TREASURY
WINE ESTATES

16 February 2022 **ASX ANNOUNCEMENT**

Appendix 4D and 2022 Interim Results

Treasury Wine Estates Ltd (ASX:TWE) has today released its interim financial statements for the half year ended 31 December 2021. 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:

Media
Melissa O'Neill
Tel: +61 3 8533 3923
Mob: +61 467 555 175

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 2021

ABN 24 004 373 862

1. Results for announcement to the market

Key information	Half year ended 31 December 2021 $M	Half year ended 31 December 2020[1] $M	% Change increase / (decrease)	Amount increase / (decrease) $M
Revenue from ordinary activities	1,299.3	1,424.2	(8.8)%	(124.9)
Profit from ordinary activities after tax attributable to members of Treasury Wine Estates Limited	109.1	118.0	(7.5)%	(8.9)
Net profit for the period attributable to members of Treasury Wine Estates Limited	109.1	118.0	(7.5)%	(8.9)
Earnings before interest, tax, SGARA and material items	262.4	281.2	(6.7)%	(18.8)

Earnings per share	Half year ended 31 December 2021 Cents per share	Half year ended 31 December 2020 Cents per share[1]
Basic earnings per share	15.1	16.4
Basic earnings per share, adjusted to exclude SGARA and material items	22.6	23.9

2. Dividends

On 16 February 2022, the Board determined to pay an interim dividend of 15 cents per share in respect of the half year ended 31 December 2021. Accordingly, this dividend is not provided for in the balance sheet as at 31 December 2021. The record date for determining an entitlement to receipt of the interim dividend is 3 March 2022 (AEDT) and the dividend is expected to be paid on 1 April 2022.

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 4 March 2022 (AEDT).

Dividends	Cents per share	Franking %
Interim dividend – half year ended 31 December 2021 (determined subsequent to balance date)	15	100
Final dividend – year ended 30 June 2021	13	100
Interim dividend – half year ended 31 December 2020	15	100

[1] Reported results restated for changes to accounting policies. Refer to note 2(c) for impacts.

Appendix 4D

Treasury Wine Estates Limited

For the half year ended 31 December 2021

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 2021;
- Consolidated statement of financial position as at 31 December 2021;
- Consolidated statement of changes in equity for the half year ended 31 December 2021;
- Consolidated statement of cash flows for the half year ended 31 December 2021;
- Notes to the consolidated financial statements;
- Directors' Declaration; and
- Independent auditor's review report for the half year ended 31 December 2021.

4. Net tangible asset backing

Net tangible asset backing per ordinary share	As at 31 December 2021 $	As at 31 December 2020[1] $
Net tangible asset backing per ordinary share	3.05	3.27

5. Associates and joint ventures

Investments in Associates and Joint Ventures	As at 31 December 2021 $M	As at 31 December 2020 $M
Investments accounted for using the equity method	-	2.5
Investments in associates and joint venture partnerships are accounted for in the consolidated financial statements using the equity method of accounting. The Group held a 50 percent investment in Fiddlesticks LLC, a company incorporated in the United States of America. On 16 November the Group divested its full 50% investment in Fiddlestix.		

[1] Reported results restated for changes to accounting policies. Refer to note 2(c) for impacts.

Appendix 4D

Treasury Wine Estates Limited

For the half year ended 31 December 2021

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 on16 February 2022.

Further information can be obtained from:

Media:

Melissa O'Neill
Tel: +61 3 8533 3923
Mob: +61 467 555 175

Investors:

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

Treasury Wine Estates Limited

Directors' report
For the half year ended 31 December 2021

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 2021.

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
Warwick Every-Burns
Garry Hounsell
Colleen Jay
Antonia Korsanos
Lauri Shanahan
Louisa Cheang (retired 1 September 2021)

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 16 February 2022.

Throughout this review, constant currency assumes current and prior period earnings of foreign operations are translated and cross border transactions are transacted at current year exchange rates.

Net profit after tax attributable to members of Treasury Wine Estates Limited for the half year ended 31 December 2021 was $109.1 million (2020: $118.0 million) and reported earnings per share was 15.1 cents per share (2020: 16.3 cents per share).

Net sales revenue (NSR) decreased to $1,267.0 million (2021: $1,410.0 million), a decrease of 10.1% reflecting the divestiture of the US Commercial portfolio and the decline in shipments to Mainland China, partly offset by growth in Luxury and Premium portfolio.

