



Big River

**Strategic acquisition of
Timberwood and \$20.4m
institutional placement**

7 December 2020

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- Big River's acquisition of the trading name and assets of the Timberwood Group ("Timberwood"); and
- a placement of new ordinary fully paid shares in Big River ("New Shares", the "Offer").

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Acquisition of Timberwood and business update

| | |
|---|--|
| <h3>Acquisition of Timberwood</h3> | <ul style="list-style-type: none"> • Big River has entered into an agreement to acquire Timberwood for an Enterprise Value of \$24.0m (consideration of \$22.5m with \$1.5m of additional working capital contribution) • The agreement to acquire Timberwood is subject to certain conditions precedent, which are confidently anticipated to be met • Purchase consideration funded via combination of cash (\$18.5m) and Big River scrip (\$4.0m)¹ • Up to \$6.0m in earn out payments over three years on a straight-line sliding scale contingent on Timberwood's EBITDA (pre AASB-16) performance in FY22, FY23 and FY24.³ • FY20 revenue of \$51.3m, pro forma EBITDA of \$6.0m, and pro forma EBIT of \$3.9m (post AASB-16) • Enterprise Value represents a multiple of 5.1x FY20 pro forma EBITDA (pre AASB-16) (4.0x post AASB-16 and 5.3x FY18 – FY20 average pre AASB-16 EBITDA) • Acquisition in line with Big River's strategy for geographical and segment growth, transforming it into the #3 player in plywood and architectural panels with material incremental revenue • Completion expected by end of March 2021 |
| <h3>Financial impact of acquisition and equity raising</h3> | <ul style="list-style-type: none"> • Acquisition funded via a \$20.4 million Institutional Placement ("Placement"), comprising a \$14.3 million fully underwritten placement and \$6.1 million conditional placement, \$0.8 million from existing debt facilities and \$4.0 million of Big River scrip • Proceeds from the Placement will fund the Acquisition, associated costs and working capital of \$1.5m • The acquisition of Timberwood and Placement together expected to be 17.4% EPS accretive |
| <h3>Business update</h3> | <ul style="list-style-type: none"> • Strong trading performance – upgraded earnings outlook for FY21 with underlying 1H21 NPAT expected to be >10% ahead of 1H20 • Wagga Wagga site consolidation supported by ~\$10m Government grant and working capital release; expected to be >20% accretive to underlying EPS on an annualised basis (excl. acquisition of Timberwood) on completion of the project, which is anticipated to occur during FY23² |

Note: 1. Scrip to target to be issued at the Offer Price. Scrip issuance to be approved by shareholders at an EGM to be scheduled prior to completion. Scrip issued to the vendors is subject to escrow for 2 years from the date of completion of the acquisition.
 2. Exact timing of the completion of the restructure is subject to further planning and implementation.
 3. Earn out is expected to be paid 60 days after year end (i.e. by 31 August each year once audited accounts are complete)

Overview of Big River Industries

Big River



Big River is one of Australia's leading manufacturers and distributors of specialty timber and building products. Big River is diversified by geography, industry segment, construction type and customers with >6,500 active trading accounts

