



## TREASURY WINE ESTATES

15 February 2023

**ASX ANNOUNCEMENT**

### **Appendix 4D and 2023 Interim Results**

Treasury Wine Estates Ltd (ASX:TWE) has today released its interim financial statements for the half year ended 31 December 2022. Attached to this announcement are the 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 Board.

#### **Contacts:**

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# Appendix 4D

## Treasury Wine Estates Limited

### For the half year ended 31 December 2022

### ABN 24 004 373 862

#### 1. Results for announcement to the market

Key information	Half year ended 31 December 2022 \$M	Half year ended 31 December 2021 \$M	% Change increase / (decrease)	Amount increase / (decrease) \$M
Revenue from ordinary activities	1,308.4	1,299.3	0.7 %	9.1
Profit from ordinary activities after tax attributable to members of Treasury Wine Estates Limited	188.2	109.1	72.5 %	79.1
Earnings before interest, tax, SGARA and material items	307.5	262.4	17.2 %	45.1

Earnings per share	Half year ended 31 December 2022 Cents per share	Half year ended 31 December 2021 Cents per share
Basic earnings per share	26.1	15.1
Basic earnings per share, adjusted to exclude SGARA and material items	26.8	22.6

#### 2. Dividends

On 15 February 2022, the Board determined to pay an interim dividend of 18 cents per share in respect of the half year ended 31 December 2022. Accordingly, this dividend is not provided for in the balance sheet as at 31 December 2022. The record date for determining an entitlement to receipt of the interim dividend is 6 March 2023 (AEDT) and the dividend is expected to be paid on 4 April 2023.

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 7 March 2023 (AEDT).

Dividends	Cents per share	Franking %
Interim dividend – half year ended 31 December 2022 (determined subsequent to balance date)	18	100
Final dividend – year ended 30 June 2022	16	100
Interim dividend – half year ended 31 December 2021	15	100

# Appendix 4D

## Treasury Wine Estates Limited

### For the half year ended 31 December 2022

### ABN 24 004 373 862

#### 3. Financial statements

Please refer to pages 4 through 25 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 2022;
- Consolidated statement of financial position as at 31 December 2022;
- Consolidated statement of changes in equity for the half year ended 31 December 2022;
- Consolidated statement of cash flows for the half year ended 31 December 2022;
- Notes to the consolidated financial statements;
- Directors' Declaration; and
- Independent auditor's review report for the half year ended 31 December 2022.

#### 4. Net tangible asset backing

Net tangible asset backing per ordinary share	As at 31 December 2022 \$	As at 31 December 2021 \$
Net tangible asset backing per ordinary share	3.45	3.18

#### 5. Associates and joint ventures

Investments in Associates and Joint Ventures	As at 31 December 2022 \$M	As at 31 December 2021 \$M
Investments accounted for using the equity method	-	-
Investments in associates and joint venture partnerships are accounted for in the consolidated financial statements using the equity method of accounting.		

**Appendix 4D**  
**Treasury Wine Estates Limited**  
**For the half year ended 31 December 2022**  
**ABN 24 004 373 862**

**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 2022.

Further information can be obtained from:

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**Investors:**

Bijan Taghian  
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# DIRECTORS' REPORT

## Treasury Wine Estates Limited

### Directors' report

#### For the half year ended 31 December 2022

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 2022.

#### 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)  
Tim Ford (Chief Executive Officer)  
Ed Chan  
Garry Hounsell  
Colleen Jay  
Antonia Korsanos  
Lauri Shanahan  
Warwick Every-Burns (retired 18 October 2022)

John Mullen will join the Company's Board as an independent Non-Executive Director on a date to be confirmed in Q4 F23.

#### 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 2023.

Net profit after tax attributable to members of Treasury Wine Estates Limited for the half year ended 31 December 2022 was \$188.2 million (2021: \$109.1 million) and reported earnings per share was 26.1 cents per share (2021: 15.1 cents per share).

Net Sales Revenue (NSR) increased 1.4% to \$1,284.5m, driven by Luxury portfolio growth across all divisions and favourable exchange rates, partly offset by reduced Commercial portfolio volumes in Treasury Premium Brands.

NSR per case improved 13.5%, reflecting price increases across several brands and TWE's continuing focus on portfolio premiumisation, with the contribution of the Luxury and Premium portfolios now 85% of Group NSR, up from 83% in the pcp.

Cost of Goods Sold (COGS) per case increased 3.7%, driven by the Luxury-led portfolio mix shift and the higher cost 2020 Australian and Californian Luxury vintages, partly offset by benefits from the global supply chain optimisation program of \$28m in 1H23.

