



## TREASURY WINE ESTATES

31 October 2023

ASX ANNOUNCEMENT

### Acquisition of DAOU Vineyards and Equity Raising - Investor Presentation -

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Enclosed are the presentation materials for the investor and analyst webcast and conference call to be hosted by Treasury Wine Estates commencing at 10:30 (AEDT) 31 October 2023. Links to register for the conference are provided in the announcement of the acquisition of DAOU Vineyard and associated entitlement offer also lodged with the ASX today.

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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DAOU  
*Family Estates*

VSP 47

5Y 2020

*Soul of a Lion*

# Acquisition of DAOU Vineyards and Equity Raising

31 OCTOBER 2023

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This Presentation has been prepared in relation to:

- TWE's acquisition of DAOU Vineyards, LLC, DAOU Family, LLC, DAOU Brothers, LLC and Patrimony, LLC (collectively, **DAOU**) (the **Acquisition**); and
- a pro rata accelerated renounceable entitlement offer with retail entitlements trading of new fully paid ordinary shares in TWE (**New Shares**) to be made to eligible institutional shareholders of TWE (**Institutional Entitlement Offer**) and eligible retail shareholders of TWE (**Retail Entitlement Offer**) under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by Australian Securities and Investments Commission (**ASIC**) Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (**Entitlement Offer**).

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This Presentation contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance and any synergies of the combined businesses following the Acquisition are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of TWE, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

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The Entitlement Offer is fully underwritten by the joint lead managers (**Joint Lead Managers**). A summary of the key terms of the underwriting agreement between TWE and the Joint Lead Managers is provided in Appendix C.

To the maximum extent permitted by law, TWE, each Joint Lead Manager and each of their respective related bodies corporate, shareholders and affiliates, and each of their respective officers, directors, partners, employees, representatives, affiliates, agents, consultants and advisers (together, the Beneficiaries):

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You acknowledge and agree that determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal requirements and the discretion of TWE and the Joint Lead Managers and each of TWE and the Joint Lead Managers and each of their respective Beneficiaries disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

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In connection with the Entitlement Offer, one or more investors may elect to acquire an economic interest in the New Shares (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those shares. The Joint Lead Managers (or their respective affiliates) may, for their own respective accounts, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire shares in TWE in connection with the writing of those derivative transactions in the Entitlement Offer and/or the secondary market. As a result of those transactions, the Joint Lead Managers (or their respective affiliates) may be allocated, subscribe for or acquire New Shares or shares of TWE in the Entitlement Offer and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those shares. These transactions may, together with other shares in TWE acquired by the Joint Lead Managers (or their respective affiliates) in connection with their ordinary course sales and trading, principal investing and other activities, result in the Joint Lead Managers (or their respective affiliates) disclosing a substantial holding and earning fee.

The Joint Lead Managers (and/or their respective affiliates) may also receive and retain other fees, profits and financial benefits in each of the above capacities and in connection with the above activities, including in their capacity as Joint Lead Managers to the Entitlement Offer.

## General

TWE reserves the right to withdraw or vary the timetable for the Entitlement Offer with the prior written consent of the Joint Lead Managers.

# Transaction highlights

- Treasury Wine Estates (“TWE”) to acquire DAOU, a leading US luxury wine brand of scale, for an upfront consideration of US\$900m
- Accelerates TWE’s luxury-led portfolio premiumisation focus, with the luxury portfolio contributing approximately 50% of global Group NSR post acquisition
  - Strengthens growth profile and enhances key operating and financial metrics: NSR and EBITs growth, NSR/9le, EBITs margin
- Establishes Treasury Americas as a leading and iconic US luxury wine business
- Highly strategic transaction which fills a key gap in the Treasury Americas portfolio at US\$20-40 per bottle and strengthens the existing portfolio above US\$40 per bottle
- Provides the scale to support a future standalone Treasury Americas Luxury division
- The acquisition is expected to deliver mid to high single digit EPS accretion in F25, the first full year of ownership<sup>1</sup>
- Acquisition to be funded by a combination of debt and equity, including placement of shares to current owners of DAOU

<sup>1</sup> Inclusive of pro forma cost synergies of US\$20m+ p.a. Excludes any non-cash financing charge associated with the accounting recognition of the earn-out liability (to the extent relevant) or any one-off transaction or integration costs (including those required to deliver synergies)



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# Transaction Overview



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# Transaction Overview

## Transaction summary

- TWE has entered into arrangements to acquire 100% of DAOU Vineyards, LLC and its associated entities (collectively “DAOU”)
- Upfront consideration of US\$900m<sup>1</sup>, plus an additional earn-out of up to US\$100m payable in the event that certain NSR targets deliver growth in excess of pre-agreed thresholds from CY25-27<sup>2</sup>

## Funding

- Upfront consideration to be funded with a combination of debt and equity
  - A\$825m equity raising by way of a fully underwritten pro-rata accelerated renounceable entitlement offer with retail entitlements trading (“Entitlement Offer”), to provide the fairest possible structure for TWE shareholders;
  - A\$157m placement of new TWE shares to the existing owners<sup>3</sup> of DAOU at an issue price of \$11.97 per share<sup>4</sup>. 50% of these TWE shares will be subject to one-year voluntary escrow, with the remaining 50% subject to a two-year voluntary escrow; and
  - A new US\$350m acquisition bridge facility available for funding the debt component of the acquisition and related costs

## Financial impact

- Acquisition expected to be EPS accretive (pre-synergies) and mid to high single digit EPS accretive (pro forma for cost synergies of US\$20m+) in F25, the first full year of ownership<sup>5</sup>
- Pro forma leverage of 2.5x<sup>6</sup> at F23, with strong cash flow to support deleveraging from 2H24 and back within TWE’s target range of 1.5-2.0x by the end of F25
- Significant incremental value (~US\$100m NPV) attributable to the cash tax benefits arising from the acquisition<sup>7</sup>
- Implied EV/CY23e EBITDAS multiple of 12.8x<sup>8</sup>. Adjusting for the NPV of tax benefits and pro forma cost synergies reduces this to 8.9x<sup>8</sup>
- Long-term TWE and TAM EBITs margin ambitions revised upwards to the high 20% range, from 25%+ and 25% respectively

## Timing

- Expected completion by CY23 year end, subject to US anti-trust approval

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

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

3. Refer to footnote 2 on slide 32 for additional information

4. Based on the ten-day volume weighted average price of TWE shares to 30 October 2023

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

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

7. Arises from the ability to deduct the amortisation of goodwill over a 15-year period for US tax purposes. Provides an annual cash tax benefit of US\$12m p.a. US\$100m represents the NPV of the cashflow benefits. Note that this is a cashflow benefit only. It does not reduce the tax expense recognised in the P&L

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

# Luxury wine brand of scale accelerating premiumisation

## DAOU – a luxury wine brand of scale, accretive on key metrics

- Highly acclaimed luxury wine brand based in Paso Robles, California, founded in 2007 by Georges and Daniel Daou
- Leading US luxury brand of scale and the fastest growing luxury wine brand in US Trade over the past year<sup>1</sup>
- Strong and accretive operating and financial metrics
  - CY23e NSR/9Le of US\$195 and CY23e EBITs margin of 30%;
  - Three-year (CY20–23) NSR and EBITs CAGR of 45% and 61% respectively
- Portfolio focused across five product tiers and luxury price points, ranging from US\$20–500 per bottle, diversified across multiple sales channels
- Highly engaged and growth focused distribution partner in RNDC, a strong existing partner to Treasury Americas
- Advantageous, capital efficient supply model, in addition to recent investments to enable the scaling of the luxury tiers
- World class organisation with culture closely aligned to TWE
- Founders to retain roles as ongoing brand ambassadors and partners to the business

## Strong strategic rationale

- Accelerates TWE's focus on luxury-led portfolio premiumisation to approximately 50% global Group NSR, with immediate accretion to key operating metrics
- Creates a leading and iconic US luxury wine business through the combination of Treasury Americas and DAOU
- Fills a key Treasury Americas portfolio gap at US\$20–40 per bottle and strengthens the existing luxury portfolio above US\$40 per bottle
- A significant global value creation opportunity leveraging TWE, Treasury Americas and DAOU's unique strengths in building luxury brands of scale
- Provides the scale to support a future standalone Treasury Americas Luxury division

<sup>1</sup> Circana Market Advantage, Total US MULO+C, US\$20+ Table, value, brands >\$30M, latest 52 weeks ending 8 October 2023

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# DAOU Overview



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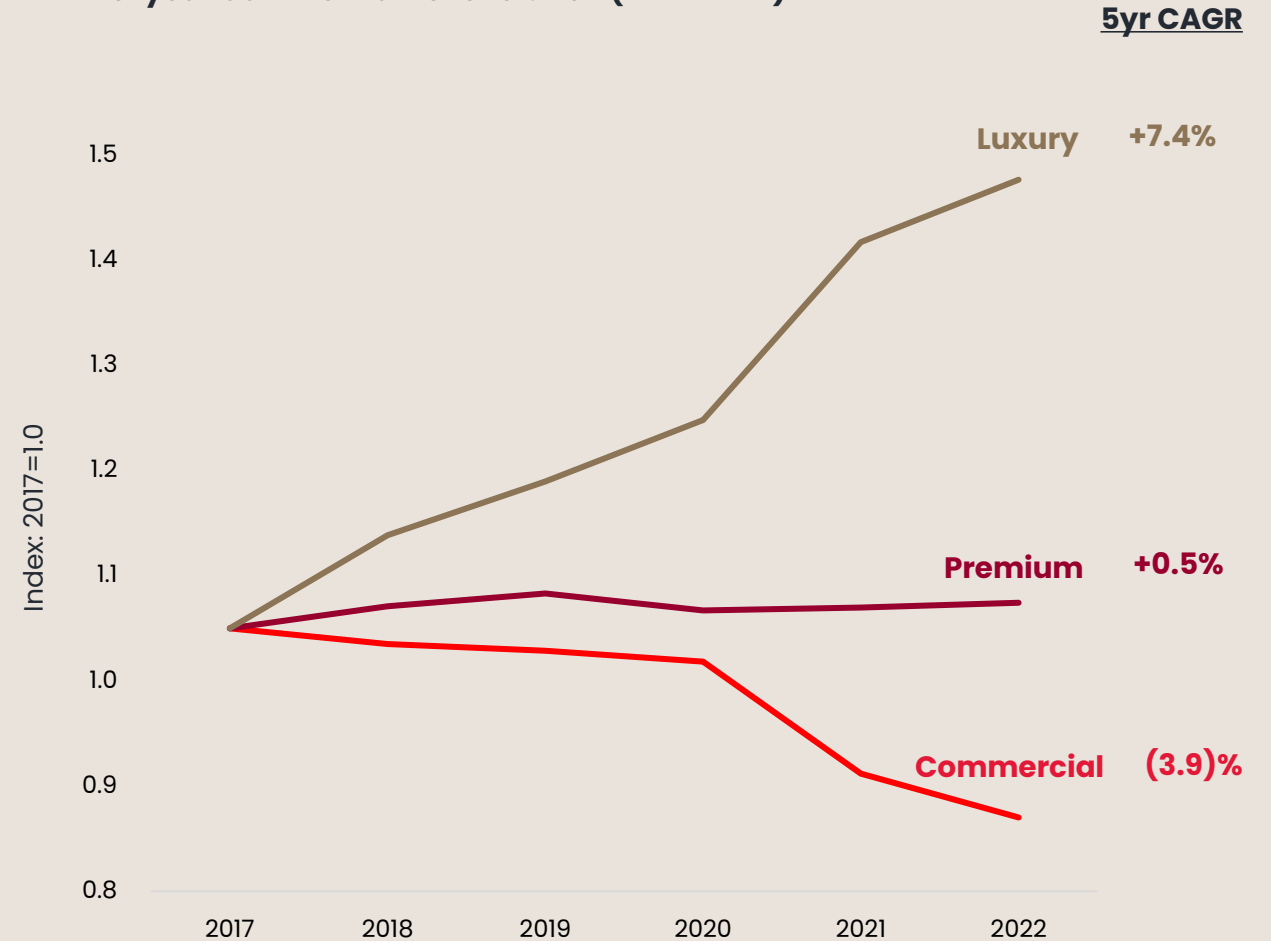
# The luxury wine opportunity

The US is the world's largest luxury wine market (2022)<sup>1</sup>



Luxury wine consumption is growing strongly in the US<sup>1</sup>

Five-year US wine market evolution (2017-2022)



<sup>1</sup> IWSR 2023, still wine, value shown (Luxury: US\$20+, Premium US\$8-20, Commercial US\$8 and below)

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# Overview of DAOU

## A highly acclaimed and fast-growing luxury wine business of significant scale

- A highly acclaimed luxury wine business of scale founded in 2007 by brothers Georges and Daniel Daou
- Based in Paso Robles, California, with strong presence in the highly regarded luxury growing sub-district of Adelaida
- Award-winning portfolio with retail price points ranging from approximately US\$20-500 per bottle
- Outstanding track record of growth, with three-year NSR and EBITs CAGR of 45% and 61% respectively, with CY23e EBITs margin of 30%
- DAOU has been the fastest growing luxury wine brand in US trade<sup>1</sup>

	CY21A	CY22A	CY23e
<b>Volume ('000 9le)</b>	651	873	1,086
<b>NSR</b>	US\$126m	US\$164m	US\$212m
<b>EBITDAS</b>	US\$39m	US\$48m	US\$70m
<b>EBITS</b>	US\$37m	US\$44m	US\$63m

