Bega Cheese Limited

2023 ANNUAL REPORT

Bega GROUP

100+ YEARS YOUNG AND GROWING

CELEBRATING THREE ICONIC BRANDS

WE ARE PROUD TO CREATE NEW FOODS THAT CONSUMERS WILL LOVE, WHILE MAKING A POSITIVE IMPACT ON THE WORLD AROUND US.

Contents

About us

Bega Group is an integrated producer of packaged food products and ingredients enjoyed in over 40 countries and on which millions of Australians rely.

We operate across two business segments:

1. Branded – consumer and foodservice products sold through grocery, route, foodservice, petrol and convenience channels.
2. Bulk – nutritional powders and dairy ingredients sold primarily to food manufacturers.

Connecting to consumers through our brands

Bega Group has a portfolio of brands in eight major food categories. Many of these brands are market leaders and are household names trusted by generations of consumers. Our purpose is creating great food for a better future.

The brand portfolio covers a broad spectrum of consumer needs, uses, consumption occasions and sales channels. We manage this portfolio for growth, supported by internal marketing and sales capabilities in brand management, consumer understanding, R&D, category management and an aligned supply chain.

The ongoing investment in our brands ensures we compete in attractive product segments, capitalise on emerging consumer trends, remain relevant, and win consumer preference.

Australian retail categories

	Category		Bega share	Position	Brand portfolio
	Size $m	Growth %	%	#	
Fresh white milk	2,118	13	12	3	Dairy Farmers, PURA, Masters M, Complete Dairy
Yoghurt	1,740	11	26	1	Farmers Union, Dairy Farmers, Yoplait
Milk-based beverages	918	13	52	1	Dare, Iced Coffee, Masters M, Dairy Farmers, Big M, Good Sport
Spreads[1]	700	5	31	1	Vegemite, Bega Peanut Butter, Bega Simply Nuts, B Honey
Chilled juice	657	6	22	2	Daily Juice Co, The Juice Brothers, Mildura
Creams and custards	596	16	9	4	Dairy Farmers, PURA
Water ice	59	9	81	1	Zooper Dooper, Berri

Data extracted from IRI Total Business Scan (AU grocery Unweighted and Structured Convenience) MAT 30 June 2023. Statements in relation to market share data provided by IRI (and Bega's competitive position) are based on outside data sources, assumptions and weightings in combination with management estimates.

[1]Bega calculation based in part on data reported by NIQ through its Scantrack Service for the Spreads category for the 52-week period ending 20 June 2023, for the Total Australia Grocery Channel according to a client defined category and based on value sales. Copyright © 2023, Nielsen Consumer LLC.

Yoplait brand used under licence.

Transforming to become a great Australian food company and delivering value for our shareholders.

Since 2001 we have transformed from a dairy co-operative with a strong regional cheese brand into a diversified branded food and beverage business.

2021
Transformational acquisition

- Acquisition of Dairy and Drinks
- Portfolio of iconic Australian brands
- Broaden customer base and new cold chain distribution network
- Substantial synergies across the supply chain
- Accelerated investments in growth and innovation
- Further growth and diversification of the milk pool

Future
A great Australian food company

- Creating great food for a better future
- Diversified portfolio of market-leading brands
- Efficient distribution network servicing customer growth
- Globally competitive supply chain
- Direct relationship with farmers and suppliers
- Shaping our future through corporate social responsibility and circularity

2018
Strengthen our supply chain

- Acquisition of Koroit
- Growth and diversification of milk sourcing
- Strengthening our dairy portfolio
- Integrated and flexible supply chain

2017
New business platform

- Acquisition of grocery brands
- Entry into spreads category
- Iconic Australian brands, including VEGEMITE
- Extending the Bega brand into new categories

2011
Structured for the future

- Accessing capital for growth
- Successful ASX listing
- Investment in capacity and increased focus on nutritionals and high-value dairy products

2001
Seeking new opportunities

- Industry deregulation 2001
- Bega based co-op with strong regional brand

2007
Grow and diversify

- Acquisition of Tatura
- Entry into nutritionals, cream cheese and milk powders

2009
Increasing scale

- Acquisition of Strathmerton
- Cut, pack and processing scale and capability

Our operations

Manufacturing facilities

- 7 White milk and milk-based beverages
- 1 Milk-based beverages hub
- 3 Cheese
- 2 Dairy powder and fats
- 2 Peanuts
- 2 Juice
- 1 Yoghurt
- 1 Spreads

International sales offices

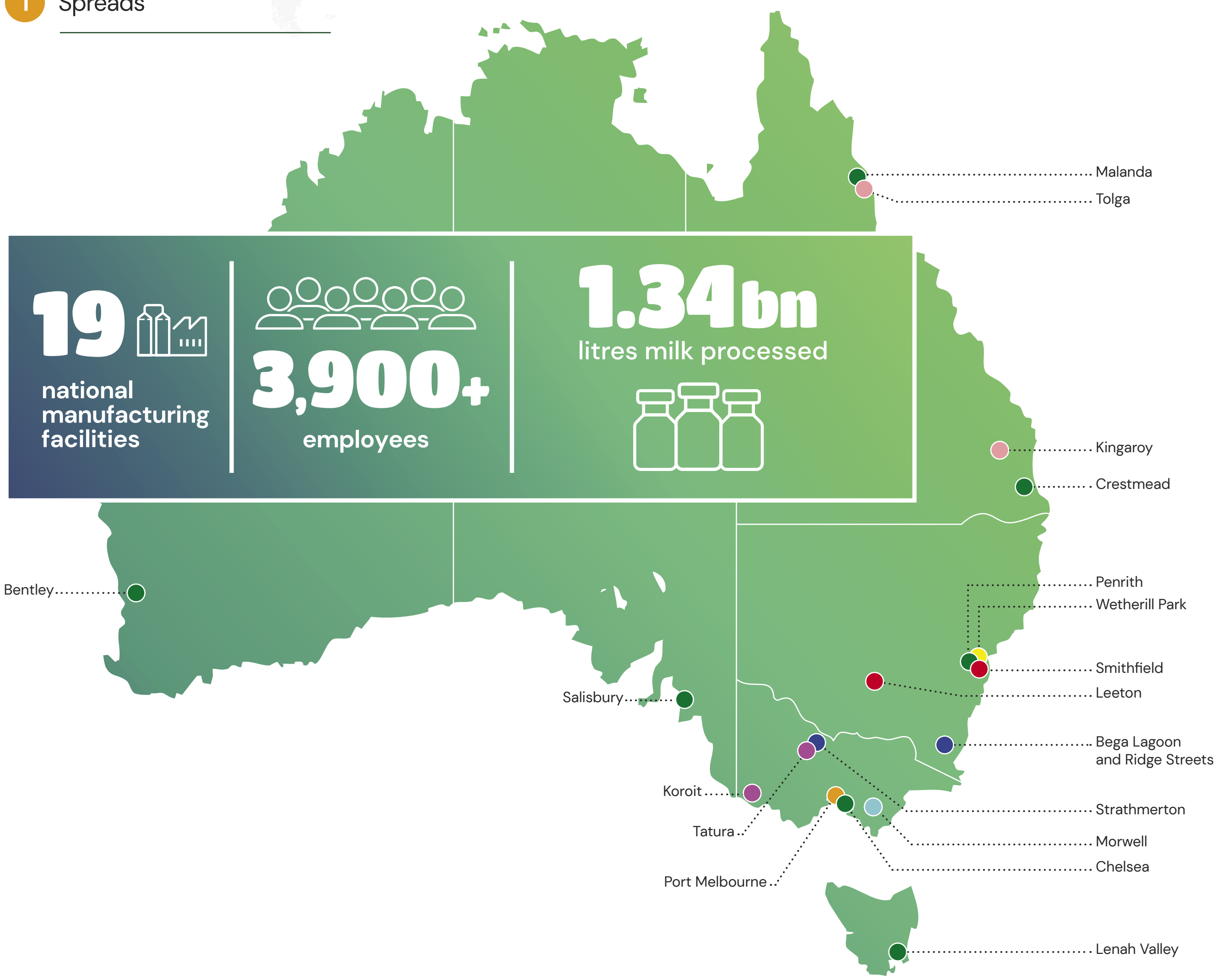
- A China office
- B Malaysia office
- C Singapore office

WE SELL OUR PRODUCTS IN OVER 40 COUNTRIES TO MANUFACTURERS, RETAILERS, DISTRIBUTORS AND AGENTS.

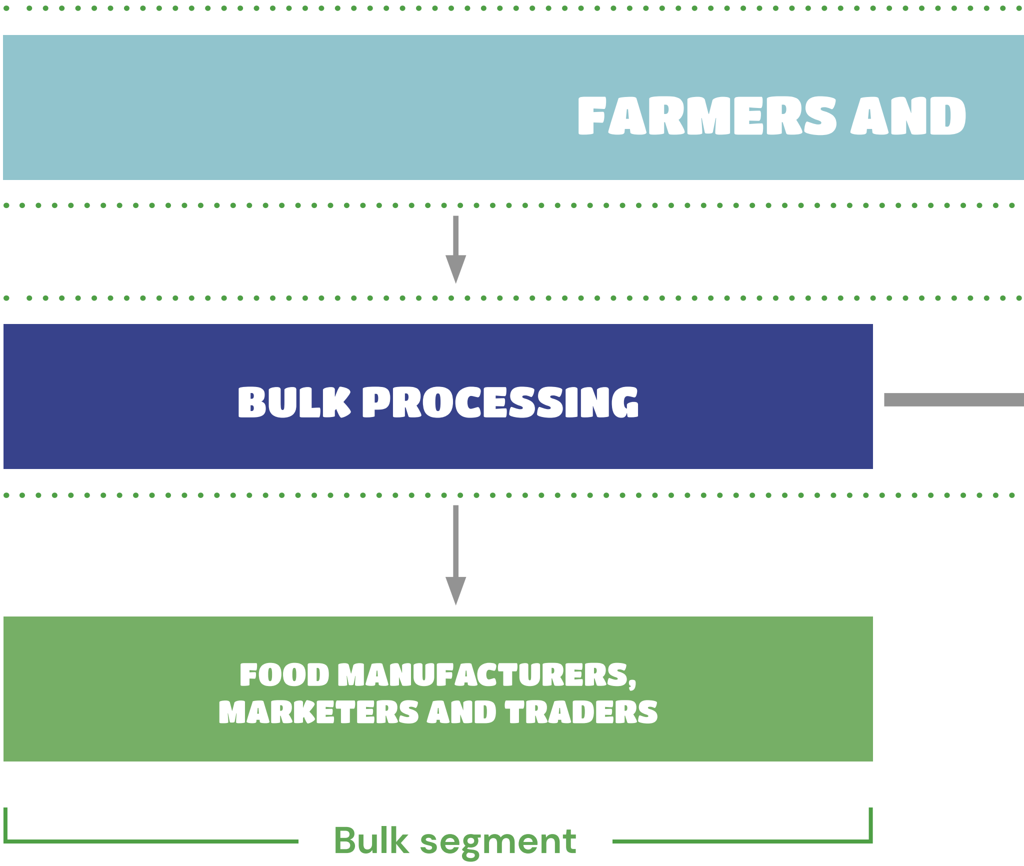
19 national manufacturing facilities

3,900+ employees

1.34bn litres milk processed



Our business model and integrated value chain



Our business model is built around an integrated value chain. We source from growers and farmers, primary process into ingredients, secondary process into packaged goods, sell and distribute to other food manufacturers and retailers and market our brands to consumers. We value-add products and manage the risks at each step of this value chain.

Our value chain supports our growth as a branded food products manufacturer, and within that chain, four capabilities reinforce and build on each other to create stronger competitive advantage:

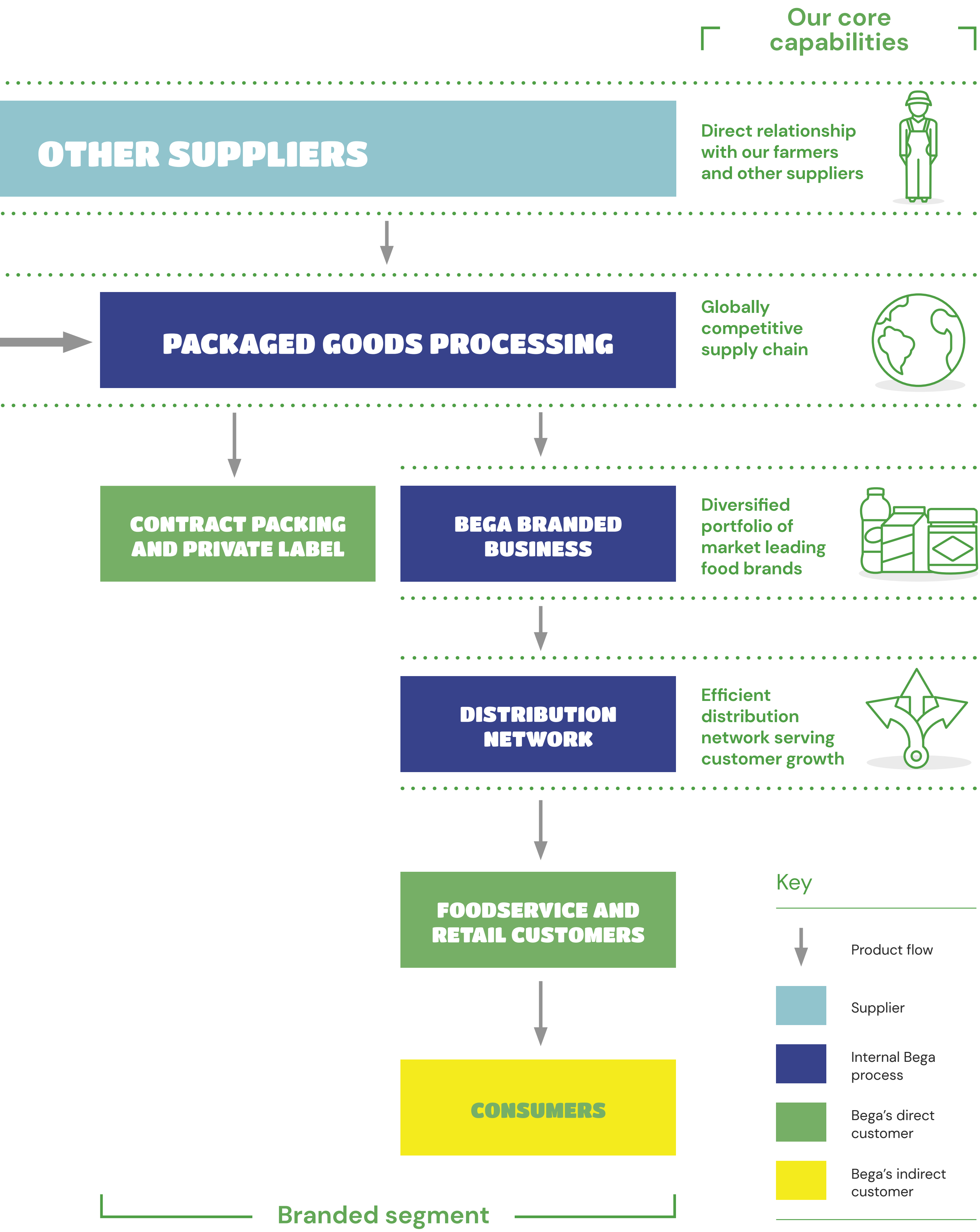
1. Diversified portfolio of food brands with category leadership positions, high household penetration and attractive growth prospects.
We invest in our brands with innovation, advertising and promotion for growth in targeted segments, channels and markets. We have deep consumer understanding and the ability to turn those insights into products and brands consumers prefer.

2. Strong relationships directly with farmers and suppliers, ensuring our products' provenance and high quality.
We work closely with farmers to support sustainable farm practices, allowing us to offer consumers brands that champion sustainability and help meet our shared commitments to building a better future for the communities in which we operate.

3. Globally competitive supply chain.
Our bulk business provides security of supply for our branded business and makes a focused range of ingredient and nutritional products for sale to food manufacturers, marketers and traders. Our packaged goods processing facilities convert bulk ingredients into branded food products. The scale and integration of processing assets mean we can manage milk and ingredients across the network more effectively and ensure our bulk and branded businesses work together to reduce cost and maximise the value we can extract from ingredients.

4. Efficient distribution network serving customer growth.
We have a highly efficient national chilled distribution network that delivers short-life food products daily across Australia. The breadth and scale of this distribution reach and our trusted partnerships with our customers enable our brands to be at the most favourable points of purchase, serving consumers where they want to buy.

A high-performing, agile team with aligned values, purpose and vision supports our business model. As we look to the future, we see the opportunity for enhancement and leverage in every facet of this business model, and we will continue to increase our business strength as we create greater value for our shareholders.



Our core capabilities
OTHER SUPPLIERS
Direct relationship with our farmers and other suppliers
PACKAGED GOODS PROCESSING
Globally competitive supply chain
CONTRACT PACKING AND PRIVATE LABEL
BEGA BRANDED BUSINESS
Diversified portfolio of market leading food brands
DISTRIBUTION NETWORK
Efficient distribution network serving customer growth
FOODSERVICE AND RETAIL CUSTOMERS
CONSUMERS
Branded segment
Key
Product flow
Supplier
Internal Bega process
Bega's direct customer
Bega's indirect customer

100 YEARS YOUNG – BUILDING BRANDS THAT LAST

Since VEGEMITE joined our brand portfolio, it has undergone a resurgence in consumer engagement. Our brand management approach builds relevance, brand equity and value for this 100-year-young brand.

The power of food brands that are loved by generations of consumers is immense. Many of the food and beverage brands in the Global Best Brands survey are healthy centenarians.[1] VEGEMITE joins this spritely club by turning 100 in October, and we are making the most of it.

Since launching the "Tastes Like Australia" advertising campaign in 2018, Bega has strengthened VEGEMITE's iconic status. Using creative ideas to generate extensive press coverage and consumer engagement is efficient and effective. This year we celebrate 100 MITEY Years of VEGEMITE with a series of brand activities designed to appeal to everyone.

In September, VEGEMITE products debuted a rotation of six "Mitey meals" labels, which showed how VEGEMITE enhances recipes and encouraged VEGEMITE lovers to try VEGEMITE in new ways.

In December, VEGEMITE brought MITEY VEGEMITE $1 coins to Australia. We teamed up with the Royal Australian Mint to feature our 100-year timeline and the favourite way to enjoy VEGEMITE – on toast!

In April, we announced the remaking of the Happy Little VEGEMITEs advertisement and invited the next generation of children to audition for this once-in-a-lifetime role. We received 10,000+ auditions from Aussie hopefuls. We released the remade advertisement with another surprise guest – Trish Cavanagh. Trish was part of the original 1950s advertisement when she was just seven years old.

FY2023 was truly a year fitting for a 100-year celebration, and there is more to come. The activity to date has delivered growth of 10.4% in retail sales value.[2]

1 *"The Prevalence of Longevity Among Leading Brands" posted 9 years ago in Boston Hospitality Review. Results compared against 2022 Best Global Brands Interbrand report for brand movement.*

2 *Circana Total Spreads, AU Total Grocery Unweighted, Value Growth % v YAGO, MAT 20/06/2023.*

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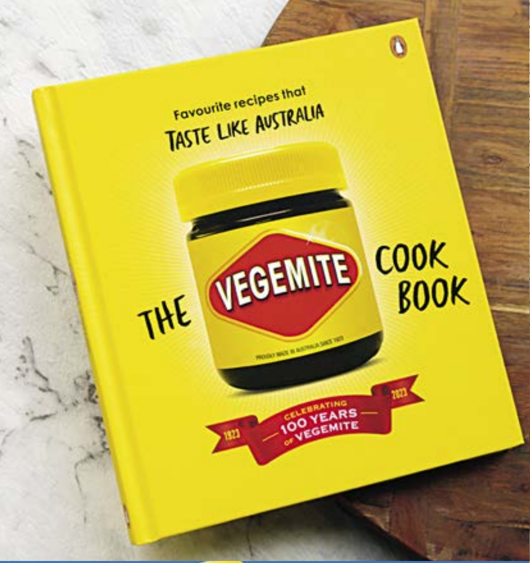
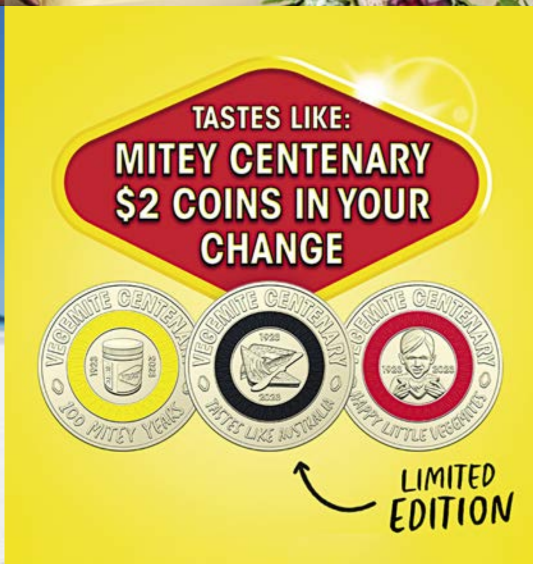
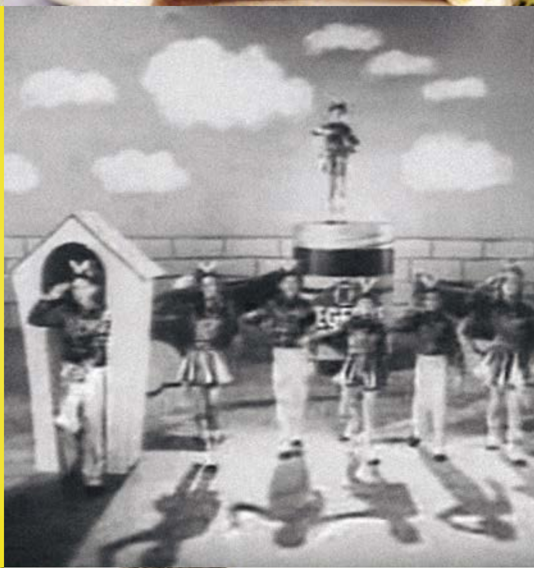

Favourite recipes that
TASTE LIKE AUSTRALIA
THE VEGEMITE COOK BOOK
CELEBRATING 100 YEARS OF VEGEMITE
1923
2023


Happy little
VEGEMITE


VEGEMITE
B VITAMINS
FOR VITALITY


TASTES LIKE:
MITEY CENTENARY
$2 COINS IN YOUR
CHANGE
VEGEMITE CENTENARY
100 MITEY YEARS
TASTES LIKE AUSTRALIA
HAPPY LITTLE VEGEMITES
1923
2023
LIMITED
EDITION




The richest food source
of the combined
Vitamins B¹, B² and P.P.
(the anti-pellagric factor)
He's doing his bit for his Dad . . .
VEGEMITE
CONCENTRATED YEAST EXTRACT


VEGEMITE
happy little
VEGEMITES


BARTY


VEGEMITE
B VITAMINS
FOR VITALITY
PROUDLY MADE IN AUSTRALIA SINCE 1923

Our strategy

We will continue our commitment to our business model and our future as a branded food products company, which creates value for our customers, consumers, suppliers and investors. Our strategy links our vision and purpose with sustainable growth and builds on our core capabilities and competitiveness for long-term value creation for our shareholders.

The next phase focuses on key initiatives within our portfolio of brands and infrastructure to allow us to increase returns on a streamlined balance sheet. The realisation of our plan will enhance our growth in profitable segments and create a simpler, more aligned organisation.

Our vision

TO BECOME THE GREAT AUSTRALIAN FOOD COMPANY

Our purpose

CREATING GREAT FOOD FOR A BETTER FUTURE

Our values

GROW OUR PEOPLE

PASSION FOR THE CUSTOMER AND CONSUMER

INVEST IN OUR FUTURE

SUPPORT EACH OTHER

Strategic priorities

Our strategic priorities are areas of focus that support our objectives of sustainable growth and profitability.