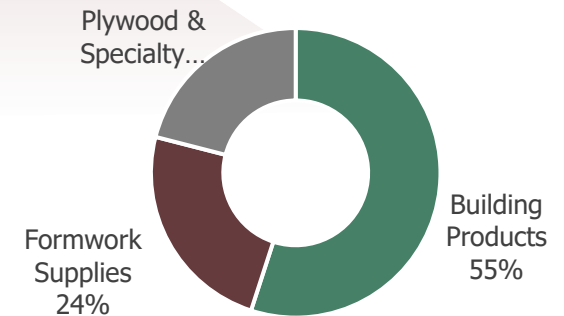
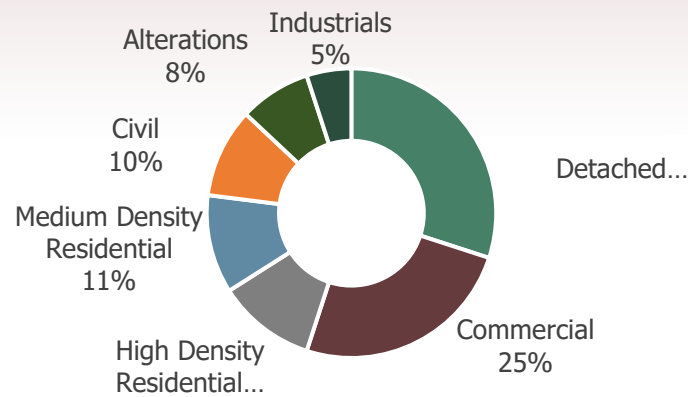
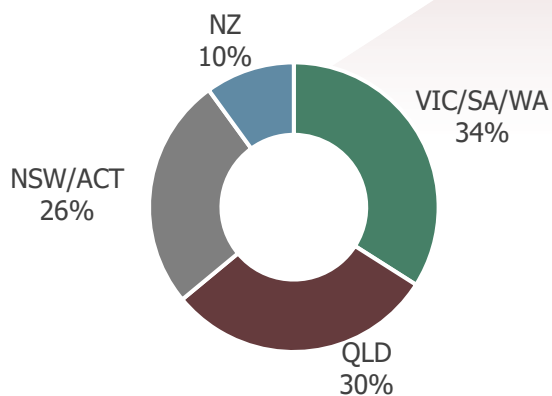
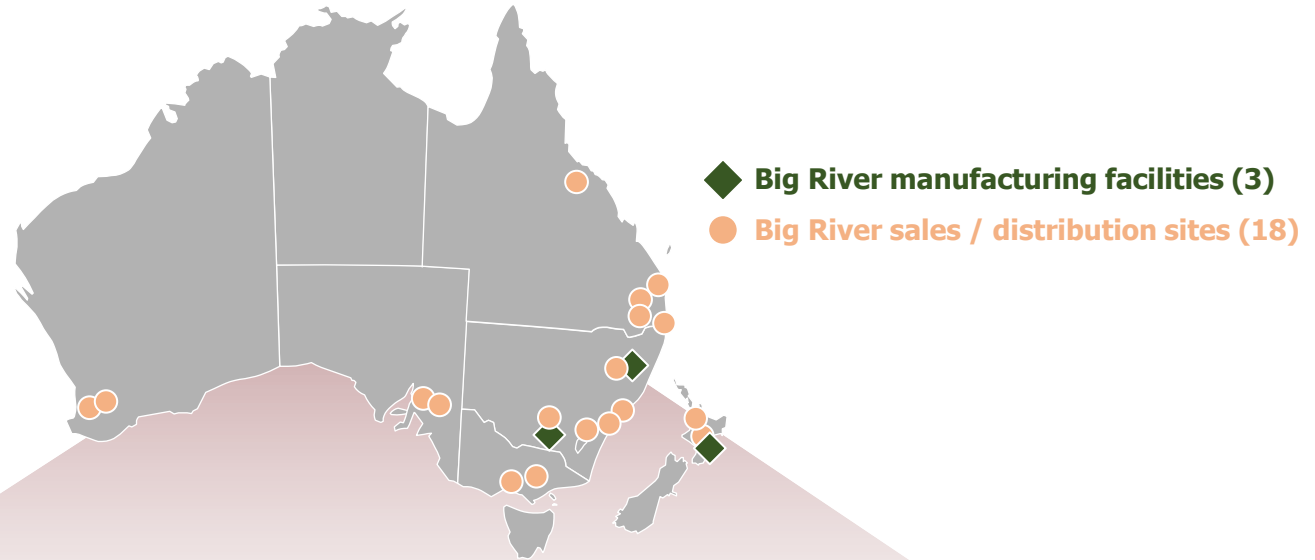
18 Sales and distribution sites

2 Plywood manufacturing facilities












3 Frame and Truss fabrication sites

3 Steel rolling lines

2 Architectural panel manufacturing sites



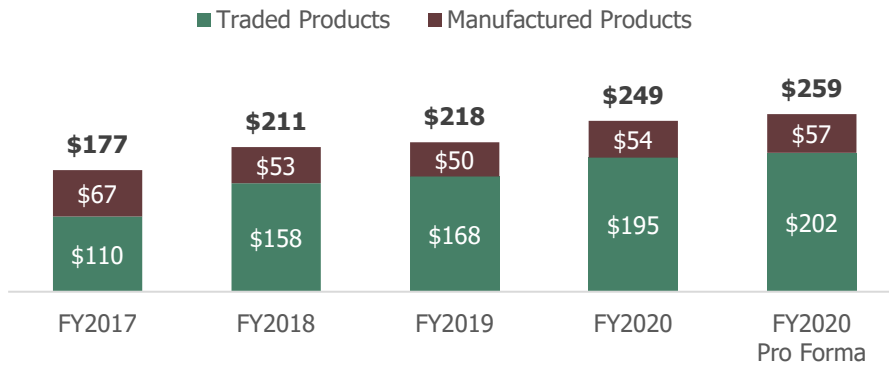
Note: Breakdowns for pro forma FY20 revenue.