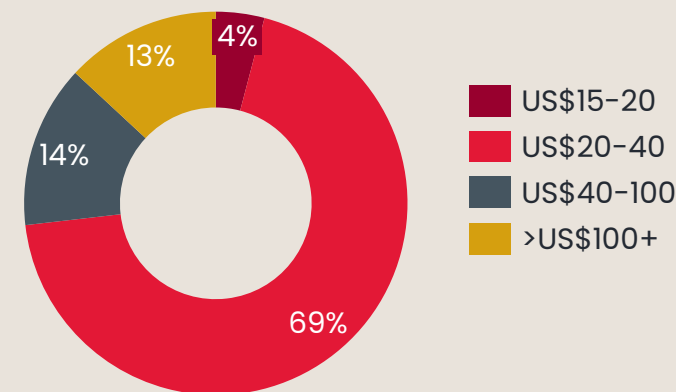
### Key financial metrics (CY23e)

**NSR/9le**  
**US\$195**

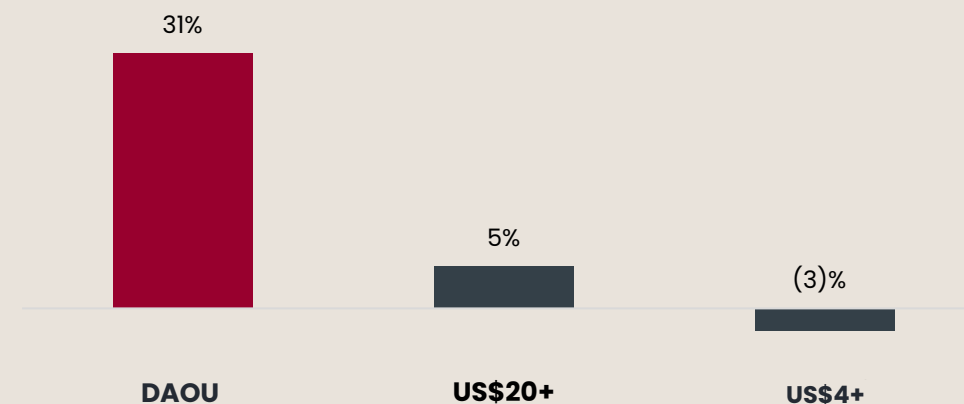
**EBITDAS %**  
**33%**

**EBITS %**  
**30%**

### NSR by price point (CY23e)<sup>2</sup>



### Three-year average annual growth rate versus US market<sup>3</sup>



<sup>1</sup> Circana Market Advantage, Total US MULO+C, US\$20+ Table, value, brands >US\$30M, latest 52 weeks ending 8 October 2023

<sup>2</sup> Excludes non-wine sales through DTC channel

<sup>3</sup> Circana Market Advantage, Total US MULO+C, Value, average of 52-week growth for the last three years latest week ending 8 October 2023

# An outstanding luxury business

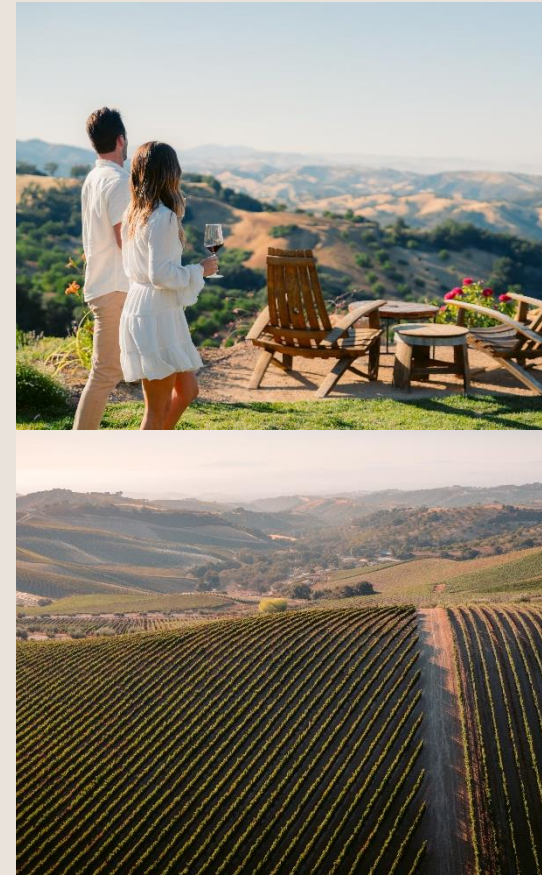
Every attribute of DAOU reflects absolute quality



Highly rated portfolio that sits credibly alongside the best



Engaged with the next generation of luxury wine consumers



High-quality asset base with deep Paso Robles roots



World-class organisation and culture of excellence

# The DAOU luxury portfolio

Comprising five unique tiers, with strong growth trends across all price points

DAOU

Discovery

Superior quality at an approachable price



~US\$30

44%

Drive introduction and trial in On and Off-premise

by DAOU

Journey

Dedicated to producing the worlds best red blends, distinctively in the Paso Robles style



~US\$30

38%

Luxury volume driver focused on DTC and wholesale channels

DAOU

Reserve

Soul of the Lion, the portfolio crown jewel



~US\$60

33%

Luxury halo, focused on DTC and exclusive accounts

DAOU

Estate



~US\$130

25%



Setting the benchmark for Bordeaux style varietals



~US\$290

124%

Exclusive allocation model to create a leading global Ultra Luxury wine brand

Average retail price per bottle

CY20-23e Volume CAGR

Consumer focus and role

# Highly acclaimed and admired

DAOU has a long and consistent track-record of producing highly-rated wines

Product	Robert Parker's Annual Rating <sup>1</sup>					5Y avg.
	2017	2018	2019	2020	2021	
Patrimony Caves de Lions		98	99	94-96	98-100	98
Patrimony Cabernet Franc	97	97	97	93-95	97-99	97
Patrimony Cabernet Sauvignon	97	98+	98	95-97	95-97	97
Estate Soul of a Lion	97	97+	97+	95-97	96-98	97
Estate Cabernet Sauvignon	95	95	95+	95-97	96-98	96
Reserve Cabernet Sauvignon	94	93+	95	92-94	94-96	94
Discovery Cabernet Sauvignon	90-92	93+	95	92-94	94-96	93

*"Brothers Daniel and Georges Daou's deeply flavored, expressive, polished wines are consistently at the top of the Paso Robles heap of Bordeaux-inspired wines"*  
**Vinous<sup>2</sup>**

*"One of the winery's highest-rated bottlings to date, rivalling some of the best from Napa"*  
**Wine Spectator<sup>3</sup>**

*"It's the finest 100% Cabernet Sauvignon I've tasted from Paso Robles and it will stand toe-to-toe with the best coming out of Napa"*  
**Robert Parker's Wine Advocate<sup>4</sup>**

<sup>1</sup> The 100-point quality scale is the world-renowned industry standard rating system by highly acclaimed wine scorer Robert Parker Wine Advocate. Scores from latest vintages (i.e. 2020/21) are preliminary and presented as an estimate range to be refined with future tastings

<sup>2</sup> Vinous, *Paso Robles 2016 & 2015: New Releases* (September 2018)

<sup>3</sup> Wine Spectator, *Going the Distance* (November 2017)

<sup>4</sup> Robert Parker's Wine Advocate, *2013 Patrimony* (August 2016)



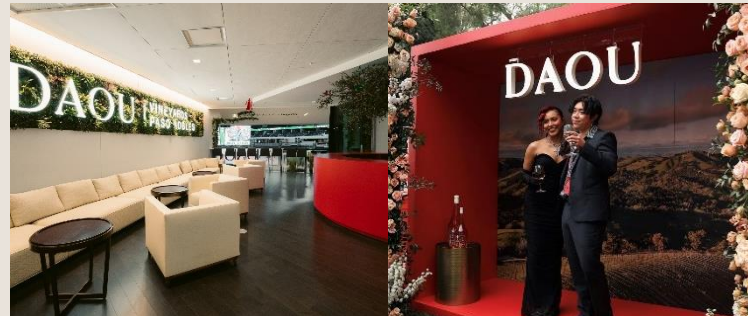
# Leading US luxury experiences

A relentless focus on the next generation of US luxury wine consumer



## DAOU Mountain

- DAOU's iconic brand home, rising from the heart of the luxurious Adelaida district of Paso Robles, creating a unique brand sensory experience
- Outstanding tasting room, awarded number one in the US by USA Today and with over 90k visitors annually



## Luxury events and partnerships

- Experiential luxury creating organic connections through world-class events, partnerships and collaborations
- Driving consumer trial links to DAOU's culture-led brand building approach and enables the brand's pioneering spirit



## DAOU+

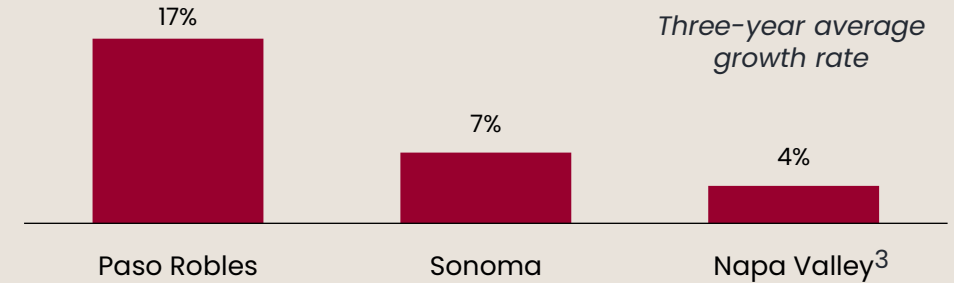
- Fully integrated platform combining e-commerce and membership with seamless and unique features that elevate the consumer experience
- Strong consumer engagement to date, with currently 10k+ members, a solid platform to scale over time

# Unrivalled Paso Robles footprint

## DAOU has deep roots in Paso Robles, with a focus on the high-end Adelaida sub-district

- Paso Robles is a world-class winemaking region in the central-coast of California
- The Adelaida sub-district is the region's premier luxury wine producing area:
  - Elevation and proximity to the ocean provides a favourable climate for growing high-grade luxury fruit
  - DAOU has a strong presence in Adelaida, controlling 389 acres of vineyard area
- Favourable grape sourcing costs support improved producer economics compared to Napa Valley
- Consumer familiarity and attraction to luxury wine from Paso Robles is increasing rapidly:
  - The two fastest growing luxury cabernet brands in the US, of which DAOU is one, are sourced from the region<sup>1</sup>
  - Penfolds Californian Collection wines are part-sourced from TWE's Camatta Hills vineyard in Paso Robles

### Paso Robles luxury sales growing ahead of other regions<sup>2</sup>



### DAOU's asset base is centred in the Adelaida sub-district



<sup>1</sup> Circana Market Advantage, Total US MULO+C, US\$20+ California wine only, Value, latest 52 weeks ending 8 October 2023

<sup>2</sup> Circana Market Advantage, Total US MULO+C, US\$20+ California wine only, Value, average of 52-week growth for last three years latest week ending 8 October 2023. Sales in this period: Paso Robles US\$115m, Sonoma US\$88m and Napa Valley US\$317m

<sup>3</sup> Napa Valley growth rate impacted by reduced availability of luxury wine from the wildfire-impacted 2020 vintage

# A world class organisation

**DAOU's high-calibre team and culture will be an asset to Treasury Americas**

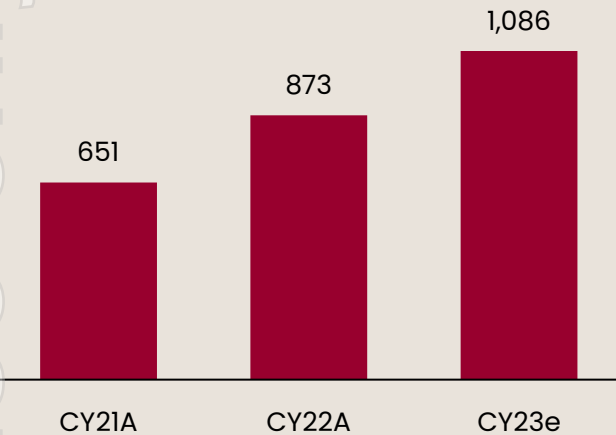
- DAOU has a growth-minded culture of excellence, supported by an innovative spirit and a constant focus on challenging the status quo – traits that are closely aligned with the TWE DNA
- Approximately 250 permanent employees across sales, marketing, production and winemaking, and administration
- Led by an experienced leadership team, whose capabilities will complement Treasury Americas existing strengths in Luxury and play a key role in executing on DAOU's growth trajectory
- Founders Georges and Daniel Daou have a proven track record of success, and both intend to remain engaged and highly involved in the business post completion