As a result of a more premium revenue mix, price increases, and the benefits of supply chain optimisation, Gross Profit margin increased 4.7ppts to 45.5% (2021: 40.9%).

Cost of Doing Business (CODB) increased 8.6%, with increased brand building and organisational investment for Penfolds and employee remuneration increases the key drivers.

Earnings before interest, tax, SGARA and material items ("EBITS") of \$307.5 million (2021: \$262.4 million) has increased by 17.2%. The Group's EBITs margin increased by 3.2ppts to 23.9%.

At 31 December 2022 a post-tax net material items gain of \$15.4m has been recognised, and relates to the gain on sale of surplus supply assets in the US, partly offset by costs associated with the acquisition of Chateau Lanessan and supply chain changes.

The SGARA loss for the period (AASB 141 Agriculture) was \$(29.0) million (2021: \$(26.2) million loss) reflects reduced intake from the 2022 Californian vintage and the unwinding of gains from previous vintages.

## DIRECTORS' REPORT

### Treasury Wine Estates Limited

#### Directors' report

For the half year ended 31 December 2022 (continued)

#### Events Subsequent to Reporting Date

The following events have occurred subsequent to 31 December 2022:

1. The Board declared an interim dividend of 18 cents per share (100% franked) on 15 February 2023

Other than the above, there are no further matters or circumstances which have arisen since 31 December 2022 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 2022 is set out below:

	Number of shares (million)
Balance at 30 June 2022	721.8
Nil Shares issued for vested Incentive Plans	-
Nil Shares issued under the Dividend Reinvestment Plan	-
<b>Balance at 31 December 2022</b>	<b>721.8</b>

#### Dividends

A final dividend in respect of the year ended 30 June 2022 of \$115.5 million (representing a dividend of 16.0 cents per ordinary share) was paid in October 2022. This dividend was 100% franked.

On 15 February 2023, the Board determined to pay an interim dividend of 18 cents per share in respect of the half year ended 31 December 2022. Accordingly, this dividend has not been provided for in the balance sheet as at 31 December 2022. The record date for determining an entitlement to receipt of the interim dividend is 6 March 2023 and the dividend is expected to be paid on 4 April 2023.

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 7 March 2023.

#### 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.



**Paul Rayner**  
Chairman

15 February 2023  
Melbourne, Australia



**Tim Ford**  
Managing Director and Chief Executive  
Officer



# 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 2022 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.

A stylized signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature of Gordon Sangster, written in black ink.

Gordon Sangster  
Partner  
Melbourne  
15 February 2023

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

		<b>HALF YEAR</b>	
	<b>NOTE</b>	<b>2022 \$M</b>	<b>2021 \$M</b>
Revenue	4	1,308.4	1,299.3
Cost of sales		(723.6)	(781.6)
<b>Gross profit</b>		<b>584.8</b>	<b>517.7</b>
Selling expenses		(116.5)	(114.3)
Marketing expenses		(85.3)	(71.3)
Administration expenses		(88.5)	(72.9)
Other income / (expenses)		3.6	(68.5)
<b>Profit before tax and finance costs</b>		<b>298.1</b>	<b>190.7</b>
Finance income		36.5	15.3
Finance costs		(74.1)	(50.0)
Net finance costs		<b>(37.6)</b>	<b>(34.7)</b>
<b>Profit before tax</b>		<b>260.5</b>	<b>156.0</b>
Income tax expense		(72.3)	(46.9)
<b>Net profit</b>		<b>188.2</b>	<b>109.1</b>
Net profit attributable to non-controlling interests		-	-
<b>Net profit attributable to members of Treasury Wine Estates Limited</b>		<b>188.2</b>	<b>109.1</b>
<b>Other comprehensive income</b>			
<b>Items that may subsequently be reclassified to profit or loss</b>			
Cash flow hedges		19.5	2.7
Tax on cash flow hedges		(5.0)	(0.8)
Exchange gain / (loss) on translation of foreign operations		34.7	45.4
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>49.2</b>	<b>47.3</b>
<b>Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited</b>		<b>237.4</b>	<b>156.4</b>
Non-controlling interests		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>237.4</b>	<b>156.4</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company</b>		<b>CENTS PER SHARE</b>	<b>CENTS PER SHARE</b>
Basic	8	<b>26.1</b>	<b>15.1</b>
Diluted	8	<b>26.0</b>	<b>15.1</b>