Manage portfolio for growth in targeted segments, channels and markets	Targeted investment behind profitable, high-growth branded opportunities, leveraging our distribution reach.
Increase supply chain competitiveness	Continue to improve competitiveness, optimising production capability, efficiency and ingredient supply.
Progress sustainability	Progress sustainability objectives and meet our ESG commitments.
Organisational enablement	Enhance organisational capability to achieve our strategy.

2023 Performance at a glance

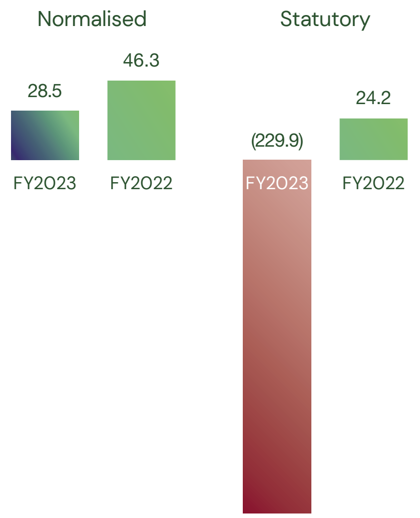
Financial

Top line revenue

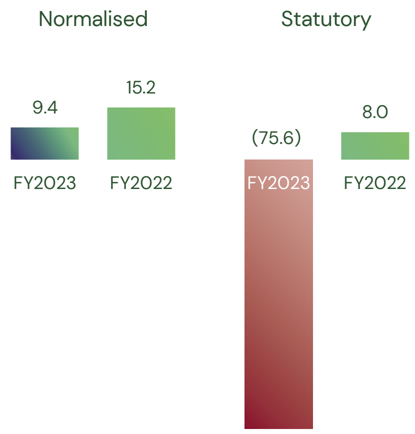
FY2023
$3.38 billion

FY2022
$3.01 billion

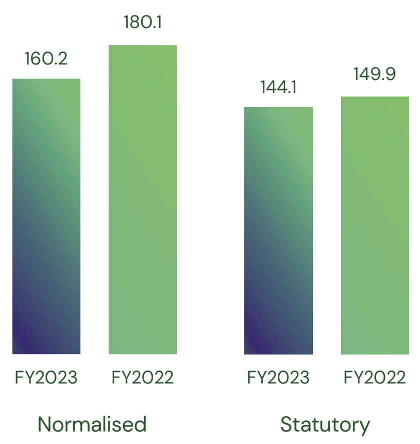
Profit after tax ($ million)



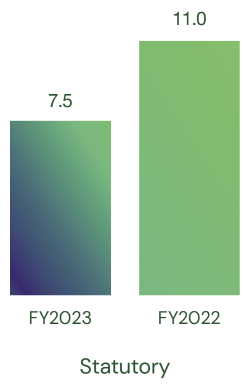
Basic earnings per share (cents)



EBITDA ($ million)



Total dividend per share (cents)



Consumer and brand

Australian retail categories in #1 or #2 market share position

FY2023
5

FY2022
5

Branded business share of revenue

FY2023
85%

FY2022
82%

Case study

INVESTING IN BRANDS FOR CATEGORY LEADERSHIP

Our yoghurt brands are an attractive portfolio for growth, and our investments have resulted in category leadership in yoghurts and desserts in the Australian grocery channel.[1]

We have four yoghurt brands: Farmers Union, Yoplait[2], Dairy Farmers Thick & Creamy, and YoGo. Each brand has a role in the portfolio, from great tasting affordable flavoured yoghurt for Aussie families with Yoplait, to the versatile, smooth and creamy Greek style yoghurt of Farmers Union. Each offers excellent growth prospects, margins, and sustainable competitive advantages in its respective roles. Through targeted investment, they have achieved impressive market growth, with Yoplait witnessing a significant increase of 9.4%, Farmers Union +11.9%, and Dairy Farmers +7.2% in retail sales value.[3]

Growth is realised through multiple initiatives and supported by our category and brand management capability, consumer insights, R&D expertise and consumer advertising. The introduction of Yoplait YOP pouches expanded our presence into the kid's pouch segment, while the launch of new Yoplait and Farmers Union products targeted consumer interest in the high protein and lactose-free segments. We launched a new Farmers Union marketing campaign that celebrated the taste and versatility of our product, and our partnerships with retailers on promotional activities contributed to our growth and market share, as Yoplait cemented its position as the #1 Yoghurt for Australian Families.[4]

We progressed packaging sustainability and innovation, with the majority of yoghurt tubs produced in Morwell transitioning to a fully recyclable material that also offers improved pack functionality for consumers.

1 *Circana Total Yoghurt and Desserts, AU Total Grocery Unweighted, Value and Volume Share of Category, MAT 11/06/2023*

2 *Yoplait is sold under licence*

3 *Circana Total Yoghurt and Desserts, AU Total Grocery Unweighted, Value Growth % v YAGO, MAT 11/06/2023*

4 *Circana Yoghurt and Desserts IHP (Home Panel), AU Families, Value and Volume Share of Category, MAT 21/05/2023.*

Chairman and Chief Executive Officer's Report

Barry Irvin
Executive Chairman

Peter Findlay
Chief Executive Officer

The strategic decisions over the past five years to transform into a predominantly branded business, played a pivotal role in FY2023 as we navigated difficult and rapidly changing conditions while continuing to position the business for future growth.

FY2023 presented some of the most complex, diverse and rapidly changing challenges the company has ever experienced. While the operational impacts of the COVID-19 pandemic dissipated other challenges emerged. Rapidly rising commodity prices and robust competition for milk supply resulted in Australian farmgate milk prices significantly increasing in FY2023, other input costs inflation and escalating fuel and energy costs all continued to impact the business.

The outcome of the above conditions was reflected in distinct ways across the two segments of our business.

In the Branded segment the speed of the cost increases took some time to be reflected in the market with business performance in this segment being particularly impacted in Q1 of FY2023. Pleasingly, our market leading brands, focus on close customer relationships, consumers insights and innovation across a portfolio of high-quality consumer brands saw this segment outperform expectations in terms of both value and volume in the latter part of the financial year, with our brands maintaining or growing market share.

Global dairy commodity prices were extremely volatile in FY2023 with the rapid increases experienced early in the year quickly dissipating in 2H FY2023. Dairy commodity prices decreased more than 30% resulting in a challenging 2H for the Bulk segment of the business.

The decline of milk production in Australia and excess milk manufacturing capacity continues to create a highly competitive milk procurement environment, resulting in the current large disconnection between returns received in international commodity markets and Australian farm gate milk price. These circumstances are expected to continue for some time and have resulted in a non-cash impairment and restructuring of some of our commodity assets and reinforces the importance of the decision to transition to a predominantly branded business.

The company announced a restructure and simplification program reflecting the greater focus on brands and the right sizing of our commodity capacities and capabilities. The program will create further growth opportunities within the branded business and facilitate the restructuring of our Bulk segment with a focus on greater flexibility and efficiency ensuring it is well placed to support the branded business and realise value opportunities when commodity markets are strong.

Financial performance

It is in the above context that we report our financial outcomes for FY2023.

Our statutory revenue for the year was $3.4 billion up 12% on FY2022. Branded business revenue grew by 16% and branded volume grew by 4%.

On a normalised basis we achieved an EBITDA of $160.2 million, consistent with guidance for the year and NPAT of $28.5 million. This result excludes the $16.2 million profit generated by the sale and lease back of the property at 1 Vegemite Way Port Melbourne.

Our statutory EBIT, a loss of $233.7 million was this year significantly impacted by non-cash asset impairments of $275.9 million largely related to our commodity assets and the ongoing decline in Australian milk production, continued excess milk manufacturing capacity and consequent disconnect between high domestic farmgate milk prices and the recent sharp fall in global dairy commodity prices. This impairment, whilst substantial and disappointing, is offset by the vitality and growth in our Branded segment, is not reflective of the quality of our bulk assets, does not impact our underlying financial strength, nor does it create any issues with our current bank facilities.

The sale of 1 Vegemite Way, Port Melbourne for $114.6 million and the receipt of $51 million for the sale of our interest in the Vitasoy Joint Venture provided a significant cash injection allowing us to reduce debt and accelerate our organisational restructure and transition to a predominantly branded business.

We closed the year with net debt of $203.6 million, 23% lower than at the end of FY2022, and a reduced leverage ratio of 1.6 times, well within covenant limits.

The company announced a final fully franked dividend of 3.0 cents per share following an interim dividend of 4.5 cents per share in February, bringing the total fully franked dividend for the year to 7.5 cents per share.

Strong foundations supporting great brands

The company's combination of leading iconic brands and strategically located milk processing and manufacturing capacities, supported by an extensive cold chain distribution network, remains a significant strength of the business and creates great opportunities for business growth, improved financial performance and value creation for shareholders.

The impairment and restructure of our dairy commodity assets facilitates the resetting and right sizing of our manufacturing capacities. This ensures they have the flexibility to support and enhance our branded business, manage seasonal milk supply and are focused on higher value dairy commodities and Nutritionals.

In FY2023 the Bulk segment of the business was impacted by high farm gate milk prices, significant increases in other input costs and a rapid fall in global commodity prices in the latter part of the year. The significant volatility in global commodity markets in a very short time frame combined with the continued decline in Australian milk supply necessitated the review of our Bulk segment. In the short term we responded to the FY2023 challenges with cost out programs and efficiency improvements and where possible adjusted our product mix to respond to value changes in the various dairy commodity products.

The rise in energy and fuel prices, increased costs of packaging and logistics and the notable increase in farmgate milk prices also affected our Branded segment in FY2023, requiring a rapid absorption of costs and the execution of efficiency programs and price increases for our brands. We were pleased to successfully execute both cost out activities and improved pricing, albeit the timing of these initiatives affected the performance of the Branded segment in 1H FY2023.

The successful execution of price increases and the maintenance of our leading branded position in many categories is testament to the quality and value consumers see in our brands and demonstrates the value of the strategy to focus on branded products while reducing reliance on more volatile commodity markets.

In terms of category performance, in FY2023 we saw double digit category growth in fresh white milk, yoghurt and milk-based beverages.

We retained our market leading position in the yoghurt, milk-based beverages and spreads categories, with our yoghurt brands now accounting for more than 25% of the high growth yoghurt market. The important work of our consumer insights team informs both product and packaging innovation. These have led to the introduction of pouch yoghurt ranges, new flavours and product innovation focused on the shift to more health conscious offerings such as high protein and lactose free. Although the market overall saw consumers trade down into private label yoghurt, our brands continued to deliver strong performance in the category. We see opportunity to further grow our yoghurt brands, particularly our premium brands through innovation and increased market share both in Australia and internationally.

In milk-based beverages we consolidated our market-leading share through the addition of No Added Sugar products, Dare Intense as well as sustainability initiatives such as investment in new lower-cost, on-site, sustainable packaging capability at Wetherhill Park and sourcing of coffee for Dare Iced Coffee under the Rainforest Alliance Standard.

Our iconic VEGEMITE almost doubled the robust 5.3% growth in the spreads category, with our brands again taking out the number one market share position in spreads for the year.

We continue to develop a pipeline of focused innovations in our most profitable segments, generate product offerings drawing on consumer insights, and pursue marketing strategies that see our brands and products valued by customers and consumers.

Investing in the future

In February, we improved efficiency in milk production, relocating our fresh milk manufacturing operations from Canberra to Penrith. The successful transition of these operations to NSW not only optimised our footprint but also enhanced processing efficiency and elevated quality control and customer service.

In November, Vita International exercised its call option to purchase our interest in the Vitasoy Australia joint venture. With one quarter of Australians now consuming plant-based dairy, we remain committed to plant-based opportunities. Exiting the joint venture gives us the freedom to explore and pursue these opportunities leveraging all our brands and capability to give us better plant-based exposure. In March we introduced a Bega branded plant-based cheese to our portfolio and recently announced a distribution agreement with MILKLAB, the manufacturer of the #1 plant-based milk used by cafes in Australia.

The sale in June 2023 and leaseback of 1 Vegemite Way Port Melbourne allows us to accelerate our transition to a predominantly branded company. In June we announced a restructure and business simplification program to further improve efficiency and effectiveness through our branded business and reduce costs in our bulk commodity business and corporate functions. The program included tax consolidation, streamlining of central support functions, simplification of customer channels and a review of product range. The program aligns the organisational structure with our five-year strategy, creating synergies, reducing costs and focusing on the growth opportunities we have identified across the business. Together with the simplification program, the restructure strengthens the company and positions us favourably to capitalise on opportunities and manage headwinds in the future.

In a challenging environment, it can be difficult to maintain a steadfast view on the future and continue investment in strategic projects. Despite the difficulties of the year, we continued to focus firmly on the future and maintained all the strategic initiatives in the business. Our IT team progressed work on key efficiency enabling projects and investigated new customer service models. We also completed two substantial investment projects: one in Morwell to give us greater capacity in yoghurt pouches and additional bottle packaging capability at Wetherill Park. In March we commenced a national rollout of 100% recycled, lower cost bottles from the new Wetherill Park blow moulding facility across our impulse range of Dare Iced Coffee, Big M and Dairy Farmers Classic milk-based beverages, with completion of the national rollout of the new bottles planned for FY2024.

Sustainability

Our focus, in terms of sustainability, is on managing risks and pursuing opportunity associated with producing Great Food for a Better Future. Our commitment is founded on meeting the evolving needs and expectations of all our stakeholders including our farmers and suppliers, our people, our customers and consumers, and the communities in which we operate. It also means focusing on a better future for the environment on which we depend, the society in which we operate and the economy to which we contribute. Our central challenge is creating great food while using fewer resources in a changing climate.

We are achieving our commitments while at the same time recognising that there is more to do. To ensure the resilience of our business, we actively engage in business continuity planning and have successfully managed disruptions in our supply chain caused by weather events.

Food security

We are acutely aware of the impact that rising costs have on consumers and their implications for food affordability and security. Our aim is to be The Great Australian Food Company. To achieve this, we carefully balance business requirements in a heightened cost environment while remaining mindful of the implications of price increases on Australian consumers.

Our relationship with Foodbank, an organisation that supplies charities with food and groceries, continues to be an important part of our sustainability program. In FY2023 we donated more than 886,000 kilograms of products and 230,000 litres of fresh white milk to Foodbank programs.

Sustainability strategy and progress towards targets

We have, during FY2023 taken tangible steps towards our sustainability targets.

In 2021 we adopted specific targets for our consumption of water and for the reduction of scope 1 and 2 carbon emissions.

Last year, we reported an initial estimate of our scope 3 emissions which are in our supply chain. This showed that scope 3 emissions account for more than 90% of our overall emissions as a business. Emissions associated with dairy farming are the largest single source of scope 3 emissions. This year, we also consulted with targeted suppliers outside of dairy, who collectively represent almost a third of our non-dairy scope 3 emissions. More than half of those suppliers have already adopted an emissions reduction target and are estimating their own scope 3 emissions. As a next step we will further explore target setting and mitigation strategies with key suppliers, including a review of our sourcing policy and procurement process to embed decarbonisation efforts in our supply chain.

In terms of our dairy suppliers, we are embarking on baseline testing of 20 farms in the Bega Valley to monitor and mitigate scope 3 emissions. In collaboration with the Department of Primary Industries, we aim to communicate and promote best

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farming practices to achieve sustainable outcomes. The Bega Valley serves as a prime example of our broader commitment to building a better future for the communities in which we operate.

We have committed to a target of zero waste to landfill by 2025. We achieved a waste diversion rate of 92% for the year across the Bega Group and by investing in initiatives such as the new sustainable bottling capability at Wetherill Park increasing our proportion of packaging (by weight) that is reusable, recyclable or compostable to 88%.

Our lactose-free and fortified products reflect our dedication to providing nutrition that caters to diverse consumers, contributing to a healthier and more sustainable future. During the year we undertook research studies with partners to better understand the nutritional impacts and opportunities of our products.

During FY2023 we established a sustainability committee of the Board, responsible for setting, monitoring and achieving our sustainability goals.

We firmly believe in the power of circularity and are a leader of the Bega Valley Circularity Project, which not only benefits our business and industry but also contributes positively to the larger community.

At our core the focus in terms of sustainability is on managing risks and seizing opportunities to produce "Great Food for a Better Future" while upholding the principles of circularity that guide us towards a more sustainable world. Further detail about sustainability targets, efforts, initiatives and achievements can be found in our 2023 Sustainability Report.

People and safety

We have invested heavily in safety across the business. Through training and safety management at sites, including guarding to make sites safer, forklift safety and cool room consolidation we have achieved positive outcomes.

We aim to eliminate all injuries at our sites. Despite our efforts, accidents have occurred. In February one of our subsidiaries was convicted and fined in relation to a March 2021 incident in which a delivery driver was struck by a forklift and seriously injured at our site in the ACT. We deeply regret the accident and are sorry for the significant trauma it has caused. We have since reviewed and updated safety procedures to address the cause of the accident and ensure that it does not happen again.

We continue to roll out training with respect to our six life-saving rules and have seen a pleasing reduction in the severity of injuries. We continue to work on the frequency of injuries as those outcomes are not yet where we need them to be.

Leadership transition

Leadership transition can be difficult, all the more when it takes place in challenging times. Historically we have always managed the transition to a new CEO smoothly, with the support of the outgoing leader. This year was no exception with Paul van Heerwaarden handing over the reins during the course of the year.

Paul leaves a lasting legacy in the business. He played a key role in many of our strategic growth initiatives including the Mondelez acquisition, the reshaping of our dairy nutritionals business and the transformative acquisition of Lion Dairy and Drinks. During his time with us Paul developed many other leaders and led the diversity and inclusion programs of the Bega Group. We thank him for his tremendous contribution, not just during his six years as CEO but throughout his 13 years of service and for the support he provided through the leadership transition this year.

In October we welcomed Gunther Burghardt who stepped into the role of CFO. Gunther brings 30 years of finance and executive experience to his role as CFO, having worked predominantly in the fast-moving consumer goods and food and beverages sectors, both in Australia and overseas. He adds a breadth of valuable complementary business and leadership expertise to the executive team.

We look forward to working with Gunther and other senior executives as a new leadership team focused on the creation of greater value for shareholders, the execution of key strategic initiatives including the transition of the company to a predominantly branded business, and the implementation of the simplification and restructure program outlined in this report.

In June, we farewelled our long-serving former CFO Colin Griffin who retired after a 30 year career with the company. A Bega local, Colin served as CFO until 2019 at which time he was appointed executive responsible for our contract manufacturing business. We thank Colin for his many years of tireless work and commitment to the business.

Conclusion

The market performance of our brands, our ability to move to flexible operating models that can adjust in response for fluctuations in international commodity prices, and the loyalty of customers and consumers in a climate of increased cost pressures are the highlights of FY2023 and continue to be a focus for the year ahead.

We have considerable momentum in our Branded segment which continues to outperform. We expect this will be offset by another difficult year for the Bulk segment in FY2024. Our work to mitigate the impact will continue throughout the current fiscal year and we expect the benefits of this to flow through in FY2025.

Our transition strategy to a predominantly branded business continues to create opportunities across the network. We see significant growth opportunity in non-grocery channels and opportunity to drive key brands in both grocery channels and our international branded business, which is performing well.

In the past year we have continued to invest in improved efficiency and reduce costs and have strengthened our balance sheet, positioning us for further growth supported by investment in our brands, innovation, capital projects and our people.

We thank all our employees, the executive team, the Board, our farmer suppliers, other valued partners, investors, customers, and consumers for their unwavering support and commitment throughout the year.

While FY2023 presented significant challenges and we still have work to do in to fully address some of them, we emerge from the year with a portfolio of market leading brands, high quality bulk commodity assets, improved efficiency across our operations and confidence and optimism for the future.

B.A. Irvin

Barry Irvin
Executive Chairman

Peter Findlay

Peter Findlay
Chief Executive Officer

Creating great food for a better future – a sustainable future

Our purpose statement – creating great food for a better future – frames our policy approach and focus areas in sustainable development.

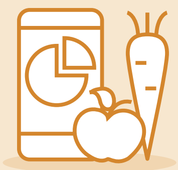
A better future means a better future for all of our stakeholders including our farmers and suppliers, our people, our customers and consumers and the communities in which we operate.

A better future also means a better future for the environment on which we depend, the society in which we operate and the economy to which we contribute. Creating great food while using fewer resources in a changing climate is our challenge.

Our Greater Good Strategy is structured around three key areas of impact: our products, our people and communities and our planet. It is aligned to the United Nations Sustainable Development Goals and underpinned by the principle of circularity. We have identified five priority areas across the business: food and nutrition, packaging, water sustainability, greenhouse gases and diversity, inclusion and equality.

The Board established a Risk and Sustainability Committee on 1 July 2023 which assumed the risk responsibilities of the Audit and Risk Committee. The new Risk and Sustainability Committee Charter includes a new responsibility to review, report and, where appropriate make recommendations to the Board in relation to our approach to sustainability and ESG issues. This new responsibility provides greater transparency and decision making in relation to sustainability. Copies of the Risk and Sustainability Committee Charter and the separate Audit Committee Charter are available on our website.

Refer to our forthcoming 2023 Sustainability Report on our website for more detailed information.



Food and nutrition

Reformulating products to align with nutritional profiling standards and designing product alternatives to meet specific dietary requirements.

Packaging

Developing more sustainable packaging solutions to improve recyclability, with an alignment to the Australian Packaging covenant.

Water sustainability

Investing in capital to improve water systems and process redesign to improve water management throughout our operations.

Greenhouse gas emissions

Reducing our scope one and scope two emissions to achieve our 2030 and 2050 targets and engaging with suppliers and customers to better understand the sources of our scope three emissions and where reduction opportunities exist.

Diversity, equality and inclusion

Creating an inclusive culture, embracing diversity and treating people with respect.

SUSTAINABLE DEVELOPMENT GOALS

Our priorities are aligned with the UN Sustainable Development Goals

Major sustainability initiatives FY2023

OUR PRODUCTS

A 5% reduction in sugar in Bega Peanut Butter in FY2021 and are on track to our goal of a 10% reduction by the end of the 2023 calendar year.

Provided **26 million more no added sugar serves** since 2020, exceeding our goal of 20 million by 2025.

Products recognised by the Australian Healthy Food Magazine Awards 2022: Simply Nuts No Added Salt, The Complete Dairy Light Milk and Daily Juice Probiotic Juice.

Invested in a clinical trial with Deakin University investigating fermented dairy foods and the gut-brain connection as a factor in health and wellbeing.

Launched new product ranges to meet different dietary needs including Yoplait Protein, Bega Plant Based Cheddar Cheese and Farmers Union PLUS Greek Style Yoghurt with prebiotics and probiotics.

OUR PLANET

88% of our total packaging was reusable, recyclable or compostable in calendar year 2022.

35% recycled content in our packaging in calendar year 2022.

Final phase out of all polyvinyl chloride (PVC) packaging.

Started a national roll out of recycled polyethylene terephthalate (rPET) for all flavoured milk and iced coffee bottles under one litre.

Started using recycled high density polyethylene (rHDPE) in two and three litre white milk bottles.

Completed energy mapping at five more manufacturing sites, two of them with funding support from the NSW State Government.

Engaged directly with our largest suppliers on scope 3 greenhouse gas emissions associated with our supply chain.

Commenced partnership with the Bega Circular Valley and the Regional Circularity Co-operative Limited on a pilot program in the Bega Valley to measure and mitigate scope 3 emissions in the dairy supply chain.

Invested more than $2.5 million in grants for advice and service support, capital works and training and development through our Better Farms program to more than 792 projects for dairy farmers between April 2018 and June 2023.

Trialled the expansion of the Better Farms program to our citrus growers, developing a checklist of practices in health and safety, environmental compliance and chemical handling.

OUR PEOPLE AND COMMUNITIES

Produced a third public modern slavery statement addressing modern slavery and human rights risks in our operations and supply chain.