Cost of goods sold (COGS) per case increased 9.5% reflecting the portfolio mix improvement, higher COGS from lower yielding vintages, and elevated global supply chain and logistics costs.

Cost of doing business (CODB) improved 8.5% to $255.3m, driven by lower overheads and brand building investment in Mainland China.

Earnings before interest, tax, SGARA and material items ("EBITS") of $262.4 million (2021: $281.2 million) is down by 6.7%. The Group's EBITS margin increased by 0.8ppts to 20.7%.

At 31 December 2021 a pre tax net loss of $(45.6) million has been recognised as material items in relation to the divestment of US brands and assets ($(25.8) million), the South Australian luxury winery expansion ($(5.9) million) and overhead and supply chain restructuring $(3.4) million and the acquisition of Frank Family Vineyards ($(10.4) million).

The SGARA loss for the period (AASB 141 Agriculture) was $(26.2) million (2020: $(11.9) million loss) reflects reduced intake from the Californian 2021 vintage and lower grape pricing in Australia, partially offset by the unwinding of losses associated with the 2018 and 2019 Californian vintage.

DIRECTORS' REPORT

Treasury Wine Estates Limited

Directors' report
For the half year ended 31 December 2021 (continued)

Events Subsequent to Reporting Date

The following events have occurred subsequent to 31 December 2021:

1. The Board declared an interim dividend of 15 cents per share (100% franked) on 16 February 2022.

Other than the above, there are no further matters or circumstances which have arisen since 31 December 2021 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 2021 is set out below:

	Number of shares (million)
Balance at 30 June 2021	721.8
Nil Shares issued for vested Incentive Plans	-
Nil Shares issued under the Dividend Reinvestment Plan	-
Balance at 31 December 2021	721.8

Dividends

A final dividend in respect of the year ended 30 June 2021 of $93.8 million (representing a dividend of 13.0 cents per ordinary share) was paid in October 2021. This dividend was 100% franked.

On 16 February 2022, the Board determined to pay an interim dividend of 15 cents per share in respect of the half year ended 31 December 2021. Accordingly, this dividend is not provided for in the balance sheet as at 31 December 2021. The record date for determining an entitlement to receipt of the interim dividend is 3 March 2022 and the dividend is expected to be paid on 1 April 2022.

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 4 March 2022.

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

Tim Ford
Managing Director and Chief Executive Officer

16 February 2022
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 2021 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

Gordon Sangster
Partner
Melbourne
16 February 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

		HALF YEAR	
		2021	RESTATED[1] 2020
	NOTE	$M	$M
Revenue	4	1,299.3	1,424.2
Cost of sales		(781.6)	(875.0)
Gross profit		**517.7**	**549.2**
Selling expenses		(114.3)	(130.9)
Marketing expenses		(71.3)	(70.6)
Administration expenses		(72.9)	(85.1)
Other income / (expenses)		(68.5)	(53.8)
Profit before tax and finance costs		**190.7**	**208.8**
Finance income		15.3	15.5
Finance costs		(50.0)	(55.3)
Net finance costs		**(34.7)**	**(39.8)**
Profit before tax		**156.0**	**169.0**
Income tax expense		(46.9)	(51.0)
Net profit		**109.1**	**118.0**
Net profit attributable to non-controlling interests		-	-
Net profit attributable to members of Treasury Wine Estates Limited		**109.1**	**118.0**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges		2.7	11.8
Tax on cash flow hedges		(0.8)	(2.5)
Exchange gain / (loss) on translation of foreign operations		45.4	(142.0)
Other comprehensive income/(loss) for the year, net of tax		**47.3**	**(132.7)**
Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited		156.4	(14.8)
Non-controlling interests		-	-
Total comprehensive income/(loss) for the year		**156.4**	**(14.8)**
Earnings per share for profit attributable to the ordinary equity holders of the Company		CENTS PER SHARE	CENTS PER SHARE
Basic	8	**15.1**	**16.4**
Diluted	8	**15.1**	**16.4**

