Bega GROUP

FY2026 Annual Report

Bega Group
FY2026
Annual Report

GOUT GOUT | AUSTRALIAN SPRINTER

Contents

Bega Group Overview

We are an integrated producer of branded packaged foods and beverages, nutritionals and ingredients that millions of people use every day.

Business segments

We operate across two types of business:

Branded

Consumer and foodservice products sold through grocery, route, foodservice, petrol and convenience channels.

Bulk Nutritionals and Ingredients

Nutritional powders and dairy ingredients sold primarily to food manufacturers.

Total Group Revenue

$3,775m

84% Australia

16% International

Branded

$3,223m

91% Australia

9% International

Bulk Nutritionals and Ingredients

$552m

42% Australia

58% International

Categories

We hold strong market positions across categories that have consistent consumer demand throughout economic cycles and offer attractive long-term growth potential.

Our diverse product portfolio serves a broad range of consumer needs, spanning everyday essentials with high household penetration through to discretionary food purchases.

$ Australian retail size ($ million)

Retail market position (#)

% Bega Group market share (%)

Milk-based beverages	$1,355	#1	43%
Yoghurt	$2,445	#2	24%
Spreads	$827	#1	26%
Chilled juice and drinks	$767	#2	17%
Fresh white milk	$2,361	#2	15%
Creams and custards	$711	#4	7%
Water ice	$63	#1	92%

Source: Data (retail sales value) sourced from Circana Market Edge, 12 months to 28 June 2026, based on data definitions provided by Bega (Market: AU Grocery Unweighted and Convenience). Excludes Costco, Aldi, local trade and unstructured convenience.

Brands

Since 2001, we have transformed from a dairy co-operative built around a strong regional cheese brand into a diversified branded food and beverage company. Today, we are a leading branded consumer goods business, with products that form part of the daily lives of millions of consumers.

Our brand investment strategy is focused on five power brands, each of which holds a distinctive and leading position within its category.

An enduring, diversified dairy brand for over 125 years

Our leading brand for international cheese

An Australian icon

Our #1 yoghurt brand and top international brand

#1 iced coffee brand

Sales regions

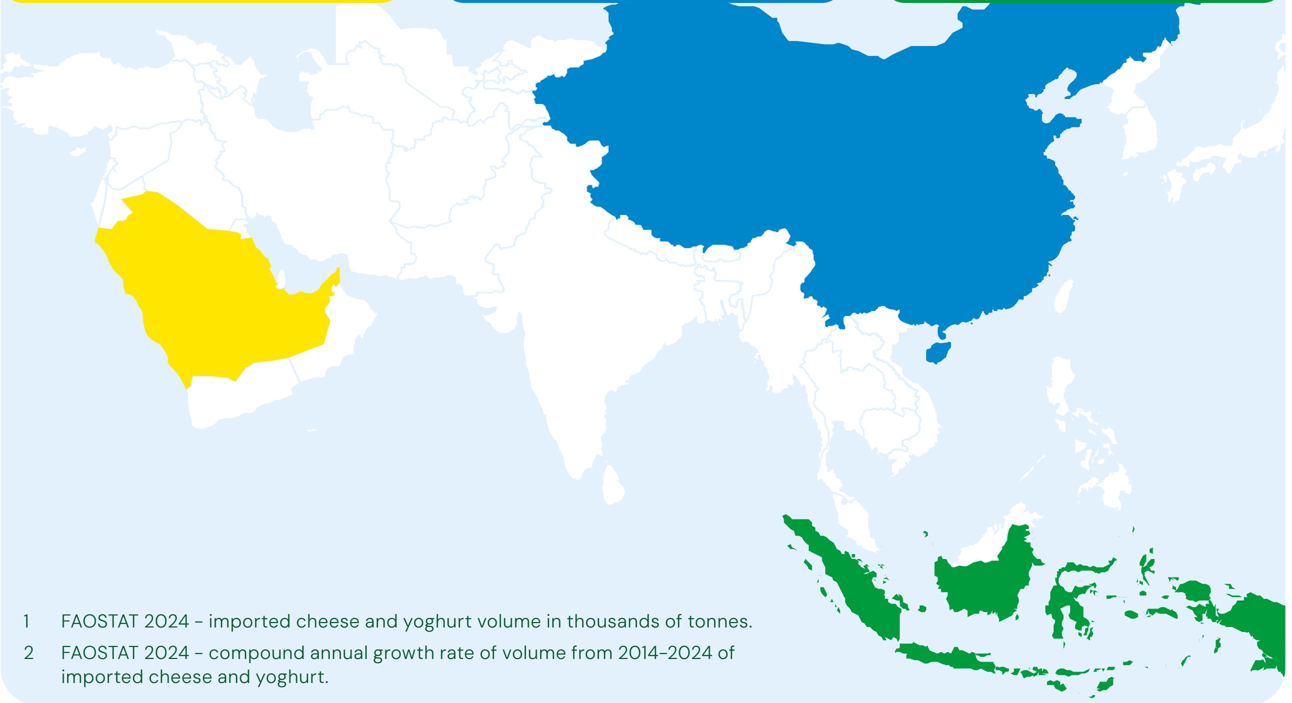
Australia remains our largest market, accounting for 84% of total revenue. North Asia, Southeast Asia, and the Middle East represent our key export regions and account for 92% of our international revenue.

These international regions have sizeable cheese and yoghurt import volumes, with expanding wealth and purchasing power and rising consumption of dairy products.

To support our growth plans, we have established a physical sales and marketing presence in priority markets, providing local market expertise, brand and customer management capabilities. Over the past three years this has helped us grow 25% in international Branded revenue.

ADDRESSABLE MARKET OF IMPORTED CHEESE AND YOGHURT INTO ASIA

Middle East (UAE, Saudi)	**North Asia** (China, Taiwan, Hong Kong)	**Southeast Asia** (Singapore, Malaysia, Indonesia, Philippines, Thailand)
~350KT[1] Imports 2024	~250KT[1] Imports 2024	~180KT[1] Imports 2024
3% p.a.[2] CAGR (2014–24)	8% p.a.[2] CAGR (2014–24)	5% p.a.[2] CAGR (2014–24)



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[1] FAOSTAT 2024 – imported cheese and yoghurt volume in thousands of tonnes.

[2] FAOSTAT 2024 – compound annual growth rate of volume from 2014-2024 of imported cheese and yoghurt.

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One of Australia's largest chilled food distribution networks

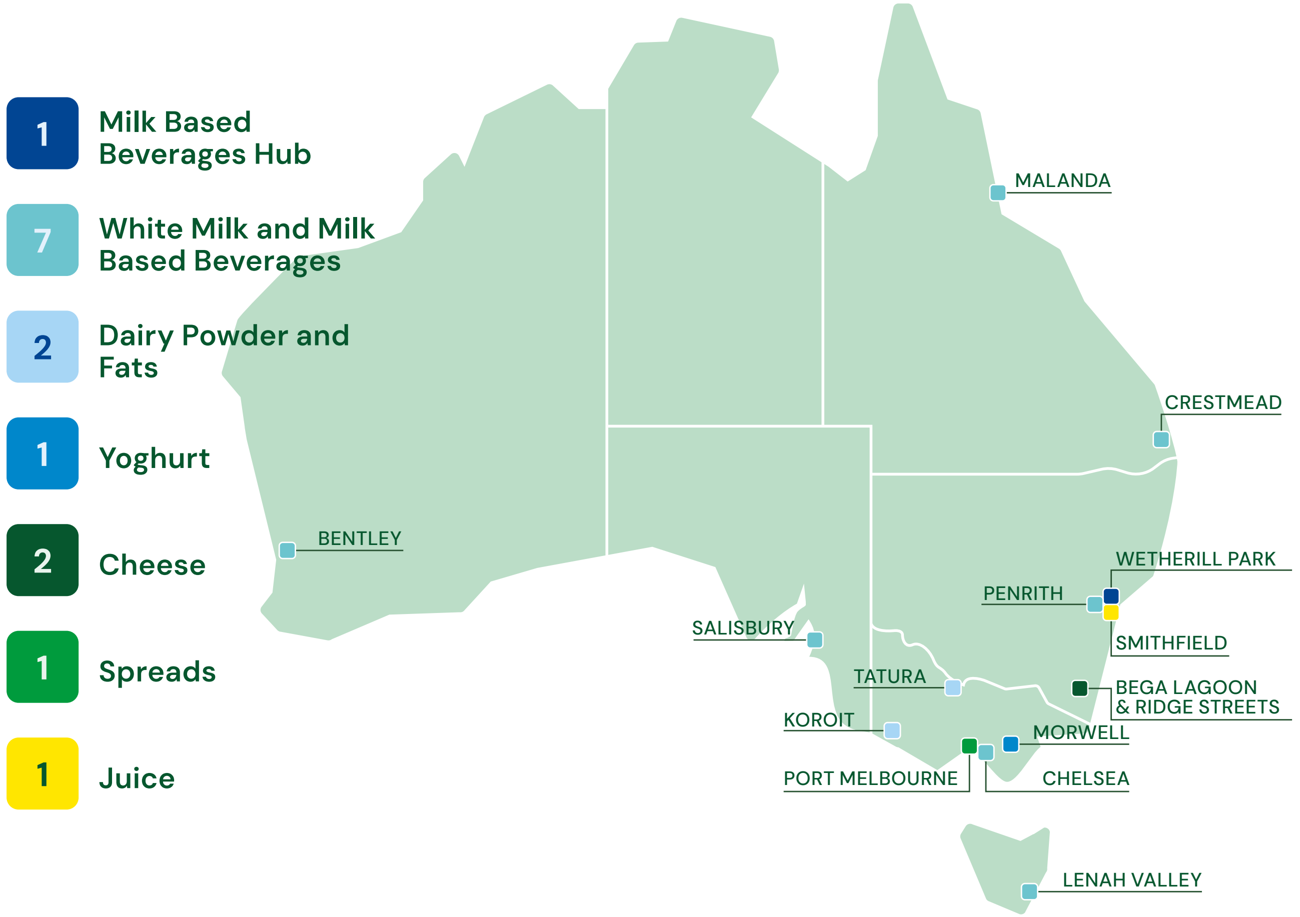
Manufacturing and distribution

Our manufacturing and distribution network is designed to maximise scale and efficiency. Over time, our manufacturing footprint has evolved towards a smaller number of larger, more efficient sites, delivering benefits through lower conversion costs, improved capital utilisation, and enhanced operational effectiveness. This approach also supports faster innovation cycles, reducing the cost and time required to bring new products to market.

Our Bulk Nutritionals and Ingredients business is integrated with our branded product manufacturing network. These facilities play a critical role in balancing milk flows across the network, supplying competitively costed ingredients for branded products, and optimising seasonal milk utilisation to maximise value and profitability.

We operate one of Australia's largest chilled food distribution networks and continue to invest in automation and route optimisation to further enhance efficiency and service levels. This capability is fundamental to supporting our growth across channels and ensuring the consistent availability of our brand portfolio throughout Australia.

Manufacturing network



Business model

By managing and growing our mainstream brands, leveraging our scale and expertise to efficiently deliver value and using disciplined financial management, we create value for all our stakeholders.

Farmers, suppliers and service providers

We are one of Australia's largest purchasers of milk, working directly with our farmers and other suppliers to procure sustainably and responsibly.

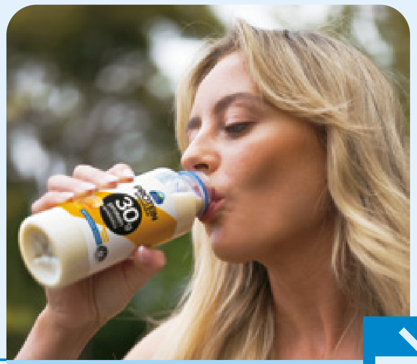
Operations

Innovation

Our development team creates products using deep understanding of consumer insights and food technology.

Manufacturing

We manufacture high quality products in facilities with full regulatory and environmental compliance.



Marketing and brand building

Many of our brands are household names and some are over 100 years old. We invest in omni-channel marketing to sustain and grow their brand leadership.

Selling

We serve ~29,000 customers in multiple sales channels. in-store brand initiatives are executed with our sales team.

Distribution

We deliver nationwide to grocery, route trade, petrol and convenience, industrial and foodservice and in more than 40 countries via our distributor partners.

The value we create

Farmers and suppliers

$1.6b paid for milk and ingredients[1]

Our communities

$113m invested in food manufacturing[2]

Making the most of resources through circularity:

- 93% of solid waste diverted from landfill
- 90% of total packaging reusable, recyclable or compostable
- Reused 1.5b litres of water

Customers

$2.0b estimated retail sales value generated[3]

Consumers

97% of Australian households consume a Bega branded product[4]

Shareholders

$69.0m normalised profit after tax

$44.3m dividends declared for FY2026

Our people

We invest in our people, providing development opportunities and competitive rewards

$551m employee benefits expense in FY2026[5]

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1. Suppliers with annual purchases over $1 million.
2. Annual supply chain capital and research and development expenditure.
3. Combined Bega categories MAT to 28 June 2026. Aus Grocery + Aus Convenience combined. Circana Total Business Scan Database.
4. Circana IHP Combined Unify Panel MAT to 15 June 2025.
5. Refers to total employee benefit expense excluding restructuring expense as disclosed in note 6 of the Notes to the Financial Statements.

FY2026 Performance at a Glance

REVENUE

$3.77b

FY2026

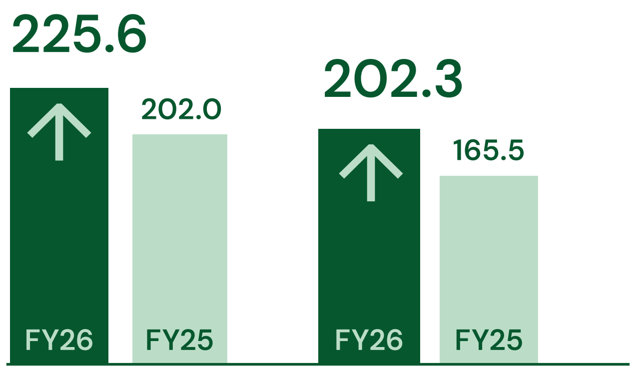
REVENUE

$3.54b

FY2025

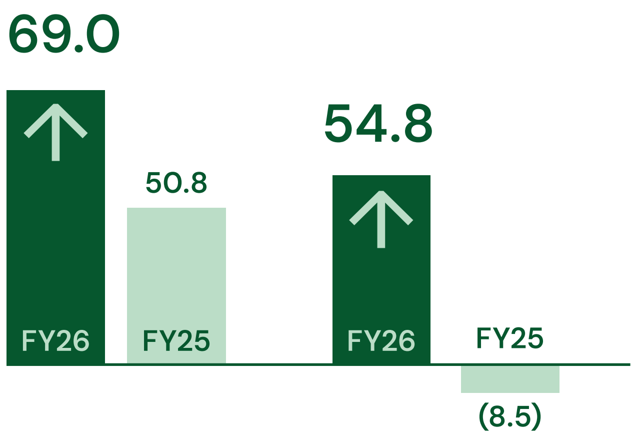
EBITDA ($ million)

Normalised[1] Statutory



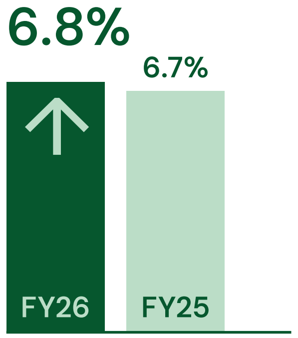
PROFIT AFTER TAX ($ million)

Normalised[1] Statutory



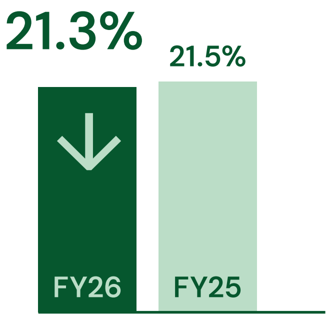
BRANDED EBITDA MARGIN

Normalised[1]



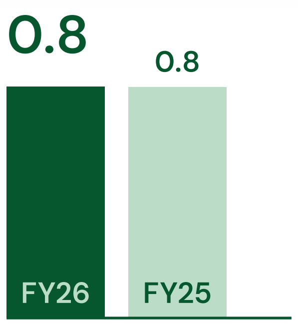
GROUP GROSS MARGIN

Normalised[1]



LEVERAGE RATIO (times)[2]

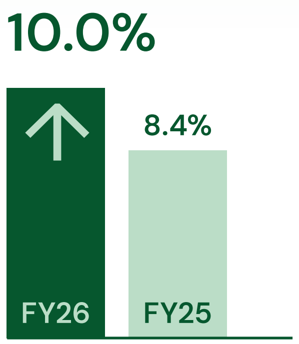
Normalised[1]



NET DEBT ($ million)

RETURN ON FUNDS EMPLOYED

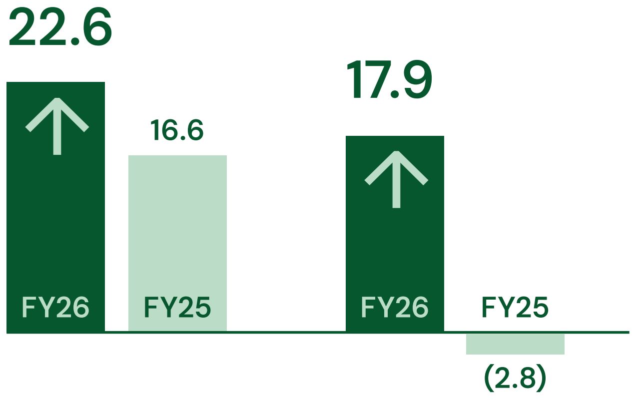
Normalised[1]



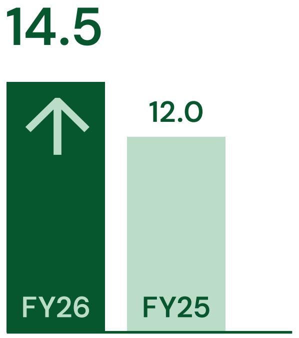
CASH FLOWS FROM OPERATING ACTIVITIES ($ million)

BASIC EARNINGS PER SHARE (cents)

Normalised[1] Statutory



DIVIDENDS PER SHARE (cents)



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1. Normalised amounts exclude one-off material items that do not reflect underlying performance
2. Net debt/normalised EBITDA (adjusted for AASB 16 leases)

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Macro Trends

We monitor and address macro trends to create opportunities and manage risks for the Group. These trends give context to our operating environment and strategic choices. Some of these trends are volatile and this information represents a snapshot at the time of report creation (June 2026).

Australian consumer sentiment

Consumer sentiment has improved from the extreme low of the fuel crisis as the shock eases, but it remains pessimistic.

There is an improved assessment of household finances, but consumers are more downbeat on economic expectations. We have not seen the full impact of the ongoing conflicts in the Middle East flowing through to consumer food prices, and we expect it to affect the shopping habits of a significant proportion of Australian consumers.

Our response

Everyday essential food categories and our brands show resilient demand and continue to perform well.

We will continue with opportunities to:

- Promote value product offers in core brands;
- Offer promotional pricing in collaboration with our customers;
- Streamline our operations to manage the cost of goods.

Source: Melbourne Institute of Applied Economic and Social Research - July 2026 report.

Australian consumer food trends

Consumer demand is being shaped by three mega trends:

Health and wellbeing

Consumers are moving away from foods that are perceived as highly processed and are buying foods with added functional benefits (e.g. low sugar, high-protein, high calcium, digestive health, lactose-free, plant-based). The headline nutrient of the moment is protein, which has surged as an ingredient and a packaging claim across many food categories. The perceived benefits include better fitness, weight control, healthier aging, and improved general well-being. GLP-1 drugs for weight management are not near their full impact. Supply availability has stabilised, but affordability will only gradually change as patent protection expires and generics become available in a few years' time.

Convenience

Time pressures and instant gratification are influencing eating patterns. Single-serve portions and on-the-go formats, such as yoghurt pouches and milk-based beverages, have proven popular.

Seeking value

People facing high living costs are spending less or trading down to cheaper options. This is not always "cheapest is best" but rather rebalancing the budget with taste, convenience, and health needs to meet different occasions.

Our response

- Accelerate innovation in profitable, high-growth segments such as protein and gut health;
- Investment in production capacity in formats such as yoghurt pouches;
- Increased production of protein-based ingredients such as milk protein concentrate;
- Investment in brands best aligned to trends such as Farmers Union, Dairy Farmers and Dare.

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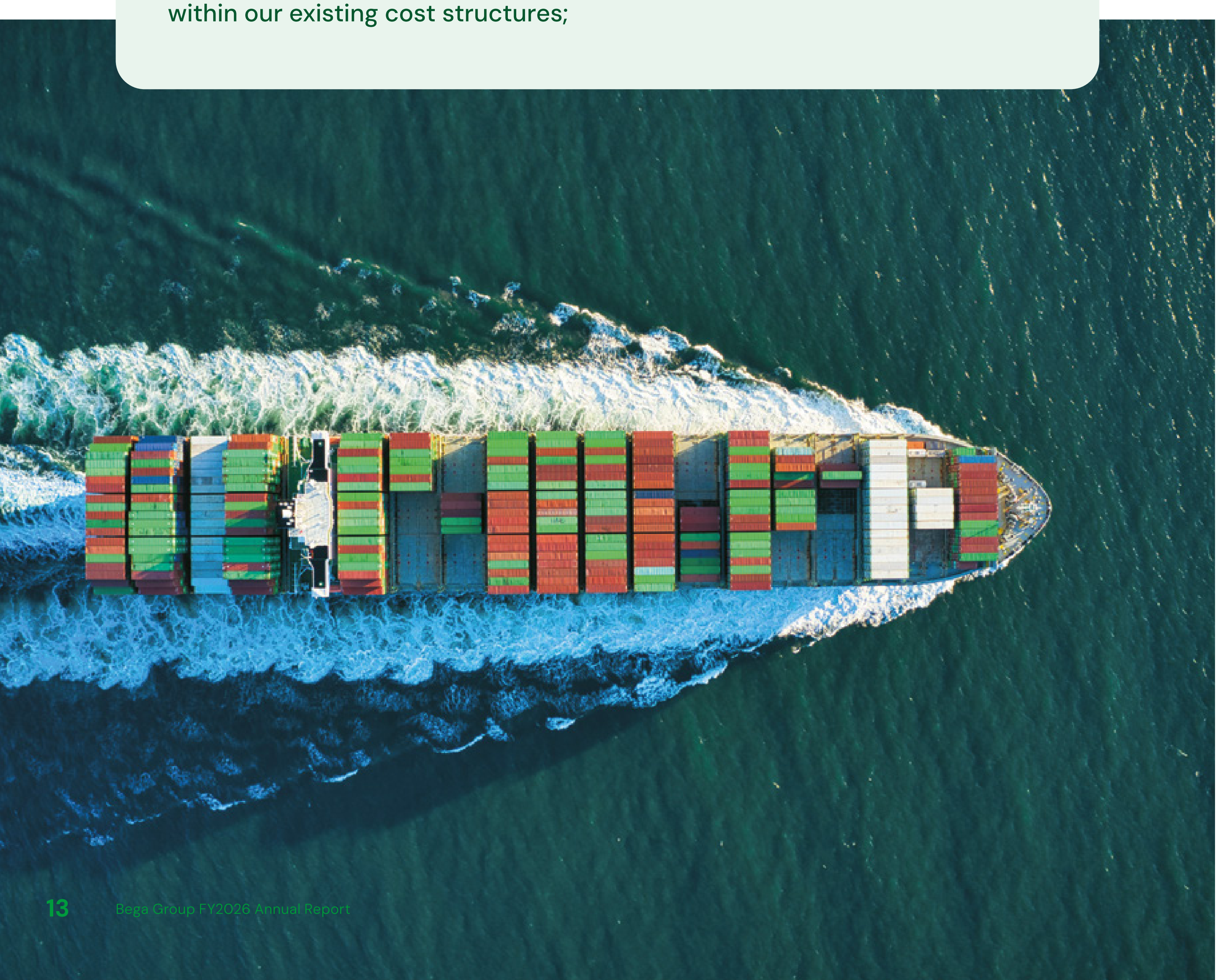
Geopolitical impacts

Geopolitical conflicts in the Middle East and other regions, and the consequent disruptions to global supply chains, continue to impact our business.

The closure of the Strait of Hormuz and disruption to oil production have pushed up prices of diesel, plastic resin and packaging, through to farm specific inputs like urea. We anticipate these will continue beyond the short term and any positive changes will take time to flow through to cost inputs.

Our response

- Ongoing investigation and actions to mitigate these impacts;
- Implemented a price surcharge on our products for cost increases we cannot reasonably absorb within our existing cost structures;
- Supported our farmer suppliers with additional payment surcharges for the milk they supplied us.



Technology and AI

Technologies are transforming food businesses, and the evolutionary pace of AI has not abated.

These technologies bring benefits like enhanced efficiency and data insights, and they also create greater cybersecurity and data security challenges.

Our response

We are engaging in technology on multiple fronts:

- Advances in automation and diagnostics are “baked in” to supply chain upgrades such as our Laverton warehouse and cheese manufacturing;
- Upgrading cybersecurity capability to match the pace of threats;
- Digitisation of service functions to improve customer experience;
- Ongoing use case testing and implementation of AI tools as they evolve. Successful roll-outs include strategic revenue management analysis, transaction auditing, and optimisation of marketing spend.

Global dairy commodity prices

Over the past 12 months, global production growth has suppressed commodity prices.

Price impacts were not evenly spread among markets, with fat markets (butter and anhydrous milk fat) showing the biggest downturn while declines in protein markets were milder. The underlying global demand for high-protein ingredients like milk protein concentrate, whey and skim milk powders show no sign of slowing. Present geopolitical risks, such as the Middle East conflict and ongoing trade tensions, could create volatility in dairy commodity prices in the next year.

Our response

- Maintain ingredient mix agility in the Bulk business to maximise the highest stream returns;
- Maximise milk component return between Bulk and Branded businesses;
- Increase capacity for high-return products – milk protein concentrate and cream cheese.

Strategic Priorities

Consumer needs are evolving at pace, creating compelling opportunities for growth in our categories. At the same time technology is advancing and unlocking efficiencies across our supply chain.

We have clear priorities to take advantage of this rapidly changing environment, with a focus on leveraging consumer insights, strengthening our leading brands and expanding in growth channels to increase revenue.

We are building a simpler, technology-enabled organisation that utilises our scale to deliver more efficiently to customers and consumers. At the same time, we are enhancing capability and progressing our sustainability goals to strengthen and protect our business for the future.

We are now three years into our S28 strategic plan with a more focused and simplified business and the momentum is evident in the FY2026 results.

Building on the progress achieved under S28, we have refreshed our strategy through to 2031 (S31), taking on board the learnings, achievements and the growth opportunities we see before us. Our purpose, to create great food for a better future, and our values remain unchanged.

Our S31 strategy is underpinned by a disciplined capital allocation framework that balances investment in strategic priorities, financial strength and shareholder returns. Together, these will support the next phase of value creation and position the business for long-term success.

Capital allocation framework

Invest in strategic priorities

- Capacity
- Capability
- Productivity
- 3rd party manufacture where appropriate

Maintain strong balance sheet

- 1.0-2.0x leverage ratio in ordinary course/pre-acquisition
- Flexibility to invest in growth

Returns to shareholders

- 50-80% dividend payout ratio based on normalised net earnings after tax

S31: Simplify & Focus for Growth

Our refreshed five-year strategic plan S31 addresses two core objectives:

1

Win in the markets where we choose to compete

2

Simplify, scale and enhance our business to reinforce our competitive position

Grow core brands and categories

Evolve our products to meet changing consumer needs

Go to market excellence across brand, product, price, pack and promotion

Win on the street

Grow foodservice, convenience and independent grocery

Expand availability, while optimising logistics cost

Accelerate international

Build scale through stronger, unified brands in Asia and the Middle East

Establish in-market supply chain to meet growth ambitions

Streamline our sites

Expand capability and capacity in growth categories

Optimise our footprint through scale and automation

Secure solids

Grow and diversify the supply of milk solids to enable growth

Invest in value-add ingredients capability

Four areas form the foundation for organisational excellence and successful strategy execution.

Safety

Prioritise the safety, health and wellbeing of our people and continuously improve practices across our sites

People and capability

Build the skills, leadership, and culture that enable growth, innovation and exceptional performance

AI and technology

Adopt AI and automation to increase business productivity

Reduce business risk and maintain cyber security

Quality

Deliver high quality trusted products that our customers and consumers expect

Chairman and Chief Executive Officer's Report

Barry Irvin
Executive Chairman

Peter Findlay
Chief Executive Officer

Solid foundations and great brands delivering strong growth

In the first year of our refreshed five-year strategic plan, Bega Group (the Group) delivered a strong financial result, growing normalised earnings before interest, taxes, depreciation and amortisation (EBITDA) by 12% to $225.6 million. The result was achieved with continued investment in our key growth platforms and our Branded business again demonstrating resilience in a competitive retail and out-of-home environment.

Both segments of the business contributed to our stronger financial performance. Branded normalised EBITDA grew 7.6% to $220.7 million. Branded revenue increased by 5.7% to $3.2 billion, driven by strong performances in yoghurt, milk-based beverages and white milk. An above-market foodservice result reflecting our investment in that channel. The Group achieved strong double digit revenue growth internationally with our cream cheese products performing particularly well despite ongoing geopolitical challenges. Bulk normalised EBITDA increased by 37.5% to $53.2 million, exceeding our target range of $30-50 million for the segment. This performance reflects increasing supply of our bulk products to our Branded business, higher value dairy ingredients product mix and stronger sales of proteins, demonstrating that the 'better for you' momentum extends to dairy ingredients. The Bulk segment also benefitted from a lift in milk intake, which pleasingly for the Group was 7% higher than FY2025.

During the year we refreshed our strategic plan, extending our planning horizon to FY2031 and lifting our ambition. Details of the refreshed targets are set out in the outlook section below.

Strong financial performance

Bega Group revenue was $3.8 billion, up 6.7% on FY2025. Statutory EBITDA of $202.3 million grew 22.2%, and statutory profit after tax was $54.8 million. Normalised profit after tax grew 35.8% to $69.0 million, and normalised earnings per share increased 36.1% to 22.6 cents. The Group declared total dividends of 14.5 cents per share, fully franked, up 21% on FY2025. Net debt increased $25.5 million to $151.6 million, the increase reflecting a strong capital investment program and the payment of cash costs from restructuring. Our leverage ratio was flat at 0.8 times in line with FY2025. Return on funds employed (ROFE) improved to 10.0%, up 1.6 percentage points. The ROFE target set in our original strategic plan (FY2023 to FY2028) has been delivered two years early and highlights the strength of our capital allocation program and our supply chain footprint consolidation. The material improvement in ROFE is significant in the context of ROFE being 3.7% in FY2023.

Operating cash flow of $129.3 million was down $35.7 million on FY2025, reflecting the payment of cash costs associated with our manufacturing footprint consolidation programs.

Innovation excellence and brand investment

Building on protein-led momentum, FY2026 saw us extend our high-protein and 'better for you' platforms across the portfolio. We launched Farmers Union Protein Yogurt, extending Australia's leading yoghurt brand into the fast-growing high-protein segment, while Dairy Farmers Protein Smoothies expanded nationally, and Dairy Farmers Protein Milk brought 18 grams of protein per serve to the white milk category[1]. Dare Protein extended into mocha and Dare Charged added new flavours, reinforcing Dare's leadership in functional energy and protein iced coffee.

The Group backed this innovation with increased marketing investment of $9 million. Major marketing campaigns and partnerships included the Dairy Farmers' 'Start with OOMPH' platform, Dare's continued association with the NRL and Brad Jones Racing, and Farmers Union Greek Yogurt's 'Protein Made Delicious' campaign. The VEGEMITE 'Makes 'Em Mitey' campaign was brought to life through partnerships with Gout Gout and The Wiggles.

Strategic investments and operational excellence

Capital investment of $109.8 million ($94.4 million in FY2025) was directed to automation, growth capacity and manufacturing efficiency. Laverton's warehouse automation went live during the second half of FY2026 and was fully operational in July of FY2027. The project is expected to deliver almost $8 million in annualised savings.

We consolidated our Strathmerton cheese site into Ridge Street in the Bega Valley in June 2026, which was our largest capital investment during the year, with $30 million of annualised cost savings starting in FY2027.

We also completed the sale of our Kingaroy and Tolga peanut processing sites, with cost savings achieved during the year. The sale of our Frenchs Forest warehouse settled in the first half of FY2026 as part of the ongoing optimisation of our chilled distribution network. Investment in AI strategic revenue management software and process automation led to capability enhancements and efficiency gains.

International growth

Our Branded international business continued to grow in FY2026 as we expanded the Bega brand's cream cheese and cheese slices ranges across Southeast Asia and the Middle East, continuing to build confidence in our longer-term international growth ambitions.

Sustainability initiatives

Our sustainability strategy, built on the pillars of circularity, community and collaboration, continued to guide our approach during the year. Our targets include a 40% reduction in scope 1 and 2 emissions and a 30% reduction in water use by 2030 (both against a FY2021 baseline), and net zero carbon by 2050.

Safety and wellness

Safety remained a priority throughout FY2026, with total recordable incidents falling by almost 11% on FY2025, building on the 30% reduction recorded in that year. Our expanded wellness program addresses four wellbeing pillars through health checks, on-site treatment, employee assistance programs, and enhanced recognition initiatives.

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[1] Data (retail sales volume) sourced from Circana Market Edge, 12 months to 28 June 2026.

Geopolitical impacts

In a year of significant geopolitical uncertainty, we have been pleased that the business was able to demonstrate the strength of our brands, the quality of our dairy ingredients and the agility of our people in responding to changing operating environments. We continue to be alert to the impacts of conflict in the Middle East and other regions, and are monitoring closely the continued uncertainty in the availability of key inputs in global food and agriculture supply chains. The Group mitigates the uncertainties where possible, and continues to work closely with customers, suppliers and government in an endeavour to respond as quickly as possible to the inevitable changes and challenges that geopolitical upheaval brings.

Future outlook

During FY2026 we refreshed our strategic plan, extending our target horizon to FY2031 and lifting our ambition to a normalised EBITDA of more than $310 million for that year. Our strategic plan is based on focused growth in 'better for you' categories such as yoghurt and milk-based beverages, with strong international branded expansion in both cheese and yoghurt. Our FY2031 targets are based on our current business profile and do not include any potential corporate activity or further supply chain consolidation, both of which represent upside potential to the FY2031 targets.

We would like to express our thanks to our shareholders, customers, employees, farmers and suppliers for their support.

Barry Irvin
Executive Chairman

Peter Findlay

Peter Findlay
Chief Executive Officer

Case Study

Milk protein concentrate, a structural growth opportunity

TRAVIS HEAD | ICONIC AUSTRALIAN TEST CRICKETER

High-protein products are one of the strongest global food trends, and they are reshaping demand for the protein ingredients that go into them. Milk protein concentrate (MPC) is part of that growth, offering competitive benefits in taste, shelf stability, and cost in the current market.

