Acquisition of Lion Dairy & Drinks and Capital Raising

The Great Australian Food Company

26 November 2020

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Executive summary

Transaction overview

Transaction overview	▸ Bega Cheese Limited ("**Bega**") has entered into a binding agreement to acquire Lion Dairy & Drinks Pty Ltd ("**LD&D**") for $534 million[1] ▸ Implies EV / EBITDA multiple of 10.9x pro forma normalised LTM Sep-20 EBITDA[2] of $56 million and 6.3x post synergy realisation[3] ▸ In addition to the acquisition price, Bega expects to incur stamp duty and acquisition transaction costs ($42 million), capital raising and debt funding costs ($11 million), upfront transition costs ($21 million), additional transition and separation costs ($60 million)[4]
Lion Dairy & Drinks	▸ One of Australia's leading branded dairy and beverages companies with a portfolio of iconic brands holding #1 and #2 category share positions ▸ Large-scale, well-invested national manufacturing capability as well as Australia's largest national cold chain distribution network ▸ LTM Sep-20 revenue of $1.6 billion and pro forma normalised EBITDA[2] of $56 million (post-AASB 16) excluding synergies
Acquisition rationale	▸ Creates large-scale dairy and foods business with increased branded portfolio. Achieving 2023 branded portfolio target ahead of schedule ▸ Highly complementary Consumer Packaged Goods ("**CPG**") capability ▸ Significant expansion of domestic distribution network, with a focus on route channel ▸ Strengthens core dairy footprint ▸ Substantial synergy opportunity (estimated at $41 million per annum) ▸ Financially compelling returns for shareholders

[1] Net acquisition price represents gross sale price of $560 million less a $26 million deduction for IT separation costs (net of tax)
[2] Represents post-AASB 16 pro forma normalised EBITDA, including Vitasoy JV: 49% of NPAT and a management fee, and 75% of Capitol Chilled Foods (Australia) ("**CCFA**") earnings
[3] Including $41 million of base case synergies. EV / EBITDA multiple on post-AASB 16 basis. EV including $78 million finance lease liabilities
[4] Refer to the uses of funds table on page 28 for further details on these costs.

Transaction overview

Transaction funding	▸ All cash transaction funded with a combination of: 1. $267 million debt from new and existing facilities, including a $500 million acquisition facility[1] 2. An underwritten Capital Raising of $401 million, comprising: ▸ a 1 for 4.5 pro-rata accelerated non-renounceable entitlement offer of approximately $220 million, comprising an Institutional Entitlement Offer and a Retail Entitlement Offer ("**Entitlement Offer**"); and ▸ an institutional placement ("**Placement**") of approximately $181 million
Financial impact	▸ The transaction is expected to be double digit EPS accretive[2] in FY22[3] ▸ Pro forma net debt at 30 June 2020 increases to $518 million (post-AASB 16), implying to 3.3x net debt/EBITDA (3.1x pre-AASB 16) ▸ Strong deleveraging profile post transaction underpinned by synergies. Initiatives to further accelerate debt reduction post transaction being explored ▸ Bega will also assume lease liabilities of $78 million
Director participation	▸ The Bega Cheese Directors who are eligible to participate in the Entitlement Offer have each confirmed their intention to participate in whole or in part
Timing and conditions	▸ The transaction is unconditional and expected to complete at the end of January 2021 ▸ ACCC pre-approval obtained
Bega trading update	▸ Strong performance in branded business with continued focus on cost reduction initiatives ▸ Softness in infant formula market ▸ On track for FY21 consensus EBITDA[4]

[1] Acquisition facility term is 6 months
[2] Comparative EPS for the Company takes into account a theoretical ex-rights price adjustment for the entitlement offer and excludes one-off costs and any impact of acquisition accounting
[3] FY22 includes synergies of $36 million
[4] Consensus EBITDA $124 million as at 24 November 2020

Strong strategic alignment

- Cultural fit – heritage, community, customers, suppliers
- Immediate delivery of Bega's 2023 strategy to achieve 70% branded sales
- Complementary CPG capability to unlock competitive advantage
- Unique national cold chain distribution
- Substantial synergy potential – $41 million per annum
- Compelling financial returns – expected to be double digit EPS accretive[1] in FY22[2]

[1] Comparative EPS for the Company takes into account a theoretical ex-rights price adjustment for the entitlement offer and excludes one-off costs and any impact of acquisition accounting
[2] FY22 includes synergies of $36 million

Overview of
Lion Dairy & Drinks

Lion Dairy & Drinks highlights

Attractive portfolio of Milk-Based Beverages, Yoghurt, Juice, White Milk, Plant-Based Beverages, Culinary and other brands

Some of Australia's iconic dairy and beverage brands with #1 and #2 market share positions in its core categories

Australia's largest national cold chain distribution network

Large-scale, well invested national manufacturing capability across 13 sites

Pro forma LTM Sep-20 net revenue of $1.6 billion and EBITDA of $56 million[1] excluding synergies

[1] Represents post-AASB 16 pro forma normalised EBITDA, including Vitasoy JV: 49% of NPAT and a management fee, and 75% of CCFA earnings

Portfolio of well-known brands and assets

- Milk-Based Beverages
- Yoghurt
- White Milk
- Chilled and Ambient Juice

- Culinary (Cream and Custard)
- International chilled dairy business
- Yoplait brand (licensed)
- Water Ice brands

- Joint ventures:
  - Vitasoy Australia Products
  - Capitol Chilled Foods Australia (CCFA)

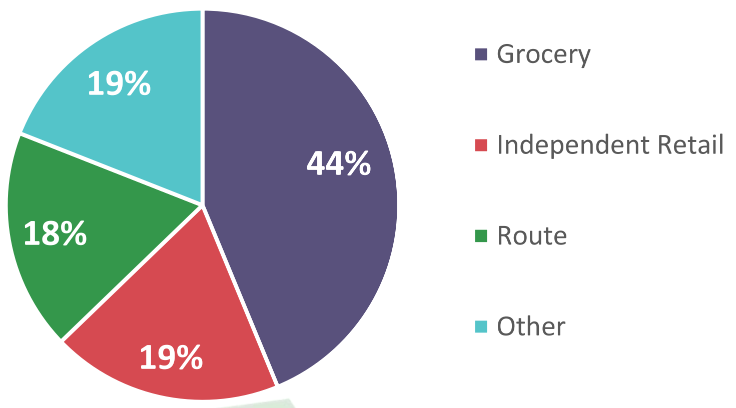
Strong Market Positions[1]

Milk Based Beverages	#1
Yoghurt	#1
White Milk	#2 (Branded)
Chilled Juice	#1

Well Recognised Brands

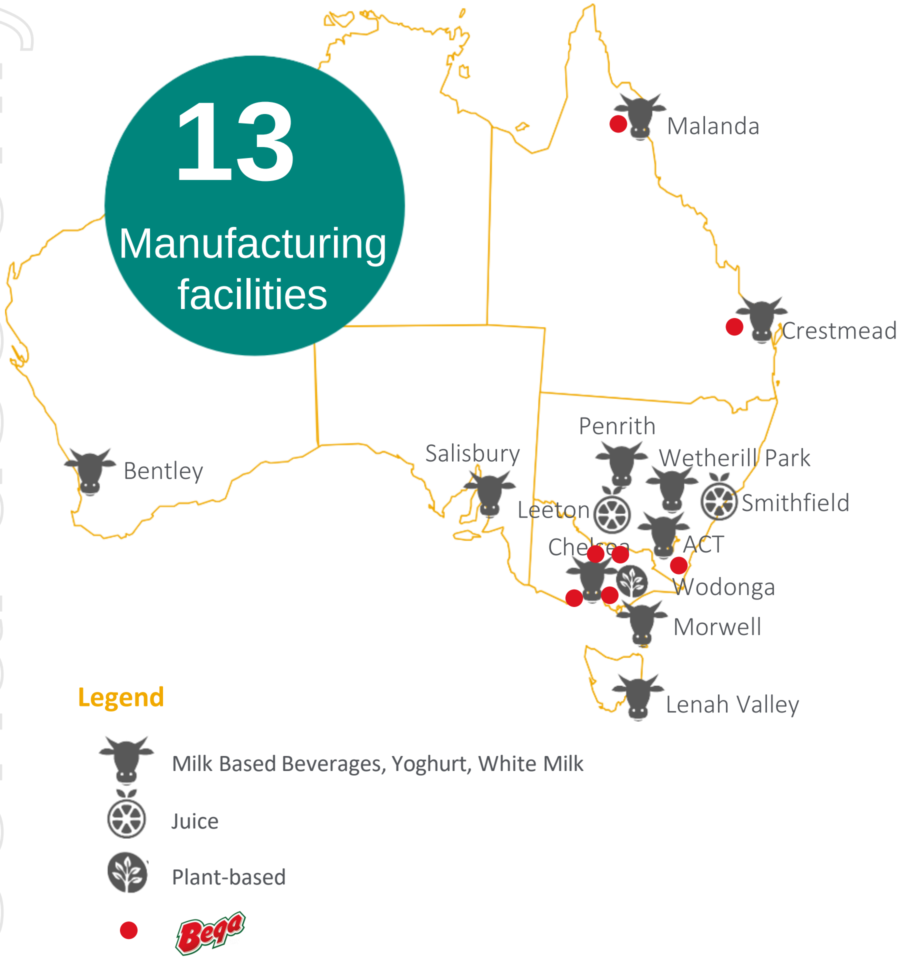
Diverse Customer Base

Net sales revenue by channel (LTM Sept-20)



