TREASURY WINE ESTATES

INTERIM 2025 RESULTS ANNOUNCEMENT 13 FEBRUARY 2025

TWE's Luxury-led focus delivers strong performance in 1H25 NSR growth 20% and EBITS growth 35%

Announcement headlines

- Statutory NPAT $220.9m, up 32.5%; pre material items and SGARA, NPAT $239.6m, up 31.5%
- EBITS grew 35.1% to $391.4m, driven by strong Luxury portfolio growth in Penfolds and the contribution from DAOU, and EBITS margin grew 2.8ppts to 25.3%
- Luxury NSR increased 52.0% (18.2% organic growth[1]) and now represents 55.8% of Group NSR
- Penfolds delivered an outstanding result, with strong growth in Bin & Icon portfolio shipments to Asia reflecting the re-establishment of the Australian Country of Origin (COO) portfolio in China and continued momentum behind the portfolio in a number of other key Asian markets
- DAOU NSR increased 11.2%[6], with business integration progressing to plan through 1H25. Synergies from the acquisition of DAOU are now expected to be approximately US$35m, up from the previous guidance of US$20m+
- Combined, NSR for TWE's Premium and Commercial portfolios declined 4.9%, reflecting continued softness in consumer demand for wine at lower price points
- Net operating cash flow grew 56.0%, with cash conversion of 90.4% driven by the favourable phasing of Penfolds shipments, and Net Debt to EBITDAS is unchanged at 2.0x
- TWE is progressing preparations for transition to a Global Premium division from the commencement of F26
- Following the completion of its process to explore divestment of the Commercial portfolio, TWE has concluded that the offers received for these brands did not represent compelling value and therefore their retention is the best course of action
- TWE expects F25 EBITS of approximately $780m, which is at the lower end of the previously guided range of $780m to $810m, driven primarily by reduced expectations for Treasury Premium Brands

Group financial summary

A$m (unless otherwise stated)	1H25	% Chg. Reported	% Chg. Constant Currency
Net Sales Revenue (NSR)	1,544.2	20.2%	20.5%
NSR per case (A$)	137.5	16.1%	16.4%
Earnings Before Interest, Tax, SGARA and Material items (EBITS)	391.4	35.1%	35.6%
EBITS Margin	25.3%	2.8ppts	2.8ppts
Net Profit After Tax	220.9	32.5%	33.9%
Earnings Per Share (A$ cents)	27.2	21.0%	22.5%
Net Profit After Tax before Material Items and SGARA	239.6	31.5%	32.8%
Earnings Per Share before Material Items and SGARA (A$ cents)	29.5	20.1%	21.3%

- NSR increased 20.2% to $1,544.2m, with strong Luxury portfolio growth in Penfolds and the contribution from DAOU partly offset by lower Commercial and Premium shipments in Treasury Premium Brands; on an organic basis[1], NSR increased 5.1%
- NSR per case increased 16.1% reflecting ongoing premiumisation of TWE's portfolio mix towards Luxury wine and price increases across Penfolds Bin & Icon portfolio; on an organic basis[1], NSR per case increased 8.2%
- EBITS margin improved to 25.3%, up 2.8ppts versus the pcp
- NPAT pre-Material items and SGARA grew 31.5%, with EPS growth of 20.1% moderated by the impact of increased shares on issue following the $825m equity raising to part fund the acquisition of DAOU in the pcp
- ROCE 11.2%, up 0.1ppts versus the pcp
- Cash conversion 90.4%; excluding the change in non-current Luxury and Premium inventory, cash conversion was 83.8%
- Net debt to EBITDAS 2.0x, unchanged from 30 June 2024 and in line with TWE's 1.5-2.0x "through the cycle" target range
- Interim dividend of 20.0 cents per share declared, 70% franked; representing a payout ratio of 68% and a 17.6% increase in value on the pcp

Please refer to page 14 for note references. Unless otherwise stated, all figures and percentage movements within commentary are stated on a reported currency basis versus the prior corresponding period, are pre-SGARA and material items and are subject to rounding. Non-IFRS measures will not be subject to audit or review, and are used internally by Management to assess the operational performance of the business and make decisions on the allocation of resources

Performance overview

A$m	1H25	% Chg. Reported	% Chg. Constant Currency
NSR			
Penfolds	557.4	24.4%	24.2%
Treasury Americas	631.1	41.0%	42.2%
Treasury Premium Brands	355.7	(8.4)%	(8.6)%
Group	**1,544.2**	**20.2%**	**20.5%**
Luxury (%NSR)	*55.8%*	*11.7ppts*	*11.7ppts*
Premium (%NSR)	*33.0%*	*(8.9)ppts*	*(8.9)ppts*
Commercial (%NSR)	*11.2%*	*(2.8)ppts*	*(2.8)ppts*
EBITS			
Penfolds	250.2	33.9%	33.3%
Treasury Americas	155.3	66.9%	69.8%
Treasury Premium Brands	22.9	(49.9)%	(48.9)%
Corporate	(37.0)	(3.0)%	(3.3)%
Group	**391.4**	**35.1%**	**35.6%**
EBITS Margin (%)	*25.3%*	*2.8ppts*	*2.8ppts*