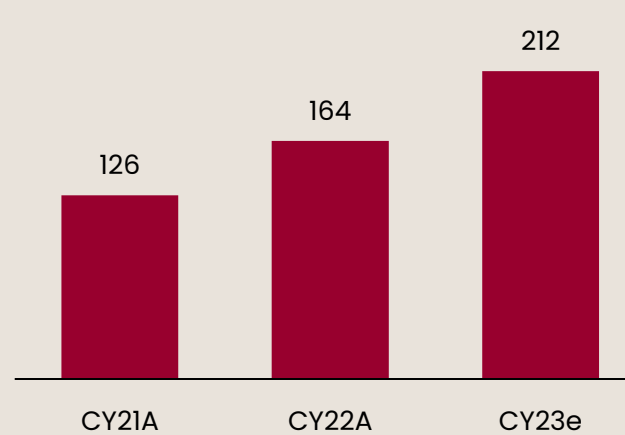
# A strong track record of growth

DAOU is the fastest growing<sup>1</sup>, scaled luxury wine platform in the US

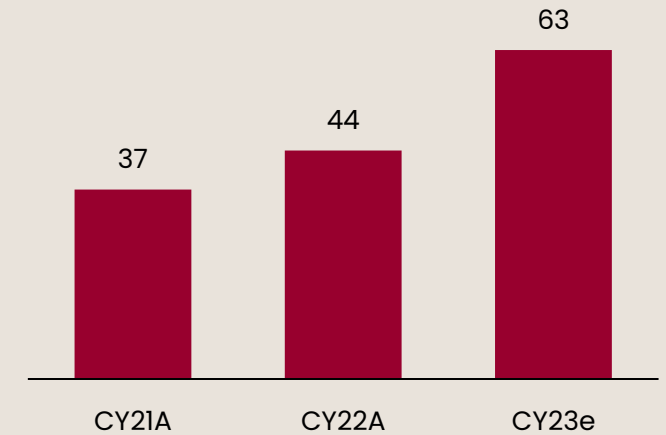
Volume (000s 9Le)



NSR (US\$m)



EBITS (US\$m)



DAOU's trajectory of growth across the CY21-23e period reflects:

- Growing demand across the entire portfolio, led by the Discovery and Journey tiers
- Distribution growth, with DAOU transitioning from a California-focused distribution footprint to expand availability in several key US markets, including Texas and Florida, supported by the establishment of its partnership with RNDC in 2021

TWE expects average annual low-double digit NSR growth for DAOU over the medium term, driven by:

- Continued growth, ahead of the luxury category, for the higher-volume Discovery and Journey tiers
- Accelerated growth in the ultra-premium tiers, supported by DAOU's recently completed investment in their Paso Robles vineyards and third-party sourcing footprint
- Portfolio innovation, including the launch of a Napa-appellated brand tier and COO outside of the US

<sup>1</sup> Circana Market Advantage, Total US MULO+C, US\$20+ Table, value, brands >US\$30M, latest 52 weeks ending 8 October 2023

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TREASURY  
WINE ESTATES

# Strategic Rationale



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# Strategic rationale

## The acquisition of DAOU is strategically compelling

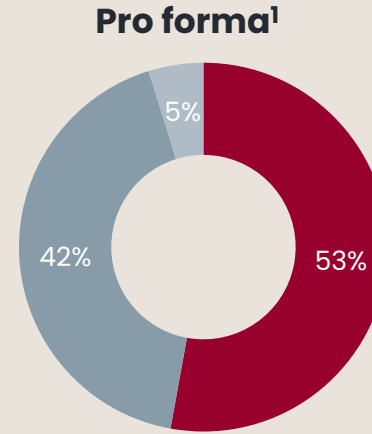
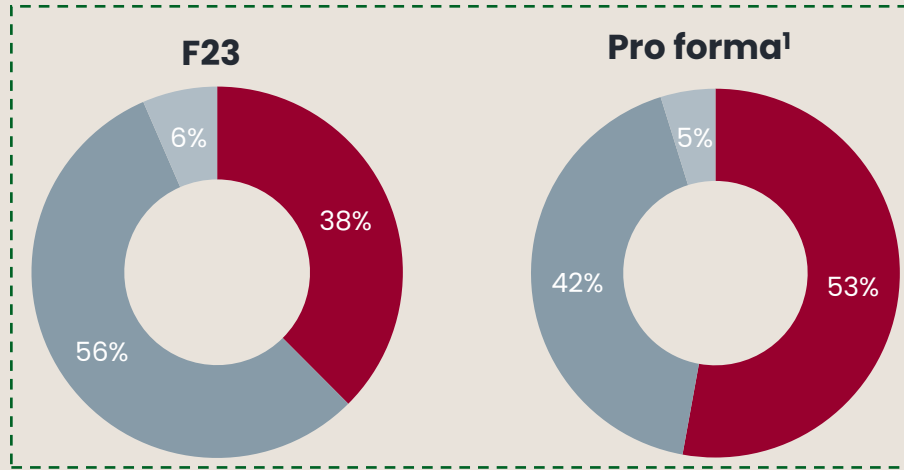
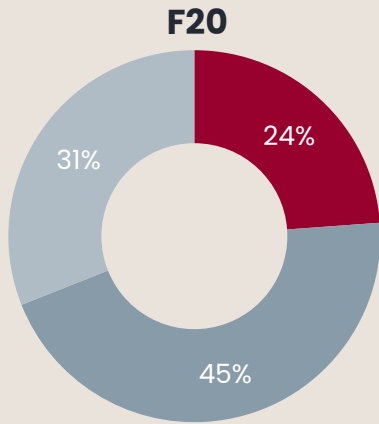
- 1** Accelerates TWE's focus on luxury-led portfolio premiumisation to approximately 50% global Group NSR, with immediate accretion to key operating metrics
- 2** Creates a leading and iconic US luxury wine business through the combination of Treasury Americas and DAOU
- 3** Fills a key Treasury Americas portfolio gap at US\$20-40 per bottle and strengthens the existing luxury portfolio above US\$40 per bottle
- 4** A significant value creation opportunity leveraging TWE, Treasury Americas and DAOU's unique strengths in building luxury brands of scale
- 5** Provides the scale to support a future standalone Treasury Americas Luxury division

# 1 Accelerates TWE's focus on luxury-led portfolio premiumisation

## Immediate accretion to key portfolio and operating metrics

### Evolution of Net Sales Revenue by segment

#### Treasury Americas

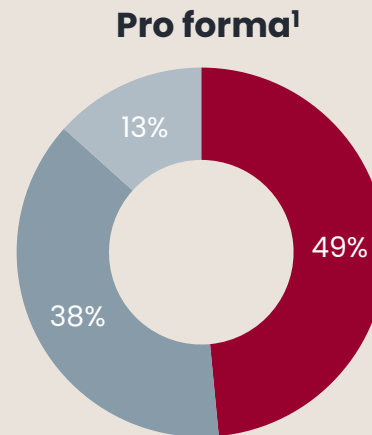
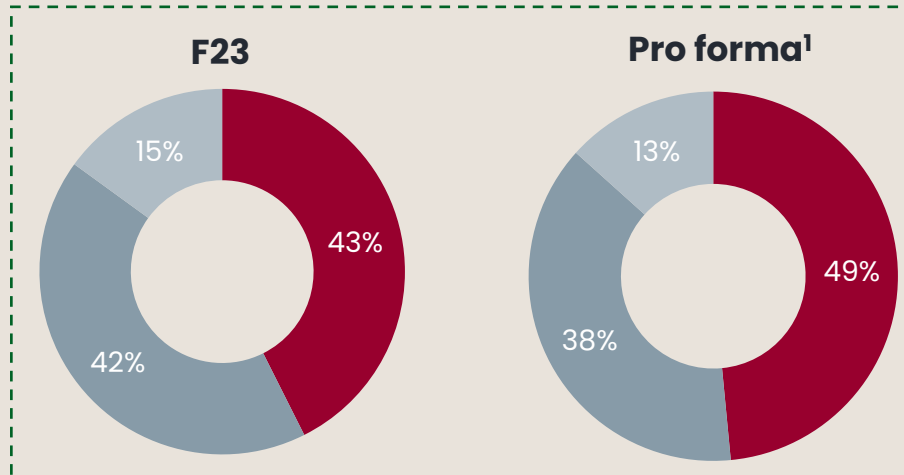
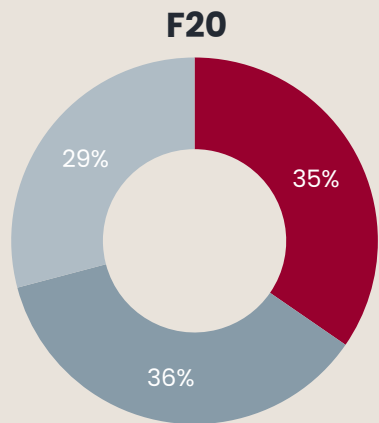


#### F23 to Pro forma growth

**NSR per case**  
+21% to A\$181.4

**EBITS margin**  
+1.3ppts to 26.1%

#### Group



#### F23 to Pro forma growth

**NSR per case**  
+6% to A\$115.8

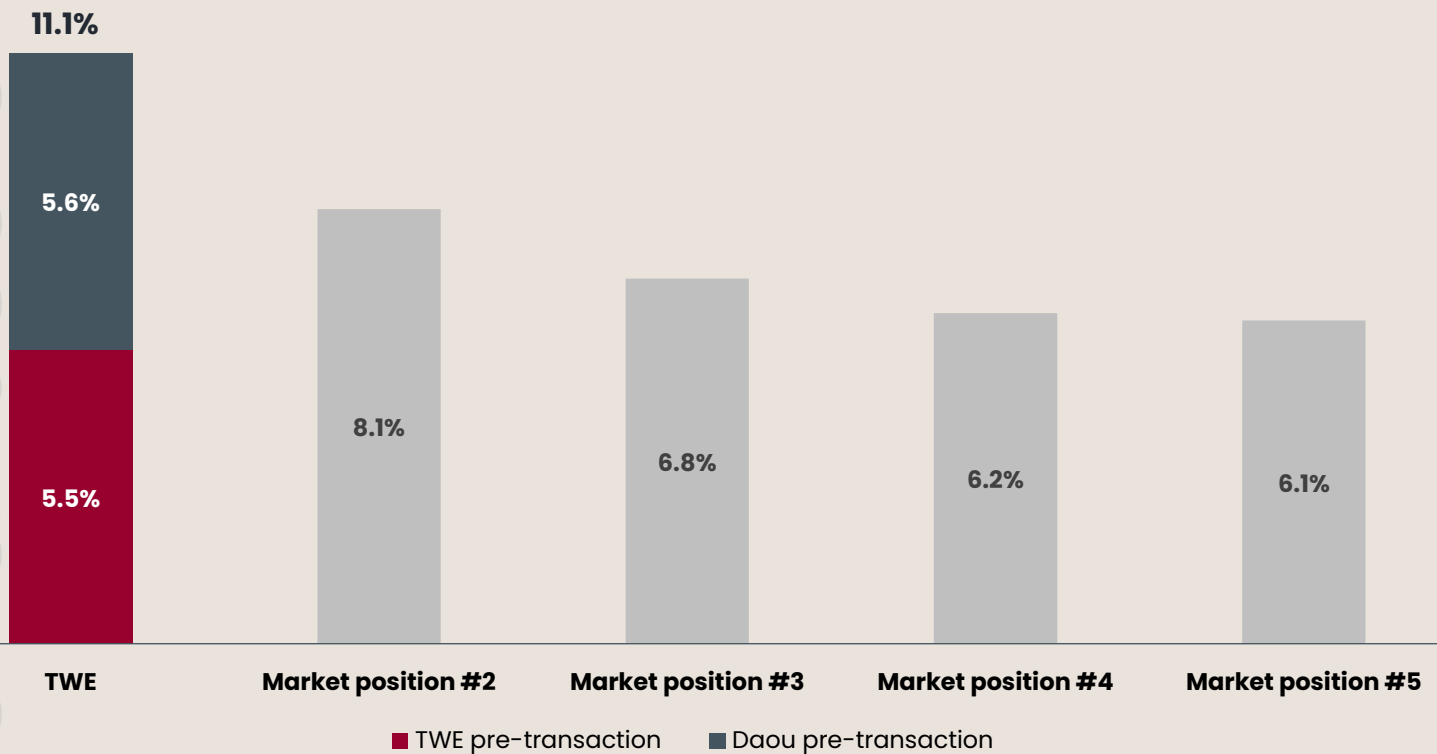
**EBITS margin**  
+0.7ppts to 24.8%

<sup>1</sup> Reflects the combination of F23 Group and Treasury Americas and CY23e DAOU performance. CY23e DAOU converted at AUD/USD 0.64

# 2 A leading and iconic US luxury wine business

Solidifying Treasury Americas position in the highly attractive US luxury wine market

Share of US luxury wine market - value<sup>1</sup>



- Luxury category leadership to increase presence with both wholesale and retail channel accounts
- Combined portfolio enables increased access to coveted on-premise accounts
- Furthers TWE leadership in luxury consumer experiences and insights
- Opportunity to go to market with sales team offering access to rare and allocated wines via a single supplier e.g. Penfolds Grange, BV Georges de Latour, Patrimony

<sup>1</sup> Circana Market Advantage, Total US MULO+C, US\$20+ Table, Value, latest 52 weeks ending 8 October 2023



# 2 A leading and iconic US luxury wine business

## A renowned luxury portfolio with an impressive financial profile

### Treasury Americas Luxury brand portfolio



### Combined financial profile

Metric	Pro forma TAM Luxury portfolio <sup>1</sup>	
	US\$	A\$
Volume (m 9Le)	1.7	1.7
NSR (\$m)	421	643
NSR/9Le (\$)	248	386
EBITS (\$m)	130	198
EBITS margin (%)	31%	31%
- including pro forma cost synergies <sup>2</sup>	36%	36%

- Treasury Americas division EBITs margin ambition revised to the high 20% range, from 25% currently