| % FY20 pro forma revenue | Formwork 24% | Plywood & Specialty 21% | Building Products 55% |
|--------------------------|--|--|--|
| Product categories | <ul style="list-style-type: none"> Formply LVL beams Steel deckform Wall systems Associated accessories | <ul style="list-style-type: none"> Decorative flooring Structural plywood Architectural panels Civil plywood | <ul style="list-style-type: none"> Frame & truss Fibre cement sheeting Pine framing Structural LVL MaxiWall Builders hardware Doors and door furniture |
| Sources | <ul style="list-style-type: none"> Internal supply (formply & steel) External suppliers | <ul style="list-style-type: none"> Internal supply (plywood & architectural panels) External suppliers | <ul style="list-style-type: none"> External suppliers |
| Example products |     |     |    |

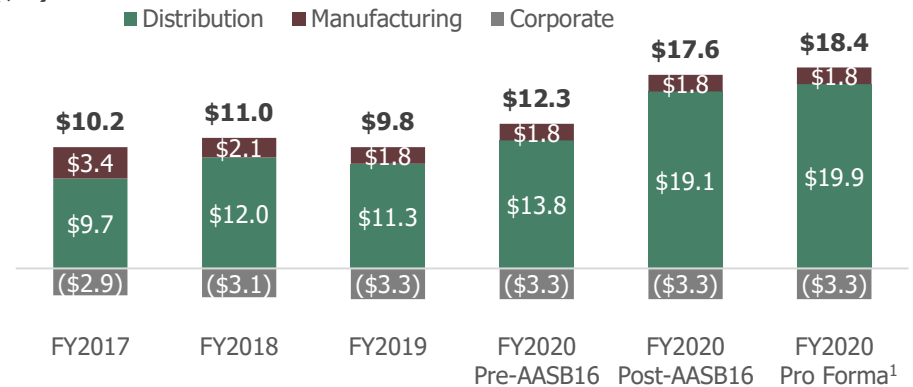
Timberwood expected to contribute additional products and material earnings to the Plywood & Specialty segment

Consistent earnings growth and strong cash conversion with further uplift expected from a full year of earnings contributions from acquisitions and multiple strategic initiatives being implemented across the business.

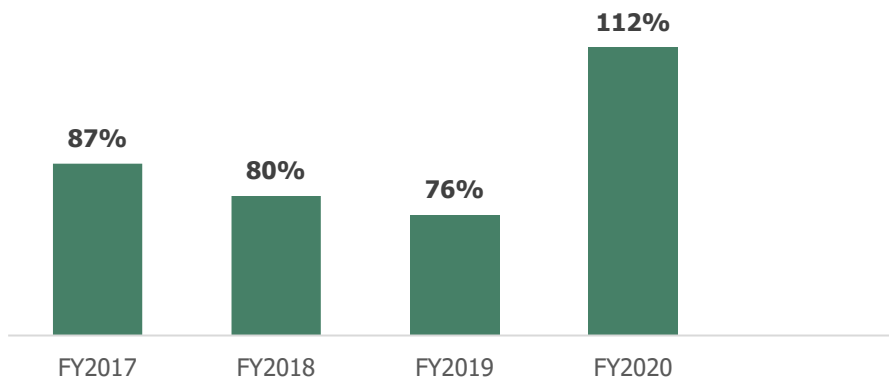
Revenue (\$m)