- Penfolds reported a 33.9% increase in EBITS to $250.2m and an EBITS margin of 44.9% (up 3.2ppts). The result was driven by strong Bin & Icon portfolio shipments in Asia, led by the re-establishment of the Australian COO portfolio in China, where there has been strong demand from customers and encouraging depletions performance. Additionally, the positive depletions momentum for Penfolds continued in a number of other key Asian markets, including Hong Kong, Thailand and Malaysia. Outside of Asia, NSR was impacted by the partial re-allocation of the Bin & Icon portfolio to support the re-building of distribution in China, with continued growth across the broader portfolio supporting the delivery of modest NSR declines in EMEA and ANZ. Penfolds volume and NSR profile and growth rates reflect, in part, the focus on re-building distribution in China through 1Q25 and the weighting of shipments to the second half in the pcp in anticipation of the removal of tariffs on Australian wine sold into China. On a constant currency basis, NSR and EBITS increased 24.2% and 33.3% respectively.

- Treasury Americas reported a 66.9% increase in EBITS to $155.3m and an EBITS margin of 24.6% (up 3.8ppts). NSR increased 41.0% driven by the acquisition of DAOU (acquired in December 2023), while on an organic basis, NSR was broadly in line with the pcp[1]. Excluding DAOU, NSR for Treasury Americas Luxury portfolio declined 8.5%, reflecting below plan performance in US trade, declines in DTC which was impacted by lower e-commerce sales following reduced discounting on key brands and the weighting of shipments to the first half in the pcp. On a constant currency basis, NSR and EBITS increased 42.2% and 69.8% respectively.

- Treasury Premium Brands reported a 49.9% decrease in EBITS to $22.9m and an EBITS margin of 6.4% (down 5.3ppts). The result was driven by continued Commercial and Premium NSR declines, reflecting softness in consumer demand for wine at lower price points, underperformance relative to the category and the cycling of a $9.7m gain on sale of divested vineyard assets in the pcp. On a constant currency basis, NSR and EBITS decreased 8.6% and 48.9% respectively.

- Corporate costs increased 3.0% with modest improvement expected in 2H25 relative to 1H25.

Key areas of strategic focus

TWE provides the following update on its key areas of strategic focus:

DAOU integration

DAOU NSR increased 11.2% on the pcp[6], with distributor transition and creation of Treasury Americas' dedicated Luxury sales and marketing team completed in 1H25. Business integration progressed to plan across sourcing and winemaking, bottling and packaging, procurement and logistics. Treasury Americas 2024 vintage was a particular highlight, delivered through the integrated California supply chain, including production through the Paso Robles winery network. TWE now expects production and overhead cost synergies of approximately US$35m, up from the previous guidance of US$20m+, with approximately US$30m to be realised in F26.

Re-establishment of Penfolds Australian COO portfolio in China

The re-establishment of Penfolds Australian COO portfolio in China is progressing in line with expectations, with strong customer demand throughout 1H25 supported by encouraging depletions performance which reflected a step-up in promotional activity in the December quarter. This depletions performance was comparable to 1H20, the last relevant period before the tariffs on Australian wine imports were implemented. For the Bin & Icon portfolio, depletions across all channels showed double-digit growth versus 1H20, with strong end consumer demand evidenced by 72% growth in e-commerce over the same period.[2]

Penfolds brand health[3] continues to strengthen in China, with awareness and consumption metrics trending higher, reflecting the success of re-establishing distribution and the effectiveness of targeted brand investment.

While alcoholic beverage market conditions have been mixed in China, wine category trends were positive in 1H25, driven by strong consumer demand during the December quarter. In online sales channels, which represent approximately 20% of Penfolds retail sales in China, trends were also positive, with 1H25 wine category value growing 6%, driven by Penfolds. Retail pricing continues to normalise despite the availability of product at competitive prices through cross border e-commerce channels, which represent approximately 5% of Penfolds total depletions value in China in 1H25.

TWE remains confident in the long-term growth opportunity for Penfolds in China, as reflected by the reiteration of guidance for Penfolds today.

Future Premium Brands operating model and portfolio

As previously outlined, TWE intends to create a Global Premium division through the combination of Treasury Premium Brands and the Treasury Americas Premium portfolio brands, with preparations progressing and on track for transition on 1 July 2025. TWE has today announced the appointment of Angus Lilley, currently Managing Director Treasury Premium Brands, to lead this division.

Following the completion of its process to explore divestment of the Commercial portfolio, TWE has concluded that the offers received for these brands did not represent compelling value and therefore their retention is the best course of action.

