROWINGS (CONTINUED)

The Group has in place several revolving bank debt facilities with maturities staggered through to February 2027. As at 31 December 2023 drawings under the bank debt facilities were $5.9 million (30 June 2023: $10.3 million)

USPP notes bear interest at fixed and floating rates, and the syndicated debt facilities bear interest at floating 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 caps also used to manage interest rate risk.

Financial guarantees

The Group has issued financial guarantees to other parties of $29.0 million (30 June 2023: $28.8 million) that could be called upon at any time in the event of a breach of the Group's financial obligations. No payments are expected to eventuate under these financial guarantees as the Group expects to meet its respective obligations to the beneficiaries of these guarantees.

Lease liabilities

The Group enters 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 31 December 2023, the Group recognised current lease liabilities of $73.2 million (30 June 2023: $63.8 million) and non-current lease liabilities of $458.6 million (30 June 2023: $485.1 million). The Group's lease arrangements have durations up to 25 years.

NOTE 10 - CONTRIBUTED EQUITY

	31 DEC 2023 $M	30 JUN 2023 $M
Issued and paid-up capital		
811,426,445 (30 June 2023: 721,848,176) ordinary shares, fully paid	3,280.7	3,280.7
	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 (30 June 2023: Nil)	**-**	-
Nil Shares issued for vested Incentive Plans (30 June 2023: Nil)	**-**	-
76,428,231 ordinary shares issued, net of transaction costs (30 June 2023: Nil)	**807.1**	-
13,150,038 ordinary shares issued as consideration for business acquisition	**139.1**	-
Contributed equity at the end of the period	**4,226.9**	**3,280.7**

The shares have no par value.

Purchase of shares for Long Term Incentive Plans (LTIP)

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. There are no treasury shares held at 31 December 2023 (June 2023: nil).

During the period the Group purchased nil shares under the third party arrangement (30 June 2023: 1.6 million shares ($21.8 million)). A total of 0.3 million shares purchased under the third party arrangement are available at 31 December 2023 (30 June 2023: 0.8 million shares).

Issue of shares

During the period, the Group issued nil shares (30 June 2023: nil) to shareholders in accordance with the Dividend Reinvestment Plan. Nil shares were brought on market and provided to shareholders under the Dividend Reinvestment Plan during the period.

In addition, the Group issued nil shares (30 June 2023: nil) to satisfy the vesting of Share Cellar and LTI Plans.

The Group issued 76,428,231 ordinary shares (30 June 2023: nil) during the period to partially fund the acquisition of DAOU. Transaction costs of $18.3 million which were directly attributable to the issue of shares have been netted against the proceeds in equity.

In addition, 13,150,038 ordinary shares were issued as part of the purchase consideration for DAOU.

NOTE 11 - FAIR VALUES

The fair values of cash and cash equivalents, financial assets and most financial liabilities approximate their carrying value. The fair value of the US Private Placement Notes is $707.7 million (30 June 2023: $904.8 million), the fair value of the syndicated debt facility is $1,233.4 million (30 June 2023: $552.7 million). There have been no reclassifications of financial assets from fair value to cost, or from cost or amortised cost to fair value during the year.

NOTE 11 - FAIR VALUES (CONTINUED)

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.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

From time to time, Companies within the Group are party to various legal actions as well as inquiries from regulators and government bodies that have arisen in the normal course of business. The Directors have given consideration to such matters which are or may be subject to claims or litigation at year end and are of the opinion that that any liabilities arising over and above amounts 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 matter is scheduled for trial in quarter two of F25. 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 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 31 December 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 (Duxton). The proceeds of $39.1 million were received in November 2023 and have been recognised as deferred other income, net of transaction costs of $0.5 million. This agreement includes a call option whereby the Group can repurchase all, or a portion, of the water entitlements from Duxton at market price (subject to a cap and collar) which expires on 30 June 2024. Due to the call option, a gain cannot be recognised as of 31 December 2023.

NOTE 13 – BUSINESS ACQUISITIONS

Chateau 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 "Chateau Lanessan"), including its production and vineyard assets in the Bordeaux region of France.

There have been no changes to provisional values of the assets and liabilities of Chateau Lanessan at the date of acquisition that were disclosed at 30 June 2023. The accounting for the acquisition is now final.

DAOU Vineyards

On 12 December 2023, the Company acquired 100% of the share capital of DAOU Vineyards, LLC and its associated entities ("DAOU"), a Company incorporated in the US. DAOU is a highly acclaimed luxury wine brand based in Paso Robles, California comprising the DAOU Mountain Tasting Room, four luxury vineyards, four wineries and 411 acres of vineyards in the region.

Details of the purchase consideration are as follows:

	$M
Cash	1,227.8
Ordinary shares (i)	139.1
Contingent consideration (ii)	44.3
	1,411.2

NOTE 13 – BUSINESS ACQUISITIONS (CONTINUED)

(i) Ordinary shares

The fair value of the 13,150,038 ordinary shares issued as part of the consideration paid for DAOU ($139.1m) was based on the published share price on 12 December 2023 of $10.58 per share. The value of ordinary shares issued of $139.1 million was lower than the implied value of $157.4 million disclosed when the acquisition was announced due to a change in the Company's share price from acquisition announcement to acquisition completion.