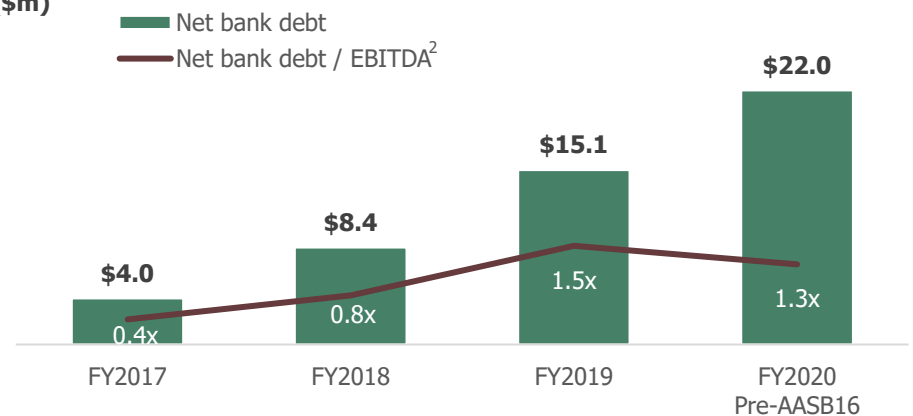
EBITDA (pre-acquisition costs) (\$m)



Cash conversion³



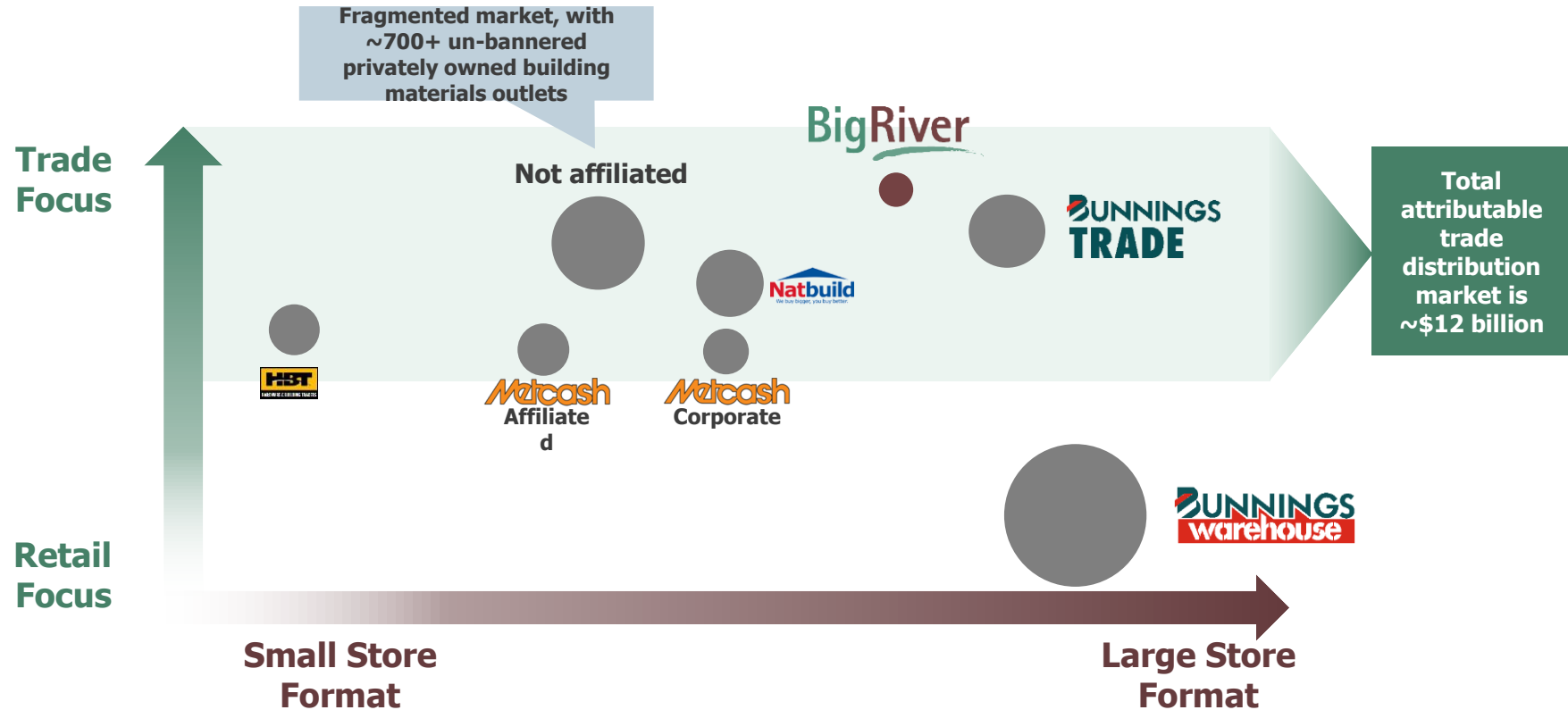
Net bank debt and leverage (\$m)



Note: 1. Pro forma for full-year impact of previous acquisitions. Post AASB-16.
 2. Pre-acquisition costs.
 3. Calculated as Operating Cash Flow before Interest and Tax / EBITDA (pre-acquisition costs and pre AASB-16).