Future perspectives

In F25, TWE expects EBITS of approximately $780m, which is at the lower end of the previously guided range of $780m to $810m, driven primarily by reduced expectations for Treasury Premium Brands

On today's announcement, TWE's Chief Executive Officer, Tim Ford commented:

"Our interim 2025 performance highlights the benefit to the quality of earnings and key metrics from our multiyear transformation to a Luxury-led business, with this segment of the market continuing to be healthy in our key trading regions. We are extremely pleased to have successfully re-established the Penfolds Australian country of origin portfolio in China, with positive consumer and customer sentiment and key performance signals very clear. The progress we have made integrating DAOU and Treasury Americas to create the leading supplier of Luxury wine in the US market is also pleasing and we look forward to further capitalising on this opportunity in the year ahead. Calendar year 2024 has been a year of significant and successful change for TWE. Our team has absolute clarity on our portfolio and execution priorities, with Penfolds and the Treasury Americas Luxury businesses the clear drivers of our future growth, with our global premium business playing a critical role to power and support this growth agenda."

Important Information

This announcement is in summary form and is not necessarily complete. It should be read together with the Company's Annual Report for 30 June 2024, the Appendix 4D and 2025 Interim Results, and other announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

This announcement contains information that is based on projected and/or estimated expectations, assumptions or outcomes. Forward looking statements are subject to a range of risk factors. The Company cautions against reliance on any forward-looking statements, particularly in light of:

- Changing conditions in TWE's key markets, including China;
- Changes in economic conditions which impact consumer demand;
- Changes to TWE's production cost base, including impact of inflation;
- Global difficulties in logistics and supply chains;
- Risks in relation to the acquisition of DAOU;
- Foreign exchange rate impacts, given the global nature of the business;
- Vintage variations; and
- The Company's continuing exposure to geopolitical risks.

While the Company has prepared this information with due care based on its current knowledge and understanding and in good faith, there are risks, uncertainties and other factors beyond the Company's control which could cause results to differ from projections. The Company will not be liable for the accuracy of the information, nor any differences between the information provided and actual outcomes, and reserves the right to change its projections. The Company undertakes no obligation to update any forward-looking statement after the date of this announcement, subject to disclosure obligations.

Conference call

Treasury Wine Estates will host an investor and analyst webcast and conference call commencing at 10:00am AEDT on 13 February 2025. Links to register are provided below. A replay of the presentation will also be available on the website www.tweglobal.com from approximately 2:00pm AEDT.

Conference call registration

https://s1.c-conf.com/diamondpass/10044030-hs8qew.html

Webcast registration

https://edge.media-server.com/mmc/p/c9p5kpoc

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

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Profit and Loss

$Am (unless otherwise stated)	1H25	Reported Currency 1H24	Reported Currency Change	Constant Currency 1H24	Constant Currency Change
Volume (m 9Le cases)	11.2	10.8	3.6%	10.8	3.6%
Net sales revenue	1,544.2	1,284.3	20.2%	1,281.5	20.5%
NSR per case ($)	*137.5*	*118.4*	*16.1%*	*118.2*	*16.4%*
Other Revenue	26.2	29.1	(10.0)%	30.7	(14.7)%
Cost of goods sold	(836.5)	(768.2)	(8.9)%	(770.2)	(8.6)%
Cost of goods sold per case ($)	*74.5*	*70.8*	*(5.2)%*	*71.0*	*(4.9)%*
Gross profit	733.9	545.2	34.6%	542.0	35.4%
Gross profit margin (% of NSR)	*47.5%*	*42.4%*	*5.1ppts*	*42.3%*	*5.2ppts*
Cost of doing business	(342.5)	(255.4)	(34.1)%	(253.5)	(35.1)%
Cost of doing business margin (% of NSR)	*22.2%*	*19.9%*	*(2.3)ppts*	*19.8%*	*(2.4)ppts*
EBITS (before material items)	**391.4**	**289.8**	**35.1%**	**288.5**	**35.6%**
EBITS margin (%)	*25.3%*	*22.6%*	*2.8ppts*	*22.5%*	*2.8ppts*
SGARA	(14.7)	16.6	NM	18.4	NM
EBIT (before material items)	**376.7**	**306.4**	**22.9%**	**306.9**	**22.7%**
Net finance costs	(54.9)	(42.1)	(30.5)%	(42.0)	(30.9)%
Tax expense	(93.2)	(68.5)	(36.2)%	(69.9)	(33.3)%
Net profit after tax (before material items)	**228.6**	**195.8**	**16.8%**	**195.0**	**17.2%**
Material items (after tax)	(8.0)	(29.0)	NM	(30.2)	NM
Net profit after tax	**220.9**	**166.7**	**32.5%**	**165.0**	**33.9%**
Reported EPS (A¢)	27.2	22.5	21.0%	22.2	22.5%
Net profit after tax (before material items and SGARA)	**239.6**	**182.3**	**31.5%**	**180.5**	**32.8%**
EPS (before material items and SGARA) (A¢)	29.5	24.6	20.1%	24.3	21.3%
Weighted average no. of shares (m)	811.4	741.5	9.4%	741.5	9.4%
Dividend (A¢)	20.0	17.0	17.6%	17.0	17.6%