<sup>1</sup> TAM Luxury reflects the combination of reported F23 Treasury Americas luxury brands (includes BV, Stags Leap, Frank Family Vineyards, Beringer, Etude) and CY23e DAOU converted at AUD/USD 0.64, including Management estimates in relation to allocation of overheads, which remain subject to revision

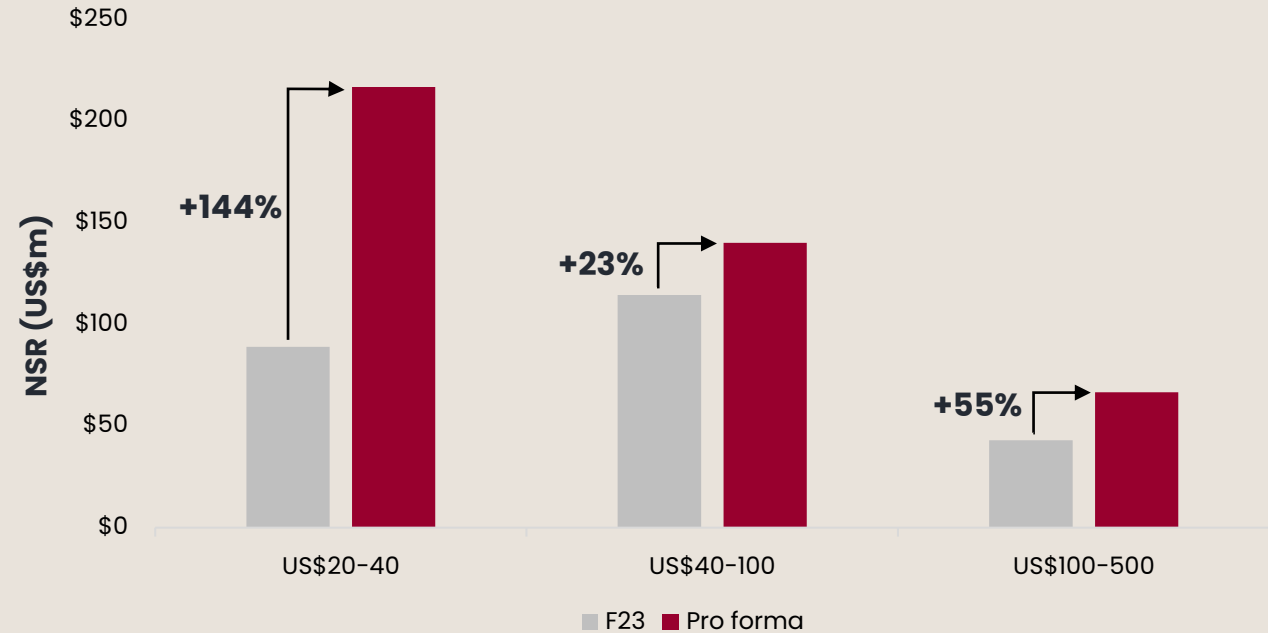
<sup>2</sup> Pro forma cost synergies of US\$20m+ expected to be realised by F26

# 3 Fills a significant Treasury Americas portfolio gap

Addresses a key portfolio gap in the US\$20-\$40 per bottle price point

- The acquisition of DAOU fills a key Treasury Americas portfolio gap in the US\$20-40 per bottle price point
- Strong complement to the existing portfolio in upper-luxury price points where Treasury Americas already has great strength with Stags' Leap, Beaulieu Vineyard, Beringer, Etude and Frank Family Vineyards
- With the luxury segments the fastest growing in the US market<sup>2</sup>, Treasury Americas is well positioned to deliver growth across the portfolio

Treasury Americas Luxury Portfolio NSR<sup>1</sup>



<b>Market size at price point<sup>2</sup></b>	US\$2.6bn	US\$0.9bn	US\$0.4bn
<b>Category CAGR: 2017-22<sup>2</sup></b>	+7.2%	+8.1%	+6.9%

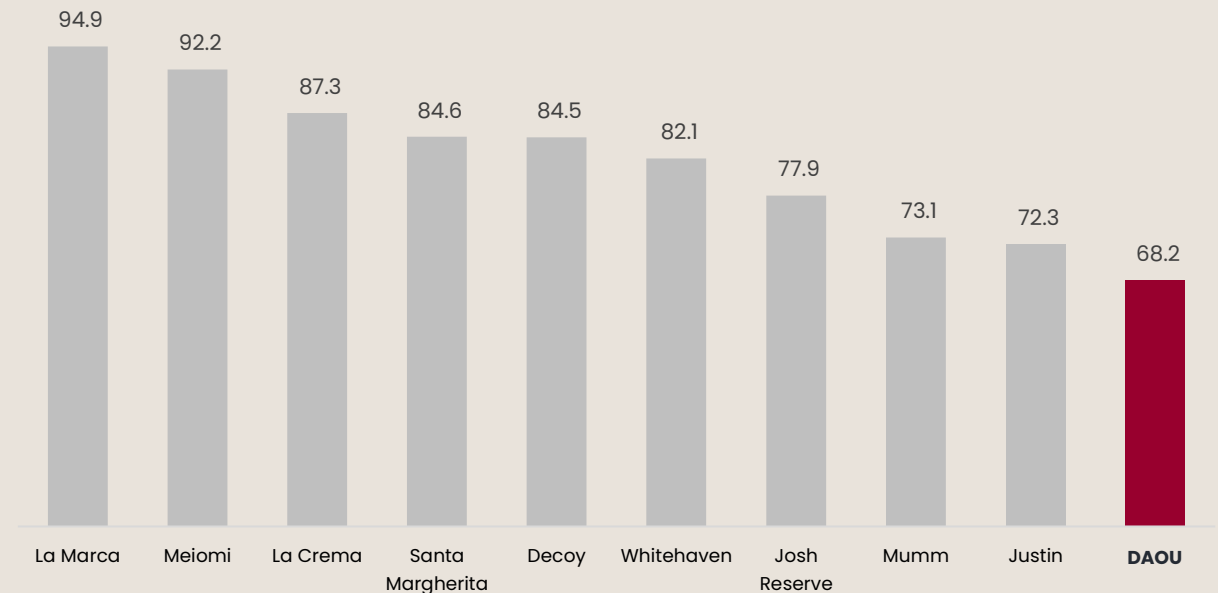
1. Pro forma reflects F23 Treasury Americas and CY23e for DAOU. Includes wine sales only  
 2. IWSR 2023, still wine, value growth

# 4 A significant value creation opportunity

## Leveraging Treasury Americas platform to build national distribution

- Treasury Americas has a deeper luxury distribution footprint across the US, leaving it uniquely placed to drive continued expansion of the DAOU portfolio
  - On-premise and off-premise focus
  - A significant opportunity outside of California, where DAOU has an excellent distribution footprint
  - Treasury Americas distribution is deeper than DAOU in the top 10 US wine markets<sup>1</sup>
- Within US trade, DAOU has a significant opportunity for distribution growth, with current weighted distribution below that of key luxury peers
- Growth plans for the DAOU portfolio will leverage the strength of a leading luxury wine portfolio, and will be supported by RNDC, a highly engaged and vision aligned distribution partner to both Treasury Americas and DAOU

**DAOU's category weighted distribution is currently below that of key luxury peers in the US<sup>1</sup>**

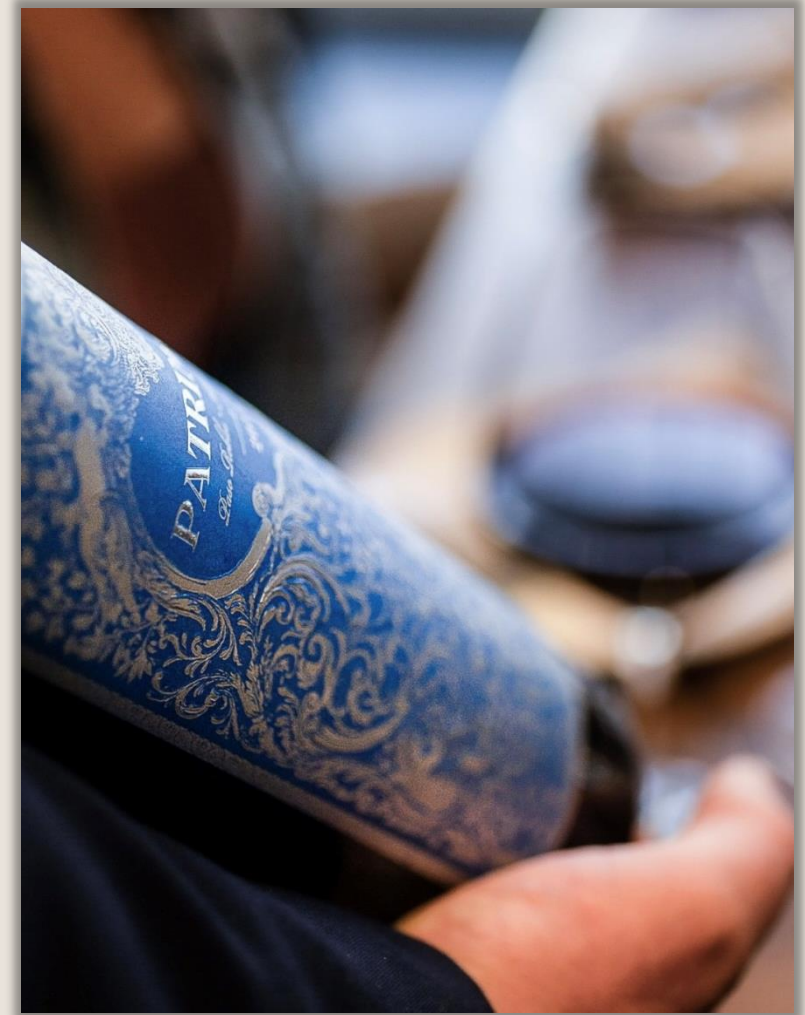


<sup>1</sup> Circana Market Advantage, Total US MULO+C, Table & Sparkling +US\$15, value, brands >US\$40M, latest 52 weeks ending 08 October 2023

# 4 A significant value creation opportunity

## Taking DAOU and Patrimony international through TWE's global distribution platform

- A unique opportunity to establish DAOU and Patrimony as renowned international brands, leveraging TWE's global scale and distribution platform
- Globally, and in particular through Asia, there is good potential for long-term growth:
  - DAOU's luxury codes (packaging, provenance, wine style and flavour) resonate strongly with Asian consumers and have parallels with Penfolds
  - Strong cabernet sauvignon portfolio, focused on Bordeaux varietals
  - The brand performs strongly with young luxurians
- Patrimony sits credibly among the world's leading ultra-luxury wine brands:
  - Leverage the exceptional wine quality and outstanding credentials to grow global awareness
  - Target listing in premier venues in key luxury consuming markets, globally



# 4 A significant value creation opportunity

## Material production and overhead cost synergies

<b>Sourcing and winemaking</b>	<ul style="list-style-type: none"><li>• Enhanced utilisation of TWE's winemaking network, including its existing Paso Robles facility</li><li>• Optimise sourcing for the Discovery, Journey and Reserve tiers by supplementing DAOU's supply with TWE's internal vineyard and grower network footprint</li></ul>
<b>Bottling and packaging</b>	<ul style="list-style-type: none"><li>• Bottling efficiencies across the combined TWE and DAOU network</li></ul>
<b>Planning, procurement and logistics</b>	<ul style="list-style-type: none"><li>• Logistics, supply planning and procurement savings</li></ul>
<b>SG&amp;A</b>	<ul style="list-style-type: none"><li>• Optimisation of combined TWE and DAOU expenditure</li></ul>

- **Full business integration and cost synergy optimisation to commence in F25, with full run rate cost synergies of US\$20m+ expected to be realised by F26**
- **Expected one-off costs of approximately US\$27m<sup>1</sup>**

<sup>1</sup> Integration costs of approximately US\$27m are expected to be incurred and recognised as material items

# 4 Strong value creation for TWE shareholders

## Transaction multiple 12.8x EBITDAS; 8.9x inclusive of synergies and net of tax benefits

- Transaction structure balanced to ensure alignment of interests with founders and the delivery of strong financial returns for TWE shareholders
- Upfront consideration partially funded by a placement of US\$100m (A\$157m) of TWE shares<sup>1</sup> to the existing owners of DAOU<sup>2</sup>
- Contingent earn-out of up to US\$100m payable in 3 tranches (CY25, CY26 and CY27) linked to the delivery of DTC and ultra luxury NSR growth
  - If the US\$100m earn-out was payable in full, this would represent a 3.5-4.5x multiple of the incremental EBITDAS required to trigger such payment<sup>3</sup>
- Transaction results in material cashflow benefits arising from the ability to deduct the amortisation of goodwill over a 15-year period for US tax purposes. Indicative NPV of cash benefits of ~US\$100m with an average annual cash flow benefit of US\$12m<sup>4</sup>

### Implied transaction multiples

<b>Enterprise value (before earn-out)</b>	<b>US\$900m</b>
<i>less: NPV of tax benefits<sup>4</sup></i>	<i>(~US\$100m)</i>
<b>Enterprise value (before earn-out, net of tax benefits)</b>	<b>US\$800m</b>
CY23e EBITDAS	US\$70m
Pro forma cost synergies	US\$20m
<b>Implied EV / CY23e EBITDAS</b>	<b>12.8x</b>
<b>Implied EV / CY23e EBITDAS (net of tax benefits, including pro forma cost synergies)</b>	<b>8.9x</b>

**Acquisition expected to be EPS accretive (pre-synergies) and mid to high single digit EPS accretive (pro forma for cost synergies of US\$20m+) in F25, the first full year of ownership<sup>5</sup>**

1. 50% of these TWE shares will be subject to a one-year voluntary escrow with the remaining 50% subject to a two-year voluntary escrow
2. Refer to footnote 2 on slide 32 for additional information
3. Represents the incremental EBITDAS above CY23e EBITDA. Note that the earn-out is only payable to the extent actual NSR for the relevant channel/tiers exceeds pre-agreed targets in each of the years, which themselves have an assumed growth rate factored in. For illustrative purposes, incremental EBITDAS has been calculated as the CY27 NSR target for the relevant channels/tiers, less CY23e NSR, multiplied by DAOU's CY23e EBITDAS margin of 33%
4. Arises from the ability to deduct the amortisation of goodwill for tax purposes over a 15-year period under US tax law. US\$100m represents the NPV of the cashflow benefits
5. Excludes any non-cash financing charge associated with the accounting recognition of the earn-out liability (to the extent relevant) or any one-off transaction or integration costs (including those required to deliver synergies). Based on post entitlement offer and vendor placement shares issued.