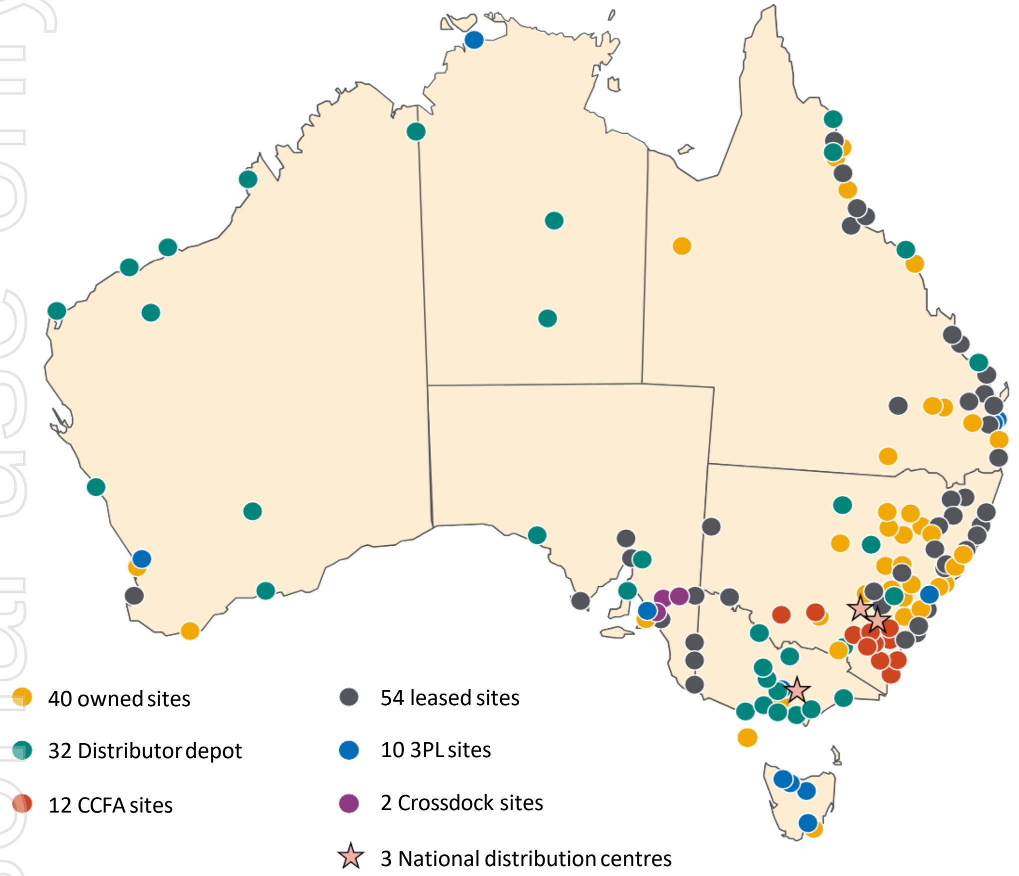
[1] IRI Aztec – Grocery Channel (May 2020)

Australia-wide manufacturing footprint



- Large-scale, well-invested national manufacturing capability across 13 facilities
- Manufacturing Australia's most iconic dairy and beverage brands for 130+ years
- Manufacturing capabilities provide flexibility to produce multiple categories and a broad range of packaged formats
- Underpinned by significant recent investment in specialised Milk-Based Beverages facility at Wetherill Park and best-in-class yoghurt facility in Morwell (Gippsland)
- Fresh milk facilities in all states except Northern Territory with a capacity of approximately 700 - 900ML
- Footprint also includes:
  - Juice processing
  - Vitasoy facility in Wodonga under a JV arrangement
  - Canberra manufacturing site under the CCFA JV

Extensive distribution network and property portfolio



- Australia's largest national cold chain distribution network
- Major distribution centres within a network of 136 distribution centres nationally
- Integrated distribution network for scale, efficiency and flexibility
- Competitive differentiator through unparalleled connectivity between metropolitan, satellite and regional Australia
- In-market presence in key Asian markets in chilled dairy through LD&D's international business

Category overview

Milk Based Beverages

Market leading brands in a growing category

- #1 player in the category[1], with a national powerhouse brand in Dare and well-recognised state brands including Farmers Union, Big M, Masters and Dairy Farmers
- Market share of 49%[1] in a growing category to be supported by investment in brand marketing and innovation
- Well invested manufacturing capability provides a competitive differentiator
- Australia has the highest per capita consumption globally in flavoured milk and ready-to-drink coffee[2]

Yoghurt

Growing market opportunity with increasing recognition as a 'better for you' category

- #1 supplier[1] in the growing and profitable yoghurt category, participating with a broad range of national brands
- Best-in-class yoghurt facility in Morwell to support growth
- Yoplait, licenced under a Sodima agreement, is a leading brand in the Australian Yoghurt market
- Strong pipeline of growth initiatives and expansion plans to support premium product formats

[1] IRI Aztec – Grocery Channel (May 2020)
[2] Euromonitor, Dairy in Australia, 2013-2018 market performance stats

Category overview

Chilled Juice

Consumer driven demand supporting growth opportunity

- Product portfolio includes well recognised brands in convenience and take-home formats
- Complementary business and culture with strong links to agriculture and prominence in the supply chain
    - 68 farmers supplying c.33kt fruit per annum
- Highly efficient manufacturing capability though primary and secondary processing plants in NSW
- Supplemented by cold chain distribution network with nationwide coverage

White Milk

Opportunity to leverage combined manufacturing footprint together with Bega's core dairy and processing expertise

- #2 branded manufacturer[1] with a suite of brands across traditional and specialised milk segments
- Category is the foundation of LD&D's cold chain distribution network
- Focus of operational synergy program

[1] IRI Aztec – Grocery Channel (May 2020)

Category overview

Other Brands

Portfolio includes Vitasoy joint venture providing exposure to the growing plant-based beverages market

- **Vitasoy JV** market leading plant-based beverages brand aligned with consumer trends in HORECA[1] channels
- **Capitol Chilled Foods Australia (CCFA)** JV between LD&D and Bega manufacturing and distributing milk and MBB products under the LD&D brands and the Canberra Milk brand
- **Culinary (Cream and Custard)** Pura and Dairy Farmers brands primarily distributed in non-grocery channel
- **Water Ice** portfolio includes Zooper Dooper brand, capturing summer season opportunities
- **Ambient Juice** low-value legacy category including Berri and Mildura brands. Provides scale and efficiency in juice manufacturing

[1] HORECA – Hotel, Restaurant and Catering

Financial profile of LD&D

Key financials (LTM Sep-20)

Revenue : $1.6 billion

EBITDA[1] : $56 million

Recent drivers

- Historical revenue has been stable at c.$1.6 billion, with earnings primarily derived from Milk Based Beverages, Yoghurt, Culinary and Water Ice categories
- Milk Based Beverages and Yoghurt accounted for 91% of LTM Sep-20 category contribution of $211 million
- White Milk has been historically challenged by suppressed retail pricing
- LTM Sep-20 non-manufacturing overheads, other income and other expenses amounted to $155 million, excluding $41 million of depreciation charges[2]
- Historical EBITDA seasonality LTM Jun-20 of 1H: 82% / 2H: 18%
- Business positioned to return to EBITDA growth driven by a combination of continued revenue growth in yoghurt combined with stabilisation of retail white milk prices and cost-out initiatives

[1] Represents post-AASB 16 pro forma normalised EBITDA, including Vitasoy JV: 49% of NPAT and a management fee. Excludes the impact of synergies
[2] Includes AASB 16 depreciation of $13 million