NSR increased 20.5% with strong Luxury portfolio growth from Penfolds and the contribution from DAOU in Treasury Americas partly offset by lower Commercial and Premium shipments in Treasury Premium Brands; on an organic basis[1], NSR increased 5.4%

NSR per case increased 16.4% reflecting the ongoing premiumisation of TWE's portfolio mix towards Luxury wine (with the contribution of the Luxury portfolio now 55.8% of Group NSR, up 11.7ppts) and the benefit of price increases across the Penfolds Bin & Icon portfolio

COGS per case increased 4.9% driven by the Luxury led portfolio mix shift. Mix-adjusted COGS per case was in line with the prior period

CODB increased 35.1% driven by the acquisition of DAOU and the investment in brand building and overheads to support the re-establishment of Penfolds Australian COO portfolio in China

SGARA loss of $14.7m is driven by the 2025 Australian vintage and the 2024 French vintage outcome, partly offset by the unwinding of losses from prior vintages

Net finance costs increased 30.9%, driven by higher average net debt following the acquisition of DAOU in the pcp

Tax expense increased 33.3% reflecting higher statutory earnings; effective tax rate (before material items) was 29.0%, with some improvement expected in the second half

Material Items Pre-tax net material items gain of $0.2m primarily related to the sale of the Karadoc winery in Australia, partly offset by integration costs associated with the acquisition of DAOU and the accounting of the DAOU earn-out agreement (post-tax loss $8.0m)

EPS (before SGARA and material items) increased 21.3% to 29.5 cents per share. Reported EPS increased 22.5% to 27.2 cents per share

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

Divisional Performance Overview

Penfolds

A$m (unless otherwise stated)	1H25	Reported Currency 1H24	Reported Currency %	Constant currency 1H24	Constant currency %
Volume (m 9Le)	**1.5**	**1.3**	**12.5%**	**1.3**	**12.5%**
NSR (A$m)	**557.4**	**448.1**	**24.4%**	**448.6**	**24.2%**
ANZ	119.9	124.0	(3.4)%	124.0	(3.4)%
Asia	386.1	256.8	50.4%	256.9	50.3%
Americas	15.3	30.9	(50.4)%	31.3	(50.9)%
EMEA	36.1	36.4	(0.8)%	36.4	(0.9)%
NSR per case (A$)	*373.0*	*337.3*	*10.6%*	*337.7*	*10.5%*
EBITS (A$m)	**250.2**	**186.9**	**33.9%**	**187.7**	**33.3%**
EBITS margin (%)	*44.9%*	*41.7%*	*3.2ppts*	*41.8%*	*3.0ppts*

Financial performance

Volume and **NSR** increased by 12.5% and 24.2% respectively, driven by:

- Strong growth in Bin & Icon portfolio shipments to Asia, reflecting re-establishment of the Australian COO portfolio in China and continued momentum behind the portfolio in other key Asian markets including Hong Kong, Thailand and Malaysia which all saw double-digit depletions growth
- Outside of Asia, the partial re-allocation of the Bin & Icon portfolio to support the re-building of distribution in China, with continued growth across the broader Penfolds portfolio supporting the delivery of modest NSR declines in EMEA and ANZ
- Penfolds volume and NSR profile and growth rates reflect, in part, the focus on re-building distribution in China through 1Q25, which will see full year shipments weighted to 1H25, and the weighting of shipments to the second half in the pcp in anticipation of the removal of tariffs on Australian wine sold into China

NSR per case increased 10.5% reflecting strong growth of the Bin & Icon portfolio, where shipments are expected to be weighted to the first half, and the benefits of price increases

COGS per case[4] decreased 3.5% reflecting the sell through of the higher cost 2020 and 2021 vintages in the pcp

CODB[4] increased 34.3% reflecting the increase in brand building investment and overheads to support the re-establishment of Penfolds Australian COO portfolio in China

EBITS increased 33.3% to $250.2m and EBITS margin increased 3.0ppts to 44.9%

Division insights

- Key 1H25 execution highlights include:
  - The re-establishment of Penfolds Australian COO portfolio in China progressing in line with expectations with strong customer demand throughout 1H25 supported by encouraging depletions performance, comparable to 1H20 (the last relevant period before the implementation of tariffs on Australian wine imports), quickly re-establishing Penfolds as the number one Luxury wine brand in the market[5]
  - Announcement of the intended acquisition of the Ningxia Stone & Moon Winery cementing TWE's long-term commitment to China and providing an efficient and scalable production model for the China COO portfolio, in addition to a future local brand home for Penfolds
  - Celebration of Penfolds 180th anniversary with a series of Luxury events held globally and the commemorative release of Bin 180 to mark the occasion
- For F25, Penfolds continues to expect the delivery of low double digit EBITS growth and EBITS margin in the range of 43-45%
- In F26 and F27, Penfolds will continue to target:
  - Annual EBITS growth of approximately 15% across both years, driven by the significant increase in availability for the Bin & Icon portfolio from the record 2024 Australian vintage intake
  - EBITS margin delivery in line with its long-term target of 45%
  - TWE notes that the delivery of these long-term targets remains subject to a range of variable conditions: page 4 of this document provides important information regarding the risk factors relating to these targets