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2022

	NOTE	31 DEC 2022 \$M	30 JUN 2022 \$M	31 DEC 2021 <sup>1</sup> \$M
<b>Current assets</b>				
Cash and cash equivalents		684.9	430.5	617.1
Receivables		574.6	564.4	614.4
Inventories		1,014.3	947.9	913.8
Assets held for sale		3.0	35.6	30.8
Other current assets		18.6	11.3	1.9
<b>Total current assets</b>		<b>2,295.4</b>	<b>1,989.7</b>	<b>2,178.0</b>
<b>Non-current assets</b>				
Inventories		1,028.5	1,063.6	966.7
Property, plant and equipment		1,587.6	1,521.5	1,487.8
Right of use assets		400.3	435.3	439.0
Agricultural assets		28.2	32.9	29.5
Intangible assets		1,421.7	1,399.8	1,367.7
Deferred tax assets		124.3	163.5	177.7
Other non-current assets		74.5	57.4	21.2
<b>Total non-current assets</b>		<b>4,665.1</b>	<b>4,674.0</b>	<b>4,489.6</b>
<b>Total assets</b>		<b>6,960.5</b>	<b>6,663.7</b>	<b>6,667.6</b>
<b>Current liabilities</b>				
Trade and other payables		668.8	747.2	681.0
Current tax liabilities		1.4	8.5	18.9
Provisions		72.6	76.3	95.7
Borrowings	9	252.7	161.5	55.6
Other current liabilities		11.6	9.6	3.9
<b>Total current liabilities</b>		<b>1,007.1</b>	<b>1,003.1</b>	<b>855.1</b>
<b>Non-current liabilities</b>				
Borrowings	9	1,659.5	1,512.2	1,821.7
Deferred tax liabilities		342.7	338.7	311.6
Other non-current liabilities		40.1	20.7	18.7
<b>Total non-current liabilities</b>		<b>2,042.3</b>	<b>1,871.6</b>	<b>2,152.0</b>
<b>Total liabilities</b>		<b>3,049.4</b>	<b>2,874.7</b>	<b>3,007.1</b>
<b>Net assets</b>		<b>3,911.1</b>	<b>3,789.0</b>	<b>3,660.5</b>
<b>Equity</b>				
Contributed equity	10	3,280.7	3,280.7	3,280.7
Other Equity		(15.1)	-	-
Reserves		98.9	48.7	(34.0)
Retained earnings		528.2	455.5	409.7
<b>Total parent entity interest</b>		<b>3,892.7</b>	<b>3,784.9</b>	<b>3,656.4</b>
Non-controlling interests		18.4	4.1	4.1
<b>Total equity</b>		<b>3,911.1</b>	<b>3,789.0</b>	<b>3,660.5</b>

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

1 31 December 2021 restated to reflect the final purchase price accounting for Frank Family Vineyards and Societe Civile de la Gironville. Refer to Note 34 of the 2022 Annual Report for further details.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	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
<b>Balance at 30 June 2021</b>	<b>3,280.7</b>	-	<b>394.4</b>	<b>(22.4)</b>	<b>(65.6)</b>	<b>3,587.1</b>	<b>4.1</b>	<b>3,591.2</b>
Profit for the period	-	-	109.1	-	-	109.1	-	109.1
Total other comprehensive income/(loss)	-	-	-	45.4	1.9	47.3	-	47.3
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>109.1</b>	<b>45.4</b>	<b>1.9</b>	<b>156.4</b>	<b>-</b>	<b>156.4</b>
<b>Transactions with owners in their capacity as owners directly in equity</b>								
Share based payment expense	-	-	-	-	7.5	7.5	-	7.5
Vested deferred shares and share rights	-	-	-	-	(0.8)	(0.8)	-	(0.8)
Dividends to owners of the Company	-	-	(93.8)	-	-	(93.8)	-	(93.8)
<b>Balance at 31 December 2021</b>	<b>3,280.7</b>	-	<b>409.7</b>	<b>23.0</b>	<b>(57.0)</b>	<b>3,656.4</b>	<b>4.1</b>	<b>3,660.5</b>
<b>Balance at 30 June 2022</b>	<b>3,280.7</b>	-	<b>455.5</b>	<b>72.2</b>	<b>(23.5)</b>	<b>3,784.9</b>	<b>4.1</b>	<b>3,789.0</b>
Profit for the period	-	-	188.2	-	-	188.2	-	188.2
Total other comprehensive income/(loss)	-	-	-	34.7	14.5	49.2	-	49.2
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>188.2</b>	<b>34.7</b>	<b>14.5</b>	<b>237.4</b>	<b>-</b>	<b>237.4</b>
<b>Transactions with owners in their capacity as owners directly in equity</b>								
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 aquisition	-	-	-	-	-	-	14.3	14.3
Dividends to owners of the Company	-	-	(115.5)	-	-	(115.5)	-	(115.5)
<b>Balance at 31 December 2022</b>	<b>3,280.7</b>	<b>(15.1)</b>	<b>528.2</b>	<b>106.9</b>	<b>(8.0)</b>	<b>3,892.7</b>	<b>18.4</b>	<b>3,911.1</b>