Acquisition rationale

Acquisition Rationale

1. Creates large-scale dairy and foods business with increased branded portfolio. Achieving 2023 branded portfolio target ahead of schedule
2. Highly complementary CPG capability
3. Significant expansion of domestic distribution network, with a focus on route channel
4. Strengthens core dairy footprint
5. Substantial synergy opportunity (estimated at $41 million per annum)
6. Financially compelling returns for shareholders

Strong alignment with Bega's 2023 strategy

Pre 2017

Limited investment in brands

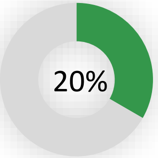
Fonterra responsible for Bega brand in Australia

Long established international branded presence via distributors

Minimal direct investment in supporting brands

Reliance on large contract manufacturing relationships

Branded sales



Now

Building brand growth engine

Extension of Bega brand into new categories

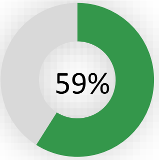
Vegemite acquisition

Developing sales and marketing capability

Re-investment in brand portfolio and innovation

Strengthening international presence

Branded sales



Our focus

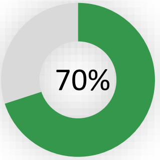
- Increase brand organic growth rate
- Improve branded margins
- Expand brand portfolio

2023

Acquisition of LD&D accomplishes strategic objectives

- ✓ Strong brand platform for future growth
- ✓ Strong portfolio of brands
- ✓ Balanced top and bottom line brand growth
- ✓ Strong brand capability extended across multiple geographies and categories

Branded sales[1]



[1] 70% represents Bega's 2023 target. The acquisition is estimated to deliver 80% branded sales for the combined Bega and LD&D Group

Strengthens core dairy footprint

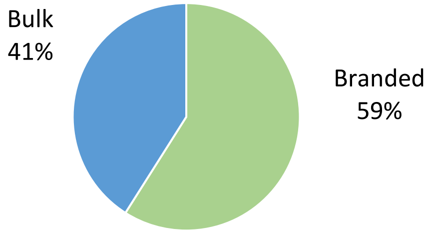
1. 75% increase in milk intake to 1.7 billion litres per annum with sizable increase in NSW and entry into new regions: QLD, WA, TAS, and SA
2. Expanded product capability with new branded dairy categories:
   - Dairy drinks (Milk Based Beverages, White Milk)
   - Yoghurt
   - Culinary (Cream and Custard)
3. Expands manufacturing footprint into new regions including strategic region of Gippsland
4. Complementary supply profile provides opportunity to optimise utilisation of milk intake across a significantly expanded manufacturing footprint

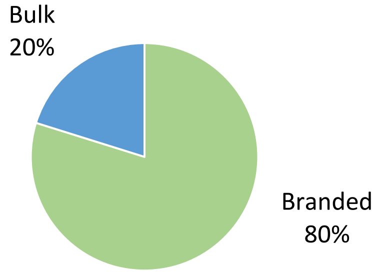
Increasing branded sales

Bega standalone (FY20)

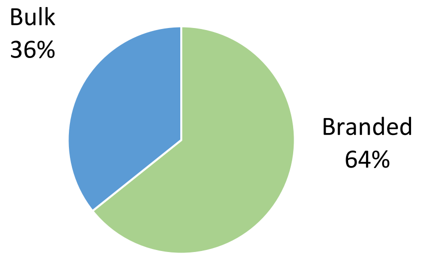
Pro forma Bega (FY20) and LD&D (LTM Sep-20)

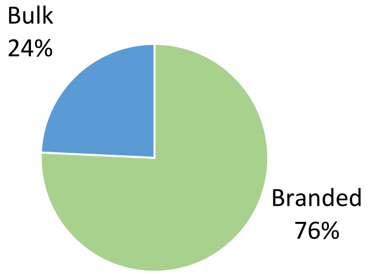
Revenue composition by segment





EBITDA by segment





[1] Bulk includes inter-segment eliminations
[2] EBITDA presented post AASB 16 and before unallocated overhead

Highly complementary CPG capability

Combined portfolio of market leading brands

LION + Bega

- Rare opportunity to acquire LD&D's portfolio of iconic brands holding #1 and #2 category share positions
- Combination creates a powerful and resilient business in branded consumer packaged foods
- Diversification into complementary markets and high returning categories that decreases exposure to lower margin bulk dairy business

Enhanced manufacturing capability

Manufacturing facilities

LION		Bega	Combined
13	+	7	20

- Australia-wide manufacturing capability across a combination of 20 facilities
- Complements Bega's significant knowledge of lean and innovative food manufacturing processes
- Strengthened supply chain and organisational capability
- Builds innovation capability in yoghurt as well as dairy and plant-based beverages

Expansion of points of distribution

Distribution centres and warehouses

LION		Bega	Combined
136	+	10	146

- Access to Australia's largest national cold chain distribution network
- Integrated distribution network for scale, efficiency and flexibility
- Enhances Bega's access to route and food service channels
- Leverage LD&D in-market presence in key Asian markets in chilled dairy

Combined brand, product and manufacturing capabilities should drive marketing efficiencies, unique increased retail presence and consumption opportunities

Substantial synergy opportunity

Synergy	Drivers
Corporate reorganisation	▸ Integration and optimisation of corporate support functions ▸ IT systems, commercial cross-over as well as finance functions and processes ▸ Coordinated approach to mitigate disruption to the underlying business and prioritise stability and continuity of customer relationships
Milk supply and operation	▸ Access to a greater milk supply network and favourable milk demand patterns ▸ Opens up opportunities for joint optimisation and efficiency ▸ Cost to serve improvements through protein standardisation and route optimisation among the leading opportunities
Indirect procurement	▸ Opportunity to leverage Bega’s significant knowledge of lean and innovative food manufacturing processes ▸ Leveraging purchasing from common indirect categories ▸ Primarily driven by packaging, media, MRO and services
Cultural alignment	▸ Cultural fit through heritage, community, customers and suppliers provides stability ▸ Track record for building long-term partnerships supporting integration ▸ Strong employee engagement and low turnover rate instilled across both businesses ▸ Ensuring cultural standards appreciated and maintained

High confidence in base case synergies $41 million per annum

Financially compelling returns for shareholders

- Significant synergy opportunity – high confidence in base case synergies of $41 million per annum ($36 million expected to be realised in FY22)
- Transaction expected to be double digit EPS accretive[1] in FY22[2]
- Bega to maintain a strong balance sheet post Acquisition to support growth
  - Secured an additional Acquisition facility[3] and extended and increased its existing core debt facilities to fund the Acquisition
  - Financial covenants remain unchanged
  - Pro forma FY20 net debt of $518 million and net debt / EBITDA of 3.3x (3.1x pre-AASB 16)
- Synergy generation and additional initiatives expected to support strong deleveraging post transaction. Bega remains committed to target leverage below 2.0x in the near to medium term
- Additional initiatives being explored to further accelerate debt paydown include sale and/or sale and lease-back opportunities of freehold property and divestment of non-core assets
- No change to Bega's dividend approach as a result of the Acquisition

[1] Comparative EPS for the Company takes into account a theoretical ex-rights price adjustment for the entitlement offer and excludes one-off costs and any impact of acquisition accounting
[2] FY22 includes synergies of $36 million
[3] Acquisition facility term is 6 months

Transaction funding and financial impacts

Details of the Capital Raising

Offer structure and size	▸ Underwritten Capital Raising of $401 million which comprises: ▸ a 1 for 4.5 pro-rata accelerated non-renounceable entitlement offer of approximately $220 million, comprising an Institutional Entitlement Offer and a Retail Entitlement Offer[1] (**Entitlement Offer**); and ▸ an institutional placement (**Placement**) of approximately $181 million. ▸ Approximately 87 million new fully paid ordinary shares in Bega (**New Shares**) to be issued under the Capital Raising, representing approximately 41% of existing Bega shares on issue
Offer price	▸ All shares under the Placement and the Entitlement Offer will be issued at a fixed price of $4.60 per New Share (**Offer Price**). This Offer Price represents a: ▸ 9.1% discount to the last traded price of $5.06 on Friday, 20 November 2020; and ▸ 7.6% discount to TERP[2] of $4.98.
Record date	▸ Record date 7:00pm (Sydney time) on Monday, 30 November 2020
Institutional Entitlement Offer and Placement	▸ The Placement and Institutional Entitlement Offer will be conducted by way of a bookbuild process on Thursday, 26 November 2020 ▸ Entitlements under the Institutional Entitlement offer that are not taken up and entitlements of ineligible institutional shareholders will be offered for sale in the bookbuild
Retail Entitlement Offer	▸ The Retail Entitlement Offer will open on Wednesday, 2 December 2020 and close on Monday, 14 December 2020 ▸ Eligible retail shareholders who take up their entitlement in full under the Retail Entitlement Offer can also apply for additional New Shares in excess of their entitlement up to a maximum of 50% of their entitlement under a 'top up' facility
Ranking	▸ New Shares will rank equally in all respects with Bega's existing ordinary shares ▸ New Shares issued under the Placement will not be eligible to participate in the Entitlement Offer
Director participation	▸ The Bega Cheese Directors who are eligible to participate in the Entitlement Offer have each confirmed their intention to participate in whole or in part
Underwriting[3]	▸ UBS AG, Australia Branch and Bell Potter Securities Limited are joint lead managers and underwriters to the Capital Raising
Risks	▸ Participation in the Capital Raising is subject to risks (see the Appendix for details)