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Divisional Performance Overview

Treasury Americas

A$m (unless otherwise stated)	1H25	Reported Currency 1H24	Reported Currency %	Constant currency 1H24	Constant currency %
Volume (m 9Le)	**3.4**	**2.8**	**22.1%**	**2.8**	**22.1%**
NSR (A$m)	**631.1**	**447.7**	**41.0%**	**443.7**	**42.2%**
ANZ	-	-	-	-	-
Asia	-	-	-	-	-
Americas	631.1	447.7	41.0%	443.7	42.2%
EMEA	-	-	-	-	-
NSR per case (A$)	*184.0*	*159.3*	*15.5%*	*157.9*	*16.5%*
EBITS (A$m)	**155.3**	**93.1**	**66.9%**	**91.5**	**69.8%**
EBITS margin (%)	*24.6%*	*20.8%*	*3.8ppts*	*20.6%*	*4.0ppts*

Financial performance

Volume and **NSR** increased 22.1% and 42.2% respectively, driven by:

- The contribution from DAOU, volume 0.7m 9Le and NSR $194.1m, acquired in December 2023
- Across the remainder of the Luxury portfolio, NSR declined 7.7%, reflecting below plan performance in US trade, declines in DTC which were impacted by lower e-commerce sales following reduced discounting on key brands and the weighting of shipments to the first half in the pcp
- On an organic basis[1], Treasury Americas volume declined 2.4% and NSR was broadly in line with the pcp
- Shipments exceeded depletions by 0.3m cases (excluding NPD) in 1H25, driven primarily by DAOU and Matua shipments to support forecast depletions growth

NSR per case increased 16.5% reflecting portfolio mix, with the Luxury portfolio now contributing 59% of division NSR (up 14.8ppts versus the pcp)

COGS per case was in line with the pcp, with portfolio mix offset by the transition to the sell through of the lower cost 2021 Luxury vintage

CODB increased 100.2% reflecting the acquisition of DAOU and the cycling of insurance income relating to the 2020 Californian wildfires in the pcp

EBITS increased 69.8% to $155.3m, with EBITS margin increasing 4.0ppts to 24.6%, progress towards the long-term target in the high-20% range

Division insights

- Key 1H25 execution highlights include:
  - DAOU NSR growth of 11.2% on the pcp[6], in line with the target for average low-double digit NSR growth over the medium term
  - Distributor transition and creation of Treasury Americas dedicated Luxury sales and marketing team completed in 1H25 as business integration progressed to plan across sourcing and winemaking, bottling and packaging, procurement and logistics. Treasury Americas 2024 vintage was delivered through the combined Californian supply chain, including production through the Paso Robles winery network. TWE now expects production and overhead cost synergies of approximately US$35m (up from $US20m+) with approximately US$30m to be realised in F26
  - Treasury Americas outpaced the category in total Luxury (US$20+) driven by DAOU[7], with DAOU Discovery becoming the number 1 Luxury Cabernet in the US market[8]
  - Matua continued to outpace the New Zealand Sauvignon Blanc segment[9] with new retail activation and media campaigns launched in 1H25
- After the first three years as part of Treasury Americas, Frank Family Vineyards is firmly on track to deliver its acquisition business case, having delivered NSR growth of 26% (an 8% CAGR) over the period[10]
- Treasury Americas' F25 EBITS delivery is expected to be weighted to 2H25, reflecting:
  - Luxury portfolio NSR broadly in line with 1H25;
  - Premium portfolio NSR slightly below 1H25;
  - the realisation of DAOU acquisition synergies; and
  - Foreign exchange, which based on current rates and market outlook, is expected to support delivery in 2H25

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Divisional Performance Overview

Treasury Premium Brands

A$m (unless otherwise stated)	1H25	Reported Currency 1H24	Reported Currency %	Constant currency 1H24	Constant currency %
Volume (m 9Le)	**6.3**	**6.7**	**(6.0)%**	**6.7**	**(6.0)%**
NSR	**355.7**	**388.5**	**(8.4)%**	**389.3**	**(8.6)%**
ANZ	167.8	177.8	(5.6)%	177.6	(5.5)%
Asia	23.6	24.1	(2.3)%	24.2	(2.5)%
Americas	10.8	14.9	(27.6)%	14.2	(24.2)%
EMEA	153.5	171.7	(10.6)%	173.2	(11.4)%
NSR per case (A$)	*56.4*	*57.9*	*(2.6)%*	*58.1*	*(2.8)%*
EBITS	**22.9**	**45.8**	**(49.9)%**	**44.9**	**(48.9)%**
EBITS margin (%)	*6.4%*	*11.8%*	*(5.3)ppts*	*11.5%*	*(5.1)ppts*