1 Reported result restated for changes to accounting policies. Refer to Note 2(c)

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 2021

	NOTE	31 DEC 2021 $M	30 JUN 2021 $M	RESTATED[1] 31 DEC 2020 $M
Current assets				
Cash and cash equivalents		616.6	448.1	480.8
Receivables		621.7	621.3	511.0
Inventories		917.2	839.7	826.7
Assets held for sale		30.8	140.2	45.7
Other current assets		1.9	8.0	12.8
Total current assets		**2,188.2**	**2,057.3**	**1,877.0**
Non-current assets				
Inventories		966.7	1,056.8	1,041.8
Property, plant and equipment		1,392.3	1,322.5	1,335.7
Right of use assets		436.3	448.4	475.5
Agricultural assets		29.5	33.8	40.7
Intangible assets		1,456.6	1,155.5	1,169.6
Deferred tax assets		172.6	183.7	166.6
Other non-current assets		21.2	26.2	40.2
Total non-current assets		4,475.2	**4,226.9**	**4,270.1**
Total assets		6,663.4	**6,284.2**	**6,147.1**
Current liabilities				
Trade and other payables		686.8	703.6	673.0
Current tax liabilities		18.8	21.1	6.5
Provisions		95.7	100.0	48.9
Borrowings	9	55.5	53.1	53.7
Other current liabilities		3.9	0.7	4.0
Total current liabilities		**860.7**	**878.5**	**786.1**
Non-current liabilities				
Borrowings	9	1,817.7	1,474.7	1,489.2
Deferred tax liabilities		305.8	309.6	299.8
Other non-current liabilities		18.7	30.2	41.3
Total non-current liabilities		**2,142.2**	**1,814.5**	**1,830.3**
Total liabilities		**3,002.9**	**2,693.0**	**2,616.4**
Net assets		**3,660.5**	**3,591.2**	**3,530.7**
Equity				
Contributed equity	10	3,280.7	3,280.7	3,276.0
Reserves		(34.0)	(88.0)	(120.9)
Retained earnings		409.7	394.4	371.5
Total parent entity interest		**3,656.4**	**3,587.1**	**3,526.6**
Non-controlling interests		4.1	4.1	4.1
Total equity		**3,660.5**	**3,591.2**	**3,530.7**

1 Reported result restated for changes to accounting policies. Refer to Note 2(c)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	CONTRIBUTED EQUITY $M	RETAINED EARNINGS $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	OTHER RESERVES $M	TOTAL $M	NON-CONTROLLING INTERESTS $M	TOTAL EQUITY $M
Balance at 30 June 2020[1]	**3,269.8**	**311.3**	**86.6**	**(74.6)**	**3,593.1**	**4.1**	**3,597.2**
Profit for the year	-	**118.0**	-	-	118.0	-	118.0
Total other comprehensive income/(loss)	-	-	(142.0)	9.3	(132.7)	-	(132.7)
Total comprehensive income/(loss) for the year	**-**	**118.0**	**(142.0)**	**9.3**	**(14.8)**	**-**	**(14.8)**
Transactions with owners in their capacity as owners directly in equity							
Share based payment expense	-	-	-	4.8	4.8	-	4.8
Vested deferred shares and share rights	3.6	-	-	(5.0)	(1.4)	-	(1.4)
Dividends to owners of the Company	2.6	(57.7)	-	-	(55.1)	-	(55.1)
Balance at 31 December 2020	**3,276.0**	**371.5**	**(55.4)**	**(65.5)**	**3,526.6**	**4.1**	**3,530.7**
Balance at 30 June 2021[1]	**3,280.7**	**394.4**	**(22.4)**	**(65.6)**	**3,587.1**	**4.1**	**3,591.2**
Profit for the year	-	109.1	-	-	109.1	-	109.1
Total other comprehensive income/(loss)	-	-	45.4	1.9	47.3	-	47.3
Total comprehensive income/(loss) for the year	**-**	**109.1**	**45.4**	**1.9**	**156.4**	**-**	**156.4**
Transactions with owners in their capacity as owners directly in equity							
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)
Balance at 31 December 2021	**3,280.7**	**409.7**	**23.0**	**(57.0)**	**3,656.4**	**4.1**	**3,660.5**