MPC is whole milk protein in concentrated form. Because it retains milk's natural ratio of casein to whey, it delivers the complete amino acid profile of dairy protein with all nine essential amino acids in the proportions that the body can use efficiently. It has a clean, neutral taste, and excellent shelf-life stability, making it well suited to high-protein beverages, one of the fastest-growing and most demanding categories to formulate for.

MPC's cost-effectiveness and availability is changing the way products are formulated. Global prices for whey protein concentrate (WPC) have reached record highs over the past year as demand has outpaced supply. By moving to MPC or MPC-whey blends, manufacturers can manage both cost and supply security. With the performance and formulation advantages of MPC, we expect this demand shift to outlast the current price cycle.

We are Australia's largest manufacturer of MPC, which is produced at our Tatura and Koroit sites.

Koroit is one of our highest-throughput dairy sites with a substantial, year-round regional milk supply pool. The MPC plant's recent expansion has boosted production, ensured consistent specifications, and created extra capacity for growing demand.

MPC revenue comes from two areas; our branded high-protein yoghurts and beverages, such as Farmers Union, Dairy Farmers and Dare, and ingredient sales to other food manufacturers. The two business areas reinforce each other. Learnings from branded product development sharpen MPC ingredient requirements, and technical advances in ingredients are applied in our own consumer products, converting ingredient capability into consumer-facing revenue and margin.

This combination of capabilities, revenue streams and well-timed capacity investment positions us well to grow in an attractive segment of the dairy ingredients market.

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Directors' Report

Your directors present the Annual Financial Report of the Bega Group for the year ended 30 June 2026.

Directors (from left to right):
Standing: Janette Kendall, Peter Margin, Raelene Murphy, Terry O'Brien, Harper Kilpatrick

Seated: Barry Irvin, Patria Mann, Rick Cross

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Review of Financial Performance and Operations

Key highlights

Increases in profitability in both the Group's Branded and Bulk segments, net revenue growth of 6.7%, the completion of two significant manufacturing footprint rationalisation initiatives, and continued low leverage ratio were highlights in FY2026. The Branded segment recorded an increase in normalised EBITDA to $220.7 million, an increase of $15.5 million on FY2025. Branded revenue growth accelerated to 5.7% driven by growth in 'better for you' products across several categories with the increase in demand and sales of yoghurt being the most significant. Investment in sales and marketing was lifted from FY2025 levels by $9.9 million, mostly to support the Group's key brands and innovation. The Group expanded growth beyond its traditional Australian stronghold, with a particular focus on Southeast Asia, achieving double-digit Branded revenue growth particularly in cream cheese and yoghurt. Manufacturing footprint rationalisation initiatives and automation of the Group's largest distribution centre were completed in FY2026 and will increase cost efficiencies in FY2027. During the latter stages of FY2026, the Group navigated the challenging cost and supply situation caused by conflict in the Middle East.

In FY2026, the Group rationalised its Branded manufacturing and supply chain footprint by undertaking the following initiatives:

- closure of Strathmerton cheese processing and packaging operation in Victoria and consolidation of production to Ridge Street, Bega, New South Wales in June 2026
- sale of Kingaroy and Tolga primary peanut processing sites in Queensland in June 2026 and entering a long-term supply agreement for the Group's roasted peanut requirements
- completing automation of the Group's largest refrigerated distribution warehouse in Laverton, Victoria during the second half.

The Bulk segment recorded an increase in normalised EBITDA to $53.2 million, an increase of $14.5 million on FY2025. The Bulk segment benefited from better alignment of dairy commodities and farm gate milk prices, particularly in the first half where higher sales prices were achieved. The segment also benefited from the sales margin and cost efficiencies associated with incremental milk supply (7% higher), as well as the sale of higher value dairy proteins and fats to external customers. The Group's agile and low-cost Bulk facilities continued to support the growth of its Branded segment with additional volume.

The Group increased capital expenditure to $109.8 million to support growth in innovation and capacity, as well as manufacturing and logistics efficiency gains, and maintained a focus on cash with operating cash flow of $129.3 million. The Group maintained a low leverage ratio at 0.8 times, and while net debt increased by $25.5 million to $151.6 million, this was mainly due to the payment of significant one-time costs associated with the closure of the Strathmerton and Kingaroy sites in quarter four and higher capital expenditure. The Group maintains a strong balance sheet and is well-placed to support growth opportunities.

Finance and operational overview

The Group generated revenue of $3.8 billion in FY2026, an increase of 6.7% on FY2025, and statutory EBITDA of $202.3 million, higher than FY2025 by $36.8 million or 22.2%. Statutory after-tax profit was $54.8 million, $63.3 million higher than FY2025, and statutory earnings per share (EPS) was 17.9 cents in FY2026, compared to negative 2.8 cents in the prior year. The statutory after-tax profit and EPS in FY2025 were affected by the one-time cost associated with the manufacturing rationalisation program announced by the Group in FY2025.

The Group will, as it has in previous years, report on both the statutory result and the normalised result for FY2026 compared to the prior year. This report focuses on the normalised result to demonstrate the underlying financial performance of the Group. The normalising adjustments to the statutory results are in the table on page 31. The non-IFRS financial information contained in this Directors' Report has not been audited in accordance with the Australian Auditing Standards.

The Group generated normalised EBITDA of $225.6 million in FY2026, an increase of 11.7% on FY2025, normalised profit after tax (PAT) of $69.0 million, an increase of 35.8%, and normalised EPS of 22.6 cents, up from 16.6 cents.

The Group FY2026 result was strengthened by:

- strong category growth, particularly in yoghurt, and high demand for high-protein and 'better for you' products
- rationalisation of Branded assets and achievement of operational cost saving and continuous improvement programs, as well as lower commodity cost inputs particularly for cheese, peanuts and citrus
- increased milk supply, favourable mix, and improved alignment of dairy commodities and farm gate milk prices, which benefited the Bulk segment, particularly in the first half
- strong operating cash flow allowing a low leverage ratio of 0.8 times to be maintained.

The Group result for FY2026 was adversely affected by:

- slower growth in some product categories and sales channels as cost-of-living pressures strained household budgets, and pricing surcharges temporarily impacted our promotional programs in some categories, reducing demand
- some consumers switching to lower priced cheese, culinary and white milk products
- one-time cash payments of costs associated with the closure of Strathmerton and Kingaroy production sites.

Geopolitically driven supply and cost challenges affected fuel and resin-based packaging, mostly in the fourth quarter, alongside temporary milk support payments to dairy farmers to help them navigate these challenges. These impacts were mainly offset by the introduction of a customer surcharge stemming from the conflict in the Middle East and global supply chain disruptions.

The Group maintains a strong balance sheet, with net debt of $151.6 million (FY2025: $126.1 million) and low leverage ratio maintained at 0.8 times (FY2025: 0.8 times), well within covenant limits. This leaves the Group well placed to pursue organic and other growth opportunities.

The Group increased its share of the national milk pool, receiving 1.43 billion litres of milk during FY2026 (excluding milk received under certain tolling arrangements), an increase of 7% on the 1.34 billion litres received in FY2025. The national milk pool remained relatively stable in FY2026 with growth across New South Wales and Queensland offsetting drought affected regions across South Australia. Victoria, which is Australia's largest producing state, was relatively flat.

STRATEGIC PRIORITIES

The Group continued to progress strongly in the third year of its five-year strategy, S28. Building on the progress achieved under S28, the Group refreshed its strategy through to 2031 (S31). The following strategic highlights were achieved in FY2026.

Grow core brands and categories

The Group evolved products to meet changing consumer needs by:

- reshaping the portfolio towards high-growth protein and functional nutrition segments to build a scalable protein platform across core categories and brands
- launch of new Vegemite for kids and peanut butter flavours brought news to our spreads category
- expanded lactose free and high-protein offers in fresh white milk
- increased brand marketing to support high-growth segments such as high-protein yoghurt.

Win on the street

The Group increased capability and profitability by:

- expansion of its foodservice channel presence, growing volume and value
- increasing efficiencies in its route network
- consolidation of warehousing including the sale of Frenchs Forest in New South Wales in 1H FY2026
- completion of automation of the Laverton national distribution centre in Victoria.

Accelerate international

The Group laid the foundations to accelerate international growth by:

- increasing in-market resources in select geographies
- increased marketing investment in priority markets and categories
- beginning in-market sourcing on select products in select countries
- investment in capacity at Ridge Street, Bega, New South Wales to support growth in processed cheese.

The Group achieved 12% international Branded revenue growth in FY2026 and demonstrated agility to mitigate supply challenges to Middle East customers during the conflict.

Streamline our sites

In FY2026, the Group improved scale, utilisation and efficiency of its manufacturing network by:

- closure of Strathmerton cheese processing and packaging operation and consolidation of production to Ridge Street, Bega
- sale of Kingaroy and Tolga primary peanut processing sites and entering a long-term supply agreement for the Group's roasted peanut requirements
- selective use of third-party manufacturers to reduce complexity and increase throughput at some sites
- increasing capacity particularly in yoghurt, milk-based beverages and cream cheese.

Secure solids

The Group expanded margins in Bulk Nutritionals and Ingredients by:

- a continued shift in product mix from commodities into specialty ingredients
- growth in infant nutrition volume and improved asset utilisation
- maximising lactoferrin yield and price realisation
- long selling and use of financial instruments which mitigated impact of falling commodity values, particularly in the second half.

Organisation enablers

The Group strengthened its organisational capability by:

- establishing an AI strategy and implementation roadmap. Implementation began with a range of initiatives across finance, back-office administration, customer service, trade promotional activity and marketing
- increasing engagement and focus on improving safety and wellbeing of employees
- continuing to simplify and improve efficiency, resulting in headcount reductions that help offset payroll inflation.

Safety

The Group's safety principles guide the safety culture and decision-making at all levels and is committed to providing a healthy and safe working environment for employees, contractors and visitors across its operations.

Continued focus in the Group on leading safety activities, including proactive hazard reporting and the timely closure of incidents and corrective actions, are key elements of the safety leadership program. This emphasis on leading indicators has contributed to improvement in the FY2026 safety performance compared to the previous year, as measured through increased hazard reporting and a reduction in the total recordable injury frequency rate (TRIFR).

Key initiatives through FY2026 included further progress in reducing machine safety risks across the manufacturing network, continued rollout and education on Lock Out Tag Out (LOTO), in addition to the focus on chemical safety systems across the Group.

Environmental regulatory compliance

The Group's manufacturing sites are subject to significant Federal and State Environment Protection Regulations. The Group is also subject to various licensing requirements. These licences stipulate performance requirements as well as the specific monitoring of emissions such as noise, air, odour, and wastewater.

In FY2026, the Group reported compliance activities to environmental regulators and water authorities with no financial penalties for non-compliance reported. Notifications have been resolved with the appropriate regulator, with the following specifically reported:

1. Two notifications were made to the relevant authorities in relation to odour and air emissions: one event at the Koroit site in Victoria associated with wastewater treatment operations which were reported to the Environment Protection Authority (EPA) Victoria, and one exceedance of licensed emission limits at the Lagoon Street whey dryer stack in New South Wales which was reported to NSW Environment Protection Authority. Corrective actions have been implemented in both cases.
2. One noise notification was made to the relevant authorities at the Koroit site in Victoria to EPA Victoria. Corrective actions have been implemented.
3. Three notifications were made in relation to discharges to land and water: a wastewater pipeline breach and a brine release at the Lagoon Street site in New South Wales, both reported to NSW EPA, and a trade waste sludge overflow at the Smithfield site in New South Wales reported to the relevant water authority. Corrective actions have been implemented.
4. Six wastewater breaches were reported against trade waste agreements, all at the Penrith site in New South Wales. No fines were issued in respect of these breaches. Improvement activities remain ongoing to support wastewater compliance performance.
5. Two notices were received from authorities. One from EPA Tasmania regarding noise at the Lenah Valley site and another from EPA Victoria regarding odour at the Koroit site. Corrective actions have been implemented in both cases.

The Group resolved all remaining informal and formal complaints received in relation to environmental issues and no further action was required of the Group by regulators in respect of these issues.

In addition, during FY2026, the Group complied with all statutory environmental reporting requirements, including the National Greenhouse and Energy Reporting Scheme and National Pollutant Inventory. Bega Group's sustainability report required by the *Corporations Act 2001* and the Australian Sustainability Reporting Standard *S2 Climate-related Disclosures* can be found later in this Annual Report.

Better Future Sustainability Strategy

The Group produces a suite of public reports on its sustainability performance, which are available on the Group's website. This includes:

- Annual Report – details the financial performance and the sustainability report of Bega Cheese Limited and its subsidiaries prepared in accordance with Australian Sustainability Reporting Standard S2 *Climate-related Disclosures* (AASB S2) as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* (Cth)
- Corporate Governance Statement – outlines the governing principles and processes, consistent with the 'Corporate Governance Principles and Recommendations' (4th edition) published by the ASX Corporate Governance Council (Recommendations)
- Workplace Gender Equality Report – outlines the Group's workforce composition and efforts to improve workplace equality in accordance with the *Workplace Gender Equality Act 2012* (Cth)
- Australian Packaging Covenant Organisation (APCO) Annual Report – outlines how the Group manages packaging and waste, its efforts in the circular economy and its progress against the APCO Packaging Sustainability Framework
- Modern Slavery Statement – outlines how the Group identifies, prevents and remedies modern slavery in the Group's operations and supply chains in accordance with the *Modern Slavery Act 2018* (Cth) and the *Modern Slavery Act 2018* (NSW)
- Better Future Report – details the performance of the Group in relation to its commitments made under the three pillars of the Group's Better Future strategy: Circularity, Community and Collaboration.

In FY2025, the Group launched the Better Future Strategy which focuses on three pillars: circularity, community and collaboration. These reflect the Group's heritage in the Bega Valley, long-term partnerships and growth as a food producer. Better Future is informed by the most material sustainability impacts, aligns to the vision for an enduring legacy of the business, and demonstrates the Group's commitment to the United Nations Sustainable Development Goals. Further information on the Better Future Strategy and how climate risks and opportunities are addressed can be found in the sustainability report section of this report.

CIRCULARITY

The Group will lead in circularity through the practices, industry partnerships and the effective use, reuse and recycling of resources.

Resource efficiency

All the Group's operating sites are certified to the International Organization for Standardisation (ISO) 14001:2015: Environmental Management Systems. In May 2026, the Group commissioned a new wastewater pre-treatment plant at the Lenah Valley site in Tasmania to support better environmental outcomes and reduce the impact on local water infrastructure. While the Group still aligns work with the national packaging targets, volatile costs have constrained efforts in the use of recycled content in packaging.

Emissions reduction

The Group's energy management capability program is now in its seventh year, and implementation continues. The Group has also started work on a climate transition plan, which will include a detailed emissions reduction roadmap. Further information on the Group's greenhouse gas emissions can be found in the Better Future Report and the sustainability report section of this report.

COMMUNITY

The Group will make a positive and lasting impact by supporting its people, their families and the communities in which we operate.

Employee wellbeing and diversity

The Group's Code of Conduct outlines the overall approach to responsible business conduct. The Group's wellbeing program – BWell@Bega – continued this year, expanding through a network of Wellbeing Champions to deliver programs for financial, physical, social and emotional wellbeing. The Group is a signatory to the HESTA 40:40 Vision, an investor-led initiative to achieve gender balance in executive leadership across all ASX300 companies by 2030. The Group has committed to reach the 40:40 Vision target of 40% women on the Executive Leadership Team and Board: 20% by 2024, 30% by 2027, and 40% by 2030. The Group reports annually to the Workplace Gender Equality Agency (WGEA) in accordance with requirements under the *Workplace Gender Equality Act 2012* (Cth). This year, two Group entities nominated gender equality targets under amendments to the legislation. More information on these targets is available in the Bega Group Corporate Governance Statement and the Better Future Report.

In June 2026, the Group completed the phased sale and exit of its peanut processing business, which affected approximately 150 employees. The Group has worked closely with employees, communities and local government agencies on assistance programs including outplacement support, financial advice and re-training. More than 80% of employees at the Kingaroy site have been re-deployed.

The Group's employee engagement survey reached a record participation rate of 82%. Held in October 2025, the survey provided valuable insights into the diversity of its workforce including employees who identify as Aboriginal or Torres Strait Islander people, employees who have caring responsibilities and employees with disability.

Positive nutrition outcomes

The Group's approach to nutrition is informed by the latest science and health research on the dietary needs of specific demographics and populations and direct investment in research with Australian universities. Approximately 69% of the Group's branded sales by volume this year have an Australian Health Star Rating of 3.5 stars or higher. Growth in yoghurt sales in Australia reached record levels this year. While the Group expanded its range of protein products, it also achieved a sugar reduction in the Yoplait range of yoghurt. The Yoplait range now sits below the Australian Government Healthy Food Partnership target for 12.5g sugar per 100g of yoghurt.

Community engagement and awareness

The Group is a long-term partner of Foodbank, contributing food products and participating in Foodbank's Milk Program whereby it supplies white milk weekly or fortnightly. This year the Group donated 1,108,062 kilograms of products to Foodbank, equating to more than 1,996,508 meals.

COLLABORATION

The Group will work together with its producers, customers and communities to enable sustainable practices, grow domestic economies and deliver high quality Australian products that people enjoy and trust.

Natural resource management

The Group's Better Farms Program is a voluntary, purpose-led initiative designed to provide the Group's dairy farmers with a way of measuring, monitoring and benchmarking farm performance over time and informing decisions around resource optimisation and practice change. It also provides access to targeted training programs and up to $5,000 in grant support to encourage the adoption of better farming practices.

Since its establishment, from 2018 to June 2026, more than $3.7 million was invested in grant support across all milk supply regions. Projects funded include generators for back up power for climate resilience as well as irrigation, stock water, feed system and solar energy system upgrades to improve efficiency and emission reduction.

Responsible and ethical procurement

All the sites owned and operated by the Group have completed a Sedex Members Ethical Trade Audit over the past four years. The Group updated its review of human rights and modern slavery risks across its operations and supply chains this year and brought 364 new suppliers onboard. Approximately one-third of those suppliers were identified as high-risk and registered with Sedex or an equivalent platform.

Quality sustainable products

All the Group's directly owned and managed manufacturing sites are certified to the British Retail Consortium. Similarly, all the third-party manufacturers producing Bega-branded products and finished goods on the Group's behalf are certified to a Global Food Safety Initiative benchmarked standard. There were no recalls for food safety reasons or notices of food safety violations in FY2026.

Modern slavery prevention

The Group publishes its Modern Slavery Statement annually in December, in compliance with section 13 of the *Modern Slavery Act 2018* (Cth) and section 24 of the *Modern Slavery Act 2018* (NSW). During FY2026 the Modern Slavery Working Group, consisting of a cross-functional group of executives and senior managers, met monthly to oversee the delivery of the Group's Modern Slavery Action Plan and to assess current and emerging risks within the Group's supply chain. This year the working group focused on implementing and communicating the new policies, enhancing our understanding of risks within citrus and contingent labour and testing our remediation response framework.

Dividends paid in FY2026

On 21 August 2025, the Group declared a final FY2025 fully franked dividend of 6.0 cents per share, representing a distribution of $18.3 million. The Directors activated the Group's Dividend Reinvestment Plan (DRP) for this dividend. The DRP offers ordinary shareholders in Australia and New Zealand the opportunity to acquire fully paid ordinary shares without transaction costs. On 25 September 2025, the Group allotted the shares purchased under the DRP, raising $1.1 million in new share capital.

On 19 February 2026, the Group declared an interim fully franked dividend of 7.0 cents per share, representing a distribution of $21.4 million. The Directors activated the Group's DRP for this dividend. On 2 April 2026, the Group allotted shares purchased under the DRP, raising $1.2 million in new share capital.

On 20 August 2026, the Group declared a final fully franked dividend of 7.5 cents per share representing a distribution of $22.9 million, an increase of $4.6 million compared to the 2025 final dividend. The DRP will also be available for this dividend.

Dividends paid to shareholders in relation to the FY2026 year will total $44.3 million which represents a $7.7 million increase from the dividends paid in respect of FY2025, which totalled $36.6 million.

Reconciliation of statutory and normalised performance

As in previous years, the Group reports on both the statutory result and the normalised result for FY2026 compared to the prior year. Commentary in this report focuses on the normalised result.

Group statutory result FY2026

On a statutory reporting basis, the Group generated:

$ million	FY2026	FY2025
EBITDA	202.3	165.5
EBIT	106.9	27.1
PBT	74.7	(6.7)
PAT	54.8	(8.5)
EPS	17.9 cents	(2.8) cents

Group normalised result FY2026

The statutory result for the Group in each of FY2026 and FY2025 includes several material non-trading one-off items. While these items all have a financial impact on the statutory performance, they do not affect the underlying financial performance of the Group.

To provide a better understanding of the underlying financial performance, the Group makes normalising adjustments to the statutory financial statements. These are set out in more detail in the table on page 31. Removing the one-off items, on a normalised basis the Group generated:

$ million	FY2026	FY2025
EBITDA	225.6	202.0
EBIT	130.9	110.8
PBT	98.7	77.0
PAT	69.0	50.8
EPS	22.6 cents	16.6 cents

Normalising adjustments in FY2026 mostly relate to manufacturing footprint rationalisation initiatives undertaken by the Group.

These initiatives are as follows:

- In May 2025, the Group announced the consolidation of its Strathmerton cheese packaging operations into its Ridge Street, Bega site. A phased closure of the Strathmerton site was completed in June 2026. The consolidation of sites is forecast to deliver $30 million per annum of cost savings from early FY2027 by eliminating duplication and reducing fixed cost. In FY2026, the Group incurred one-time costs of $12.9 million, including employee related costs of $7.4 million, with the balance related to other Strathmerton closure costs, and costs associated with the ramp-up of production at Ridge Street.
- On 9 July 2025, the Group announced its intention to exit its peanut processing business, Peanut Company of Australia Pty Ltd (PCA). On 15 December 2025, the Group sold the property, plant and equipment at the Kingaroy and Tolga facilities, recognising a loss on sale of $2.9 million. Under the terms of the transaction, the Group leased back the Kingaroy facility until June 2026 when the Group's operations at the site ceased. The Group also incurred $3.0 million of employee related costs and $3.2 million of inventory obsolescence, consulting and other closure-related costs associated with the exit.

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The Group also incurred $2.0 million of costs associated with merger and acquisition activities, mostly associated with the potential acquisition of the Mainland Group business divested by Fonterra in Australia.

The events outlined above resulted in a decrease in the Group's profit before tax of $24.0 million.

The following table demonstrates the movement between the financial performance for statutory reporting purposes and the normalised financial performance for the Group. These adjustments have not been subject to specific audit procedures.

CONSOLIDATED	**Per financial statements** $m	**Manufacturing footprint rationalisation** $m	**Acquisition related activities** $m	**Normalised outcome** $m
Period ended 30 June 2026				
Revenue	3,774.6	-	-	3,774.6
Cost of sales	(2,989.1)	16.9	-	(2,972.2)
Gross profit	**785.5**	**16.9**	**-**	**802.4**
EBITDA	202.3	21.3	2.0	225.6
Depreciation, amortisation and impairment	(95.4)	0.7	-	(94.7)
EBIT	106.9	22.0	2.0	130.9
Net finance costs	(32.2)	-	-	(32.2)
Profit before income tax	**74.7**	**22.0**	**2.0**	**98.7**
Income tax expense	(19.9)	(9.2)	(0.6)	(29.7)
Profit for the year	**54.8**	**12.8**	**1.4**	**69.0**
Gross margin - percentage	**20.8%**			**21.3%**
Basic earnings per share - cents	**17.9**			**22.6**

CONSOLIDATED	**Per financial statements** $m	**Manufacturing footprint rationalisation** $m	**Normalised outcome** $m
Period ended 30 June 2025			
Revenue	3,539.0	-	3,539.0
Cost of sales	(2,808.8)	29.6	(2,779.2)
Gross profit	**730.2**	**29.6**	**759.8**
EBITDA	165.5	36.5	202.0
Depreciation, amortisation and impairment	(138.4)	47.2	(91.2)
EBIT	27.1	83.7	110.8
Net finance costs	(33.8)	-	(33.8)
Profit/(loss) before income tax	**(6.7)**	**83.7**	**77.0**
Income tax expense	(1.8)	(24.4)	(26.2)
Profit/(loss) for the year	**(8.5)**	**59.3**	**50.8**
Gross margin - percentage	**20.6%**		**21.5%**
Basic earnings per share - cents	**(2.8)**		**16.6**

Cash flow, net debt and Group capital management

Cash flows

The Group generated the following cash flows in FY2026:

$ million	FY2026	FY2025
Operating activities	129.3	165.0
Investing activities	(95.7)	(76.3)
Financing activities	(21.1)	(33.4)

Key operating activities in FY2026 were:

- net profit after tax of $167.7 million after adjusting back non-cash items of impairment, depreciation, amortisation, and profit on sale of non-current assets
- restructuring payments of $37.1 million, mainly relating to manufacturing rationalisation initiatives.

Key investing activities in FY2026 were:

- payments totalling $109.8 million for capital investment, the majority directed to new capacity and efficiency improvements
- proceeds of $19.0 million, largely from the sale of the Frenchs Forest warehouse and several unutilised properties.

Key financing activities in FY2026 were:

- increase in borrowings of $38.0 million
- principal elements of lease payments of $20.2 million
- dividend payments of $37.3 million.

Net debt at year end

The Group had consolidated net debt of $151.6 million as of 30 June 2026, compared with $126.1 million as of 30 June 2025, an increase of $25.5 million. The increase in net debt primarily arose from cash outflows of $95.7 million from investing activities, dividend payments of $37.3 million, and principal lease payments of $20.2 million. This was partially offset by $129.3 million of cash inflow from operations.

Balance sheet capital management

On 19 January 2026, the Group executed refinancing arrangements with respect to its debt facilities governed under the Common Terms Deed. The refinancing extends the maturity profile of the Group's facilities and was completed on terms substantially consistent with the prior arrangements. As part of the refinancing, Facility 1, with an aggregate limit of $270 million, was extended to mature in January 2030 (previously July 2027) and Facility 2, with an aggregate limit of $180 million, was extended to mature in January 2031 (previously February 2027).

The Group continues to receive strong support from its bankers and has the following facilities:

- the Common Terms Deed Debt Facilities funded by six banks with Westpac acting as the agent
- an Inventory Facility and Trade Receivables Facility provided by Rabobank
- other guarantee facilities provided by Westpac.

The Group's normalised EBITDA to net debt leverage ratio remained constant at 0.8 times in FY2026 (0.8 times in FY2025) and is well within the year end bank covenant limit of 3.5 times. The Group expects its leverage ratio to continue within covenant requirements throughout FY2027 and is well-placed to meet future covenant obligations.

Capital investment

The Group increased capital investment to $109.8 million in FY2026 (FY2025: $94.4 million). The Group's FY2026 capital works program centred on:

- investment in equipment for increased cheese capability and capacity at Ridge Street, Bega, New South Wales, prior to the closure of Strathmerton, Victoria in June 2026
- yoghurt capacity expansion in Morwell, Victoria
- automation at the Group's national distribution centre in Laverton, Victoria, which was completed during FY2026
- improving safety and infrastructure across multiple sites.

Risk management

The Group's senior management team is responsible for an effective and integrated risk management framework to ensure both strategic and operational risks are continuously identified, assessed, and treated in a timely and appropriate manner.

The Risk & Sustainability Committee (RSC) is responsible for overseeing the governance of both corporate risk & sustainability. The RSC's role is to work together with the Board on assessing and setting the Group's risk appetite and providing senior management with decision-making guidelines to support the agreed profile. The RSC is responsible for overseeing and assessing the efficacy of the Group's risk management policy, processes and procedures, and regularly reviews and updates the risk appetite statement for approval by the Board.

The changing nature of the risk environment is reflected in the Group's risk appetite statement which the Board reviews and updates regularly.

During FY2026, the risk appetite ratings were updated in response to internal or external factors. The Group continued to enhance management reporting to the RSC during FY2026 by providing further information relating to identified risks and plans in place to improve controls where appropriate.

The internal audit function provides independent and objective assurance on the adequacy and effectiveness of the Group's systems for risk management, internal control and governance, as well as recommendations for improving the effectiveness and efficiency of these systems and processes.

Key strategic risks include:

Source of risk	Risk overview	Mitigation strategies
Geopolitical tensions	Significant country and regional upheavals affecting normal lines of business	• Continue to focus on building diversified revenue streams • International supply chain resilience including multi-supplier arrangements for key raw materials • Supply chain reviews for capital item purchasing
Product and consumer trends	Unable to forecast significant shifts away from profitable product categories that materially impact returns to the business	• Further investment in consumer insights teams, research and trend analysis including sustainability initiatives • Active product innovation team • Align capital investment plan to support attractive categories
Competitors	New domestic market entrants change the competitive landscape	• Investment in key brands, brand growth, and brand extension plans • Maintain strong customer and supplier relationships • Monitoring of market conditions • Continue international expansion plans to support resilience
Milk pool and milk returns	Milk volumes decline in Australia increasing the relative price of milk and reducing ability to grow profitably	• Emphasis on maintaining strong farmer relationships and delivering a competitive farm gate milk price • More geographically diverse spread of site assets • Focus on higher-returning dairy categories, solids returns and portfolio mix • Secure overseas dairy solids where appropriate
Climate change	Failure to understand, prepare for, or respond to, climate-related financial impacts including climate-related financial disclosures	• Strong relationships with industry bodies, regulators and suppliers • Understand long-term scenario impacts of global warming on key assets and address long-term capital and investment plans
Technology and cyber security	Technology is not maintained and upgraded regularly and is no longer able to support the business adequately Security of technology platforms across the business is breached	• Maintain conformance to the ISO 27001 Information Security Management System (ISMS) standard • Maintain alignment to NIST CSF (Cyber Security Framework) • Continue regular organisation-wide awareness and training programs • Prioritise use of cloud-based solutions • Enterprise-wide backup and system recovery solution
People retention	Failure to attract and retain top talent that gives the Group a competitive advantage	• Development plans in place for top talent across the Group • Remuneration reviews, benchmarking and performance recognition • Regular reviews and recommendations for improvement for regretful exits and unsuccessful contract offers

Key operational risks include:

Source of risk	Risk overview	Mitigation strategies
Business continuity	Robust business continuity plans for all sites and essential centralised services are not in place and the business is unable to respond to an adverse event	• Identify 'high risk sites' and implement upgraded business continuity plans referencing production and supply chain alternatives in the event of a disruption • Regular testing of response plans, product recall processes and production diversion processes, including in response to biosecurity events.
Safety	Operations fail to protect employees from physical and/or psychosocial harm	• Executive level performance measures include safety performance • Comprehensive safety management systems including incident management • Capital approval process that prioritises safety investment
Food safety	Unsafe products are produced and leave Bega facilities causing harm to the public and significant reputational damage	• Mature quality management system compliant with international standards • Frequent external reviews of premises by external parties across accreditations • Continue to integrate quality reviews, approvals and testing protocols into the product release process
Environmental compliance	Operations fail to meet environmental compliance obligations	• Energy Management Capability Program • Continuous site reviews and audit schedule
Sustainability	Failure to fulfil commitments made and communicate effectively with internal and external stakeholders on sustainability	• Undertake comprehensive materiality assessments and review target areas • Deliver the Bega Sustainability Strategy initiatives • Engage and communicate with stakeholders on sustainability commitments
Wage underpayment	Underpaying staff in relation to legal obligations incurring significant fines and reputational damage	• Continue to assess areas of high risk • Implement rolling Enterprise Bargaining Agreement (EBA) compliance reviews covering the waged workforce

Outlook

The Group remains ahead of the growth trajectory set out in S28 and reinforced by the increased ambition in the refreshed five-year strategic plan (S31), with normalised EBITDA of more than $310 million by 2031. Two major initiatives are driving efficiency gains: consolidating cheese manufacturing at Ridge Street, Bega, and automating the Group's largest warehouse, in Laverton. Together, these are expected to deliver approximately $38 million in savings in FY2027.

Marketing investment in the Group's leading Australian brands has increased over the past two years and is expected to fuel growth in core categories and 'better for you' products. Demand for protein is expected to continue to elevate in FY2027 and beyond, and the Group's end-to-end supply capability across both segments position it to capture this growth.

The Group's portfolio of affordable, mainstream products, consumed by millions of people daily, supports resilience through the current geopolitical volatility. Profitable channel expansion remains a priority both in Australia and internationally, including plans to grow in-market resources across key Asian markets.

The balance sheet remains strong, giving the Group flexibility to pursue value-accretive growth opportunities, both organic and through acquisition, and which support the goals of S31.

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Barry Irvin AM GAICD *Executive Chairman Bega Cheese Limited*

Barry is recognised globally for his extensive experience in the dairy industry and has been Chairman of Bega Cheese Limited since 2000. Barry's leadership has seen Bega grow from a small regionally based dairy company to now one of the largest dairy and food companies in Australia, supplying a large range of dairy and grocery products in Australia and around the world.

Barry's depth of knowledge of the industry includes a significant understanding of the issues affecting Australian dairy farmers, the key investments required to meet changing consumer needs and the management of long-term customer relationships.

Barry is very aware of the importance of social responsibility, he has been Chairman of Giant Steps, an organisation providing services to children and young adults with autism since 2002.

BGA Committees:
- Nil

Other Directorships:
- Chairman of Giant Steps Australia Limited
- Chairman of the Regional Circularity Co-operative Limited

Former ASX listed Directorships in the last 3 years:
- Nil

Peter Margin BSc(Hons), MBA *Independent Director since September 2020 and Deputy Chairman*

Peter has many years of leadership experience in major Australian and international food companies, including Executive Chairman of Asahi Holdings (Australia) Pty Ltd, Chief Executive Officer of Goodman Fielder Ltd and before that Chief Executive Officer and Chief Operating Officer of National Foods Ltd.

BGA Committees:
- Chair of the Risk & Sustainability Committee

Other Directorships:
- Chairman at Golf Australia
- Member of the Harris Farm Advisory Board
- Member of the Geminder Family Advisory Board
- Director of Bundaberg Brewed Drinks Pty Limited

Former ASX listed Directorships in the last 3 years:
- Non-executive Director of Costa Group Holdings (ASX:CGC)
- Non-executive Director of Nufarm Ltd (ASX:NUF)
- Non-executive Director of Endeavour Group (ASX:EDV)

Raelene Murphy BBus, FCA, GAICD *Independent Director since June 2015*

Raelene has over 35 years' experience in strategic, financial and operational leadership in both industry and professional advisory. In her professional advisory career, she specialised in operational and financial restructuring including merger and acquisition integration. She was formerly a Managing Director at KordaMentha and a Partner in a national accounting firm where she led the corporate turnaround practice. Her industry experience includes as Chief Executive Officer of the Delta Group and senior executive roles in the Mars Group.

Raelene is a Fellow of Chartered Accountants Australia and New Zealand, a member of Chief Executive Women and a Graduate of the Australian Institute of Company Directors.