Big River’s vision is to be Australia’s leading diversified building products distribution business to trade customers

Market Position



Source: Big River analysis.
 Note: Bubbles represent approximate revenues.

Big River expects to benefit from the construction cycle recovery through growth initiatives including acquisitions and geographic expansion

Market conditions

- General **slowdown in building and construction activity during FY21**
 - COVID-19 related deferrals and delays, particularly in commercial projects
- However, Big River has experienced **better than expected demand year-to-date**
 - Home building incentives – **recovery in residential building** approvals
 - Federal and State Government **promotion of shovel-ready infrastructure projects**
 - States with less COVID-19 disruptions performing strongly (WA, QLD and SA), offset by impacts in VIC and NSW
 - **New Zealand trading environment positive**, although softness in commercial activity
- **Industry forecasters currently expecting a strong rebound in building activity in FY22**

Growth strategy

- Organic sales/growth initiatives **focussed on growing market segments**
 - Civil and infrastructure end markets
 - Alterations and additions
- **Procurement initiatives to broaden international supply chain**, diversify revenues and deliver margin benefits
- Wagga Wagga **site restructuring to deliver significant earnings uplift** in FY22/23
- **Actively assessing multiple trade-focussed acquisition opportunities**
 - Across all 3 segments – formwork, plywood & specialty, building products
 - Across all geographical regions
 - Key criteria include focussing on large population centres providing opportunities to service all construction segments, potential to deliver earnings synergies, diversification and scale benefits

Big River expects a strong trading period for FY21, with further upside expected from its site consolidation (funded by the Bushfire Recovery Grant)

Improved FY21 earnings outlook

- **Market performing better than original forecast, supported by Government stimulus measures**
- New Zealand acquisition impacted by commercial project delays, but **residential and industrial markets performing strongly** and profitability in line with forecast
- Adelaide acquisition slightly down on prior period, but **pipeline to Project Home builders is particularly solid**
- **Gross margin continues to improve** on scale synergies and product mix improvements, although shipping rates and tight supply are affecting imported products
- 2Q21 organic revenue growth has exceeded 2Q20

1H21 NPAT expected to be >10% ahead of 1H20

Planned Wagga Wagga site consolidation

- The impact of the 2019/20 summer bushfires on resource supply has resulted in Big River restructuring **its Wagga Wagga site** and consolidating it with the Grafton site, with **significant expected benefits and no loss of manufacturing capability**
- The NSW Government is providing a **\$10m funding grant** which will support the site consolidation and **accelerate Big River's transition towards high value, customised and bespoke plywood products** (as announced 3 November 2020)²
- **Working capital release** expected largely due to a reduction in inventory associated with the Wagga Wagga site

Expected to be >20% accretive to underlying EPS on an annualised basis (excl. acquisition of Timberwood) on completion of the project, which is anticipated to occur during FY23³

Note: 1. Exact timing of the completion of the restructure is subject to further planning and implementation.
2. When the site consolidation is implemented BRI also expects to incur non-cash one-off restructuring costs
3. Exact timing of the completion of the restructure is subject to further planning and implementation.

1 Strong brand with 100 years of operation and >6,500 individual customer accounts

2 Vertically integrated business model with both manufacturing capability and a national distribution network, supported by a global supply chain, procuring product out of Europe, North America, Asia, and New Zealand

3 Strategically located Grafton manufacturing facility with secure, long term, contracted access to high quality log resources for specialty panels manufacturing

4 Strong national market positions in all three key segments with multiple opportunities for further growth

5 Track record of successful acquisition integration with nine successful acquisitions since IPO in March 2017

6 Experienced and aligned Senior Management team with an average tenure of 18 years and 17 members owning a combined stake of ~4.2% in Big River