1 Reported result restated for changes to accounting policies. Refer to Note 2(c)

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 2021

	HALF YEAR	
	2021 $M INFLOWS/ (OUTFLOWS)	RESTATED[1] 2020 $M INFLOWS/ (OUTFLOWS)
Cash flows from operating activities		
Receipts from customers	1,719.7	1,878.5
Payments to suppliers, governments and employees	(1,304.1)	(1,436.3)
Borrowing costs paid	(2.4)	(3.6)
Income taxes paid	(50.9)	(81.1)
Interest paid	(31.8)	(36.0)
Net cash flows from operating activities	**330.5**	**321.5**
Cash flows from investing activities		
Payments for property, plant, and equipment	(56.1)	(57.7)
Payments for intangible assets	(2.5)	(5.3)
Proceeds from sale of property, plant and equipment	116.1	59.6
Business acquisitions, net of cash acquired	(429.0)	-
Net cash flows used in investing activities	**(371.5)**	**(3.4)**
Cash flows from financing activities		
Proceeds from issue of shares net of transaction costs	(10.3)	0.9
Dividend payments	(93.8)	(55.1)
Proceeds from borrowings	335.0	217.4
Repayment of borrowings	(27.9)	(435.1)
Purchase of shares – employee equity plans	-	-
Net cash flows used in financing activities	**203.0**	**(271.9)**
Total cash flows from activities	**162.0**	**46.2**
Cash and cash equivalents at the beginning of the year	448.1	449.1
Effects of exchange rate changes on foreign currency cash flows and cash balances	6.5	(14.5)
Cash and cash equivalents at end of the year	**616.6**	**480.8**

1 Reported result restated for changes to accounting policies. Refer to Note 2(c)

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 2021

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 2021 was authorised for issue in accordance with a resolution of Directors on 16 February 2022. 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 2021 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 16 February 2022.

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 2021 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.

COVID-19 considerations

The ongoing COVID-19 pandemic has continued to result in estimation uncertainty in the preparation of the half year financial report statements, generally, due to the impact of the following factors:

- The extent and duration of actions by governments, businesses and consumers to contain the spread of the virus;
- The extent and duration of the expected economic downturn. This includes the disruption to capital markets, deteriorating credit, higher unemployment, and changes in consumer discretionary spending behaviours; and
- The effectiveness of government measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

During H1 F22, the Group experienced the following impacts on its operations and financial statements as a result of these factors:

- Governments continued to take varying approaches to management of the virus in each of TWE's markets. In general, retail and e-commerce channels remained open and other channels (including restaurants, bars, cellar doors and travel retail) re-opening occurring at different rates across individual markets.
- In the majority of TWE's markets, governments started to phase out fiscal and economic stimulus packages.
- Agricultural activities (including wine production) has generally been considered an essential service in all of the Group's key sourcing regions. No material interruptions encountered through global operations, however the Group experienced rising costs and some delays to the completion of major capital projects.

In respect of this financial report, the impact of COVID-19 is primarily relevant to estimates of future performance which is in turn relevant to the areas of impairment of non-financial assets, net realisable value of inventory, recoverability of receivables and recoverability of income tax losses. Other areas of estimates, judgements and assumptions for the Group are not impacted by estimates of future performance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In making estimates of future performance, the following assumptions and judgements in relation to the potential impact of COVID-19 have been applied by the Group. Actual results may differ from these estimates under different assumptions and conditions.

- Retail and e-commerce channels are assumed to remain open at the levels as at 31 December 2021, in all regions.
- All regions will continue a phased 're-opening' of previously closed or partially closed channels (bars, restaurants, cellar doors, travel retail) to pre-COVID-19 levels at a progressive rate.
- Government fiscal and economic stimulus packages continue to be phased out as economies return to historical output levels.
- Agricultural activities (including wine production) continue to be considered an essential service in all the Group's key sourcing regions.
- Global supply chains are expected to remain disrupted, with the potential for elevated costs during that period.

As noted above, the Group assumes a trend of general recovery. Whilst further virus outbreaks may occur in some regions, the progressive deployment of vaccines in key markets is expected to support recovery and the assumptions applied by the Group.

Key assumptions and judgements have been stress tested for the impacts of COVID-19 with further downside sensitivity. As a result, more extensive changes in assumptions have been considered and disclosed in the financial statements.

Further details on the estimates, judgements and assumptions applied by the Group within these Financial statements are included within the relevant Notes, including sensitivities applied to ensure financial statements and disclosures are appropriate.

(c) New standards adopted

Since 30 June 2021, the Group has not adopted any new or amended accounting standards.

IFRIC agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what period the expenditure is expensed.

The adoption of the above agenda decisions has resulted in the immediate recognition of certain configuration and customisation costs as an expense in the Statement of Comprehensive Income, impacting prior periods presented.