BGA Committees:
- Chair of the Audit Committee
- Member of the Nomination, Remuneration, People & Capability Committee
- Member of the Risk & Sustainability Committee

Other Directorships:
- Non-executive Director of Tabcorp Holdings Limited (ASX:TAH)
- Non-executive Director of Integral Diagnostics Limited (ASX:IDX)
- Chairman of WiseTech Global Limited (ASX:WTC)
- Non-executive Director of Amotiv Limited (ASX:AOV)

Former ASX listed Directorships in the last 3 years:
- Non-executive Director of Altium Limited (ASX:ALU)
- Non-executive Director of Elders Limited (ASX:ELD)

Rick Cross B.Agr Sci (Hons), GAICD *Independent Director since December 2023*

Rick was appointed to the Board following the merger of Bega Cheese Limited and Tatura Milk Industries Pty Ltd. Rick joined the Tatura Milk Industries' Board in 2003 and was heavily involved in negotiating the initial subscription by Bega of 70% shareholding in Tatura Milk Industries. Rick also took a lead role in negotiating the scheme of arrangement for Bega to acquire the remaining 30% of Tatura Milk Industries in December 2011. Rick has represented dairy farmers in many various industry roles, and was formerly the Chair of Murray Dairy.

Rick has been a Supplier Director of the Group since December 2011. He ceased being a supplier of milk to the Group on 23 December 2023 and therefore became an Independent Director of the Group from this date.

BGA Committees:
- Chair of the Milk Services Committee
- Member of the Nomination, Remuneration, People & Capability Committee

Other Directorships:
- Nil

Former ASX listed Directorships in the last 3 years:
- Nil

Patria Mann BEc, FAICD *Independent Director since September 2019*

Appointed in September 2019, Patria is an experienced Independent Director with over 20 years board experience across various sectors and geographies. She has significant insight and understanding of market development, business transformation, including digital and technological change and M&A and financial transactions. She also brings strong ASX, audit, risk management and governance experience.

Patria qualified as a Chartered Accountant and was a Partner at KPMG. She is a Fellow of the Australian Institute of Company Directors.

BGA Committees:
- Member of the Audit Committee
- Member of the Risk & Sustainability Committee

Other Directorships:
- Non-executive Director of GWA Limited (ASX:GWA)
- Non-executive Director of GDI Property Group Limited (ASX:GDI)
- Non-executive Director of Bapcor Limited (ASX:BAP)

Former ASX listed Directorships in the last 3 years:
- Non-executive Director of EVT Limited (ASX:EVT)
- Non-executive Director of Ridley Corporation Limited (ASX:RIC)

Terry O'Brien FCPA, FAICD *Independent Director since September 2017*

Terry has been on the Bega Board since 2017 during which his broad experience in the food industry has allowed him to be a valuable contributor to the Board's deliberations on strategy and operations. In the past, Terry spent a period as a Director, then Chairman of the Australian Food and Grocery Council and as a senior food industry executive has been responsible for leading growth and acquisition strategies over many years.

Terry was, from 2001 until 2017, the Managing Director of Simplot Australia Pty Limited, the US owned, but Australian centric, food processor and marketer, managing leading Australian brands including Birds Eye, Edgell and John West. After his retirement in 2017, Terry took up a number of Australian Company Board positions reducing these to two, Bega Cheese Limited and Bundaberg Brewed Drinks Pty Limited, approximately four years ago.

An accountant by training, Terry has been active in finance and senior management roles in the food industry for over 30 years and in the textile industry for over ten years. Terry retains a strong interest in the food industry and remains very active in industry developments.

BGA Committees:
- Chair of the Nomination, Remuneration, People & Capability Committee
- Member of the Audit Committee

Other Directorships:
- Chairman of Bundaberg Brewed Drinks Pty Limited

Former ASX listed Directorships in the last 3 years:
- Nil

Harper Kilpatrick BSc(Agri), MBA, FCA, GAICD *Director since April 2021*

Originally from Northern Ireland, Harper and his wife own and operate dairy farms in Western Victoria and Tasmania. Harper's career has centred around agriculture and agribusiness. His career in agribusiness included several senior executive roles with Glenfarm Holdings rendering business in the UK, and Deputy CFO / Head of Finance with Almarai Co., the market leading GCC food and beverage company based in Riyadh, Kingdom of Saudi Arabia.

Harper has held several Australian dairy industry positions including three years as a non-executive director of West Vic Dairy Inc., 18 months as a non-executive director of Murray Goulburn Co-operative Limited and nine years as non-executive Finance Director of the Australian Dairy Conference Pty. Ltd.

BGA Committees:

- Member of the Audit Committee
- Member of the Milk Services Committee

Other Directorships:

- Nil

Former ASX listed Directorships in the last 3 years:

- Nil

Janette Kendall BBus, FAICD *Independent Director since February 2025*

Janette is a highly experienced company director with more than 25 years' board experience across public, private and not-for-profit organisations. Her expertise spans a diverse range of industries including marketing and technology, media, property, retail, horticulture and the arts.

She has worked with organisations undergoing transformation, navigating disruption, expanding through acquisition, and entering new global markets – bringing a strong focus on strategy, risk management and governance. Janette's executive career, both in Australia and China, encompassed marketing, digital innovation, and operations. She has extensive expertise in strategic planning, digital transformation, marketing and leadership across multiple sectors.

She is a Fellow of the Australian Institute of Company Directors, a Fellow of Monash University, and a member of Chief Executive Women.

BGA Committees:

- Member of the Nomination, Remuneration, People & Capability Committee
- Member of the Risk & Sustainability Committee

Other Directorships:

- Non-executive Director of KM Property Funds Limited
- Non-executive Director of Tabcorp Holdings Limited (ASX:TAH)
- Non-executive Director of Vicinity Centres (ASX:VCX)

Former ASX listed Directorships in the last 3 years:

- Director of Costa Group (ASX:CGC)

Principal activities

The principal activity of the Group in the course of the financial year was receiving, processing, manufacturing and distributing dairy and other food-related products. A number of key events in relation to the activities of the Group during the year ended 30 June 2026 are set out in the Chairman and Chief Executive Officer's Report and the Review of Financial Performance and Operations which are to be read in conjunction with this Directors' Report.

Dividends

	2026 $m	2025 $m
Interim ordinary dividend for the year ended 30 June 2026 of 7.0 cents	21.4	–
Final ordinary dividend for the year ended 30 June 2025 of 6.0 cents	18.3	–
Interim ordinary dividend for the year ended 30 June 2025 of 6.0 cents	–	18.3
Final ordinary dividend for the year ended 30 June 2024 of 4.0 cents	–	12.2

In addition to the above dividends, since the end of the financial year the directors of the Group (Directors) have recommended payment of a final ordinary dividend of $22.9 million (7.5 cents per fully paid share) to be paid on 1 October 2026.

Review of operations

A comprehensive review of operations is set out in the Review of Financial Performance and Operations.

Significant changes in the state of affairs

Other than those disclosed in the Chairman and Chief Executive Officer's Report and the Review of Financial Performance and Operations there have been no significant changes in the state of affairs of the Group since the last annual report.

Indemnification and insurance premiums for officers

During the financial year, the Group paid a premium in respect of a contract insuring the Directors and all executive officers of the Group and of any related body corporate against a liability incurred as such a Director or executive officer, not exceeding the extent permitted by law. The contracts of insurance prohibit disclosure of the nature of the liabilities and the amount of the premiums. The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Group or any related body corporate against a liability incurred as such an officer. This does not include remuneration or employment-related benefits, any sum payable pursuant to a financial support direction or contribution notice issued in respect of any pension scheme, fines and pecuniary penalties for a deliberate or intentional act, nor amounts which are prohibited to be paid by law.

Each Director has entered into a deed of access and indemnity with the Group, which indemnifies them for losses incurred as a Director or officer of the Group and places an obligation on the Group to maintain a current Directors' and Officers' policy with a reputable insurer for the period of the Director's tenure and for a seven year tail period (or longer if there is an unresolved outstanding claim against the Director) and a contractual right of the Director to access Group records for the period of the Director's tenure and for a seven year tail period (or longer if there is an unresolved outstanding claim against the Director).

The Group has also agreed to indemnify the Company Secretary and certain senior executives for all liabilities to another person (other than the Group or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses.

Company Secretary

The Company Secretary registered with the ASX is Brett Kelly FCA, GAICD. Brett was appointed to the position of Company Secretary in 2002. Brett holds a Bachelor of Commerce in Accounting and is a Chartered Accountant with 41 years' experience. He has also been a graduate member of the Australian Institute of Company Directors since 2006. Brett completed the Certificate in Governance and Risk Management with the Governance Institute of Australia in December 2011.

Meetings of Directors and Board Committees

Meetings of the Audit Committee

	Held and eligible	Attended
Raelene Murphy	4	4
Patria Mann	4	4
Terry O'Brien	4	4
Harper Kilpatrick	4	4

Meetings of the Nomination, Remuneration, People & Capability Committee

	Held and eligible	Attended
Terry O'Brien	4	4
Rick Cross	4	4
Raelene Murphy	4	4
Janette Kendall(1)	2	2

Meetings of the Milk Services Committee

	Held and eligible	Attended
Rick Cross	4	4
Harper Kilpatrick	4	4

Meetings of the Risk & Sustainability Committee

	Held and eligible	Attended
Peter Margin	4	3
Raelene Murphy	4	4
Patria Mann	4	4
Janette Kendall(1)	4	4

Meetings of the Board of Directors

	Held and eligible	Attended
Barry Irvin	16	16
Rick Cross	16	16
Patria Mann	16	16
Raelene Murphy	16	16
Terry O'Brien	16	16
Peter Margin	16	15
Harper Kilpatrick	16	15
Janette Kendall(1)	16	16

(1) The Board resolved to appoint Janette Kendall on 18 August 2025 as a member of the Nomination, Remuneration, People & Capability Committee and the Risk & Sustainability Committee.

Directors gave apologies in advance of the meetings they were unable to attend.

Remuneration report (audited)

Message from the Nomination, Remuneration, People & Capability Committee Chair

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for the financial year ended 30 June 2026 (FY2026). This report outlines the remuneration arrangements and outcomes applicable to Bega Group's (the Group) Key Management Personnel (KMP) and demonstrates how remuneration is aligned to the delivery of strategy, Group performance and long-term shareholder value creation.

FY2026 company performance and remuneration outcomes

Strong performance in a challenging environment

FY2026 was a year of strong operational and financial performance for Bega Group. Against a backdrop of ongoing geopolitical uncertainty, commodity volatility, inflationary pressures and a challenging consumer environment, the Group remained focused on disciplined execution of its strategic priorities and delivering value for customers, consumers and shareholders.

The Group delivered a strong financial performance, with revenue increasing to $3.8 billion and Normalised EBITDA increasing 11.7% to $225.6 million. Normalised earnings per share increased 36.1% to 22.6 cents per share, while Return on Funds Employed (ROFE) improved to 10.0%, and is now in double digits. These results were supported by the strength of our branded portfolio, disciplined cost management and continued focus on productivity and operational efficiency.

Delivering on strategic priorities

In addition to delivering strong financial outcomes, the Group made meaningful progress against its strategic priorities during FY2026.

Management continued to strengthen Bega Group's portfolio of leading food and beverage brands, improve manufacturing and supply chain performance, drive operational productivity initiatives and maintain focus on customer and consumer outcomes. These achievements contributed to the delivery of strong earnings growth, supported the creation of sustainable long-term shareholder value and position the business well for future growth.

The Board also remained focused on reinforcing a high-performance culture, strengthening remuneration governance and advancing initiatives that support diversity, inclusion and workforce equity across the organisation.

Remuneration outcomes reflect performance

Reflecting the strong performance delivered during FY2026, Short-Term Incentive (STI) outcomes were achieved above target levels, with performance exceeding a number of the objectives established at the commencement of the financial year. The Board believes these outcomes appropriately recognise the performance delivered by management and are consistent with shareholder interests.

The Board was also pleased to see the achievement of all applicable performance hurdles relating to the FY2024-2026 Long-Term Incentive (LTI) award, resulting in full vesting of the award. This represents a significant milestone for the Group and reflects sustained performance over the three-year performance period and the successful execution of key strategic objectives.

The Board believes the remuneration outcomes disclosed in this report appropriately reflect the strong financial and strategic performance delivered during FY2026 and demonstrate the effective operation of our pay-for-performance framework. Consistent with our remuneration philosophy, executives were rewarded for delivering strong outcomes for shareholders, with a significant proportion of remuneration remaining contingent upon performance.

FY2026 remuneration framework

Remuneration framework review

During FY2026, the Board undertook a comprehensive review of executive KMP and Non-Executive Director remuneration arrangements, supported by independent market benchmarking conducted by Ernst & Young. The review considered remuneration practices across a relevant group of Australian listed companies and assessed the competitiveness of Bega Group's remuneration arrangements having regard to the scale, complexity and strategic requirements of the business.

The review identified that remuneration levels for certain roles were below the market positioning considered appropriate by the Board. Following careful consideration of the benchmarking outcomes, the Board approved adjustments to the remuneration arrangements of the Chief Executive Officer and Non-Executive Director fee levels.

These changes were not made in response to a single year of performance. Rather, they were implemented to ensure Bega Group remains appropriately positioned to attract, retain and motivate executives and Directors with the capability to lead a diversified ASX-listed food and beverage company operating in an increasingly complex and competitive market.

Executive remuneration adjustments

The Board determined that an adjustment to the Chief Executive Officer's (CEO) fixed remuneration was necessary to position remuneration more appropriately against the external market and accurately reflect the experience and capability required to deliver Bega Group's strategic objectives.

Following consideration of the benchmarking outcomes, the Board approved an increase of 35.8%, effective 1 July 2025. Following the adjustment, CEO remuneration is better aligned with comparable ASX-listed organisations.

Board fee review

The Board undertook a review of Director remuneration during FY2026 as part of the independent remuneration benchmarking conducted by Ernst & Young.

The review identified Board fee levels had fallen below the market positioning considered appropriate by the Board relative to comparable ASX-listed companies. As a result, the Board approved an 11.1% increase to the Chairman fee, a 19.6% increase to the Non-Executive Director base fee and a 44.6% increase to the Milk Services Committee member fee, effective 1 July 2025.

These changes were made to bring Board remuneration closer into alignment with market practice and support the ongoing attraction and retention of experienced Directors with the capability to oversee Bega Group's long-term strategy and performance.

Further details are available in section 5.

Strengthening the pay-for-performance framework

As part of the review, the Board also assessed the Group's STI framework to ensure incentive opportunities remained appropriately aligned with market practice and shareholder expectations.

Effective 1 July 2025:

- The CEO STI target opportunity increased to 100% of Total Fixed Remuneration (TFR);
- The Executive Chairman STI target opportunity increased to 75% of TFR; and
- The CFO STI target opportunity increased to 75% of TFR.

These changes increase the proportion of remuneration that is at risk and contingent upon performance, reinforcing the Board's commitment to a strong pay-for-performance culture and alignment with shareholder outcomes.

The Board believes these changes strengthen alignment between executive reward and shareholder interests by increasing the proportion of remuneration contingent on the achievement of demanding financial and strategic objectives. The revised framework places greater emphasis on performance while maintaining a balanced and market-competitive remuneration structure.

Further details are available in section 2.

FY2027 outlook

Supporting long-term value creation

As we look ahead, the Board remains focused on ensuring the remuneration framework continues to support strategy execution, sustainable performance and long-term shareholder value creation.

The Board believes the changes implemented during FY2026 position the Group to attract, retain and motivate the leadership capability required to deliver its strategic ambitions.

Continuing focus on equity and governance

The Board will continue to monitor remuneration outcomes, remuneration governance practices and workforce equity initiatives to ensure they remain effective and aligned with stakeholder expectations.

The Board and management are currently developing a minimum shareholding policy for Executive KMP and other senior executives, with implementation expected during FY2027. The proposed policy is intended to strengthen alignment between executives and shareholders through the accumulation and retention of a meaningful shareholding in the Company over time.

Building on the work undertaken during FY2026, we remain committed to fair remuneration outcomes, strong governance and a culture that rewards performance and accountability.

Looking forward

Bega Group enters FY2027 with a remuneration framework that is better aligned to market practice, places a greater proportion of executive remuneration at risk, and continues to support the delivery of sustainable long-term value for shareholders.

On behalf of the Board, I thank our people for their continued commitment and contribution throughout the year and thank our shareholders for their ongoing support.

Terry O'Brien
Chair of the Nomination, Remuneration, People & Capability Committee

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Remuneration Report FY2026

1. Overview

The Directors of Bega Cheese Limited (Bega or the Company) present the Remuneration Report for the Company and its controlled entities (collectively the Bega Group) for the financial year ended 30 June 2026 (FY2026).

The Report forms part of the Directors' Report and has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth) and is audited.

Key Management Personnel (KMP)

The Company's KMP are responsible for the leadership, strategic direction and overall performance of Bega Cheese Limited. The KMP are comprised of the Non-Executive Directors and members of the executive leadership team who have authority and responsibility for planning, directing and controlling the activities of the Group.

The individuals identified as KMP for FY2026, together with the period they served in those roles, are outlined below.

Name	Position	Term
Non-Executive Directors		
Rick Cross	Non-Executive Director	Full financial year
Janette Kendall	Non-Executive Director	Full financial year
Harper Kilpatrick	Non-Executive Director	Full financial year
Patria Mann	Non-Executive Director	Full financial year
Peter Margin	Non-Executive Director	Full financial year
Raelene Murphy	Non-Executive Director	Full financial year
Terry O'Brien	Non-Executive Director	Full financial year
Executive KMP		
Barry Irvin	Executive Chairman	Full financial year
Peter Findlay	Chief Executive Officer	Full financial year
Gunther Burghardt	Chief Financial Officer	Full financial year

2. Executive KMP remuneration framework

At Bega Group, our remuneration framework is designed to attract, motivate and retain highly qualified and experienced executives, who align with our vision and purpose of "Great Food, Great People, Great Aspirations and Greater Good."

a) Remuneration principles

Market competitive
Attract and retain high-calibre executives with the capability to deliver Bega's strategy

Strategy focused
Support the delivery of Bega's short-term priorities and long-term growth ambitions

Performance driven
Reward executives for delivering financial, operational, and strategic outcomes

Shareholder aligned
Link remuneration outcomes to sustainable long-term value creation

Fair and equitable
Promote consistency, equity and appropriate differentiation based on role and contribution

Strong governance
Reinforce accountability through robust oversight, risk management and Board discretion

b) Remuneration structure

Bega Group's executive remuneration framework aligns executive reward with the successful execution of the Group's strategy, business performance and long-term shareholder outcomes. The table below summarises our approach for FY2026.

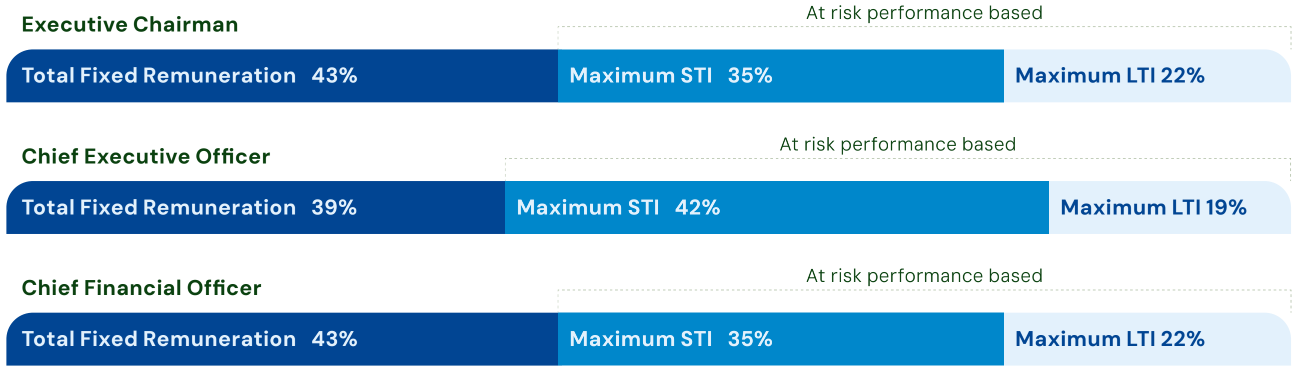
Executive KMP remuneration components:	Total Fixed Remuneration (TFR)	Short-term Incentive (STI)	Long-term Incentive (LTI)
Purpose	Provides market-competitive remuneration reflecting the scope, complexity and accountability of the role, supporting Bega Group's ability to attract and retain high-calibre executives.	Motivate and reward participants for achieving annual goals linked with the Group's strategy.	Motivate and reward for long-term performance and long-term value creation for shareholders.
Alignment to performance	Supports the attraction and retention of executive talent required to deliver Bega Group's strategy. Reviewed annually having regard to role scope, individual contribution, internal relativities and independent market benchmarking. Where appropriate, remuneration is adjusted to maintain a competitive market position and support the attraction and retention of key executive talent.	Provides a direct link between remuneration and performance, with STI outcomes determined based on achievement against annual financial and individual objectives aligned to the Group's strategic, operational and financial priorities. Further information can be found in section 3.	Subject to achievement of performance hurdles as determined by the Nomination, Remuneration, People & Capability Committee (NRPCC). Further information can be found in section 3.
Delivery	Year 1 – base salary, statutory superannuation and benefits.	Year 1 – 100% cash	Executive Chairman Year 3 – 100% cash CEO and CFO Year 3 – 100% performance rights

c) Maximum remuneration mix

The total remuneration for executive KMP is made up of both fixed and variable remuneration. Variable remuneration is provided through the STI and LTI plans.

The remuneration mix for executive KMP is weighted towards at-risk performance-based remuneration to ensure a strong focus on the Group's short and long-term strategic objectives.

The maximum remuneration mix for executive KMP are outlined in the tables below.



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d) Executive KMP incentive plans

Table 1: FY2026 Short Term Incentive

The STI for the Executive Chairman, CEO and CFO is determined in accordance with the STI Plan as approved annually by the Board. An additional 10% STI opportunity is available for achievement of a stretch EBITDA target, resulting in a maximum STI outcome of 110% of target STI opportunity. The table below outlines the key terms and conditions applying to the STI Plan for the Executive KMP during FY2026.

<table>
<tr><th>Component</th><th>Detail</th></tr>
<tr><td>Purpose</td><td>Motivate and reward participants for achieving annual goals linked with the Group's strategy.</td></tr>
<tr><td>Opportunity</td><td><table>
<tr><th>Executive KMP</th><th>Target (% of TFR)</th><th>Maximum (% of TFR)</th></tr>
<tr><td>Executive Chairman</td><td>75%</td><td>82.5%</td></tr>
<tr><td>CEO</td><td>100%</td><td>110%</td></tr>
<tr><td>CFO</td><td>75%</td><td>82.5%</td></tr>
</table></td></tr>
<tr><td>Performance period</td><td>12-month performance period from 1 July 2025 to 30 June 2026.</td></tr>
<tr><td>Delivery</td><td>All STI awards are delivered in cash.</td></tr>
<tr><td>Gateway</td><td>Eligibility for STI payment is contingent on the achievement of specified Group performance and individual gateways. These gateways ensure that STI payments are aligned to the Group's key strategic and business objectives.
The gateways are as follows:
No STI payments are made unless the Group achieves or exceeds targeted EBITDA (having accrued for the payout of the program in that year)
No STI payments are made if during the year there is a major safety, quality or environmental event that was within the reasonable control of the Group
No STI payments are made unless the individual KMP executed their duties in a proper and effective manner, upholding and promoting the Group's values and behaviours.</td></tr>
<tr><td>Performance measures</td><td><table>
<tr><th></th><th>Metric</th><th>Executive Chairman Weighting</th><th>CEO and CFO Weighting</th></tr>
<tr><td>Financial</td><td>EBITDA</td><td>35%</td><td>35%</td></tr>
<tr><td>Financial</td><td>EBITDA stretch</td><td>10%</td><td>10%</td></tr>
<tr><td>Financial</td><td>ROFE</td><td>15%</td><td>15%</td></tr>
<tr><td>Financial</td><td>Free cash flow</td><td>-</td><td>15%</td></tr>
<tr><td>Non-Financial</td><td>Safety</td><td>-</td><td>10%</td></tr>
<tr><td>Non-Financial</td><td>Individual objectives</td><td>50%</td><td>25%</td></tr>
</table>
The financial metrics to be applied are reviewed by the Board on an annual basis to ensure that they closely align with the specific corporate, leadership and financial objectives of the Group.
The strategic plan, business and operating plans and annual budgets are the key reference points used in determining the financial metrics.
Each year the NRPCC recommends the financial metrics for all KMP for Board approval.
Each KMP has individual performance objectives. These individual objectives are clearly linked to key strategic areas set for the business. Performance objectives include improvement in Group safety performance, cost reduction, productivity improvements, and business growth.
Assessment of each KMP's performance is completed at the end of the financial year against their agreed objectives. Overall performance is assessed considering what was achieved in total across all objectives, how this was achieved and by an assessment of personal adherence to the Group's values.</td></tr>
<tr><td>Governance</td><td>Executive Chairman performance
At the end of the financial year the NRPCC reviews the performance of the Executive Chairman relating to his executive duties against determined criteria.
CEO performance
At the end of the financial year the Executive Chairman assesses the actual performance of the CEO against determined criteria.
CFO performance
At the end of the financial year, the CEO assesses the actual performance of the CFO against the determined criteria.
STI outcomes are submitted to the Board for review and approval before any STI payment is made.</td></tr>
<tr><td>Board discretion</td><td>The Board has absolute discretion to amend any component of the STI for KMP.</td></tr>
</table>

d) Executive KMP incentive plans (continued)

Table 2: FY2026 Long Term Incentive

The Group operates an LTI Plan for the Executive Chairman, CEO and CFO, approved annually by the Board. The table below outlines the key terms and conditions applying to the LTI Plan for the Executive KMP during FY2026.

<table>
<tr><th>Component</th><th>Detail</th></tr>
<tr><td>Purpose</td><td>Motivate and reward for long-term performance and long-term value creation for shareholders.</td></tr>
<tr><td>Opportunity</td><td><table>
<tr><th>Executive KMP</th><th>Target (% of TFR)</th></tr>
<tr><td>Executive Chairman</td><td>50%</td></tr>
<tr><td>CEO</td><td>50%</td></tr>
<tr><td>CFO</td><td>50%</td></tr>
</table></td></tr>
<tr><td>Performance period</td><td>Three years: 1 July 2025 – 30 June 2028.</td></tr>
<tr><td>Performance measures</td><td>The performance measures under the FY2026 LTI Plan are equally weighted between two tranches, with 50% subject to a performance hurdle based on the compound annual growth rate (CAGR) of Earnings Per Share (EPS) growth target and 50% subject to a relative Total Shareholder Return (rTSR) target, both of which are measured over the entire performance period.</td></tr>
<tr><td>Vesting scales</td><td>The proportion of rights that may vest for each metric will be determined by the Board, based on the following vesting scale.<table>
<tr><th>EPS CAGR</th><th>% Vesting</th><th>rTSR</th><th>% Vesting</th></tr>
<tr><td>Below 15.2%</td><td>Nil</td><td>Below 50th percentile</td><td>Nil</td></tr>
<tr><td>Between 15.2% and 17.1%</td><td>Pro-rated between 0%-50%</td><td>Target: 50th percentile</td><td>50%</td></tr>
<tr><td>At Target of 17.1%</td><td>50%</td><td>Maximum: 75th percentile or above</td><td>Straight line between 50%-100%</td></tr>
<tr><td>Between 17.1% and 19.0%</td><td>Pro-rated between 50%-100%</td><td></td><td></td></tr>
<tr><td>At 19.0% or above</td><td>100%</td><td></td><td></td></tr>
</table></td></tr>
<tr><td>Delivery</td><td>Executive Chairman (cash): The Executive Chairman is a significant shareholder of the Group and therefore already has considerable alignment with shareholder interests. Accordingly, any LTI awarded is paid in cash, rather than equity, if the applicable performance hurdles are achieved.
CEO and CFO (performance rights): To align their interests with those of shareholders, the CEO and CFO participate in the LTI Plan through performance rights over ordinary shares in the Group. The number of rights granted is determined using the face value method. Subject to performance and vesting conditions being met, each performance right converts into one fully paid ordinary share.</td></tr>
<tr><td>Allocation method</td><td>The Board determines LTI opportunities as a percentage of TFR, converted to performance rights at face value of Bega Cheese Limited shares based on the 10-day volume weighted average price (VWAP) for Bega Cheese Limited shares immediately following the release of the Group's FY2025 Annual results on 21 August 2025.<table>
<tr><th colspan="3">Grant opportunity</th><th></th><th>Share price</th><th></th><th>Number of rights</th></tr>
<tr><td>TFR $</td><td>×</td><td>LTI opportunity % of TFR</td><td>÷</td><td>10-trading day VWAP face value</td><td>=</td><td>Number of performance rights granted</td></tr>
</table></td></tr>
<tr><td>Dividend and voting rights</td><td>There are no voting or dividend rights until the performance rights vest and are exercised and converted into ordinary shares in the Company. Additional performance rights are not granted as a result of holding performance rights when dividends are declared by the Group.</td></tr>
<tr><td>Restrictions on transfer</td><td>The CEO and CFO may not transfer or encumber the performance rights with a security interest without the consent of the Board.</td></tr>
<tr><td>Malus</td><td>All performance rights will also lapse in other circumstances, including, but not limited to, where the CEO and CFO have acted fraudulently or dishonestly as determined by the Board.</td></tr>
<tr><td>Cessation of employment</td><td>There will be no vesting of performance rights assessed under the EPS and rTSR measure under the FY2026 LTI Plan unless the KMP remains employed with the Group during the entire performance period of the plan, unless the KMP is determined to be a "good leaver" under the rules of the plan.</td></tr>
</table>

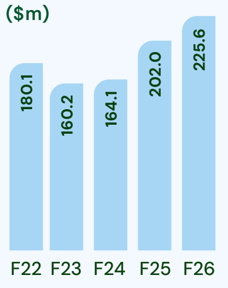
3. Company performance and remuneration outcomes

a) Linking remuneration outcomes with Group performance

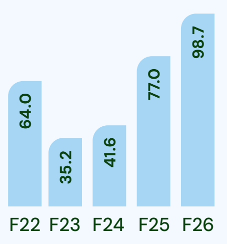
The key indicators of Group performance and shareholder wealth relevant to the remuneration of KMP that have been extracted from the FY2026 financial statements are as follows.

STI outcomes and LTI vesting have varied significantly over the period, including nil STI outcomes in FY2023 and nil LTI vesting outcomes across multiple prior awards. This demonstrates the operation of the Group's pay-for-performance framework.

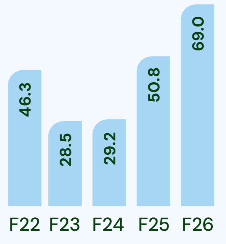
NORMALISED EBITDA ($m)



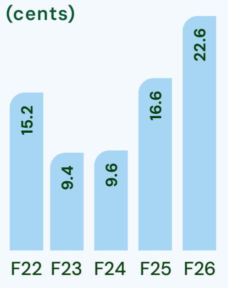
NORMALISED PROFIT BEFORE TAX ($m)



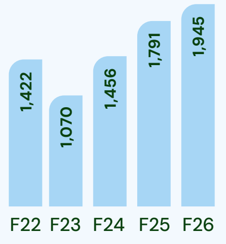
NORMALISED PROFIT AFTER TAX ($m)



NORMALISED EPS (cents)



ENTERPRISE VALUE ($m)



Historical STI and LTI outcomes	FY2022	FY2023	FY2024	FY2025	FY2026
STI outcome (% of maximum)	27-30	-	67-68	91-92	89
STI outcome (% of TFR)	15-16	-	37-38	50-51	74-98
LTI vesting (% of maximum)	-	-	-	45	100
Dividends paid per share (cents)	11.0	7.5	8.0	12.0	14.5
Closing share price ($ as at 30 June)	3.82	2.85	4.25	5.46	5.88

Chart: Executive KMP Remuneration Outcomes vs. Normalised EBITDA

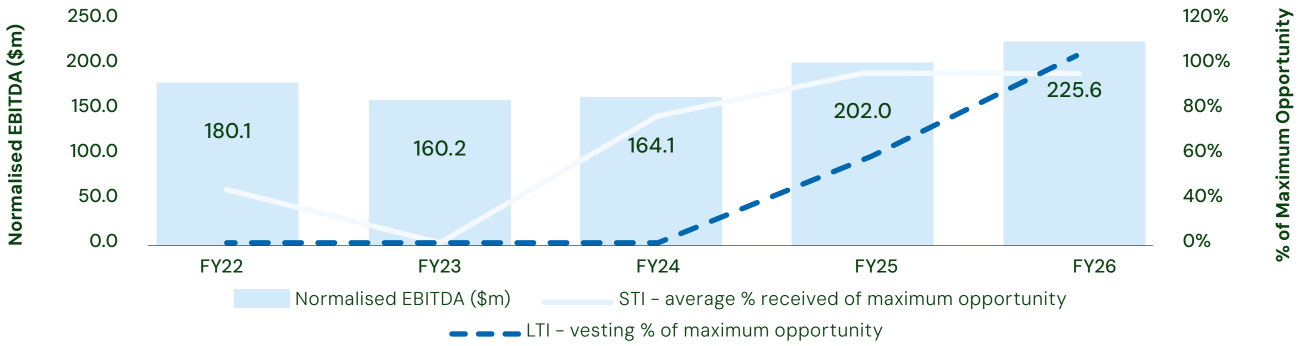
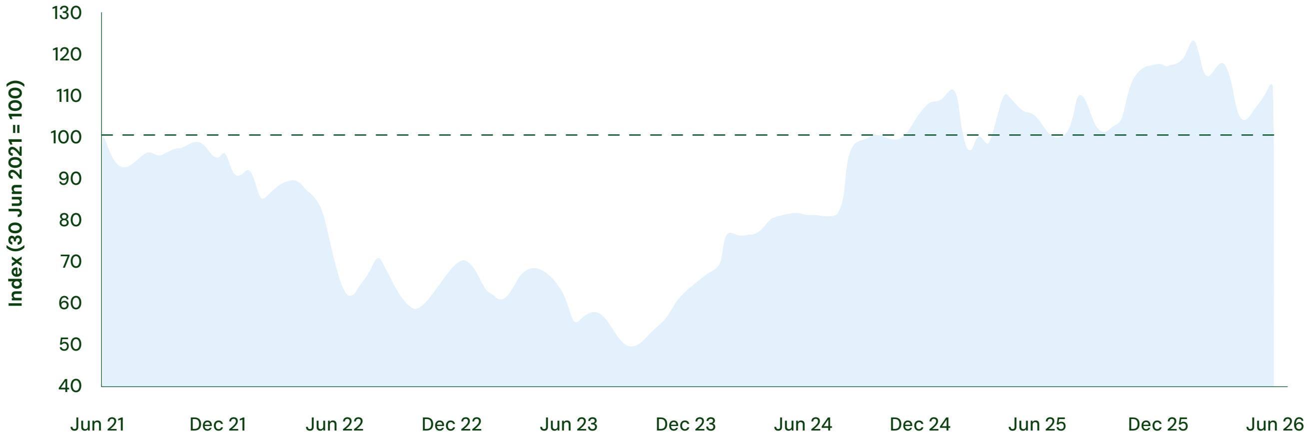


Chart: Five-year Total Shareholder Return (TSR) performance



b) Fixed remuneration outcomes

Total fixed remuneration (TFR) is reviewed annually by the NRPCC regarding individual and Group performance, the skills and experience of the individual, the size and complexity of the individual's role and the KMP's total remuneration package. In addition, TFR is informed by external market benchmarking against comparable roles within an appropriate peer group, supporting both competitive positioning and the attraction and retention of key talent.