# 5 Provides the scale to support a future standalone TAM Luxury division

With potential to establish a global premium brands division, including TAM Premium



**ICONS**





**BINS**












**MAX'S**      **KOONUNGA HILL**




<b>NSR</b>	<b>NSR/9Le</b>	<b>EBITS margin</b>
A\$820m	A\$354	44%








**TAM Luxury**
















<b>NSR</b>	<b>NSR/9Le</b>	<b>EBITS margin</b>
A\$643m	A\$386	36%

**TAM Premium**

<b>NSR</b>	<b>NSR/9Le</b>	<b>EBITS margin</b>
A\$509m	A\$104	21%

<b>NSR</b>	<b>NSR/9Le</b>	<b>EBITS margin</b>
A\$782m	A\$55	10%

Note: F23 Financials shown for Penfolds, Treasury Premium Brands and TAM Premium. TAM Luxury reflects the combination of F23 Treasury Americas luxury brands (Includes BV, Stags Leap, Frank Family Vineyards, Beringer, Etude) and CY23e DAOU converted at AUD/USD 0.64, including pro forma synergies of US\$20m and Management estimates in relation to allocation of overheads, which remain subject to revision

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# Transaction Funding & Outlook



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# Sources and uses of funds

Transaction to be funded with a combination of debt and equity, pro forma leverage of 2.5x at Jun-23<sup>1</sup>

## Transaction funding structure

<b>Debt facilities</b>	<ul style="list-style-type: none"> <li>US\$350m acquisition bridge facility, subject to satisfying customary conditions precedent, is available for the purposes of funding the debt component of the Acquisition (and related costs)</li> <li>The term of the bridge facility is 18 months</li> <li>Proposed funding mix results in pro forma leverage at Jun-23 of 2.5x<sup>1</sup>, with strong cash flow to support deleveraging from 2H24 and back within TWE's target range by the end of F25</li> </ul>
<b>Scrip consideration</b>	<ul style="list-style-type: none"> <li>A\$157m (US\$100m) placement of new TWE shares to be issued to the existing owners<sup>2</sup> of DAOU</li> <li>Issue price of \$11.97 per share, based on the 10-day VWAP to 30 October 2023</li> <li>Post transaction holding of 1.6% of issued capital<sup>3</sup></li> </ul>
<b>Entitlement Offer</b>	<ul style="list-style-type: none"> <li>Entitlement Offer to raise A\$825 million</li> <li>Approximately 76.4 million new shares to be issued under the Entitlement Offer, representing approximately 10.6% of existing ordinary shares on issue</li> </ul>
<b>Dividend</b>	<ul style="list-style-type: none"> <li>TWE intends to maintain its existing dividend policy payout range of 55-70% Group NPAT, however the level of franking on future dividends is expected to reduce to 70-80%</li> </ul>

## Sources and uses of funds

Uses	US\$m	A\$m <sup>4</sup>
Consideration	900	1,417
Transaction costs <sup>5</sup>	35	55
<b>Total uses</b>	<b>935</b>	<b>1,472</b>

Sources	US\$m	A\$m <sup>4</sup>
Debt financing	311	490
Scrip consideration	100	157
Equity raising	524	825
<b>Total sources</b>	<b>935</b>	<b>1,472</b>

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

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

3. 50% of these TWE shares will be subject to a one-year voluntary escrow with the remaining 50% subject to a two-year voluntary escrow

4. USD converted at AUD/USD 0.6353

5. Transaction costs of approximately US\$35m will be recognised in F24 through material items and where directly attributable to the entitlement offer, as a deduction to equity per AASB132

# Details of the entitlement offer

<b>Offer size and structure</b>	<ul style="list-style-type: none"> <li>Fully underwritten 1 for 9.45<sup>1</sup> pro-rata accelerated renounceable entitlement offer with retail entitlements trading to raise A\$825 million (“Entitlement Offer”)</li> <li>Approximately 76.4 million new TWE fully paid ordinary shares to be issued, representing approximately 10.6% of existing ordinary shares on issue</li> </ul>
<b>Offer price</b>	<ul style="list-style-type: none"> <li>The Entitlement Offer will be conducted at A\$10.80 per New Share (“Offer Price”), representing a: <ul style="list-style-type: none"> <li>9.8% discount to Theoretical Ex-Rights Price (TERP)<sup>2</sup> of A\$11.98 at 30 October 2023</li> <li>10.7% discount to TWE’s closing price of A\$12.10 at 30 October 2023</li> </ul> </li> </ul>
<b>Use of proceeds</b>	<ul style="list-style-type: none"> <li>Proceeds of the Entitlement Offer will be used to partly fund the Acquisition and associated costs</li> </ul>
<b>Institutional Entitlement Offer<sup>5</sup></b>	<ul style="list-style-type: none"> <li>Institutional Entitlement Offer open from Tuesday, 31 October 2023 to Wednesday, 1 November 2023</li> <li>Institutional entitlements not taken up by institutional shareholders and entitlements of ineligible institutional shareholders, will be offered for sale through the institutional shortfall bookbuild which opens on Wednesday, 1 November 2023 and closes on Thursday, 2 November 2023</li> </ul>
<b>Retail Entitlement Offer<sup>5</sup></b>	<ul style="list-style-type: none"> <li>Eligible retail shareholders in Australia and New Zealand on the Record Date have a number of options under the retail entitlement offer <ul style="list-style-type: none"> <li>Elect to take up all or part of their pro rata entitlements before the retail offer close date (5.00pm Melbourne time, Thursday, 23 November 2023)</li> <li>Sell or transfer all or part of their retail entitlements. Retail entitlements may be traded on the ASX from Friday, 3 November 2023 (on a deferred settlement basis) and Thursday, 9 November 2023 (on a normal settlement basis) to Thursday, 16 November 2023</li> <li>Do nothing and let their retail entitlements be offered for sale through the retail shortfall bookbuild, with any proceeds in excess of the Offer Price (net of any withholding tax) paid to the shareholder<sup>3</sup></li> </ul> </li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>New shares issued under the Entitlement Offer will rank equally with existing ordinary shares on issue</li> </ul>
<b>Record date</b>	<ul style="list-style-type: none"> <li>7.00pm (Melbourne time) Friday, 3 November 2023</li> </ul>
<b>Underwriting<sup>4</sup></b>	<ul style="list-style-type: none"> <li>The Entitlement Offer is fully underwritten</li> </ul>

1. Fractional entitlements to new TWE shares to be rounded up to the next whole number

2. The Theoretical Ex-Rights Price is the theoretical price at which TWE shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which TWE shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to TWE’s closing price of \$12.10 on Monday, 30 October 2023

3. These entitlements will be offered for sale in the retail shortfall bookbuild and any premium (being any amount paid in respect of the sale of the entitlements) in excess of the Offer Price will be paid to non-participating and ineligible shareholders, net of withholding tax

4. TWE has entered into a conditional underwriting agreement pursuant to which the Underwriters have agreed to underwrite the Offer. The underwriting agreement is subject to customary conditions precedent and termination events. Refer to ‘Underwriting risk’ in the ‘Key risks’ on slide 40 of this presentation for further information. If the conditions precedent are not satisfied (or waived) or the underwriting agreement is terminated, TWE would need to seek alternative sources of funding in order to complete the Acquisition

5. All dates and times are subject to change without notice

# Entitlement offer timetable

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

<sup>1</sup> All dates and times are indicative and TWE reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. All times and dates are in reference to Melbourne, Australia time

# Pro forma balance sheet

## June 2023 pro forma balance sheet<sup>1</sup>

A\$m <sup>1</sup>	TWE	Equity raising	Debt funding	DAOU	Acquisition Impacts <sup>2</sup>	Pro forma post-acquisition
Cash & cash equivalents	566	825	490	-	(1,314) <sup>3</sup>	566
Receivables	613			14		627
Inventory	2,166			163		2,329
Property, plant & equipment	1,577			160		1,737
ROU lease assets	390			11		400
Agricultural assets	45			-		45
Intangibles <sup>2</sup>	1,427			-	1,105	2,532
Other assets	309			10		319
<b>Total assets</b>	<b>7,091</b>	<b>825</b>	<b>490</b>	<b>359</b>	<b>(209)</b>	<b>8,556</b>
Payables	710			18		728
Interest bearing debt	1,389		490	-		1,878
Lease liabilities	549			11		560
Earnout liability	-			-	123	123
Other liabilities	565			19		584
<b>Total liabilities</b>	<b>3,212</b>	<b>-</b>	<b>490</b>	<b>48</b>	<b>123</b>	<b>3,872</b>
<b>Net assets</b>	<b>3,879</b>	<b>825</b>	<b>-</b>	<b>311</b>	<b>(332)</b>	<b>4,683</b>

- Pro forma balance sheet illustrates the impact of the acquisition and equity raising on the 30 June 2023 TWE balance sheet
- This is illustrative only and based on DAOU's unaudited accounts as at 30 June 2023
- Estimated pro forma F23 leverage of 2.5x<sup>4</sup>

1. Financial information has been converted from USD to at AUD/USD of 0.6353

2. Adjustment made to reflect the estimated financial effect of accounting for the acquisition, and is illustrative only, with the difference between agreed consideration and the net operating assets acquired allocated to intangible assets. Purchase price accounting will be finalised after completion of the acquisition

3. Cash component of the purchase price A\$1,259m and estimated transaction costs of A\$55m

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

# Outlook

## **TWE standalone earnings outlook is unchanged from its AGM update on 16 October 2023**

- TWE's long-term financial objective is to deliver sustainable top-line growth and high single-digit average earnings growth<sup>1</sup>
- Trading conditions in the first quarter were consistent with overall expectations, and TWE expects continued strong demand for Luxury wine and resilient category dynamics for Premium wine, globally
- In F24, TWE remains well positioned to deliver growth in line with its long-term ambition and continued EBITs margin expansion
- Group EBITs will be split approximately 45%/55% 1H/2H, reflecting the planned phasing of Penfolds shipments to retain operational flexibility given the expedited review of tariffs on Australian wine in China

## **Outlook expectations do not assume any incremental earnings from China**

- TWE's F24 and long-term earnings expectations do not assume any benefits from a positive outcome in relation to the review of tariffs on Australian wine into China
- The timing, or outcome, of the review is not expected to impact TWE's full year shipment plan

## **DAOU expected to contribute EBITs of US\$23–25m in 2H24**

- Earnings expectations assume a completion date of 31 December 2023 and the historical weighting of DAOU sales to the second half of the calendar year<sup>2</sup>

## **Revised long term margin ambitions for TWE and TAM, reflecting Luxury led portfolio mix**

- Long-term TWE and TAM EBITs margin ambitions revised upwards to the high 20% range, from 25%+ and 25% respectively, reflecting the addition of DAOU

1. Organic, pre material items and on a constant currency basis.

2. DAOU's sales, and therefore EBITs, have been historically weighted to the second half of the calendar year. Through CY21–23e, the weighting of EBITs to the second half of the calendar year has been in the range of 61–65%



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# Appendix A – Key Risks



# Key risks

This Appendix includes some of the key risks associated with any investment in TWE. TWE is subject to a variety of risk factors. Some of these are specific to its business activities, while others are of a more general nature. Individually, or in combination, these risk factors may affect the future operating and financial performance of TWE, its investment returns and the value of an investment in shares in TWE.

The risks listed in this Appendix are not an exhaustive list of risks associated with an investment in TWE, either now or in the future, and this information should be considered in conjunction with all other information in this Presentation. Many of the risks described below are outside the control of TWE, its Directors and management. There is no guarantee that TWE will achieve its stated objectives or that any forward looking statements or forecasts of TWE will eventuate.

This section discusses the key risks attaching to an investment in shares in TWE, which may affect the future operating and financial performance of TWE and the value of TWE shares (before and after the proposed acquisition of DAOU). Before investing in TWE shares, you should consider whether that investment is suitable for you having regard to publicly available information (including this Presentation), your personal circumstances and following consultation with financial or other professional advisers. Additional risks and uncertainties that TWE is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect TWE's operating and financial performance.

The risks associated with TWE set out in this Appendix will also apply to the combined TWE and DAOU group following the completion of the Acquisition ("Combined Group").