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 2022

	HALF YEAR	
	2022	2021 <sup>1</sup>
	\$M	\$M
	INFLOWS/ (OUTFLOWS)	INFLOWS/ (OUTFLOWS)
<b>Cash flows from operating activities</b>		
Receipts from customers	1,645.3	1,719.7
Payments to suppliers, governments and employees	(1,399.0)	(1,292.9)
Borrowing costs paid	(3.9)	(2.4)
Income taxes paid	(53.6)	(50.9)
Interest paid	(33.6)	(31.8)
<b>Net cash flows from operating activities</b>	<b>155.2</b>	<b>341.7</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant, and equipment	(170.5)	(56.1)
Payments for intangible assets	(2.9)	(2.5)
Proceeds from sale of property, plant and equipment	191.9	116.1
Business acquisitions, net of cash acquired	(55.8)	(439.7)
<b>Net cash flows used in investing activities</b>	<b>(37.3)</b>	<b>(382.2)</b>
<b>Cash flows from financing activities</b>		
Purchase of shares – employee equity plans	(8.2)	(10.3)
Dividend payments	(115.5)	(93.8)
Proceeds from borrowings	383.4	335.0
Repayment of borrowings	(125.4)	(27.9)
<b>Net cash flows used in financing activities</b>	<b>134.3</b>	<b>203.0</b>
<b>Total cash flows from activities</b>	<b>252.2</b>	<b>162.5</b>
Cash and cash equivalents at the beginning of the period	430.5	448.1
Effects of exchange rate changes on foreign currency cash flows and cash balances	2.2	6.5
<b>Cash and cash equivalents at end of the year</b>	<b>684.9</b>	<b>617.1</b>

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

<sup>1</sup> 31 December 2021 restated to reflect the final purchase price accounting for Frank Family Vineyards and Societe Civile de la Gironville. Refer to Note 34 of the 2022 Annual Report for further details.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## 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 2022 was authorised for issue in accordance with a resolution of Directors on 15 February 2023. 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 SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

The financial report for the half year ended 31 December 2022 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 2023.

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 2022 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 2022, the Group has not adopted any new or amended accounting standards.

### (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 17	Insurance Contracts <i>Initial applicable of AASB 17 and AASB 9 – Comparative Information</i>	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
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 16	Lease Liability in a Sale and Leaseback	1 January 2024
AASB 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## 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 harvested grapes, 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 to improve comparability with domestic and global peers.

The Group has the following reportable segments:

(i) *Penfolds*

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

(ii) *Treasury Premium Brands*

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

(iii) *Treasury Americas*

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

### *Segment assets and liabilities*

Segment assets and liabilities represent those working capital and non-current assets and liabilities that 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## NOTE 3 - SEGMENT INFORMATION (CONTINUED)

2022	PENFOLDS	TRESASURY AMERICAS	TREASURY PREMIUM BRANDS	TOTAL SEGMENT	UNALLOCATED/ CORPORATE	CONSOLIDATED
	\$M	\$M	\$M	\$M	\$M	\$M
<b>Total revenue comprises:</b>						
Net sales revenue	410.2	485.0	389.3	1,284.5	-	1,284.5
Other revenue	2.2	16.9	0.6	19.7	4.2	23.9
<b>Total segment revenue (excl other income/interest)</b>	<b>412.4</b>	<b>501.9</b>	<b>389.9</b>	<b>1,304.2</b>	<b>4.2</b>	<b>1,308.4</b>
<b>Management EBITs</b>	<b>181.6</b>	<b>115.2</b>	<b>45.0</b>	<b>341.8</b>	<b>(34.3)</b>	<b>307.5</b>
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
<b>Profit before tax and finance costs</b>	<b>166.7</b>	<b>139.0</b>	<b>36.3</b>	<b>342.0</b>	<b>(43.8)</b>	<b>298.1</b>
Net finance costs						(37.6)
<b>Consolidated profit before tax</b>						<b>260.5</b>
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)
<b>Segment assets (excl intersegment assets) – 31 Dec 22</b>	<b>1,742.5</b>	<b>2,802.9</b>	<b>1,430.2</b>	<b>5,975.6</b>	<b>984.9</b>	<b>6,960.5</b>
<b>Segment assets (excl intersegment assets) – 30 June 22</b>	<b>1,647.2</b>	<b>2,817.2</b>	<b>1,452.8</b>	<b>5,917.2</b>	<b>746.5</b>	<b>6,663.7</b>
<b>Segment liabilities (excl intersegment liabilities) – 31 Dec 22</b>	<b>(253.0)</b>	<b>(741.7)</b>	<b>(247.8)</b>	<b>(1,242.5)</b>	<b>(1,807.0)</b>	<b>(3,049.5)</b>
<b>Segment liabilities (excl intersegment liabilities) – 30 June 22</b>	<b>(236.8)</b>	<b>(801.5)</b>	<b>(288.5)</b>	<b>(1,326.7)</b>	<b>(1,547.9)</b>	<b>(2,874.7)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## NOTE 3 - SEGMENT INFORMATION (CONTINUED)