Impact of adopting new policies
The group adopted this change in accounting policy for the year ended 30 June 2021. The inputs to the half year ended 31 December 2020 are summarised below. Only restated lines have been included in the tables below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT)

Operating profit has been restated to remove amortisation expense on previously capitalised intangible assets that do not meet the requirements of the IFRIC agenda decision, and to recognise previously capitalised costs incurred as an expense in the year that do not meet the requirements of the IFRIC agenda decision. Adjustments to tax are due to the change in profit before tax.

	31 DECEMBER 2020 REPORTED $M	INCREASE/ (DECREASE) $M	31 DECEMBER 2020 RESTATED $M
Administration expenses	(79.7)	(5.4)	(85.1)
Other income / (expenses)	(56.3)	2.5	(53.8)
Profit before tax and finance costs	211.7	(2.9)	208.8
Income tax expense	(51.0)	-	(51.0)
Net profit attributed to members of Treasury Wine Estates Limited	**120.9**	**(2.9)**	**118.0**
Other comprehensive income for the year, net of tax	**(132.7)**	**-**	**(132.7)**
Total comprehensive income for the year attributable to members of Treasury Wine Estates Limited	**(11.8)**	**(2.9)**	**(14.8)**
Total comprehensive income for the year	**(11.8)**	**(2.9)**	**(14.8)**

	31 DECEMBER 2020 REPORTED CENTS PER SHARE	INCREASE/ (DECREASE)	31 DECEMBER 2020 RESTATED CENTS PER SHARE
Earnings per share for profit attributed to the ordinary equity holders of the Company			
- Basic	16.8	(0.4)	16.4
- Diluted	16.7	(0.3)	16.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)

The Group derecognised previously capitalised intangible assets that do not meet the requirements of the IFRIC agenda decision. Deferred tax adjustments are due to timing differences arising from the derecognition of intangible assets. Shareholders equity has been restated to reflect the cumulative impact of the IFRIC agenda decision on retained earnings.

	31 DECEMBER 2020 REPORTED $M	INCREASE/ (DECREASE) $M	31 DECEMBER 2020 RESTATED $M
Assets			
Intangible assets	**1,208.9**	(39.3)	**1,169.6**
Deferred tax assets	**156.5**	10.1	**166.6**
Equity			
Retained earnings	**400.7**	(29.2)	**371.5**

CONSOLIDATED STATEMENT OF CASH FLOWS (EXTRACT)

There is no impact on overall cash flows of the Group from the change in accounting policy. Payments for intangible assets that do not meet the requirements of the IFRIC agenda decision have been reclassified from investing activities to Payments to suppliers, governments and employees in operating activities.

	31 DECEMBER 2020 REPORTED $M	INCREASE/ (DECREASE) $M	31 DECEMBER 2020 RESTATED $M
Payments to suppliers, governments and employees	**(1,430.9)**	(5.4)	**(1,436.3)**
Payments for intangible assets	**(10.7)**	5.4	**(5.3)**

We have not disclosed the impact of the IFRIC agenda decision on the Segment information presented in Note 3, because it has been updated in line with the Group's new internal management structure which is different to that presented at 31 December 2020.

(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 2014-10	Amendments to AASB - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022
AASB 2015-10	Amendments to AASB - Effective Date of Amendments to AASB 10 and AASB 128	1 January 2022
AASB 2017-5	Amendments to AASB - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022
AASB 2020-3	Amendments to AASB - Annual Improvements 2018-2020 and Other Amendments	1 January 2022
AASB 2020-1	Amendments to AASB - Classification of Liabilities as Current or Non-Current	1 January 2023
AASB 2020-6	Amendments to AASB - Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January 2023
AASB 17	Insurance Contracts	1 January 2023
AASB 2020-5	Amendments to AASB - Insurance Contracts	1 January 2023
AASB 2021-2	Amendments to AASB - Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023
AASB 2021-5	Amendments to AASB - Deferred Tax related to Assets and Liabilities arising from a single transaction	1 January 2023

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.