Signed on to the HESTA 40:40 Vision – an investor-led initiative to achieve gender balance in executive leadership across all ASX300 companies by 2030.

Joined the Diversity Council Australia as a commitment to promoting equity and inclusion in our business.

Partnered with external consultants on an approach to pay structures and to develop our Gender Pay Equity strategy

Women occupy more than 36% across all management roles.

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BEGA CIRCULAR VALLEY 2030 INITIATIVE

The 'Bega Circular Valley 2030' program is a transformational regional development initiative with a vision to establish the Bega Valley as the most circular regional economy by 2030.

Underpinned by a transition to renewable energy and materials, a circular economy is based on three principles, driven by design:

- eliminate waste and pollution
- circulate products and materials at their highest value
- regenerate nature and social systems.

The Regional Circularity Cooperative (RCC) was established as an independent body in 2021 to drive this transition. We are a key partner along with: Rabobank, Bega Valley Shire Council, NSW Government, University of Wollongong, Charles Sturt University, Deloitte, KPMG, Pact Group, NBN Co, Fisheries Research and Development Corporation, Canberra Region Joint Organisation, Addisons, AACo, South East NSW Forestry Hub, Southern NSW Drought Innovation Hub, and the Australian Design Council.

A key project is the development of a National Circularity Centre in Bega that will be a beacon for local, regional and national efforts and, amongst other things, serve as a circularity education centre. The NSW government has committed $14 million to the RCC for the development of the National Circularity Centre. Our commitment to the RCC goes beyond contributing financially, we have provided the land on which the RCC will build the new centre and we will contribute capability and expertise to the work of the RCC.

Bega circular valley

For more information on the Bega Circular Valley program, visit: https://begacircularvalley.com.au/

Case study

PROGRESSING SUSTAINABILITY THROUGH PACKAGING

At Bega, maximising the recycled content of packaging is integral to our sustainability strategy and part of our Planet Pledge.

In October FY2023 we began rolling out 100% recycled polyethylene terephthalate, known as rPET, across our Juice Brothers 1.5 litre bottle range.

In March we started this transition with our flavoured milk and iced coffee impulse brands; Dare Iced Coffee, Big M and Dairy Farmers Classic. The national rollout is expected to progress further in 2024 and beyond, with all of our flavoured milk and iced coffee bottles under one litre made from 100% rPET, excluding the labels and bottle caps.

This initiative is tied to our Planet Pledge, which has seen the business set targets around waste reduction, water reduction and more sustainable forms of packaging (reusable, recyclable or compostable). As part of these goals, we support Australia's national packaging targets and aim to maximise the recycled content included in our packaging by 2025. We also aim for 100% of our packaging to be reusable, recyclable or compostable by 2025.

The Juice Brothers' 1.5L rPET bottles launched in October 2022, and in March 2023 The Juice Brothers announced its Climate Active Certification for its 1.5L range, making the range certified as carbon neutral under the Australian federal government's program for the period 29 November 2022 to 29 November 2023. This certification contributes to our goal of reducing our carbon emissions by 40% in 2030 and journey towards net zero in 2050 against a baseline of 2021.

This year, we have also started using 50% recycled high-density polyethylene, rHDPE, in our two and three-litre white milk plastic bottles. HDPE is commonly used in milk bottles and household and personal care products. While it is resistant to impacts, like PET it can be recycled to make new food-grade bottles. We started using rHDPE milk bottles in Queensland and will roll out the rHDPE bottles to our juice brand, before expanding use into our white and flavoured milk in South Australia.

Bega GROUP

Our new 100% recycled bottle is just the start of our commitment to developing products for a better future.

*This bottle (under 1L, excluding cap and label), is made from 100% recycled plastic. National rollout from March 2023.

Directors’ Report

Your Directors present the Annual Financial Report of the Bega Group for the year ended 30 June 2023.

Directors (from left to right)
Barry Irvin, Peter Margin, Patria Mann, Terry O'Brien, Rick Cross, Raelene Murphy, Harper Kilpatrick

Review of Financial Performance and Operations

Key highlights

The extent to which Bega Group (the Group) brands were able to grow volume and maintain market share despite the price increases necessitated by higher farmgate milk costs and other inflationary cost pressures was a highlight of FY2023. The strength and resilience of these brands saw overall volumes in the Branded segment continue to grow, and the Group maintained the leading share position in the yoghurt, milk-based beverages, spreads, and water ice categories. The Group is accelerating its transition to a predominantly branded business, and announced a restructuring program which will both decrease costs in the Bulk segment, as well as achieve the final round of synergies from the Lion Dairy and Drinks acquisition in the Branded segment and in corporate functions. The $21 million cost of this restructuring was recognised in FY2023 and will lead to a similar level of annualised cost reductions after the program is implemented during the first half of FY2024. The costs and benefits of this restructuring program are in addition to the closure of the Canberra milk facility announced in February 2023, and other site-based efficiency programs which were instrumental in partly mitigating input cost inflation during the year.

Export dairy commodity prices dropped substantially in the second half of FY2023 and were disconnected from Australian farm gate milk prices. This led the Group to announce an impairment of $275.9 million predominately in its bulk and primary processing assets in June 2023, and more importantly to embark on a program to right-size its commodity infrastructure. The Group's bulk commodity assets remain important to support the Branded segment, and the restructuring program seeks to create flexibility in the network to lower costs and to be able to accelerate production in future years if the volatile global commodity prices present opportunities.

The Group also brought a steady stream of brand innovation to market during FY2023, particularly in the yoghurt and milk-based beverage categories. This innovation program was coupled with focused capital investment in the manufacturing sites to support the Group's brands, such as the Wetherill Park investment in sustainable packaging infrastructure and Morwell investment in yoghurt capacity to support further growth.

Finance and operational overview

The Group generated top line statutory revenue of $3.4 billion in FY2023, up 12% on FY2022, statutory EBITDA of $144.1 million, down 4%, a statutory after tax loss of $229.9 million, down $254.1 million, and statutory earnings per share of -75.6 cents, down from 8.0 cents.

The Group will, as it has in previous years, report on both the statutory result and the normalised result for FY2023 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 30. 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 $160.2 million in FY2023, down 11% on FY2022, normalised profit after tax of $28.5 million, down 38% and normalised earnings per share of 9.4 cents, down from 15.2 cents.

The Group result for FY2023 was impacted by:

- significant price increases in the cost of inputs used in the production of finished goods, coupled with higher logistics costs
- strong competition for milk supply and record farm gate milk prices
- a reduction in global dairy commodity prices impacting sales margins within the Bulk segment in the second half
- soft demand for infant formula, particularly in China.

The Group mitigated the impact of these challenges through:

- strong sales volume and mix across the Branded segment
- pricing led, double digit sales value growth in key categories
- favourable sales pricing on commodity sales within the Bulk segment in the first half
- achievement of cost saving and continuous improvement programmes
- tightening of marketing and administrative costs.

The Group continues to maintain a strong balance sheet, reducing net debt to $203.6 million (FY2022 $265.1 million) and leverage ratio down to 1.6 times (FY2022 1.8 times), well within covenant limits, positioning the Group well to fund investments in growth and future commitments.

The Group received 1.34 billion litres of milk during FY2023, down 4% on the 1.40 billion litres received in FY2022. The decline in milk received by the Group was broadly in line with the percentage decline in the national milk pool experienced in FY2023. The Group acknowledges the loyalty of its milk suppliers and welcomes new suppliers.

Strategic priorities

During FY2023 the Group refined and updated its strategic priorities to the following:

- Manage portfolio for growth in targeted segments, channels and markets.
- Increase supply chain competitiveness.
- Progress sustainability.
- Organisational enablement.

Manage portfolio for growth in targeted segments, channels and markets

In FY2023, the Group continued its transition to a company focused primarily on market-leading brands. This year, more than three quarters of the Group's EBITDA (when unallocated overheads are excluded) came from the Branded segment, with the Group maintaining its #1 positions in yoghurt, milk-based beverages, and spreads in Australia.

In the first months of FY2023, the Group implemented multiple price increases in its branded portfolio to mitigate the impacts of unprecedented cost inflation and record-high farmgate milk prices. Due to the amount of notice the Group is required to give customers of price changes, there was a timing lag between the cost inflation (which was present at the start of the year) and the timing of the price increases. It is a testament to the strength of the Group's brands that volume continued to grow throughout the year, including during the fourth quarter when all cumulative pricing was in the market.

The yoghurt category was strong in FY2023, and overall category sales value grew by more than 11%, with the Group's four brands (Yoplait, Farmers Union, Dairy Farmers, and YoGo) maintaining overall share in the category. The Group's yoghurt brands comprise 26% of the market, driven by their market-leading pouch yoghurt ranges and strong innovation in areas such as lactose-free yoghurts, as well as high-protein and compelling flavour launches based on consumer insights. There is an exciting opportunity for the Group's yoghurt brands to grow overseas, leveraging their strong positions in the premium yoghurt category in a number of Asian and Middle East markets as consumers in these regions consume more fresh dairy products as part of their daily routines.

With retail sales value growth of 12.6% across the category, milk-based beverages grew even more quickly than yoghurt. The Group holds more than half this market with a 51.5% share, driven by segment-leading brands like Dare, Farmers Union, Masters and Big M. Dare is the #1 brand in the market and benefited from a strong innovation pipeline including further No Sugar Added product variants, Dare Intense and Rainforest Alliance sourcing.

Retail sales value in the spreads category grew a robust 5.3% during FY2023, and within this category the Group maintained its #1 market share position, with the VEGEMITE 100-year anniversary sales and marketing program growing both volume and value for this iconic brand. The retail sales value growth for VEGEMITE was nearly double the overall spreads category growth rate as TV, print and viral advertising and promotional support resonated very strongly with consumers.

There is a specific team within the business focused on growing and developing international branded sales. While overseas revenue from branded product is still a single-digit proportion of the Group's business, it grew at a strong double-digit rate in the second half of the year and offers considerable opportunity for the Group to cement its brands in the hearts and minds of consumers in other markets. The growth rate of dairy consumption in multiple Southeast Asian markets, as well as the Middle East, is faster than growth rates in Australia, and the population base overseas is exponentially larger. In the majority of cases the Group partners with distributors to sell and distribute its products in markets outside of Australia, and management of these important third-party relationships will be key to enabling growth.

The greatest single contributor to the future success of the Group will be the growth of its market-leading brands. As such, the Group is focused on strengthening these brands even further. The main ingredients for success remain a pipeline of 'fewer, bigger, better' innovations in the most profitable segments, pricing, and promotional excellence, which enable the Group's brands to represent strong value to customers and consumers and fit for purpose product offerings which deliver on consumer expectations based on The Group's strong understanding of consumer insights.

Increase supply chain competitiveness

The Group's integrated manufacturing network enables value to be added to each stage of the product life cycle and the value extracted from milk to be optimised. This is done by moving it to the most profitable products in response to changes in global commodity markets, local consumer tastes and preferences as well as logistical challenges. With multiple product streams across 19 manufacturing facilities around Australia, the Group can balance fat and protein between product categories and different sites, to optimise returns.

In the second half of FY2023, the Group announced the closure of its Canberra milk processing site, and transitioned production of the milk brands previously made at this site to its site in Penrith, NSW. This project illustrated the opportunities for the Group to increase the competitiveness of its network (while removing some excess milk processing capacity from the industry) by leveraging the scale and capability of another facility. The Group also announced an updated shift structure at its Lagoon Street site, with the new structure better aligning the workforce with demand volumes and the portfolio which is manufactured at this site.

The Group embeds continuous improvement resources at its large manufacturing sites and within its logistics network, and these resources focus on improving the efficiency of production lines and processes. The Group also made important investments in manufacturing equipment which increases its capacity in profitable growth segments. An example of this was the investment in an additional yoghurt pouch line at the Morwell site, which was commissioned just after the end of the FY2023 and will enable continued growth in a packaging format preferred by consumers.

The Group's logistics and warehousing network also delivered important efficiency improvements during the year which partly mitigated escalating costs of fuel, trucks, and drivers. The Group has one of the largest cold chain delivery networks in Australia, and this network makes approximately 39,000 deliveries per week nationwide. An area of focus in the most recent fiscal year was the ongoing consolidation of the Group's warehousing network. Several of the smallest warehouses were shut down with volumes consolidated into larger locations to enhance efficiency. While these locations were the smallest ones in the network, the Group maintains substantial scale and locations across its cold chain distribution network.

In June 2023, the Group announced a restructuring plan to further enhance efficiency and align resources to strategic priorities. While a significant portion of this restructuring will consolidate back-office processes and reorganise the commercial teams within the business, the program also includes changes which will improve the cost and efficiency of its manufacturing sites and logistics network.

Progress sustainability

The Group's Greater Good Strategy is structured around three key areas of impact: our products, our people and communities, and our planet. During FY2023 the Group made important progress in all three of these areas. The Group invested substantially in recycled PET bottle-blowing capability at its Wetherill Park site, which not only substantially reduced fuel used in inbound logistics but also resulted in an increase in the use of recyclable packaging materials.

The Group is a founding partner and committed to the Regional Circularity Cooperative (RCC) in the Bega Valley. The RCC is intended to be a microcosm of how a circular region or community might operate. The RCC seeks to share best practices with farmers, manufacturers, all levels of government, business of all sizes, academia, and the broader community, while at the same time educating consumers. It is designed to efficiently utilise resources, minimise waste, circulate products and materials, and regenerate nature and social systems. The NSW government has committed $14 million to the RCC during the year, for the development of the national circularity centre to become a beacon of circularity both in Australia and internationally. The Group's commitment to the RCC goes beyond contributing financially. It has provided the land on which the RCC will build its new circularity centre and contributes capability and expertise to the work of the RCC.

During the fiscal year, the Group began to engage with some of its largest suppliers on scope 3 greenhouse gas emissions and began to use recycled HDPE in some of its two and three litre bottles.

The Group's Greater Good Strategy extends to nutritional improvements offered to consumers via the Group's product portfolio. The Group expanded its lactose free lines, which are popular with consumers, in both white milk and yoghurt, and continued to reduce sugar in core portfolio segments such as peanut butter while offering more No Sugar Added products in other categories.

Other improvements in the ESG program are outlined elsewhere in this Annual Report, and the Group will provide even more details on environment, sustainability and governance programs in its 2023 Sustainability Report.

Organisational enablement

In June 2023, the Group announced that it would accelerate the final phase of synergy realisation associated with the acquisition of Lion Dairy and Drinks, being an organisational restructure and business simplification program.

The restructure will enhance the efficiency and effectiveness of the Group's Branded business and reduce costs in the bulk commodity business. This program is expected to have a cash cost of approximately $21 million and to create annual savings of an equivalent amount on an ongoing basis. The majority of the implementation will occur in the first half of FY2024, with in-year benefits of at least $12 million and the remaining cumulative benefits to be recognised in the following year.

The costs of this restructuring program were recognised in the Group's FY2023 result.

Significant events

Divestiture of Vitasoy Australia

During FY2023 Vita International Holdings Limited (Vita International) exercised a call option right, in accordance with the Shareholders Agreement between Bega, Vita International and Vitasoy Australia Products Pty Ltd (Vitasoy Australia) to purchase the 49% shareholding in Vitasoy Australia held by the Group's subsidiary National Foods Holdings Limited (NFHL). In accordance with the Shareholders Agreement, the fair value of NFHL's shareholding was determined by an independent expert as $51 million. Accordingly, on 13 February NFHL sold its shareholding in Vitasoy Australia for $51 million to Vita International. The Group provided transition services for a period of time during the second half of FY2023 and continues to distribute Vitasoy products in targeted channels on a non-exclusive basis. The impact on the profit or loss after considering the carrying value of the investment sold, separation costs and stranded fixed costs was deemed immaterial.

Closure of milk processing facility in Canberra

In February 2023, the Group ceased the manufacture of its fresh milk products at its Griffith facility in Canberra (previously known as Capitol Chilled Foods) and relocated manufacturing to the Group's Penrith site. Given there are no dairy farms in Canberra, milk was traditionally sourced from outside the ACT and transported to Griffith for production, often bypassing more efficient and sustainable production sites like the Group's Penrith facility. The changing nature of the dairy market within the ACT has meant that the Group's facility has not been operating at its full capacity for some time. This combined with the fact that there have not been dairy farms within the ACT for many years has created challenges for the Canberra site. The Group retains a distribution and sales office in Canberra. Restructuring costs of $5.5 million were recognised following the closure in FY2023.

Sale and Leaseback of 1 Vegemite Way, Port Melbourne

Since May 2022, the Group has investigated the opportunity to sell and lease back its property at 1 Vegemite Way, Port Melbourne. The Group executed agreements with Charter Hall, who acquired the site in June 2023 for $114.6 million (excluding GST). The Group has leased back the site for an initial term of 15 years, with two additional five-year options.

The Group intends to continue the production of iconic brands including VEGEMITE and Bega Peanut Butter at the site. Funds from the sale reduced debt and will further support the Group's strategy and transition to a company focused on market-leading brands.

The transaction strengthened the Group's balance sheet and following the application of the lease accounting standard AASB 16, the Group realised a modest pre-tax statutory profit of $16.2 million on the sale. The Group has an extensive property portfolio and continues to review opportunities across that portfolio.

Impairment of assets

The Bulk segment experienced a challenging second half of the financial year with global dairy commodity prices significantly decreasing. In addition, the ongoing decline of milk production in Australia and excess milk manufacturing capacity continues to create a highly competitive milk procurement environment and now a large disconnect between returns received in international commodity markets and Australian farm gate milk price exists. This disconnect will impact the performance of the Bulk segment in FY2024 as these circumstances are expected to continue for some time.

The expected impact of the decline in performance of the Bulk segment associated with the ongoing circumstances described above necessitated a review of the carrying value of the Group's bulk ingredient assets under the Australian Accounting Standards. This gave rise to a non-cash impairment of $275.9 million, including $117.9 million of goodwill, $151.5 million of buildings, plant and equipment, and $5.0 million of spare parts inventory associated with impaired equipment.

The commodity asset portfolio that the Group operates is of high quality and the Group expects to continue to benefit from the specific nutritional and ingredients streams within this business segment. The non-cash impairment will not impact the Group's financial strength nor adversely affect current banking arrangements.

Restructuring program

During FY2023 the Group undertook a detailed review of the organisation's structure and its alignment with the Group's Strategy 2028 (S28). As part of this review, the Group assessed the ability of the existing structure to not only deliver to both customers and consumers but also whether it was the most efficient and effective structure to support the Group's growth aspirations.

In June 2023, the Group announced the future operating model, which reduces duplication, complexity and certain internal management processes which were a legacy of the Lion Dairy and Drinks acquisition, and significantly streamlines both business units and Group functions into One Bega Team.

This restructure reduced salaried roles by approximately 8.5%, including many vacant roles closed due to a hiring freeze and natural attrition preceding the announcement. The total FY2023 impact of restructuring activities totalled $26.3 million which

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includes $5.5 million related to the closure of milk processing facility in Canberra.

The organisational redesign specifically included:

- customer centric alignment of teams
- consolidation of teams across the business
- review of the role of the central functions and redesign for effectiveness and increased ownership of outcomes
- consolidation of metrics for reporting and performance management
- new ways of working as One Bega Team especially in integrated business planning.

Organisational design principles were endorsed by the Restructure Steering Group and will remain in place for the duration of S28 to ensure that all organisational structure decisions are reviewed and assessed in line with the goals of S28.

Tax consolidation

During the year, the Group made a decision to form an income tax consolidated group with its wholly owned Australian subsidiaries with effect from 1 July 2022. As a consequence, the tax cost base of the Group's assets has been reset resulting in a $19.6 million net debit to income tax expense. The Group has not yet formally notified the Australian Taxation Office of the formation of the income tax consolidated group, as the head company has until the time it lodges its first consolidated income tax return for FY2023 which is due on 28 February 2024.

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 per cent due to non-temporary differences. The prima facie effective tax rate of the Group is 10.5% which is largely attributable to the current year impairment of assets, the permanent benefit in respect of research and development tax incentive, and utilisation of previously unrecognised losses/deferred taxes.

Safety

A healthy and safe workplace is of fundamental importance and the Group recognises that its current Total Reportable Injury Frequency Rate (TRIFR) needs to improve. The Group is committed to ensuring a healthy and safe work environment for employees, contractors and visitors to its operations. The Group's safety culture encompasses the employees' beliefs and values with respect to safety and this helps effectively manage any safety risks present in activities.

The Group released six lifesaving rules and implemented a Group-wide "Pause for Safety" as part of the launch of those rules to help all employees integrate safety into the business goals, values and behaviours. The Group has continued the safety behavioural leadership program supported by DuPont Sustainable Solutions.

Environmental regulations and management - Legislative framework

The Group's manufacturing sites are subject to many 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 FY2023, where required, the Group reported appropriate matters to environmental regulators and water authorities. Most notifications have been successfully resolved with the appropriate regulator during the year, and no fines have been issued. Specifically:

- One odour issue is under investigation at the Penrith site, and an action plan was and continues to be implemented.
- One Transitional Environmental Program is open at Tolga site for dust reduction and management and dust reduction activities by the Group are ongoing.
- Five wastewater breaches were reported against waste trade agreements - four at Penrith, New South Wales and one at the Vegemite Way site in Victoria. All five breaches were resolved, and no further action was required of the Group by the regulator.
- All remaining informal and formal complaints received in relation to environmental issues were resolved and no further action was required of the Group by the regulator.

In addition, during FY2023, the Group complied with all statutory environmental reporting requirements and continues to monitor and report energy consumption and greenhouse gas emissions to the relevant authorities.

Major environmental initiatives

The Group is committed to advancing projects and initiatives to achieve its emission reduction targets as outlined in our Sustainability Report. This year, the Group completed Stage 1 of the Energy Management Capability (EMC) program at five more manufacturing sites (Penrith, Wetherill Park, Lenah Valley, Leeton and Salisbury). The program included energy mapping and identification of metering locations to support energy efficiency improvement projects and greenhouse gas emissions reduction.

The Group partnered with Dairy Australia and the Australian Dairy Federation to develop the Dairy Food Waste Action Plan. This plan provides a shortlist of practical and commercially realistic strategic opportunities for the dairy industry to work towards reducing food loss and waste, and in turn improve the environmental impacts of the Australian dairy industry.

The Juice Brothers 1.5 litre range was certified Carbon Neutral by Climate Active for the period 29 November 2022 to 29 November 2023. In assessing its carbon offset projects, the Group intentionally chose to invest in nature-based projects that provide environmental and community benefits to Australia.

Supporting farmers

The Group continued to support its dairy farm suppliers through the Better Farms program in FY2023. The program provides grant support for capital works upgrades, professional advice and staff training. Between April 2018 and June 2023, the Group invested $2,559,859 in grant support across all milk supply regions. For capital works projects alone suppliers matched the $2,191,876 in grants with $7,737,072 in direct investment. These grants are designed to improve animal health and welfare outcomes and to improve efficiency with regard to nutrient, water, energy, workplace health and safety, and chemical and soil health management. In recent years, the grants have focused on encouraging the installation of back-up generators, particularly in supply regions regularly impacted by storm events and power outages. To date, the Group has provided grant support to 44 farms to install back-up generators to improve supplier resilience during extreme events. The Group tracks the program's achievements and shares them with Australian consumers via a dedicated, publicly available website https://betterfarms.com.au.

In FY2023, the Group extended the Better Farms program for juice supply at its Leeton factory. One project was implemented to completion, with the program to be introduced fully in FY2024.

The Group consolidated its position as the leading supplier of Australian grown and processed peanuts, with approximately 18,000 metric tonnes delivered by the Group's valued growers, despite very challenging growing conditions throughout FY2023. This continues to support the domestic peanut industry and the Group's Simply Nuts peanut butter range, which is made from 100% Australian grown peanuts. The Group's Farming Services Team provides peanut growers with agronomic advice in the field, and training on growing conditions and new varieties developed by the Group's breeding program. A Grower Advisory Group includes grower representatives from each of the major growing regions. They meet quarterly and while they help in communication with farmers, they also advocate and raise concerns on behalf of peanut growers.