2021	PENFOLDS	TRESASURY AMERICAS	TREASURY PREMIUM BRANDS	TOTAL SEGMENT	UNALLOCATED/ CORPORATE	CONSOLIDATED
	\$M	\$M	\$M	\$M	\$M	\$M
<b>Total revenue comprises:</b>						
Net sales revenue	382.7	465.9	418.4	1,267.0	-	1,267.0
Other revenue	1.9	24.6	2.5	29.0	3.3	32.3
<b>Total segment revenue (excl other income/interest)</b>	<b>384.6</b>	<b>490.5</b>	<b>420.9</b>	<b>1,296.0</b>	<b>3.3</b>	<b>1,299.3</b>
<b>Management EBITs</b>	<b>165.1</b>	<b>85.2</b>	<b>39.0</b>	<b>289.3</b>	<b>(26.9)</b>	<b>262.4</b>
SGARA gain/(loss)	(7.1)	(13.8)	(5.4)	(26.2)	-	(26.2)
Material items	(5.9)	(36.2)	(0.1)	(42.2)	(3.4)	(45.6)
<b>Profit before tax and finance costs</b>	<b>152.1</b>	<b>35.2</b>	<b>33.5</b>	<b>221.0</b>	<b>(30.3)</b>	<b>190.7</b>
Net finance costs						(34.7)
<b>Consolidated profit before tax</b>						<b>156.0</b>
Depreciation of property, plant and equipment and right of use assets	(16.9)	(34.9)	(10.6)	(62.7)	(2.1)	(64.8)
Amortisation of intangible assets	-	(0.7)	(0.9)	(2.2)	(6.8)	(8.5)
Assets held for sale	9.4	21.5	-	30.8	-	30.8
Capital expenditure	(38.4)	(4.4)	(11.9)	(54.6)	(3.9)	(58.6)
Business acquisitions, net of cash acquired	(8.0)	(431.7)	-	(439.7)	-	(439.7)
<b>Segment assets (excl intersegment assets) – 31 Dec 21<sup>1</sup></b>	<b>1,554.2</b>	<b>2,769.6</b>	<b>1,434.5</b>	<b>5,758.2</b>	<b>918.3</b>	<b>6,676.6</b>
<b>Segment assets (excl intersegment assets) – 30 June 21</b>	<b>1,617.6</b>	<b>2,438.9</b>	<b>1,476.0</b>	<b>5,532.5</b>	<b>751.7</b>	<b>6,284.2</b>
<b>Segment liabilities (excl intersegment liabilities) – 31 Dec 21<sup>1</sup></b>	<b>(219.1)</b>	<b>(792.3)</b>	<b>(270.3)</b>	<b>(1,281.7)</b>	<b>(1,725.4)</b>	<b>(3,007.1)</b>
<b>Segment liabilities (excl intersegment liabilities) – 30 June 21</b>	<b>(237.6)</b>	<b>(791.4)</b>	<b>(295.7)</b>	<b>(1,324.7)</b>	<b>(1,368.4)</b>	<b>(2,693.0)</b>

1. 31 December 2021 restated to reflect the final purchase price accounting for Frank Family Vineyards and Societe Civile de la Gironville. Refer to Note 34 of the 2022 Annual Report for further details.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## 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 2022	Half year 2021
	\$M	\$M
Australia	485.6	517.4
United States of America	533.5	507.6
United Kingdom	172.5	183.9
Other geographical locations <sup>1</sup>	92.9	58.1
<b>Total</b>	<b>1,284.5</b>	<b>1,267.0</b>