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

Presentation of segment results

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 improves 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 2021

NOTE 3 - SEGMENT INFORMATION (CONTINUED)

2021	TREASURY PREMIUM BRANDS $M	PENFOLDS $M	TRESASURY AMERICAS $M	TOTAL SEGMENT $M	UNALLOCATED/ CORPORATE $M	CONSOLIDATED $M
Total revenue comprises:						
Net sales revenue	418.4	382.7	465.9	**1,267.0**	-	**1,267.0**
Other revenue	2.5	1.9	24.6	**29.0**	3.3	**32.3**
Total segment revenue (excl other income/interest)	**420.9**	**384.6**	**490.5**	**1,296.0**	**3.3**	**1,299.3**
Management EBITS	**39.0**	**165.1**	**85.2**	**289.3**	**(26.9)**	**262.4**
SGARA gain/(loss)	(5.4)	(7.1)	(13.8)	**(26.2)**	-	**(26.2)**
Material items	(0.1)	(5.9)	(36.2)	**(42.2)**	(3.4)	**(45.6)**
Profit before tax and finance costs	**33.5**	**152.1**	**35.2**	**221.0**	**(30.3)**	**190.7**
Net finance costs						**(34.7)**
Consolidated profit before tax						**156.0**
Depreciation of property, plant and equipment and right of use assets	(10.6)	(16.9)	(34.9)	**(62.7)**	(2.1)	**(64.8)**
Amortisation of intangible assets	(0.9)	(0.0)	(0.7)	**(1.7)**	(6.8)	**(8.5)**
Capital expenditure	(11.9)	(38.4)	(4.4)	**(54.6)**	(3.9)	**(58.6)**
Segment assets (excl intersegment assets) – 31 Dec 21	**1,409.6**	**1,548.8**	**2,794.9**	**5,753.3**	**910.1**	**6,663.4**
Segment assets (excl intersegment assets) – 30 June 21	**1,476.0**	**1,617.6**	**2,438.9**	**5,532.5**	**751.7**	**6,284.2**
Segment liabilities (excl intersegment liabilities) – 31 Dec 21	**(270.3)**	**(215.5)**	**(790.1)**	**(1,275.8)**	**(1,727.1)**	**(3,002.9)**
Segment liabilities (excl intersegment liabilities) – 30 June 21	**(295.7)**	**(237.6)**	**(791.4)**	**(1,324.7)**	**(1,368.4)**	**(2,693.0)**

NOTE 3 - SEGMENT INFORMATION (CONTINUED)

2020 RESTATED	TREASURY PREMIUM BRANDS	PENFOLDS	TRESASURY AMERICAS	TOTAL SEGMENT	UNALLOCATED/ CORPORATE	CONSOLIDATED
	$M	$M	$M	$M	$M	$M
Total revenue comprises:						
Net sales revenue	443.2	457.3	509.4	**1,410.0**	-	**1,410.0**
Other revenue	3.3	0.6	9.2	**13.0**	1.2	**14.2**
Total segment revenue (excl other income/interest)	**446.5**	**457.9**	**518.6**	**1,423.0**	**1.2**	**1,424.2**
Management EBITS	**32.7**	**203.9**	**71.7**	**308.3**	**(27.1)**	**281.2**
SGARA gain/(loss)	(1.9)	(1.1)	(8.9)	**(11.9)**	-	**(11.9)**
Material items	-	(2.4)	(55.8)	**(58.2)**	(2.3)	**(60.5)**
Profit before tax and finance costs	**30.8**	**200.4**	**7.0**	**238.2**	**(29.4)**	**208.8**
Net finance costs						**(39.9)**
Consolidated profit before tax						**168.8**
Depreciation of property, plant and equipment and right of use assets	(12.3)	(14.5)	(37.3)	**(64.1)**	(2.1)	**(66.2)**
Amortisation of intangible assets	(0.8)	(0.1)	(1.5)	**(2.5)**	(7.5)	**(10.0)**
Capital expenditure	(8.7)	(39.0)	(11.6)	**(59.3)**	(3.7)	**(63.0)**
Segment assets (excl intersegment assets) – 31 Dec 19	**1,396.3**	**1,505.4**	**2,472.0**	**5,373.7**	773.4	**6,147.1**
Segment assets (excl intersegment assets) – 30 June 19	**1,503.0**	**1,479.2**	**2,867.1**	**5,849.3**	795.4	**6,644.7**
Segment liabilities (excl intersegment liabilities) – 31 Dec 19	**(259.9)**	**(263.7)**	**(758.9)**	**(1,282.5)**	(1,333.9)	**(2,616.4)**
Segment liabilities (excl intersegment liabilities) – 30 June 19	**(270.1)**	**(222.2)**	**(839.2)**	**(1,331.5)**	(1,717.0)	**(3,048.6)**

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 2021 $M	Half year 2020 $M
Australia	517.4	630.7
United States of America	507.6	537.6
United Kingdom	183.9	181.3
Other geographical locations[1]	58.1	60.4
Total	**1,267.0**	**1,410.0**