In line with the above policy, Executive KMP TFR levels were reviewed for FY2026 having regard to external benchmarking data provided by independent remuneration consultants and analysis of remuneration levels for key comparator roles with which the Group competes for talent.

Executive KMP TFR levels for FY2026 are set out below.

Consistent with previous years, the Board agreed that the TFR of the Executive Chairman be split as to his responsibilities as Chairman of the Board and as the most senior executive of the Group. The Executive Chairman's annual fixed remuneration is $819,000 comprising a TFR of $559,000 relating to his executive duties and $260,000 relating to his role as Chairman of the Group.

Executive KMP	Role	FY2026 TFR
Barry Irvin⁽¹⁾	Executive Chairman	$819,000
Peter Findlay⁽²⁾	CEO	$1,400,000
Gunther Burghardt⁽³⁾	CFO	$706,000

(1) The FY2026 TFR shown for the Executive Chairman reflects the annualised rate effective from 1 September 2025. His executive TFR prior to this date was $545,000.

(2) The FY2026 TFR shown for the CEO reflects the annualised rate effective from 1 July 2025.

(3) The FY2026 TFR shown for the CFO reflects the annualised rate effective from 1 September 2025. His TFR prior to this date was $688,000.

c) FY2026 Short-term incentive outcomes

The payment of any STI is subject to the performance of the Group against determined financial and non-financial criteria and the personal performance of Executive KMP against strategic priorities, and is also subject to the achievement of Group and individual gateways. The weightings against both Group and individual performance objectives for each Executive KMP are outlined below.

	Executive Chairman (% outcomes)	CEO (% outcomes)	CFO (% outcomes)	Commentary
Gateway • Group EBITDA • Major safety, quality or environmental events • Individual conduct	**Met**	**Met**	**Met**	• The Group achieved an EBITDA of $225.6 million for FY2026, resulting in the EBITDA gateway being met. • There were no major safety, quality or environmental events during FY2026.
EBITDA	35.0%	35.0%	35.0%	• Bega achieved a strong Group EBITDA outcome of $225.6 million, which was an 11.7% increase on FY2025. • This resulted in full vesting against the EBITDA component and pro-rata vesting of the EBITDA stretch component of the STI scorecard. • This was a strong outcome which reflected solid operational performance including significant improvements in Branded EBITDA and Bulk segment EBITDA from FY2025.
EBITDA stretch	4.9%	4.9%	4.9%	
ROFE	15.0%	15.0%	15.0%	• ROFE improved year-on-year, increasing from 8.4% to 10.0% and is now in double digits. • This outcome reflected enhanced capital efficiency and disciplined execution of operating priorities, including working capital management, capital allocation and earnings growth.
Free cash flow	–	15.0%	15.0%	• Free Cash Flow exceeded expectations, reflecting favourable working capital outcomes, including stronger cash collections, disciplined inventory management and effective management of supplier payments.
Safety	–	5.0%	5.0%	• The safety measure assessed performance against safety incident close-out rates and the Group's TRIFR outcome. • The Group exceeded its target for the close-out of moderate, high and extreme risk incidents, hazards and near misses, achieving 89% closed within 60 days against a target of 80%. • The Group recorded a FY2026 TRIFR of 13.2, representing a 1.5% improvement on FY2025. While this was below the reduction targets set at the beginning of the year, the result reflects a modest improvement in injury frequency and highlights the need for continued focus on safety performance across the Group.
Individual objectives (set in line with strategy)	43.5%	23.5%	23.8%	• The Committee assessed performance against a range of strategic, operational, financial and leadership objectives. Overall, the Executive's performance was assessed as having strongly supported the delivery of the Group's strategic priorities and FY2026 outcomes. Refer section (d) for further detail.
Overall	98.4%	98.4%	98.7%	

d) Individual objective performance by Executive KMP

An overview of Executive KMP performance against their FY2026 individual objectives is provided below.

Executive KMP	Assessment of performance against FY2026 individual objectives
Executive Chairman	The Executive Chairman's FY2026 objectives focused on Board effectiveness, shareholder engagement, government relations, evaluation of strategic growth and M&A opportunities, and governance oversight of key procurement processes. The Committee assessed performance as strong across these areas. A significant focus during FY2026 was the assessment of strategic opportunities to support the Group's long-term growth objectives. The Executive Chairman played a leading role in identifying, evaluating and progressing potential acquisition and investment opportunities, while providing strategic leadership and guidance on matters with the potential to enhance long-term shareholder value. This work was supported by ongoing engagement with shareholders, government representatives and key stakeholders, helping to strengthen relationships and support the Group's strategic agenda. Strong progress was also achieved in Board engagement and review activities, strengthening governance oversight and supporting future Board capability requirements. Appropriate oversight of critical procurement governance processes was maintained, supporting the Board's confidence in the integrity of key decision-making frameworks. Overall, the Committee assessed the Executive Chairman's performance as strong, reflecting his leadership in evaluating and progressing strategic growth and M&A opportunities, delivery of Board effectiveness initiatives, active engagement with shareholders and external stakeholders, and continued strengthening of governance and supporting long-term shareholder value creation.
CEO	The Chief Executive Officer's FY2026 objectives focused on operational simplification and efficiency, growth across priority categories and channels, people and leadership initiatives, strategic development activities, and investor and stakeholder engagement. The Committee assessed performance as strong across these areas. During the year, significant progress was achieved in simplifying the Group's operating footprint and improving productivity through the execution of key transformation and efficiency initiatives. The CEO also delivered growth across priority channels and categories while progressing innovation and capability initiatives designed to support productivity improvements, margin expansion and the Group's long-term growth objectives. Consistent with the Group's strategic focus, the CEO strengthened engagement with investors and key stakeholders throughout the year, including communicating the Group's strategy, transformation initiatives and long-term growth opportunities through a range of investor engagement activities. The Committee also recognised the CEO's focus on leadership development, succession planning, employee engagement and safety performance during FY2026. The Committee considered the CEO's performance to have made a significant contribution to the execution of the Group's strategic priorities and FY2026 business outcomes.
CFO	The Chief Financial Officer's FY2026 objectives focused on improving profitability and returns, capital discipline and cash generation, supporting strategic and operational projects, strengthening financial controls and reporting, and maintaining active engagement with investors and analysts. The Committee assessed performance as strong across these areas. During FY2026, the CFO played a leading role in delivering initiatives aimed at improving profitability, productivity and commercial performance across the Group. Strong focus was maintained on cash generation, working capital management and disciplined capital allocation, contributing to improved financial performance and supporting the execution of the Group's strategic priorities. The CFO also played a key role in supporting major transformation and operational improvement initiatives, helping ensure disciplined execution, capital management and delivery of expected business benefits. The Committee recognised the CFO's contribution to strengthening financial governance, external reporting and risk management processes, including support for emerging sustainability reporting requirements and enhancements to performance management frameworks. The CFO also played an active role in investor engagement activities, helping communicate the Group's performance, strategic progress and long-term growth opportunities. The Committee considered the CFO's performance to have made a significant contribution to the Group's financial performance, operational efficiency and governance outcomes during FY2026.

Table: FY2026 STI outcomes

Executive KMP	TFR for STI opportunity ($)	STI opportunity at target (% of TFR)	STI opportunity at target ($)	Awarded STI ($)	Awarded STI (% of TFR)	Awarded STI (% of target)	Awarded STI (% of maximum)	Total STI opportunity forfeited (% of maximum)
B Irvin	$559,000	75%	$419,250(1)	$412,542	73.8%	98.4%	89.5%	10.5%
P Findlay	$1,400,000	100%	$1,400,000	$1,377,600	98.4%	98.4%	89.5%	10.5%
G Burghardt	$706,000	75%	$529,500	$522,617	74.0%	98.7%	89.7%	10.3%

(1) B Irvin's target STI opportunity is based on his executive remuneration, not on the fees he receives as Chairman of the Board.

e) Long-term incentive awards and outcomes

LTI awards granted in FY2026

Performance rights were allocated to Executive KMP under the FY2026 LTI Plan after the 2025 Annual General Meeting and are subject to a three-year performance period. Any vesting is subject to two hurdles (outlined in section 2 (d) table 2).

Table: FY2026 LTI Plan performance rights awarded

Executive KMP	Target LTI opportunity ($)	Target LTI opportunity (% of TFR)	Grant date	Vesting date	Number of performance rights granted(1)
B Irvin	$279,500	50%	24 April 2026	30 June 2028	n/a(2)
P Findlay	$700,000	50%	24 April 2026	30 June 2028	123,893
G Burghardt	$353,000	50%	24 April 2026	30 June 2028	62,477

(1) The value of the LTI performance rights granted was the face value of Bega Cheese Limited shares based on the 10-day volume weighted average price (VWAP) for Bega Cheese Limited shares immediately following the release of the Group's FY2025 Annual Report on 21 August 2025 ($5.65 per share).

(2) B Irvin's target LTI opportunity is based on his executive remuneration and is granted in cash due to already being a substantial shareholder of the Group.

LTI vesting

The FY2024-2026 LTI Plan, covering the performance period from 1 July 2023 to 30 June 2026, vested at the end of FY2026. The vesting schedule for the FY2024-2026 LTI Plan is provided below.

Table: FY2024-2026 LTI performance

FY2024-FY2026 LTI	Weight	Threshold (50% vesting)	Maximum (100% vesting)	Actual performance	% of Grant vesting
EPS CAGR FY2024-FY2026	33%	16%	20%	33.9%	33%
ROFE FY2024	11%	4%	5%	5.3%	11%
ROFE FY2025	11%	5%	6%	8.4%	11%
ROFE FY2026	11%	5%	7%	10.0%	11%
rTSR FY2024-FY2026	34%	50th percentile	75th percentile	77th	34%
Total plan vesting					**100%**

Table: FY2024-2026 LTI outcome

	Number of performance rights granted	Value at grant(1) ($)	Number of rights vested	Value vested(2) ($)	Number of rights lapsed	Value lapsed(2) ($)
B Irvin	86,318	263,271	86,318	$507,550	–	–
P Findlay	163,242	497,890	163,242	$959,863	–	–
G Burghardt	108,947	332,290	108,947	$640,609	–	–

(1) Value at grant is calculated based on $3.05 which was the closing price of Bega Cheese Limited shares at the November NRPCC meeting which was held on 20 November 2023.

(2) The value 'vested' and 'lapsed' is calculated based on the closing share price on the performance period end date of 30 June 2026, being $5.88.

f) Statutory remuneration outcomes for FY2026

Details of each Executive KMP's remuneration for FY2026 (calculated in accordance with the applicable Accounting Standards) are set out below.

Table: Statutory executive KMP remuneration disclosures

		Short-term benefits		Post-employment benefits	Long-term benefits		Share-based payment		Total
	Year	Base salary and fees $	Short-term incentive $	Superannuation benefits $	Leave(1) $	Long-term incentive(2) $	Cash settled performance rights(3) $	Equity settled performance rights(3) $	All amount $
B Irvin(4)	2026	786,667	412,542	30,000	32,742	167,676	224,735	–	1,654,362
	2025	742,658	272,500	29,932	83,347	206,837	138,475	–	1,473,749
P Findlay	2026	1,370,000	1,377,600	30,000	93,411	–	–	450,349	3,321,360
	2025	995,198	515,500	29,932	106,170	–	–	472,256	2,119,056
G Burghardt	2026	649,225	522,617	30,000	1,091	–	–	269,748	1,472,681
	2025	643,619	347,440	29,932	58,744	–	–	296,656	1,376,391
Total Executive KMP Remuneration	**2026**	**2,805,892**	**2,312,759**	**90,000**	**127,244**	**167,676**	**224,735**	**720,097**	**6,448,403**
	2025	2,381,475	1,135,440	89,796	248,261	206,837	138,475	768,912	4,969,196

(1) The amounts disclosed reflect annual and long service leave accrued less leave taken during the year.

(2) LTI based on the achievement of specified milestones of the Executive Chairman's LTI Plan. The amount reflects the expense for the FY2025 to FY2027 proportion of the cash incentive due to vest in 2027 ($78,432) and the expense for the FY2026 to FY2028 proportion of the cash incentive due to vest in FY2028 ($89,244). Further details of the Executive Chairman's LTI Plan are set out in section 2(d).

(3) In accordance with accounting standards, remuneration includes the amortisation of the fair value at grant date of performance rights issued under the LTI Plans that are expected to vest, less any write-back on performance rights lapsed or expected to lapse as a result of actual or expected performance against Plan hurdles. The value disclosed in the above table represents the portion of fair value allocated to this reporting period and is not indicative of the benefit, if any, that may be received by the Executive should the performance conditions with respect to the relevant long-term incentive plan be satisfied. The amount of $944,832 in FY2026 reflects current year expense of $431,200 for the FY2024 to FY2026 plan, $229,569 for the FY2025 to FY2027 plan and $284,063 for the FY2026 to FY2028 plan. Further details of the CEO's and CFO's LTI Plan are set out section 2(d).

(4) Includes remuneration for Executive Chairman responsibilities.

g) Executive KMP service agreements

The key terms of the Executive KMP service agreements (for the Executive Chairman in relation to his executive duties) remain unchanged and are detailed below:

Service Agreement Term	Detail
Term	Ongoing, subject to termination rights set out in the service agreement.
Termination by Group	Six months' notice or payment in lieu of such minimum notice, or without notice where the termination is for cause.
Termination by Executive	Six months' notice or lesser period as agreed by the Group.
Payments on termination	Salary and statutory entitlements up to the date of termination and, if applicable, payment in lieu of the minimum notice period as per above.

4. Remuneration Governance

Bega Cheese Limited Board

Ultimate responsibility for the Group's remuneration framework, including approval of Executive KMP remuneration outcomes, incentive plan design and Non-executive Director fees.

Audit Committee, Risk & Sustainability Committee

The Audit Committee provides oversight of financial performance and reported outcomes relevant to incentive assessments, while the Risk & Sustainability Committee provides input on risk, governance, sustainability, safety and conduct matters, including the assessment of non-financial performance measures. This process supports balanced and appropriate remuneration outcomes.

Nomination, Remuneration, People & Capability Committee (NRPCC)

Comprised of independent Non-executive Directors, including the Committee Chair. The NRPCC oversees the design and operation of remuneration frameworks, reviews executive and Board remuneration outcomes, and assesses performance against agreed financial and non-financial objectives. The Committee also oversees key people and culture initiatives, leadership capability and succession planning, and makes recommendations to the Board on remuneration and people-related matters.

Independent advisors

Provide independent market benchmarking, remuneration governance advice and specialist technical input as required.

Management

Provide recommendations, performance assessments, market data, workforce insights and implementation support to the NRPCC.

Independent remuneration advice

The NRPCC is briefed by management, however, the Committee makes all decisions free of the influence of management.

Further to the management briefings, to assist in its decision-making, the Committee may, from time to time, seek independent advice from remuneration advisors.

In the year ending 30 June 2026, the Committee engaged Ernst & Young to assist with market data and with Executive and NED fee remuneration benchmarking. However, no remuneration recommendations, as defined by the *Corporations Act 2001* (Cth), were made by the remuneration advisor.

5. Non-Executive Directors' remuneration

a) Remuneration policy and arrangements

The Board sets Non-executive Director fees in line with the key objectives of the Group's remuneration policy set out below.

- Market competitive: In setting Directors' fees, the Board takes into consideration the Group's existing remuneration policies, fees paid by comparable companies and the level of remuneration required to attract and retain Directors of the appropriate calibre. The Board will also have regard to the size and complexity of the Group's operations, as well as the workload and time commitments and responsibilities of their roles.
- Independence and impartiality: To maintain independence and impartiality, Non-executive Directors are not entitled to any form of incentive payments and the level of their fees is not set with reference to measures of Group performance (except for the Executive Chairman who participates in the STI and LTI plans based on his TFR which relates to his executive duties).

b) Aggregate fee pool

The Group pays Chair and Committee fees to the Non-executive Directors out of the maximum aggregate fee pool of $1,750,000 per annum approved by shareholders at the 2021 Annual General Meeting.

c) Fees and other benefits

Total fees for FY2026 remained within the maximum aggregate fee pool of $1,750,000 per annum (including superannuation guarantee), as approved by shareholders at the 2021 Annual General Meeting.

In line with the above policy, the Board reviewed fee levels for FY2026 having regard to external benchmarking data provided by independent remuneration consultants and analysis of fee levels amongst comparator companies. The Board Chair and Member fees from 1 July 2025 were as per the schedule below.

	FY2026 fee including superannuation(1)	
Non-Executive Director Fees	Chair $	Member $
Board	260,000(2)	140,000
Deputy Chairman	195,400	–
Audit Committee	27,000	13,200
Nomination, Remuneration, People & Capability Committee	26,400	13,200
Risk & Sustainability Committee	26,400	13,200
Milk Services Committee	16,600	12,000

(1) Showing fees effective 1 July 2025

(2) The Chair of the Board does not receive additional Committee fees

Non-executive Directors are also entitled to be reimbursed for reasonable travel, accommodation and other expenses incurred while engaged on the business of the Group.

d) Statutory Non-Executive Director remuneration

Remuneration for the Non-executive Directors for FY2026 and FY2025 is shown in the table below.

Non-Executive Directors	Year	Director fees $	Superannuation $	Total $
Rick Cross	2026	151,607	18,193	169,800
	2025	129,772	14,924	144,696
Janette Kendall[(1)]	2026	144,643	17,357	162,000
	2025	34,978	4,022	39,000
Harper Kilpatrick	2026	149,464	17,936	167,400
	2025	134,111	15,423	149,534
Patria Mann	2026	148,571	17,829	166,400
	2025	126,779	14,580	141,359
Peter Margin	2026	198,036	23,764	221,800
	2025	175,755	20,212	195,967
Raelene Murphy	2026	172,679	20,721	193,400
	2025	150,434	17,300	167,734
Terry O'Brien	2026	160,357	19,243	179,600
	2025	138,449	15,922	154,371
Total Non-Executive Director Remuneration	**2026**	**1,125,357**	**135,043**	**1,260,400**
	2025	890,278	102,383	992,661

(1) Janette Kendall was appointed to the Board on 27 February 2025

6. Other matters

a) Related party transactions

During the year, some KMP and their related entities engaged in related party transactions with the Group. These transactions comprised payments under milk supply arrangements, and contributions made to Regional Circularity Co-operative Limited for the development of the Circularity Centre. These transactions were on the same normal commercial terms as other suppliers and customers and are summarised in the table below:

	CONSOLIDATED	
	2026 $	**2025** $
Payments made by the Group during the year	11,552,991	5,730,038
Sales made by the Group during the year	-	452,165
Amounts payable at year end	832,828	574,143
Amounts receivable at year end	-	48,461

No executive KMP or their related parties held any loans with the Group during FY2026.

b) Director minimum shareholding guidelines

From 1 July 2022, a minimum shareholding guideline for Directors was implemented by the Board. Under this guideline, Directors have three years to build a minimum shareholding equal to 100% of annual base fees, inclusive of superannuation. The three-year time frame commences from the latter of 1 July 2022, or the date of Director appointment (if a new Director). The shareholding guideline is met once a Director meets the guideline for the first time which must be maintained but will not be retested for fluctuations in the share price. Adherence to these guidelines will be tested by the Company's appointed valuations partner using a 12-month Volume-Weighted Average Price (VWAP) calculation as at 30 June of the financial year.

Consistent with the Board's focus on strengthening alignment between remuneration and shareholder interests, a minimum shareholding policy for Executive KMP and other senior executives is currently being developed, with implementation expected during FY2027.

1 Bega Group overview
2 FY2026 Performance at a Glance
3 Chairman and Chief Executive Officer's report
4 Directors' report
5 Financial report

c) KMP Shareholdings

The number of shares held by the Directors and KMP during the year including their close family members and entities related to them are as follows:

FY2026 – Numbers of ordinary shares	Balance at start of year	Shares purchased	STI/LTI shares awarded	Shares sold	Balance at the end of the year
Executive KMP					
Barry Irvin	2,038,841	–	–	–	2,038,841
Peter Findlay	–	–	60,340	(60,340)	–
Gunther Burghardt	24,669	932	34,133	–	59,734
Non-executive Directors					
Rick Cross	117,566	–	–	–	117,566
Janette Kendall	5,500	5,700	–	–	11,200
Harper Kilpatrick	31,688	686	–	–	32,374
Patria Mann	50,796	451	–	–	51,247
Peter Margin	36,069	–	–	–	36,069
Raelene Murphy	22,508	488	–	–	22,996
Terry O'Brien	41,176	893	–	–	42,069

d) Movements in performance rights during FY2026

The ROFE performance hurdle for the third tranche of the FY2024-FY2026 LTI, together with the CAGR EPS and TSR performance hurdles for that plan, were tested at 30 June 2026 and met. As a result, the related performance rights will vest at the end of the three-year plan period. Awards that lapsed during the year, as detailed in the LTI vesting section of this report, are reflected in the table below.

FY2026 – Number of rights	Rights held at 1 July 2025	Rights granted in FY2026	Rights exercised in FY2026	Rights lapsed in FY2026	Rights held at 30 June 2026	Rights vested and exercisable in FY2026
Executive KMP						
B Irvin	86,318	–	–	–	86,318	67,330
P Findlay	437,606	123,893	(60,340)	(117,489)	383,670	127,330
G Burghardt	249,761	62,477	(34,133)	(42,262)	235,843	84,979

Likely developments and expected results of operations

Other than as disclosed in the Chairman and Chief Executive Officer's Report and the Review of Financial Performance and Operations, information on likely developments has not been included because disclosure would likely result in unreasonable prejudice to the Group.

Rounding of amounts

The Group is of a kind referred to in Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that instrument to the nearest one hundred thousand dollars, or in certain cases, to the nearest dollar.

Matters subsequent to the end of the financial year

On 20 August 2026, the Directors declared a final fully franked dividend of 7.5 cents per share, which represents a distribution of $22.9 million.

No other matters or circumstances occurring subsequent to the end of the financial year have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the Group in future years.

Auditor

Details of the amounts paid or payable to PricewaterhouseCoopers (PwC) Australia for audit and non-audit services provided during the financial year are set out in note 31.

The Board of Directors have considered the position and in accordance with advice from the Audit Committee are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 92.

This report is made in accordance with a resolution of the Directors.

Barry Irvin
Executive Chairman
Melbourne

Raelene Murphy
Independent Director
Melbourne

20 August 2026

Case Study

Understanding the protein opportunity and positioning for success

Consumer demand for protein is accelerating

Google searches for protein rose 47% over the past year[1], social media has amplified protein-focused nutrition advice, and a wave of high-protein product launches has converted that interest into sales. 32.3% of Australian households are now buying high-protein yoghurt, with category retail sales of $207 million in the last six months, up 91% over the last two years[2]. A similar picture exists in protein milk beverages where household penetration has gone from 4.5% to 20.3% in two years and the past year's retail sales in segments such as protein smoothies and protein iced coffee are up 135% and 90% respectively.

Three drivers underpin the trend

First, protein carries a simpler, more positive message than most nutrition advice. Where guidance on fats and carbohydrates shifts constantly and confuses consumers, the message on protein is consistent: it is beneficial, people should ensure they get enough, and those who are older, growing or active may benefit from more. Second, that message aligns with what consumers now want food to do for their health and well-being. Protein's appeal has broadened beyond bodybuilders to encompass physical health, appearance, confidence and vitality. Third, meeting protein goals has become easier, with ready-to-eat and ready-to-drink products that carry front-of-pack protein claims now widely available.

We expect the trend to continue

Although the shelves have numerous products with protein claims, consumer adoption remains mid-curve. Most Australians are interested in high-protein products, but fewer than one in three consume them regularly — leaving 53% who are interested but not yet active consumers.[3] The United States offers a further signal. There, household uptake of GLP-1 weight-management drugs has reached levels that are impacting food categories. This is generally to the benefit of high-protein foods, which are recommended for people on GLP-1 treatment. Australia has yet to feel that full effect. Global GLP-1 supply has stabilised, and affordability should improve gradually over the next few years as patents expire and generics enter the market.

We are positioned to capture this opportunity in six ways:

Distribution across the categories and formats consumers want

Milk, milk-based beverages, yoghurt and smoothies rank among the most favoured protein categories[3] and sit at the core of our portfolio. We have extended formats across every occasion — from snacking and at-home meals to on-the-go and out-of-home.

Investment in winning, differentiated brands aligned to protein

Farmers Union, Dairy Farmers, Yoplait and Dare each have a role in our future protein strategy, letting consumers choose protein options within their preferred brands.

Investment in deep consumer understanding and innovation

Our consumer insights, innovation and nutrition teams have committed more than $1.5 million to research and industry reports, building an insight-led pipeline of protein products supporting strength, vitality and weight management across life stages.

Expansion of technical and production capability

Investment in yoghurt manufacturing and MPC85 protein ingredients has strengthened our formulation and format capability, with MPC85 technical research feeding directly into superior consumer products (see High-quality protein ingredients — a structural opportunity, page 22).

Improved product mix

Increased sales of Milk Protein Concentrate from our Bulk Nutritionals and Ingredients business at margins which are superior to protein such as Skim Milk Powder.

Promoting dairy protein quality

Dairy's high digestibility and protein quality[4] make it the natural choice as the conversation moves from quantity of protein to quality. It also remains among the easiest protein-rich ingredients to deliver great nutrition and great taste.

We are addressing protein from a position of strength in categories, brands and products, with a roadmap to lead and shape the opportunity as it progresses in mainstream, everyday food products.

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[1] Google Trends Australia last 12 months, as at 16 June 2026.
[2] Source: National household panel (MAT to Apr) & Australia grocery scan, 6mo to May 2026.
[3] Source: Bega internal consumer research.
[4] Mathai et al., British Journal of Nutrition, February 2017; 117(4):490–499.

Sustainability Report

Important Information

Climate-related forward-looking statements

This Sustainability Report contains climate-related forward-looking statements, including statements relating to climate-related risks and opportunities, climate resilience, scenario analysis, transition plans, emissions reduction targets and anticipated future outcomes and estimated climate projections.

Forward-looking statements relate to future events rather than past events. Words such as “anticipate”, “aim”, “expect”, “intend”, “plan”, “believe”, “seek”, “estimate”, “will”, “may”, “should”, “could”, “would”, “indicative”, “project”, “goal”, “target” or “forecast”, or similar expressions, are intended to identify forward-looking statements.

Such forward-looking statements are based on the Group’s current expectations, assumptions, estimates and judgements as at the date of this Report. Forward-looking statements are not guarantees of future outcomes and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group. Actual outcomes may vary materially from those expressed or implied in forward-looking statements. Readers should consider forward-looking statements in the context of the assumptions and limitations described in this Report.

Climate-related forward-looking statements are subject to a high degree of uncertainty, including factors such as::

- evolving standards, definitions and methodologies;
- lack of accurate and reliable historical data, especially emissions data;
- complex calculations, modelling and scenario analysis; and
- changing and uncertain climate-related laws, regulations and policies.

Except as required by law, the Group does not undertake any obligation to update or revise forward-looking statements, which are made as at the date of this Report. Nothing in this Sustainability Report should be construed as a forecast of financial performance or as providing investment, financial or other professional advice. Climate-related information is provided for the purpose of statutory sustainability reporting and should be read in conjunction with the Group’s financial statements and other disclosures.

Limitations of scenario analysis

This Sustainability Report includes climate scenario analysis. Climate scenarios are potential future climate states based on sets of assumptions around changes in global behaviours. They are not forecasts of future events or outcomes and may not be reflective of the Group’s own expectations. Rather, they are used to assess the resilience of the Group’s strategy under a range of plausible climate-related pathways. It is difficult to predict which, if any, of the scenarios discussed in this Report might eventuate. The assumptions underpinning a scenario may or may not prove to be correct. Actual outcomes may be impacted by factors beyond the assumptions disclosed.

Assumptions and methodologies

Details of key assumptions, methodologies, estimates and judgements applied in preparing climate-related disclosures are set out in the relevant sections of this Report and the Basis of Preparation at the end of this Report.

Third party information

This Report includes information derived from publicly available sources and third-party data. While such information is considered reasonable, the Group has not independently verified all third-party information.

Introduction

The Group’s response to climate change and the transition to a low carbon economy aligns with the Group’s S31 and Better Future Strategies. In FY2026, the Group continued to work towards decarbonising its operations, managing its climate-related risks and working towards climate-related opportunities.

The Group’s operations are managed with climate and carbon awareness, with a focus on reducing Scope 1 and Scope 2 emissions, a key activity in the Better Future Strategy. The Group also continued its work on collaborating with suppliers to measure, mitigate and reduce Scope 3 emissions in preparation for mandatory reporting from FY2027.

Addressing Australia’s new mandatory climate disclosure requirements, this Sustainability Report provides information on the Group’s performance and plans for climate, including information on the Group’s governance and risk management processes, which enable the Group to identify material climate-related risks and opportunities and oversee progress in addressing them.

Governance disclosures

Board oversight

Bega Cheese Limited’s Board of Directors (Board) is ultimately responsible for strategic direction, including oversight of sustainability-related risks and opportunities of the Group. The Board’s responsibilities are detailed in the Board Charter which specifically includes oversight of climate-related risks and opportunities as well as the monitoring and approval of reporting. The Board is updated in relation to climate-related risks and opportunities and monitors progress on the Group’s greenhouse gas reduction targets annually.

Board committees

The Board is supported, by delegation, by four Board committees: the Risk & Sustainability Committee (RSC), the Nomination, Remuneration, People & Capability Committee (NRPCC), the Milk Services Committee (MSC), and the Audit Committee (AC). This is outlined in Figure 1.

The RSC assists the Board in risk management, compliance and sustainability. One of the Committee’s primary roles and responsibilities is to review, report to, and where appropriate make recommendations to the Board. Recommendations to the Board from the RSC are inclusive of adequacy and effectiveness of the Group’s sustainability framework and supporting policies, processes and programs to address environmental (including climate-related risks and opportunities), social and governance issues that have the potential to materially affect the Company’s business, strategies and reputation. The RSC receives updates on the progress of greenhouse gas reduction targets annually.

The RSC is the primary Committee advising the Board on the integration of climate into the Group’s policies, risk management approach, business strategy, investment and reporting. Climate-related risks and opportunities are escalated to the Board for consideration when material. The RSC is also responsible for reviewing the Group’s Risk Management Framework, including climate-related controls and procedures and their integration with other internal functions. The RSC’s mandate and responsibilities are outlined in the RSC Charter. The RSC held four meetings during FY2026.

Part of the MSC’s responsibility is to provide recommendations to the Board on strategies to encourage growth, sustainability and quality of milk provided by suppliers. This includes governance of the Better Farms Program and understanding of on farm emissions and initiatives to mitigate these emissions.

The AC assists the Board in overseeing and reviewing the adequacy of the Group’s climate-related financial disclosures. The NRPCC assists the Board by reviewing Board composition and performance and can consider recommendations from the RSC in relation to climate-related remuneration measures.

Board skills and experience

The Group seeks to maintain a Board of Directors with a broad range of skills, experience and knowledge necessary to guide the Group. The performance of the Board and Directors is reviewed internally on an annual basis, and three-yearly by an independent expert. The Board regularly reviews its skills matrix to ensure that it covers the skills needed to address existing and emerging business and governance issues relating to the Group. In FY2026 the NRPCC conducted a Board and Director review process, including both self-assessment and peer evaluation. All Board members have been assessed in FY2026 as having at least a general working experience and knowledge of corporate sustainability best practice, the impact of the business on the environment and community and the potential impact of climate on the business and addressing human rights and modern slavery. Four of the eight Directors were assessed as having deep experience and knowledge of these issues. To further develop these skills, Directors were briefed by external, specialist consultants on climate change and climate-related reporting requirements in September 2025.

Remuneration policies

The NRPCC assists the Board in overseeing remuneration. The NRPCC considers recommendations from the RSC in relation to the Executive Chairman, Chief Executive Officer and Senior Management Team regarding performance measures, outcomes and remuneration, which may include climate-related measures.

In FY2026 there were no climate-related measures or climate-related considerations factored into executive remuneration.

Management role

The Board does not delegate responsibility for climate-related risks and opportunities to a specific management level position. Instead, representatives from the executive, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), and other senior personnel from across the business meet quarterly as a Sustainability Steering Group (SSG). The SSG is chaired by the Executive General Manager of Operational Excellence and reports annually to the RSC on the Group's operational performance against the sustainability framework and targets. The overall purpose of the SSG is to ensure that the Board has oversight of the progress of the Group's sustainability strategy and metrics. This includes climate-related risks and opportunities. The role of the SSG includes:

- developing the Group's sustainability framework, targets and relevant supporting policies;
- reporting to the RSC on the Group's operational performance against the sustainability framework and targets;
- advising on material exposure to environmental (including climate) or social risks, and how to manage any risks identified;
- monitoring and reporting on the Group's sustainability framework, including relevant supporting policies, procedures, and systems;
- ensuring resourcing for and completion of the Group's annual disclosures in relation to sustainability and climate;
- ensuring a program of work is agreed and resourced.

The SSG held four meetings during FY2026.

The Group's management exercises oversight of climate-related risks and opportunities as well as measurement of greenhouse gas emissions and progress towards achieving targets. The Group's senior leaders are responsible for designing and implementing the Group's Risk Management Framework and risk-related procedures and processes. Senior management actively participate in risk management processes: identifying, assessing, managing and monitoring material risks and escalating risks to the CEO and the RSC as needed. The Group applies the risk management framework to commitments regarding greenhouse gas emissions and climate-related financial impacts.

Identification

Identification of climate-related risks and opportunities is based on sector and government disclosures, consultant advice, the Group's low and high warming scenarios and insights from teams and stakeholders throughout the value chain.

Assessment

Using qualitative and quantitative scenario analysis, climate-related risks and opportunities are assessed and prioritised by evaluating the vulnerability (i.e. exposure, sensitivity and adaptive capacity), likelihood and magnitude of the drivers on the value chain. Material risks have been considered in the Group's Risk Management Framework. Material opportunities will be incorporated into the business and sustainability strategy in the next review cycle (See further information on strategy review cycle on page 67).

Management

Based on the assessment outcomes, the Group identifies a diverse range of mitigation and adaptation measures for implementation, including ways in which the Group can realise material opportunities, with staged response plans outlining implementation timelines. Mitigation and adaptation measures are then integrated into the Group's strategy and business model where feasible. This approach allows the Group to increase its adaptive capacity over time and mitigate the effects of material climate-related risks in the short, medium and long-term.

Monitoring

Climate-related risks are treated in the same way as other risks, and when assessed as material, are recorded, managed, monitored and escalated in accordance with the Group's Risk Management Framework. From FY2026 the Risk Management Framework will be reviewed and updated on, at minimum, an annual basis to ensure the Group retains flexibility in changing conditions including new risks, changes in risk ratings and emerging trends.

Bega Group is considering how material risks and opportunities identified as part of the scenario analysis should be formally included in the next review of the business strategy and in major transactions. There were no major transactions in FY2026.