# Key risks – acquisition

## Acquisition may not complete or may be delayed

There is a risk that the Acquisition does not complete, including if it is terminated prior to completion for non-satisfaction of a condition to completion, including as a consequence of required US regulatory approval pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. If the Acquisition does not complete, TWE will need to consider alternative uses for the Entitlement Offer proceeds. TWE may decide to invest some or all of the Entitlement Offer proceeds, use some or all of the Entitlement Offer proceeds for another acquisition or to repay debt (temporarily or permanently), or return some or all the Entitlement Offer proceeds to its shareholders via a share buy-back or other capital return mechanism. If the Entitlement Offer proceeds are not used to fund the Acquisition, there is no assurance that TWE will be able to use the Entitlement Offer proceeds to generate an equivalent return to that anticipated from the Acquisition, or at all.

If completion of the Acquisition is delayed, TWE may incur additional costs and it may take longer than anticipated for TWE to realise the benefits of the Acquisition including the synergies described in this Presentation. Any failure to complete, or delay in completing, the Acquisition and/or any action required to be taken to return the Entitlement Offer proceeds to shareholders may adversely impact TWE's financial performance and profitability.

## Due diligence – reliance on information provided by the sellers

TWE has undertaken a due diligence process in respect of the Acquisition, which relied in part on the review of financial (including unaudited and other financial information), technical, operational, sales (including forecast sales), production (including vineyard yield) and other information provided by DAOU and the current owners. Despite making reasonable efforts, TWE has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it. For example, while TWE has tasted and tested a representative sample of all key finished goods and bulk wine parcels, and all were acceptable, there remains a significant quantity of finished goods that TWE has not tested and that may not be of an appropriate quality or otherwise fit for sale. Similarly, TWE has prepared (and made assumptions in the preparation of) the financial information relating to DAOU (on a stand-alone basis and also combined with TWE post-acquisition of DAOU) included in this Presentation from financial (including unaudited and other financial information) and other information provided by DAOU and the selling shareholders. TWE is unable to verify the accuracy or completeness of all of this information. If any of the data or information provided to and relied upon by TWE in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading (for example, as a result of historical accounting errors or incorrect/inappropriate application of accounting standards or methodologies such as accruals for depletions), there is a risk that the actual financial position and performance of DAOU and the Combined Group may be materially different to the financial position and performance expected by TWE and reflected in this Presentation.

There are also certain potential issues identified as part of TWE's due diligence that TWE may not have accurately assessed or quantified. Such issues may have a greater adverse financial or operational impact on TWE than anticipated. For example, TWE has identified some issues of concern relating to employee payment issues in California. It is possible that the financial impact of these issues may be greater than TWE's current assessment. TWE has also identified certain deficiencies in DAOU's privacy policies and practices. It is possible that these deficiencies may be more extensive than TWE's assessment of them as part of its due diligence and may cost more or take longer to resolve to a standard that meets TWE's standards. It is also possible that some of the wells that provide water to one or more properties contain contaminants that may limit the use of that water.

There is also a risk that the due diligence conducted in connection with the Acquisition has not identified all material issues and risks. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on the Combined Group. This could adversely affect the operations, financial performance or position of the Combined Group.

The information reviewed by TWE included forward looking information. While TWE has been able to review some of the foundations for the forward-looking information relating to DAOU and the Acquisition, forward looking information is inherently unreliable and based on assumptions that may change in the future.



# Key risks – acquisition

## Analysis of the acquisition

TWE has undertaken financial, business and other analyses of DAOU in order to determine its attractiveness to TWE and whether to pursue the Acquisition. It is possible that such analysis, and the best estimate assumptions made by TWE, has resulted in conclusions and forecasts that are inaccurate or which will not be realised in due course. For example, the assumptions underlying TWE's sales forecast growth for DAOU, both through distribution and direct-to-consumer (DTC) sales channels may not be met and those forecasts may not be achieved. Similarly, if consumer demand for DAOU's range of products is below expectations, TWE's sales and depletions forecasts within the US Trade channel may not be met. Further, sales forecasts for the high value Reserve, Estate and Patrimony tiers may not be met if DAOU owned vineyard supply forecasts are not achieved. Also, the costs of goods sold or necessary capital expenditure in relation to DAOU as part of the Combined Group may be higher than TWE's estimates.

To the extent that the actual results achieved by DAOU as part of the Combined Group are different than those indicated by TWE's analysis, there is a risk that the profitability and future earnings (including the EPS accretion) of the operations of the Combined Group may be materially lower than the profitability and earnings reflected in this Presentation.

## Recourse to the R&W Insurer

TWE has taken out R&W insurance in respect of certain claims that it may make under the Equity Purchase Agreement. The R&W insurance policy may not respond on all matters and is subject to a maximum liability cap along with time and other limitations. If a warranty or other claim was made by TWE under the Equity Purchase Agreement, there is a risk that the R&W insurance policy may not respond, or the R&W insurer may deny the insurance claim. Any inability to recover amounts claimed could materially adversely affect the Combined Group's financial position and performance.

## Integration and synergy risk

The integration of DAOU carries risk, including potential delays or additional costs in implementing necessary changes, and difficulties in integrating various operations and systems. The success of the Acquisition, and the ability to realise the expected synergy benefits of the Acquisition outlined in this Presentation, will be dependent on the effective and timely integration of the DAOU business alongside TWE's business following completion of the Acquisition.

TWE's ability to retain key DAOU personnel will be important to ensure the successful integration of the two businesses and to the post-acquisition financial performance of the combined group. In particular, the partner relationships and operational knowledge of senior DAOU personnel will be extremely valuable in supporting TWE's ability to achieve DTC and Patrimony growth forecasts. While TWE is committed to retaining senior DAOU personnel, there is a risk that senior DAOU personnel choose not to remain employed in the business following completion.

The integration of DAOU's information technology, cyber security and other operational systems into TWE's systems, and in some aspects their upgrade to TWE's standards, is expected to be a complex exercise that requires ongoing support from current DAOU personnel for at least a transitional period following completion of the acquisition. While TWE intends to put in place appropriate and customary retention arrangements, there is a risk that DAOU personnel (particularly those with in-depth systems knowledge and relationships with external vendors) choose not to remain employed in the business following completion of the Acquisition. If this were to occur, TWE would need to source relevant expertise elsewhere, which may materially increase transaction costs, delay integration and increase TWE's exposure to cyber-security, privacy and data security breaches. Such breaches may give rise to third party claims against TWE.

As part of the integration process, in order to achieve certain anticipated synergies, TWE may need to negotiate early termination of some supply contracts and pay the associated early termination fees. There is a risk that those exit fees may be higher than expected, which would increase the transaction costs associated with the DAOU acquisition. There is also a risk that, due to the potential for intellectual property rights infringement, TWE may not be able to sell certain DAOU brands in jurisdictions that TWE currently sells wine into without re-branding those products.

While TWE has undertaken analysis in relation to the synergy benefits of the Acquisition, they remain TWE's estimate of the synergy benefits expected to be achievable, and there is a risk that the actual synergies able to be realised may be less than expected or delayed, or that the expected synergy benefits of the Acquisition may not materialise at all or cost more to achieve than originally expected or that dis-synergies may arise. These risks include, amongst others, unforeseen costs relating to integration of IT and operational systems. There is a risk that management's time and attention is diverted away from running its existing TWE business during the integration phase.

A failure to fully integrate the operations of DAOU, or a delay in the integration process, could impose unexpected costs that may adversely affect the financial performance and position of the Combined Group.

# Key risks – acquisition

## Historical liabilities

Following the completion of the Acquisition, TWE will become directly or indirectly liable for any liabilities that DAOU has incurred in the past, including liabilities which were not identified during TWE's due diligence or which are greater than expected, for which insurance may not be adequate or available, and for which TWE may not have post-completion recourse under the Equity Purchase Agreement or the R&W insurance. These could include liabilities relating to non-compliance with US state shipping regulations, inadequate historical insurance coverage or the failure to renew certain insurance policies, claims by taxation authorities, including in relation to historical US state income, sales and transfer tax exposure, historical accounting errors or mis-application of accounting standards, employee claims, including in relation to an existing wage and hour class action related to payment practices, and other potential employment law compliance claims, customer claims, including product recalls, regulatory compliance breaches and regulatory actions, current or future litigation and breach of contract claims.

Such liabilities and related historical activities of DAOU may adversely affect the financial performance or position of the Combined Group and may also adversely affect TWE's reputation.

## Acquisition accounting

TWE is required to undertake an assessment of the fair value of the tangible and intangible assets acquired as well as the actual and contingent liabilities of DAOU at the date of acquisition. TWE will engage external experts to the extent necessary to ensure appropriate values are attributed to acquired assets and liabilities. TWE will then allocate the purchase price among those identified assets and liabilities to determine the value of goodwill arising on the acquisition of DAOU. Accounting Standards provide for up to twelve months from the acquisition date (completion) for this assessment to be finalised. The outcome of this assessment could give rise to different values being applied than those used in the pro forma financial information contained in this Presentation. Such an outcome could impact the values of assets and liabilities reported in the consolidated balance sheet by TWE. There may also be differences in the cost of goods sold, depreciation and amortisation charges recognised in the consolidated profit or loss account which may impact reported profit before tax and net profit after tax.

## Underwriting

TWE has entered into an underwriting agreement under which the Joint Lead Managers have agreed to underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement. The Entitlement Offer Proceeds are to partially fund the purchase price of the Acquisition.

Prior to the completion of the Entitlement Offer, there are certain events which, if they were to occur, may affect the Joint Lead Managers' obligation to underwrite the Entitlement Offer. The ability of the Joint Lead Managers to terminate the underwriting agreement in respect of some events will depend on whether the event has or is likely to have a material adverse effect on the success or settlement of the Offer, or where they may give rise to material liability for the Joint Lead Managers.

The events which may trigger termination of the underwriting agreement in the period from execution of the underwriting agreement to completion of the Entitlement Offer are summarised in Appendix C of this Presentation.

Termination of the underwriting agreement would have an adverse impact on the proceeds raised under the Entitlement Offer and TWE's ability to fund Acquisition. If the underwriting agreement is terminated TWE will remain bound to complete the Acquisition. In these circumstances, TWE may need to find alternative funding (including further debt funding) to meet its contractual obligations and any such funding may be on less favourable terms or such funding may not be available. Termination of the underwriting agreement could materially adversely affect TWE's business, cash flow and financial position and its ability to complete the Acquisition.

# Key risks – TWE and its business

<b>Changing consumer preferences and market trends</b>	<p>Unanticipated changes in consumer demand or preferences may adversely affect TWE’s ability to either capture growth opportunities or manage the supply of our products. These changes could be caused or accelerated by changes in economic outlook and consumer sentiment in the markets in which we operate. If TWE is unable to effectively identify and respond to changing consumer preferences and market trends, this may adversely impact our ability to maintain our market share and grow our business. This in turn may adversely impact TWE’s financial performance, profitability and business operations.</p>
<b>Changing geopolitical environment</b>	<p>Significant or prolonged geopolitical instability in or affecting the markets in which we operate could adversely impact consumer demand, our ability to trade and our ability to access new markets. It may also disrupt global supply chains, and create barriers to the movement of people and goods across international borders. Instability or disruptions of this type would adversely affect TWE’s business operations, financial performance and profitability.</p>
<b>Turnover of key talent</b>	<p>TWE’s ability to deliver on our strategic targets is reliant on attracting and retaining experienced, skilled, and motivated talent in core functions such as winemaking, sales, and marketing.</p> <p>It also requires strong, resilient, and effective leaders as the business grows.</p> <p>If we are unable to retain key talent, this would adversely impact TWE’s relationships with our key partners (such as our suppliers, distributors, and retailers), result in lost business knowledge, increase the risk of our remaining employees burning out, and hamper the business’s ability to deliver on our key initiatives. In turn, this would adversely impact our business operations and financial performance.</p>
<b>Business disruption and/or catastrophic damage or loss</b>	<p>The scope of TWE’s operations exposes it to a number of business disruption risks, such as environmental catastrophes, natural and man-made hazards and incidents, or politically motivated violence.</p> <p>A significant or prolonged business disruption could result in TWE sites, facilities or people being harmed or threatened, loss of key infrastructure, inability (or reduced ability) to trade, inventory shortages, excess or loss, customer dissatisfaction, or financial and reputational loss.</p>
<b>Technology and business infrastructure supporting growth</b>	<p>TWE’s business relies on IT infrastructure, systems, and processes to support the ongoing growth of our business. Where such infrastructure cannot efficiently and effectively support the changing needs of the business, there is a risk of process inefficiency and error. Such inefficiencies and errors may result in increased costs and processing times, which may adversely impact TWE’s financial performance and profitability and may also result in damage to the business’ reputation.</p>
<b>Changing regulatory environment</b>	<p>TWE operates in a regulated industry in many of the markets it makes and sells wine in. Each of these markets has its own regulations that collectively govern many aspects of TWE’s business operations. Over time, there may be additional regulatory requirements or changes to existing regulatory requirements, including requirements that relate to taxes, health and labelling guidelines as well as climate and environmental requirements. Remaining abreast of, and compliant with, additional regulations and changes to existing regulations requires diligent and ongoing monitoring by the business. There is a risk that TWE fails to comply with regulations. Any such failure may result in TWE having to pay financial penalties or fines or may prevent TWE from being able to sell its products in certain markets. This would adversely affect TWE’s financial performance and may adversely impact TWE’s reputation.</p>
<b>Cyber and information security</b>	<p>Cyber and information security is essential to protect our business-critical intellectual property and data privacy. As a result of continuing advances in technology, systems, and communication channels, increasing amounts of private and confidential data are being stored electronically. The increasing volume of electronically stored data, together with increasing levels of cyber-criminal activity, heightens the need for TWE to have robust data security measures in place in order to effectively protect itself against this potential threat.</p> <p>If a significant cyber-security incident or information breach were to occur, this would divert management’s time and attention away from the business’ operations and could result in increased costs (including costs incurred in responding to the incident or improving systems following an incident). A significant incident or breach may also result in regulatory breaches, resulting in fines and may also adversely impact TWE’s reputation. Increased costs and reputational damage may in turn adversely impact TWE’s financial performance and profitability.</p>

# Key risks – TWE and its business

## Health, safety and wellbeing

The health, safety and wellbeing of the TWE team and everyone who is involved with the TWE business remains our highest priority. TWE recognises the importance of ensuring our people stay safe through closely managing existing health and safety risks and being proactive with identifying and managing emerging health and safety risks.