1 The Retail Entitlement Offer is only available to eligible retail shareholders of Bega with a registered address on the Company's share register in Australia or New Zealand on the Record Date - see the Retail Offer Booklet for further details on eligibility once available

2 Theoretical ex-rights price (**TERP**) includes the New Shares to be issued under the Entitlement Offer (but not the Placement). TERP is the theoretical price at which Shares should trade on ASX immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of Bega's Shares as traded on ASX on Friday, 20 November 2020.

3 Subject to the "Overview of the Underwriting Terms" as summarised on pages 35-38 of this Presentation

Sources and uses of funds

Transaction funding structure

Debt facilities	• Bega has secured a $70 million increased facility limit of Syndicated Revolving 1 to $140 million, with a 2-year term. Furthermore, Syndicated Revolving 2, with a facility limit of $140 million, has been renewed for 2 years • This increases Bega's existing core debt facility limit from $517 million to $587 million to support the acquisition of LD&D • Bega has also obtained an acquisition facility[1] of $500 million • Financial covenants remained unchanged
Entitlement offer	• A 1 for 4.5 pro-rata accelerated non-renounceable Entitlement Offer to raise gross proceeds of up to $220 million
Placement	• An institutional placement of $181 million

Sources and uses of funds

Sources of funds	$m
Placement	181
Entitlement offer	220
New and extended debt facilities	210
Acquisition facility	57
Total sources of funds	**668**

Uses of funds	$m
Acquisition price	534
Stamp duty and acquisition transaction costs[2]	42
Capital raising and debt funding costs[3]	11
Upfront integration costs[4]	21
Additional transition separation costs[5]	60
Total uses of funds	**668**

[1] Acquisition facility term is 6 months
[2] This includes estimated stamp duty ($35.0 million) and acquisition transaction costs ($7.3 million)
[3] This includes $2.5 million of debt upfront fees and $8.5 million of Capital Raising transaction costs
[4] This reflects an estimate of upfront integration costs ($20.8 million) required shortly following the Transaction
[5] This includes IT separation costs ($37.0 million), additional transitional operating costs ($15.8 million) and upfront capex ($7.2 million) expected to be incurred during the 12 months following the Transaction

Pro forma balance sheet

In $'m	Bega[1]	Capital Raising[2]	Debt Funding[3]	Lion Dairy and Drinks[4]	Acquisition Adjustment[5]	Transaction and Upfront Costs[6]	Pro forma Post Acquisition
Cash and cash equivalents	22.9	392.5	198.4		(534.1)	(56.8)	22.9
Trade and other receivables	117.4			194.1			311.5
Inventories	257.4			93.3			350.7
Property, plant and equipment	446.0			496.2			942.2
Rights-of-use assets	8.8			61.4			70.1
Intangible assets	548.1						548.1
Other Assets	22.9			45.4			68.3
Total Assets	**1,423.4**	**392.5**	**198.4**	**890.4**	**(534.1)**	**(56.8)**	**2,313.9**
Trade and other payables	253.4			159.5			412.9
Borrowings	247.3		198.4				445.7
Finance lease liabilities	11.3			77.8			89.1
Provisions	52.4			73.7			126.2
Deferred tax liabilities	45.0						45.0
Other Liabilities	0.1			3.4			3.5
Total Liabilities	**609.4**	**-**	**198.4**	**314.5**	**-**	**-**	**1,122.3**
Share capital	480.5	392.5		575.9	(575.9)		873.0
Reserves	20.9						20.9
Retained earnings	312.7				41.8	(56.8)	297.7
Net Assets	**814.0**	**392.5**	**-**	**575.9**	**(534.1)**	**(56.8)**	**1,191.5**
	-	-	-	-		-	-
Net Debt[7]	241.8	(392.5)	-	77.8	534.1	56.8	518.0
EBITDA[8]	103.0			55.9			158.9
Net Debt / Equity	**29.7 %**						**43.5 %**
Net Debt / (Net Debt + Equity)	**22.9 %**						**30.3 %**
Net Debt / EBITDA (post-AASB 16)	**2.3 x**						**3.3 x**
Net Debt / EBITDA (pre-AASB 16)	**2.3 x**						**3.1 x**

Notes:

1 Net Assets of Bega as reported at 30 June 2020. Refer to the Investors section on Bega's website for Bega's FY20 annual report

2 Assumes proceeds from the Capital Raising of approximately $401 million. Estimated gross transaction costs of $8.5 million are offset against Capital Raising proceeds. $401 million Equity Raising proceeds are underwritten however the underwriting agreement is subject to certain termination events and may be terminated

3 Reflects the drawdown of $198 million of core debt facilities in order to fund the acquisition and the Transaction and Upfront Costs. These costs will be funded through Bega's new and existing debt facilities and internal cash. Estimated total debt facility costs of $2.5 million will be capitalised and amortised throughout the term of the debt facilities

4 Lion Dairy and Drinks Assets reflects the assets of the Lion Dairy and Drinks business based on unaudited pro forma financial information as at August 2020. Includes land and buildings book value of $220 million

5 Reflects the acquisition price of Lion Dairy and Drinks of $534.1 million and an illustrative $41.8 million impact to retained earnings arising from the acquisition. The total acquisition price is subject to customary completion adjustments in respect of working capital and net debt. This adjustment to reflect the estimated financial effect of accounting for the acquisition of Lion Dairy and Drinks is illustrative only, and does not reflect a full allocation of the fair value of assets and liabilities acquired. Australian Accounting Standards require an allocation of fair value of assets and liabilities acquired which has not been undertaken and may result in a materially different outcome to the illustrative impact presented here. The Company has 12 months from the date of acquisition to finalise the provisional purchase price accounting

6 Reflects approximately $35.0 million of stamp duty, approximately $7.3 million of acquisition transaction costs, approximately $14.5 million (after tax) of upfront integration costs. This does not include additional transition and separation costs identified in the uses of funds on page 28

7 Net debt includes finance lease liabilities and $6.1 million of bank guarantees but excludes trade receivable facility

8 Reflects Bega FY20 normalised EBITDA and pro forma, normalised EBITDA for Lion Dairy and Drinks for the 12 months ended September 2020, based on unaudited financial information, prior to one off transaction, transition and upfront costs and any impact arising from finalisation of the purchase price accounting

Capital Raising timetable

Event	Date
Announcement of Offer, Institutional Entitlement Offer and Placement opens	Thursday, 26 November 2020
Institutional Entitlement Offer and Placement closes	Thursday, 26 November 2020
Announcement of results of Institutional Entitlement Offer and Placement	Friday, 27 November 2020
Trading halt is lifted and trading resumes on an "ex-entitlement" basis	Friday, 27 November 2020
Record date for the Entitlement Offer (7:00pm Sydney time)	Monday, 30 November 2020
Settlement of New Shares issues under the Institutional Entitlement Offer and the Placement	Wednesday, 2 December 2020
Retail Entitlement Offer opens and Retail Entitlement Offer Booklet despatched	Wednesday, 2 December 2020
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer and the Placement	Thursday, 3 December 2020
Retail Entitlement Offer closes (5:00pm Sydney time)	Monday, 14 December 2020
Announcement of results of Retail Entitlement Offer	Thursday, 17 December 2020
Settlement of Retail Entitlement Offer	Friday, 18 December 2020
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 21 December 2020
Normal trading of New Shares issued under the Retail Entitlement Offer	Tuesday, 22 December 2020
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Wednesday, 23 December 2020

All dates and times are indicative and Bega 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 Sydney, Australia time.