Bega Group Sustainability governance as at 30 June 2026

Bega Cheese Limited Board of Directors

Board Committees

Risk & Sustainability Committee

Nomination, Remuneration, People & Capability Committee

Milk Services Committee

Audit Committee

The Board

Key responsibilities of the Board include:

- considering the social, ethical and environmental impact (including climate-related risks and opportunities) of Bega Group's activities and operations and setting standards and monitoring compliance with Bega Group's social responsibilities and practice;
- approving and monitoring major capital expenditure, capital management, acquisitions and divestitures; and
- reviewing and ratifying systems of risk management, internal compliance and control, codes of conduct and legal, regulatory and best practice corporate governance compliance.

Risk & Sustainability Committee

The RSC's primary roles and responsibilities are to review, report to, and where appropriate make recommendations to, the Board in relation to:

- the risk appetite for the Group;
- the adequacy and effectiveness of the Group's risk management framework (for both financial and non-financial risks) and supporting policies and processes to identify and manage the Group's risks;
- the adequacy and effectiveness of the Group's compliance management framework and supporting policies and processes to ensure compliance with the Group's legal and regulatory obligations; and
- the adequacy and effectiveness of the Group's sustainability framework and supporting policies, processes and programs to address environmental (including climate-related risks and opportunities), social and governance issues that have the potential to materially affect the Group's business, strategies and reputation.

Sustainability Steering Group

The purpose of the SSG is to ensure that the Group has oversight of the progress of sustainability strategy and metrics. The role of the SSG is to:

- develop the Group's sustainability framework, targets and relevant supporting policies;
- report to the RSC on the Group's operational performance against the Group's sustainability framework and targets;
- advise on material exposure to environmental or social risks, and how to manage any risks identified;
- monitor and report on the Group's sustainability framework, including relevant supporting policies, procedures, and systems;
- ensure resourcing for and completion of the Group's annual Better Future Report, annual Modern Slavery Statement and other significant disclosures in relation to sustainability, including in the Annual Report;
- ensure a program of work is agreed and resourced; and
- ensure reporting against AASB S2 is completed and assured as required.

Figure 1:
Bega Group Sustainability Governance FY2026

Strategy

The Group's response to climate-related risk and opportunity aligns with the five-year strategic plan, S31. Supported by organisational enablement, the plan is structured around five strategic pillars, climate is addressed broadly and informs all areas of our strategy.

In FY2025 the Group launched the Better Future Strategy. The Better Future Strategy focuses on three pillars: circularity, community and collaboration. These pillars reflect the Group's commitment to sustainability and long-term partnerships and growth as a food producer. The Better Future Strategy is informed by the Group's most significant sustainability impacts and provides a platform for the enduring legacy of the Group's operations. Climate is addressed across two pillars; Circularity and Collaboration.

Climate action under the circularity pillar focuses on reducing emissions and improving resource efficiency across operations. The Group's emissions reduction strategy prioritises a commitment to develop a pathway to Net Zero Carbon by 2050, reducing Scope 1 and 2 (location based) emissions by 40% by 2030 (from a FY2021 baseline), and working with value chain partners to mitigate Scope 3 emissions.

CIRCULARITY

RESOURCE EFFICIENCY

- → measuring and improving how circular we are
- → minimising waste and maximising diversion by designing for recovery
- → working with our customers and brands to align with national packaging targets
- → cutting water use by 30% by 2030*.

EMISSIONS REDUCTION

- → Net zero carbon by 2050
- → 40% reduction in Scope 1 and 2 emissions by 2030*
- → collaborating to mitigate Scope 3 emissions.

BETTER FUTURE

*From FY2021

COMMUNITY

EMPLOYEE HEALTH AND WELLBEING

- → safety is our first priority. We provide a healthy and safe workplace for all
- → supporting the health and wellbeing of our people and their families
- → promoting diversity, inclusion and gender equality.

POSITIVE NUTRITION OUTCOMES

- → providing great-tasting nutritious products for all life stages
- → clearly communicating nutrition information for informed, healthy choices.

COMMUNITY ENGAGEMENT AND AWARENESS

- → supporting our communities to create meaningful and lasting impacts.

COLLABORATION

NATURAL RESOURCE MANAGEMENT

- → supporting healthy ecosystems and a sustainable dairy industry
- → promoting on-farm biodiversity and ecological protection
- → integrating mitigation, adaptation and resilience strategies to effectively manage and report on climate risk.

RESPONSIBLE AND ETHICAL PROCUREMENT

- → sourcing ingredients from suppliers that share our ethical procurement values and use accredited sources.

QUALITY SUSTAINABLE PRODUCTS

- → delivering value to our consumers through high quality products and sustainable practices across our value chain.

> **Through the Better Farms Program, farmers are supported to adopt circular, sustainable and climate-resilient practices, strengthening long-term farm viability and reducing on farm emissions.**

Improving energy efficiency and optimising resource use supports lower emissions intensity and reinforces circular practices that minimise waste and environmental impact.

In the collaboration pillar, the Group's approach to climate focuses on integrating mitigation, adaptation and resilience into natural resource management to address climate-related risks and opportunities. Through responsible and ethical procurement, the Group works with suppliers to manage climate impacts across the supply chain. This collaboration supports the delivery of high-quality products.

Developing a climate resilient business model

To support emissions reduction targets and transition towards a lower-carbon economy, in FY2026 the Group began work on a climate transition plan including resourcing. The climate transition plan will incorporate a detailed emissions reduction roadmap, including the Group's approach to reducing Scope 3 emissions. The Group expects to have a climate transition plan developed during FY2027. The Group is not currently applying internal carbon prices in its decision making.

Climate-related risks and opportunities

The Sustainability Report focuses on climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects. In FY2026, the Group undertook a targeted assessment using climate-related scenario analysis to identify, assess, prioritise and begin quantifying the potential impacts of climate-related risks and opportunities. Throughout this report, when used in relation to climate-related risks and opportunities, the term 'material' refers to those risks and opportunities that could reasonably be expected to affect the Group's prospects in the short, medium or long term, whether through qualitative or quantitative effects.

The modelled climate scenarios show the Group is exposed to climate-related physical and transition risks and opportunities. While there were climate-related impacts to the Group's value chain in FY2026 none of these were considered to have material financial effects. The Group employs a diverse range of mitigation and adaptation strategies which focus on building flexibility into the value chain. At the time of this report, there is nothing to indicate a significant risk of material adjustment from the financial effect of climate-related risks and opportunities to the financial statements in the next 12 months.

In multiple regions the Group has experienced prolonged, intense rainfall which has impacted the Group's ability to supply goods, as well as impacting agricultural product supply chains. Additionally, extended periods of low rainfall have impacted some of the Group's supply regions. However, these events have not had a material effect on the Group's current financial position, performance or cash flows. They do provide information on how climate events could impact the supply chain into the future if appropriate mitigation and adaptation strategies are not continually developed, implemented and maintained.

The Group's analysis revealed no financially material current or anticipated effects from identified physical climate risks (including their combined financial effect). Isolation and quantification of anticipated effects arising from transition risks and opportunities is inherently complex due to the limitations of calculation methodologies, reliable data and technology. The Group has not identified any current material impacts from transition risks or opportunities. Any information based on scenario analysis disclosed in this report does not

represent a prediction or forecast of future events or outcomes but is used to assess the resilience of the Group's strategy under a range of plausible climate related pathways.

The level of measurement uncertainty involved in estimating the financial effect of transition risks and opportunities on the Group's financial position, financial performance and cash flows over the short, medium and long term was so significant that the resulting quantitative information would not be useful and could be misleading. Therefore, no quantification, including about the combined financial effects of the Group's material transition risks and opportunities, has been disclosed.

The Group will continue to develop its capability to reliably and accurately quantify current and anticipated financial effects of transition risks and opportunities as methodology, data availability and technology improves over time.

Climate scenario analysis

Scenario analysis assesses the potential impacts of climate-related physical and transition risks across the short, medium and long-term, defined as:

Short-term	Now – 2030
Medium-term	2030 – 2040
Long-term	2040 – 2050

Scenario analysis has been used to help identify risks and opportunities and inform the strategic response to mitigating and adapting to the impacts of climate throughout the Group's operations and value chain including:

- factories, key distribution centres and labour force (operations);
- farm supply and domestic and international suppliers (upstream); and
- road and rail logistics, domestic and international consumers and sales (downstream).

Climate-related scenario analysis was formally undertaken for the first time in FY2026. As this is the first year of mandatory reporting the short-, medium- and long-term time horizons do not currently align with the Group's strategy cycle. Going forward, climate scenario analysis will be integrated into the Group's three-to-five-year strategy cycle. This will ensure that, where relevant, climate-related risks and opportunities are being appropriately integrated into, and considered as part of, the Group's strategy and business model.

The climate scenario analysis will be evaluated on an annual basis and re-performed should material events occur, or information becomes available, which materially alters the outcomes of the Group's climate scenario analysis.

Uncertainties and assumptions

Climate scenarios are based on external climate and socio-economic models and are not forecasts, predictions or guarantees. They are not intended to predict or provide probabilities of likely outcomes. They are used by management to test the resilience of the Group's operations and value chain under a range of possible futures, based on various assumptions and third-party data sources and are therefore limited and uncertain.

Significant areas of uncertainty (including key assumptions) include government policy and regulation, macroeconomic trends, technological solutions and developments and climate science, including the speed, sensitivity, interplay and uncertainty of climate impacts.

Caution should be exercised when considering any forward-looking statements associated with climate scenario analysis. Such statements are not intended to represent probable outcomes and are based on assumptions that are subject to inherent uncertainty and may not prove to be correct or eventuate.

Scenarios

The information set out in the tables below should be read in conjunction with the qualifications and guidance set out at the beginning of this Report under the heading "Important Information", in the section above under the heading "Uncertainties and assumptions" and in Basis of Preparation at the end of this Report.

Low warming scenario (<1.5°C in 2100) Key assumptions

References/ Sources:

- IPCC SSP1-1.9
- IEA NZE 2023
- NGFS Net Zero 2050
- SSP 1

Overview

The Group has used multiple sources to model a low warming scenario. This is an ambitious mitigation scenario associated with higher transition, and lower physical climate-related risks. It models a pathway to limit global temperature rise to 1.5°C and reach global net zero by 2050. This would be achieved through a global increase in mandatory government climate-related policy and regulation for all sectors.

Under this scenario it is assumed there would be strong institutional frameworks and global cooperation on mitigation and adaptation. This would facilitate technology transfer, global energy demand shifts and the flow of capital. Strong and sustained economic growth supported by policy is also assumed, encouraging a lower-carbon economy through investments in technology and clean energy. There is an assumption that this would increase consumer and shareholder expectations to rapidly reduce greenhouse gas emissions.

Within the low warming scenario model there is an assumption that chronic weather events will increase in the long term, but at a slower rate than the high warming scenario.

High warming scenario (~2.7°C-3.5°C in 2100) Key assumptions

References/ Sources:

- IPCC SSP3-7.0
- IEA STEPS
- NGFS Fragmented World
- SSP 3

Overview

The Group has used multiple sources to model a high warming scenario. This is a limited global climate action scenario associated with higher physical, and lower transition climate-related risks. It assumes misaligned and divergent transitions across countries towards climate ambition, leading to partial achievement of Net Zero targets while some countries follow current policies.

Due to limited global climate action, there is an increase in frequency and intensity of physical risks, including extreme weather. To mitigate against increased physical hazards there are greater investments in adaptation to protect assets and supply chains. This scenario also assumes moderate transition risks due a fractured global climate policy landscape with minimal or limited government coordination and intervention.

Limited economic development and no material shift to lower-carbon goods is assumed as a result of regional fragmentation and weak international trade as regions prioritise domestic needs and security.

Energy demand and resource use continues to be carbon-intensive, with limited shift to renewable energy and low investment in energy-efficient technologies.

The scenario analysis indicated that the Group's dairy products may experience climate-related pressures under both low and high warming scenarios. Consequently, material climate-related risks and opportunities are concentrated on dairy operations within Australia.

The following tables summarise the output of the Group's climate scenario analysis, explaining the physical and transition risks and opportunities. It notes which risks and opportunities are relevant in different climate scenarios along with the impact on the Group's value chain as well as current and planned mitigation and adaptation strategies.

The climate scenario analysis indicates that approximately 100% of the Group's supply chain and operational assets are potentially vulnerable to physical climate hazards. However, with mitigations in place, the analysis indicates that the Group is overall resilient to the impacts of physical climate hazards, and as such, physical climate hazards are not considered as quantitatively material. Similarly, approximately 100% of the Group's assets are potentially vulnerable to transition risks, particularly in a low warming scenario. The Group has qualitatively assessed its resilience to transition risks and considers that its strategy and business model retain sufficient flexibility to respond to transition risks as they emerge, including in a low warming scenario. The Group identified that the level of uncertainty associated with transition risk data is too high to support robust quantification.

Accordingly, disclosure of quantitative impacts could be misleading and would not provide useful information to users of this report. The scenario analysis also indicates that approximately 100% of the Group's assets are aligned with potential climate-related opportunities. Capital deployment related to climate in the current financial year for opportunity development or risk mitigation is not considered to be material.

Physical Risks

Physical risk 1: Acute and chronic climate impacts on operational assets and the dairy supply chain
Time horizon: Short, medium and long term
Scenario prevalence: Risk is expected to occur under both low and high warming scenarios

Overview

Manufacturing sites, warehousing assets and the dairy supply chain are reasonably expected to be exposed to physical climate hazards. An increase in intensity and/or frequency of physical climate hazards may damage operational assets and lead to production capacity being negatively impacted.

Low warming scenario

Physical climate-related events are not eliminated, however are anticipated to be somewhat less significant in the medium to long-term. Exposure to physical climate hazards may impact operational assets and the dairy supply chain.

High warming scenario

Physical climate-related events are somewhat exacerbated in the medium to long-term. The Group's operational assets and dairy supply chain are anticipated to be increasingly exposed to more intense and/or more frequent physical climate hazards.

Anticipated Impact

Climate-related events may damage key manufacturing and warehousing assets, resulting in disruption to the Group's supply chain. Damage to these key operational assets could adversely affect the Group's business and supply chain operations because of product damage or loss, downtime needed to repair and maintain assets and impacts to the safety of employees.

Partnering with and supporting farmers in either scenario has the potential to mitigate some of this risk and support farmers in building climate resilient, sustainable farming practices. In addition, these activities may enhance the Group's reputation as a partner committed to supporting farmers.

Resilience

To manage the effect of climate-related disruptions to operations caused by damaged manufacturing and warehousing assets or disruption to the dairy supply chain, the Group:

- has preventative maintenance programs in place for key manufacturing and warehousing assets;
- has business continuity and crisis management plans in place to minimise the impact of damage to infrastructure and key assets, including damage arising from climate-related natural disasters;
- has adequate insurance coverage for key assets;
- provides grants of up to $5,000 through the Better Farms Program to support efficient farming practices, which is expected to improve supply chain resilience;
- captures farm-specific performance data to support decision-making for resource optimisation and changes in on-farm practices through the Better Farms Program; and
- supports farmers to access government grants that are targeted at improving sustainable on farm practices.

Resilience measures in both the high and low warming scenarios are expected to remain the same.

Financial impact

A quantitative evaluation of physical hazard exposure was conducted for key manufacturing and warehousing assets, including an assessment of the potential value at-risk associated with both direct asset damage and loss of production.

Based on this evaluation, the Group has determined there are no material current or anticipated financial effects to production facilities across the short, medium, or long term.

This conclusion reflects the current resilience of the Group's asset base and the absence of material exposure to climate-related physical hazards under the scenarios assessed.

Physical Risks (continued)

Physical risk 2: Acute and chronic climate impacts on Australian milk production
Time horizon: Short, medium and long term
Scenario prevalence: Risk is expected to occur under both low and high warming scenarios

Overview

In both low and high warming scenarios there is a risk that physical climate hazards could impact the agricultural outputs in Australian milk regions. Changes to physical climate patterns such as wind, heat and water stress may adversely disrupt dairy milk production through increased livestock stress.

Low warming scenario

Exposure to physical climate-related events is slowed but not eliminated, impacting milk production in the long-term less significantly than in the high warming scenario.

High warming scenario

Physical climate hazards in current milk production regions increases in both frequency and severity. Milk production decline due to physical climate hazards is exacerbated relative to the low warming scenario, resulting in potential farm gate milk price increases.

Anticipated Impact

Increasing occurrence of physical climate hazards, such as wind, heat and water stress, may act as stressors to dairy livestock and reduce milk production. However, the reduction in milk production may be partially offset by regions where the change in climate has positive effects. Reduced milk production could impact domestic milk availability as well as potentially driving up farm gate prices in impacted regions.

Resilience

To manage the effect of physical climate hazards on milk production the Group is:

- diversifying the Group's supply chain by expanding milk and milk solids and sourcing regions;
- diversifying the product portfolio to be less reliant on local milk streams, suppliers and ingredients that are in high demand;
- securing alternate supply chain logistics in the event that existing supply routes (e.g. rail, shipping ports) are compromised;
- developing multiple formulations for key products in the portfolio to enable ingredient substitution; and
- diversifying milk supply to include regions where positive climate effects support or improve efficient milk production.

These activities are supported more broadly through the ongoing development of the Group's strategic sourcing partners and partnerships, and are reflected in the sourcing strategy and, where necessary, contracts with suppliers. Resilience measures in both the high and low warming scenarios are expected to remain the same.

Financial impact

A quantitative evaluation of physical climate hazard exposure in current milk production regions was conducted. Changes to physical climate patterns such as wind, heat and water stress and their impacts on livestock milk production were reviewed in both scenarios. Based on this evaluation, the Group has determined there are no current or anticipated material financial effects to the Group specifically due to physical climate hazards across the short, medium, or long term.

Transition Risks

Transition risk 1: Climate policy impact for farmers and the agricultural sector
Time horizon: Medium and long term
Scenario prevalence: Risk is expected to occur under the low warming scenario

Overview

Increased climate policy and regulation, such as emissions levies and climate-linked monitoring, may reduce dairy farm viability. This could lead to a decreased milk pool driven by farmer exits, as well as increased input costs and strain on supply relationships.

Low warming scenario

Stronger climate policy and regulatory ambition drive higher compliance costs for farmers in a low warming scenario. These include mandatory climate-related and emissions reporting, nature repair obligations and adoption of best-practice sustainability measures. While grants and government support mechanisms exist, they could be insufficient to fully offset these costs. As a result, production costs rise, creating upward pressure on farm gate prices and procurement costs. In the long term, the impact on farmers increases due to policy and regulatory ambitions targeting net zero by 2050.

High warming scenario

Climate policy remains misaligned, resulting in lower regulatory pressures. Reporting remains voluntary, and compliance costs are minimal in comparison to the low warming scenario. Farmers face fewer financial pressures from regulation and cost per unit of milk remains relatively stable. Changes in the sector are driven mainly by market dynamics and physical climate impacts rather than transition-related compliance. Any targets to reduce emissions are not mandated or fortified by policy.

Anticipated Impact

Climate policy and regulation in the agricultural sector may impact supply through several drivers. Increased government regulation supporting transition to a low carbon economy may impact agricultural output and could lead to increased farmer exits due to reduced farm profitability. Examples of policies include emissions levies, biodiversity obligations under the Nature Repair Bill, the National Soil Strategy and sustainability-linked monitoring. It is expected that in the medium to long term compliance costs associated with stronger climate policy and regulation could increase. An increase in farmer exits combined with additional compliance costs could reduce the milk pool and potentially drive increases in farm gate prices.

Partnering with and supporting farmers in either scenario has the potential to mitigate some of this risk, strengthen dairy supply chain resilience and milk pool stability. Such support may also stabilise or help increase the supply of raw materials, providing an opportunity to maintain or grow production capacity. In addition, these activities enhance the Group's reputation as a partner committed to supporting long term, sustainable farming practices.

Resilience

Transition-related cost pressures may arise industry wide, there is an expectation that increased costs are absorbed through domestic pricing mechanisms where appropriate.

The Group continues to build meaningful partnerships with industry through the Better Farms Program. While the Program is not limited to climate related matters, it supports farmers to mitigate against climate policy and reporting obligations by:

- providing grants of up to $5,000 to support efficient and sustainable farming practices, which is expected to assist with reducing farmer exits and improve supply chain resilience;
- assisting farmers to capture emissions data and meet climate and emissions reporting obligations;
- enabling progress tracking against benchmarks established by regulation or others in the value chain;
- capturing farm specific performance data to support decision making for resource optimisation and changes in on farm practices; and
- supporting farmers to access government grants that are targeted at improving sustainable on farm practices.

Resilience measures in both the high and low warming scenarios are expected to remain the same, however there is potential that measures are more impactful in the low warming scenario.

Financial statement areas impacted

Financial performance	Financial position	Cash flows
• Revenue	• Cash and cash equivalents	• cash flows from operating activities
• Cost of sales	• Inventories	

Transition Risks (continued)

Transition risk 2: Packaging and water regulation

Time horizon: Medium and long term

Scenario prevalence: Risk is expected to occur under the low warming scenario

Overview

Stricter climate-related regulations, including water buybacks and packaging policy, may raise supply chain costs and reduce domestic input availability. Reduced domestic input availability may arise from limited water access for agriculture, combined with increasing water and feed costs. Climate-related packaging regulations aimed at emissions reduction may increase supply chain costs through changing demand for recycled materials and required technology upgrades. While not all these regulations are directly attributable to climate, they are related and could result in increased input and compliance costs.

Low warming scenario

In a low warming scenario, there is a global increase in mandatory government climate-related policy and regulation relating to water use and sustainable packaging, driving higher compliance and input costs. Water management regulations steadily intensify, reducing consumptive water availability and increasing agricultural input costs. Climate-related regulation increases demand for recycled packaging materials leading to increased costs in the short term and a slight decrease in the medium to long term as technology advances. In a low warming scenario, impact of climate-related regulations increases as there is greater focus on sustainability.

High warming scenario

Focus on climate policy remains misaligned, keeping regulatory pressures low, though reputational pressures may still emerge over time. Reporting remains voluntary, and compliance costs are lower in comparison to the low warming scenario. Changes are driven mainly by market dynamics and physical climate impacts rather than transition related compliance. Targets for water consumption or recycled materials in packaging are not mandated or fortified by policies.

Anticipated Impact

Increasing government-led policy and regulation on water use has the potential to decrease agricultural productivity and drive-up input costs and farm gate prices. In addition to impacts on agricultural outputs, increasing regulations and targets for recycled, recyclable and compostable packaging may also affect supply chain costs. Complying with packaging regulations could increase input costs for materials and place pressure on margins, however, in the long-term technology for recycled materials is expected to improve and become more accessible, particularly in a low warming scenario. The Group has identified that government-led packaging and water regulation risk is partially attributable to climate, however, at this stage it is not possible to isolate how much of this risk is directly attributable to climate.

Resilience

Transition-related cost pressures driven by global increase in mandatory government climate-related policy may arise industry-wide. There is an expectation that increased costs are absorbed through domestic pricing mechanisms where appropriate.

To mitigate against the effect of increasing packaging and water regulation, the Group is:

- investing in technology to enable use of and transition to recycled and recyclable packaging;
- actively working with industry partners in relation to national packaging targets and reforms;
- continuing use of recycled and recyclable plastic materials across packaged goods;
- providing grants of up to $5,000 through the Better Farms Program, in part to support efficient on-farm water management practices;
- targeting water reduction of 30% in factories by 2030 against a 2021 baseline; and
- promoting the reuse of water, with the Group maintaining an increase in the volume of water reuse.

Resilience measures in both the high and low warming scenarios are expected to remain the same, however there is potential that measures are more impactful in the low warming scenario.

Financial statement areas impacted

Financial performance	Financial position	Cash flows
Revenue	Cash and cash equivalents	cash flows from operating activities
Cost of sales	Inventories	

Transition Risks (continued)

Transition risk 3: Cost to reach net zero by 2050

Time horizon: Long term

Scenario prevalence: Risk is expected to occur under the low warming scenario

Overview

Achieving a transition to net zero emissions by 2050 may create financial strain due to the required investments in renewable energy and/or the use of carbon offsets to reduce scope 1, 2 and 3 emissions. The accessibility and pricing of technology could also impact costs and the Group's ability to achieve a net zero ambition. In FY2025 the Board approved the Better Future Strategy, which included a target to achieve Net Zero emissions by 2050, failure to meet this target could result in possible reputational damage.

Low warming scenario

Climate policy and regulatory ambition to reduce emissions drives more efficient and cheaper technology for electrification and agricultural emissions reduction. Costs associated with achieving net zero increase as mandatory policy relating to emission reduction increases. Electrification technology accelerates improvements to manufacturing efficiency.

High warming scenario

Misaligned climate policy and expensive technologies drive financial and reputational risks. There is less incentive for manufacturers to electrify and technological development progresses slowly. Limited policy ambition delays investment in on farm emissions reduction. Costs associated with misaligned policy are less significant than in a low warming scenario.

Anticipated Impact

Increasing climate policy and regulation, such as for reporting and tracking emissions, across the supply chain and at the farm level may raise the cost of compliance. Achieving net zero is also associated with higher direct costs from purchasing and operating low-emission technologies, as well as increased capital expenditures for renewable energy infrastructure, electric vehicles, and process upgrades such as electric boilers at manufacturing sites. Failure to meet net zero targets in the long term has the potential to cause reputational damage and increase costs associated with offsetting emissions, particularly under a low warming scenario.

Resilience

Transition-related cost pressures may arise industry-wide. There is an expectation that increased costs are absorbed through domestic pricing mechanisms where appropriate.

Mitigation efforts are linked to the Group's emissions reduction strategy, which includes:

- making incremental investments in energy-efficient manufacturing processes and technology that reduces demand for electricity and gas;
- entering into two Power Purchase Agreements (PPAs) to supply renewable energy, with further investments to be evaluated;
- assisting farmers to capture emissions data and meet associated reporting obligations through the Better Farms Program; and
- implementing projects to reduce the Group's emissions footprint, including through projects looking to identify alternatives to natural gas that can be integrated into the Group's transition plan.

Resilience measures in both the high and low warming scenarios are expected to remain the same, however there is potential that measures are more impactful in the low warming scenario.

Financial statement areas impacted

Financial performance	Financial position	Cash flows
Cost of sales	Cash and cash equivalents	Cash flows from operating activities
Distribution expense	Inventories	Cash flows from investing activities
	Property, plant and equipment	

Opportunities

Opportunity 1: Energy efficient technology
Time horizon: Short and medium
Scenario prevalence: Opportunity is expected to occur under both low and high warming scenarios

Overview

Investing in renewable energy, electrification, storage technologies (e.g. batteries), and energy efficient processes can reduce energy costs, improve operational efficiency, and build resilience towards fluctuating energy prices.

Low warming scenario

Falling renewable and battery costs, rising carbon prices, and the Group's 2030 emissions targets make energy efficiency financially attractive. Medium term savings increase as electricity prices decline and early investments mature, improving margins and reducing exposure to energy price volatility. Over the long-term, energy-efficient technologies become standard practice, shifting value towards operational resilience and regulatory compliance.

High warming scenario

Inconsistent climate policy settings and high upfront capital costs limit returns on investment. Execution of renewable energy installations is cautious, with selective upgrades offering modest savings amid volatile energy markets and infrastructure constraints.

Anticipated Impact

Investing in energy-efficient technologies within the Group's operations may improve manufacturing efficiency and help mitigate the financial effects of energy market fluctuations.

Resilience

The Group's response to this opportunity is linked to the Group's emissions reduction strategy, which includes:

- making incremental investments in energy-efficient manufacturing processes and technology that reduces demand for electricity and gas;
- continuing energy mapping across the Group's operations to reduce consumption;
- collaborating with industry partners to explore opportunities for energy efficiency in factory and farms; and
- implementing projects to reduce the Group's emissions footprint, including through projects looking to identify alternatives to natural gas and that can be integrated into the Group's transition plan.

Resilience measures in both the high and low warming scenarios are expected to remain the same, however there is potential that measures are more impactful in the low warming scenario.

Financial statement areas impacted

Financial performance	Financial position	Cash flows
• Cost of sales • Distribution expense	• Cash and cash equivalents • Inventories • Property, plant and equipment	• Cash flows from operating activities • Cash flows from investing activities

Opportunities (continued)

Opportunity 2: Operational and supply chain resilience
Time horizon: Short and medium
Scenario prevalence: Opportunity is expected to occur under both low and high warming scenarios

Overview

Investing in climate adaptation measures, such as diversified sourcing, supplier selection based on climate-related risks and infrastructure resilience, presents an opportunity to reduce exposure to climate-related events. This has the potential to stabilise milk supply and unlock efficiencies that help to lower insurance and operational costs while enhancing overall supply chain resilience. If climate policy is globally misaligned an adaptable supply chain may provide opportunity for the Group to leverage favourable market dynamics and achieve a competitive advantage over peers.

Low warming scenario

Moderate risks and strong policy support make adaptation a strategic yet manageable investment. The Group's diversified sourcing and access to climate data enable targeted upgrades that stabilise supply and support reduced insurance costs. Over time, co-investment programs and national frameworks assist implementation, with resilience measures becoming standard practice.

High warming scenario

Escalating climate risks and limited policy support make adaptation urgent but costly. The Group must self-fund infrastructure upgrades and diversify sourcing to avoid underinsurance and disruption. Execution is constrained by fragmented networks and limited data, with efforts focused on high-risk regions.

Anticipated Impact

Through proactive risk management, the Group may have an opportunity to reduce insurance costs, enhance operational resilience and reduce exposure to climate risks. The Group also has an opportunity to capitalise on improving the stability of key commodities, supporting consistent revenue streams and improving overall dairy supply chain resilience and reliability. By designing a resilient and reliable domestic and international supply chain the Group has a potential opportunity to gain a competitive advantage over peers.

Resilience

Current measures the Group are undertaking to leverage this opportunity include:

- diversifying the dairy supply chain to reduce dependency on high-risk regions both locally and internationally;
- tracking milk pool changes over time across different regions;
- locating manufacturing sites near major food and milk producing regions and key distribution points for logistical resilience; and
- maintaining adequate insurance coverage across owned and operated sites.

Resilience measures in both the high and low warming scenarios are expected to remain the same, however there is potential that measures are more impactful in the high warming scenario.

Financial statement areas impacted

Financial performance	Financial position	Cash flows
• Revenue • Cost of sales	• Cash and cash equivalents • Inventories	• Cash flows from operating activities

Metrics and targets

Climate-related targets

In FY2021 the Board approved the following targets:

a) to commit to reducing absolute Scope 1 and Scope 2 emissions by 40% by 2030 from an FY2021 baseline; and

b) to commit to reducing Scope 1 and Scope 2 emissions intensity by 2030 by 50% per litre/tonne produced from an FY2021 baseline.

The Board also made a commitment to work towards developing a clearly defined path aligned to the Science Based Targets Initiative to achieve Net Zero emissions by 2050 and acknowledged that detailed plans for emissions reduction would need to be developed in coming years.

The targets were developed with the assistance of an external consultant using three decarbonisation scenarios and included the following assumptions to 2030:

- state renewable energy goals achieved;
- production projections are valid;
- suitable renewable energy Power Purchase Agreements options are available for all sites; and
- recalibration of emissions baseline is required for future acquisitions.

In FY2025 the Board strengthened these commitments by approving the Better Future Strategy, which included a target to achieve Net Zero emissions by 2050 against the FY2021 baseline.

The Group's ability to achieve its climate-related targets is subject to a range of uncertainties, including the pace and nature of the global transition to a lower carbon economy and the impacts of physical climate risks. Many of these factors are outside the Group's control and may affect the timing and extent to which the Group achieves its targets.

Climate Related Targets

	Target A: Reduce absolute Scope 1 and Scope 2 emissions by 40% by 2030	Target B: Reduce emissions intensity per litre/tonne produced by 50% by 2030 from an FY2021 baseline	Target C: Net Zero 2050
Metric	Absolute Scope 1 and Scope 2 emissions	Scope 1 and Scope 2 emissions per litre produced Scope 1 and Scope 2 emissions per tonne produced	Absolute Scope 1 and 2 emissions
Target type (absolute or intensity)	Absolute	Intensity	Absolute
Period	2021–2030	2021–2030	2021–2050
Objective	Mitigation		
Scope	Applies across the portfolio within the reporting entity		
Base Year calculations	2021: Scope 1 emissions 89,530 t/CO_2e 2021: Scope 2 emissions 208,885 t/CO_2e 2021: Intensity CO_2e/t 0.65 2021: Intensity CO_2e/KL 0.13267		
Carbon Credits	No use of carbon credits planned		
Alignment with jurisdictional commitment	Informed by the latest international agreement on climate change of which Australia is a signatory		
Validation	Not validated		
Review Process	The targets are reviewed yearly by the RSC		
Metrics for monitoring progress	The metrics are measured on an annual basis and performance against the target is reviewed by the Board and the RSC on an annual basis		
Revisions	None		
Progress achieved against target	Target A: 18.2%	Target B: 24.7% tCO_2e/KL 11.2% CO_2e/t	Target C: 18.2%

Greenhouse gases: FY2026 Results

The Group is registered under Division 3 of Part 2 of the *National Greenhouse and Energy Reporting Act 2007* (NGER), which is a specific greenhouse gas (GHG) regulatory reporting regime. When calculating Scope 1 and Scope 2 emissions, the Group applies methods and emissions factors set out in the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (NGER Measurement Determination). As required by NGER, the Group applies an operational control approach to define its organisational boundary for the purposes of calculating its Scope 1 and Scope 2 emissions. The boundary reflects all operations within the consolidated Group including logistics, depots and warehouses, representing all of the Group's Scope 1 and 2 emissions. There are no material Scope 1 or Scope 2 emissions associated with other investees excluded from the consolidated Group.

Table 1: GHG emissions by Scope 1, Scope 2 and total in FY2026

GHG emissions (metric tonnes of CO_2-e)	Unit	FY2026
Scope 1 emissions	tCO_2-e	89,776
Scope 2 emissions (location based)	tCO_2-e	154,737
Total absolute Scope 1 and 2 emissions	tCO_2-e	244,513

Scope 1 emissions refer to direct emissions produced from activities controlled by the Group, such as on-site combustion. Specifically, these are emissions arising from generating heat from the combustion of natural gas and LPG in boilers. Scope 1 emissions are calculated based on fuel quantities consumed, metering and invoice information using the emissions factors listed in Basis of Preparation at the end of this report.

Scope 2 emissions refer to indirect emissions from the generation of electricity purchased by the Group. The Group's Scope 2 emissions are measured using the location-based method, which applies the average emissions intensity of the electricity grids on which the Group consumes electricity. Scope 2 emissions are calculated using utility bills and the grid emissions factors specified in the NGER Measurement Determination for Australia outlined in Basis of Preparation at the end of this report.

The Group has entered into two 15-year Power Purchase Agreements (PPAs) with renewable energy suppliers. Both are situated at Group facilities in New South Wales with both in design and construction phase and expected to be operational through FY2027. Collectively, these PPAs are expected to amount to approximately 3.8MW of solar generation and will reduce the Group's reliance on grid electricity while contributing to a reduction in Scope 2 emissions and alignment with the Group's emissions reduction targets.

Levers for reduction and transition plan

The Group's Energy Management Capability (EMC) program is ongoing and focuses on identifying, prioritising and implementing energy efficiency initiatives across the Group's manufacturing sites. The EMC program drives reduction in energy consumption and resulting greenhouse gas emissions. Submetering installations, energy mapping and ongoing monitoring activities are used to identify and implement site-specific efficiency projects. Improved controls, equipment optimisation and operational practices contribute to reducing energy demand. Technologies are assessed to increase the sourcing of renewable electricity.