Growing grapes, processing fruit and packing wine involves the use of complex equipment and processes that pose a risk to health and safety and could result in death, serious injury, or illness. If a serious health and safety incident were to occur at one of our sites or facilities, this may adversely impact TWE's financial performance, business operations, and reputation.

## Impacts of climate related change on TWE's ability to grow, make and market quality wines

TWE's business is exposed to threats and opportunities posed by climate change. As the climate changes, our ability to grow, make and market quality wines may be affected by more frequent extreme weather events and changing temperatures that may in turn impact the yield and fruit quality of our vineyards. Climate changes could also lead to decreased water availability or quality or an increase in the cost of water. Any such changes would result in decreased revenue and increased costs, thereby adversely impacting TWE's financial performance and profitability.

In addition, there are related transition risks arising from policy, legal, technology, market and reputation changes associated with the transition (or lack of) to a low-carbon economy. This transition, or lack of transition, may increase TWE's costs and adversely affect TWE's profitability. If TWE fails to effectively respond to the changes presented by climate change, this may also adversely affect our reputation.

## Incident leading to negative coverage in traditional or social media

The strength of TWE's portfolio of brands is key to the success of the business. If an incident relating to TWE were to be misrepresented or receive negative or critical coverage in either traditional news or social media channels, this could result in damage to TWE's reputation or to our brands. This could be driven by a number of performance and operational factors, as well as commentary and opinions about issues and trends that have the potential to adversely impact our business operations, our brands, and people. This in turn may adversely impact TWE's financial performance.

## Misaligned supply and demand for region, variety, and grade of grapes

TWE's ability to balance supply to demand may become challenged by several factors, including restricted availability of quality grapes or bulk wine, supply pricing, changes in consumer preference (for example, in relation to drinks category, wine style, region or varietal) or other shifts in demand.

The misalignment of supply may lead to a shortage in wine supply, which in turn could limit our business' growth and revenue potential. Alternatively, misalignment may generate excess wine supply, which would need to be corrected through supply sales, asset re-alignment or reallocation of wine.

As a result, our ability to manage our cost of goods sold (COGS), grow revenue and achieve our EBITs targets could be adversely affected, both in the year of harvest and in future periods.

## Partner performance and market concentration

TWE's ability to achieve our objectives is directly tied to the performance of our partners (such as our suppliers, distributors, and retailers). The sub-optimal performance of any of these partners, or their market concentration and power, could have a significant adverse impact on TWE's bargaining power, market share, supply costs and profit margins.

## Pricing and investment execution and cost management impacting margin outcomes

Where TWE's pricing and investment execution are not appropriately aligned to both our brand and product vision and strategy, as well as external competitor activity, there is an increased risk that TWE may lose market share. This in turn would decrease our profit margins and may cause brand damage.

Developments in the global economy, including inflationary pressures and foreign exchange rate movements could increase costs and adversely impact TWE's earnings and margins.

## Product quality defects, contamination, and counterfeit

If TWE were to sell wine with a significant quality defect, or deliberate contamination, it could have significant adverse impacts on TWE's corporate and brand reputation. It may also increase TWE's costs by requiring product write-offs or product recalls.

As the reputation and value of TWE's brands increase, the risk of counterfeit and copycat products entering the market also increases. If a significant quantity of such products were to be released into the market, this may divert customers away from our products, which would adversely impact TWE's financial performance and profitability. Counterfeit or copycat products may also damage our brand reputation.

# Key risks – TWE and its business

<b>Litigation</b>	TWE is involved, or could become involved, in disputes, litigation and other proceedings including class actions, including with investors, consumers, clients, regulatory or law enforcement bodies, business partners and third parties. In addition to the direct costs associated with managing litigation, proceedings or disputes and their eventual outcome, there is a risk that TWE's business could be subject to adverse outcomes or settlements and TWE's reputation may suffer due to the profile and public scrutiny surrounding any such litigation, proceedings and disputes regardless of their outcome.
<b>Carrying Value of Non-Financial Assets</b>	The Group regularly tests property, plant and equipment and intangible assets for impairment. At its most recent assessment in F23, TWE reported that for the TPB division, the recoverable amount exceeds the carrying value by \$186 million and that a reduction in cash flow forecasts of more than 26% for all years in the forecast period and also in the terminal year would reduce the excess of the recoverable amount over the carrying value to nil.

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# Key risks – general investment risks

## Economic risk factors

Changes in the economic climate in which TWE operates may adversely impact its financial performance. While TWE products are sold in more than 70 countries around the world, the majority of TWE's operations are located in, or service, the Australian, United States, Italian, French, United Kingdom and New Zealand markets.

Changes in economic factors in these regions, such as economic growth, employment levels, interest and inflation rates, foreign exchange rates, consumer sentiment and spending, market volatility, global commodity prices, labour costs, transportation costs, commodity costs and the availability and cost of credit could adversely impact the financial and operational performance of TWE or the value of TWE shares.

The operational and financial performance and position of TWE, TWE's share price, and TWE's ability to pay dividends, may be adversely affected by a worsening of general economic conditions in Australia, the United States, Italy, France, the United Kingdom and New Zealand as well as other international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian, United States, Italian, French, United Kingdom, New Zealand or global markets experiencing extreme stress, or existing risks, may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past been, and may in the future be, subject to significant volatility.

## Market price of TWE shares

The market price of TWE shares will fluctuate due to various factors, many of which are non-specific to TWE, including recommendations by brokers and analysts, general movements in Australian and international stock markets, Australian and international general economic conditions and outlook, changes in inflation rates, changes in interest rates, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, and investor perceptions. In the future, these factors may cause TWE shares to trade at a lower price, and no assurance can be given that the New Shares will trade at or above the Offer Price. None of TWE, its directors or any other person guarantees the performance of the New Shares.

The operational and financial performance and position of TWE, TWE's share price, and TWE's ability to pay dividends, may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks, may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.

## Liquidity

There can be no guarantee of an active market for TWE shares or that the price of TWE shares will increase. There may be relatively few potential buyers or sellers of TWE shares on the ASX at any time. This may increase the volatility of the market price of TWE shares. It may also affect the prevailing market price at which shareholders are able to sell their TWE shares.

## Interest rates

While TWE takes reasonable steps to protect itself through the use of hedges, rising interest rates may nonetheless adversely impact TWE's interest payments on its floating rate borrowings, which may adversely impact the performance of TWE's business.

## Risk relating to renounceability

If a TWE shareholder does not take up their entitlement under the Entitlement Offer, there is no guarantee that any value will be received for their renounced entitlement through the relevant bookbuild processes under the Entitlement Offer or (in the case of eligible retail shareholders) that they will be able to receive any value through selling their entitlements on ASX or otherwise transferring them.

The ability to sell entitlements under the institutional or retail bookbuild processes under the Entitlement Offer and the ability to obtain any premium will be dependent upon various factors, including market conditions. Further, the relevant bookbuild price may not be the highest price available but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the Joint Lead Managers, will, if accepted, result in otherwise acceptable allocations to clear the entire book.

Similarly, for eligible retail shareholders, there is no guarantee that there will be a liquid market on ASX or otherwise in traded entitlements, and prices obtainable for entitlements may rise and fall over the trading period and will depend on many factors including the demand for and supply of entitlements and the value of TWE shares relative to the issue price.

To the maximum extent permitted by law, none of TWE, the Joint Lead Managers, their respective related bodies corporate and affiliates and their respective directors, officers, employees, agents and advisers will be liable (including for negligence) for any failure to procure subscribers under either bookbuild at a price equal to or in excess of the issue price.

Shareholders who do not participate in the Entitlement Offer, or take up only part of their entitlement, will have their percentage holding in TWE reduced.

# Key risks – general investment risks

## Risk of shareholder dilution

If shareholders do not participate in the Entitlement Offer then their percentage shareholding in TWE will be diluted as a result of the issue of new shares under the Entitlement Offer. Even where shareholders do participate fully in the Entitlement Offer, their percentage shareholding in TWE will be diluted as a result of the issue of the new shares to, or at the discretion of, the existing shareholders of DAOU.

In the future, TWE may also elect to issue new shares, including to fund or raise proceeds for acquisitions TWE may decide to make. While TWE will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capacity it is able to issue within a 12-month period (other than where exceptions apply), shareholders may be diluted as a result of such future issues of shares and fundraisings.

## Changes to laws, government, monetary or fiscal policy or regulatory regimes

Changes to laws and regulations may adversely affect TWE, including by increasing its costs either directly (eg by increasing a tax TWE is required to pay) or indirectly (eg by increasing the cost of complying with a particular legal requirement). Any such change may adversely affect TWE's future financial performance.

Changes to key government policies or regulatory regimes affecting the businesses of TWE, including those in the area of imports/exports, viticulture and industrial relations, may affect the operational and financial performance of TWE.

## Taxation changes

There is the potential for changes to taxation laws and changes in the way taxation laws are interpreted. Any change to the current tax rates imposed on TWE is likely to affect returns to TWE's shareholders.

An interpretation of taxation laws by the relevant tax authority that is contrary to TWE's view of those laws may increase the amount of tax to be paid or cause changes in the carrying value of tax assets in TWE's financial statements. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns.

An investment in shares involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in TWE.

## Changes to accounting policies and valuations

Changes in accounting policies, arising from recently issued or amended accounting standards by the Australian Accounting Standards Board may affect the reported earnings of TWE and its financial position from time to time.

Additionally, TWE maintains internal views on the valuation of its business and these estimates are considered when assessing the accounting carrying value of assets on its balance sheet. Periodic revaluations (which consider both internal and external factors) may result in a reduction of valuations which could lead to some of its assets being impaired.

## Dividends

The payment of dividends on TWE shares is dependent on a range of factors including its profitability, the availability of cash and capital requirements of the business. Any future dividend levels will be determined by the TWE Board having regard to its operating results and financial position at the relevant time. There is no guarantee that any dividend will be paid by TWE or, if paid, that the dividend will be paid on previous levels. The level to which TWE is able to frank dividends declared is subject to a large number of factors in addition to those outlined above for dividends. There is no guarantee that any dividend will be franked or franked at previous levels.

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# Appendix B – International Offer Restrictions



NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES



# International Offer restrictions

This document does not constitute an offer of entitlements (“Entitlements”) or new ordinary shares (“New Shares”) of TWE in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold in the institutional entitlement offer, in any country outside Australia except to the extent permitted below.

## **Bermuda**

No offer or invitation to subscribe for Entitlements and New Shares may be made to the public in Bermuda or in any manner that would constitute engaging in business in or from within Bermuda. In addition, no invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for Entitlements and New Shares.

## **Canada (British Columbia, Ontario and Quebec provinces)**

This document constitutes an offering of Entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the “Provinces”), only to persons to whom such securities may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are “accredited investors” within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Entitlements or the New Shares or the offering of such securities and any representation to the contrary is an offence. No prospectus has been, or will be, filed in the Provinces with respect to the offering of Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the Entitlements or the New Shares.

TWE as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon TWE or its directors or officers. All or a substantial portion of the assets of TWE and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against TWE or such persons in Canada or to enforce a judgment obtained in Canadian courts against TWE or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

*Statutory rights of action for damages and rescission.* Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser’s Province for particulars of these rights or consult with a legal adviser.

*Certain Canadian income tax considerations.* Prospective purchasers of the Entitlements and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as there are Canadian tax implications for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Entitlements and the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.*

## **Cayman Islands**

No offer or invitation to subscribe for Entitlements New Shares may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

## **European Union**

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the Entitlements or the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the “Prospectus Regulation”).

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Entitlements and New Shares in the European Union is limited to persons who are “qualified investors” (as defined in Article 2(e) of the Prospectus Regulation).

# International Offer restrictions

## Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “SFO”). Accordingly, this document may not be distributed, and the Entitlements and the New Shares may not be offered or sold, in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## Japan

The Entitlements and the New Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the “FIEL”) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors.

Any Qualified Institutional Investor who acquires Entitlements or New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Entitlements or New Shares is conditional upon the execution of an agreement to that effect.

## Korea

TWE is not making any representation with respect to the eligibility of any recipients of this document to acquire the Entitlements or the New Shares under the laws of Korea, including the Foreign Exchange Transaction Act and regulations thereunder. These securities have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea (“FSCMA”) and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

Accordingly, the Entitlements and the New Shares may not be offered or sold in Korea other than to “accredited investors” (as defined in the FSCMA).

## Malaysia

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Entitlements or New Shares. The Entitlements and the New Shares may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Schedule 6 and Schedule 7 of the Malaysian Capital Markets and Services Act 2007.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “FMC Act”).

The Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of TWE with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in the entitlement offer, the Entitlements and the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

# International Offer restrictions

## Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except to “professional clients” (as defined in the Norwegian Securities Trading Act).

## Singapore

This document and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the “SFA”) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire such securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## Switzerland

The Entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to such securities constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the Entitlements or the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of such securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering or marketing material relating to the Entitlements or the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. Such securities will only be offered to investors who qualify as “professional clients” (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

## United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates. The Entitlements and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor any securities have been approved by the Securities and Commodities Authority (“SCA”) or any other authority in the UAE.

No marketing of the Entitlements or the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE. This document may be distributed in the UAE only to “professional investors” (as defined in the SCA Board of Directors’ Decision No.13/RM of 2021, as amended).

No offer of Entitlements or New Shares will be made to, and no subscription for such securities will be permitted from, any person in the Abu Dhabi Global Market or the Dubai International Financial Centre.

# International Offer restrictions

## United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Entitlements or the New Shares.

These securities may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to TWE.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated ("relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

## United States

This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the New Shares nor the Entitlements have been, and neither will be, registered under the US Securities Act of 1933 (US Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, neither the New Shares nor the Entitlements may be offered or sold, directly or indirectly, in the United States unless they have been registered under the US Securities Act (which the Company has no obligation to do or procure) or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States. This Presentation may not be distributed or released in the United States.

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TREASURY  
WINE ESTATES

# Appendix C – Underwriting Agreement Summary



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# Underwriting agreement summary

TWE has entered into an underwriting agreement with the Underwriters (**Underwriting Agreement**), pursuant to which the Underwriters are acting as joint lead managers, underwriters and bookrunners of the Entitlement Offer.

The Underwriting Agreement contains conditions precedent, representations, warranties, undertakings and indemnities in favour of the Underwriters. An Underwriter may, in certain circumstances, terminate its obligations under the Underwriting Agreement on the occurrence of certain events, including the following:

- the acquisition agreement between TWE and DAOU is: breached, terminated (or has become terminable, void or voidable), rescinded or withdrawn; or altered or amended without the prior written consent of the Underwriter in certain circumstances; or a condition precedent has become incapable of being satisfied by the due date (unless the relevant condition precedent has been waived by the benefiting party or parties);
- the disclosure in the Entitlement Offer documents is defective in a certain respect (including by omission);
- the Entitlement Offer documents include any forecast or forward-looking statement which is not (or ceases to be) fairly and properly supportable or which is not based on (or there ceases to be) reasonable grounds;
- ASIC makes a determination, exemption or order which would prevent TWE from making the Entitlement Offer under section 708AA of the Corporations Act;
- the Entitlement Offer cleansing notice was defective at the time of its issue or a corrective notice is issued or required to be issued under the Corporations Act;
- an obligation arises on TWE to give ASX a notice in accordance with section 708AA(12) of the Corporations Act in relation to a matter that is adverse to investors (in the reasonable opinion of an Underwriter);
- TWE withdraws the Entitlement Offer or any part of the Entitlement Offer, or TWE or the sellers determine not to proceed with the Acquisition or any part of the Acquisition;
- TWE ceases to be admitted to the official list of ASX or TWE's shares are suspended from trading on, or cease to be quoted on, ASX;
- TWE is prevented from allotting and issuing the Entitlement Offer securities in accordance with the Underwriting Agreement;
- subject to certain exceptions, certain applications are made to a regulator or a regulator commences any action, proceedings, investigation or hearing (or announces its intention to do so), in connection with the Offer or the Acquisition;
- ASX approval is refused, or is not granted: (i) in the case of the Institutional Entitlement shares, by the trading date of the Institutional Entitlement Offer (or any later date agreed in writing by the Underwriters in their absolute discretion) or is withdrawn on or before the trading date of the Institutional Entitlement Offer; (ii) in the case of the Retail Entitlement Offer shares, by the trading date of the Retail Entitlement Offer (or any later date agreed in writing by the Underwriters in their absolute discretion) or is withdrawn by the trading date of the Retail Entitlement Offer; or (iii) ASX makes an official statement to any person, or indicates to TWE or the Underwriters, that official quotation of the Entitlement Offer shares will not be granted or will be withheld;
- there are certain delays to the timetable without the prior written consent of the Underwriters;
- TWE or any of its subsidiaries is or becomes insolvent or there is an act or omission which is likely to result in TWE or a material member of the TWE group becoming insolvent;
- certain changes to TWE's board of directors or senior management of TWE are announced or occur;
- any of the following: (i) TWE or any member of the TWE group or any of its respective directors or members of senior management engage, or have engaged, in any fraudulent conduct by or on behalf of the TWE group; or (ii) \*civil or criminal proceedings are brought against TWE or any member of the TWE group or any of their respective directors or members of senior management in relation to any fraudulent, misleading or deceptive conduct by or on behalf of the TWE group;
- a director or member of senior management of TWE or any member of the TWE group: (i) is charged with an indictable offence or any government agency commences any public action against any of them or announces that it intends to take that action, in each case in relation to financial or corporate matters; or (ii) is disqualified from managing a corporation under applicable laws;

# Underwriting agreement summary

- \*any of the following occurs: (i) the commencement of legal proceedings against TWE or any member of the TWE group or against any director of TWE or any member of the TWE group in that capacity, or there is an adverse development in relation to any existing legal proceedings; (ii) any government agency commences any adverse action against TWE or any member of the TWE group or against any director of TWE or any member of the TWE group in that capacity, or there is an adverse development in relation to any existing action;
- a control transaction is announced in respect of TWE in certain circumstances;
- TWE or a member of the TWE group is in breach of, or in default under, any financing arrangement, or an event of default, potential event of default or review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or other similar event has occurred in respect of any financing arrangement;
- there is an event, occurrence or non-occurrence which makes it illegal for an Underwriter to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Entitlement Offer, or that causes an Underwriter to delay satisfying an obligation under the Underwriting Agreement;
- TWE varies any term of its constitution without the prior written consent of the Underwriters;
- any material adverse change occurs, or there is a development that is reasonably likely to have a prospective material adverse change in the assets, liabilities, financial position or performance, profits or losses or prospects of TWE and the TWE group, including any adverse change in the assets, liabilities, financial position or performance, profits or losses or prospects of TWE and the TWE group from those respectively disclosed in this presentation;
- either of the following: (i) a certificate is not given by TWE by the required time under the Underwriting Agreement; or (ii) \*a statement in the certificate is untrue or incorrect, or misleading or deceptive (including by way of omission);
- \*certain defects in the information supplied by or on behalf of the TWE group to the Underwriters in respect of the Entitlement Offer, the acquisition, the TWE group or the due diligence program;
- \*certain breaches of the Underwriting Agreement, regulatory approvals, the Listing Rules or applicable law by TWE, including in relation to the Offer or the Acquisition;
- subject to certain exceptions, TWE alters the capital structure of TWE without the prior written consent of the Underwriters;
- \*there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of the Commonwealth of Australia or any State or Territory of Australia or the United States, a new law, or any new regulation is made under any statute, or a government agency in Australia or the United States adopts or announces a proposal to adopt a new policy (other than a law or policy which has been publicly announced or proposed before the date of this presentation) or a previously disclosed policy or law is materially different from that previously announced or proposed;
- \*trading in all securities quoted on ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect for at least 1 day (or a substantial part of 1 day) on which that exchange is open for trading;
- \*hostilities or a national emergency not existing at the time of entry into the Underwriting Agreement commence (whether war or a national emergency has been declared or not) or a major escalation in existing hostilities, or a national emergency occurs (whether war or a national emergency has been declared or not) involving any one or more of certain prescribed countries, including (without limitation) Australia, the United States, Ukraine, Russia, Israel, Palestine or Iran or the declaration by any of these countries of war or a national emergency (other than as already declared prior to the date of this presentation), or a significant terrorist attack is perpetrated in any of those countries or any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;
- \*a general moratorium on commercial banking activities in Australia, the United States, the United Kingdom or Hong Kong is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries for more than one trading day; or
- \*there is any adverse change, disruption or escalation of disruptions to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, the United States, the United Kingdom, Singapore, Hong Kong, or a member of the European Union.

# Underwriting agreement summary

The ability of an Underwriter to terminate the Underwriting Agreement in respect of the above termination events denoted with an asterisk(\*) will depend on whether the event:

- has, or is likely to have, a materially adverse effect on the: (i) success of the Entitlement Offer; or (ii) ability of that Underwriter to market or promote or settle the Entitlement Offer; (iii) likely price at which the Entitlement Offer shares are likely to trade on ASX; (iv) the willingness of persons to apply for, or settle obligations to subscribe for, Entitlement Offer shares; or
- will, or is likely to, give rise to a liability of that Underwriter or its respective affiliates under, or a contravention by that Underwriter or its respective affiliates or any of them being involved in a contravention of, any applicable law.

If an Underwriter terminates its obligations under the Underwriting Agreement, it will not be obliged to perform any of its obligations that remain to be performed. Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Entitlement Offer. If TWE withdraws the Entitlement Offer, it will not receive any proceeds. In each of these circumstances, TWE would need to utilise alternative funding options to achieve its objectives as described in this presentation.

See the Appendix 3B released to ASX by TWE on the date of this presentation for details of the fees payable by TWE to the Underwriters in connection with the Underwriting Agreement.



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TREASURY  
WINE ESTATES

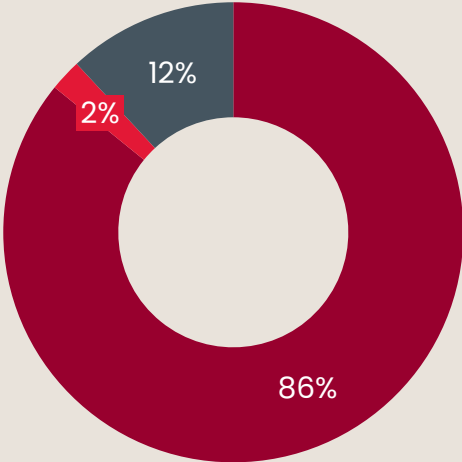
# Appendix D – Additional Information



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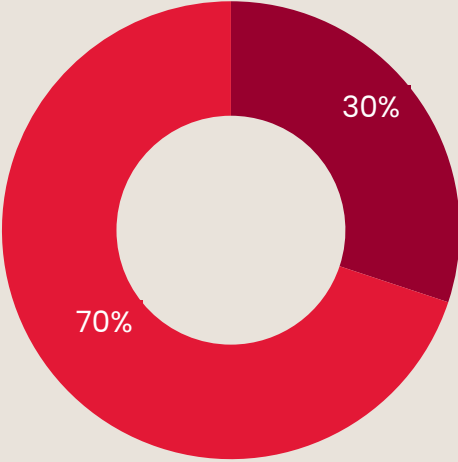
# Supplementary information

NSR by sales channel (CY23e)



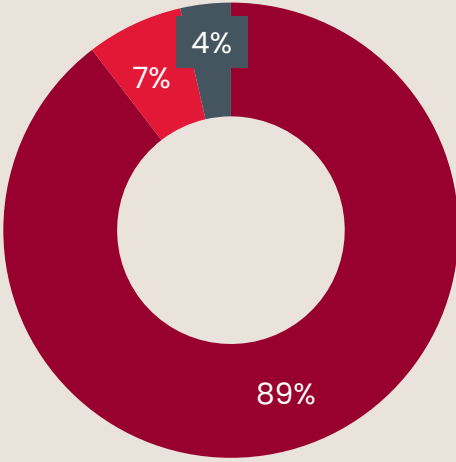
- US Trade
- International
- DTC

US trade depletions by channel (1H CY23)



- On-Premise
- Off Premise

Sourcing mix - 9le (V23e)



- Grower
- Bulk
- Owner/leased

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# Definitions

<b>9Le</b>	9 litre equivalent case
<b>Commercial wine</b>	Wine that is sold at a retail price point below US\$8 per bottle
<b>CAGR</b>	Compound annual growth rate
<b>COO</b>	Country of origin
<b>CYXXA</b>	Actual results for the calendar year ended 31 December 20XX
<b>CY23e</b>	Expected results for the calendar year ending 31 December 2023
<b>CYXX</b>	Calendar year ending 31 December 20XX
<b>DTC</b>	Direct to consumer
<b>EV</b>	Enterprise value
<b>EBITDAS</b>	Earnings before interest, tax, depreciation, amortisation, material items and SGARA
<b>EBITS</b>	Earnings before interest, tax, material items and SGARA
<b>F23</b>	Financial year ended 30 June 2023
<b>FXX</b>	Financial year ending 30 June 20XX
<b>Luxury wine</b>	Wine that is sold at a retail price point above US\$20 per bottle
<b>Material items</b>	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
<b>MULO+C</b>	Circana geography category representing multi-outlet and convenience stores
<b>NPV</b>	Net present value
<b>NSR</b>	Net Sales Revenue

<b>Premium wine</b>	Wine that is sold at a retail price point between US\$8 and US\$20 per bottle
<b>SGARA</b>	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
<b>TAM</b>	Treasury Americas division
<b>TERP</b>	Theoretical ex-rights price
<b>TPB</b>	Treasury Premium Brands division
<b>US Trade</b>	US retail scan channels
<b>V23e</b>	Vintage year 2023, expectation
<b>VWAP</b>	Volume-weighted average price
<b>WACC</b>	Weighted-average cost of capital rate