Bega
Trading Update

Trading update

Strong performance in branded business, with continued focus on cost reduction initiatives

- Strong retail sales performance from branded business driven by heritage brand performance and product innovation
- Execution of organisation review delivering headcount reduction and material savings in non-manufacturing costs
- Continued reduction of manufacturing costs and optimisation of secondary manufacturing footprint
- Koroit Lactoferrin plant is operational and producing volumes in line with contractual agreement
- Favourable domestic seasonal conditions with solid rainfall across the Eastern Seaboard
- Stable global dairy commodity prices

Continued softness in infant formula market

- Infant formula market has softened due to pressure on distribution channel

On track for FY21 consensus[1]

- We remain comfortable with the normalised EBITDA consensus for the core Bega business (excluding LD&D), which represents strong year-on-year growth from FY20

* See note 32 (Annual Report) for details about restatements
[1] EBITDA $124 million as at 24 November 2020

Appendix

Overview of Transaction Documents

Share Sale and Purchase Agreement

- Bega has agreed to purchase all of the shares (Sale Shares) in Lion-Dairy & Drinks Pty Ltd (Target) from Kirin Foods Australia Holdings Pty Ltd (Seller) under the terms of a Share Sale and Purchase Agreement ("**SPA**") between Bega, the Seller and Lion Pty Ltd ("**Seller Guarantor**"). The Target is the holding company of various entities ("**LDD Group**") that, collectively, carry on the Lion-Dairy & Drinks business ("**LDD Business**"). The Purchase Price payable by the Seller for the Sale Shares is $560 million less $26 million deduction for IT separation costs (net of tax) and subject to adjustments to be made under the terms of the SPA including a process for the adjustment of the cash, debt, tax liabilities and working capital of the LDD Group at the completion date ("**Completion**"). The SPA contains provisions setting out this adjustment process as well as warranties concerning the LDD Group and the business and an indemnity in respect of the tax liabilities relating to the period up to Completion, with a guarantee in respect of the obligations of the Seller by the Seller Guarantor.

Transitional Services Agreement

- The LDD Group currently operates in conjunction with the broader Lion group and the sale to Bega will require the LDD Group to develop various computer and related systems (LDD systems) in order to operate on a stand-alone basis. In order to facilitate this process, the Seller Guarantor has agreed to provide various transitional services to the Target and the Buyer for a period of time after Completion to enable the Business to continue to operate while it develops its own systems. The provision of these services is documented in a Transitional Services Agreement between Bega, the Target and the Seller Guarantor. Bega will pay fees for these services and will develop a transition out plan under which data relating to the LDD Business will be migrated to the LDD systems once they are in place.

Overview of the Underwriting Agreement terms

Summary of Underwriting Agreement

Bell Potter Securities Limited (ABN 25 006 390 772) (“**BPS**”) and UBS AG, Australia Branch (ABN 47 088 129 613) (“**UBS**”, together with BPS, the “**Underwriters**”) will be acting as underwriters, joint managers and bookrunners to the Capital Raising (“**Offer**”). Bega entered into an underwriting agreement with the Underwriters in respect of the Offer on 26 November 2020 (“**Underwriting Agreement**”).

Key terms of Underwriting Agreement

Each Underwriter’s obligations under the Underwriting Agreement, including to underwrite the Offer, and manage the Offer, are conditional on certain matters, including but not limited to, the agreement for the acquisition of LDD (“**Acquisition Agreement**”) having been validly executed and not having been terminated, the debt term sheet for the acquisition facility having been validity executed and not having been terminated, delivery of due diligence materials to the Underwriters before the Offer is announced, ASX and ASIC granting the applicable waivers and modifications, and Bega releasing to ASX an announcement that discloses the Offer.

If certain conditions are not satisfied or certain events occur, the Underwriters may terminate the Underwriting Agreement. The events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:

- any offer document does not comply with the Corporations Act (including if a statement in any of the offer documents is or becomes misleading or deceptive or likely to mislead or deceive, including by omission);
- a cleansing notice is or becomes defective or Bega is required to give a corrective statement in relation to a cleansing notice;
- ASIC applies for certain orders under the Corporations Act in relation to the Offer or an offer document, or commences an investigation or hearing in relation to the Offer or the offer documents, and such application, investigation or hearing either becomes public, or is not withdrawn within 2 business days after it is made or commenced;
- ASIC or any the governmental agency makes an order or determination which prevents or is likely to prevent Bega from proceeding with the Offer in accordance with the timetable;

Overview of the Underwriting Agreement terms

- any Group company becomes insolvent;
- Bega ceases to be admitted to the official list of ASX or its ordinary shares are suspended from official quotation, or cease to be quoted, on ASX (for any reason other than a trading halt in connection with the Offer);
- prior to the institutional settlement date or the retail settlement date, the S&P/ASX 200 Index falls to a level that is 12.5% or more below its level as at close of trading on the business day immediately preceding the date of the Underwriting Agreement (or, in the case of the retail settlement date, remains at or below that level for at least 2 consecutive business days or closes at or below that level on the business day immediately prior to the retail settlement date);
- Bega withdraws the Offer or any of the offer documents;
- Bega is prevented from conducting or completing the Offer; or
- certain actions are taken against Bega's directors or senior management, including being charged with an indictable offence, a governmental agency commences any public action against them in that capacity, or they are disqualified from managing a corporation.

The following (amongst others) are also termination events, but an Underwriter must not terminate on the basis of any of these events unless it has reasonable grounds to believe that the event: (a) has or could be reasonably expected to have a material adverse effect on the success, settlement or marketing of the Offer or on the ability of that Underwriter to market or promote or settle the Offer or on the price at which Bega shares are likely to trade on ASX during or following the Offer; or (b) will, or is likely to, give rise to, a contravention by that Underwriter (or its affiliates) of, or give rise to a liability of that Underwriter (or its affiliates) under, any applicable law:

- any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group;
- a change in the board or senior management of Bega is announced or occurs;
- a representation, warranty, undertaking or obligation contained in this agreement on the part of Bega is breached, becomes not true or correct or is not performed;

Overview of the Underwriting Agreement terms

- any information supplied by Bega to the Underwriters in relation to the Group or the Offer is, or becomes, misleading or deceptive (including by omission);
- there is introduced, or a proposal to introduce, a new law in Australia, or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- without the prior written consent of the Underwriters, the Acquisition Agreement or the debt acquisition facility is terminated (or becomes capable of being terminated), rescinded or repudiated or rendered void, illegal or otherwise unenforceable, or amended in a manner which has a material adverse effect;
- Bega makes a public statement or notifies the Underwriters that it cannot or does not intend to proceed with the acquisition of LDD, or a condition precedent in the Acquisition Agreement is not capable of being satisfied within the time allowed for satisfaction;
- hostilities commence or a major escalation in existing hostilities occurs or a significant terrorist act is perpetrated, in any of Australia, NZ, Japan, Russia, UAE, North Korea, South Korea, Hong Kong, Singapore or any member state of the European Union, the PRC, the UK or the US, or a national emergency is declared in any of those countries or there is an escalation of a national emergency in any of those countries;
- a general moratorium on commercial banking activities in the countries referred to above is declared by the relevant central banking authority or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or
- trading in all securities quoted or listed on the ASX, NYSE or LSE is suspended or limited in a material respect for a day on which that exchange is open for trading.

For details of the fees payable to the Underwriters, see the Appendix 3B released to ASX on 26 November 2020.

Bega also gives certain representations, warranties and undertakings to the Underwriters and an indemnity to the Underwriters and its affiliates subject to certain carve-outs.

Risks

This section discusses some of the risks associated with an investment in shares in Bega. These risks may affect the future operating and financial performance of Bega and the value of Bega’s shares.

The risks set out below are not listed in order of importance and do not necessarily constitute an exhaustive list of all risks involved with an investment in Bega.

Before investing in Bega, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Bega (including this Presentation and information available on the websites of Bega and ASX), carefully consider their personal circumstances and consult their financial or other professional advisers before making an investment decision. Additional risks and uncertainties that Bega is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Bega’s operating and financial performance.

Nothing in this Presentation is financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances. Bega is not licensed to provide financial product advice.

You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of Bega, its directors, senior management and advisers. Further, you should note that this section focuses on potential risks and does not purport to list every risk that Bega may have now or in the future. It is also important to note that there can be no guarantee that Bega will achieve its stated objectives or that any forward-looking statements or forecasts contained in this presentation will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position.

Cooling off rights do not apply to the acquisition of New Shares under the Capital Raising.