1 – Other than Australia, 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 2022	30 JUN 2022	31 DEC 2021
	\$M	\$M	\$M
Australia	1,953.4	2,041.2	1,911.2
United States of America	2,134.4	2,113.5	2,070.5
United Kingdom	146.4	146.0	148.3
Other geographical locations	238.8	154.3	163.8
<b>Total geographical non-current assets</b>	<b>4,473.0</b>	<b>4,455.0</b>	<b>4,293.8</b>
Other non-current assets <sup>2</sup>	192.1	219.0	195.8
<b>Consolidated non-current assets</b>	<b>4,665.1</b>	<b>4,674.0</b>	<b>4,489.6</b>

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

## NOTE 4 - REVENUE

	Half year 2022	Half year 2021
	\$M	\$M
<b>Revenue</b>		
Net sales revenue <sup>1</sup>	1,284.5	1,267.0
Other revenue	23.9	32.3
<b>Total revenue</b>	<b>1,308.4</b>	<b>1,299.3</b>

1 - Net sales revenue is net of trade discounts and volume rebates.

### Net sales revenue – types of products

The Group generates revenue through the sale of branded wines, principally as a finished, bottled product. The Group's wine portfolio includes some of the world's leading Luxury, Premium and Commercial wine brands such as Penfolds, Beringer, Lindeman's, Wolf Blass, 19 Crimes, Beaulieu Vineyard, Sterling Vineyards and Stag's Leap.

The Group distributes wine to a range of customers across the world, with routes to market tailored by country. Depending on the geography, wine is sold to distributors, wholesalers, direct to national retail chains, independent retailers and on premise outlets. The Group also has some sales direct to the consumer.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## 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. The Group recognises revenue when it transfers control over a product or service to a customer. Revenue is recorded net of sales discounts and rebates, duties and taxes. Payment terms vary by customer. The following specific criteria are also applied:

#### *Wine*

Revenue is recognised in a manner that depicts transfer of control of goods to customers at the amount that reflects consideration the business expects to be entitled to in exchange for those goods. Sales to national retail chains, domestic distributors, independent retailers and on premise outlets are usually recognised when goods are delivered. Sales to international customers are recognised based on the international commercial terms the goods are shipped under, but typically when goods are despatched. This is also the case for some national retail chains that manage their own distribution networks.

#### *Bottling services*

Revenue is recognised when the relevant service has been completed.

#### *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 2022 \$M	Half year 2021 \$M
<b>Dividends declared and paid on ordinary shares:</b>		
Final dividend for 2022 of 16.0 cents per share, 100% franked (2021: 13.0 cents per share, 100% franked)	115.5	93.8
<b>Dividends declared after balance date</b>		
Since the end of the half year, the Directors declared an interim dividend of 18 cents per share (2021: 15.0 cents) 100% franked (2021: 100%). This dividend has not been recognised as a liability at 31 December 2022	129.9	108.3

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 7 March 2023 (AEDT).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## NOTE 6 - OTHER EARNINGS DISCLOSURES

	Half year 2022 \$M	Half year 2021 \$M
Restructuring and redundancy costs <sup>1</sup>	(9.5)	(7.5)
Net gain / (loss) relating to property, plant and equipment and intangible and other assets		
(Write-down) / Reversal of write-down of assets <sup>1</sup>	-	(7.2)
Insurance income <sup>2</sup>	7.6	9.7
Net profit/(loss) on sale of property, plant and equipment <sup>1</sup>	43.2	(21.2)
Transactions and Integration costs <sup>1</sup>	(3.7)	(10.4)

1. Includes items classified as material items. Refer to note 7 for further information.
2. In F21 a winery and vineyards were damaged by wildfires in the Americas. The Group's insurance policies provide coverage for damaged assets, lost profits and business interruption suffered as a result of the wildfires.

## 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 2022 \$M	Half year 2021 \$M
<b>Individually material items included in profit before income tax:</b>		
<b><i>Divestment of US brands and assets</i></b>		
(Write-down)/reversal of write-down of intangible assets	-	(5.3)
Net profit/(loss) on sale of property, plant and equipment	32.9	(20.5)
<b><i>South Australian luxury winery expansion</i></b>		
Restructuring and redundancy (costs)	-	(4.0)
(Write-down)/reversal of write-down of assets	-	(1.9)
<b><i>Overhead and supply chain restructure</i></b>		
Restructuring and redundancy (costs)	(9.5)	(3.4)
<b><i>Acquisition of Frank Family Vineyards</i></b>		
Transaction and integration (costs)	(0.2)	(10.5)
<b><i>Acquisition of Chatau Lanessan</i></b>		
Transaction and integration (costs)	(3.5)	-
<b>Total material items (before tax)</b>	<b>19.7</b>	<b>(45.6)</b>
Tax effect of material items	(4.3)	10.6
<b>Total material items (after tax)</b>	<b>15.4</b>	<b>(35.0)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## NOTE 8 - EARNINGS PER SHARE