Basis of Preparation

Compliance with Australian Sustainability Reporting Standards and the *Corporations Act 2001*

The sustainability report of Bega Cheese Limited and its subsidiaries (the 'Group') has been prepared in accordance with Australian Sustainability Reporting Standard S2 *Climate-related Disclosures* (AASB S2) as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

This sustainability report should be read in conjunction with the related consolidated financial statements for the annual reporting period ended 30 June 2026.

First-time adoption of AASB S2 and transition reliefs

The Group is reporting under AASB S2 for the first time. For the annual reporting period ended 30 June 2026, the Group applied the following Standards:

- AASB S2 *Climate-related Disclosures* – effective for annual reporting periods beginning on or after 1 January 2025; and
- AASB S2025-1 *Amendments to Greenhouse Gas Emissions Disclosures* – effective for annual reporting period beginning on or after 1 January 2027, with early application permitted.

AASB S2 provides transition reliefs for the first annual reporting period in which an entity applies the Standards. The Group has applied the following transition reliefs:

- Relief from the requirement to disclose comparative information in the first annual reporting period.
- Relief from disclosing the Group's Scope 3 emissions.

Connectivity with financial statements

The sustainability report for the annual reporting period ended 30 June 2026 has been prepared for the Group and should be read in conjunction with the Group's consolidated financial statements prepared for the same reporting period in accordance with Australian Accounting Standards.

The entities, assets, and operations (referred to as the 'reporting entity') included in the Group's sustainability report are the same as those included in the Group's 30 June 2026 consolidated financial statements.

The Group also has entities (including investments in joint ventures), activities, resources, and relationships that form part of its value chain. Where material, these have been considered in assessing the climate-related risks and opportunities of the Group.

In the current reporting period, all metrics reported (except for emissions) relate to the Group's own operations.

A detailed overview of the Group's value chain, business model and activities and strategy are disclosed as part of the Bega Group Overview on pages 1 to 8 of the annual report.

The presentation currency of the climate-related financial disclosures is the Australian dollar (AUD), which aligns to the presentation currency used in the Group's consolidated financial statements, and amounts disclosed are rounded to the nearest thousand dollars unless otherwise stated.

Events after the reporting period

No transactions, other events or conditions occurring after the end of the reporting period and before the date of the Directors' Declaration have taken place that need to be disclosed in this sustainability report.

Significant judgements and measurement uncertainties

In the process of preparing the climate statements, the Group has exercised judgement in a number of areas, including the process of identifying climate-related risks and opportunities and identifying material information to report. Additionally, the preparation of these climate statements requires the use of estimates for certain amounts which cannot be measured directly. Estimates have been made where the climate-related financial information within the value chain needs to be estimated, is related to forward-looking information, or involves data or other limitations.

This note explains the most critical judgements made in preparing these climate statements. The detail of the judgement made, or the source of estimation uncertainty, is included in the note disclosure referenced. Significant judgements and uncertainties relevant to the measurement of greenhouse gases have been disclosed as part of 'Measurement of greenhouse gases'.

Significant judgements

Judgement	Description	Page
Materiality process	The Group applied significant judgement to identify the climate-related risks and opportunities that could reasonably be expected to affect prospects, as well as material information related to those risks and opportunities. The process that the Group followed in making an assessment of what information could reasonably affect the Group's prospects is disclosed under the heading "Climate-related risks and opportunities".	66
Calculation methods for quantifying the effects of climate-related risks and opportunities	The Group has applied a combination of different calculation methods to isolate and estimate the current and anticipated effects of material climate-related risks and opportunities on the financial position, financial performance and cash flows over the short, medium and long term. Judgement has been applied in determining the calculation methods and assumptions that are most appropriate depending on availability and quality of calculation methods and assumptions.	66-67

Estimates and judgements used in the preparation of the related financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. In annual impairment testing of intangible assets, one of the factors the Group continually evaluates is exposure to climate risks. Exposure to climate risks did not have a material effect on the Group's impairment assessment for intangible assets in FY2026.

Measurement uncertainty

The following amounts have a high degree of measurement uncertainty:

Uncertainty	Description	Page
Effects of climate-related risks and opportunities	The measurement of the current and anticipated financial effects of climate-related risks and opportunities is subject to significant measurement uncertainty. With limited data of the effects of mitigation and management activities and on changes in consumer behaviour as a result of climate change over time, there is a wide range of potential outcomes for the anticipated financial effects of material risks over the medium to long term.	70-76
Climate Scenarios – Model	The choice of models, the data inputs and their inherent limitations can introduce uncertainty. The models use a range of assumptions in regard to climate impacts in different regions, transition costs that may be incurred, the effectiveness of actions taken in each scenario to reduce emissions and limit climate impacts and many other variables, which may not reflect actual future events or conditions, resulting in inherent uncertainty in the impacts to the business relating to these aspects.	68 and 82
Climate Scenarios - Data	The quality, accuracy, and completeness of the data used can affect the outcomes. Data inaccuracies, incompleteness or estimated data that does not reflect actual future conditions can alter the results of the scenario analysis, resulting inherent uncertainty. There are many other data variables, such as growth and sales projections, within the models which may not reflect actual future events or conditions, resulting in inherent uncertainty in the impacts to the business relating to these aspects.	68 and 82

Climate scenario selection

Scenarios were selected and tailored specifically to the Group's operations and value chain considering the guidance in the Intergovernmental Panel on Climate Change (IPCC) combined Shared Socioeconomic Pathways (SSP), Network for Greening the Financial System (NGFS), the International Energy Agency (IEA) and the SSP framework.

Scenarios were chosen for their usefulness in assessing the resilience of the Group's business model, informing strategy, and identifying climate-related risks and opportunities. These scenarios capture transition risks and physical risks, enabling analysis of potential disruptions to business activities and the identification of relevant opportunities.

The scenarios were also chosen for their relevance to the Group's operations, geographic exposure, and sector-specific risks and opportunities. Therefore, the Group considers the chosen scenarios to be relevant and useful in assessing the resilience of the Group's business model, informing strategy, and identifying climate-related risks and opportunities.

Consistent with the requirements of the *Corporations Act 2001*, scenario analysis undertaken used two scenarios that are aligned with the *Climate Change Act 2022*. As a result, the low warming scenario selected is also aligned with the latest international agreement on climate change.

Data Sources: Site-specific, regional-Geographic Information System (GIS) and regional-Statistical Area Level 4 (SA4) data was sourced for Australia from ClimSystems which used the following datasets:

- Design Rainfall Data System (2016)
- ERA5
- CHIRPS2 Daily Precipitation
- CPC Daily Precipitation and Temperature
- IBTrACS
- Coastal Extreme Water Level
- CMIP6 GCM

Country-level data was sourced from the following combination of public scenario projection databases:

- IPCC Climate Impact Explorer
- IPCC Interactive Atlas
- WRI Aqueduct

Modelling Approach: The scenarios were informed by location-based modelling, including site-specific, regional and country data, to cover all material geographies. In addition to Australia, the Group reviewed key international commodities and determined that there was no material risk to the Group's value chain. As a result, the modelling approach focuses on Australia.

Drivers: A consistent set of parameters was used to identify and assess climate-related risks and opportunities. These are:

Physical	• Cyclones • Flooding • Heatwaves • Heat stress • Water stress • Bushfires • Sea level rise
Transition	• Policy and legal • Market • Technology • Reputation

Measurement of greenhouse gas emissions

Global Warming Potential (GWP) values considered were taken from the Fifth Assessment Report published by the IPCC. No material changes were made to the Group's measurement approach, inputs and assumptions during the reporting period.

Scope 1 and 2 emissions are measured by either internal or external data sources, factoring in the uncertainty measurement and data quality. The *National Greenhouse and Energy Reporting Regulations 2008* (Cth) require a registered corporation's report to include the amount of uncertainty associated with the estimates of Scope 1 emissions for their corporate group. Where data is not available, estimates based on data from the same month in the previous reporting period is used. While minor variations may occur, these are not considered material.

The uncertainty of emissions estimates is calculated in accordance with the rules set out in Chapter 8 of the NGER Measurement Determination, including in accordance with the Greenhouse Gas Protocol guidance on uncertainty assessment in greenhouse gas inventories and calculating statistical parameter uncertainty (September 2003), as applicable. In FY2026, natural gas distributed in a pipeline at the Group's site in Koroit amounted to 31,285 tCO_2-e with uncertainty assessed as 5.8%.

Fuels combusted include; natural gas distributed in a pipeline, green and air-dried wood, gasoline, diesel oil, automotive gasoline/petrol, heating oil, fuel oil. Emissions factors for these fuels were derived from the NGER Measurement Determination.

For FY2026, these emissions have been reported in line with the NGER Measurement Determination which does not encompass the measurement of all biogenic Scope 1 and Scope 2 emissions. The Group is currently considering emerging best practice in Australia and will implement necessary changes to the measurement of Scope 1 and Scope 2 emissions in future reporting periods.

Table 2: Scope 2 emission factors by location

Scope 2 emission factors by location

Location	Emission factor (kg CO_2-e/GJ)
New South Wales state electricity grid	0.64
Queensland state electricity grid	0.67
South Australia state electricity grid	0.22
Tasmania state electricity grid	0.20
Victoria state electricity grid	0.78
Western Australia state electricity grid	0.50

Table 3: Scope 1 and 2 emissions are measured by a variety of internal and external sources of data.

Scope	Emission category	Green House Gas Emissions	Activity	Data source	GWP & EF source	Methodology, data quality and uncertainty	Additional notes
Scope 1	**Stationary combustion**	Carbon Dioxide, Methane, Nitrous Oxide	Quantities of fuels used for stationary energy purposes	Invoices / meter data	NGER (Measurement) Determination 2008 (EERS embedded factors)	**Method 1** (Criterion A). High data quality: meter-based periods acceptable under Determination measurement criteria. Uncertainty handled automatically by EERS defaults	NGER (Measurement) Determination 2008
Scope 1	**Transport combustion – diesel & petrol (post 2004)**	Carbon Dioxide, Methane, Nitrous Oxide	Quantity of fuel used for road transport	Fuel purchase records	NGER (Measurement) Determination 2008	CO_2: **Method 1**. CH_4/N_2O: **Method 2** as enforced by EERS for post 2004 road fuels. Data quality high (invoice-based)	NGER (Measurement) Determination 2008
Scope 1	**Industrial processes and waste emissions**	Carbon Dioxide Biogas, Methane, Nitrous Oxide	Refrigerants top-ups and equipment inventories Methane from industrial wastewater handling Biogas volumes used on site	Refrigerant logs Onsite flow meter and laboratory results	Refrigerants: CER HFC/SF6 guideline Wastewater: CER Industrial Wastewater Calculator Biogas: Measurement Determination	Refrigerants: **Method 3** Wastewater: **Method 1** Biogas: **Method 1,** criterion BBB Uncertainty: per EERS defaults; no uncertainty calc required unless thresholds apply	NGER (Measurement) Determination 2008
Scope 2	**Purchased electricity**	Carbon Dioxide	Electricity consumption	Invoices	Location based electricity EF & method: Measurement Determination Ch. 7 (EERS)	**Method 1** (location based). Data quality high (bill backed). Uncertainty: not required for scope 2 under NGER; recordkeeping per Regs	NGER (Measurement) Determination 2008

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Independent Auditor's Review Report on specified Sustainability Disclosures

To the Members of Bega Cheese Limited

Review Conclusion

We have conducted a review of the following specified Sustainability Disclosures in the Sustainability Report of Bega Cheese Limited (the Company) and its controlled entities (together, the Group) for the year ended 30 June 2026 as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Specified Sustainability Disclosures	**Reporting requirement of Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* (AASB S2) (including related general disclosures required by Appendix D)**	**Location in Sustainability Report**
Governance	Paragraph 6	Governance disclosures presented on pages 62 to 64.
Strategy (risks and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	The climate-related risks and opportunities as disclosed on pages 70 to 76. The additional information presented under the 'Identification' and 'Assessment' headings on page 63.
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	The following emissions disclosures presented on page 79: • Scope 1 emissions: 89,776 tCO$_2$-e. • Scope 2 (location-based) emissions: 154,737 tCO$_2$-e. The additional information presented on pages 82 to 83.

The requirements of AASB S2 identified in the table above form the criteria relevant to the specified Sustainability Disclosures and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

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We have not become aware of any matter in the course of our review that makes us believe that the Sustainability Disclosures specified in the table above do not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for Conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the specified Sustainability Disclosures are free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the 'Summary of the Work Performed' section of our report below.

Our responsibilities under ASSA 5000 are further described in the Auditor's Responsibilities section of this report.

We are independent of the Company in accordance with the applicable ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code), together with the ethical requirements in the Act, that are relevant to our review of the specified Sustainability Disclosures and public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2026, but does not include the specified Sustainability Disclosures and our auditor's report thereon.

Our conclusion on the specified Sustainability Disclosures does not cover the other information and we do not express any form of assurance conclusion thereon. We have issued a separate opinion on the Financial Report, including the Remuneration Report, included in the Annual Report

In connection with our review of the specified Sustainability Disclosures, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the specified Sustainability Disclosures, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the specified Sustainability Disclosures

The directors of the Company are responsible for:

- the preparation of the specified Sustainability Disclosures in accordance with the Act; and
- designing, implementing and maintaining such internal control necessary to enable the preparation of the specified Sustainability Disclosures, in accordance with the Act that are free from material misstatement, whether due to fraud or error.

Inherent Limitations in preparing the specified Sustainability Disclosures

Sustainability information may be subject to more inherent limitations than financial information, given both its nature and the methods used for determining, calculating, and estimating such information. Different acceptable methods have varying precision and can affect the comparability of sustainability information across entities and over time.

In addition, greenhouse gas emissions quantification is subject to inherent uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The specified Sustainability Disclosures in relation to Strategy (risks and opportunities) have been prepared using assumptions about future events, and management's actions, that may not occur.

Auditor's Responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the specified Sustainability Disclosures are free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the specified Sustainability Disclosures.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the specified Sustainability Disclosures. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error. In conducting our review, we:

- Inspected the specified Sustainability Disclosures and assessed the completeness and accuracy of these disclosures against the relevant disclosure requirements of AASB S2 and with reference to the knowledge and evidence obtained during the assurance engagement;
- Performed enquiries of management regarding the methodologies, processes and controls for capturing, collating, calculating and reporting the specified Sustainability Disclosures and assessed their alignment with AASB S2 and applicable method and measurement approaches;

- Inspected and assessed, on a sample basis, charters, policies, minutes of meetings regarding the monitoring, management and oversight of climate-related matters, and other underlying evidence supporting the climate-related financial disclosures on governance;
- Performed enquiries of management regarding the approach taken by the Group to:
    - Identify climate-related risks and opportunities;
    - Identify material information for disclosure with regards to the Strategy (risks and opportunities) disclosures;
- Performed enquiries of management and examined underlying evidence to assess the completeness and accuracy of the establishment of the organisational boundary, and sources of emissions, in the context of the specified Sustainability Disclosures;
- Performed enquiries of management regarding the assumptions, conversion factors and greenhouse gas emission factors applied within the calculations of the Scope 1 and 2 emissions;
- Applied analytical procedures to evaluate the Scope 1 and 2 emissions and the underlying activity data, and;
- Performed testing over the calculations of the Scope 1 and 2 emissions, including testing the activity data utilised within the calculations to third-party records, information captured by onsite measurement devices at the facilities within the organisational boundary and other relevant underlying information, on a sample basis.

PricewaterhouseCoopers

PricewaterhouseCoopers

Scott Thompson

Scott Thompson
Partner

Melbourne
20 August 2026

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The directors of Bega Cheese Limited declare that, in their opinion, Bega Cheese Limited has taken reasonable steps to ensure that the substantive provisions of Bega Cheese Limited's sustainability report for the financial year ended 30 June 2026 set out on pages 61 to 85 are in accordance with the *Corporations Act 2001* (C'th) ("the Act") including section 296C of the Act (compliance with applicable sustainability standards such as the *Australian Sustainability Reporting Standard AASB S2* Climate-related Disclosures) and section 296D of the Act (climate statement disclosures).

This declaration is made on 20 August 2026 in accordance with a resolution of the board of directors of Bega Cheese Limited, and is signed for and on behalf of the board of directors by:

Barry Irvin
Executive Chairman
Melbourne

Peter Margin

Peter Margin
Independent Director
Melbourne

20 August 2026

Auditor's Independence Declaration

As lead auditor of Bega Cheese Limited's financial report and lead auditor of the specified sustainability disclosures within the sustainability report for the year ended 30 June 2026, respectively, we each declare that, having regard to our responsibilities in relation to the respective audit of the financial report and review of the specified sustainability disclosures within the sustainability report, to the best of our knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the respective audit of the financial report or the review of the specified sustainability disclosures; and

b) no contraventions of any applicable code of professional conduct in relation to the respective audit of the financial report or the review of the specified sustainability disclosures.

Scott Thompson

Sam Lobley Lead auditor (financial report) Partner PricewaterhouseCoopers	Scott Thompson Lead auditor (sustainability report) Partner PricewaterhouseCoopers	Melbourne 20 August 2026

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Case Study

AI strategic revenue optimisation

AI is already at work in multiple parts of our business.

At every major point in the value chain, we are investing in AI initiatives that are helping transform the way we operate. These go beyond experimental or speculative; we are linking AI to strategic priorities such as simplifying the manufacturing footprint, improving route-to-market efficiency, supporting a high-value product mix, strengthening consumer insights, and improving cost-to-serve. Our focus is on deploying AI where it creates operational leverage and supports winning with our brands in the market. We are realising benefits from increased efficiency, sharper planning and forecasting, faster decisions and insights, and greater process automation. AI is evolving rapidly and so are we. We expect that as AI capability increases, new commercial possibilities will follow and will extend what we can achieve with this technology.

We began in 2025 when we evaluated the use of AI to accelerate our capability in revenue optimisation.

This area is an attractive use case given the scale and complexity of pricing and promotions, the opportunity to drive greater cut through in-store for consumers and improving competitiveness in a dynamic retail market.

We work closely with retailers to boost overall sales performance through targeted price promotions, in-store activation, and attractive consumer offers. With over 3,000 grocery retail outlets across hundreds of products, there are thousands of daily sales interactions we need to assess for promotional effectiveness. On a practical level, the AI platform helps optimise promotional strategies by identifying the most effective combinations of pricing, depth, frequency, and execution mechanics, ultimately driving improved returns on promotional investments. Additionally, it provides clear, data-backed recommendations that allow teams to respond quickly to market changes. It is constantly learning and comparing our results and competitor activities as close to real-time as possible.

We have now embedded this AI capability into operating workflows, and it is part of our toolkit for revenue growth management. It not only enhances strategic planning but also ensures practical application, enabling faster and better decision-making, stronger alignment, and improved ROI. This capability will also support our portfolio of the future, giving new product launches a sharper commercial foundation from day one, informed by the same real-time pricing, promotional, and shopper intelligence driving results today.

The benefits are several:

Our decision-making is faster and more agile, moving quickly from analysis to rollout with minimal delay

It creates a stronger win-win for Bega and its customers, balancing return on investment (ROI) with margin discipline and category performance

Our strategic revenue management capability has increased, with a deeper understanding of the power of specific promotional mechanics and shopper behaviours

The new AI platform also provides analytics which help to inform our choices on our product portfolio and ranging in each channel

The program has delivered a 6x return on investment, generating six times the value of every dollar committed to the initiative

Corporate Governance Statement

Bega Group is committed to achieving and maintaining the highest standards of accountability and transparency in the management and conduct of its business.

The Board has adopted corporate governance policies and practices that it believes are consistent with the continued growth and success of the Group and the ongoing enhancement of value for the Bega Group shareholders.

The Corporate Governance Statement outlines the key aspects of the Group's corporate governance framework and is available on the Group's website at www.begagroup.com.au/investors/corporate-governance/.

The Board considers that the Group's corporate governance framework and practices have complied with the ASX Recommendations for the financial year, except as otherwise detailed in the Corporate Governance Statement.

Case Study

Simplifying cheese production for scale and efficiency

Our manufacturing strategy is focused on scale and efficiency.

We have been working towards this goal across our manufacturing sites, simplifying our operational footprint and developing single large-scale sites for each product area, such as Morwell for yoghurts and Port Melbourne for spreads. This maintains globally competitive infrastructure, reduces fixed overheads, and maximises the benefits of larger sites. It also improves capital allocation by avoiding duplicated spending and shortening payback periods.

> We completed the consolidation of the Strathmerton cheese operations into the Ridge Street site in Bega.

We are on time and on budget for this transition, which is expected to deliver $30 million per annum in cost savings. Our investment at Ridge Street creates a cheese processing and packing supersite, with new equipment that lifts throughput with automated finished goods packing, increases yields, and reduces waste.

The expanded Ridge Street site will also enhance our capability to grow our cheese business, particularly in our Branded International markets. Innovation is faster from a single site, and new high-speed individually wrapped slice (IWS) production lines expand our capacity to meet increased processed cheese demand in Asia and the Middle East.

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Consolidated Statement of Comprehensive Income

		CONSOLIDATED	
	Notes	2026 $m	2025 $m
Revenue	5	3,774.6	3,539.0
Cost of sales		(2,989.1)	(2,808.8)
Gross profit		**785.5**	**730.2**
Other revenue	5	11.3	11.4
Other income	5	3.3	7.1
Distribution expense		(319.0)	(307.5)
Sales and marketing expense		(125.9)	(116.0)
Occupancy expense		(44.8)	(45.0)
Administration expense		(199.3)	(203.6)
Impairment of assets	6	(1.8)	(47.5)
Finance costs	6	(34.6)	(35.8)
Profit/(loss) before income tax		**74.7**	**(6.7)**
Income tax expense	7a	(19.9)	(1.8)
Profit/(loss) for the period attributable to owners of Bega Cheese Limited		**54.8**	**(8.5)**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Cash flow hedges, net of tax		(1.5)	0.5
Exchange differences on translating foreign operations		(0.2)	0.4
Total other comprehensive income		**(1.7)**	**0.9**
Total comprehensive income for the period attributable to owners of Bega Cheese Limited		**53.1**	**(7.6)**
		Cents	Cents
Earnings per share for profit/(loss) attributable to ordinary equity holders of the parent:			
Basic earnings per share		17.9	(2.8)
Diluted earnings per share		17.8	(2.8)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

		CONSOLIDATED	
	Notes	2026 $m	2025 $m
ASSETS			
Current assets			
Cash and cash equivalents	20	133.4	120.9
Trade and other receivables	8	239.9	196.8
Derivative financial instruments		1.0	2.6
Inventories	10	437.2	366.3
Current tax assets		-	1.9
Assets held for sale	11	6.3	12.1
Other assets	9	13.2	28.9
Total current assets		**831.0**	**729.5**
Non-current assets			
Property, plant and equipment	11	690.8	657.8
Right-of-use assets	12	136.0	148.5
Deferred tax assets	7e	25.8	28.3
Other receivables	8	0.9	-
Other assets	9	5.4	1.0
Intangible assets	13	464.5	472.4
Investments accounted for using the equity method	25	3.2	3.2
Total non-current assets		**1,326.6**	**1,311.2**
Total assets		**2,157.6**	**2,040.7**
LIABILITIES			
Current liabilities			
Trade and other payables	14	561.1	455.0
Other liabilities	15	0.6	13.7
Derivative financial instruments		2.0	0.2
Lease liabilities	12	19.4	19.1
Current tax liabilities		9.2	-
Provisions	17	96.1	127.4
Total current liabilities		**688.4**	**615.4**
Non-current liabilities			
Borrowings	16	283.3	246.0
Lease liabilities	12	164.8	174.5
Other liabilities	15	3.5	3.9
Provisions	17	20.8	20.7
Total non-current liabilities		**472.4**	**445.1**
Total liabilities		**1,160.8**	**1,060.5**
Net assets		**996.8**	**980.2**
EQUITY			
Share capital	18a	886.0	883.6
Reserves	19	25.4	29.4
Retained earnings		85.4	67.2
Capital and reserves attributable to owners of Bega Cheese Limited		**996.8**	**980.2**
Total equity		**996.8**	**980.2**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

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Consolidated Statement of Changes in Equity

Consolidated	Notes	Share capital $m	Reserves $m	Retained earnings $m	Total $m
Balance as at 1 July 2024		882.2	26.4	106.2	1,014.8
Loss for the period		-	-	(8.5)	(8.5)
Other comprehensive income for the period		-	0.9	-	0.9
Transactions with owners in their capacity as owners:					
– Issue of shares	18b	2.1	-	-	2.1
– Share-based payments relating to incentives		-	2.1	-	2.1
– Dividends provided for or paid	4	-	-	(30.5)	(30.5)
– Tax effect of prior period share issue transaction costs	7d	(0.7)	-	-	(0.7)
Balance as at 30 June 2025		**883.6**	**29.4**	**67.2**	**980.2**
Balance as at 1 July 2025		883.6	29.4	67.2	980.2
Profit for the period		-	-	54.8	54.8
Other comprehensive income for the period		-	(1.7)	-	(1.7)
Transactions with owners in their capacity as owners:					
– Issue of shares	18b	2.4	-	-	2.4
– Share-based payments relating to incentives		-	2.4	-	2.4
– Transfer of expired share-based payment awards from reserve to retained earnings		-	(3.1)	3.1	-
– Purchased shares for employees		-	(1.6)	-	(1.6)
– Dividends provided for or paid	4	-	-	(39.7)	(39.7)
Balance as at 30 June 2026		**886.0**	**25.4**	**85.4**	**996.8**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

		CONSOLIDATED	
	Notes	2026 $m	2025 $m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers inclusive of goods and services tax		4,010.8	3,839.5
Payments to suppliers and employees inclusive of goods and services tax		(3,836.3)	(3,613.8)
Net payments to Trade Receivables Facility		(7.0)	(5.7)
Interest and other costs of financing paid		(34.6)	(35.8)
Interest received		2.4	2.0
Income taxes paid	7f	(6.0)	(21.2)
Net inflow from operating activities	20	**129.3**	**165.0**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(105.2)	(88.2)
Net proceeds from sale of property, plant and equipment		15.8	19.8
Net proceeds from sale of intangible assets		3.2	1.5
Payments for intangible assets		(4.6)	(6.2)
Payments for investment in joint venture		-	(3.2)
Loan to joint venture		(0.9)	-
Payment for other non-current assets		(4.0)	-
Net outflow from investing activities		**(95.7)**	**(76.3)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		165.0	109.0
Repayment of borrowings		(127.0)	(90.0)
Principal elements of lease payments		(20.2)	(24.0)
Payment for parent entity's shares to settle incentive plans		(1.6)	-
Dividends paid to Bega Cheese Limited's shareholders	4	(37.3)	(28.4)
Net outflow from financing activities		**(21.1)**	**(33.4)**
Net increase in cash and cash equivalents		**12.5**	**55.3**
Cash and cash equivalents at the beginning of the year		120.9	65.6
Cash and cash equivalents at the end of the year	20	**133.4**	**120.9**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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How numbers are calculated

1. SIGNIFICANT EVENTS IN THE ACCOUNTING PERIOD

A. Manufacturing footprint rationalisation

On 6 May 2025, the Group announced the consolidation of its Strathmerton cheese packaging operations into its Ridge Street, Bega site. A phased closure of the Strathmerton site was completed in June 2026. The consolidation of sites is forecast to deliver $30 million per annum of cost savings from early FY2027 by eliminating duplication and reducing fixed cost. In FY2026, the Group incurred one-time costs of $12.9 million, including employee related costs of $7.4 million, with the balance related to other Strathmerton closure costs, and costs associated with the ramp-up of production at Ridge Street.

On 9 July 2025, the Group announced its intention to exit its peanut processing business, Peanut Company of Australia Pty Ltd (PCA). On 15 December 2025, the Group sold the property, plant and equipment at the Kingaroy and Tolga facilities, recognising a loss on sale of $2.9 million. Under the terms of the transaction, the Group leased back the Kingaroy facility until June 2026 when the Group's operations at the site ceased. The Group also incurred $3.0 million of employee related costs and $3.2 million of inventory obsolescence, consulting and other closure-related costs associated with the exit.

The one-time costs associated with the closure of the Strathmerton facility and the exit from the primary peanut processing business were recognised in the FY2026 profit and loss statement. In addition, a significant portion of the redundancy costs related to the Strathmerton closure had been recognised in FY2025, when the closure was announced, and therefore impacted the FY2025 profit and loss statement. During FY2026, the Group made total redundancy cash payments of $37.1 million, comprising $32.6 million relating to the Strathmerton and peanut processing business closures and $4.5 million relating to separate head office cost-saving initiatives.

B. Effective tax rate

The Group's effective company tax rate is calculated as income tax expense divided by profit before tax. Income tax expense captures taxes on profits and excludes other types of taxes for example GST, FBT, payroll tax and PAYG tax paid on behalf of employees. The effective company tax rate will differ from the statutory company tax rate of 30% due to non-temporary differences. The prima facie effective tax rate of the Group is 26.6%. This is the combined effect of non-deductible expenses, timing differences in the recognition of capital gains tax events, and the permanent benefit in respect of research and development tax incentives.

2. SEGMENT INFORMATION

A. Description of segments

The Group determines the reporting segments based on financial and other management reports reviewed by the Executive Chairman, Chief Executive Officer and Chief Financial Officer, in their capacity as the Chief Operating Decision Makers (CODM).

The Group has two reporting segments:

i. Branded – the manufacture of value-added consumer products for owned and externally owned brands.

ii. Bulk – the manufacture of bulk dairy ingredients, nutritional and bio nutrient products.

The CODM assesses the performance of the reporting segments based on a measure of EBITDA. In addition, the CODM takes into account significant current year events by segment so that normalised business performance is assessed.

Unallocated overheads relate to corporate and legal costs that cannot be reasonably classified into a segment.

Inter-segment eliminations represent elimination of sales and profit in stock arising from inter-segment sales at an arm's length transfer price.

2. SEGMENT INFORMATION (CONT.)

B. Segment information provided to the CODM

The segment information provided to the CODM for the reportable segments for the year ended 30 June 2026 is as follows:

	Branded $m	Bulk $m	Unallocated overheads $m	Inter-segment eliminations $m	Group Total $m
Year ended 30 June 2026					
Revenue	3,222.6	1,447.7	-	(895.7)	3,774.6
Cost of sales	(2,508.8)	(1,330.8)	-	893.7	(2,945.9)
Gross profit[1]	**713.8**	**116.9**	**-**	**(2.0)**	**828.7**
EBITDA	199.4	53.2	(48.3)	(2.0)	202.3
Depreciation, amortisation and impairment					(95.4)
EBIT					106.9
Interest income					2.4
Interest expense					(34.6)
Profit before income tax					**74.7**
Income tax expense					(19.9)
Profit for the year					**54.8**
Impact of current year events on profit before tax					
Manufacturing footprint rationalisation	(22.0)	-	-	-	(22.0)
Acquisition related activities	-	-	(2.0)	-	(2.0)

[1] *Excluding manufacturing related depreciation, amortisation and impairment expense. Gross profit in the Consolidated Statement of Comprehensive Income includes these amounts.*

Prior period comparative segment information is as follows:

	Branded $m	Bulk $m	Unallocated overheads $m	Inter-segment eliminations $m	Group Total $m
Year ended 30 June 2025					
Revenue	3,048.3	970.0	-	(479.3)	3,539.0
Cost of sales	(2,373.7)	(871.7)	-	477.8	(2,767.6)
Gross profit[1]	**674.6**	**98.3**	**-**	**(1.5)**	**771.4**
EBITDA	168.7	38.7	(40.7)	(1.2)	165.5
Depreciation, amortisation and impairment					(138.4)
EBIT					27.1
Interest income					2.0
Interest expense					(35.8)
Loss before income tax					**(6.7)**
Income tax expense					(1.8)
Loss for the year					**(8.5)**
Impact of prior year events on loss before tax					
Manufacturing footprint rationalisation	(83.0)	(0.7)	-	-	(83.7)

[1] *Excluding manufacturing related depreciation, amortisation and impairment expense. Gross profit in the Consolidated Statement of Comprehensive Income includes these amounts.*

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2. SEGMENT INFORMATION (CONT.)

C. Other segment information

Segment revenue

Sales between segments are carried out at arm's length and eliminated on consolidation. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the Consolidated Statement of Comprehensive Income.

Total sales by segment are as follows:

	CONSOLIDATED	
	2026 $m	**2025** $m
Sales to external customers by segment		
Branded	3,222.6	3,048.3
Bulk	552.0	490.7
Total sales to external customers	**3,774.6**	**3,539.0**

Segment sales by destination are as follows:

	CONSOLIDATED	
	2026 $m	**2025** $m
Sales to external customers in Australia		
Branded	2,932.9	2,790.1
Bulk	230.8	184.4
Total sales to external customers in Australia	3,163.7	2,974.5
Sales to external customers in other countries		
Branded	289.7	258.2
Bulk	321.2	306.3
Total sales to external customers in other countries	610.9	564.5
Total sales to external customers	**3,774.6**	**3,539.0**

Sales to external customers in other countries by destination are as follows:

	CONSOLIDATED	
	2026 $m	**2025** $m
Sales to external customers in other countries		
Asia (including Middle East)	559.2	516.6
Africa	22.3	15.4
Oceania	12.4	15.0
Europe	8.6	13.6
Americas	8.4	3.9
Total sales to external customers in other countries	**610.9**	**564.5**

3. EARNINGS PER SHARE

	CONSOLIDATED	
	2026 Cents	**2025** Cents
Earnings per share for profit/(loss) attributable to ordinary equity holders of the parent:		
Basic earnings per share	17.9	(2.8)
Diluted earnings per share	17.8	(2.8)
	2026 Number	**2025** Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	305,380,155	304,967,613
Adjustments for calculation of diluted earnings per share:		
Contingent employee incentives	1,927,301	2,251,339
Shares used as the denominator in calculating diluted earnings per share	307,307,456	307,218,952
	2026 $m	**2025** $m
Profit/(loss) attributable to the ordinary equity holders of the Group used in calculating earnings per share	54.8	(8.5)

4. DIVIDENDS TO SHAREHOLDERS

	CONSOLIDATED	
	Full Year 2026 $m	**Full Year 2025** $m
Recognised amounts:		
2026 Interim dividend of 7.00 cents	21.4	-
2025 Final dividend of 6.00 cents	18.3	-
2025 Interim dividend of 6.00 cents	-	18.3
2024 Final dividend of 4.00 cents	-	12.2
Total dividend	**39.7**	**30.5**
Issue of shares under the DRP	(2.4)	(2.1)
Net cash outflow	**37.3**	**28.4**
Unrecognised amounts:		
2026 Final dividend of 7.50 cents	22.9	-
2025 Final dividend of 6.00 cents	-	18.3

The dividends paid in 2026 and 2025 were fully franked. The 2026 final dividend will be fully franked.

	CONSOLIDATED	
	2026 $m	**2025** $m
Value of the dividend franking account	110.6	121.6

The value of the dividend franking account represents the balance of the franking account as at the end of the year, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax.