The risks described in this section are categorised as follows:

1. Specific Bega Investment Risks;
2. Acquisition Risks;
3. General Bega Investment Risks; and
4. Capital Raising Risks.

References to Bega in this section include the LDD Business following completion of the acquisition of the Sale Shares by Bega.

Specific Bega Investment Risks

Milk and other key ingredient supply and pricing

- Bega relies on milk supply from its farmer suppliers. In turn, the farmer suppliers need suitable climatic conditions in order to produce pasture and source grain and hay/fibre to feed their dairy herds.
- Farmer suppliers are not generally under long term supply contracts, and milk prices are usually set and communicated to farmer suppliers on an annual basis. Farmer suppliers are generally free to supply alternative buyers if they so wish. The price paid to farmer suppliers for their milk is a key factor in being able to attract and retain supply. Milk prices paid are a function of the returns that Bega can achieve for its dairy products. If Bega cannot achieve a return that enables it to be competitive there is the potential to lose some supply of milk from farmer suppliers.
- Besides milk, other key ingredients, including peanuts, are used by Bega. An inability to access the necessary volumes of such key ingredients on favourable commercial terms may result in reduced output of its products.
- Certain costs of doing business are outside Bega's control. For example Bega's cost of doing business is impacted by the farmgate milk prices which are a major component of its dairy products and global peanut prices and sourcing which are a major component of its peanut butter products.

COVID-19 risk

- Due to the COVID-19 global pandemic, Bega has been designated a 'permitted business', with no restrictions and under a COVID-19 Safe Plan. It has been able to continue operating throughout the pandemic period and during the Stage 4 Victorian lockdown. However, there are a number of additional risks faced by Bega and its businesses. These include the risk of:

1. Retail partners of Bega being unable to operate due to lockdown or mandatory quarantine, impacting sales;
2. Bega or its manufacturing partners being unable to operate their factories due to lockdown or mandatory quarantine, impacting supply of products;
3. Bega and its supply chains being interrupted due to lockdown or mandatory quarantine, impacting supply of products;
4. Bega not being able to effectively manage its workforce during any periods of lockdown or mandatory quarantine, impacting on its ability to execute on its business strategy;
5. Customers of Bega ceasing to operate and Bega not being able to collect outstanding receivables or customers materially adjusting trading terms, impacting Bega's net revenue; and
6. A general downturn in the global economy due to the COVID-19 pandemic causing consumers to reduce discretionary purchases, impacting on the overall sales of Bega.

- Investors should be aware that the COVID-19 global pandemic and related actions taken in response by the Australian Federal and State governments and foreign governments continues to evolve and with ongoing uncertainty, and there could be negative impacts on Bega's business (whether specific to Bega or general) that are beyond Bega's control

Specific Bega Investment Risks

Fonterra legal proceedings

- In 2001, Bega granted Fonterra Brands (Australia) Pty Ltd (Fonterra) an exclusive licence to use the Bega trademarks in Australia on natural cheddar cheese, processed cheddar cheese, string cheese and butter (Licensed Products). Fonterra commenced legal proceedings in the Supreme Court of Victoria seeking orders including declarations that Bega cannot use the Bega trademarks in Australia on products outside of the Licensed Products without Fonterra's consent, as well as damages. Bega, as owner of the trademarks, has vigorously opposed Fonterra's position and asserted its rights to use its trademarks in Australia. Bega has also made various counter claims in respect of alleged breaches of the licence by Fonterra. The hearing by the Supreme Court of Victoria has concluded and the parties are awaiting the decision of the Court. If Fonterra is successful in its claim, Bega may need to seek Fonterra's consent to its continued use of the Bega brand in Australia on peanut butter products or change the branding of those products. A change to the branding of may adversely affect sales of the products.

International dairy commodity prices

- Dairy commodity prices fluctuate in accordance with global supply and demand. The market prices of core products of Bega such as cheddar cheese, milk powders and butter are all affected by the global commodities market. To some extent, even those products not exported but traded within the domestic market are similarly affected. There is risk that a decline in commodity prices may reduce the prices at which Bega is able to sell its products, thereby adversely impacting Bega's earnings unless input prices for raw materials, including milk, can be adjusted to reflect this change.

Changing consumer trends

- Sales of Bega's products are affected by consumer trends. Failure to ensure that its product portfolio and manufacturing capability remains relevant to changing consumer trends could have an adverse impact on Bega.

Failure to maintain key customer relationships

- Bega's business relies on key customer relationships and a failure to maintain those relationships could adversely impact Bega's operating and financial performance, which may in turn impact Bega's share price.

Specific Bega Investment Risks

Failure to maintain supplier relationships

- Failure to maintain supplier relationships could adversely impact Bega. In addition, there is a risk that existing arrangements with key customers are not renewed or extended at the end of their term, or any extension or renewal may not be on as favourable terms.

Product quality and liability risk

- The nature of products supplied by Bega is that of a consumable food product. Such products may be liable to infestation, mould and other biological impacts which occur in natural products. Such products may also be subject to processing and production defaults against specification. Any product liability event may have a materially adverse effect on Bega's financial performance and position.
- Product quality issues can damage Bega's reputation and customer demand for products.

Reputation and Brand Risk

- A decline in the high level of loyalty and trust that Bega enjoys with its customers could compromise the market positions of their products and adversely affect Bega's operating and financial performance. This could occur as a result of a wide range of factors or events, including:
  1. A product contamination and/or recall;
  2. A major workplace health and safety incident occurring in one of Bega's manufacturing facilities;
  3. A significant breach of regulatory or legislative requirements.

Increasing Cost of Doing Business

- Certain costs of conducting the Bega business are outside Bega's control.

Specific Bega Investment Risks

Bank debt facilities and covenants

- Bega utilises debt to partially fund its business operations and may need to access additional debt financing to grow its operations. If Bega is unable to refinance, repay or renew its debt facilities or otherwise obtain debt finance on favourable terms, Bega may not meet its growth targets, which may adversely impact its financial performance.
- If Bega's operational and financial performance declined, it could lead to a breach of its banking covenants. If Bega breaches its covenants, its financiers could enforce their rights under the debt facilities and this may result in them requiring immediate repayment and therefore, this may have a materially adverse effect on Bega's financial performance and position.

Competition risk

- Bega's financial performance or operating margins and the value of Bega could be materially adversely affected if existing competitors increase market share or new competitors enter the market.
- Such competition may have the effect of decreasing Bega's sales, pricing and profit margins.

Reliance on key personnel

- Bega is committed to providing an attractive employment environment, conditions and prospects to assist in retaining its key senior management personnel. However, there can be no assurance that Bega will be able to retain these key personnel. The loss of key personnel or the inability to recruit and retain high calibre staff could have a material adverse effect on Bega. The additions of new employees and the departures of existing employees, particularly in key positions, can be disruptive and could also have a material adverse effect on Bega.

Specific Bega Investment Risks

Workplace health and safety risk

- Safety risks are inherent in Bega's business activities including equipment handling. A health and safety incident may lead to a serious injury or death, which may result in reputational damage and business disruptions, and adversely affect Bega's ability to operate, with consequential effects to Bega's financial performance and position.
- If Bega fails to comply with necessary workplace health and safety legislative requirements, it could result in fines, penalties and compensation for damages as well as reputational damage to Bega.
- As a result of the COVID-19 pandemic there are heightened risks associated with health and safety, for example the risk of manufacturing plant shutdowns if employees or contractors become infected with the virus, the risk of increased costs (whether due to reduced manufacturing capacity or greater protective equipment requirements)

Environmental regulations risk

- Bega is required to comply with environmental regulations. If any breach of these regulations occurs, Bega may be subject to remediation costs and other liabilities.

Other regulatory risks

- Bega is required to comply with a range of laws and regulations, including those set out above and others specific to the industries in which it operates. Although Bega has policies and procedures in place to ensure compliance, any material regulatory non-compliance issue that may arise could have an adverse impact on Bega. In addition, changes in the regulatory environment in which Bega operates may affect Bega's ability to supply certain types of products and services to particular customers or sell products into certain end markets.

Specific Bega Investment Risks

Information technology risk

- Failure to manage Bega's IT infrastructure, systems and security (including cyber threats) and ensure Bega's IT environment is able to support its business including the integration of LD&D could potentially affect Bega's ability to deliver products and services and adversely impact Bega's financial position and performance.
- The loss or misuse of confidential and personal information stored in Bega’s IT infrastructure, or inadequate and insecure data protection and privacy protocols may result in a breach of employee, customer and supplier privacy and confidentiality. This could result in fines and compensation for damages, as well as reputational damage to Bega.
- Some of Bega’s databases and systems are hosted on platforms provided by third party providers. Bega is subject to the disaster planning contingencies of those third party providers to deal with events that are beyond the control of those parties such as earthquakes, floods, fires, power grid issues, telecommunication and network failures, terrorist attacks, cyber attacks, computer viruses and other similar events. A material failure in the systems of a third-party provider may have a material impact on the systems and operations of Bega’s platforms.