	Half year 2022 CENTS PER SHARE	Half year 2021 CENTS PER SHARE
<b>Basic EPS</b>		
Basic EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	26.1	15.1
<b>Diluted EPS</b>		
Diluted EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	26.0	15.1

	NUMBER	NUMBER
<b>Weighted average number of shares</b>		
Weighted average number of ordinary shares on issue used in the calculation of basic EPS (in thousands)	721,848	721,406
<b>Effect of potentially dilutive securities</b>		
Deferred shares (in thousands)	3,240	2,530
Weighted average number of ordinary shares on issue used in the calculation of diluted EPS (in thousands)	<b>725,088</b>	<b>723,936</b>

## Earnings reconciliation

Basic and diluted EPS	\$M	\$M
Net profit	188.2	109.1
Net profit attributable to non-controlling interests	-	-
Net profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted EPS	<b>188.2</b>	<b>109.1</b>

## NOTE 9 - BORROWINGS

	31 DEC 2022 \$M	30 JUN 2022 \$M
Total borrowings consist of:		
Current	252.7	161.5
Non-current	1,659.5	1,512.2
<b>Total borrowings</b>	<b>1,912.2</b>	<b>1,673.7</b>

## Details of major arrangements

### US Private Placement Notes

US Private Placement (USPP) notes totalling US\$325.0 million (unsecured) are outstanding, with maturities ranging from December 2023 to September 2034. The carrying value of USPP notes at 31 December 2022 is \$850.3 million (30 June 2022: \$472.2 million).

### Debt Facilities

Syndicated debt facilities total US\$350 million, US\$120 million maturing December 2026 and US\$230 million maturing in December 2027 which are fully drawn at 31 December 2022. The carrying value of the syndicated debt facilities at 31 December 2022 is \$517.6 million (30 June 22:\$610.2 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## NOTE 9 – BORROWINGS (CONTINUED)

The Group has in place several revolving bank debt facilities with maturities staggered through to December 2026. As at 31 December 2022 drawings under the bank debt facilities were \$13.5 (30 June 2022: nil)

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

### Financial guarantees

The Group has issued financial guarantees to other persons of \$28.5 million (30 June 2022: \$28.4 million) that could be called upon at any time in the event of a breach of the Group's financial obligations. No payments are expected to eventuate under these financial guarantees as the Group expects to meet its respective obligations to the beneficiaries of these guarantees.

### 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 2022, the Group recognised current lease liabilities of \$60.3 million (30 June 2022: \$62.2 million) and non-current lease liabilities of \$498.0 million (30 June 2022: \$546.8 million). The Group's lease arrangements have durations up to 25 years.

## NOTE 10 - CONTRIBUTED EQUITY

	31 DEC 2022 \$M	30 JUN 2022 \$M
<b>Issued and paid-up capital</b>		
721,848,176 (30 June 2022: 721,848,176) ordinary shares, fully paid	3,280.7	3,280.7
	<b>3,280.7</b>	<b>3,280.7</b>
<b>Contributed equity at the beginning of the period</b>	3,280.7	3,280.7
Shares movements:		
Nil Shares issued under the Dividend Reinvestment Plan (30 June 2022: Nil)	-	-
Nil Shares issued for vested Incentive Plans (30 June 2022: Nil)	-	-
<b>Contributed equity at the end of the period</b>	<b>3,280.7</b>	<b>3,280.7</b>

The shares have no par value.

### Purchase of shares for Long Term Incentive Plan (LTIP) plans

The Group engages a third party to purchase shares in the Company to be used to satisfy share-based payment obligations upon vesting under the Group's Employee Equity Plans. Historically, such commitments were satisfied by way of treasury share purchases (i.e. the Group acquiring shares on market directly). Treasury shares that had previously been purchased remain available to satisfy any future vesting under the Group's Employee Equity Plans. Nil treasury shares were purchased during the period.

During the period, the Group purchased nil shares under the third-party arrangement (30 June 2022: Nil)).

### Issue of shares

During the period, the Group issued nil shares (30 June 2022: nil) to shareholders in accordance with the Dividend Reinvestment Plan. 0.6m 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 2022: nil) to satisfy vesting's associated with the Share Cellar Plan and MTIP Plans.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## 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 \$895.2 million (30 June 2022: \$484.1 million), the fair value of the syndicated debt facility is \$555.2 million (30 June 2022: \$644.3 million). There have been no reclassifications of financial assets from fair value to cost, or from cost or amortised cost to fair value during the year.