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 2021 $M	30 JUN 2021 $M	31 DEC 2020[3] $M
Australia	1,911.2	2,006.5	1,856.2
United States of America	2,063.5	1,713.6	1,902.7
United Kingdom	147.5	146.4	146.5
Other geographical locations	163.0	154.0	140.2
Total geographical non-current assets	**4,285.2**	**4,020.5**	**4,045.6**
Other non-current assets[2]	190.0	206.4	224.5
Consolidated non-current assets	**4,475.2**	**4,226.9**	**4,270.1**

2 - Other non-current assets include financial derivative assets and deferred tax assets.
3 - Reported result restated for changes to accounting policies. Refer to Note 2(c)

NOTE 4 - REVENUE

	Half year 2021 $M	Half year 2020 $M
Revenue		
Net sales revenue[1]	1,267.0	1,410.0
Other revenue	32.3	14.2
Total revenue	**1,299.3**	**1,424.2**

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.

NOTE 4 - REVENUE (CONTINUED)

Other revenue – types of services

Other revenue of the Group inlcudes 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 2021 $M	Half year 2020 $M
Dividends declared and paid on ordinary shares:		
Final dividend for 2021 of 13.0 cents per share, 100% franked (2020: 8.0 cents per share, 100% franked)	**93.8**	**57.7**
Dividends declared after balance date		
Since the end of the half year, the Directors declared an interim dividend of 15 cents per share (2020: 15.0 cents) 100% franked (2020: 100%). This dividend has not been recognised as a liability at 31 December 2021	**108.3**	**108.2**

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 4 March 2022 (AEDT).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 6 - OTHER EARNINGS DISCLOSURES

	Half year 2021 $M	Half year 2020 $M
Restructuring and redundancy costs[1]	**(7.5)**	**(15.0)**
Net gain / (loss) relating to property, plant and equipment and intangible and other assets		
(Write-down) / Reversal of write-down of assets[1]	**(7.2)**	**(92.0)**
Insurance income[2]	**9.7**	**8.1**
Net profit/(loss) on sale of property, plant and equipment[1]	**(21.2)**	**38.2**

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.

TWE has not received, nor filed an application for Job Keeper support in Australia.

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 2021 $M	Half year 2020 $M
Individually material items included in profit before income tax:		
Divestment of US brands and assets		
Restructuring and redundancy (costs)	**-**	**(7.0)**
(Write-down)/reversal of write-down of intangible assets	**(5.3)**	**(64.3)**
(Write-down)/reversal of write-down of assets held for sale	**-**	**(6.6)**
(Write-down) of inventory	**-**	**(11.0)**
Net profit/(loss) on sale of property, plant and equipment	**(20.5)**	**38.2**
South Australian luxury winery expansion		
Restructuring and redundancy (costs)	**(4.0)**	**(0.3)**
(Write-down)/reversal of write-down of assets	**(1.9)**	**(2.2)**
Overhead and supply chain restructure		
Restructuring and redundancy (costs)	**(3.4)**	**(7.3)**
Acquisition of Frank Family Vineyards		
Transaction and integration (costs)	**(10.4)**	**-**
Total material items (before tax)	**(45.6)**	**(60.5)**
Tax effect of material items	10.6	**14.9**
Total material items (after tax)	**(35.0)**	**(45.6)**

NOTE 8 - EARNINGS PER SHARE

	Half year 2021 CENTS PER SHARE	Half year 2020 CENTS PER SHARE
Basic EPS		
Basic EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	15.1	16.4
Diluted EPS		
Diluted EPS (cents) based on net profit attributable to members of Treasury Wine Estates Limited	15.1	16.4

	NUMBER	NUMBER
Weighted average number of shares		
Weighted average number of ordinary shares on issue used in the calculation of basic EPS (in thousands)	721,406	721,168
Effect of potentially dilutive securities		
Deferred shares (in thousands)	2,530	1,536
Weighted average number of ordinary shares on issue used in the calculation of diluted EPS (in thousands)	**723,936**	**722,704**

Earnings reconciliation

Basic and diluted EPS	$M	RESTATED $M
Net profit	109.1	118.0
Net profit attributable to non-controlling interests	-	-
Net profit attributable to members of Treasury Wine Estates Limited used in calculating basic and diluted EPS	**109.1**	**118.0**

NOTE 9 - BORROWINGS

Total borrowings consist of:	31 DEC 2021 $M	30 JUN 2021 $M
Current	55.5	53.1
Non-current	1,817.7	1,474.7
Total borrowings	**1,873.2**	**1,527.8**

Details of major arrangements

US Private Placement Notes

US Private Placement (USPP) notes totalling US$325.0 million (unsecured) are outstanding, with maturities ranging from December 2023 to June 2029. The carrying value of USPP notes at 31 December 2021 is $448.2 million (30 June 2021: $432.7 million).