Financial performance

Volume and **NSR** declined 6.0% and 8.6% respectively driven by:

- Commercial and Premium NSR declines which reflect continued softness in consumer demand for wine at lower price points and underperformance relative to the category
- NSR declines in the Americas, due to re-alignment of inventory levels in Canada
- Partly offset by the re-introduction of Australian COO Rawson's Retreat into China and double-digit NSR growth from Squealing Pig

NSR per case decreased 2.8% reflecting price investment in the Premium brand portfolio

COGS per case increased 2.0% driven by reduced portfolio volumes

CODB in line with the pcp with the decrease in A&P and overheads achieved this half offset by the cycling of the gain on sale of divested vineyard assets ($9.7m) in the pcp

EBITS decreased 48.9% to $22.9m and **EBITS margin** declined 5.1ppts to 6.4%

Division insights

- Key 1H25 execution highlights include:
  - The re-launch of Australian COO Rawson's Retreat in China, which was met with a very positive response by customers and consumers
  - Successful innovation launches, including the global launch of Drop of Sunshine, Squealini in Australia and Belorante, an Italian COO wine, in the UK
  - Implementation of several changes to the operating model ahead of transition to the Global Premium division, including the restructure of the Asia business and transition to a consolidated logistics warehouse model in EMEA, positioning Treasury Premium Brands to deliver an improved cost and margin structure from 2H25 onwards
- Treasury Premium Brands is targeting the delivery of 2H25 EBITS in line with the pcp, supported by some improvement in top-line performance and reduced overhead costs as a result of the recent operating model changes

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Balance Sheet (condensed)

A$m	1H25 31-Dec-24	F24 30-Jun-24	1H24[11] 31-Dec-23
Cash & cash equivalents	474.7	458.1	436.4
Receivables	785.4	694.9	737.5
Current inventory	1,094.5	1,020.5	1,059.7
Non-current inventory	1,288.2	1,339.1	1,221.3
Property, plant & equipment	1,886.8	1,816.1	1,701.9
Right of use lease assets	400.9	360.8	382.7
Agricultural assets	27.4	50.4	24.8
Intangible assets	2,299.5	2,182.8	2,448.1
Tax assets	32.2	36.9	153.2
Assets held for sale	7.3	13.6	22.6
Other assets	94.9	47.9	42.1
Total assets	**8,392.0**	**8,021.1**	**8,230.3**
Payables	723.2	792.1	691.4
Interest bearing debt	1,780.8	1,645.2	1,600.4
Lease liabilities	558.2	513.3	531.9
Tax liabilities	285.6	272.9	392.0
Provisions	70.6	79.5	97.5
Other liabilities	99.3	107.3	159.3
Total liabilities	**3,517.7**	**3,410.2**	**3,472.6**
Net assets	**4,874.3**	**4,610.9**	**4,757.7**

Net assets increased $263.4m to $4,874.3m in the six months to 31 December 2024. Adjusting for foreign exchange rate movements, net assets increased by $63.3m

Working capital increased $182.5m driven by foreign currency movements, higher **Receivables** reflecting NSR growth and a decline in **Payables** which was in line with the seasonal timing of grower payments

Versus the pcp (31 December 2023), **Inventory** increased $101.7m to $2,382.7m:

- Current inventory increased $34.8m to $1,094.5m, driven by Luxury and partly offset by moderated expectations for the Commercial and Premium portfolio
- Non-current inventory increased $66.9m to $1,288.2m, reflecting strong Luxury intake from the 2024 Californian vintage
- Total Luxury inventory increased 13% to $1,656.0m
- Foreign currency movement also contributed to the increase in inventory value

Property, plant & equipment increased $70.7m reflecting foreign currency movements

Intangible assets increased $116.7m reflecting foreign currency movements

Net borrowings[12] (including Lease Liabilities) increased $163.9m reflecting foreign currency movements and Australian vineyard lease renewals

Net debt to EBITDAS 2.0x[13], unchanged from 30 June 2024 and impacted by adverse foreign currency movements on the Group's USD borrowings; full year Leverage is expected to be towards the upper-end of TWE's 1.5-2.0x target range

Funding structure includes committed debt facilities totalling $2.5bn, of which $1.8bn were drawn at 31 December 2024. The weighted average term to maturity of committed debt facilities was 4.3 years. Total liquidity, comprising cash and committed undrawn debt facilities, totalled $1.2bn at 31 December 2024

ROCE 11.2%, up 0.1ppts versus the pcp

Unless otherwise stated, balance sheet percentage or dollar movements are from 30 June 2024 and on a reported currency basis.