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5. REVENUE AND OTHER INCOME

	CONSOLIDATED	
	2026 $m	**2025** $m
Sale of goods	3,735.9	3,494.0
Services	38.7	45.0
Total revenue	**3,774.6**	**3,539.0**
Other revenue		
Royalties	10.9	11.1
Other	0.4	0.3
Total other revenue	**11.3**	**11.4**
Other income		
Interest income	2.4	2.0
(Loss)/gain on sale of property, plant and equipment	(1.0)	2.2
Other	1.9	2.9
Total other income	**3.3**	**7.1**

Sale of goods
The Group recognises the majority of its revenue from contracts with customers for the transfer of goods at a point in time. Refer to note 33e for further explanation of the Group's revenue recognition policy.

Revenues of approximately $1.3 billion (2025: $1.2 billion) are concentrated in a small number of external customers. These revenues are attributed to the Branded segment.

Services
Services revenue primarily represents revenue earned from toll manufacturing arrangements, whereby goods are manufactured on behalf of third parties.

Royalties
Royalty revenue represents income earned under licensing agreements that permit third parties to manufacture and sell products using the Group's brands.

6. EXPENSES

Profit or loss before income tax includes the following specific expenses:

		CONSOLIDATED	
	Notes	**2026** $m	**2025** $m
Increase in inventory provisions		3.4	0.2
Trade Receivables Facility costs		0.9	2.5
Depreciation and amortisation:			
– Depreciation of property, plant and equipment	11	53.5	50.5
– Depreciation of right-of-use assets	12	23.3	24.6
– Amortisation of intangible assets	13	16.8	15.8
Total depreciation and amortisation		**93.6**	**90.9**
Impairment:			
– Impairment of property, plant and equipment	11	1.6	40.2
– Impairment of right-of-use assets	12	-	2.0
– Impairment of intangible assets	13	-	1.1
– Impairment of inventory maintenance spares		0.2	4.2
Total asset impairment		**1.8**	**47.5**
Employee benefit expense:			
– Restructuring expense		12.5	36.9
– Defined contribution superannuation expense		46.4	44.6
– Other employee benefits expense		505.0	493.0
Total employee benefit expense		**563.9**	**574.5**
Finance costs:			
– Interest on bank loans		19.3	20.3
– Lease liability interest	12	11.8	12.1
– Other finance costs		3.5	3.4
Total finance costs		**34.6**	**35.8**

7. INCOME TAX

The major components of income tax expense in the Consolidated Statement of Comprehensive Income are set out below:

	CONSOLIDATED	
	2026 $m	**2025** $m
A. INCOME TAX EXPENSE		
Current tax expense	(16.1)	(17.2)
Deferred tax (expense)/benefit from the origination and reversal of temporary differences	(2.8)	12.2
Adjustments recognised in the current year in relation to tax of prior years	(1.0)	3.2
Total income tax expense	**(19.9)**	**(1.8)**

Judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain as at the end of the financial year. The Group estimates its tax liabilities based on its understanding of the tax law. Where the final tax outcome of these matters is different from the amounts recorded, such differences will impact the amount of current or deferred income tax liabilities in the period such determination is made.

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7. INCOME TAX (CONT.)

	CONSOLIDATED 2026 $m	 2025 $m
B. NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX EXPENSE		
Profit/(loss) before income tax	74.7	(6.7)
Tax (expense)/benefit at the Australian tax rate of 30% (2025: 30%)	(22.4)	2.0
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	0.5	0.1
Non-deductible expenses	(1.2)	(2.6)
Other assessable income	(0.6)	(3.0)
	(1.3)	(5.5)
Tax incentives	0.6	0.7
Adjustments in respect of prior year	(1.1)	3.2
Previously unrecognised tax losses / deferred tax movements now recognised	4.3	(2.2)
Total income tax expense	**(19.9)**	**(1.8)**

Tax consolidation

Bega Cheese Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing and funding agreement which operates to manage joint and several liability for group tax liabilities amongst group members, as well as enabling group members to leave the group clear of future group tax liabilities. The agreement also provides that each member of the tax consolidated group pay a tax equivalent amount to or from the parent in accordance with their notional current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to Bega Cheese Limited in the financial statements of subsidiaries and are settled as soon as practicable after lodgement of the consolidated tax return and payment of the tax liability.

	CONSOLIDATED 2026 $m	 2025 $m
C. AMOUNTS RECOGNISED THROUGH OTHER COMPREHENSIVE INCOME		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but through other comprehensive income in respect of:		
Movement in hedging reserve	0.3	0.5
Total amount recognised through other comprehensive income	**0.3**	**0.5**

7. INCOME TAX (CONT.)

	CONSOLIDATED 2026 $m	 2025 $m
D. AMOUNTS RECOGNISED THROUGH EQUITY		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but through equity in respect of:		
Share issue costs - net of adjustment in respect of prior year	-	(0.7)
Total amount recognised through equity	**-**	**(0.7)**

E. MOVEMENTS IN DEFERRED TAX

Movements in deferred tax in the year are detailed below:

Consolidated	**Opening balance** $m	**Charged to income** $m	**Charged to equity** $m	**Closing balance** $m
Year ended 30 June 2026				
Deferred tax assets				
Doubtful debts	0.9	(0.3)	-	0.6
Sundry accrued expenses	6.9	0.1	-	7.0
Black hole expenditure	0.3	0.7	-	1.0
Employee provisions	34.0	(2.9)	-	31.1
Other provisions	14.4	(6.9)	-	7.5
Leased assets	14.9	0.7	-	15.6
Property, plant and equipment	19.7	(6.1)	-	13.6
Fair value of derivatives	0.3	-	0.3	0.6
Foreign currency revaluations	-	4.4	-	4.4
Capital losses	-	1.6	-	1.6
Other	0.1	1.9	-	2.0
Total deferred tax assets	91.5	(6.8)	0.3	85.0
Deferred tax (liabilities)				
Brand names	(53.7)	0.2	-	(53.5)
Software	(6.4)	0.9	-	(5.5)
Inventories	(0.1)	(0.1)	-	(0.2)
Other	(3.0)	3.0	-	-
Total deferred tax (liabilities)	(63.2)	4.0	-	(59.2)
Total deferred tax	**28.3**	**(2.8)**	**0.3**	**25.8**

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7. INCOME TAX (CONT.)

E. MOVEMENTS IN DEFERRED TAX (CONT.)

Consolidated	Opening balance $m	Charged to income $m	Charged to equity $m	Closing balance $m
Year ended 30 June 2025				
Deferred tax assets				
Doubtful debts	1.5	(0.6)	-	0.9
Sundry accrued expenses	5.1	1.8	-	6.9
Black hole expenditure	0.6	(0.3)	-	0.3
Employee provisions	34.4	(0.4)	-	34.0
Other provisions	6.3	8.1	-	14.4
Leased assets	14.0	0.9	-	14.9
Property, plant and equipment	17.9	1.8	-	19.7
Fair value of derivatives	(0.2)	-	0.5	0.3
Share issue costs	0.7	-	(0.7)	-
Other	0.1	-	-	0.1
Total deferred tax assets	80.4	11.3	(0.2)	91.5
Deferred tax (liabilities)				
Brand names	(53.5)	(0.2)	-	(53.7)
Software	(6.7)	0.3	-	(6.4)
Inventories	(0.9)	0.8	-	(0.1)
Other	(3.0)	-	-	(3.0)
Total deferred tax (liabilities)	(64.1)	0.9	-	(63.2)
Total deferred tax	**16.3**	**12.2**	**(0.2)**	**28.3**

Unused tax losses for which no deferred tax asset has been recognised as at 30 June 2026 are $29.8 million (2025: $30.1 million), the potential tax benefit of this at 30% is $8.9 million (2025: $9.0 million). Unused capital losses for which no deferred tax asset has been recognised as at 30 June 2026 are $6.2 million (2025: $6.2 million), the potential tax benefit of this at 30% is $1.9 million (2025: $1.9 million).

	CONSOLIDATED	
	2026 $m	2025 $m
F. INCOME TAXES PAID		
Income taxes paid is included in the Consolidated Statement of Cash Flows as follows:		
Income taxes paid included in operating activities	(6.0)	(21.2)
Total income taxes paid	**(6.0)**	**(21.2)**

8. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2026 $m	2025 $m
Current assets		
Trade receivables	210.7	172.5
Allowance for impairment of receivables	(2.5)	(3.6)
Net trade receivables	208.2	168.9
Goods and services tax (GST) receivable	20.7	16.5
Accrued revenue	1.4	1.8
Amounts receivable under Trade Receivables Facility	8.9	8.8
Other debtors	0.7	0.8
Total current trade and other receivables	239.9	196.8
Non-current assets		
Loan to joint venture	0.9	-
Total non-current trade and other receivables	0.9	-
Total trade and other receivables	**240.8**	**196.8**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 to 60 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 33.

Accrued revenue primarily relates to receivables from customers under product supply contracts whereby the revenue has yet to be invoiced.

The Group utilises a trade finance facility ('Trade Receivables Facility') with the Coöperatieve Rabobank U.A. (Australia Branch) (Rabobank) whereby it may purchase receivables from the Group at a discount. This facility is utilised by the Group as a primary source of working capital. The value of receivables sold by the Group into this facility are derecognised as an asset as the contractual rights to cash flows from these receivables have expired on acceptance of the sale to Rabobank.

At 30 June 2026, the Trade Receivables Facility is a $250.0 million facility on an uncommitted basis. The funded value of the Group's Trade Receivables Facility was $188.0 million as at 30 June 2026 (2025: $195.0 million). The Group has not recognised a continuing involvement asset or liability in respect of receivables sold under the facility as at 30 June 2026, as substantially all risks and rewards associated with those receivables have been transferred to Rabobank. Accordingly, the receivables qualify for full derecognition.

9. OTHER ASSETS

	CONSOLIDATED	
	2026 $m	2025 $m
Current assets		
Prepayments	12.4	11.5
Trade Receivables Facility continuing involvement asset	-	12.7
Other assets	0.8	4.7
Total current other assets	13.2	28.9
Non-current assets		
Other assets	5.4	1.0
Total non-current other assets	5.4	1.0
Total other assets	**18.6**	**29.9**

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10. INVENTORIES

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Raw materials and work in progress	183.8	158.4
Finished goods	230.7	185.9
Maintenance spares	57.9	53.8
Provisions	(35.2)	(31.8)
Carrying amount of inventories at lower of cost or net realisable value	**437.2**	**366.3**

The write-down of inventories to net realisable value (NRV) requires judgement in assessing future commodity prices, other market conditions, product shelf life and provisions for quality. From time to time certain inventories are sold below cost, for example, when global commodity prices are lower than the cost of production in the Bulk segment. In these situations, the NRV expense incurred from writing down the value of inventories is recognised in cost of sales in the Consolidated Statement of Comprehensive Income.

11. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Land and buildings		
At cost	393.5	409.9
Accumulated depreciation and impairment	(110.6)	(113.5)
Total land and buildings	282.9	296.4
Plant and equipment		
At cost	1,039.4	965.9
Accumulated depreciation and impairment	(690.3)	(678.4)
Total plant and equipment	349.1	287.5
Construction in progress	58.8	73.9
Total property, plant and equipment	**690.8**	**657.8**

The movements in property, plant and equipment are:

Consolidated	Notes	Construction in progress $m	Land and buildings $m	Plant and equipment $m	Total $m
Year ended 30 June 2026					
Balance at the beginning of the financial year		73.9	296.4	287.5	657.8
Capital expenditure		104.1	-	-	104.1
Disposals		-	(5.8)	(0.2)	(6.0)
Depreciation	6	-	(9.8)	(43.7)	(53.5)
Impairment	6	-	(0.1)	(1.5)	(1.6)
Assets classified as held for sale		-	(5.0)	-	(5.0)
Transfers		(119.2)	7.2	107.0	(5.0)
Balance at the end of the financial year		**58.8**	**282.9**	**349.1**	**690.8**
Year ended 30 June 2025					
Balance at the beginning of the financial year		40.5	326.5	306.4	673.4
Capital expenditure		93.6	-	-	93.6
Disposals		-	-	(0.5)	(0.5)
Depreciation	6	-	(10.3)	(40.2)	(50.5)
Impairment	6	(1.1)	(10.0)	(29.1)	(40.2)
Assets classified as held for sale		-	(11.3)	-	(11.3)
Transfers		(59.1)	1.5	50.9	(6.7)
Balance at the end of the financial year		**73.9**	**296.4**	**287.5**	**657.8**

11. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Assets held for sale

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Assets held for sale		
Land and buildings	6.3	12.1
Total assets held for sale	**6.3**	**12.1**

Assets held for sale relate to surplus land in Salisbury (South Australia) and other various unutilised properties across the Group's property portfolio which are expected to be sold in the next 12 months.

12. LEASES

The Consolidated Balance Sheet shows the following amounts relating to leases:

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Right-of-use assets		
Properties	121.4	132.6
Equipment	11.0	11.2
Motor vehicles	3.6	4.7
Total right-of-use assets	**136.0**	**148.5**

Additions and remeasurements to the right-of-use assets during the 2026 financial year were $11.0 million (2025: $28.8 million).

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Lease liabilities		
Current	19.4	19.1
Non-current	164.8	174.5
Total lease liabilities	**184.2**	**193.6**

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

	Notes	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Depreciation charge of right-of-use assets	6	23.3	24.6
Impairment of right-of-use assets	6	-	2.0
Interest expense (included in finance costs)	6	11.8	12.1

The total cash outflow for leases in 2026 was $32.0 million (2025: $36.1 million).

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13. INTANGIBLE ASSETS

	CONSOLIDATED 2026 $m	 2025 $m
Brands	177.5	176.5
Water rights	3.4	4.1
Software	43.2	51.4
Goodwill	239.6	239.6
Other	0.8	0.8
Total intangible assets	**464.5**	**472.4**

Consolidated	Notes	**Brands** $m	**Software** $m	**Water rights** $m	**Goodwill** $m	**Other** $m	**Total** $m
Year ended 30 June 2026							
Balance at the beginning of the financial year		176.5	51.4	4.1	239.6	0.8	472.4
Additions		1.0	3.6	-	-	-	4.6
Disposals		-	-	(0.7)	-	-	(0.7)
Amortisation	6	-	(16.8)	-	-	-	(16.8)
Transfers		-	5.0	-	-	-	5.0
Balance at the end of the financial year		**177.5**	**43.2**	**3.4**	**239.6**	**0.8**	**464.5**
Year ended 30 June 2025							
Balance at the beginning of the financial year		177.6	54.3	4.3	239.6	0.8	476.6
Additions		-	6.2	-	-	-	6.2
Disposals		-	-	(0.2)	-	-	(0.2)
Amortisation	6	-	(15.8)	-	-	-	(15.8)
Impairment	6	(1.1)	-	-	-	-	(1.1)
Transfers		-	6.7	-	-	-	6.7
Balance at the end of the financial year		**176.5**	**51.4**	**4.1**	**239.6**	**0.8**	**472.4**

Brands and other identifiable intangible assets

Brands and other identifiable intangible assets purchased by the Group are initially recognised at cost, or at their fair value if acquired as part of a business combination.

These identifiable intangible assets are subsequently measured:

- if they have a finite life, at cost less amortisation, and
- if they have an indefinite life, at cost less accumulated impairment losses.

Finite life brands or other identifiable intangible assets are amortised on a straight-line basis over the shorter of their contractual or useful economic life, being 3 to 25 years. They are also tested for impairment when an indicator of impairment may exist.

Indefinite life identifiable intangible assets are not amortised but are instead tested for impairment annually, or more frequently if there is an indicator of impairment. Brands or other identifiable intangible assets are determined to have an indefinite life where there is an intention to maintain and support the brand or other intangible asset for an indefinite period.

Water rights

Water rights are indefinite life identifiable intangible assets are attributable to the Branded segment. Impairment was tested by reference to third party market valuations based on recent transactions and related data.

Software

Software as a service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. For SaaS arrangements, the Group assesses if the contract will provide a resource that it can control to determine whether an intangible asset is present. If the Group cannot determine control of the software, the arrangement is deemed a service contract and any implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when incurred.

13. INTANGIBLE ASSETS (CONT.)

Costs incurred to obtain access to the cloud provider's application software are generally recognised as operating expenses when the services are received.

Costs incurred for the development of software code that enhances, modifies or creates additional capability to existing for on-premise are capitalised if it meets the recognition criteria for an intangible asset.

Certain internal and external costs directly incurred in acquiring and developing software are capitalised if it they meet the recognition criteria of an intangible asset and are amortised on a straight-line basis over their estimated useful lives, being three to ten years. Capitalised costs are tested for impairment when an indicator of impairment exists.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is not amortised but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to that entity.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units (CGU) that are expected to benefit from the business combination in which the goodwill arose.

Cash generating units

The Group's CGUs are the Bulk CGU and the Branded CGU.

The Bulk CGU is equivalent to the Bulk operating segment. It is comprised of the assets of the Tatura, Lagoon St (Bega), and Koroit manufacturing sites. The cash inflows of the Bulk CGU are driven by available milk volumes, which are utilised across all manufacturing sites in the CGU and can be diverted to the site that can produce the highest return on that milk. The CGU does not hold any indefinite life intangible assets. An impairment test of the CGU's assets was not required to be performed as it was assessed that no indicators of impairment were present.

The Branded CGU is equivalent to the Branded operating segment. It is comprised of the Lion Dairy and Drinks business acquired in January 2021, the Mondelēz Grocery Business acquired in July 2017, the Betta Milk asset acquisition in December 2023, and assets of the Group's third party contract manufacturing sites. It includes goodwill of $239.6 million, and capitalised brands of $177.5 million. The core business of the Branded CGU is the manufacture, marketing, sale and distribution of branded white milk, milk-based beverages, yoghurt, chilled juices, spreads and other culinary products to domestic and international customers.

Branded impairment assessment

The Branded CGU is subject to annual impairment testing as it holds indefinite life intangible assets. Impairment testing requires a high degree of judgement in assessing whether the carrying value of assets is supported by their recoverable amount. The recoverable amount of the Branded CGU has been determined using the 'value in use' approach.

In calculating the recoverable amount of the Branded CGU a discounted cash flow model was utilised forecasting cash flows for the period FY2027 to FY2031. A number of assumptions were made in respect of matters which are not certain, including the following key assumptions:

- a long-term nominal growth rate of 2.0% beyond the forecast period
- with advice from independent experts, applied a post-tax discount rate of 8.0%, translating to a pre-tax discount rate of 10.8%
- improvements in sales mix and volume are forecast in FY2027 and are expected to largely offset the increase in costs of production inputs. The cash flow model assumes an EBITDA increase by a CAGR of 3.3% between FY2027 - FY2031, which includes the impact of assumed sales volume and price increases, and the impact of Bega's recently announced farm gate milk prices and other key production inputs.

Based on sensitivity analysis, a reasonably possible change in any single assumption would not result in the recoverable amount of the Branded CGU being lower than its carrying value as at 30 June 2026.

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14. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Current liabilities		
Trade payables	368.8	297.3
Accrued charges and sundry creditors	192.3	157.7
Total trade and other payables	**561.1**	**455.0**

The average credit period on purchases is between 20 and 60 days, except for utilities and certain professional fees. No material amounts of interest are charged on late payments and the amounts are unsecured.

Judgement is used in assessing trade payables due to suppliers under product supply contracts that require a periodic reconciliation to specific terms of those contracts. From time to time there may be differences of opinion between the Group and the supplier as to the amount payable under the contracts. Such differences are usually resolved amicably between the parties having regard to the relevant contract. Where such differences are unresolved at reporting dates the Group seeks additional information and professional advice in the context of the relevant contract in forming a view as to the amount to be accrued for at the reporting date.

15. OTHER LIABILITIES

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Current liabilities		
Deferred income	0.2	0.2
Trade Receivables Facility continuing involvement liability	-	12.7
Other financial liabilities	0.4	0.8
Total current other liabilities	0.6	13.7
Non-current liabilities		
Other financial liabilities	3.5	3.9
Total non-current other liabilities	3.5	3.9
Total other liabilities	**4.1**	**17.6**

16. BORROWINGS

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Non-current - at amortised cost		
Secured term loans	285.0	247.0
Borrowing costs	(1.7)	(1.0)
Total non-current borrowings	283.3	246.0
Total borrowings	**283.3**	**246.0**

For further details on borrowings and facilities, see note 22d.

17. PROVISIONS

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Current liabilities		
Employee benefits	83.4	90.3
Restructuring provision	9.7	33.1
Restoration provision	0.6	1.6
Other provisions	2.4	2.4
Total current provisions	96.1	127.4
Non-current liabilities		
Employee benefits	9.5	10.2
Restoration provision	11.3	10.5
Total non-current provisions	20.8	20.7
Total provisions	**116.9**	**148.1**

Consolidated	**Restructuring provision** $m	**Restoration provision** $m	**Other provisions** $m	**Total** $m
Year ended 30 June 2026				
Balance at the beginning of the financial year	33.1	12.1	2.4	47.6
Charged to profit or loss	12.5	0.3	-	12.8
Charged/(credited) to balance sheet	1.2	(0.4)	-	0.8
Amounts used during the year	(37.1)	(0.1)	-	(37.2)
Balance at the end of the financial year	**9.7**	**11.9**	**2.4**	**24.0**
Year ended 30 June 2025				
Balance at the beginning of the financial year	6.7	11.5	2.9	21.1
Charged to profit or loss	36.9	0.4	-	37.3
Charged to balance sheet	-	0.5	0.1	0.6
Amounts used during the year	(10.5)	(0.3)	(0.6)	(11.4)
Balance at the end of the financial year	**33.1**	**12.1**	**2.4**	**47.6**

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. Long service leave covers all unconditional entitlements where employees have completed the required period of service. The amount of the provision presented as current of $83.4 million (2025: $90.3 million) is due to the Group not having an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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18. SHARE CAPITAL

A. Share capital

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Share capital – ordinary shares fully paid	**886.0**	**883.6**

B. Movement in share capital value and number of shares

	Ordinary shares number '000	Ordinary shares $m
Ordinary shares on issue at 1 July 2024	304,776	882.2
Shares issued under Dividend Reinvestment Plan	408	2.1
Tax effect of prior period share issue transaction costs	-	(0.7)
Ordinary shares on issue at 30 June 2025	305,184	883.6
Ordinary shares on issue at 1 July 2025	305,184	883.6
Shares issued under Dividend Reinvestment Plan	389	2.4
Ordinary shares on issue at 30 June 2026	305,573	886.0

Ordinary shares entitle the holder to participate in dividends and share in the proceeds of winding up the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person, or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital. There are no different rights, preferences or restrictions among the class of ordinary shares.

19. RESERVES

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Share-based payment reserve	4.6	6.9
Capital profits reserve	34.0	34.0
Hedging reserve	(0.9)	0.6
Foreign currency translation reserve	0.3	0.5
Transactions with non-controlling interests reserve	(12.6)	(12.6)
Total reserves	**25.4**	**29.4**

The share-based payment reserve is used to recognise the fair value of shares and performance rights issued to employees by the Company.

The capital profits reserve is as a result of historical capital transactions.

The hedging reserve is used to record gains or losses on hedging instruments (cash flow hedges) that are recognised directly in equity, as described in note 33.

The foreign currency translation reserve is used to convert the results of the parent company's foreign subsidiaries to its reporting currency.

The transactions with non-controlling interests reserve records the difference arising as a result of the acquisition of the non-controlling interest in Tatura Milk Industries Pty Ltd.

20. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
A. RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	133.4	120.9
Balance per statement of cash flows	**133.4**	**120.9**
B. RECONCILIATION OF PROFIT OR (LOSS) FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) after income tax	54.8	(8.5)
Adjustments for non-cash, investing and financing items:		
Depreciation of non-current assets	76.8	75.1
Amortisation of intangible assets	16.8	15.8
Profit on sale of non-current assets	(1.5)	(3.5)
Impairment of tangible assets	1.6	40.2
Impairment of intangible assets	-	1.1
Impairment of right-of-use assets	-	2.0
Impairment of inventory spares	0.2	4.2
Fair value adjustment to derivatives	1.3	(0.8)
Non-cash employee expense – share-based payments	2.4	2.1
Net exchange (loss)/gain on translation of foreign subsidiaries	(0.2)	0.4
Changes in operating assets and liabilities:		
(Increase)/decrease in assets:		
Trade and other debtors and GST recoverable	(26.5)	153.7
Inventories	(71.1)	(12.4)
Prepayments	(2.3)	0.1
Current and deferred tax assets	4.4	(13.9)
Increase/(decrease) in liabilities:		
Trade and other payables	94.6	(113.2)
Provision for income taxes payable excluding taxation on investments	9.2	(4.9)
Changes in provisions	(31.2)	27.5
Net cash flow from operating activities	**129.3**	**165.0**

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Risk

21. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

In particular, information about significant areas of estimation, uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 7 – income tax, note 8 – trade and other receivables, note 10 – inventories, and note 13 – intangible assets.

22. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, not for trading or other speculative purposes. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risk, and ageing analysis for credit risk.

Financial management is carried out by the treasury function within the finance department under policies approved by the Board of Directors and overseen by the Audit Committee. Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units, by applying principles provided by the Board that has overall responsibility for risk management. The Board also approves policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and commodity price risk, use of financial instruments, and investment of excess liquidity.

A. Market risk

The Group's activities expose it primarily to market risks in relation to movements in foreign currency rates, interest rates and commodity prices. The Group enters into a variety of derivative financial instruments to manage exposures which include forward foreign currency contracts to hedge exchange rate risks from the sale of exported goods and purchase of imported goods.

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Group exports dairy products and is exposed to foreign exchange risk, primarily movements in exchange rates of US dollar and Japanese Yen. The Group also makes purchases including capital equipment, ingredients and packaging that exposes it to movements in exchange rates of US dollar and Euro. The risk is measured using sensitivity analysis and cash flow forecasting. Forward contracts and options are currently used to manage these risks.

The Group's risk management policy is to match known and highly probable future cash flows in foreign currencies, for cash flow and fair value hedge accounting purposes, with forward exchange contracts in the same currency and with closely corresponding settlement dates. 30-80% of its estimated foreign currency exposures in respect of forecast sales over the subsequent 12 months are hedged. All material foreign currency purchases are hedged on execution of contracts.

Commodity price risk

Commodity price risk in the Group primarily arises from price fluctuations and the availability of raw materials and other manufacturing inputs (e.g. crude oil, sugar). The Group may enter into derivative transactions to limit these risks. Hedging activities are evaluated regularly to align with Group expectations about the price changes and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

It is the policy of the Group that it may enter into commodity forward contracts hedges to manage the commodity price risk associated with anticipated purchase transactions out to 12 months. In the current year, the Group has designated certain commodity forward contracts as a cash flow hedge of highly probable purchases.

22. FINANCIAL RISK MANAGEMENT (CONT.)

The Group's exposure to foreign exchange risk at the end of the reporting period is expressed as follows:

Consolidated	Contract amount $m	Contract amount in foreign currency m	Weighted average forward rate	Market value assets $m	Market value liabilities $m
Year ended 30 June 2026					
Cash flow hedges					
US Dollar	100.4	69.0	0.6872	0.9	(0.3)
Japanese Yen	1.9	210.8	109.9171	0.1	(0.1)

Consolidated	Contract amount $m	Unit – Ltr m	USD per Ltr $	Market value assets $m	Market value liabilities $m
Commodity hedges					
US Dollar	-	10.0	0.8	-	(1.6)

Consolidated	Contract amount $m	Contract amount in foreign currency m	Weighted average forward rate	Market value assets $m	Market value liabilities $m
Year ended 30 June 2025					
Cash flow hedges					
US Dollar	28.7	18.0	0.6282	1.2	-
Japanese Yen	2.8	259.0	92.2496	-	-
Options					
US Dollar	23.4	13.1	0.6270	1.1	-

Consolidated	Contract amount $m	Unit – Ltr m	USD per Ltr $	Market value assets $m	Market value liabilities $m
Commodity hedges					
US Dollar	-	12.6	0.5	0.3	(0.2)

Group sensitivity

The Group sensitivity for cash flow exposures is based on the financial instruments held on 30 June 2026, had the Australian dollar strengthened or weakened by 10% against the US dollar with all other variables held constant. The analysis is performed on the same basis for 2025 and has no material impact on profit after tax due to the Group aiming to fully hedge its foreign currency exposures and the accounting treatment of the instruments held. The sensitivity on the Group's hedging instruments is detailed in the following table:

	CONSOLIDATED	
	2026 $m	**2025** $m
Equity		
AUD$ strengthens 10% – increase	6.9	4.7
AUD$ weakens 10% – decrease	(7.4)	(1.5)

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22. FINANCIAL RISK MANAGEMENT (CONT.)

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group regularly monitors and reviews the appropriateness to use interest rate swaps to manage interest rate risk. There were no interest rate swaps in place at 30 June 2025 or 2026. All borrowings were denominated in Australian dollars during 2025 and 2026.

As at the reporting date, the Group had the following interest bearing borrowings and assets outstanding:

	CONSOLIDATED	
	2026 $m	**2025** $m
Fixed rate instruments		
Liabilities		
Lease liabilities	(184.2)	(193.6)
Variable rate instruments		
Assets		
Cash and cash equivalents	133.4	120.9
Liabilities		
Bank loans	(285.0)	(247.0)
Net exposure to interest rate risk on variable rate instruments	**(151.6)**	**(126.1)**

An analysis by maturities is provided in note 22e.

Interest rate sensitivity

At 30 June 2026, if interest rates had changed by -/+ 100 basis points from the year end rates with all other variables held constant, the Group's post-tax profit for the year would have been $2.9 million higher/(lower) (2025: $2.7 million higher/(lower)).

B. Credit risk

Credit risk is managed on an entity basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "AA" are accepted. For customers, the finance function assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by management.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in the table below. For some trade receivables, the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit that can be called upon if the counterparty is in default under the terms of the agreement. In addition, the Group obtains credit insurance over export customers and some Australian customers.

22. FINANCIAL RISK MANAGEMENT (CONT.)

The maximum exposure to credit risk is as follows:

	CONSOLIDATED	
	2026 $m	**2025** $m
Cash and cash equivalents	133.4	120.9
Trade receivables	208.2	168.9
Amounts receivable under Trade Receivables Facility	8.9	8.8
Accrued revenue	1.4	1.8
Other receivables	22.3	17.3
Fair value derivatives	1.0	2.6
Total credit risk exposure	**375.2**	**320.3**

There is considered to be limited credit risk in the balances of other receivables due to their nature as entities with which close commercial relationships are maintained, related parties or government agencies. The Group manages amounts payable by direct milk suppliers to the Group for supplier advances, loans or other prepayments for milk so as to mitigate any material exposure to default.

The ageing analysis of trade receivables is set out in the table below. The credit quality of financial assets that are neither past due nor impaired is assessed based on the application of the credit risk policies described above. The expected impairment loss calculation for trade receivables considers the impact of past events, and exercises judgment over the impact of current and future economic conditions when considering the recoverability of outstanding trade receivable balances at the reporting date. Subsequent changes in economic and market conditions may result in the provision for impairment losses increasing or decreasing in future periods.

Consolidated	**Current** $m	**More than 30 days past due** $m	**More than 60 days past due** $m	**More than 90 days past due** $m	**Total** $m
Year ended 30 June 2026					
Expected loss rate	-	5.3%	50.0%	100.0%	
Gross carrying amount – trade receivables	206.1	1.9	0.8	1.9	210.7
Loss allowance	0.1	0.1	0.4	1.9	2.5
Year ended 30 June 2025					
Expected loss rate	0.2%	5.3%	-	55.4%	
Gross carrying amount – trade receivables	164.0	1.9	1.0	5.6	172.5
Loss allowance	0.4	0.1	-	3.1	3.6

	CONSOLIDATED	
	2026 $m	**2025** $m
Opening loss allowance	3.6	5.5
Increase in loss allowance recognised in profit or loss during the year	0.1	1.6
Receivables written off during the year as uncollectible	(1.2)	(3.5)
Closing loss allowance	**2.5**	**3.6**

22. FINANCIAL RISK MANAGEMENT (CONT.)

C. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

D. Financing arrangements

The Group had access to the following borrowing facilities at the end of the reporting period:

	CONSOLIDATED	
	2026 $m	2025 $m
Undrawn facilities expiring within one year	-	150.0
Undrawn facilities expiring beyond one year	315.0	203.0
Drawn facilities	285.0	247.0
Total facilities	**600.0**	**600.0**
Total facilities are represented by:		
Common Terms Deed – Revolving Cash Advance Facility 1	270.0	270.0
Common Terms Deed – Revolving Cash Advance Facility 2	180.0	180.0
Inventory Facility	150.0	150.0
Total facilities	**600.0**	**600.0**

On 19 January 2026, the Group executed refinancing arrangements in respect of its debt facilities governed under the Common Terms Deed. The refinancing extended the maturity profile of the Group's existing facilities and was completed on terms substantially consistent with the prior arrangements. As part of the refinancing, Facility 1, with an aggregate limit of $270 million, was extended to mature in January 2030 (previously July 2027) and Facility 2, with an aggregate limit of $180 million, was extended to mature in January 2031 (previously February 2027).

In addition to the Common Terms Deed Debt Facilities, the Group continues to operate a stand-alone Inventory Facility (matures on 31 August 2027) which is not subject to cross-charges or cross-guarantees, except as disclosed in note 24. The Inventory Facility has an individual limit of $150 million and a combined aggregate limit of $350 million with the Trade Receivables Facility as disclosed in note 8.

The Common Terms Deed Debt Facilities and Inventory Facility are secured by equitable mortgages and floating charges on the assets of Bega Cheese Limited and its subsidiaries subject to the Deed of Cross Guarantee as disclosed in note 25.

Under the Common Terms Deed Debt Facilities, the Group is required to comply with the following covenants at the end of each annual and interim reporting period:

i the leverage ratio is not greater than 3.5 times;

ii the interest cover ratio must be greater than 2.5 times; and

iii shareholder funds must be equal or greater than $750 million.

The Group has complied with these and previous covenants throughout the reporting period. There are no indications that the Group would have difficulties complying with the covenants when they will be next tested as at the 27 December 2026 interim reporting date.

22. FINANCIAL RISK MANAGEMENT (CONT.)

E. Maturities of financial liabilities

The following table analyses the Group's financial liabilities. The amounts disclosed in the table are contractual undiscounted cash flows:

Consolidated	0–12 months $m	1–2 years $m	2–5 years $m	>5 years $m	Total contractual cash flows $m	Carrying amount $m
At 30 June 2026						
Non-derivatives						
Lease liabilities	(29.5)	(28.3)	(73.9)	(125.0)	(256.7)	(184.2)
Secured bank loans	(11.2)	(11.0)	(304.2)	-	(326.4)	(283.3)
Trade and other payables	(561.1)	-	-	-	(561.1)	(561.1)
Derivatives						
Inflows	102.3	-	-	-	102.3	1.0
Outflows	(103.3)	-	-	-	(103.3)	(2.0)
Total financial liabilities	**(602.8)**	**(39.3)**	**(378.1)**	**(125.0)**	**(1,145.2)**	**(1,029.6)**
At 30 June 2025						
Non-derivatives						
Lease liabilities	(29.6)	(26.5)	(73.7)	(147.0)	(276.8)	(193.6)
Secured bank loans	(9.8)	(159.4)	(95.0)	-	(264.2)	(246.0)
Trade and other payables	(455.0)	-	-	-	(455.0)	(455.0)
Derivatives						
Inflows	30.9	-	-	-	30.9	2.6
Outflows	(30.2)	-	-	-	(30.2)	(0.2)
Total financial liabilities	**(493.7)**	**(185.9)**	**(168.7)**	**(147.0)**	**(995.3)**	**(892.2)**

F. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and financial assets at fair value securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values. All fair value instruments are measured using quoted prices from active markets where available.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level under the following fair value measurement hierarchy:

i. Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

ii. Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

iii. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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22. FINANCIAL RISK MANAGEMENT (CONT.)