(ii) Contingent consideration

In the event that certain NSR targets deliver growth in excess of pre-determined thresholds for the years ended 31 December 2025 to 31 December 2027, additional consideration of up to US$100 million will be payable to the former owners of DAOU and key employees. There is no minimum amount payable. A contingent earn-out bonus plan has also been established under which a material portion of the contingent consideration will be made available to certain DAOU employees conditional on their continued employment through the earn-out period. Any amounts payable under this plan will reduce the maximum amount payable to the former owners and will be accounted for as post-combination remuneration expenses and recognised in EBITS. Any amounts forfeited by employees resulting from discontinued employment will revert to the former owners.

The Group has recognised $44.3 million (US$29.1 million) as contingent consideration for the amount payable to the former owners which represents its fair value at the date of acquisition. Key estimates and judgements used in determining the fair value of the contingent consideration include the expectation of achieving NSR targets, the retention of employees and discount rate.

From the date of acquisition, $nil revenue and $nil profit before tax from continuing operations were recognised regarding DAOU, given the proximity of acquisition date until 31 December 2023. Estimated 1H24 EBITS and revenue from the acquired entities that would have been earned if the acquisition had occurred at the commencement of the financial year was $63.4 million, and $182.9 million respectively. Additionally, information relating to the fair value of assets acquired, is not available to accurately determine the purchase price accounting adjustments that would have been recognised had the acquisition taken place on 1 July 2023. Transaction and integration costs of $35.1 million were expensed and are included in administration expenses. Transaction costs of $18.3 million which were directly attributable to the issue of ordinary shares to fund part of the acquisition have been netted against the proceeds in equity.

Assets acquired and liabilities assumed

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

	FAIR VALUE RECOGNISED ON ACQUISITION (PROVISIONAL) $M
Assets	
Cash	21.8
Trade and other receivables	51.3
Inventories	204.8
Property, plant and equipment	166.1
Right of use assets	10.2
Intangible assets	3.1
	457.3
Liabilities	
Trade and other payables	89.8
Provisions	2.2
Borrowings	10.4
Other non-current liabilities	35.2
	137.6
Total identifiable net assets at fair value	**319.7**

Goodwill arising from the acquisition has been recognised as follows:

Consideration transferred	1,411.2
Fair value of identifiable assets and liabilities	(319.7)
Goodwill	**1,091.5**

Analysis of cash flows on acquisition

Cash consideration paid	1,227.8
Cash acquired as part of the acquisition	(21.8)
Net cash flow outflow on acquisition (included in cash flows from investing activities)	**1,206.0**

NOTE 13 – BUSINESS ACQUISITIONS (CONTINUED)

These amounts have been measured on a provisional basis. Due to the proximity of the acquisition date to 31 December 2023, no adjustments have been made to recognise the identifiable intangible assets or fair value adjustments on other assets which will be undertaken in 2H24. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of the acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, the accounting for the acquisition will be revised.

NOTE 14 – IMPAIRMENT OF NON-FINANCIAL ASSETS

At 31 December 2023 the recoverable amounts of cash generating units (CGUs) exceed their carrying values and as a result no impairment has been recognised.

The acquisition of DAOU Vineyards on 12 December 2023 has resulted in an additional CGU as compared to 30 June 2023. The Group's CGUs are:

- Penfolds Americas
- Penfolds ANZ
- Penfolds EMEA
- Treasury Americas
- Treasury Premium Brands ANZ
- Treasury Premium Brands EMEA; and
- DAOU Vineyards

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

Key estimates and judgements

The approach to determining the key estimates and judgements applied in the determination of each CGU's recoverable amount, including cash flow forecasts, long term growth rates, discounts rates and exchange rates is disclosed in Note 15 of the 2023 Annual Report.

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 carrying value by $186 million. A reduction in cash flow forecasts of more than 18% at a divisional level, or a reduction of more than 26% at a TPB ANZ CGU level, for all years in the forecast period including the terminal year would reduce headroom to nil.

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 15 - EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2023, the Directors approved an interim dividend of 17 cents per share (70% franked) on 15 February 2024. This dividend has not been recognised as a liability in the consolidated financial statements at 31 December 2023.

Vineyard acquisition
In F23 the Group entered into a contract to purchase vineyard assets in New Zealand for approximately $50 million. Subsequent to 31 December 2023, the sale became unconditional. It is due to be completed in March 2024.

Other than the above, there are no further matters or circumstances which have arisen since 31 December 2023 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 periods.

DIRECTORS' DECLARATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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

a) In the Directors' opinion the consolidated financial statements and notes for the Group are prepared in accordance with the Corporations Act 2001, including
   i. complying with the Accounting Standards and Corporations Regulations 2001; and
   ii. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half 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.

Signed for and on behalf of the Directors:

John Mullen
Chairman

Tim Ford
Managing Director and Chief Executive Officer

15 February 2024
Melbourne, Australia

KPMG

Independent Auditor's Review Report

To the shareholders of Treasury Wine Estates Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Treasury Wine Estates Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Treasury Wine Estates Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2023 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 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 Half-year ended on that date
- Notes 1 to 15 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Treasury Wine Estates Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Penny Stragalinos
Partner
Melbourne
15 February 2024