Modern Slavery prevention

The Group produced its third Modern Slavery Statement in 2023 in compliance with section 13 of the *Modern Slavery Act 2018 (Cth)* and section 24 of the *Modern Slavery Act 2018 (New South Wales)*. The Modern Slavery Action Plan is implemented by an internal Modern Slavery Working Group which reports to the Board and consists of cross functional managers. The working group reviews risks and assesses the performance against industry norms and regulations in the jurisdictions in which the Group operates. More information is available on the Group's website.

Dividends paid in FY2023

On 26 August 2022 the Group declared a final FY2022 fully franked dividend of 5.5 cents per share, representing a distribution of $16.7 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. Shares purchased under the DRP were allotted on 23 September 2022 and raised $2.4 million in new share capital.

On 23 February 2023 the Group declared an interim fully franked dividend of 4.5 cents per share, representing a distribution of $13.7 million. The Directors activated the Group's DRP for this dividend. Shares purchased under the DRP were allotted on 23 March 2023 and raised $1.2 million in new share capital.

On 24 August 2023 the Group declared a final fully franked dividend of 3.0 cents per share representing a distribution of $9.1 million, a decrease of $7.6 million compared to the 2022 final dividend. The DRP will also be available for this dividend.

Dividends paid to shareholders in relation to the FY2023 year will total $22.8 million which represents a $10.6 million decrease from the dividends paid in respect of FY2022 which totalled $33.4 million.

Reconciliation of statutory and normalised performance

As in previous years, the Group reports on both the statutory result and the normalised result for FY2023 compared to the prior year. Commentary in this report focuses on the normalised result.

Group statutory result FY2023

On a statutory reporting basis, the Group generated:

$ million	FY2023	FY2022
EBITDA	144.1	149.9
EBIT	(233.7)	46.2
PBT	(256.8)	33.8
PAT	(229.9)	24.2
EPS	(75.6) cents	8.0 cents

Group normalised result FY2023

The statutory result for the Group in each of FY2023 and FY2022 included several one-off items. While these items all had a financial impact on the statutory performance, they did not affect the underlying financial performance of the Group.

To provide a more meaningful understanding of the underlying financial performance, normalising adjustments to the statutory financial statements for each of these items were made. These are set out in more detail in the table on page 30. On a normalised basis the Group generated:

$ million	FY2023	FY2022
EBITDA	160.2	180.1
EBIT	58.3	76.4
PBT	35.2	64.0
PAT	28.5	46.3
EPS	9.4 cents	15.2 cents

Material items impacting group normalised result FY2023 and prior year

Normalising adjustments in FY2023 consist of the following:

- Profit before tax of $16.2 million generated from the sale and leaseback of the property at 1 Vegemite Way, Port Melbourne.
- One-off costs of $26.3 million mainly from redundancy costs associated with a major restructuring program announced in June and the closure of manufacturing at the Group's Canberra facility in February.
- Impairment of assets mostly associated with the processing of bulk dairy commodities totalling $275.9 million, including $117.9 million of goodwill, $151.5 million of buildings, plant and equipment, and $5.0 million of spare parts inventory.
- One-time costs of $1.2 million (PBT) associated with the Group's decision to form a consolidated tax group as well as a one-time income tax expense of $19.6 million in the year of consolidation (FY2023).
- Other costs include expensing of certain Software as a Service (SaaS) applications totalling $4.8 million under a revised accounting policy in FY2021.

The table below 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	Vegemite Way $m	Impairment $m	Restructuring $m	Other Costs $m	Tax Consolidation $m	Normalised Outcome $m
Period ending 30 June 2023							
Revenue	3,376.0	-	-	-	-	-	3,376.0
Cost of sales	(2,719.6)	-	-	-	-	-	(2,719.6)
Gross profit	**656.4**	**-**	**-**	**-**	**-**	**-**	**656.4**
EBITDA	144.1	(16.2)	-	26.3	4.8	1.2	160.2
Depreciation, amortisation and impairment	(377.8)	-	275.9	-	-	-	(101.9)
EBIT	(233.7)	(16.2)	275.9	26.3	4.8	1.2	58.3
Net finance costs	(23.1)	-	-	-	-	-	(23.1)
Profit/(loss) before income tax	**(256.8)**	**(16.2)**	**275.9**	**26.3**	**4.8**	**1.2**	**35.2**
Income tax (expense)/benefit	26.9	2.0	(45.9)	(7.9)	(1.4)	19.6	(6.7)
Profit/(loss) for the year	**(229.9)**	**(14.2)**	**230.0**	**18.4**	**3.4**	**20.8**	**28.5**
Gross margin - percentage	**19.4%**						**19.4%**
Basic earnings per share - cents	**(75.6)**						**9.4**

Consolidated	Per Financial Statements $m	Reckitt Termination Fees $m	LDD Transaction Related Costs $m	Other Costs $m	Normalised Outcome $m
Period ending 30 June 2022					
Revenue	3,009.9	(24.1)	-	-	2,985.8
Cost of sales	(2,320.5)	0.2	-	-	(2,320.3)
Gross profit	**689.4**	**(23.9)**	**-**	**-**	**665.5**
EBITDA	149.9	(19.3)	46.5	3.0	180.1
Depreciation, amortisation and impairment	(103.7)	-	-	-	(103.7)
EBIT	46.2	(19.3)	46.5	3.0	76.4
Net finance costs	(12.4)	-	-	-	(12.4)
Profit before income tax	**33.8**	**(19.3)**	**46.5**	**3.0**	**64.0**
Income tax expense	(9.6)	5.8	(13.0)	(0.9)	(17.7)
Profit for the year	**24.2**	**(13.5)**	**33.5**	**2.1**	**46.3**
Gross margin - percentage	**22.9%**				**22.3%**
Basic earnings per share - cents	**8.0**				**15.2**

Cash flow, net debt and group capital management

Cash flows

The Group generated the following cash flows in FY2023:

$ million	FY2023	FY2022
Operating activities	$8.2	$158.2
Investing activities	$99.9	($63.8)
Financing activities	($86.6)	($136.7)

Key operating activities generating cash flow in FY2023 were:

- net profit after tax and after adjusting back non-cash items of impairment, depreciation, amortisation, profit on sale of properties of $131.3 million; partially offset by
- higher working capital of $81.7 million mostly from the higher value of inventory as a result of an increase in costs and cycling low volume on hand in the prior year and higher payables, which were also impacted by higher costs, partially offset the higher inventory; and
- non-cash taxation balance sheet movements largely due to the tax consolidation of the Group from 1 July 2022 and tax effect of non-cash impairments totalling $34.9 million.

Key investing activities generating cash flow in FY2023 were:

- receipt of $114.6 million from the sale of property at 1 Vegemite Way, Port Melbourne
- receipt of $51.0 million from the sale of the Group's investment in Vitasoy Australia
- payments totalling $68.1 million for capital investment including a modest amount for software.

Key financing activities generating cash flow in FY2023 were:

- decrease in net borrowings of $40.0 million
- dividend payments of $26.8 million
- principal elements of lease payments of $19.8 million.

Net debt at year end

The Group had consolidated net debt of $203.6 million as of 30 June 2023, compared to $265.1 million on 30 June 2022, a reduction of $61.5 million. The reduction in net debt arose from the cash inflow from investing activities of $99.9 million. This was partially offset by dividend payments of $26.8 million, and principal lease payments of $19.8 million.

Balance sheet capital management

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

- a primary Syndicated Debt Facility funded by four banks with Westpac acting as the agent
- an Inventory Facility and a Trade Receivables Facility provided by Rabobank, and
- other guarantee facilities provided by Westpac.

The Group's Syndicated Debt Facility refinanced in December 2021 remains in place. The Syndicated Debt Facility consists of two facilities: Facility 1 which has a limit of $270 million maturing in February 2025 and Facility 2 which has a limit of $180 million maturing in February 2027. In August 2023, the Group renewed the Rabobank Trade Receivables Facility, with a new expiry date of 31 August 2025.

The Group reduced its normalised EBITDA to net debt leverage ratio to 1.6 times in FY2023 (1.8 times in FY2022) 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 FY2023 and is well placed to meet future covenant obligations.

Capital investment

The Group invested capital of $68.1 million during FY2023 (FY2022: $71.8 million). The Group's FY2023 capital works programme centred on:

- installation and commissioning of blow moulding capability at Wetherill Park, commissioning protein standardisation at one of the Group's fresh milk sites at Chelsea, as well as extending bulk powders production to enable a 25kg format
- customer driven projects such as 10 litre bags of white milk and cream for use in petrol and convenience stores, cafes, hotels and quick service restaurants
- key infrastructure upgrades across various sites
- investments in human resource management software to improve efficiencies in administration
- safety improvement projects.

Risk management

The senior management team is responsible for facilitating a group-wide, effective, and integrated risk management approach to ensure both strategic and operational risks are identified, assessed, and treated in a timely and appropriate manner.

The management team reported quarterly to the Audit and Risk Committee (ARC) and the Board on the risk profile of the organisation and the treatment plans to manage risks. The ARC was responsible for overseeing and assessing the efficacy process of the Group's risk management, and reviewed and updated the risk appetite for approval by the Board. During FY2023, three risks have had their appetite ratings adjusted in response to internal or external factors.

The Board reviews the Group's risk management framework annually to satisfy itself that this framework continues to be sound, and that the Group is operating with due regard to the risk appetite set by the Board, including emerging risks such as climate, geopolitical factors and supply chain conditions.

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, along with recommendations to improve the effectiveness and efficiency of these systems and processes.

In FY2023, the Group implemented additional risk management approaches including updates to the risk management system and more detailed reporting has been provided to the ARC. The ARC in conjunction with the management team actively manages risks through understanding and responding to existing and emerging uncertainties faced by the Group. The Board regularly reflects the changing nature of the risk environment in the Group's risk appetite statement.

The Group continues to improve its approach to understanding the effects of climate change and its impact on the business in the short and longer term. Climate impacts are integrated into and managed through our existing risk framework. Our mitigations for

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climate change impacts are robust business continuity planning, capital investment planning, supply chain planning and supplier planning. The understanding of, and response to, the effect of climate change is constantly under review and renewal.

Over the past 12 months we have included climate change risk formally into the Group's Risk Appetite Statement and in FY2024 established a Risk and Sustainability Committee of the Board to ensure all risks, including climate change, have the appropriate Board attention and understanding. This committee will review in detail the Group's ability to understand, manage and mitigate climate related risks and continue alignment with future sustainability reporting expectations in Australia.

Specific climate related risks added to the Group's Risk register since FY2022 include: water stress, heat stress, changing customer and consumer expectations, as well as regulatory and compliance obligations.

Key strategic risks include:

Source of Risk	Risk overview	Mitigation Strategies
Geopolitical tensions	Significant country and regional upheavals impacting normal lines of business	• Continue to focus on building diversified revenue streams • Create strong relationships with trading partners • Commitment to ongoing development of product portfolio and market diversity • International supply chain resilience including multi-supplier arrangements 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 • Active product innovation team • Strong two way retailer relationships to support product portfolio development • Align capital investment plan to support attractive categories
Competitors	New market entrants enter the market and change the competitive landscape	• investment in key brands, brand growth, and brand extension plans • Maintain strong customer and supplier relationships
Milk pool	Milk volumes continue to 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 • International sourcing of select commodity dairy solids • Focus on higher returning dairy categories, solids returns and portfolio mix • Invest and support a range of non dairy focused brands and products
Climate change	Understand, prepare for or respond to climate related impacts including climate related financial disclosures	• Strong relationships with industry bodies, regulators and suppliers • Robust business continuity planning processes to include climate change risk drivers • Understand long term scenario impacts of global warming on key assets and address in long term capital and investment plans
Bio security	Bio-security hazards have a material and immediate impact on the Group's access to key international markets and may limit the supply of agricultural inputs and long-term viability of producers and processors	• Relationships with federal and state government and trade industry bodies • Review in market supply, production and distribution options to maintain continuity of supply and sales globally

Key operational risks include:		
Source of Risk	**Risk overview**	**Mitigation Strategies**
Technology and cyber security	Technology becomes aged and is not maintained and upgraded on a regular basis and is no longer able to support the business adequately Security of technology platforms across the business is breached	• Technology-based infrastructure renewal process • Operational technology is reviewed and upgraded in conjunction with industry standards • Maintain to the ISO 27001 Information Security Management System (ISMS) standard • Maintain alignment to NIST CSF (Cyber Security Framework) • Real-time analysis of security alerts generated by applications and network hardware • Continue regular organisation-wide awareness and training programs • Enterprise-wide backup and system recovery solution
People retention	We fail to attract and retain top talent that gives us a competitive advantage in our sector	• 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
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 event	• Identification of 'high risk sites' and implement upgraded business continuity plans referencing production and supply chain alternatives in the event of a disruption • Business continuity require that redundancy in terms of production, critical staff, and the procurement of materials • Regular testing of response plans, product recall processes and production diversion processes • Establish and regularly test system back-up plans in the event of a major loss of technology
Safety	Our operations fail to protect employees from physical harm or mental health issues	• Executive level performance measures include safety performance • Comprehensive safety management systems inclusive of incident management • Capital approval process that prioritises safety investment • Engagement of external specialists to support ongoing improvement • Wellbeing program developed and implemented across the network to address issues such as fatigue, mental health, physical health and workplace practices
Food safety	Unsafe products are produced and leave our facilities causing harm to the public and significant reputational damage	• Mature quality management system that is compliant to international standards • Maximise investment in IT systems to support incident management, reporting and analysis across the group • Frequent external reviews of premises by external parties across a number of accreditations • Continue to integrate quality reviews, approvals and testing protocols into the product release process • Appropriate food safety certifications held • Regular process of quality-based internal audits on third party warehouses and suppliers of materials

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Outlook

The transformation to a predominantly branded business has been important to the Group in FY2023. The Group's market leading brands participate in growth categories with the Branded segment expected to generate incremental profit in FY2024 from a full year of pricing, consumption growth and mix improvements all expected to contribute to a positive Branded segment outcome.

The relocation of manufacturing from Canberra to Penrith completed in February and the restructuring program announced in June will improve efficiency and effectiveness of the Branded segment and corporate functions, and result in lower overheads. The restructuring program will be completed by the end of 1H FY2024 and will generate annualised savings of approximately $21 million.

A present challenge is how the Group mitigates the disconnect between farmgate milk prices and a recent rapid and sharp fall in dairy commodity prices which has placed significant pressure on returns in the Bulk segment. The Group has considered these challenges in the Bulk segment and implemented several initiatives to mitigate some of the impact in this segment.

The Group remains focused on cash generation and acknowledge the one-time tax payments expected in FY2024 related to the capital gain on the sale and leaseback of the property at Vegemite Way and forming a tax consolidated group.

The Group has considered these matters leading into FY2024 and factored them into the Group's outlook and guidance.

Barry Irvin – AM

Executive Chairman Bega Cheese Limited

Barry Irvin 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.

Other BGA Committees:
- Nil

Other Directorships:
- Chairman of Giant Steps Australia 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 of Goodman Fielder Ltd and before that Chief Executive and Chief Operating Officer of National Foods Ltd.

Other BGA Committees:
- Chair of the Risk & Sustainability Committee

Other Directorships:
- Non-executive Director of Costa Group Holdings (ASX:CGC)
- Non-executive Director of Nufarm Ltd (ASX:NUF)

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

Raelene Murphy
B BUS, FCA, GAICD

Independent Director since June 2015

Raelene Murphy 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 CEO of the Delta Group and senior executive roles in the Mars Group.

Raelene is a Fellow of Chartered Accountants Australia and New Zealand and a Member of Chief Executive Women.

Other 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 Elders Limited (ASX:ELD)
- Non-executive Director of Integral Diagnostics Limited (ASX:IDX)
- Non-executive Director of Ross House Investments Pty Limited (Stillwell Motor Group)
- Non-executive Director of Tabcorp Holdings Limited (ASX:TAH)

Former ASX listed Directorships in the last 3 years:
- Non-executive Director of Clean Seas Seafood Limited (ASX:CSS)
- Non-executive Director of Altium Limited (ASX:ALU)

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Terry O'Brien
FCPA, FAICD

Independent Director since September 2017

Terry brings to the Board a wealth of experience in the food industry, including a period of the Chairmanship of the Australian Food and Grocery Council and has been responsible for leading growth and acquisition strategies over many years in the industry.

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 early 2017, Terry took up a number of Australian Company Board positions, recently reducing these to two.

An accountant by training, Terry has been active in finance and management roles in the textile industry for ten years and in the food industry for over 30 years.

Other 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:
- Chairman of Clean Seas Seafood Limited (ASX:CSS)

Rick Cross
B.Ag Sci (Hon), GAICD

Director since December 2011

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. He also owns and actively manages a progressive dairy farm in northern Victoria.

Other 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
B Ec, 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 former Partner at KPMG. She is a Fellow of the Australian Institute of Company Directors.

Other BGA Committees:
- Member of the Audit Committee

Other Directorships:
- Non-executive Director of EVT Limited (ASX:EVT)
- Non-executive Director of Ridley Corporation Limited (ASX:RIC)
- Non-executive Director of GWA Limited (ASX:GWA)

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

Harper Kilpatrick
BSc Agriculture, MBA, FCA, GAICD

Director since April 2021

Originally from Northern Ireland, Harper and his wife own and actively manage a dairy farm near Koroit in Western Victoria. 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 3 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 7 years as a non-executive Finance Director of the Australian Dairy Conference Pty. Ltd.

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

Other Directorships:
- Nil

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

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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 2023 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

	2023 $m	2022 $m
Interim ordinary dividend for the year ended 30 June 2023 of 4.5 cents	13.7	-
Final ordinary dividend for the year ended 30 June 2022 of 5.5 cents	16.7	-
Interim ordinary dividend for the year ended 30 June 2022 of 5.5 cents	-	16.7
Final ordinary dividend for the year ended 30 June 2021 of 5.0 cents	-	15.1

In addition to the above dividends, since the end of the financial year the Directors have recommended payment of a final ordinary dividend of $9.1 million (3.0 cents per fully paid share) to be paid on 21 September 2023.

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 that 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 Company has also agreed to indemnify the Company Secretary and certain senior executives for all liabilities to another person (other than the Company 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 Company 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 Kelly was appointed to the position of Company Secretary in 2002. Brett Kelly holds a Bachelor of Commerce in Accounting and is a Chartered Accountant with 38 years' experience. He has also been a graduate member of the Australian Institute of Company Directors since 2006. Brett Kelly completed the Certificate in Governance and Risk Management with the Governance Institute of Australia in December 2011.

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Meetings of Directors and Board Committees

Meetings of the Audit & Risk Committee[(1)]

	Held and Eligible	Attended
Raelene Murphy	5	5
Patria Mann	5	4
Terry O'Brien	5	5
Harper Kilpatrick	5	5

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

Meetings of the Milk Services Committee

	Held and Eligible	Attended
Rick Cross	3	3

Meetings of the Dairy and Drinks Integration Committee

	Held and Eligible	Attended
Peter Margin	1	1
Barry Irvin	1	1

Meetings of the Board of Directors

	Held and Eligible	Attended
Barry Irvin	11	11
Rick Cross	11	11
Patria Mann	11	11
Raelene Murphy	11	11
Terry O'Brien	11	11
Peter Margin	11	11
Harper Kilpatrick	11	11

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

(1) The risk responsibilities of the Audit and Risk Committee were transferred to the newly formed Risk and Sustainability Committee from 1 July 2023 with the charter updated and committee renamed the Audit Committee.

Remuneration report (audited)

Letter from the Nomination, Remuneration, People & Capability Committee (NRPCC) Chair

Dear Shareholders,

On behalf of the Board of Bega Cheese Limited (or the Group), I am pleased to present you with our FY2023 Remuneration Report. At Bega Group, we remain committed to ensuring that we have remuneration structures in place which support our strategy and values ("Great Food, Great People, Great Aspirations and Greater Good") and that our reward outcomes align with sustainable long term value creation in the interests of our shareholders and other stakeholders.

We have continued with our upgraded report layout as introduced in 2021, maintaining the simpler, more readable, and more transparent format.

FY2023 Performance & Strategy Highlights

FY2023 has been a very complex and difficult year. While the operational impacts of the COVID-19 pandemic unwound, other challenging factors emerged. High input cost inflation, escalating fuel and energy costs, and robust competition for milk supply fuelled by high commodity prices in the first half, were compounded by sharp and rapidly falling dairy commodity prices in the Bulk segment in the second half. This fall in dairy commodity prices and continued robust competition for milk supply leading into FY2024 resulted in a non-cash impairment of the Group's bulk assets.

While FY2023 presented a particularly demanding sequence of challenges, the strategic decisions of recent years, to transform into a predominantly Branded business, played a pivotal role in FY2023. The Group's Branded segment performed very well, growing or maintaining market share in key categories and growing sales volume despite significant price increases to offset inflationary cost pressures. A portfolio of market leading brands and a strong balance sheet positions the business well for future growth.

FY2023 Remuneration and People and Capability Highlights

We are proud to have become a signatory to HESTA's 40:40 Vision to achieve gender balance in executive leadership by 2030. This is an initiative led by members of Australia's investor and business community across all ASX300 companies. Signing up to this initiative demonstrates our long-term commitment to workplace gender equality and demonstrates our values of Support Each Other and Grow Our People.

We have also undertaken a comprehensive review of the Group's gender pay gap for salaried employees in partnership with external consultants. The results of this analysis will provide us with a benchmark from which we can set our gender pay equity strategy for years to come.

Finally, management took an important step in the continued harmonization of the Dairy and Drinks business by consolidating salary grades into a single harmonised structure that was adopted across the Company in April 2023. Prior to the harmonisation activity, there were 186 salary grades in operation across the organisation, and this has been reduced to a simplified 18 salary grades.

Linking remuneration outcomes with Group performance

Having regard to the Group performance:

- The FY2023 Short-Term Incentive (STI) Plan was not achieved for the Executive Chairman, the Chief Executive Officer and the Chief Financial Officer. These outcomes are as a result of the EBITDA and Safety metrics not being achieved under the FY2023 STI Plan. Refer Section "FY2023 STI outcomes" for further details.
- Performance rights granted under the FY2021-FY2023 Long-Term Incentive (LTI) Plan and the second tranche of Return on Funds Employed (ROFE) for the FY2022-2024 LTI plan, tested on 30 June 2023, lapsed, reflecting that the performance hurdles of Earnings Per Share (EPS) and ROFE were not achieved. Refer section "LTI awards vesting in FY2023" for further details.

To increase alignment between KMP incentives and shareholder interests, a relative Total Shareholder Return measure will be introduced in the FY2024-2026 Long-Term Incentive Plan.

Overall remuneration outcomes for our Executive KMP reflect the business performance in FY2023.

Terry O'Brien

Chair of the Nomination, Remuneration,
People & Capability Committee

Remuneration at Bega Group in FY2023

40:40 Vision of gender composition of reports to the Chief Executive Officer

We are proud to become a signatory to HESTA's 40:40 Vision to achieve gender balance in executive leadership by 2030. This initiative is led by members of Australia's investor and business community across all ASX300 companies.

40:40 stands for 40% women, 40% men and 20% any gender, and 40:40 Vision seeks to achieve this goal by encouraging companies to set and publicly report on progress against targets for the composition of their executive leadership teams.

Signing up to 40:40 Vision demonstrates our long-term commitment to workplace gender equality and demonstrates our values of Support Each Other and Grow Our People. 40:40 Vision is a way we can further align to the United Nations Sustainable Development Goal (SDG5) – to achieve gender equity and empower all women and girls.

We have set our goals to reach the 40:40 Vision target of 40% women on our Executive Leadership Team in the following way and we recognise we must continue to do more work to reach 40:40 in all leadership teams across the company.