Insurance risk

- Bega maintains insurance coverage in respect of its businesses, properties and assets. Some risks are not able to be insured at acceptable prices or at all. Insurance coverage may not be sufficient in such circumstances and if there is an event or claim causing loss, not all losses may be recoverable. Additionally, Bega cannot guarantee that its existing insurance will be available or offered in the future. An inability of Bega to secure such cover in the future could restrict the ability of Bega to conduct its business, and this could have a negative impact on the financial results of Bega.

Bribery and fraud risk

- Bega is exposed to fraud, bribery and corruption risk. Bega's financial performance or position could be potentially material adversely affected as a result of fraud, bribery or corruption.

Acquisition Risks

Reliance on information provided

- There is a risk that information provided by the Seller (including financial information) was incomplete, inaccurate, out of date or unreliable and there is no assurance that the due diligence was conclusive or identified all material issues in relation to LDD Business.
- If any of the data or information provided to and relied upon by Bega in its due diligence process and its preparation of this presentation proves to be incomplete, inaccurate or misleading, there is a risk that the actual financial position and performance of the LDD Business and Bega may be materially different to the financial position and performance expected by Bega and reflected in this presentation

Analysis of acquisition opportunity

- It is possible that the financial, operational, business and/or other analysis undertaken by Bega in relation to the LDD Business or the acquisition of the Sale Shares as well as its best estimates and forecasts, are inaccurate or are not realised in due course.
- To the extent that actual results achieved by the LDD Business are weaker than those assumed by Bega's analysis and forecasts, there is a risk that this may have an adverse impact on the financial position and financial performance of Bega and its share price.
- Estimates of certain management, selling, general and administrative costs of running the LDD Business were made by Bega. There is a risk that Bega's estimates of these costs may be inaccurate which may have an adverse impact on the financial position and performance of Bega.

Customer and supplier relationships

- There is a risk that as a result of the acquisition and operation of the LDD Business, contractual relationships with customers may result in deceased sales volumes and increased costs which could materially affect the financial performance of Bega.
- A number of the LDD Business supplier and customer contracts are due for renewal or renegotiation in the next 24 months. There is a risk that Bega may not be able to successfully negotiate the renewal of these contracts, or that contracts are renewed on less favourable terms. This could materially affect the financial performance of Bega.

Acquisition Risks

Finance Facilities

- Bega has approval from its banks for new facilities, which together with existing facilities, are intended to be drawn down to pay the purchase price for the Sale Shares. Draw down of the new facilities is subject to finalisation and signing of facility documentation and certain conditions precedent. The conditions precedent to draw down are usual for financing transactions of this nature and include the release of existing securities other than certain permitted securities on or before completion.

Operational Implementation Risk

- The integration of the LDD Business carries risk, including potential delays or costs in implementation and integration. The success of the acquisition and the ability to realise any synergies will be dependent upon the effective and timely integration of the LDD Business with the existing Bega business. While Bega has undertaken analysis in relation to potential synergies and integration costs of the acquisition, they are Bega's best estimates, and there is a risk that the actual synergies and integration costs may vary materially significantly and that any expected synergies may not materialise at all.

- There is a risk that Bega's future profitability and prospects could be adversely affected if integration of the LDD Business with Bega's business is not completed efficiently and effectively, with minimal disruption. There is also a risk that unforeseen events may arise causing the expected synergies to be delayed, not be obtained, or cost more to achieve than originally expected. These risks include:

1. Higher than anticipated costs to operate the LDD Business;
2. Disruption to the ongoing operations of both businesses;
3. Unforeseen costs relation to the integration of some of the IT platforms, management information systems and financial and accounting systems;
4. Unintended loss of key personnel, expert knowledge or reduced employee productivity due to uncertainty arising from the acquisitions; and
5. Failure to maintain key supplier and/or customer relationships

Acquisition Risks

Vitasoy Joint Venture

- The LDD Business includes a 49% interest in Vitasoy Australia Pty Ltd, which is a joint venture company in which the other 51% is held by Vita International. Vita International has rights under "change of control" provisions in the Vitasoy Shareholders Agreement which will arise from the acquisition of the Sale Shares by Bega. Vita International has provided written confirmation to Bega that it would be prepared to modify those rights so that they may only be exercised following the expiration of two years after the completion of Bega's purchase of the Sale Shares. Formal documentation to implement this confirmation is anticipated to be concluded before completion. However, if this formal documentation is not concluded before completion, there is a risk that Vita International may exercise its change of control rights. Vitasoy Australia manufactures and sells soy and other plant based beverages. Bega's ongoing participation in the Vitasoy Australia joint venture requires compliance with the Vitasoy Shareholders Agreement, including a restraint on selling other brands of tofu and plant based alternatives to milk beverages, ice cream and yoghurt.

Sodima Franchise

- The LDD Business includes a relationship with Sodima under which LDD has the right to manufacture and sell yoghurt products under Yoplait and other brands. Sodima has confirmed that the acquisition of the Sale Shares by Bega will not disrupt this relationship. Bega’s ongoing relationship with Sodima requires compliance with the Manufacturing and Distribution Master Franchise Agreement with Sodima.

Environmental

- The LDD Business operates 13 manufacturing sites. These sites, as well as the existing Bega manufacturing sites, must be operated in accordance with all applicable environmental laws. Some of the LDD Business manufacturing sites are old and in areas that are particularly sensitive to environmental concerns.

Change of Control

- A number of the contracts associated with the LDD Business include provisions that may enable the counterparty to terminate the contract if there is a change of control of the relevant LDD Group entity, including one contract with a major retailer customer. Where these change of control rights are contained in a contract, Bega will need to confirm the continued operation of the contract with the counterparty. This process may result in a termination or renegotiation of the relevant contract.

Acquisition Risks

Restraints and Exclusivity

- A number of contracts associated with the LDD Business include provisions that impose restraints including provisions requiring the relevant LDD Group entity to deal exclusively with the counterparty. These provisions may restrict the ability of Bega to make adjustments to the LDD Business.

Competition Risks

- The LDD Business operates in a highly competitive market. Many competitors and potential competitors are significant and well-funded multinational food and beverage producers who could materially impact the LDD Businesses' market share by entering or increasing their prominence in the categories the LDD Business operates in.

Acquisition accounting risk

- Australian Accounting Standards require an allocation of fair value of assets and liabilities acquired. This exercise has not yet been undertaken for the Transaction. There is a risk that this acquisition accounting could materially impact the balance sheet and/or future earnings profile of the business. The Company has 12 months from the date of acquisition to finalise the provisional purchase price accounting.

General Bega Investment Risks

General market and share price risk

- The operating and financial performance of the Bega business and the LDD Business will also be influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest and exchange rates, access to debt and capital markets, and government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, may have an adverse impact on Bega's business or financial condition. These factors may cause the price of Bega shares to trade below the price at which they are offered under the Offer, notwithstanding Bega's financial or operating performance.

Other Risks

- The list of risks highlighted here should not be taken as a complete list of risks associated with the LDD Business or an investment in Bega. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of Bega shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Bega in respect of Bega shares.

Share price and volume fluctuations

- Securities may experience extreme price and trading volume fluctuations. Following the Capital Raising, there may not be an active trading market in Bega's shares. If a market is not sustained, it may be difficult for investors to sell their shares at a price that is attractive to them or at all. The price of the New Shares may not be representative of the price that will prevail after the Capital Raising.
- The equity market has experienced price and volume volatility that has affected the share price of many companies, including as a result of new or changed governmental measures, business closures, lockdowns, quarantines, travel and other restrictions. Security prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of Bega's shares.

Economic risks

- Bega is exposed to economic factors in the ordinary course of business. Factors such as changes in fiscal, monetary and regulatory policies can adversely impact Bega's earnings. Given that interest rates in Australia are at historically low levels, there is a likelihood of some increase in the medium to longer term.

General Bega Investment Risks

Government policies and legislation risk

- Bega may be affected by changes to government policies and legislation, including those relating to the agricultural industry, property, the environment, taxation, the regulation of trade practices and competition.

Changes in accounting policy

- Bega is subject to the usual business risk that there may be changes in accounting policies which impact on Bega.

Taxation implications

- Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in Bega shares, or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Bega operates, may impact the future tax liabilities of Bega.