The fair values of derivative financial instruments are based upon market prices, or models using inputs observed from the market, where markets exist or have been determined by discounting the expected future cash flows by the current interest rate for financial assets and financial liabilities with similar risk profiles (a Level 2 valuation).

The valuation of derivative financial assets and liabilities reflects the estimated amounts which the Group would be required to pay or receive to terminate the contracts (net of transaction costs) or replace the contracts at their current market rates at reporting date. This is based on internal valuations using standard valuation techniques.

As the purpose of these derivative financial instruments is to hedge the Group's underlying assets and liabilities denominated in foreign currencies and to hedge against risk of interest rate fluctuations, it is unlikely in the absence of abnormal circumstances that these contracts would be terminated prior to maturity.

For all other recognised financial assets and financial liabilities, based on the facts and circumstances existing at reporting date and the nature of the Group's financial assets and financial liabilities including hedge positions, the Group has no reason to believe that the financial assets could not be exchanged, or the financial liabilities could not be settled, in an arm's length transaction at an amount approximating its carrying amount.

## NOTE 12 – CONTINGENT LIABILITIES

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

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

### Class Actions

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

The first action was served on 2 April 2020 by Slater & Gordon (S&G) acting for Brett Stallard as trustee for the Stallard superannuation fund. The second action was served on 1 May 2020 by Maurice Blackburn (MB) acting for Steven Napier. The class in both proceedings comprise shareholders who purchased shares between 30 June 2018 and 28 January 2020. Both proceedings allege that the Company breached its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act and that it engaged in misleading or deceptive conduct in contravention of the Corporations Act and the ASIC Act. The two actions were consolidated into a single action on 15 October 2020.

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 either class action. No provision has been recognised at 31 December 2022 in respect of the claim.

## NOTE 13 – BUSINESS ACQUISITIONS

### Frank Family Vineyards

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

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

### 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.

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

From the date of acquisition, Chateau Lanessan contributed \$nil revenue and \$nil profit before tax from continuing operations of the Group. Estimated 1H22 EBITs that would have been earned if the acquisition had occurred at the commencement of the financial year is not material. Transaction costs of \$3.5m were expensed and are included in administration and other expenses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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

## Assets acquired and liabilities assumed

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

	VALUE RECOGNISED ON ACQUISITION (PROVISIONAL) \$M
<b>Assets</b>	
Cash	17.2
Trade and other receivables	4.0
Inventories	11.5
Property, plant and equipment	46.4
	<b>79.1</b>
<b>Liabilities</b>	
Trade and other payables	4.0
Borrowings	9.1
	<b>13.1</b>
<b>Total identifiable net assets at fair value</b>	<b>66.0</b>

Goodwill arising from the acquisition has been recognised as follows:

Consideration transferred	63.9
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Chateau Lanessan	14.3
Fair value of identifiable assets and liabilities acquired	(66.0)
<b>Goodwill</b>	<b>12.2</b>

## Analysis of cash flows on acquisition

Cash consideration paid	63.9
Net Debt acquired as part of the acquisition	(8.1)
<b>Net cash flow outflow on acquisition (included in cash flows from investing activities)</b>	<b>55.8</b>

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

## NOTE 14 – IMPAIRMENT OF NON-FINANCIAL ASSETS

At 31 December 2022 the recoverable amounts of cash generating units (CGUs) exceed their carrying values and as a result no impairment has been recognised.

The Group's CGUs are consistent with F22 and are:

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

## 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 2022 Annual Report.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### *Sensitivity analysis*

For the TPB ANZ CGU a reduction in cash flow forecasts of more than 30% for all years in the forecast period and also in the terminal year would reduce the CGU's headroom to nil. There are no reasonably possible changes in the discount rate that would result in an impairment.

For the Group's remaining CGUs, based on current economic conditions and CGU performances, there are no reasonably possible changes to key assumptions used in the determination of CGU recoverable amounts that would result in a impairment to the Group.

### **NOTE 15 - EVENTS SUBSEQUENT TO REPORTING DATE**

The following events have occurred subsequent to 31 December 2022:

1. The Board declared an interim dividend of 18 cents per share (100% franked) on 15 February 2023

Other than the above, there are no further matters or circumstances which have arisen since 31 December 2022 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 2022

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 2022 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:



Paul Rayner  
Chairman

15 February 2023  
Melbourne, Australia



Tim Ford  
Managing Director and Chief Executive Officer





# 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 2022 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 2022
- 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 a summary of significant 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 2022 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

Gordon Sangster

*Partner*

Melbourne

15 February 2023