- 2024 – 20%
- 2027 – 30%
- 2030 – 40%

Gender Pay Equity

In June 2023, management partnered with external consultants to conduct an in-depth analysis of the factors influencing pay for salaried employees within the organisation, with a focus on gender equity.

It is important to note that the analysis methodology used by the Workplace Gender Equality Agency (WGEA) differs from a multiple linear regression approach, and hence will likely produce a different result to the WGEA calculate gender pay gap. The gender pay gap as reported by WGEA using their methodology in the most recent submission resulted in a 13.4% organisation wide gender pay gap in favour of males in FY2023. WGEA advised that our pay parity rank was 24th out of 85 peer industry organisations for FY2022, with an updated ranking yet to be provided for FY2023.

The results of the linear regression analysis reveal a gender pay gap of 1.8% in favour of males. This result will be used as a first benchmark to underpin the future of our Gender Pay Equity strategy.

Key Management Personnel (KMP)

This report sets out the remuneration of the Executive Chairman and Non-executive Directors as well as the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). These individuals represent the Key Management Personnel (KMP) of the Group, being those accountable for planning, directing and controlling the affairs of the Group during the financial year to 30 June 2023.

The executive positions comprising KMP are determined by the NRPCC in consultation with the Executive Chairman and the CEO. There was no change to the composition of executive KMP or any changes to the composition of the Board.

Name	Position Held	Term
Executive KMP		
Barry Irvin	Executive Chairman	Full year
Peter Findlay	Chief Financial Officer Chief Operating Officer Chief Executive Officer	Part year each: As Chief Financial Officer 1 July 2022 to 31 August 2022 As Chief Operating Officer 1 September 2022 to 3 February 2023 As Chief Executive Officer 4 February 2023 to 30 June 2023
Gunther Burghardt	Chief Financial Officer	Part year Commenced employment on 3 October 2022
Former Executive KMP		
Paul van Heerwaarden	Chief Executive Officer	Part year Ceased employment on 3 February 2023
Non-Executive Directors		
Rick Cross	Non-Executive Director	Full year
Harper Kilpatrick	Non-Executive Director	Full year
Patria Mann	Non-Executive Director	Full year
Peter Margin	Deputy Chairman	Full year
Raelene Murphy	Non-Executive Director	Full year
Terry O'Brien	Non-Executive Director	Full year

Overview of FY2023 Executive Remuneration Framework

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

Our remuneration structures ensure a linkage between pay outcomes and business performance. Our remuneration structures ensure that we:

- appropriately remunerate employees for their role,
- motivate employees to perform in the best interests of the company,
- make remuneration decisions in a way that provides equity and consistency in and between roles,
- have remuneration outcomes that are aligned with our short-term and long-term objectives,
- support effective governance, and
- attract and retain the talent we need to underpin the Group's strategic plan.

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An overview of our Executive KMP remuneration framework is set out below:

Remuneration Element	Description
Fixed Remuneration 50% of Total Target Opportunity	Total fixed remuneration (TFR) comprises cash salary and superannuation contributions. TFR is not subject to specific performance or deliverables criteria and is generally considered fixed for the duration of the relevant annual review period. 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. Further information can be found under FY2023 Fixed Remuneration outcomes.
Short-Term Incentive 25% of Total Target Opportunity	The objective of the Short-Term Incentive (STI) Plan is to reward participants for achieving annual goals linked with the Group's strategy. Payments under the STI Plan are subject to agreed performance outcomes as approved by the Executive Chairman and the NRPCC for the CEO and CFO. The performance outcomes for the Executive Chairman are approved by the Board. Further information can be found under FY2023 STI outcomes.
Long-Term Incentive 25% of Total Target Opportunity	The objective of the Long-Term Incentive (LTI) Plan is to reward participants for long-term performance and long-term value creation for shareholders. The LTI Plan is subject to the achievement of performance hurdles as determined by the NRPCC. Further information can be found under LTI awards granted in FY2023.

Linking remuneration outcomes with Group performance

The key indicators of Group performance and shareholder wealth relevant to the remuneration of KMPs that have been extracted from the FY2023 financial statements are as follows:

Key performance indicator		FY2023 Actual	FY2023 Normalised	FY2022 Actual	FY2022 Normalised	FY2021 Actual	FY2021 Normalised	FY2020 Actual	FY2020 Normalised	FY2019 Actual	FY2019 Normalised	FY2023 vs FY2022 Normalised Amount	%
Enterprise value	$m	1,070	1,070	1,422	1,422	2,087	2,087	1,190	1,190	1,309	1,309	(352)	(25)
Profit before tax	$m	(256.8)	35.2	33.8	64.0	99.2	60.1	31.0	46.2	8.4	44.9	(28.8)	(45)
Profit after tax	$m	(229.9)	28.5	24.2	46.3	78.0	39.6	21.3	31.9	4.4	30.9	(17.8)	(38)
Dividends per share	Cents	7.50	7.50	11.00	11.00	10.00	10.00	10.00	10.00	11.00	11.00	(3.5)	(32)
Earnings per share	Cents	(75.6)	9.4	8.0	15.2	29.5	15.0	9.9	14.9	2.1	14.9	(5.8)	(38)
Share price at 30 June	$	2.85	2.85	3.82	3.82	5.89	5.89	4.38	4.38	4.70	4.70	(0.97)	(25)
Total shareholder return	%	(23.4)	(23.4)	(33.3)	(33.3)	34.6	34.6	(4.8)	(4.8)	(33.0)	(33.0)	9.9	(30)
KMP total remuneration	$'000	3,507	3,507	3,852	3,852	4,446	4,446	2,940	2,940	3,025	3,025	(345)	(9)

FY2023 Fixed Remuneration outcomes

(a) Overview

As noted above, the Total Fixed Remuneration (TFR) for KMP is reviewed annually by the NRPCC having regard to 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 setting TFR, to remain market competitive, the NRPCC will refer to appropriate external market benchmarks.

(b) Review of TFR in 2023

The following changes were made to the TFR of Executive KMP in FY2023:

- **Executive Chairman:** 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 to his responsibilities as the most senior executive of the Group.

  In FY2023, the Executive Chairman's remuneration was adjusted as follows:

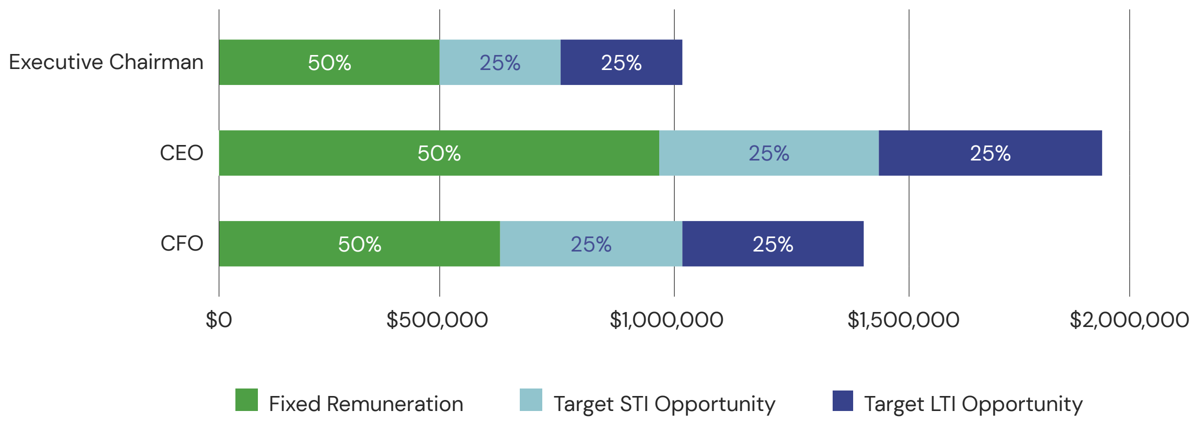
  - The Executive Chairman's Total Fixed Remuneration was increased by 3% in line with the Group's annual salary review budget, to $506,630 effective 1 September 2022, as approved by the Board.
  - The Executive Chairman's fee for his role as the Chairman of the Board was increased by 3% to $218,400 in line with the Group's annual salary review budget, effective 1 December 2022, as approved by the Board.

  The Executive Chairman's annual fixed remuneration is $725,030 comprising a TFR of $506,630 relating to his executive duties and $218,400 relating his role as Chairman of the Group.

- **CEO:** With the appointment of Peter Findlay as the new Chief Executive Officer in FY2023, Mr Findlay's annual fixed remuneration was set at $960,000.

- **CFO:** With the appointment of Gunther Burghardt as the new Chief Financial Officer in FY2023, Mr Burghardt's annual fixed remuneration was set at $640,000.

The target pay mix of the Executive Chairman (excluding Chairman Board Fees), the CEO and CFO is set out below:



FY2023 STI outcomes

(a) Overview

Executive KMP have the potential for part of their total remuneration to be delivered under the Group's STI Plan, which is designed to reward the achievement of performance hurdles that are linked to the annual objectives which are tied to the Group's overarching strategy.

The payment of any STI is subject to the personal performance of the individual and the Group against determined financial and non-financial criteria and is also subject to the achievement of Group and individual gateways i.e., if these gateways are not met there will be no payment under the STI unless discretion is exercised by the Board. The maximum STI payable is 110% of target opportunity with 10% aligned to a stretch EBITDA target.

The EBITDA performance and Safety gateways for the STI Plan to open in FY2023 were not met, and the Board declined to exercise their discretion to open the gateway. Subsequently, no payment under the STI Plan was made.

The target STI awards that Executive KMP were eligible to receive in respect of FY2023, as well as their FY2023 STI outcomes, are set out in the table below. These outcomes reflect both individual and Group performance against key metrics.

Executive KMP	Target STI opportunity ($)	Target STI (% of fixed remuneration)	% of target FY2023 STI awarded	% of target FY2023 STI forfeited
Barry Irvin	$253,315	50%	0%	100%
Peter Findlay	$480,000	50%	0%	100%
Gunther Burghardt	$237,589 [(1)]	50%	0%	100%

(1) *Mr Burghardt's target STI opportunity is calculated on a pro-rated basis, based on his commencement with the company part way through FY2023. It represents approximately 74% of his target opportunity if he was employed for a full financial year.*

(b) Performance against FY2023 STI measures

The target STI Award that the Executive Chairman was eligible to receive in respect of FY2023 is set out in the table below. The NRPCC reviewed the performance of the Executive Chairman and recommended the following outcomes for Board approval. No payments under the STI plan were made to KMP for FY2023.

STI component	%	Barry Irvin, Executive Chairman
EBITDA	50%	0%
EBITDA STRETCH	10%	0%

The target STI award that the CEO and CFO were eligible to receive in respect of FY2023 is set out in the table below. The NRPCC reviewed the performance of the CEO and CFO and recommended the following outcomes for Board approval. No payments under the STI plan were made to KMP for FY2023.

STI component	%	Peter Findlay, CEO	Gunther Burghardt, CFO
EBITDA	50%	0%	0%
EBITDA Stretch	10%	0%	0%
OH&S	15%	0%	0%
Free Cash Flow	15%	0%	0%

FY2023 STI terms – further detail

The STI for the Executive Chairman, the CEO and CFO are determined in accordance with the STI Plan as approved annually by the Board. The table below outlines the key terms and conditions applying to the STI Plans for the Executive KMP during FY2023.

Component	Detail
Target Opportunity	50% of total fixed remuneration for the Executive Chairman, CEO and CFO
Performance period	STI awards are assessed over the 12-month financial year. Any STI award payments are made after performance is tested at the end of the performance period.
Vehicle	All STI awards are delivered in cash.
Gateway	The Executive Chairman, CEO and CFO are only entitled to a payment under the STI Plan if specific Group performance and individual gateways are achieved. These gateways ensure that STI payments are aligned to the Group's key strategic and business objectives. The Group 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); and • 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. Individual gateways apply to the Chairman, CEO and CFO meaning that no STI payment is made unless the individual KMP executed their duties in a proper and effective manner by: • leading by example and being a role model for safety, quality, and the environment; • demonstrating collegiate behaviour and active participation in workgroup meetings; and • upholding and promoting the Company values and behaviours. The CEO and CFO need to meet additional individual performance gateways relating to participation in safety, quality and environmental programs as well as achieving a satisfactory annual performance review.
Personal Objectives	Each KMP has individual performance objectives. These personal 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.
Financial Objectives	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 makes a recommendation to the Board for approval in respect of the determined financial metrics for all KMP.
Performance Assessment	Each KMP's performance was assessed at the end of the financial year against their agreed objectives. Overall performance was 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.
Governance	**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 outcome recommendations are submitted to the NRPCC prior to being submitted to the Board for final review and approval. Board approval is required before any STI is paid.
Board Discretion	The Board has absolute discretion to amend any component of the STI for KMP.

LTI awards granted in FY2023

(a) Overview

The group operates an LTI Plan, for the Executive Chairman, the CEO and the CFO.

The purpose of the LTI is to:

- assist in the retention, motivation and reward of the Executive Chairman, the CEO and the CFO;
- link the reward of the Executive Chairman, the CEO and the CFO to shareholder value creation; and
- align the economic interests of the CEO and CFO with shareholders by providing an opportunity to be rewarded via an equity interest in the Group based on creating shareholder value.

The Executive Chairman, CEO and CFO have identical LTI performance targets.

The FY2023 LTI grant will be assessed against both Earnings Per Share (EPS) and Return on Funds Employed (ROFE).

(b) FY2023 LTI awards

The table below outlines the face value of LTI awards granted to KMP during FY2023.

Executive KMP	Target LTI Opportunity ($)	Target LTI Opportunity (% of Fixed Remuneration)	Number of Performance Rights Allocated
Barry Irvin	$253,315	50% of fixed remuneration	N/A (see further detail below)
Peter Findlay	$420,000(1)	50% of fixed remuneration	135,048
Gunther Burghardt	$237,589	37.12% of fixed remuneration(2)	76,395

(1) Mr Findlay's LTI was granted during his time as Chief Operating Officer and is based on his TFR at this time.

(2) Mr Burghardt's LTI was granted on a pro-rated basis, based on his commencement with the company part way through FY2023. It represents approximately 74% of his target opportunity if he was employed for a full financial year.

The table below sets out the key terms attached to the LTI awards granted to the KMP during the year.

Component	Detail
Overview	The FY2023 LTI Plan is designed to reward the Executive Chairman, the CEO and the CFO for long-term performance and long-term value creation for shareholders.
Instrument	• **Executive Chairman (cash)**: The Executive Chairman is a substantial shareholder of the Bega Group and as a result his personal financial interests are already aligned with other shareholders. The opportunity to receive further shares in the Bega Group under a share-based long-term incentive plan may be seen to provide the Executive Chairman with an opportunity to increase his shareholding in a manner not available to other substantial shareholders. As such, the Executive Chairman's LTI is to be paid in cash if the performance hurdles are met. • **CEO and CFO (performance rights):** Given that the CEO and CFO are not substantial shareholders in the Bega Group the Board has agreed that the best way to align the performance of the CEO and CFO with the interests of shareholders is for the outcome available under their long-term incentive to be based on performance rights over ordinary shares in the Company. The number of performance rights for the LTI Plan is calculated using the 'fair value' method (see below). Subject to the satisfaction of the performance hurdles and the vesting conditions as set out below, each performance right issued under the plan is converted into one fully paid ordinary share in the Group.
Exercise price	Nil.
Allocation methodology	The fair value of the performance rights for allocation purposes is calculated by taking the close price of Bega Cheese Limited shares at the November NRPCC meeting, and deducting the present value of expected dividends forgone over the duration of the FY2023 Plan (i.e. the dividends not received until the performance rights vest). The fair value used to allocate the FY2023 LTI grant and for accounting purposes for the FY2023 LTI grant was $3.11.
Performance period	The FY2023 LTI grant is subject to a performance period from 1 July 2022 to 30 June 2025.

Component	Detail
Performance measures	**Performance measures** The table below outlines the performance measures and vesting schedules applying to the FY2023 LTI Plan as it applies to the Executive Chairman, CEO and CFO. **Apportionment of Performance Rights** • 50% of the performance rights granted under the FY2023 LTI Plan are subject to a performance hurdle based on the achievement an Earnings Per Share (EPS) growth target. The EPS growth target is outlined below and applies over the entire Performance Period. • 50% of the performance rights granted under the FY2023 LTI Plan are subject to a Return On Funds Employed (ROFE) growth target. The ROFE growth target is outlined below and applies over the entire Performance Period. The apportionment of performance rights is outlined in the table below:

Performance Hurdle	Apportionment of Performance Rights
EPS FY2023-FY2025	50%
ROFE FY2023-FY2025	50%
Total	**100%**

Performance Measures and Targets

Earnings Per Share

Vesting percentage	EPS CAGR target FY2023-FY2025
Nil vesting	Below 16.7% over the performance period
Pro-rated vesting between 0% and 50%	Between 16.7% and 18.8% compound annual EPS growth over the Performance Period
50% vesting	At 18.8% over the performance period
Pro-rated vesting between 50% and 100%	Between 18.8% and 20.9% over the performance period
100% vesting	At 20.9% or above over the performance period

The Board retains the discretion to adapt the calculation of the LTI Plan measure of the Earnings Per Share performance hurdle to reflect the impact of significant events, such as capital raising or corporate activity, that may occur during the performance periods.

Return on Funds Employed

Vesting percentage (ROFE CAGR component)	ROFE CAGR target FY2023-FY2025
Nil vesting	Below 18.2% compound annual ROFE growth over the Performance Period
Pro-rated vesting between 0% and 50%	Between 18.2% and 20.5% compound annual ROFE growth over the Performance Period
50% vesting	At 20.5% compound annual ROFE growth over the Performance Period
Pro-rated vesting between 50% and 100%	Between 20.5% and 22.8% compound annual ROFE growth over the Performance Period
100% vesting	At 22.8% or above compound annual ROFE growth over the Performance Period

Component	Detail
Dividend and voting rights	There are no voting or dividend rights until the performance rights vest and are exercised and converted into ordinary shares in the Group. Additional performance rights are not granted as a result of holding performance rights when dividends are declared by the Group.
Restrictions on transfer	The CEO and CFO may not transfer or encumber the performance rights with a security interest without the consent of the Board.
Malus	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.

There will be no vesting under the LTI unless the KMP remains employed with the Group during the entire performance period of the relevant plan, unless the KMP is determined to be a "good leaver" under the rules of the plan.

Performance rights that have not vested because of performance measures not being met will automatically lapse, nor any cash payment made to the Executive Chairman in these circumstances.

LTI awards vesting in FY2023

(a) Overview

Long-Term Incentive Plan FY2021 – FY2023

The FY2021 LTI plan was tested in FY2023 (i.e. on 30 June 2023). 100% of this award was tested against EPS growth targets, with vesting subject to continued employment over the performance period.

The FY2021 LTI performance hurdles were not met and as a result no cash payment was made to the Executive Chairman and no performance rights vested into shares for the CEO or CFO.

Long-Term Incentive Plan FY2022 – FY2024

The second ROFE tranche of the FY2022 LTI was tested in FY2023 (i.e. on 30 June 2023). 15% of the award was tested against the FY2023 ROFE target, with vesting subject to continued employment over the performance period.

The ROFE performance hurdle for the second tranche of the FY2022 LTI was not met, and as a result no cash payment was made to the Executive Chairman and no performance rights vested for the CEO or CFO.

Employee Share Purchase Plan

The Group provides employees the opportunity to acquire Bega Cheese Limited shares under the Bega Cheese Limited Employee Share Plan through a pre-tax salary sacrifice arrangement. The plan enables participants to sacrifice up to $5,000 to acquire shares in the company, subject to a holding restriction. The plan is open to all permanent employees of the company.

Executive KMP remuneration statutory table

Details of each Executive KMP's remuneration for FY2023 (calculated in accordance with the applicable Accounting Standards) are set out below.

		Short-term benefits		Post-employment benefits	Long-term benefits		Share-based payment	Total
	Year	Cash Salary and fees $	Short-term Incentive(1) $	Superannuation $	Leave(2) $	Long-term Incentive(3) $	Equity settled performance rights(4) $	All amounts $
Executive Chairman								
Barry Irvin(5)	2023	694,612	-	25,292	57,988	(45,287)	-	732,605
	2022	680,306	73,781	23,568	29,351	(31,353)	-	775,653
Executives								
Peter Findlay(6)	2023	836,687	-	25,292	104,076	-	(36,136)	929,919
	2022	648,306	110,859	23,568	57,660	-	59,162	899,555
Gunther Burghardt(7)	2023	456,032	-	18,969	41,415	-	78,061	594,477
Former Executives								
Paul van Heerwaarden(8)	2023	604,142	-	18,969	39,813	-	(248,837)	414,087
	2022	995,306	157,925	23,568	76,741	-	(14,222)	1,239,318
Total Executive Remuneration	**2023**	**2,591,473**	**-**	**88,522**	**243,292**	**(45,287)**	**(206,912)**	**2,671,088**
	2022	2,323,918	342,565	70,704	163,752	(31,353)	44,940	2,914,526

(1) *No STI payments were made to KMP for FY2023.*

(2) *The expense relates to the combined long service and annual leave accruals during the year.*

(3) *Long-term incentive based on the achievement of specified milestones of the Executive Chairman's LTI Plan. The amount reflects the expense for the FY2023 proportion of the cash incentive due to vest in 2025 ($85,424). This is offset by the prior period expense relating to the FY2021 to FY2023 and the FY2022 to FY2024 LTI plans not vesting. Further details of the Executive Chairman's LTI Plan are set out in the LTI section above.*

(4) *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 $(206,912) in FY2023 reflects current year expense of $216,054 for the FY2023 to FY2025 plan; less the write-back of expense incurred in prior periods relating to unvested rights that were forfeited in respect of the FY2021 to FY2023 plan and FY2022 to FY2024 plan of $422,966. Further details of the CEO's and CFO's LTI Plan are set out in the LTI section above.*

(5) *Includes remuneration for Non-executive Chairman responsibilities.*

(6) *Mr Findlay held the roles of Chief Financial Officer, Chief Operating Officer and Chief Executive Officer throughout FY2023. Remuneration over the period is pro-rated accordingly.*

(7) *Mr Burghardt commenced in his role as Chief Financial Officer and subsequently as Key Management Personnel on 3 October 2022.*

(8) *Mr van Heerwaarden ceased employment with the company on 3 February 2023, and subsequently ceased as Key Management Personnel on the same day. The Board determined Mr van Heerwaarden to be a good leaver at the time of cessation under the rules of the Long-Term Incentive Plan, with a portion of his performance rights remaining on foot to be tested on 30 June 2023.*

Non-Executive Directors' remuneration

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 plan based on his TFR which relates to his executive duties).

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.

Fees and other benefits

The following table details the previous and current level of all Directors' fees and allowances, which are all inclusive of superannuation obligations. Fees were increased in December 2022 by approximately 3% in line with the salaried staff annual salary review budget:

	Rate as from 1 July 2021 $	Rate as from 1 December 2022 $
Board fees		
Chairman of the Board	212,000	218,400
Deputy Chairman	156,000	160,700
Director fees	106,000	109,200
Committee fees		
Chair of Audit & Risk Committee	24,000	24,800
Audit & Risk Committee member allowance	12,000	12,400
Chair of NRPCC	24,000	24,800
NRPCC member allowance	12,000	12,400
Chair of Milk Services Committee	15,000	15,500
Milk Services Committee member allowance	7,500	7,800

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.

Non-Executive Directors – Statutory remuneration

The fees paid or payable to the Non-Executive Directors of the Group in respect of FY2023 are set out in the table below.