Asset impairment risk

- The Bega's Board regularly monitors impairment risk. Consistent with accounting standards, Bega is periodically required to assess the carrying value of its assets, including its brands. Where the value of an asset is assessed to be less than its carrying value, Bega is obliged to recognise an impairment charge in its profit and loss account. Impairment charges can be significant and operate to reduce the level of a company's profits and, potentially, its capacity to pay dividends. Impairment charges are a non-cash item.

Dividend risk

- There is a risk Bega may cease to be able to continue to pay dividends consistent with prior periods or at all.

ASX Listing

- ASX imposes various listing obligations on Bega which must be complied with on an ongoing basis. Whilst Bega must comply with its listing obligations, there can be no assurance that the requirements necessary to maintain the listing of the New Shares will continue to be met or will remain unchanged.

General Bega Investment Risks

Litigation

- Legal proceedings and claims may raise from time to time in the ordinary course of Bega's business and may result in high legal costs, adverse monetary judgements and/or damage to Bega's reputation which could have an adverse impact on Bega's financial position, performance and share price.

Interest Rate and Foreign Currency Risk

- Where dairy and other products are sold into export markets the predominant currency is the US dollar. Fluctuations in the Australian dollar compared with foreign currencies have the potential to impact the revenue and returns of Bega. Bega will be subject to the risk of rising interest rates associated with borrowing on a floating rate basis and risk of foreign currency exposure from its export operations. Bega seeks to manage all or part of its exposure to adverse fluctuations in floating interest rates and/or foreign currency receivable through hedging arrangements, including derivative financial instruments. Such arrangements involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and such arrangements may not be effective in reducing exposure. To the extent that Bega does not hedge effectively (or at all) against these movements, such movements may adversely affect Bega's results.

Capital Raising Risks

Underwriting risk

- Bega has entered into an underwriting agreement under which the Underwriters have agreed to fully underwrite the Capital Raising, subject to the terms and conditions of the underwriting agreement. If certain events occur, the Underwriters may terminate the underwriting agreement.
- Such "termination events" include those summarised in Section “Overview of the Underwriting Agreement terms”.
- Termination of the underwriting agreement may have an adverse impact on the ability of Bega to proceed with the Entitlement Offer and the quantum of funds raised as part of the Entitlement Offer. If the underwriting agreement is terminated by either or both Underwriters, there is no guarantee that the Entitlement Offer will continue in its current form or continue at all. Failure to raise sufficient funds under the Entitlement Offer (as a result of it not proceeding or otherwise) could materially adversely affect Bega’s financial position.

Risk of dilution

- You should note that if you do not take up all of your entitlement under the Entitlement Offer, then your percentage security holding in Bega will be diluted by not participating to the full extent in the Entitlement Offer. Investors may also have their investment diluted by future capital raisings by Bega may issue new securities in the future to, amongst other things, finance other acquisitions or pay down debt which may, under certain circumstances, dilute the value of an investor’s interest.

Foreign Selling Restrictions

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

Member States of the European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a "Relevant State"), no New Shares have been offered or will be offered to the public in that Relevant State prior to the publication of a prospectus in relation to the New Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that an offer of New Shares to the public may be made in that Relevant State of any New Shares at any time under the following exemptions under the Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the lead manager for any such offer; or

c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of the New Shares shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the New Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any New Shares to be offered so as to enable an investor to decide to purchase or subscribe for any New Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

This document is only addressed to and directed at persons in Relevant States who are "qualified investors" as defined under the Prospectus Regulation ("**Qualified Investors**"). In addition, in the United Kingdom, this document may only be communicated, or caused to be communicated, to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000, as amended ("**FSMA**"), does not apply and may be distributed in the United Kingdom, and is directed at only persons who are Qualified Investors and who are: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) persons falling within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order; and (iii) persons to whom it may otherwise lawfully be communicated (all such persons, being "**Relevant Persons**"). In the United Kingdom, this document is directed only at Relevant Persons. This document must not be acted or relied on (i) in the United Kingdom, by persons who are not Relevant Persons and (ii) in any Relevant State other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (i) in the United Kingdom, Relevant Persons and (ii) in any Relevant State other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.

Foreign Selling 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 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).

Switzerland

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 the New Shares 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.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares 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.

No offering or marketing material relating to 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 New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Singapore

This document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Shares pursuant to an offer made under Section 275 of the SFA except:
c) to an investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
d) where no consideration is or will be given for the transfer;
e) where the transfer is by operation of law;
f) as specified in Section 276(7) of the SFA; or
g) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005.

In addition, investors in Singapore should note that the New Shares acquired by them are subject to resale and transfer restrictions specified under Section 276 of the SFA, and they, therefore, should seek their own legal advice before effecting any resale or transfer of their Shares.

The contents of this document have not been reviewed by any regulatory authority in Singapore.

This document may not contain all the information that a Singapore registered prospectus is required to contain. In the event of any doubt about any of the contents of this document or as to your legal rights and obligations in connection with the Entitlement Offer, please obtain appropriate professional advice.

Foreign Selling Restrictions

United States

This document may not be distributed or released in the United States.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal.

The New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold directly or indirectly in the United States, unless they have been registered under the U.S. Securities Act (which Bega has no obligation to do or procure) or they are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities law.

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 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.

Foreign Selling Restrictions

Canada

The New Shares will not be qualified for sale under the securities laws of any province or territory of Canada. The New Shares may only be offered, sold or distributed, directly or indirectly, in the provinces of British Columbia, Alberta, Ontario or Québec and no other province or territory, in or to or for the benefit of a resident thereof, which is purchasing, or deemed to be purchasing, as a principal that is both: (i) an accredited investor, as defined in National Instrument 45-106 Prospectus Exemptions ("**NI 45-106**") or subsection 73.3(1) of the Securities Act (Ontario), and (ii) a permitted client, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and only through a dealer duly registered under the applicable securities laws of such provinces in circumstances where no exemption from the applicable registered dealer requirement is available. Any resale of the New Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

This document or any other offering material in connection with the offer of the New Shares has not been and will not be distributed or delivered in Canada other than to a resident of the provinces of British Columbia, Alberta, Ontario or Québec in compliance with applicable securities laws. Prospective Canadian investors are advised that the information contained within this document in relation to the New Shares has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, prospective Canadian investors should consult with their own legal, financial and tax advisers concerning the information contained within this document and any other offering material relating to the New Shares and as to the suitability of an investment in the New Shares in their particular circumstances.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this document or any other offering material constituting an 'offering memorandum' under applicable Canadian securities laws (including any amendment to any such documents) contains a misrepresentation, provided that 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 or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the parties to this offering, including the Company and the Underwriters, as the case may be, are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with an offering of the New Shares.

Upon receipt of this document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares described herein (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 acheteur 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.*

Foreign Selling Restrictions

United Arab Emirates (excluding the Dubai International Financial Centre)

This document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this document, you should consult an authorised financial adviser.

By receiving this document, you understand, acknowledge and agree that this document has not been approved by or filed with the UAE Central Bank, the UAE Securities and Commodities Authority (the "**SCA**") or any other authorities in the UAE (outside of the financial free zones established pursuant to UAE Federal Law No. 8 of 2004), nor have the Underwriters received authorisation or licensing from the UAE Central Bank, SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. It should not be assumed that any of the Underwriters is a licensed broker, dealer or investment adviser under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products.

No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to the New Shares or other investments may or will be consummated within the UAE. This document and the New Shares are not intended for circulation or distribution in or into the UAE, other than to persons who are 'Qualified Investors' within the meaning of the SCA's Board of Directors Decision No. 3 of 2017 Concerning the Organisation of Promotion and Introduction to whom the materials may lawfully be communicated. This does not constitute a public offer of securities in the UAE under the SCA Chairman of the Board Resolution No. 11/R.M of 2016 on the Regulations for Issuing and Offering Shares of Public Joint Stock Companies, or otherwise.

Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice.

Hong Kong

This document has not been delivered for registration to the registrar of companies in Hong Kong, and its contents have not been reviewed or authorized by any regulatory authority in Hong Kong. Accordingly: (i) the New Shares have not been, and will not be, offered or sold in Hong Kong, by means of any document, other than to persons that are considered "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") and any rules made thereunder, or in other circumstances which do not result in this document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) ("**Ordinance**") of Hong Kong or which do not constitute an offer to the public within the meaning of the Ordinance of Hong Kong and as permitted under the SFO; and (ii) no invitation, advertisement or other document relating to the New Shares has been or will be issued (or possessed for the purpose of issue), whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made thereunder.

Bega

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