Cash flow – reconciliation of net debt

A$m	1H25	1H24[11]
EBITDAS	**473.1**	**364.6**
Change in working capital	(36.6)	(93.3)
Other items	(8.7)	2.9
Net operating cash flows before financing costs, tax & material items	**427.8**	**274.2**
Cash conversion[14]	**90.4%**	**75.2%**
Payments for capital expenditure	(78.0)	(66.1)
Payments for subsidiaries	-	(1,206.0)
Proceeds from sale of assets	0.5	34.3
Cash flows after net capital expenditure, before financing costs, tax & material items	**350.3**	**(963.7)**
Finance costs paid	(59.4)	(52.5)
Tax paid	(90.0)	(27.0)
Cash flows before dividends & material items	**200.9**	**(1,043.2)**
Dividends/distribution paid	(154.2)	(122.7)
Cash flows after dividends before material items	**46.7**	**(1,165.9)**
Material item cash flows	(4.1)	(7.0)
On-market share purchases	(16.8)	-
Issue of shares, less transaction costs	-	807.1
Proceeds from settlement of currency swaps and other derivatives	-	19.4
Total cash flows from activities (before debt)	**25.8**	**(346.4)**
Net (repayment) / proceeds from borrowings	(15.2)	223.2
Total cash flows from activities	**10.6**	**(123.1)**
Opening net debt	**(1,712.5)**	**(1,386.2)**
Total cash flows from activities (above)	25.8	(346.4)
Lease liability additions	(52.7)	(18.8)
Lease Liability disposed	-	-
Debt revaluation and foreign exchange movements	(132.2)	42.5
(Increase) / Decrease in net debt	**(159.1)**	**(322.6)**
Closing net debt[15]	**(1,871.6)**	**(1,708.8)**

Cash conversion 90.4%; excluding the change in non-current Luxury and Premium inventory, cash conversion was 83.8%, driven by favourable phasing of Penfolds shipments; with continued expectation of full year delivery to be approximately 80%

Capital expenditure (capex) of $78.0m includes maintenance and replacement capex of $53.2m, and growth capex of $24.8m including the purchase of Luxury vineyards in Australia, expansion of Penfolds winery operations in France and the refurbishment of the Beaulieu Vineyard brand home in Napa Valley. Ongoing expectation for maintenance and replacement capex of approximately $100m per financial year with up to $65m of growth investment expected for the full year. Note that this excludes the RMB130m (approximately A$27.5m) acquisition of Stone & Moon, which is expected to be an acquired subsidiary upon completion in 2H25

Material item cash flow relates to execution of strategic priorities

Unless otherwise stated, cash flow percentage or dollar movements from the previous period are on a reported currency basis.

Supply update

The Supply update focuses on the result of the vintage completed in the most recent half year, Southern hemisphere vintage outcome at the full year and the Northern hemisphere vintage outcome in the interim report.

California

The 2024 vintage was delivered integrating DAOU and the new Paso Robles winery network. The timing of the vintage was aligned to the long-term average, extending from mid-August to the end of October. Intake was high with all Luxury programs fully allocated. Wine quality has been the highlight for the luxury portfolio with exceptional quality, high colour and complex flavours reported by the winemaking team across all key varietals and regions.

China

TWE continued to work with partners in its key production regions in China – Yunnan and Ningxia – to produce higher quality fruit and further improve winemaking processes. While abnormally challenging growing conditions in Ningxia impacted yields and quality from this region, Yunnan had more favourable growing conditions, with good intake supporting Penfolds China COO growth ambitions.

France

Conditions across most French sourcing regions were difficult, with the overall national intake being amongst the lowest of the last century. Rain and high humidity in the lead up to the Bordeaux vintage provided challenging conditions for both yield and quality. Diversified supply enables TWE to manage this variability.

Italy

Despite high rainfall in the north of Italy, and droughts in the south, TWE has benefited from a cool vintage with a record crush at Gabbiano. Strong volumes are expected, with the long cool ripening period producing wines that are lighter in alcohol and style, supporting demand for TWE's Italian COO portfolio.

Definitions

Term	Definition
9Le	9 litre equivalent case
Cash conversion*	Net operating cash flows before financing costs, tax and material items divided by EBITDAS
CFX	Constant foreign exchange rates
COO	Country of origin
CODB*	Cost of doing business. Gross profit less EBITS. Excludes non-cash items as well as tax, the cost of the Group's capital structure and non-operating transactions as a measure of underlying operational costs
COGS*	Cost of goods sold
Commercial wine	Wine that is sold at a retail shelf price below A$10 (or equivalent) per bottle
EPS*	Earnings per share
EBITDAS*	Earnings before interest, tax, depreciation, amortisation, material items and SGARA
EBITS*	Earnings before interest, tax, material items and SGARA
EBITS margin*	EBITS divided by Net sales revenue
Exchange rates	Average exchange rates used for profit and loss purposes in 1H25: AUD/USD 0.6614 (1H24: AUD/USD 0.6530), AUD/GBP 0.5123 (1H24: AUD/GBP 0.5208) Period end exchange rates used for balance sheet items in 1H25: AUD/USD 0.6223 (F24: AUD/USD 0.6646), AUD/GBP 0.4959 (F24: AUD/GBP 0.5258)
Luxury wine	Wine that is sold at a retail shelf price above A$30 (or equivalent) per bottle
Material items*	Items of income or expense which have been determined as being sufficiently significant by their size, nature or incidence and are disclosed separately to assist in understanding the Group's financial performance
Net Debt to EBITDAS*	Ratio of Net Debt to EBITDAS, includes capitalised leases per *AASB 16 Leases*
Net Operating Cashflow*	Operating cash flow before finance costs, tax and material items
NPAT	Net profit after tax attributable to shareholders of Treasury Wine Estates
NSR	Net sales revenue
Premium wine	Wine that is sold at a retail shelf price between A$10 and A$30 (or equivalent) per bottle
ROCE*	Return on Capital Employed. EBITS divided by Capital Employed (at constant currency). Capital Employed is the sum of average net assets (adjusted for SGARA) and average net debt
SGARA	Self-generating and re-generating assets. SGARA represents the difference between the fair value of harvested grapes (as determined under AASB 141 Agriculture) and the cost of harvest. The fair value gain or loss is excluded from Management EBITS so that earnings can be assessed based on the cost of 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 improved comparability with domestic and global peers.