	Year	Director Fees	Superannuation	Total
	$	$	$	$
Non-executive Directors				
Harper Kilpatrick	2023	108,890	11,434	120,324
	2022	105,455	10,545	116,000
Patria Mann	2023	108,890	11,434	120,324
	2022	107,273	10,727	118,000
Peter Margin	2023	154,179	16,189	170,368
	2022	262,431	23,569	286,000
Raelene Murphy	2023	131,073	13,763	144,836
	2022	129,091	12,909	142,000
Rick Cross	2023	122,754	12,889	135,643
	2022	120,909	12,091	133,000
Terry O'Brien	2023	131,073	13,763	144,836
	2022	129,091	12,909	142,000
Total Non-Executive Director Remuneration	**2023**	**756,859**	**79,472**	**836,331**
	2022	854,250	82,750	937,000

Remuneration governance

Overview of remuneration governance framework

The board, supported by NRPCC, is responsible for the remuneration strategy, principles and procedures for employees of the Group.

The NRPCC operates under a formal charter to assist the Board in relation to its responsibilities in identifying, attracting and remunerating Directors, the Executive Chairman, the CEO and the CFO.

The NRPCC provides guidance to the Executive Chairman and the CEO in implementing decisions of the Board in relation to remuneration and strategic human resource planning.

An overview of the NRPCC responsibilities is set out below:

Role	Details
Recommendations to the Board	The Board takes recommendations from the NRPCC in setting the remuneration of Executive KMP. The NRPCC assesses and makes recommendations to the Board on any changes to the composition of the Board with a view to ensuring that it can operate effectively and efficiently and adequately discharge its responsibilities and duties. In formulating its recommendations, the NRPCC considers a range of factors including: • group financial performance • remuneration market data for KMP operating in similar listed organisations and industry sectors • remuneration components and weightings of fixed and variable remuneration • the performance levels and contribution of the individual KMP.

Role	Details
Advice and Assistance to the Board	The NRPCC advises and assists the Board to ensure that the Group: • has coherent human resources policies and practices which enable the Group to attract and retain Directors and executives who will create value for shareholders and that support the Group’s wider objectives and strategies • fairly and responsibly remunerates Directors and executives, having regard to the performance of the Group, the performance of executives and the market remuneration environment • has effective human resources policies and procedures to attract, motivate and retain appropriately skilled people to meet the Group’s current and future needs.

Further details of the role of the NRPCC is provided in the FY2023 Corporate Governance Statement published on the Bega Cheese Limited website (www.begagroup.com.au/investors/corporate-governance/).

Executive KMP service agreements

The Executive Chairman, in relation to his executive duties, the CEO and the CFO have service agreements, the key terms of which were unchanged as follows:

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.

Use of remuneration consultants

In accordance with its Charter, the NRPCC can engage with remuneration consultants. Ernst & Young were engaged during FY2023, rendering $45,485 (incl. GST) in consulting fees for services which included a review of the LTI Plan Rules and Employee Share Plan Rules and associated documents. No remuneration recommendations as defined in section 9B of the *Corporations Act 2001* were obtained in FY2023.

Other matters

Related party transactions

During the year, some KMP and their related entities entered into in related party transactions with the Group relating to the supply of milk, sale of peanuts and property rental. These transactions were on the same normal commercial terms as other suppliers and are summarised in the table below:

	CONSOLIDATED	
	2023 $m	**2022** $m
Payments made by the Group during the year	5,987,855	6,304,708
Sales made by the Group during the year	341,145	358,641
Rental income received by the Group during the year	45,378	53,649
Amounts payable at year end	191,377	504,206
Amounts receivable at year end	90,852	43,451

No Executive KMP or their related parties held any loans with the Group during FY2023.

Director Minimum Shareholding Guidelines

From 1 July 2022, a minimum shareholding guideline for Directors was implemented by the Board. Under this guideline, Directors have 3 years to build a minimum shareholding equal to 100% of annual base fees, inclusive of superannuation. The 3-year time frame commences from the latter of 1 July 2022, or the date of Director appointment (if a new Director). The shareholding guideline only needs to be met once for a Director to be in compliance with the shareholding guideline.

Adherence to these guidelines will be tested by the Company's appointed valuations partner using a 12-month VWAP calculation as at 30 June of the financial year to account for share price fluctuation over the preceding financial year.

Based on Director shareholdings and the 12-month VWAP calculation as at 30 June 2022, four Directors were in compliance with these guidelines. The remaining Directors' shareholding values were tested based on their shareholdings and the 12-month VWAP calculation at 30 June 2023. Including the already compliant Directors, five Directors are now compliant with these guidelines.

The remaining two Directors will have their holdings tested again on 30 June 2024.

Shareholdings

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

2022 – Numbers of ordinary shares	Balance at start of year	Shares purchased	STI shares awarded	Shares sold	Balance at the end of the year
Executive Chairman					
Barry Irvin	2,038,841	-	-	-	2,038,841
Executive KMP					
Peter Findlay	23,098	-	-	-	23,098
Gunther Burghardt	-	22,002	-	-	22,002
Former Executive KMP					
Paul van Heerwaarden	156,948	-	-	(63,809)	93,139
Non-executive Directors					
Rick Cross	202,566	-	-	-	202,566
Harper Kilpatrick	17,830	12,645	-	-	30,475
Patria Mann	30,000	20,000	-	-	50,000
Peter Margin	14,357	21,712	-	-	36,069
Raelene Murphy	14,956	7,109	-	-	22,065
Terry O'Brien	23,313	3,692	-	-	27,005

Movements in performance rights during FY2023

The below table outlines the movements in performance rights for KMP during FY2023. Note that the lapsed awards referenced in the LTI Vesting section of this report will be reflected in the FY2024 Annual Report.

2023 – Numbers of ordinary shares	Rights held at 1 July 2022	Rights granted in FY2023	Rights vested in FY2023	Rights exercised in FY2023	Rights lapsed in FY2023	Rights held at 30 June 2023
Executive KMP						
Peter Findlay	149,231	135,048	-	-	(30,617)	253,662
Gunther Burghardt	-	76,395	-	-	-	76,395
Former Executive KMP						
Paul van Heerwaarden	266,024	-	-	-	(127,393)	138,631

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 2016/191, 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 24 August 2023, the Directors declared a final fully franked dividend of 3.0 cents per share, which represents a distribution of $9.1 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 55.

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

B.A. Irvin

Barry Irvin
Executive Chairman
Melbourne

Raelene Murphy
Independent Director
Melbourne

24 August 2023

Auditor's Independence Declaration

As lead auditor for the audit of Bega Cheese Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bega Cheese Limited and the entities it controlled during the period.

Sam Lobley
Partner
PricewaterhouseCoopers

Melbourne
24 August 2023

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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

LEVERAGING DISTRIBUTION AND INNOVATION FOR GROWTH

Our extensive chilled distribution network and beverage innovation have helped grow Dare and solidify its position as the #1 Milk-based beverage brand in Australia.[1]

Our chilled distribution network services outlets daily across Australia and provides the reach and market penetration capability to give more consumers the choice of a Dare fix whenever and wherever they want. Partnering with retailers to ensure Dare is readily available has unlocked Dare's availability in over 13,000 outlets across Australia.

This collaborative approach has increased Dare's market share and helped grow a vital consumer segment for retailers and us with the Dare No Sugar Added range. Innovation of the product portfolio with no sugar added variants also removed 369 tonnes of added sugar last year, improving consumer satisfaction and incremental growth.

Collaborating for growth goes beyond product mix to production. Sourcing coffee from Rainforest Alliance Certified Farms helps farmers follow more sustainable farming practices that protect forests, improve their livelihoods, promote human rights of farm workers, and help them mitigate and adapt to the climate crisis. To learn more about the Rainforest Alliance, visit www.rainforest-alliance.org

[1] *Data Source: Circana AU Grocery and Convenience Scan, Dollars Share of Total Milk Beverages, MAT 14/05/23.*

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Consolidated Statement of Comprehensive Income

		CONSOLIDATED	
		2023	**2022**
	Notes	$m	$m
Revenue	5	3,376.0	3,009.9
Cost of sales		(2,719.6)	(2,320.5)
Gross profit		**656.4**	**689.4**
Other revenue	5	11.6	11.4
Other income	5	24.4	6.4
Distribution expense		(311.7)	(279.3)
Marketing expense		(106.2)	(104.9)
Occupancy expense		(45.5)	(52.8)
Administration expense		(185.0)	(179.3)
Acquisition related expenses		-	(46.5)
Impairment of assets	6	(275.9)	-
Finance costs	6	(24.1)	(12.5)
Share of net (loss)/profit of equity accounted investments		(0.8)	1.9
(Loss)/profit before income tax		**(256.8)**	**33.8**
Income tax benefit/(expense)	7a	26.9	(9.6)
(Loss)/profit for the period attributable to owners of Bega Cheese Limited		**(229.9)**	**24.2**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Cash flow hedges, net of tax		(0.7)	2.7
Exchange differences on translating foreign operations		(0.1)	0.2
Total other comprehensive income		**(0.8)**	**2.9**
Total comprehensive income for the period attributable to owners of Bega Cheese Limited		**(230.7)**	**27.1**
		2023	**2022**
		Cents	Cents
Earnings per share for (loss) or profit attributable to ordinary equity holders of the parent:			
Basic earnings per share		**(75.6)**	**8.0**
Diluted earnings per share		**(75.3)**	**8.0**

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

Consolidated Balance Sheet

	Notes	CONSOLIDATED 2023 $m	2022 $m
ASSETS			
Current assets			
Cash and cash equivalents	20	66.4	44.9
Trade and other receivables	8	306.1	274.7
Derivative financial instruments		0.2	2.7
Inventories	10	428.7	317.6
Current tax assets		-	3.0
Assets held for sale	11	1.4	60.5
Other assets	9	29.4	26.9
Total current assets		**832.2**	**730.3**
Non-current assets			
Property, plant and equipment	11	687.2	844.0
Right-of-use assets	12	161.4	109.9
Deferred tax assets	7e	7.8	38.9
Intangible assets	13	464.5	588.1
Investments accounted for using the equity method	25	-	47.6
Total non-current assets		**1,320.9**	**1,628.5**
Total assets		**2,153.1**	**2,358.8**
LIABILITIES			
Current liabilities			
Trade and other payables	14	510.0	449.2
Other liabilities	15	17.3	16.5
Derivative financial instruments		0.8	1.7
Lease liabilities	12	17.2	21.0
Current tax liabilities		13.0	10.3
Provisions	17	120.3	107.3
Total current liabilities		**678.6**	**606.0**
Non-current liabilities			
Borrowings	16	269.0	308.5
Lease liabilities	12	180.9	93.3
Other liabilities	15	4.4	-
Provisions	17	16.5	16.9
Deferred tax liabilities	7e	-	71.7
Total non-current liabilities		**470.8**	**490.4**
Total liabilities		**1,149.4**	**1,096.4**
Net Assets		**1,003.7**	**1,262.4**
EQUITY			
Share capital	18a	881.0	878.2
Reserves	19	25.7	26.9
Retained earnings		97.0	357.3
Capital and reserves attributable to owners of Bega Cheese Limited		**1,003.7**	**1,262.4**
Total Equity		**1,003.7**	**1,262.4**

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

Consolidated Statement of Changes in Equity

Consolidated	Share capital $m	Reserves $m	Retained earnings $m	Total $m
Balance as at 1 July 2021	875.7	25.9	359.1	1,260.7
Purchase price acquisition adjustment	-	-	5.8	5.8
Profit for the period	-	-	24.2	24.2
Other comprehensive income for the period	-	2.9	-	2.9
Transactions with owners in their capacity as owners:				
– Issue of shares (note 18)	3.1	-	-	3.1
– Share-based payments relating to incentives	-	(1.9)	-	(1.9)
– Dividends provided for or paid	-	-	(31.8)	(31.8)
– Tax effect of prior period share issue transaction costs	(0.6)	-	-	(0.6)
Balance as at 30 June 2022	**878.2**	**26.9**	**357.3**	**1,262.4**
Balance as at 1 July 2022	878.2	26.9	357.3	1,262.4
Loss for the period	-	-	(229.9)	(229.9)
Other comprehensive income for the period	-	(0.8)	-	(0.8)
Transactions with owners in their capacity as owners:				
– Issue of shares (note 18)	3.6	-	-	3.6
– Share-based payments relating to incentives	-	(0.4)	-	(0.4)
– Dividends provided for or paid	-	-	(30.4)	(30.4)
– Tax effect of prior period share issue transaction costs	(0.8)	-	-	(0.8)
Balance as at 30 June 2023	**881.0**	**25.7**	**97.0**	**1,003.7**

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

Consolidated Statement of Cash Flows

	Notes	CONSOLIDATED 2023 $m	2022 $m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers inclusive of goods and services tax		3,611.1	3,342.8
Payments to suppliers and employees inclusive of goods and services tax		(3,607.8)	(3,179.2)
Net proceeds from Trade Receivables Facility		36.6	18.9
Interest and other costs of financing paid		(24.1)	(12.5)
Interest received		1.0	0.1
Income taxes paid	7f	(8.6)	(11.9)
Net inflow from operating activities	20	**8.2**	**158.2**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of Vitasoy Australia shares		51.0	-
Proceeds from sale of Land & Buildings at Port Melbourne		114.6	-
Payments for property, plant and equipment		(61.0)	(65.8)
Net proceeds from sale of property, plant and equipment		1.5	7.0
Payments for intangible assets		(7.1)	(6.0)
Joint venture distributions received	30	0.9	1.0
Net inflow/(outflow) from investing activities		**99.9**	**(63.8)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	310.0
Repayment of borrowings		(40.0)	(393.0)
Principal elements of lease payments		(19.8)	(25.0)
Dividends paid to Bega Cheese Limited's shareholders	4	(26.8)	(28.7)
Net outflow from financing activities		**(86.6)**	**(136.7)**
Net increase/(decrease) in cash and cash equivalents		**21.5**	**(42.3)**
Cash and cash equivalents at the beginning of the year		44.9	87.2
Cash and cash equivalents at the end of the year	20	**66.4**	**44.9**

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

How numbers are calculated

1. Significant events in the accounting period

A. Divestiture of Vitasoy Australia

During FY2023 Vita International Holdings Limited (Vita International) exercised a call option right to purchase the 49% shareholding in Vitasoy Australia Products Pty Ltd (Vitasoy Australia) held by the Group's subsidiary National Foods Holdings Limited (NFHL) in accordance with the Shareholders Agreement between Bega, Vita International and Vitasoy Australia. In accordance with the Shareholders Agreement, the fair value of NFHL's shareholding was determined by an independent expert as $51 million. Accordingly, on 13 February NFHL sold its shareholding in Vitasoy Australia for $51 million to Vita International. The Group provided transition services for a period of time during the second half of FY2023 and continues to distribute Vitasoy products in targeted channels on a non exclusive basis. The impact on the profit or loss after considering the carrying value of the investment sold, separation costs and stranded fixed costs was deemed immaterial.

B. Closure of milk processing facility in Canberra

In February, the Group ceased the manufacture of its fresh milk products at its Griffith facility in Canberra (previously known as Capitol Chilled Foods Australia) and relocated manufacturing to the Group's Penrith site. Given there are no dairy farms in Canberra, milk was traditionally sourced from outside the ACT and transported to Griffith for production, often bypassing more efficient and sustainable production sites like The Group's Penrith facility. The changing nature of the dairy market within the ACT has meant that the Group's facility has not been operating at its full capacity for some time. This combined with the fact that there have not been dairy farms within the ACT for many years has created challenges for the Canberra site. The Group retains a distribution and sales office in Canberra. Restructuring costs of $5.5 million were recognised following the closure in FY2023.

C. Sale and Leaseback of 1 Vegemite Way, Port Melbourne

Since May 2022, the Group has been investigating the opportunity for the sale and lease back of its property at 1 Vegemite Way, Port Melbourne. The Group executed agreements with Charter Hall, who acquired the site in June 2023 for $114.6 million (excluding GST). The Group leased back the site for an initial term of 15 years with two additional five year options.

The Group intends to continue the production of iconic brands including Vegemite and Bega Peanut Butter at the site. The funds from the sale reduced debt and will further support the Group's strategy and transition to a company focused on market leading brands. The transaction strengthened the Group's balance sheet and following the application of the lease accounting standard AASB 16, a pre-tax statutory profit on the sale of $16.2 million was realised. The Group has an extensive property portfolio and will continue to review opportunities across that portfolio.

D. Impairment of assets

The Bulk segment experienced a challenging second half of the financial year with global dairy commodity prices significantly decreasing. In addition, the ongoing decline of milk production in Australia and excess milk manufacturing capacity continues to create a highly competitive milk procurement environment and now a large disconnect between returns received in international commodity markets and Australian farm gate milk price exists. This disconnect will impact the performance of the Bulk segment in FY2024 as these circumstances are expected to continue for some time.

The expected impact of the decline in performance of the Bulk segment associated with the ongoing circumstances described above necessitated a review of the carrying value of the Group's bulk ingredient assets under the Australian Accounting Standard AASB 136 *Impairment of Assets*. This has given rise to a non-cash impairment of $275.9 million, including $117.9 million of Goodwill, $151.5 million of buildings, plant and equipment and $5.0 million of inventory maintenance spares. The majority of the $275.9 million impairment of assets relates to the Bulk dairy cash generating unit (CGU) ($240 million) with the balance consisting predominantly of impairments at our Canberra milk processing site, office consolidation and non-dairy commodity processing sites which form part of a separate CGU. The recoverable amount of the latter was determined using the 'value in use' approach with a post tax discount rate of 8.0%. The impairment was driven by a change in strategic direction.

E. Restructuring program

During FY2023 the Group undertook a detailed review of the organisation design and its alignment with The Group's Strategy 2028 (S28). As part of this review, the Group assessed the ability of the existing design to deliver both to customers and consumers but also the most efficient and effective structure to support the Group's growth aspirations.

In June 2023 the Group announced the future operating model, which significantly streamlines both Business Units and Group Functions into One Bega teams, reducing duplication, complexity and internal management processes. This restructure will see the reduction of salaried roles of approximately 8.5% including many vacant roles closed due to a hiring freeze and natural attrition preceding the announcement. The total FY2023 impact of restructuring activities totalled $26.3 million which includes $5.5 million related to the closure of milk processing facility in Canberra.

F. Tax consolidation

During the year, Bega Cheese Limited made a decision to form an income tax consolidated group with its wholly owned Australian subsidiaries with effect from 1 July 2022. As a consequence, the tax cost base of the Group's assets has been reset resulting in a $19.6 million net debit to income tax expense. Bega Cheese Limited has not yet formally notified the Australian Taxation Office of the formation of the income tax consolidated group, as the head company has until the time it lodges its first consolidated income tax return for FY2023 which is due on 28 February 2024.

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G. 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 per cent due to non-temporary differences. The prima facie effective tax rate of the Group is 10.5% which is largely attributable to the current year impairment of assets, the permanent benefit in respect of research and development tax incentive, and utilisation of previously unrecognised losses/deferred taxes.

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.

B. Segment information provided to the CODM

The segment information provided to the CODM for the reportable segments for the year ended 30 June 2023 is as follows:

	Branded $m	Bulk $m	Unallocated overheads $m	Inter-segment eliminations $m	Group Total $m
Year ending 30 June 2023					
Revenue	2,880.7	797.4	-	(302.1)	3,376.0
EBITDA	139.4	38.3	(32.3)	(1.3)	144.1
Depreciation, amortisation and impairment					(377.8)
EBIT					(233.7)
Interest income					1.0
Interest expense					(24.1)
Loss before income tax					**(256.8)**
Income tax benefit					26.9
Loss for the year					**(229.9)**
Impact of current year events on loss before tax					
Vegemite Way					16.2
Impairment					(275.9)
Restructuring					(26.3)
Other costs					(4.8)
Tax consolidation					(1.2)

2. Segment information (cont.)

Prior period comparative segment information as follows:

	Branded $m	Bulk $m	Unallocated overheads $m	Inter-segment eliminations $m	Group Total $m
Year ending 30 June 2022					
Revenue	2,480.9	735.5	-	(206.5)	3,009.9
EBITDA	107.8	80.3	(39.8)	1.6	149.9
Depreciation, amortisation and impairment					(103.7)
EBIT					46.2
Interest revenue					0.1
Interest expense					(12.5)
Profit before income tax					**33.8**
Income tax expense					(9.6)
Profit for the year					**24.2**
Impact of prior year events on profit before tax					
LDD transaction related costs					(46.5)
Reckitt termination					19.3
Other costs					(3.0)

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. Segment sales by destination are as follows:

	CONSOLIDATED	
	2023 $m	**2022** $m
Sales to external customers in Australia		
Branded	2,649.8	2,249.0
Bulk	212.5	248.2
Total sales to external customers in Australia	2,862.3	2,497.2
Sales to external customers in other countries		
Branded	230.9	231.9
Bulk	282.8	280.8
Total sales to external customers in other countries	513.7	512.7
Total sales to external customers	**3,376.0**	**3,009.9**

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3. Earnings per share

	CONSOLIDATED	
	2023 Cents	**2022** Cents
Earnings per share for profit from continuing operations attributable to ordinary equity holders of the parent:		
Basic earnings per share	(75.6)	8.0
Diluted earnings per share	(75.3)	8.0
	2023 Number	**2022** Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	303,851,779	303,210,210
Adjustments for calculation of diluted earnings per share:		
Contingent employee incentives [1]	1,390,248	1,069,744
Shares used as the denominator in calculating diluted earnings per share [1]	305,242,027	304,279,954

[1] *FY2022 shares have been restated to exclude the impact of performance rights lapsed after 30 June 2022.*

	2023 $m	**2022** $m
(Loss)/profit attributable to the ordinary equity holders of the Group used in calculating earnings per share	(229.9)	24.2

4. Dividends to shareholders

	CONSOLIDATED	
	Full year 2023 $m	**Full year 2022** $m
Recognised amounts:		
2023 Interim dividend of 4.50 cents	13.7	-
2022 Final dividend of 5.50 cents	16.7	-
2022 Interim dividend of 5.50 cents	-	16.7
2021 Final dividend of 5.00 cents	-	15.1
Total dividend	**30.4**	**31.8**
Issue of shares under the DRP	(3.6)	(3.1)
Net cash outflow	**26.8**	**28.7**
Unrecognised amounts:		
2023 Final dividend of 3.00 cents	9.1	-
2022 Final dividend of 5.50 cents	-	16.7

The dividends paid in 2023 and 2022 were fully franked. The 2023 final dividend will be fully franked.

4. Dividends to shareholders (cont.)

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	$m	$m	$m	$m
Value of the dividend franking account	96.0	100.3	96.0	52.1

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.

For FY2022, the consolidated amounts include franking credits that would be available to the parent entity if distributable profits of the subsidiaries were paid as dividends.

5. Revenue and other income

	CONSOLIDATED	
	2023	2022
	$m	$m
Sale of goods	3,316.0	2,909.0
Services	60.0	100.9
Total revenue	**3,376.0**	**3,009.9**
Other revenue		
Royalties	11.2	8.4
Contract termination fees	-	1.6
Other	0.4	1.4
Total other revenue	**11.6**	**11.4**
Other income		
Gain on sale and leaseback	16.2	-
Gain from early lease termination	1.3	1.3
Interest income	1.0	0.1
Rental income	0.5	0.2
Gain on sale of property, plant and equipment	0.4	1.7
Other	5.0	3.1
Total other income	**24.4**	**6.4**

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 (2022: $1.1 billion) are concentrated in a small number of external customers.