The following table presents the Group's assets and liabilities measured and recognised at fair value at the end of the reporting period:

Consolidated	**Level 2** $m	**Total** $m
At 30 June 2026		
Assets		
Foreign currency forwards – cash flow hedges	1.0	1.0
Total assets	**1.0**	**1.0**
Liabilities		
Commodity hedges	(1.6)	(1.6)
Foreign currency forwards – cash flow hedges	(0.4)	(0.4)
Total liabilities	**(2.0)**	**(2.0)**
At 30 June 2025		
Assets		
Foreign currency options	1.1	1.1
Foreign currency forwards – cash flow hedges	1.2	1.2
Commodity hedges	0.3	0.3
Total assets	**2.6**	**2.6**
Liabilities		
Commodity hedges	(0.2)	(0.2)
Total liabilities	**(0.2)**	**(0.2)**

23. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern and generate adequate returns to shareholders. Consistent with others in the industry, the Group monitors its capital on the basis of net debt, total equity and gearing ratio.

	CONSOLIDATED	
	2026 $m	**2025** $m
Borrowings	283.3	246.0
Add back: borrowing costs	1.7	1.0
Cash and cash equivalents	(133.4)	(120.9)
Net debt	**151.6**	**126.1**
Total equity	996.8	980.2
Net debt to equity ratio	**15%**	**13%**

Group structure

24. PARENT ENTITY FINANCIAL INFORMATION

A. Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	BEGA CHEESE LIMITED	
	2026 $m	**2025** $m
Current assets	881.6	830.4
Total assets	2,127.7	2,045.4
Current liabilities	(550.5)	(462.0)
Total liabilities	(917.3)	(795.5)
Net assets	**1,210.4**	**1,249.9**
Shareholder's equity		
Issued capital of parent entity	889.3	886.9
Reserves		
Share-based payment reserve	4.6	4.2
Capital profits reserve	32.6	32.6
Hedging reserve	(0.7)	0.8
Retained earnings	284.6	325.4
Total equity	**1,210.4**	**1,249.9**
(Loss)/profit after tax for the year	(1.4)	290.4
Total comprehensive income	(1.4)	290.4

Current assets and liabilities of Bega Cheese Limited include intercompany loans.

B. Guarantees entered into by parent entity

The parent entity has entered into a deed of cross guarantee in relation to the debts of its subsidiaries as described in note 25.

C. Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2026 or 30 June 2025 except as disclosed in note 27.

D. Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2026, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $12.0 million (2025: $15.5 million). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

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25. SUBSIDIARIES AND JOINT ARRANGEMENTS

Consolidated	Country of incorporation	Nature of relationship	2026 % of ownership interest	2025 % of ownership interest
180 Nutrition Pty Ltd(2)	Australia	Subsidiary	-	100
BDD Australia Pty Ltd(1)	Australia	Subsidiary	100	100
BDD Foods Pty Ltd(1)	Australia	Subsidiary	100	100
BDD Milk Pty Ltd(1)	Australia	Subsidiary	100	100
Bega Cheese Benefit Fund Ltd	Australia	Subsidiary	100	100
Bega Cheese Investments Pty Ltd	Australia	Subsidiary	100	100
Bega Dairy and Drinks Pty Ltd(1)	Australia	Subsidiary	100	100
Bega Dairy and Drinks Finance Pty Ltd(1)	Australia	Subsidiary	100	100
Bega Dairy and Drinks Services Pty Ltd(1)	Australia	Subsidiary	100	100
Bega Foods Trading L.L.C.	United Arab Emirates	Subsidiary	100	100
Bega Insurance Pte Ltd	Singapore	Subsidiary	100	100
Berri Pty Ltd(1)	Australia	Subsidiary	100	100
Berri Asia Sdn Bhd	Malaysia	Subsidiary	100	100
Blowflex Mouldings Pty Ltd(1)	Australia	Subsidiary	100	100
Capitol Chilled Foods (Australia) Pty Ltd(1)	Australia	Subsidiary	100	100
Dairy and Drinks Singapore Pte Ltd	Singapore	Subsidiary	100	100
Dairy Farmers Pty Ltd(1)	Australia	Subsidiary	100	100
Dairy Vale Foods Pty Ltd(1)	Australia	Subsidiary	100	100
Malanda Dairyfoods Pty Ltd(1)	Australia	Subsidiary	100	100
National Foods Holdings Ltd(1)	Australia	Subsidiary	100	100
National Foods Beverage Holdings Pty Ltd(1)	Australia	Subsidiary	100	100
Peanut Company of Australia Pty Ltd(1)	Australia	Subsidiary	100	100
QUD Pty Ltd(1)	Australia	Subsidiary	100	100
Shanghai Great Lion Food & Beverages Management Co Ltd	China	Subsidiary	100	100
Tatura Milk Industries Pty Ltd(1)	Australia	Subsidiary	100	100
Tatura Cheese Industries Pty Ltd	Australia	Subsidiary	100	100
Infant Nutrition Canning Australia Pty Ltd	Australia	Joint venture	40	40

(1) *A party to Deed of Cross Guarantee dated 21 February 2021.*

(2) *180 Nutrition Pty Ltd was deregistered on 21 February 2026.*

Interest in joint venture

The principal activity of the joint venture is the canning of its shareholders infant formula products. The Group financial statements include the following balance relating to the interest in the joint venture:

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Investments accounted for using the equity method	3.2	3.2

Accounting policies applied for joint ventures are described in note 33b.

26. CLOSED GROUP DISCLOSURE

Entities that are party to a Deed of Cross Guarantee under which each company guarantees the debts of the other are included in note 25. These companies represent a "closed group" for the purposes of Instrument 2016/785, issued by the Australian Securities and Investments Commission. By entering into the deed these entities have been relieved from the requirement to prepare a financial report and directors' report under the Instrument.

The Statement of Comprehensive Income and the Balance Sheet for this closed group are shown below:

	CLOSED GROUP 2026 $m	CLOSED GROUP 2025 $m
Profit/(loss) before income tax	**74.5**	**(6.8)**
Income tax expense	(19.9)	(1.8)
Profit/(loss) for the year	**54.6**	**(8.6)**

	CLOSED GROUP 2026 $m	CLOSED GROUP 2025 $m
ASSETS		
Current assets		
Cash and cash equivalents	132.4	119.8
Trade and other receivables	233.8	190.8
Derivative financial instruments	1.0	2.6
Inventories	437.2	366.3
Current tax assets	-	1.9
Assets held for sale	6.3	12.1
Other assets	13.2	28.9
Total current assets	**823.9**	**722.4**
Non-current assets		
Property, plant and equipment	690.8	657.8
Right-of-use assets	136.0	148.5
Deferred tax assets	25.8	28.3
Other receivables	0.9	-
Other assets	5.4	1.0
Intangible assets	464.5	472.4
Investments accounted for using the equity method	3.2	3.2
Total non-current assets	**1,326.6**	**1,311.2**
Total assets	**2,150.5**	**2,033.6**

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26. CLOSED GROUP DISCLOSURE (CONT.)

	CLOSED GROUP	
	2026 $m	**2025** $m
LIABILITIES		
Current liabilities		
Trade and other payables	560.7	454.7
Other liabilities	0.6	13.7
Derivative financial instruments	2.0	0.2
Lease liabilities	19.4	19.1
Current tax liabilities	9.2	-
Provisions	96.1	127.4
Total current liabilities	**688.0**	**615.1**
Non-current liabilities		
Borrowings	283.3	246.0
Lease liabilities	164.8	174.5
Other liabilities	3.5	3.9
Provisions	20.8	20.7
Total non-current liabilities	**472.4**	**445.1**
Total liabilities	**1,160.4**	**1,060.2**
Net assets	**990.1**	**973.4**
EQUITY		
Share capital	877.9	875.5
Reserves	25.1	28.9
Retained earnings	87.1	69.0
Total equity	**990.1**	**973.4**

Unrecognised items

27. CONTINGENT LIABILITIES

The Group enters into product supply agreements with ongoing requirements to reconcile to specific contractual terms (see note 14). Contingent liabilities may arise where completion of the reconciliation process subsequent to a reporting date results in a payable greater than the amount accrued. Based on all available information and professional advice, management considers there are no significant contingent liabilities at 30 June 2026. The Group has $13.3 million of bank guarantees as at 30 June 2026 (2025: $13.3 million).

28. COMMITMENTS

	CONSOLIDATED	
	2026 $m	**2025** $m
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Plant and equipment – payable within one year	31.8	38.2

29. SUBSEQUENT EVENTS

The financial impact of the transactions set out below, which occurred after 30 June 2026, has not been recognised in these financial statements.

Dividend

On 20 August 2026, the Directors declared a final fully franked dividend of 7.5 cents per share, which represents a distribution of $22.9 million.

The Group's Dividend Reinvestment Plan (DRP) will be activated for the FY2026 final fully franked dividend. The DRP is optional and offers ordinary shareholders in Australia and New Zealand the opportunity to acquire fully paid ordinary shares without transaction costs. Shares allocated under the DRP will be derived from new issued ordinary shares. The shares issued rank pari passu with other ordinary shares already on issue. The allocation price will be determined in accordance with the DRP rules as the arithmetic average of the daily volume weighted average market price of all Bega Cheese Limited shares sold through a normal trade on the ASX trading system over the five business days commencing on the day of the record date.

A shareholder can elect to participate in or terminate their involvement in the DRP at any time. Election notices for participation in the DRP in relation to the FY2026 final fully franked dividend to be paid on 1 October 2026 must be recorded by the registry by 5:00 pm on 26 August 2026 to be effective for that dividend.

Further details

30. RELATED PARTY TRANSACTIONS

A. Terms and conditions of related party transactions
Transactions between the Group and related parties are conducted on normal commercial terms and conditions.

B. Related party transactions with group entities
Details of transactions between the Group and other related parties are disclosed below.

The Group had the following transactions with Infant Nutrition Canning Australia Pty Ltd (INCA) during the year:

	CONSOLIDATED	
	2026 $m	**2025** $m
Canning fees charged from INCA	1.7	0.7
Management fees charged to INCA	0.6	0.2
Loan issued to INCA	0.9	-

The Consolidated Balance Sheet contains the following balances payable to and receivable from INCA as at the reporting date:

	CONSOLIDATED	
	2026 $m	**2025** $m
Canning fees payable	0.5	0.7
Management fees receivable	0.1	0.2
Loan receivable	0.9	-

Further details of the joint venture are included in note 25.

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30. RELATED PARTY TRANSACTIONS (CONT.)

C. Key management personnel (KMP) remuneration and transactions

	CONSOLIDATED 2026 $	CONSOLIDATED 2025 $
Short-term employee benefits	6,244,008	4,407,193
Post-employment benefits	225,043	192,179
Other long-term employee benefits	294,920	455,098
Share-based payments	944,832	907,387
Total employee benefits	**7,708,803**	**5,961,857**

During the year, some KMP and their related entities engaged in related party transactions with the Group. These transactions comprised payments under milk supply arrangements, and contributions made to Regional Circularity Co-operative Limited for the development of the Circularity Centre. These transactions were on the same normal commercial terms as other suppliers and customers and are summarised in the table below.

	CONSOLIDATED 2026 $	CONSOLIDATED 2025 $
Payments made by the Group during the year	11,552,991	5,730,038
Sales made by the Group during the year	-	452,165
Amounts payable at year end	832,828	574,143
Amounts receivable at year end	-	48,461

Further details of KMP remuneration are disclosed in the Remuneration Report.

31. REMUNERATION OF AUDITORS

	CONSOLIDATED 2026 $	CONSOLIDATED 2025 $
Audit services		
PwC Australia – Audit and review of financial statements	1,762,000	1,696,000
Network firms of PwC Australia – Audit and review of financial statements	145,000	136,000
PwC Australia – Limited assurance on Sustainability Report	160,000	110,000
Non-audit services		
PwC Australia – Assurance services	51,000	61,000
Network firms of PwC Australia – Other services	17,000	17,000
PwC Australia – Other services	494,000	48,000

From time to time the Group may engage PwC Australia on assignments additional to the statutory audit duties where their experience with the Group is important, provided such assignments do not give rise to a potential conflict of interest. During the current year PwC provided non-audit services relating to financial due diligence, tax due diligence and tax compliance.

32. SHARE-BASED PAYMENTS

Expenses arising from Bega Cheese Limited Long-Term Incentive Plans

The Long-Term Incentive (LTI) Plans are designed to provide LTIs to the CEO, executive team and selected senior management personnel to deliver shareholder returns. Under the 2024-2026 LTI Plan (FY2024 Plan), 2025-2027 LTI Plan (FY2025 Plan) and the 2026-2028 LTI Plan (FY2026 Plan), each participant of the plans is granted share rights which only vest if certain performance standards are met.

The total number of performance rights outstanding at 30 June 2026 was 1,927,301 (2025: 2,251,339).

Details of the movements in LTI performance rights are disclosed in the Remuneration Report.

	CONSOLIDATED 2026 $m	CONSOLIDATED 2025 $m
Entitlements due under employee share schemes		
Expense in relation to LTIs	2.7	2.5
Total employee share scheme expense	**2.7**	**2.5**

The following tables detail the total performance rights issued by the Group:

LTI Plan	Vesting date	Valuation price	CONSOLIDATED 2026 No. of rights	CONSOLIDATED 2025 No. of rights
FY2026 Plan	30 June 2028	$4.80	592,666	-
FY2025 Plan	30 June 2027	$4.28	520,891	520,891
FY2024 Plan	30 June 2026	$2.99	813,744	813,744
FY2023 Plan	30 June 2025	$3.11	-	672,763
FY2022 Plan	30 June 2024	$5.50	-	243,941
Performance rights on issue at the end of the period			**1,927,301**	**2,251,339**

	Long-term incentives performance rights No. of rights	Long-term incentives performance rights $
Year ended 30 June 2026		
Outstanding at the beginning of the period	2,251,339	n/a
Granted during the period	592,666	$4.80
Exercised during the period	(300,587)	$5.38
Lapsed during the period	(616,117)	$5.38
Outstanding at the end of the period	**1,927,301**	**n/a**
Year ended 30 June 2025		
Outstanding at the beginning of the period	1,730,448	n/a
Granted during the period	520,891	$4.28
Outstanding at the end of the period	**2,251,339**	**n/a**

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33. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Bega Cheese Limited and the entities it controlled at year end or from time to time during the financial year (the Group). Bega Cheese Limited is domiciled in New South Wales and is incorporated in Australia.

The financial statements were authorised for issue by the Directors on 20 August 2026. The Directors have the power to amend and reissue the financial statements.

A. Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. Bega Cheese Limited is a for-profit entity for the purpose of preparing the financial statements and is a company limited by shares.

Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Early adoption of standards

The Group has elected not to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2025.

Adoption of new standards

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2025:

- AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability [AASB 1 and AASB 121]*
- AASB 2026-1 *Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements [AASB 136 and AASB 137]*

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

International tax reform - Pillar Two

The Organisation for Economic Co-operation and Development (OECD) has developed a global solution to address the tax challenges arising from a globalised economy. Pillar Two of the two-pillar solution introduces a global minimum effective tax rate where multinational groups with consolidated revenue over €750m (during a specific period) are subject to a minimum effective tax rate of 15% on income in each jurisdiction in which they operate. Where the effective tax rate is less than 15%, a top-up tax applies.

The Group is within scope of the Pillar Two rules. Legislation has been enacted in the Group's main operating jurisdiction, Australia. Under the Australian legislation, the Income Inclusion Rule (IIR) and Qualifying Domestic Minimum Top-up Tax (QDMTT) apply to the Group as of 1 July 2024, and the Undertaxed Profits Rule (UTPR) applies to the Group as of 1 July 2025. Based on the preliminary Pillar Two assessment that has been undertaken, the Group has no top up tax arising under the IIR, QDMTT or UTPR for the financial year ended 30 June 2026. In accordance with AASB 112, the Group has applied the mandatory exception from recognising deferred tax assets and liabilities related to Pillar Two income taxes.

Pillar Two legislation has also been enacted in other jurisdictions where the Group operates, including Singapore, Malaysia and the United Arab Emirates, which apply to the Group's financial year ending 30 June 2026. The Group continues to monitor global Pillar Two developments and assess potential future implications.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments).

Critical accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Areas where assumptions and estimates are significant to the financial statements are disclosed in note 21. Certain items in the prior period have been reclassified to be consistent with their presentation in the current period.

B. Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bega Cheese Limited (Company or parent entity) as at 30 June 2026 and the results of all subsidiaries for the year then ended. Bega Cheese Limited and the entities it controlled together are referred to in this financial report as the 'Group' and the 'consolidated entity'.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

33. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the Consolidated Balance Sheet. Under the equity method of accounting, joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Distributions received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

C. Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Makers. The Chief Operating Decision Makers, who are responsible for allocating resources and assessing performance of the reporting segments, are the Executive Chairman, the Chief Executive Officer and the Chief Financial Officer.

D. Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is Bega Cheese Limited's functional and presentation currency.

Foreign operations

The assets and liabilities of the Group's foreign operations are translated at applicable exchange rates at 30 June of the relevant reporting period. Income and expense items are translated at the average exchange rates for the period.

Foreign exchange gains and losses arising on translation are recognised in the foreign currency translation reserve.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges.

E. Revenue recognition

Revenue is recognised to the extent that the Group satisfies a performance obligation where control of the goods or services passes to the customer, and the transaction price can be readily identified. Revenue is measured at the agreed price being the amount to which the entity expects to be entitled in exchange for goods and services. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Judgement is used in assessing revenue from customers under product supply contracts that require a periodic reconciliation to specific terms of those contracts. From time to time there may be differences of opinion between the Group and the customer as to the amount receivable under the contracts. Such differences are usually resolved amicably between the parties having regard to the relevant contract.

The cost of advertising of Bega-owned retail brands in conjunction with certain customers where the Group has some control over the way the money is invested, and a similar service could be provided by another party, has been recognised separately as an advertising expense, consistent with prior periods.

The Group does not have any contracts where the period between the transfer of the promised product or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

Revenue is recognised for the major business activities as follows.

Sale of goods and disposal of assets

Revenue from the sale of goods and disposal of other assets is recognised at a point in time when the Group has passed control of promised goods or assets to the customer. Transfer of control to the customer occurs when the product has been shipped to the location specified by the customer and the customer accepts the product. The delivery terms include cost and freight (CFR) and cost, insurance and freight (CIF). These terms mean the Group is responsible for providing shipping services up until the date at which control of the goods passes to the customer. The Group assesses these sales at December and June reporting periods and adjusts for those where control has not transferred to the customer.

Rebates and sales incentives to customers that have variable consideration are only included in revenue when it is highly probable that the inclusion will not result in significant adjustments in the future.

The Group procures some ingredients from customers which are used to produce finished goods sold to those same customers. Payments for these ingredients are offset against the revenue earned from those customers where the payments are not deemed to be for distinct goods or services as defined in AASB 15. The Group has not recognised the ingredients purchased from customers as inventory, instead recognising the items in other assets.

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33. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

Services

Revenue from services relating to certain production agreements with customers is recognised over time in the reporting period in which the performance obligation is met.

Royalties and rental revenue

Revenue is recognised over time on an accruals basis in accordance with the substance of the relevant agreement. Royalties and licence fees for use of its brand names with customers is recognised when the performance obligation is satisfied (for the use of intellectual property).

F. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

G. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If the fair value of the net identifiable assets acquired exceeds the consideration transferred this amount is recognised immediately as a gain on bargain purchase in the Consolidated Statement of Comprehensive Income.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

H. Impairment of assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets or cash generating units (CGUs).

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value measurement is covered by AASB 13 and defines fair value of an asset as the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date. The Group uses a discounted cash flow model to assess the value in use for impairment testing purposes of its CGUs.

The estimated future cash flows are based on reasonable underlying financial and operational assumptions at the time including having regard to each of:

- recent actual historical performance
- business plans, budgets and other forecasts reflecting the short to medium-term outlook
- strategic plans defining the longer-term outlook and strategy approved for the business and related identifiable intangible assets.

The future cash flows are discounted to their present value using a discount rate reflecting the appropriate weighted average cost of capital based on capital market conditions, risk free rates, underlying growth rates and the risks specific to the asset at the time of the assessment. Key cash flow and discount rate assumptions are based on management judgement and also refer to external data and input from independent experts as required.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

I. Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Balance Sheet.

J. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 to 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly.

A loss allowance provision (allowance for impairment of trade receivables) is recognised for the lifetime expected credit losses from trade receivables. The loss allowance considers the impact of past events including historical loss rates, and exercises judgment over the impact of current and future economic conditions when considering the recoverability of outstanding trade receivable balances at the reporting date. Subsequent changes in economic and market conditions may result in the loss allowance provision increasing or decreasing in future periods.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within administration expense. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against administration expense in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired
- the Group transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Group transferred substantially all the risk and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

When the Group transfers its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

K. Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first-in first-out basis. Milk is valued at average annual cost, including committed price increases in respect of the reporting period.

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33. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity or other appropriate cost allocation apportionments.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

L. Other assets

Some of the ingredients which the Group procures from customers are used to produce finished goods sold to those same customers. Payments for these ingredients are offset against the revenue earned from those customers where the payments are not deemed to be for distinct goods or services as defined in AASB 15.

The Group has not recognised the ingredients purchased from customers as inventory, instead recognising the items in other assets.

M. Investments and other financial assets

The Group classifies its investments into the following categories: loans and receivables, and financial assets at fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date that are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 8) in the Consolidated Balance Sheet.

Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. They are subsequently carried at amortised cost using the effective interest method. They are derecognised when the rights to receive cash flows from them have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See note 22 for further details.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

N. Derivatives and hedging activities

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and options. The Group does not enter into derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value assumes that the derivative is designated as a hedging instrument and depends on the nature of the item being hedged.

At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 22. Movements in the hedging reserve in shareholders' equity are shown in the Consolidated Statement of Changes in Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and otherwise as a current asset or liability.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within "revenue". However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged items that are attributable to the hedged risk. The gain or loss relating to the ineffective portion is recognised in profit or loss.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

O. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- buildings, 10 to 50 years
- plant and equipment, 2 to 30 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

P. Leases

The Group leases various buildings (offices, warehouses, and manufacturing facilities), motor vehicles and equipment (forklifts and other equipment). The building rental agreements are generally for fixed periods between two and twenty years with options to extend for further one to ten years. Other lease contracts are typically made for fixed periods of between two and ten years. Leases identified as short term (12 months or less) and low value will continue to be recognised in the profit or loss as a lease expense. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components when possible. However for real estate for which the Group is lessee, it has elected not to separate and includes all non-lease components as a single lease component.

Lease liabilities are recognised by the Group at the commencement date of the lease and are measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments and variable lease payments that depend on an index or rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The incremental borrowing rate is used unless the implicit interest rate in the lease is readily determined. The lessee's incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions. Determining the incremental borrowing rate requires significant judgement. The discount rate is derived from key external market-based rates, the Group's credit margin, location of the asset and the length of the lease.

Right-of-use lease assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use lease assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentive received. Right-of-use lease assets are depreciated on a straight-line basis in the profit or loss over the lease term.

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33. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

Q. Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is not amortised but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to that entity.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Brands and other identifiable intangible assets

Brands and other identifiable intangible assets purchased by the Group are initially recognised at cost, or at their fair value if acquired as part of a business combination.

These identifiable intangible assets are subsequently measured:

- if they have a finite life, at cost less amortisation, and
- if they have an indefinite life, at cost less accumulated impairment losses.

Finite life brands or other identifiable intangible assets are amortised on a straight-line basis over the shorter of their contractual or useful economic life, being 3 to 25 years. They are also tested for impairment when an indicator of impairment may exist.

Indefinite life identifiable intangible assets are not amortised but are instead tested for impairment annually, or more frequently if there is an indicator of impairment. Brands or other identifiable intangible assets are determined to have an indefinite life where there is an intention to maintain and support the brand or other intangible asset for an indefinite period.

Such assets are tested for impairment in accordance with the policy stated in note 33h.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. For SaaS arrangements, the Group assesses if the contract will provide a resource that it can control to determine whether an intangible asset is present. If the Group cannot determine control of the software, the arrangement is deemed a service contract and any implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when incurred.

Costs incurred to obtain access to the cloud provider's application software are generally recognised as operating expenses when the services are received.

Costs incurred for the development of software code that enhances, modifies or creates additional capability to existing on-premise software are capitalised if it meets the recognition criteria for an intangible asset.

Certain internal and external costs directly incurred in acquiring and developing software are capitalised if it they meet the recognition criteria of an intangible asset and are amortised on a straight-line basis over their estimated useful lives, being three to ten years.

Capitalised costs are tested for impairment when an indicator of impairment exists.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

R. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

S. Borrowings

Establishment fees are capitalised against borrowings and amortised over the period of the facility to which it relates. Should it be probable that the facility will not be fully utilised, the related establishment fees are written off to profit and loss as soon as the underutilisation has been identified.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs are expensed as incurred unless they relate to significant qualifying assets.

33. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

T. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restoration provisions

Provisions for the costs to restore (make good) leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the Directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Restructuring provisions

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

U. Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and vesting sick leave that are expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulating sick leave and annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Retirement benefit obligations

All employees of the Group are entitled to benefits from the Group's superannuation plan on retirement, disability or death. All employees receive fixed contributions from the Group and the Group's legal or constructive obligation is limited to these contributions.

Share-based payments

The fair value of rights granted under the Bega Cheese Limited Long-Term Incentive Plan is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted at the beginning of the scheme, which includes any market performance conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of performance rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

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33. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

V. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

W. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

X. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Y. Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

Z. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

AA. Rounding off amounts

The Company is of a kind referred to in Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest hundred thousand dollars, or in certain cases, the nearest dollar.

AB. Parent entity financial information

The financial information for the parent entity, Bega Cheese Limited, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Dividend income

Dividends receivable from subsidiaries and joint venture entities are included in Bega Cheese's income statement.

Consolidated Entity Disclosure Statement

Entity name	Entity type	2026 % of share capital held	Place formed or incorporated	Australian or foreign resident	Foreign resident jurisdiction
Bega Cheese Limited	Body corporate	n/a	Australia	Australian	n/a
BDD Australia Pty Ltd	Body corporate	100	Australia	Australian	n/a
BDD Foods Pty Ltd	Body corporate	100	Australia	Australian	n/a
BDD Milk Pty Ltd	Body corporate	100	Australia	Australian	n/a
Bega Cheese Benefit Fund Ltd	Body corporate	100	Australia	Australian	n/a
Bega Cheese Investments Pty Ltd	Body corporate	100	Australia	Australian	n/a
Bega Dairy and Drinks Pty Ltd	Body corporate	100	Australia	Australian	n/a
Bega Dairy and Drinks Finance Pty Ltd	Body corporate	100	Australia	Australian	n/a
Bega Dairy and Drinks Services Pty Ltd	Body corporate	100	Australia	Australian	n/a
Bega Foods Trading L.L.C.	Body corporate	100	United Arab Emirates	Foreign	United Arab Emirates
Bega Insurance Pte Ltd	Body corporate	100	Singapore	Foreign	Singapore
Berri Pty Ltd	Body corporate	100	Australia	Australian	n/a
Berri Asia Sdn Bhd	Body corporate	100	Malaysia	Foreign	Malaysia
Blowflex Mouldings Pty Ltd	Body corporate	100	Australia	Australian	n/a
Capitol Chilled Foods (Australia) Pty Ltd	Body corporate	100	Australia	Australian	n/a
Dairy and Drinks Singapore Pte Ltd	Body corporate	100	Singapore	Foreign	Singapore
Dairy Farmers Pty Ltd	Body corporate	100	Australia	Australian	n/a
Dairy Vale Foods Pty Ltd	Body corporate	100	Australia	Australian	n/a
Malanda Dairyfoods Pty Ltd	Body corporate	100	Australia	Australian	n/a
National Foods Holdings Ltd	Body corporate	100	Australia	Australian	n/a
National Foods Beverage Holdings Pty Ltd	Body corporate	100	Australia	Australian	n/a
Peanut Company of Australia Pty Ltd	Body corporate	100	Australia	Australian	n/a
QUD Pty Ltd	Body corporate	100	Australia	Australian	n/a
Shanghai Great Lion Food & Beverages Management Co Ltd	Body corporate	100	China	Foreign	China
Tatura Milk Industries Pty Ltd	Body corporate	100	Australia	Australian	n/a
Tatura Cheese Industries Pty Ltd	Body corporate	100	Australia	Australian	n/a

Basis of preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Determination of tax residency

Subsection 295 (3A)(a)(vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997.* The determination of tax residency involves judgement as there are different interpretations that could be adopted, which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency
  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5
- Foreign tax residency
  Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see subsection 295 (3A) (a)(vii) of the *Corporations Act 2001*).

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In the Directors' opinion

a. the financial statements and notes set out on pages 99 to 143 are in accordance with the *Corporations Act 2001*, including

   i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and

b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

c. the Consolidated Entity Disclosure Statement on page 144 is true and correct, and

d. at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 26.

Note 33a confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Barry Irvin
Executive Chairman
Melbourne

Raelene Murphy
Independent Director
Melbourne

20 August 2026

Independent auditor's report

To the members of Bega Cheese Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Bega Cheese Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2026;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information;
- the consolidated entity disclosure statement as at 30 June 2026; and
- the directors' declaration.

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Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group auditor.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
The carrying value of Goodwill and indefinite life intangible assets in the Branded CGU (Refer to note 13) The Group is required to conduct a detailed impairment assessment relating to the Branded CGU on an annual basis given it holds indefinite lived intangible assets. The recoverability is assessed on a value in use basis, using impairment models prepared using discounted cashflows. This requires the Group to make significant judgements and assumptions, including estimation of forecast cash flows, terminal value growth rates and discount rates. The carrying value of the intangible assets in the Branded CGU is a key audit matter due to both the significance of the balance and the degree of subjectivity in the judgements and assumptions.	Our procedures included the following, amongst others: • Obtaining the Group's value in use model for the Branded CGU and evaluating the appropriateness of the valuation methodology used to estimate the recoverable amount of the CGU. • Evaluating the Group's cash flow forecasts included in the value in use model and the process by which they were developed, with reference to the historical performance of the business. • Assessing key assumptions within the models for reasonableness with reference to external market data where possible.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2026 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2026.

In our opinion, the remuneration report of Bega Cheese Limited for the year ended 30 June 2026 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Sam Lobley
Partner

Melbourne
20 August 2026

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The shareholder information set out below was applicable as at 30 June 2026.

Distribution of equity securities

Holding	Number
1 – 1,000	6,790
1,001 – 5,000	4,833
5,001 – 10,000	1,376
10,001 – 100,000	1,071
100,001 and over	142
	14,212

There were 466 holders of a less than marketable parcel of ordinary shares.

Equity securityholders

The names of the twenty largest holders of quoted equity securities are listed below.

Investor	Name	Number of Shares	% of Total Shares on Issue
1	Forrest Family	34,877,593	11.4
2	First Sentier Investors (Australia) IM Ltd	13,907,904	4.6
3	Dimensional Fund Advisors Limited	11,875,686	3.9
4	Macquarie Asset Management Holding Pty Limited	11,564,904	3.8
5	State Street Global Advisors Australia Limited	10,693,991	3.5
6	The Vanguard Group, Inc	10,564,366	3.5
7	BlackRock Investment Management (Australia) Limited – Index Fund San Francisco	8,440,338	2.8
8	Argo Investments Limited	8,000,000	2.6
9	Plato Investment Management Limited	7,966,447	2.6
10	Vinva Investment Management Limited	6,457,805	2.1
11	IFM Investors Pty Ltd (Sydney Fund)	6,269,814	2.1
12	Vanguard Investments Australia Limited	5,903,901	1.9
13	Tribeca Investment Partners Pty Ltd	5,544,292	1.8
14	Acadian Asset Management LLC	3,956,321	1.3
15	Fairview Equity Partners Pty Ltd	3,803,952	1.2
16	First Sentier Investors RQI Pty Ltd	3,779,285	1.2
17	Norges Bank Investment Management	3,419,164	1.1
18	Perennial Investment Management Limited	3,384,879	1.1
19	Wilson Asset Management (International) Pty Ltd	3,222,278	1.1
20	Perpetual Limited	3,189,561	1.0
	Total	**166,822,481**	**54.6**

Voting rights

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Advisors

AUDITOR
PricewaterhouseCoopers
2 Riverside Quay Southbank VIC 3006

SOLICITORS
Addisons
Level 12, 60 Carrington Street Sydney NSW 2000

BANKERS
Rabobank Australia Limited
Level 16, Darling Park Tower 3 201 Sussex Street
Sydney NSW 2000

Westpac Banking Corporation
360 Collins Street Melbourne VIC 3000

J.P. Morgan Australia
85 Castlereagh St Sydney NSW 2000

Crédit Industriel et Commercial
Suite 1503, Level 15, Chifley Tower
2 Chifley Square, Sydney NSW 2000

Australia and New Zealand Banking Group
Limited ANZ Centre, Level 9, 833 Collins Street
Docklands VIC 3008

ING Bank (Australia) Limited
Level 28, 60 Margaret Street
Sydney NSW 2000

Directors & Company Secretary

DIRECTORS
Barry Irvin *Executive Chairman*
Rick Cross *Independent Director*
Harper Kilpatrick *Director*
Patria Mann *Independent Director*
Peter Margin *Independent Director*
Raelene Murphy *Independent Director*
Terry O'Brien *Independent Director*
Janette Kendall *Independent Director*

COMPANY SECRETARY
Brett Kelly

STOCK EXCHANGE LISTING
Bega Cheese Limited shares are listed on the Australian Securities Exchange (ASX) – Code BGA

Executive Team

Peter Findlay *Chief Executive Officer*

Gunther Burghardt *Chief Financial Officer*

Merryl Dooley *Chief People Officer*

Adam McNamara *Executive General Manager Growth Channels & Customer Supply Chain*

Jacqueline Scarlett *Group General Counsel*

Hamish Reid *Executive General Manager Bulk Nutritionals & Ingredients*

Antonietta Timms *Executive General Manager Branded Business Operations*

Darryn Wallace *Executive General Manager Retail Sales, Marketing & Partnerships*

Rob Grima *Executive General Manager Operational Excellence*

Zack Chisholm *Chief Information Officer*

Entity Information

Bega Cheese Limited
Trading as "Bega Cheese" ABN 81 008 358 503

The Annual Report includes the results of Bega Cheese Limited (Bega Cheese, Company or parent entity) and the results of the subsidiaries, and joint venture. Bega Cheese and its subsidiaries together are referred to in this financial report as the Bega Cheese Group (Group, Bega Group or consolidated entity).

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