* Non-IFRS measure

Appendix 1: Reconciliation of key performance measures

Metric (A$m unless otherwise stated)	Management calculation	1H25	1H24
EBITS	Net Profit After Tax	220.9	166.7
	Profit / (loss) attributable to non-controlling interests	(0.3)	0.1
	Statutory net profit	220.6	166.8
	Income tax expense	101.4	60.0
	Net finance costs	54.9	42.1
	Material items (gain) / loss	(0.2)	37.5
	SGARA (gain) / loss	14.7	(16.6)
	EBITS	**391.4**	**289.8**
EBITDAS	EBITS	391.4	289.8
	Depreciation & Amortisation	81.7	74.8
	EBITDAS	**473.1**	**364.6**
EPS[16]	Net Profit After Tax	220.9	166.7
	Material items (gain) / loss	(0.2)	37.5
	Tax on material items	8.2	(8.5)
	SGARA	14.7	(16.6)
	Tax on SGARA	(4.0)	3.2
	NPAT (before material items & SGARA)	**239.6**	**182.3**
	Weighted average number of shares (millions)	811.4	741.5
	EPS (cents)	**29.5**	**24.6**
ROCE[17]	EBITS (LTM)	759.7	565.8
	Net assets	4,874.3	3,852.9
	SGARA in inventory	(16.5)	(12.2)
	Net debt	1,871.6	1,263.8
	Capital employed – Current year	**6,729.4**	**5,104.5**
	Net assets (CFX)	5,036.9	3,909.1
	SGARA in inventory (CFX)	(14.9)	(22.5)
	Net debt (CFX)	1,799.3	1,233.3
	Capital employed – Prior year (CFX)	**6,821.3**	**5,120.0**
	Average capital employed	6,775.4	5,112.2
	ROCE	**11.2%**	**11.1%**

Notes

[1] Excluding the contribution of DAOU in Treasury Americas. The 1H25 contribution of DAOU (acquired 12 December 2023) included volume of 0.7m 9Le and NSR of $194.1m. Given the full business integration of DAOU into Treasury Americas, including amalgamation of overheads, the measurement of organic performance is limited to Volume and NSR

[2] Smart Path December 2024 represents approximately 20% of Penfolds retail sales

[3] Kantar Brand Health, September 2024

[4] The movement in COGS and CODB exclude duties and taxes received from customers and paid to Chinese tax authorities under TWE's China domestic business model, which are equal and offsetting

[5] Smart Path, December 2024

[6] DAOU NSR growth based on F24 DAOU metrics, as disclosed in August 2024. 1H24 growth rates are presented on a like for like basis and include results prior to acquisition

[7] Circana Market Advantage MULO+Conv; Still Wine Segment; latest 26 weeks ending 29 December 2024

[8] Circana: Total US Multi Outlet + Conv; latest 26 weeks ending 29 December 2024; Table +$20 Cabernet Only

[9] Circana Market Advantage MULO+Conv; Still Wine Segment; latest 26 weeks ending 29 December 2024

[10] Frank Family Vineyards NSR growth across the three-year period through to 31 December 2024

[11] 1H24 as previously reported and does not reflect the final purchase price accounting for DAOU

[12] Interest bearing debt *includes* fair value adjustments related to derivatives that are in a fair value hedge relationship on a portion of long-term USD denominated borrowings: 1H25 $(15.7)m, 1H24 $(21.7)m

[13] Net debt to EBITDAS includes capitalised leases in accordance with *AASB 16 Leases*.

[14] 1H24 excludes changes in working capital related to the initial recognition of DAOU balances

[15] Net debt *excludes* fair value adjustments related to derivatives in a fair value hedge relationship on a portion of long-term USD denominated borrowings: 1H25 $(15.7)m, 1H24 $(21.7)m

[16] Excludes earnings attributable to non-controlling interests

[17] 1H24 ROCE capital employed excludes net assets and debt associated with the acquisition of DAOU