6. Expenses

Profit before income tax includes the following specific expenses:

	Notes	CONSOLIDATED 2023 $m	2022 $m
Increase/(decrease) in inventory provisions		9.4	(0.3)
Decrease in bad and doubtful debts provision		(0.8)	(2.9)
Trade Receivables Facility costs		6.3	2.2
Depreciation and amortisation:			
– Depreciation of property, plant and equipment	11	62.5	63.7
– Depreciation of right-of-use assets	12	23.9	28.9
– Amortisation	13	15.5	11.1
Total depreciation and amortisation		**101.9**	**103.7**
Impairment:			
– Impairment of property, plant and equipment	11	151.5	-
– Impairment of intangible assets	13	117.9	-
– Impairment of right-of-use assets	12	1.5	-
– Impairment of inventory maintenance spares		5.0	-
Total asset impairment		**275.9**	**-**
Employee benefit expense:			
– Restructuring expense		19.5	5.6
– Defined contribution superannuation expense		40.0	35.9
– Other employee benefits expense		458.8	417.4
Total employee benefit expense		**518.3**	**458.9**
Finance costs:			
– Interest on bank loans		15.6	5.0
– Lease liability interest	12	5.2	4.0
– Other finance costs		3.3	3.5
Total finance costs		**24.1**	**12.5**

7. Income tax

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

	CONSOLIDATED 2023 $m	2022 $m
A. INCOME TAX EXPENSE		
Current tax expense	(16.6)	(12.6)
Deferred tax benefit from the origination and reversal of temporary differences	41.0	4.7
Adjustments recognised in the current year in relation to tax of prior years	2.5	(1.7)
Total income tax benefit/(expense)	**26.9**	**(9.6)**

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.

7. Income tax (cont.)

	CONSOLIDATED 2023 $m	2022 $m
B. NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX EXPENSE		
(Loss)/profit from continuing operations before income tax	(256.8)	33.8
Tax benefit/(expense) at the Australian tax rate of 30% (2022 - 30%)	77.0	(10.1)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	0.1	1.6
Non-deductible expenses	(36.7)	(0.2)
Other assessable income	(1.3)	(1.4)
	(37.9)	-
Tax incentives	1.0	0.4
Adjustments in respect of prior year	2.5	(1.2)
Tax consolidation adjustments [1]	(19.6)	-
Previously unrecognised capital losses used	1.8	-
Previously unrecognised tax losses used to reduce deferred tax expense	2.1	12.0
Current year tax losses not recognised	-	(10.7)
Total income tax benefit/(expense)	**26.9**	**(9.6)**

[1] *Reflects the reset of the tax cost base of revenue assets and capital assets associated with the formation of the income tax consolidated group.*

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.

Key estimate: Tax cost base of revenue and capital assets

Upon formation of the income tax consolidated group, the tax cost base of revenue and capital assets are required to be reset under Australian taxation legislation which is calculated in part by reference to independent market valuations. In performing these valuations, certain judgements and assumptions are made such as future earnings and discount rates.

The tax cost base of revenue and capital assets was reset on 1 July 2022 giving rise to a $19.6 million net debit to income tax expense with corresponding changes to current and deferred tax balances. The judgements and assumptions adopted in the independent market valuations are subject to review by tax authorities, and any change could impact the net debit to income tax expense and deferred tax balances recognised in the year ended 30 June 2023.

	CONSOLIDATED 2023 $m	2022 $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	0.4	(1.1)
Total amount recognised through other comprehensive income	**0.4**	**(1.1)**

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7. Income tax (cont.)

	CONSOLIDATED	
	2023	**2022**
	$m	$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	(0.8)	(0.6)
Total amount recognised through equity	**(0.8)**	**(0.6)**

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 ending 30 June 2023				
Deferred tax assets				
Doubtful debts	0.2	1.0	-	1.2
Inventories	0.4	5.2	-	5.6
Sundry accrued expenses	3.9	(1.3)	-	2.6
Black hole expenditure	1.7	(0.9)	-	0.8
Employee provisions	29.8	3.4	-	33.2
Other provisions	4.1	7.7	-	11.8
Leased assets	1.0	10.2	-	11.2
Property, plant and equipment	(13.3)	16.2	-	2.9
Share issue costs	2.2	-	(0.8)	1.4
Fair value of derivatives	(0.3)	-	0.4	0.1
Tax losses	8.4	(8.4)	-	-
Other	0.5	(0.2)	-	0.3
Total deferred tax assets	38.6	32.9	(0.4)	71.1
Deferred tax (liabilities)				
Investments	(4.8)	4.8	-	-
Brand names	(56.1)	2.2	-	(53.9)
Software	(9.1)	2.1	-	(7.0)
Other	(1.4)	(1.0)	-	(2.4)
Total deferred tax (liabilities)	(71.4)	8.1	-	(63.3)
Total deferred tax	**(32.8)**	**41.0**	**(0.4)**	**7.8**

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 ending 30 June 2022				
Deferred tax assets				
Doubtful debts	1.9	(1.7)	-	0.2
Inventories	6.2	(5.8)	-	0.4
Sundry accrued expenses	7.5	(3.6)	-	3.9
Black hole expenditure	-	1.7	-	1.7
Employee provisions	19.9	9.9	-	29.8
Other provisions	8.8	(4.7)	-	4.1
Leased assets	(0.8)	1.8	-	1.0
Share issue costs	3.3	(0.5)	(0.6)	2.2
Fair value of derivatives	0.8	-	(1.1)	(0.3)
Tax losses	-	8.4	-	8.4
Other	0.6	(0.1)	-	0.5
Total deferred tax assets	48.2	5.4	(1.7)	51.9
Deferred tax (liabilities)				
Property, plant and equipment	(15.7)	2.4	-	(13.3)
Investments	(4.3)	(0.5)	-	(4.8)
Brand names	(53.4)	(2.7)	-	(56.1)
Software	(9.1)	-	-	(9.1)
Other	(1.5)	0.1	-	(1.4)
Total deferred tax (liabilities)	(84.0)	(0.7)	-	(84.7)
Total deferred tax	**(35.8)**	**4.7**	**(1.7)**	**(32.8)**

	CONSOLIDATED	
	2023 $m	**2022** $m
Deferred tax assets	7.8	38.9
Deferred tax liabilities	-	(71.7)
Net deferred tax assets/(liabilities)	**7.8**	**(32.8)**

Unused tax losses for which no deferred tax asset has been recognised as at 30 June 2023 are $30.4 million (2022: $61.2 million), the potential tax benefit of this at 30% is $9.1 million (2022: $18.4 million). Unused capital losses for which no deferred tax asset has been recognised as at 30 June 2023 are $6.4 million (2022: $13.7 million), the potential tax benefit of this at 30% is $1.9 million (2022: $4.1 million).

	CONSOLIDATED	
	2023 $m	**2022** $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	(8.6)	(11.9)
Total income taxes paid	**(8.6)**	**(11.9)**

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8. Trade and other receivables

	CONSOLIDATED	
	2023	**2022**
	$m	$m
Current assets		
Trade receivables	276.1	241.3
Allowance for impairment of receivables	(5.7)	(6.5)
Net trade receivables	270.4	234.8
Goods and services tax (GST) receivable	23.3	21.2
Accrued revenue	1.8	5.2
Amounts receivable under Trade Receivables Facility	6.7	6.3
Other debtors	3.9	7.2
Total trade and other receivables	**306.1**	**274.7**

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 maximum available at any time under the facility was $200.0 million during the financial year. Most eligible receivables sold to Rabobank are insured by the Group with the Group retaining a continuing involvement asset of 10%, representing its maximum exposure under the facility. 90% of the value of receivables sold by the Group into this facility are de-recognised as an asset as the contractual rights to cashflows from these receivables have expired on acceptance of the sale to Rabobank. The Trade Receivables Facility is a $200.0 million facility with half of it on fully committed basis and a maturity date of 31 August 2025. The funded value of the Group's Trade Receivables Facility was $193.5 million as at 30 June 2023 (2022: $156.3 million).

9. Other assets

	CONSOLIDATED	
	2023	**2022**
	$m	$m
Current assets		
Prepayments	11.7	10.8
Trade Receivables Facility continuing involvement asset	15.1	14.0
Other assets	2.6	2.1
Total current other assets	**29.4**	**26.9**

10. Inventories

The write-down of inventories to net realisable value requires judgement in assessing future commodity prices, other market conditions, product shelf life and provisions for quality.

	CONSOLIDATED	
	2023	**2022**
	$m	$m
Raw materials and work in progress	211.4	143.5
Finished goods	213.9	160.6
Maintenance spares	48.6	49.3
Provisions	(45.2)	(35.8)
Carrying amount of inventories at lower of cost or net realisable value	**428.7**	**317.6**

11. Property, plant and equipment

	CONSOLIDATED	
	2023	**2022**
	$m	$m
Land and buildings		
At cost	417.7	425.0
Accumulated depreciation and impairment	(66.7)	(56.0)
Total land and buildings	351.0	369.0
Plant and equipment		
At cost	879.4	830.1
Accumulated depreciation and impairment	(589.5)	(406.4)
Total plant and equipment	289.9	423.7
Construction in progress	46.3	51.3
Total property, plant and equipment	**687.2**	**844.0**

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 ending 30 June 2023					
Balance at the beginning of the financial year		51.3	369.0	423.7	844.0
Capital expenditure		69.9	-	-	69.9
Disposals		-	(4.2)	(0.5)	(4.7)
Depreciation	6	-	(11.6)	(50.9)	(62.5)
Impairment	6	-	(11.0)	(140.5)	(151.5)
Assets classified as held for sale		-	(0.4)	-	(0.4)
Transfers		(74.9)	9.2	58.1	(7.6)
Balance at the end of the financial year		**46.3**	**351.0**	**289.9**	**687.2**
Year ending 30 June 2022					
Balance at the beginning of the financial year		35.8	417.3	455.4	908.5
Purchase price acquisition adjustment		-	23.0	(19.9)	3.1
Capital expenditure		65.7	-	-	65.7
Disposals		-	(5.2)	(0.1)	(5.3)
Depreciation		-	(10.7)	(53.0)	(63.7)
Assets classified as held for sale		-	(60.5)	-	(60.5)
Transfers		(50.2)	5.1	41.3	(3.8)
Balance at the end of the financial year		**51.3**	**369.0**	**423.7**	**844.0**

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11. Property, plant and equipment (cont.)

Assets held for sale

	CONSOLIDATED 2023 $m	CONSOLIDATED 2022 $m
Land and Buildings held for sale	1.4	60.5

12. Leases

The balance sheet shows the following amounts relating to leases:

	CONSOLIDATED 2023 $m	CONSOLIDATED 2022 $m
Right-of-use assets		
At cost	208.6	151.3
Accumulated depreciation and impairment	(47.2)	(41.4)
Total right-of-use assets	**161.4**	**109.9**

	CONSOLIDATED 2023 $m	CONSOLIDATED 2022 $m
Right-of-use assets		
Properties	143.9	87.5
Equipment	13.2	19.2
Motor vehicles	4.3	3.2
Total right-of-use assets	**161.4**	**109.9**

Additions and remeasurements to the right-of-use assets during the 2023 financial year were $91.6 million (2022: $40.2 million).

	CONSOLIDATED 2023 $m	CONSOLIDATED 2022 $m
Lease liabilities		
Current	17.2	21.0
Non-current	180.9	93.3
Total lease liabilities	**198.1**	**114.3**

The statement of comprehensive income shows the following amounts relating to leases:

	Notes	CONSOLIDATED 2023 $m	CONSOLIDATED 2022 $m
Depreciation charge of right-of-use assets	6	23.9	28.9
Impairment of right-of-use assets	6	1.5	-
Interest expense (included in finance cost)	6	5.2	4.0

The total cash outflow for leases in 2023 was $25.0 million (2022: $29.0 million).

13. Intangible assets

	CONSOLIDATED 2023 $m	2022 $m
Brands	177.6	177.6
Water rights	5.6	5.6
Software	50.9	56.2
Goodwill	229.5	347.4
Other	0.9	1.3
Total intangible assets	**464.5**	**588.1**

Consolidated	Notes	Brands $m	Software $m	Water Rights $m	Goodwill $m	Other $m	Total $m
Year ending 30 June 2023							
Balance at the beginning of the financial year		177.6	56.2	5.6	347.4	1.3	588.1
Additions		-	2.2	-	-	-	2.2
Amortisation	6	-	(15.1)	-	-	(0.4)	(15.5)
Impairment	6	-	-	-	(117.9)	-	(117.9)
Transfers		-	7.6	-	-	-	7.6
Balance at the end of the financial year		**177.6**	**50.9**	**5.6**	**229.5**	**0.9**	**464.5**
Year ending 30 June 2022							
Balance at the beginning of the financial year		177.6	57.0	5.6	347.4	1.9	589.5
Additions		-	5.9	-	-	-	5.9
Amortisation		-	(10.5)	-	-	(0.6)	(11.1)
Transfers		-	3.8	-	-	-	3.8
Balance at the end of the financial year		**177.6**	**56.2**	**5.6**	**347.4**	**1.3**	**588.1**

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 three 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 and were acquired as part of the acquisition of the Strathmerton and Peanut Company of Australia (PCA) facilities. Water rights are attributable to the Branded segment. Impairment was tested by reference to third party market valuations based on recent transactions and related data.

Software

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.

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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 3 to 10 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.

Bulk impairment assessment

The Group has identified the assets of the Tatura, Lagoon St (Bega), and Koroit manufacturing sites to be a CGU. This CGU includes goodwill of $117.0m. 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 product the highest return on that milk.

This 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 Bulk CGU has been determined using the 'value in use' approach.

In calculating the recoverable amount of the Bulk CGU a discounted cash flow model was utilised forecasting cash flows for the period FY2024 to FY2028. 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 1.5% beyond the forecast period
- with advice from independent experts, applied post tax discount rate of 7.9%
- the gross margin of the CGU is sensitive to future assumptions on farmgate milk prices and global dairy commodity prices. The FY2024 budget assumes farmgate milk prices are in line with The Group's announced prices and budgeted sales are based on contracted prices and forecast global dairy commodity prices for uncontracted sales. Beyond FY2024, the forecast assumes the correlation between farmgate milk prices and global dairy commodity prices to trend towards their five year historical averages
- the FY2024 budget assumes milk volumes allocated to the Bulk CGU of 543mL and from FY2024 to FY2028 they are assumed to decrease by a CAGR of 4%

Using the above assumptions, the recoverable amount was less than the carrying value of the Bulk CGU as at 30 June 2023 and as a result an impairment of $240 million was required to be recognised in profit or loss.

The Bulk segment experienced a challenging second half of the financial year with global dairy commodity prices significantly decreasing. In addition, the ongoing decline of milk production in Australia and excess milk manufacturing capacity continues to create a highly competitive milk procurement environment and now a large disconnect between returns received in international commodity markets and Australian farm gate milk price exists. This disconnect will impact the performance of the Bulk segment in FY2024 as these circumstances are expected to continue for some time.

The sensitivities shown assume the specific assumption changes in isolation, while all other assumptions are held constant which does not reflect the interrelationship of these assumptions over the longer term.

Sensitivity analysis

Management has considered the following changes in key assumptions in isolation to be reasonably possible.

Variance from base case	Current assumption (FY2024 to FY2028)	Reasonable change in variable	Impact of change on recoverable amount
Long-term growth rate	1.5%	Decrease 0.5%	Decrease $5.4m
Discount rate	7.9%	Increase 1.0%	Decrease $13.5m
Gross margin growth (CAGR)	9.4%	Decrease 2.0%	Decrease $54.7m
Milk intake decrease (CAGR)	(4.4)%	Decrease 1.0%	Decrease $14.1m

13. Intangible assets (cont.)

Bega Dairy and Drinks impairment assessment

The Group has identified the Lion Dairy and Drinks business, acquired in January 2021 and renamed Bega Dairy and Drinks, to be a CGU. This CGU includes capitalised brands of $37.2m. The Bega Dairy and Drinks' core business is the manufacture, marketing and sales, and distribution of Milk Based Beverages, Yogurt, Chilled Juices, Cream and Custard and White Milk.

This 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 Bega Dairy and Drinks CGU has been determined using the 'value in use' approach.

In calculating the recoverable amount of the Bega Dairy and Drinks CGU a discounted cash flow model was utilised forecasting cash flows for the period FY2024 to FY2028. 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 post tax discount rate of 7.6%
- sales price increases are forecast in FY2024 and are expected to largely offset the increase in costs of production inputs and the supply chain. The cash flow model assumes an EBITDA increase by a CAGR of 1.0% between FY2024 - FY2028, which includes the impact of assumed volume and sales price increases and the impact of The Group's recently announced farmgate milk prices and other key production inputs.

Using the above assumptions, the recoverable amount was $153 million above the carrying value of the Bega Dairy and Drinks CGU as at 30 June 2023 and as a result no impairment was required. The sensitivities shown assume the specific assumption changes in isolation, while all other assumptions are held constant which does not reflect the interrelationship of these assumptions over the longer term.

Sensitivity analysis

Management has considered the following changes in key assumptions in isolation to be reasonably possible which could result in an impairment if they occurred concurrently.

Variance from base case	Current assumption (FY2024 to FY2028)	Reasonable change in variable	Impact of change on recoverable amount
EBITDA CAGR	1.0%	Decrease 3.0%	Decrease $152.8m
Discount rate	7.6%	Increase 1.0%	Decrease $108.5m
Long-term growth rate	2.0%	Decrease 0.5%	Decrease $47.6m

Bega Foods impairment assessment

The Group has identified the Mondelēz Grocery Business, acquired in July 2017 and renamed Bega Foods, to be a CGU. This CGU includes goodwill of $230.3 million and capitalised brands of $140.0 million. The Bega Foods CGU produces branded grocery products including Vegemite, peanut butter and honey for sale to domestic customers.

This 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 Bega Foods CGU has been determined using the 'value in use' approach.

In calculating the recoverable amount of the Bega Foods CGU a discounted cash flow model was utilised forecasting cash flows for the period FY2024 to FY2028. 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 2.5% beyond the forecast period
- with advice from independent experts, applied post tax discount rate of 7.6%

Using the above assumptions, the recoverable amount was not less than the carrying value of the Bega Foods CGU as at 30 June 2023 and as a result no impairment was required. Based on sensitivity analysis, a reasonably possible change in any single assumption would not result in the recoverable amount of the Bega Foods CGU being lower than its carrying value as at 30 June 2023.

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14. Trade and other payables

	CONSOLIDATED 2023 $m	CONSOLIDATED 2022 $m
Current liabilities		
Trade payables	300.7	267.0
Accrued charges and sundry creditors	209.3	182.2
Total trade and other payables	**510.0**	**449.2**

The average credit period on purchases is between 30 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 2023 $m	CONSOLIDATED 2022 $m
Current liabilities		
Deferred income	1.9	2.5
Trade Receivables Facility continuing involvement liability	15.1	14.0
Other financial liabilities	0.3	-
Total current other liabilities	17.3	16.5
Non-current liabilities		
Other financial liabilities	4.4	-
Total non-current other liabilities	4.4	-
Total other liabilities	**21.7**	**16.5**

16. Borrowings

	CONSOLIDATED 2023 $m	CONSOLIDATED 2022 $m
Non-current - at amortised cost		
Secured term loans	270.0	310.0
Borrowing costs	(1.0)	(1.5)
Total non-current borrowings	269.0	308.5
Total borrowings	**269.0**	**308.5**

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

17. Provisions

	CONSOLIDATED 2023 $m	2022 $m
Current liabilities		
Employee benefits	96.2	94.6
Onerous contracts	0.4	4.5
Restructuring provision	19.5	1.6
Restoration provision	0.5	1.0
Other provisions	3.7	5.6
Total current provisions	120.3	107.3
Non-current liabilities		
Employee benefits	5.9	5.3
Onerous contracts	-	1.4
Restoration provision	10.6	10.2
Total non-current provisions	16.5	16.9
Total provisions	**136.8**	**124.2**

Consolidated	Onerous contracts $m	Restructure provision $m	Restoration provision $m	Other provisions $m	Total $m
Year ending 30 June 2023					
Balance at the beginning of the financial year	5.9	1.6	11.2	5.6	24.3
Charged to profit or loss	-	19.0	-	1.7	20.7
Credited to balance sheet	-	-	(0.1)	-	(0.1)
Amounts used during the year	(5.5)	(1.1)	-	(3.6)	(10.2)
Balance at the end of the financial year	**0.4**	**19.5**	**11.1**	**3.7**	**34.7**
Year ending 30 June 2022					
Balance at the beginning of the financial year	16.8	6.3	11.1	9.7	43.9
Charged/(credited) to profit or loss	-	-	0.1	(0.3)	(0.2)
Amounts used during the year	(10.9)	(4.7)	-	(3.8)	(19.4)
Balance at the end of the financial year	**5.9**	**1.6**	**11.2**	**5.6**	**24.3**

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 $96.2 million (2022: $94.6 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 2023 $m	CONSOLIDATED 2022 $m
Share capital – ordinary shares fully paid	**881.0**	**878.2**

B. Movement in share capital value and number of shares

	Ordinary Shares Number '000	Ordinary Shares $m
Ordinary shares on issue at 1 July 2021	302,627	875.7
Shares issued under Dividend Reinvestment Plan	598	3.1
Tax effect of prior period share issue transaction costs	-	(0.6)
Shares issued to management under STI scheme	58	-
Ordinary shares on issue at 30 June 2022	303,283	878.2
Ordinary shares on issue at 1 July 2022	303,283	878.2
Shares issued under Dividend Reinvestment Plan	965	3.6
Tax effect of prior period share issue transaction costs	-	(0.8)
Ordinary shares on issue at 30 June 2023	304,248	881.0

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 2023 $m	CONSOLIDATED 2022 $m
Share-based payment reserve	4.5	4.9
Capital profits reserve	34.0	34.0
Hedging reserve	(0.3)	0.4
Foreign currency translation reserve	0.1	0.2
Transactions with non-controlling interests reserve	(12.6)	(12.6)
Total reserves	**25.7**	**26.9**

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 2023 $m	2022 $m
A. RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	66.4	44.9
Balance per statement of cash flow	**66.4**	**44.9**
B. RECONCILIATION OF (LOSS) OR PROFIT FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after income tax	(229.9)	24.2
Adjustments for non-cash, investing and financing items:		
Depreciation of non-current assets	86.4	92.6
Amortisation of intangible assets	15.5	11.1
Profit on sale of property, plant and equipment	(16.6)	(1.7)
Gain from early lease termination	(1.3)	(1.3)
Impairment of tangible assets	151.5	-
Impairment of intangible assets	117.9	-
Impairment of right-of-use assets	1.5	-
Impairment of inventory spares	5.0	-
Fair value adjustment to derivatives	0.6	1.9
Non-cash employee benefit - share-based payments	(0.4)	(1.9)
Income from Reckitt termination fees not yet received	-	15.9
Share of loss/(profit) of equity accounted investments	0.8	(1.9)
Changes in operating assets and liabilities:		
(Increase)/decrease in assets:		
Trade and other debtors and GST recoverable	(33.0)	65.0
Inventories	(116.1)	27.4
Prepayments	(0.9)	1.8
Current and deferred tax assets	34.1	(7.1)
Increase/(decrease) in liabilities:		
Trade and other payables	49.5	(52.2)
Provision for income taxes payable excluding taxation on investments	(69.0)	5.0
Changes in provisions	12.6	(20.6)
Net cash flow from operating activities	**8.2**	**158.2**

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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 focusses 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 case of interest rate, foreign exchange and aging 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 co-operation 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 foreign currency interest rate movements 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 ending 30 June 2023					
Cash flow hedges					
US Dollar	11.3	7.5	0.6656	-	-
Euro	1.3	0.9	0.6341	0.1	-
Japanese Yen	2.0	185.6	90.7873	0.1	-
Held for trading					
US Dollar	21.4	13.9	0.6508	-	(0.5)

Consolidated	Contract amount $m	Unit - Ltr m	USD per Ltr $m	Market value assets $m	Market value liabilities $m
Commodity hedges					
US Dollar	-	6.1	0.6	-	(0.3)

Consolidated	Contract amount $m	Contract amount in foreign currency $m	Weighted average forward rate	Market value assets $m	Market value liabilities $m
Year ending 30 June 2022					
Cash flow hedges					
US Dollar	52.2	37.0	0.7087	-	(1.5)
Euro	7.2	4.6	0.6421	-	(0.2)
Japanese Yen	2.4	212.2	87.2100	0.2	-
Held for trading					
US Dollar	31.7	22.9	0.7232	1.6	-

Consolidated	Contract amount $m	Unit - Ltr m	USD per Ltr $m	Market value assets $m	Market value liabilities $m
Commodity hedges					
US Dollar	-	4.6	0.7	0.9	-

Group sensitivity

The Group sensitivity for cash flow exposures is based on the financial instruments held on 30 June 2023, 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 2022 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	
	2023 $m	**2022** $m
Equity		
AUD$ strengthens 10% - increase	0.9	2.1
AUD$ weakens 10% - decrease	(0.8)	(4.8)

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 2022 or 2023. All borrowings were denominated in Australian dollars during 2022 and 2023.