Debt Facilities

The Group has US$590.0 million of debt facilities, including a US$120.0 million syndicated facility maturing December 2026, a US$230.0 million syndicated facility maturing in December 2027 and a US$240.0 million bridge facility maturing in May 2023. The carrying value of the syndicated debt facilities at 31 December 2021 is $482.6 million (30 June 2021: $466.0 million) and the carrying amount of the bridge facility is $330.9 million (30 June 2021: Nil).

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 2021 drawings under the bank debt facilities were nil (30 June 2021: 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 $23.9 million (30 June 2021: $23.4 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 2021, the Group recognised current lease liabilities of $57.8 million (30 June 2021: $54.8 million) and non-current lease liabilities of $545.3 million (30 June 2021: $555.7 million). The Group's lease arrangements have durations up to 25 years.

NOTE 10 - CONTRIBUTED EQUITY

	31 DEC 2021 $M	30 JUN 2021 $M
Issued and paid-up capital		
721,848,176 (30 June 2021: 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	3,269.8
Shares movements:		
Nil Shares issued under the Dividend Reinvestment Plan (30 June 2021: 696,506)[1]	-	7.2
Nil Shares issued for vested Incentive Plans (30 June 2021: 348,319)	-	3.7
Contributed equity at the end of the period	**3,280.7**	**3,280.7**

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 2021: 0.3 million shares ($4.9 million)).

Issue of shares

During the period, the Group issued nil shares (30 June 2021: 0.7 million) to shareholders in accordance with the Dividend Reinvestment Plan. 0.3m 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 2021: 0.3 million shares) to satisfy vesting's associated with the Share Cellar Plan and MTIP Plans.

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 $497.4 million (30 June 2021: $492.8 million),the fair value of the syndicated debt facility is $514.4 million (30 June 2021: $500.0 million) and fair value of the acquisition bridge facility is $331.6 (30 June 2021:Nil). 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 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 2021 in respect of the claim.

NOTE 13 – BUSINESS ACQUISITIONS

Frank Family Vineyards

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

The cash consideration of US$316 million was funded by a combination of cash resources (including proceeds from recent US asset divestments) and utilising the Group's cash and debt facilities.

From the date of acquisition, FFV contributed $nil revenue and $nil profit before tax from continuing operations of the Group. Estimated 1H22 EBITS from the acquired entities that would have been earned if the acquisition had occurred at the commencement of the financial year was $US10.5m. Additionally, information relating to the fair value of assets acquired is not available to accurately determine any purchase price accounting adjustments that would have been recognised had the acquisition taken place on 1 July 2021. Transaction costs of $10.4m million were expensed and are included in administration expenses.

Assets acquired and liabilities assumed

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

	VALUE RECOGNISED ON ACQUISITION (PROVISIONAL) $M
Assets	
Cash	9.6
Trade and other receivables	8.5
Inventories	69.4
Property, plant and equipment	51.4
	138.9
Liabilities	
Trade and other payables	7.5
Employee entitlement provisions	0.4
	7.9
Total identifiable net assets at fair value	131.0
Goodwill and intangible assets arising on acquisition	306.0
Purchase consideration	437.1
Analysis of cash flows on acquisition	
Cash consideration paid	437.1
Cash acquired as part of the acquisition	9.6
Net cash flow outflow on acquisition (included in cash flows from investing activities)	**427.5**

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 - EVENTS SUBSEQUENT TO REPORTING DATE

The following events have occurred subsequent to 31 December 2021:

1. The Board declared an interim dividend of 15 cents per share (100% franked) on 16 February 2022.

Other than the above, there are no further matters or circumstances which have arisen since 31 December 2021 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 2021

In accordance with a resolution of the Directors of Treaury 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 2021 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.

Signeed for and on behalf of the Directors:

Paul Rayner
Chairman

Tim Ford
Managing Director and Chief Executive Officer

16 February 2022
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 2021 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 2021
- 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 14 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 2021 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

16 February 2022