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

	CONSOLIDATED	
	2023	**2022**
	$m	$m
Fixed rate instruments		
Liabilities		
Lease liabilities	(198.1)	(114.3)
Variable rate instruments		
Assets		
Cash and cash equivalents	66.4	44.9
Liabilities		
Bank overdrafts and loans	(269.0)	(308.5)
Net exposure to interest rate risk on variable rate instruments	**(202.6)**	**(263.6)**

An analysis by maturities is provided in note 22e.

Interest rate sensitivity

At 30 June 2023, 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 loss for the year would have been $2.2 million higher/(lower) (2022: $2.8 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 note 8 and note 22f. 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 debtors and some Australian customers.

22. Financial risk management (cont.)

The maximum exposure to credit risk is as follows:

	CONSOLIDATED 2023 $m	CONSOLIDATED 2022 $m
Cash and cash equivalents	66.4	44.9
Trade receivables	270.4	234.8
Accrued revenue	1.8	5.2
Other receivables	29.8	30.5
Fair value derivatives	0.2	2.7
Total credit risk exposure	**368.6**	**318.1**

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 ending 30 June 2023					
Expected loss rate	-	1.7%	5.9%	35.0%	
Gross carrying amount – trade receivables	250.2	6.3	4.4	15.2	276.1
Loss allowance	-	0.1	0.3	5.3	5.7
Year ending 30 June 2022					
Expected loss rate	-	9.8%	14.8%	55.9%	
Gross carrying amount – trade receivables	221.6	5.2	5.0	9.5	241.3
Loss allowance	-	0.5	0.7	5.3	6.5

	CONSOLIDATED 2023 $m	CONSOLIDATED 2022 $m
Opening loss allowance	6.5	9.4
Decrease in loss allowance recognised in profit or loss during the year	(0.8)	(2.3)
Receivables written off during the year as uncollectible	-	(0.6)
Closing loss allowance	**5.7**	**6.5**

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	
	2023	**2022**
	$m	$m
Undrawn facilities expiring within one year	100.0	100.0
Undrawn facilities expiring beyond one year	180.0	140.0
Drawn facilities	270.0	310.0
Total facilities	**550.0**	**550.0**
Total facilities are represented by:		
Syndicated Facility - Revolving Cash Advance Facility maturing 17 February 2025	270.0	270.0
Syndicated Facility - Revolving Cash Advance Facility maturing 17 February 2027	180.0	180.0
Inventory Facility	100.0	100.0
Total facilities	**550.0**	**550.0**

The Syndicated Debt Facility consists of two facilities: Facility 1 which has a limit of $270 million maturing in February 2025 and Facility 2 which has a limit of $180 million maturing in February 2027.

In addition to the Syndicated Debt Facility, the Group continues to operate a stand-alone Inventory Facility (matures on 31 March 2024) which is not subject to cross-charges or cross-guarantees, except as disclosed in note 24.

The Syndicated Debt Facility 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 Syndicated Facilities, the Group is required to comply with the following covenants:

i. the leverage ratio is not greater than 3.50 times;

ii. the interest cover ratio must be equal or greater than 1.75 times for June 2023 to May 2024, increasing to 2.50 times from June 2024 and beyond; 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.

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 2023						
Non-derivatives						
Lease liabilities	(29.5)	(29.5)	(63.5)	(175.6)	(298.1)	(198.1)
Secured bank loans	(14.6)	(284.3)	-	-	(298.9)	(269.0)
Trade and other payables	(510.0)	-	-	-	(510.0)	(510.0)
Derivatives						
Inflows	35.6	-	-	-	35.6	0.2
Outflows	(35.9)	-	-	-	(35.9)	(0.8)
Total financial liabilities	**(554.4)**	**(313.8)**	**(63.5)**	**(175.6)**	**(1,107.3)**	**(977.7)**
At 30 June 2022						
Non-derivatives						
Lease liabilities	(24.9)	(23.5)	(50.8)	(31.0)	(130.2)	(114.3)
Secured bank loans	(13.3)	(14.8)	(323.6)	-	(351.7)	(308.5)
Trade and other payables	(449.2)	-	-	-	(449.2)	(449.2)
Derivatives						
Inflows	95.0	-	-	-	95.0	2.7
Outflows	(94.9)	-	-	-	(94.9)	(1.7)
Total financial liabilities	**(487.3)**	**(38.3)**	**(374.4)**	**(31.0)**	**(931.0)**	**(871.0)**

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.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. *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).

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 2023		
Assets		
Foreign currency forwards – fair value hedges	0.2	0.2
Total assets	**0.2**	**0.2**
Liabilities		
Held for trading	(0.5)	(0.5)
Commodity hedges	(0.3)	(0.3)
Total liabilities	**(0.8)**	**(0.8)**
At 30 June 2022		
Assets		
Foreign currency forwards – fair value hedges	0.2	0.2
Foreign currency forwards – held for trading	1.6	1.6
Commodity hedges	0.9	0.9
Total assets	**2.7**	**2.7**
Liabilities		
Foreign currency forwards – cash flow hedges	(1.7)	(1.7)
Total liabilities	**(1.7)**	**(1.7)**

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	
	2023 $m	**2022** $m
Borrowings	269.0	308.5
Add back: borrowing costs	1.0	1.5
Cash and cash equivalents	(66.4)	(44.9)
Net debt	**203.6**	**265.1**
Total equity	1,003.7	1,262.4
Net debt to equity ratio	**20%**	**21%**

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	
	2023 $m	**2022** $m
Current assets	635.4	444.8
Total assets	1,995.4	1,927.6
Current liabilities	(688.5)	(551.9)
Total liabilities	(1,053.3)	(909.5)
Net assets	**942.1**	**1,018.1**
Shareholder's equity		
Issued capital of parent entity	884.4	881.6
Reserves		
Share-based payment reserve	1.8	2.2
Capital profits reserve	32.6	32.6
Hedging reserve	(0.1)	0.6
Retained earnings	23.4	101.1
Total equity	**942.1**	**1,018.1**
(Loss)/profit after tax for the year	(47.3)	91.9
Total comprehensive income	(47.3)	91.9

Current assets and liabilities of Bega Cheese 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 2023 or 30 June 2022 except as disclosed in note 27.

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

As at 30 June 2023, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $5.3 million (2022: $3.9 million). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

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25. Subsidiaries, joint arrangements and associates

Consolidated	Country of incorporation	Nature of relationship	2023 % of ownership interest	2022 % of ownership interest
180 Nutrition Pty Ltd	Australia	Subsidiary	100	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 (NZ) Ltd[2]	New Zealand	Subsidiary	-	100
Bega Dairy and Drinks Services Pty Ltd[1]	Australia	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
Vitasoy Australia Products Pty Ltd[3]	Australia	Associate	-	49
CBH Fresh Ltd	Australia	Joint venture	11.5	13.7

[1] *A party to Deed of Cross Guarantee dated 21 February 2021.*
[2] *Bega Dairy and Drinks (NZ) Ltd was deregistered, effective 16 May 2023.*
[3] *The 49 percent interest in Vitasoy Australia Products Pty Ltd was sold, effective 13 February 2023.*

Interest in associate

The principal activity of the associate is the manufacture, marketing and sales and distribution of plant-based beverages. The Group sold its interest in the associate during the 2023 financial year.

The Group financial statements include the following results of the associate until the date of disposal:

	VITASOY	
	2023 $m	2022 $m
Share of (loss)/profit of equity accounted investments	(0.8)	1.9
Investments accounted for using the equity method	-	47.6

Accounting policies applied for associates 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 the 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	
	2023 $m	**2022** $m
(Loss)/profit before income tax	**(257.1)**	**33.5**
Income tax benefit/(expense)	26.9	(9.6)
(Loss)/profit for the year	**(230.2)**	**23.9**

	CLOSED GROUP	
	2023 $m	**2022** $m
ASSETS		
Current assets		
Cash and cash equivalents	62.2	40.1
Trade and other receivables	304.0	272.8
Derivative financial instruments	0.2	2.8
Inventories	428.5	317.5
Current tax assets	-	3.0
Assets held for sale	1.4	60.5
Other assets	29.4	26.7
Total current assets	**825.7**	**723.4**
Non-current assets		
Property, plant and equipment	687.2	844.0
Right-of-use assets	161.4	109.9
Deferred tax assets	7.8	38.9
Intangible assets	464.5	588.1
Investments accounted for using the equity method	-	47.6
Total non-current assets	**1,320.9**	**1,628.5**
Total assets	**2,146.6**	**2,351.9**

26. Closed group disclosure (cont.)

	CLOSED GROUP	
	2023 $m	**2022** $m
LIABILITIES		
Current liabilities		
Trade and other payables	509.4	448.0
Other liabilities	17.3	16.5
Derivative financial instruments	0.8	1.7
Lease liabilities	17.2	21.0
Current tax liabilities	13.0	10.3
Provisions	120.3	107.1
Total current liabilities	**678.0**	**604.6**
Non-current liabilities		
Borrowings	269.0	308.5
Lease liabilities	180.9	93.3
Other liabilities	4.4	-
Provisions	16.5	16.9
Deferred tax liabilities	-	71.7
Total non-current liabilities	**470.8**	**490.4**
Total liabilities	**1,148.8**	**1,095.0**
Net assets	**997.8**	**1,256.9**
EQUITY		
Share capital	872.9	870.1
Reserves	24.7	25.9
Retained earnings	100.2	360.9
Total equity	**997.8**	**1,256.9**

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 2023. The Group has $16.8 million of bank guarantees as at 30 June 2023 (2022: $15.5 million).

28. Commitments

	CONSOLIDATED	
	2023	2022
	$m	$m
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Plant and equipment – payable within one year	21.4	24.4

29. Subsequent events

The financial impact of the transactions set out below which occurred after 30 June 2023 has not been recognised in these financial statements.

Dividend

On 24 August 2023, the Directors declared a final fully franked dividend of 3.0 cents per share, which represents a distribution of $9.1 million.

The Group's Dividend Reinvestment Plan (DRP) will be activated for the FY2023 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 FY2023 final fully franked dividend to be paid on 21 September 2023 must be recorded by the registry by 5:00 pm on 31 August 2023 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 Vitasoy Australia Products Pty Ltd (Vitasoy) during the year up until the date of disposal:

	CONSOLIDATED	
	2023	2022
	$m	$m
Sales made to Vitasoy by the Group	6.5	11.7
Management fees paid by Vitasoy to the Group	3.4	5.7
Other charges paid by Vitasoy to the Group	8.4	9.8
Dividend declared by Vitasoy to the Group	0.9	1.0

Further details of the associate are included in note 25.

C. Key management personnel remuneration and transactions

	CONSOLIDATED	
	2023	2022
	$	$
Short-term employee benefits	3,348,332	3,520,733
Post-employment benefits	167,994	153,454
Other long-term employee benefits	198,005	132,399
Share-based payments	(206,912)	44,940
Total employee benefits	**3,507,419**	**3,851,526**

During the year, some KMP and their related entities engaged in related party transactions with the Group relating to the supply of milk, sale of peanuts and property rental. These transactions were on the same normal commercial terms as other suppliers and customers and are summarised in the table below.

	CONSOLIDATED	
	2023	2022
	$	$
Payments made by the Group during the year	5,987,855	6,304,708
Sales made by the Group during the year	341,145	358,641
Rental income received by the Group during the year	45,378	53,649
Amounts payable at year end	191,377	504,206
Amounts receivable at year end	90,852	43,451

Further details of key management personnel remuneration are disclosed in the Remuneration Report.

31. Remuneration of auditors

	CONSOLIDATED	
	2023	2022
	$	$
Audit services		
PwC Australia – Audit and review of financial statements	1,723,000	1,736,000
Non-audit services		
PwC Australia – Assurance services	18,000	75,000
PwC Australia – Other services	512,000	557,000

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 GST compliance, tax advice, tax compliance and share schemes.

32. Share-based payments

Expenses arising from Bega Cheese Limited Long-Term Incentive and Short-Term Incentive Plans

The Long-Term Incentive Plans (LTIs) are designed to provide long-term incentives to the CEO and executive team to deliver shareholder returns. Under the 2021-2023 LTI Plan (FY2021 Plan), 2022-2024 LTI Plan (FY2022 Plan) and the 2023-2025 LTI Plan (FY2023 Plan), each member of the executive team is granted share rights which only vest if certain performance standards are met.

The total number of performance rights outstanding at 30 June 2023 was 1,390,248 (2022: 1,069,744).

Certain executives and staff have been awarded Short-Term Incentive (STI) payments that will be partly made in the form of Bega Cheese Limited Shares.

Details of the movements in LTI performance rights are disclosed in the Remuneration Report.

	CONSOLIDATED	
	2023	**2022**
	$m	$m
Entitlements due under employee share schemes		
(Benefit)/expense in relation to LTIs and STIs	(0.4)	0.2
Total employee share scheme (benefit)/expense	**(0.4)**	**0.2**

The following tables detail the total performance rights issued by the Group:

			CONSOLIDATED	
			2023	**2022**
LTI Plan	**Vesting date**	**Valuation price**	No. of rights	No. of rights
FY2023 Plan	30 June 2025	$3.11	693,569	-
FY2022 Plan	30 June 2024	$5.50	423,403	423,403
FY2021 Plan	30 June 2023	$4.17	273,276	389,233
FY2020 Plan	30 June 2022	$4.45	-	257,108
Performance rights on issue at end of period [1]			**1,390,248**	**1,069,744**

	Long-term incentives Performance rights	
	No. of rights	$
Year ending 30 June 2023		
Outstanding at the beginning of the period	1,069,744	n/a
Granted during the period	693,569	$3.11
Lapsed during the period	(373,065)	$4.76
Outstanding at end of period	**1,390,248**	**n/a**
Year ending 30 June 2022		
Outstanding at the beginning of the period	646,341	n/a
Granted during the period	423,403	$5.50
Outstanding at end of period [1]	**1,069,744**	**n/a**

[1] *The 2022 number of performance rights outstanding has been restated to exclude the impact of 320,613 rights which lapsed after reporting date, on 23 August 2022.*

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33. Summary of significant 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 24 August 2023. The Directors have the power to amend and re-issue 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 2022.

Adoption of new standards

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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

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 (Company or parent entity) as at 30 June 2023 and the results of all subsidiaries for the year then ended. Bega Cheese 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.

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 and associates

Interests in joint ventures and associates are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. The interest in joint ventures and associates 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 and associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses of the joint venture or associate in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture or associate in other comprehensive income. Distributions received or receivable from joint venture and associate are recognised as a reduction in the carrying amount of the investment.

Details relating to the joint venture and associates are set out in note 25.

33. Summary of significant accounting policies (cont.)

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 and its subsidiaries' functional and presentation currency.

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.

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, the cost of this activity 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 period and adjusts for those where control has not transferred to the customer.

Rebates and sale 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 the 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 the standard. 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 significant 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).

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

F. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are deducted from the cost of the asset and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

G. 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.

33. Summary of significant accounting policies (cont.)

H. 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.

I. 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 Group uses discounted cash flow modelling to assess the value in use for impairment testing. 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.

J. 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 balance sheet.

33. Summary of significant accounting policies (cont.)

K. 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 on-going 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 transferred 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.

L. 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.

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.

M. Other assets

Other assets

The Group procures some ingredients from customers which are used to produce finished goods sold to the 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 the standard.

The Group has not recognised the ingredients purchased from customers as inventory, instead recognising the items in other assets.

Prepayments

The Group recognises upfront payments to suppliers for exclusive supply as a prepayment on the balance sheet. The prepayments are amortised on a straight-line basis over the period of exclusive supply. The Group mitigates the credit risk of direct milk suppliers through management of payables to the suppliers.

33. Summary of significant accounting policies (cont.)

N. Investments and other financial assets

Loans and receivables

The Group classifies its investments in the following categories: loans and receivables and financial assets at fair value through other comprehensive income financial assets. 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 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 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.

Financial assets at fair value through other comprehensive income (FVOCI)

Certain shares held by the Group are classified as being financial assets at fair value through other comprehensive income (FVOCI) and are stated at fair value. Fair value is determined in the manner described in note 22. Gains and losses arising from changes in fair value are recognised through other comprehensive income with the exception of impairment losses that are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in reserves is included in profit or loss for the period.

O. 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 on-going 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.

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33. Summary of significant accounting policies (cont.)

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 within other income or administration expenses.

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 within other income or administration expenses.

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.

P. 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 assets 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.

33. Summary of significant accounting policies (cont.)

Q. Leases

The Group leases various Buildings (Offices and Warehouses), Motor Vehicles and Equipment (Forklifts and Other Equipment). The building rental agreements are generally for fixed periods between 2 and 20 years with options to extend for further 1 to 10 years. Other lease contracts are typically made for fixed periods of between 2 and 10 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 bases 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.

R. 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 three 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 33i.

33. Summary of significant accounting policies (cont.)

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 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 3 to 10 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.

S. 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.

T. 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.

U. 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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

33. Summary of significant accounting policies (cont.)

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.

Restructurings

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.

V. 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-marketing 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 significant accounting policies (cont.)

W. 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.

X. 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.

Y. 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.

Z. 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.

AA. 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.

AB. Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, 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.

AC. Parent entity financial information

The financial information for the parent entity, Bega Cheese, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below:

i. Investments in subsidiaries and joint venture entities
Investments in subsidiaries and joint venture entities are accounted for at cost in the financial statements of Bega Cheese.

ii. Dividend income
Dividends receivable from subsidiaries and joint venture entities are included in Bega Cheese's income statement.

In the Directors' opinion

a. the financial statements and notes set out on pages 35 to 106 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 2023 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. 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

24 August 2023

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 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the Consolidated Balance Sheet as at 30 June 2023
- 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, which include significant accounting policies and other explanatory information
- the directors' declaration.

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 our audit of the financial report 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

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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.

Materiality

- For the purpose of our audit we used overall Group materiality of $3.88m, which represents approximately 2.5% of the Group's Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment adjusted for the gain on sale and leaseback and restructuring costs.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group's Earnings Before Interest, Tax, Depreciation and Amortisation because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We also adjusted for one off items such as impairment, the gain on sale and leaseback and restructuring costs as they are unusual or infrequently occurring items impacting profit and loss.
- We utilised a 2.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

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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.

Key audit matter	*How our audit addressed the key audit matter*
The carrying value the Bulk Cash Generating Unit *(Refer to note 13)* As described in note 13 to the consolidated financial statements, the Group has previously recorded goodwill in relation to the Bulk cash generating unit (CGU) of $117.0 million. The Group tests the goodwill along with other net assets in the Bulk CGU for impairment on an annual basis or where indicators of impairment are identified. During the year, the Group recognised an impairment charge of $240.0 million in relation to the Bulk CGU due to the factors described in note 13. The carrying value of the Bulk CGU was determined to be a key audit matter due to: • the magnitude of the carrying value of the Bulk CGU; and • the judgement required by the Group in assessing whether an impairment was required.	Our procedures included the following, amongst others: • Obtaining the Group's value in use model for the Bulk 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. • Determining the appropriateness of the allocation of the impairment identified across the Bulk CGU's assets in the context of the requirements of Australian Accounting Standards. • Evaluating the related financial statements disclosures for consistency with Australian Accounting Standards requirements. • Professionals with specialised skill and knowledge were used to assist in the evaluation of the Group's discount rate assumption.

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Key audit matter	How our audit addressed the key audit matter
The carrying value of the Bega Dairy & Drinks Cash Generating Unit *(Refer to note 13)* As described in note 13 to the consolidated financial statements, the Group continues to hold indefinite lived intangible assets (brands) in relation to the Bega Dairy & Drinks cash generating unit (CGU) of $37.2 million, as at 30 June 2023. The Group tests the brands along with other net assets in the Bega Dairy & Drinks CGU for impairment on an annual basis or where indicators of impairment are identified. The carrying value of the Bega Dairy & Drinks CGU was determined to be a key audit matter due to: • the magnitude of the carrying value of the Bega Dairy & Drinks CGU; and • the judgement required by the Group in assessing whether an impairment was required.	Our procedures included the following, amongst others: • Obtaining the Group's value in use model for the Bega Dairy & Drinks 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. • Evaluating the related financial statements disclosures for consistency with Australian Accounting Standards requirements. • Professionals with specialised skill and knowledge were used to assist in the evaluation of the Group's discount rate assumption.

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 2023, 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. We have issued a separate opinion on the remuneration 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.

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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 pages 39 to 53 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Bega Cheese Limited for the year ended 30 June 2023 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
24 August 2023

The shareholder information set out below was applicable as at 30 June 2023:

Distribution of Equity Securities

HOLDING	NUMBER
1 – 1,000	8,321
1,001 – 5,000	7,445
5,001 – 10,000	2,416
10,001 – 100,000	1,747
100,001 and over	178
	20,107

There were 1,283 holders of less than a marketable parcel of ordinary shares.

Equity Security Holders

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	11.5
2	Spheria Asset Management Pty Limited	18,854,342	6.2
3	Dimensional Fund Advisors Limited	12,355,649	4.1
4	The Vanguard Group, Inc	10,421,587	3.4
5	Argo Investments Limited	8,374,378	2.8
6	Ellerston Capital Lmited	8,098,610	2.7
7	State Street Global Advisors Australia Limited	7,049,503	2.3
8	Messrs Roy A & Anthony P Medich	6,231,681	2.1
9	BlackRock Investments, LLC	5,770,358	1.9
10	Investors Mutual Limited	4,925,372	1.6
11	Vanguard Investments Australia Limited	4,777,414	1.6
12	Norges Bank Investment Management	4,493,115	1.5
13	Realindex Investments	3,166,433	1.0
14	Macquarie Asset Management Holding Pty Limited	2,773,289	0.9
15	Jerang Pty Ltd	2,670,000	0.9
16	BlackRock Investments, LLC	2,258,267	0.7
17	Parametric Portfolio Associates, LLC	2,197,555	0.7
18	Mr and Mrs Ken Kimber	2,142,923	0.7
19	Aljo Pastoral Pty Ltd*	2,038,841	0.7
20	R & R Apps Pty Limited	2,032,791	0.7
	Total	**145,509,701**	**48.0**

*Shareholdings related to KMP including Directors are detailed in the Remuneration Report.

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.

Corporate Directory

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

Commonwealth Bank of Australia Limited
Commonwealth Bank Place South
Level 1, 11 Harbour Street NSW 2000

Stock Exchange Listing

Bega Cheese Limited shares are listed on the Australian Securities Exchange (ASX) – Code BGA

Directors & Company Secretaries

Directors

Barry Irvin
Executive Chairman

Rick Cross
Director

Harper Kilpatrick
Director

Patria Mann
Independent Director

Peter Margin
Independent Director

Raelene Murphy
Independent Director

Terry O'Brien
Independent Director

Company Secretary

Brett Kelly

Executive Team

Peter Findlay
Chief Executive Officer

Gunther Burghardt
Chief Financial Officer

David McKinnon
Executive General Manager People and Capability

Adam McNamara
Executive General Manager Bega Foods

Jacqueline Scarlett
Group General Counsel

Hamish Reid
Executive General Manager Nutritionals & Ingredients

Antonietta Timms
Executive General Manager Beverage Operations

Darryn Wallace
Executive General Manager Beverages

Rob Grima
Executive General Manager Operational Excellence

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, joint venture and associate. Bega Cheese and its subsidiaries together are referred to in this financial report as the Bega Cheese Group (Group, Bega Group or consolidated entity).

Principal Registered Office

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