Acquisition of Timberwood

Big River





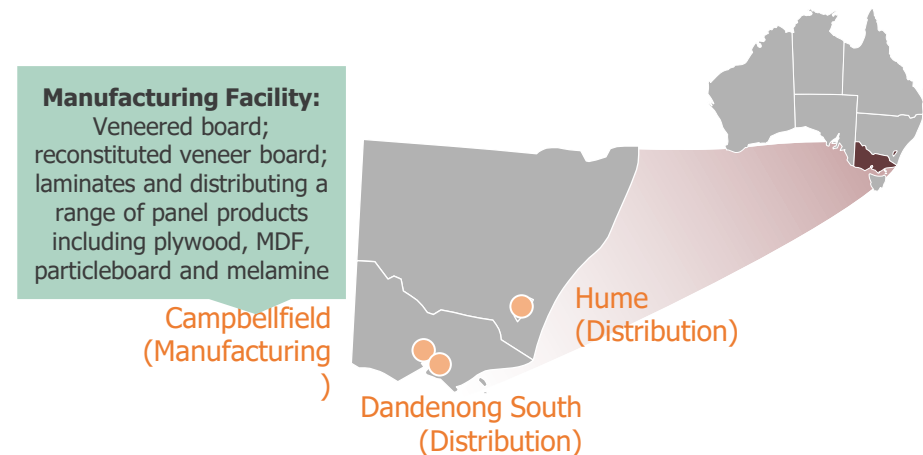
- 1** Opportunity to acquire a quality player with niche manufacturing knowledge in architectural veneered panels, a strong customer network of >1,500 customers and a solid distribution network and supply chain
- 2** Acquisition in line with Big River's strategy for geographical and segment growth
- 3** Transforms Big River into the #3 player in plywood and architectural panels behind Laminex and Borg, with potential for consolidation with smaller operators in the plywood and specialty space
- 4** Material incremental revenue of >\$50m for Big River with Timberwood EBITDA (post AASB-16) margins of ~12%
- 5** Creates a platform for continued development of its plywood and specialty manufacturing capability with the acquisition of substantial intellectual capital and know-how. All staff will be retained
- 6** 17.4% EPS accretive in FY20A with additional upside potential to come from synergies once integrated

Timberwood Panels fits well within Big River’s geographical and segment growth strategy, continuing to develop Plywood & Specialty manufacturing capability on the Australian East Coast

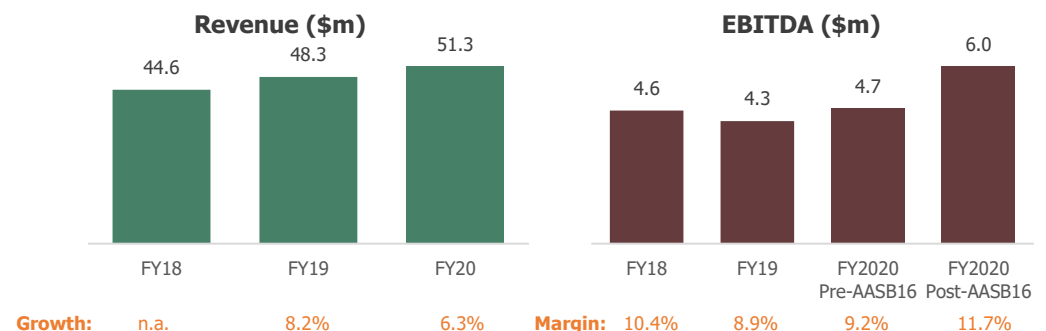
Overview

- Timberwood has been in operation since 2008
- Panel manufacturing comprises ~40% of the total business
 - Balance made up of traded plywood and panel products sourced locally and from international suppliers
- Very strong customer network both directly to the trade and, in the case of Queensland, a strong distribution network
 - Over 1,500 customers
 - Diverse customer base, with top 50 representing ~40% of FY20 revenue
- Strong supply chain with both local and overseas suppliers
- ~70 staff across three sites
- One core manufacturing facility (VIC) and 2 core distribution facilities (VIC & ACT)
 - Strong distribution partnership in QLD
 - Big River has further growth potential through its options over Timberwood’s investments in SA & TAS joint ventures

Locations



Historical financials



Big River + Timberwood combined

The acquisition of Timberwood not only adds to Big River's existing capability but also sets a very strong platform for further geographical growth and a rollout of existing products to new distribution centres

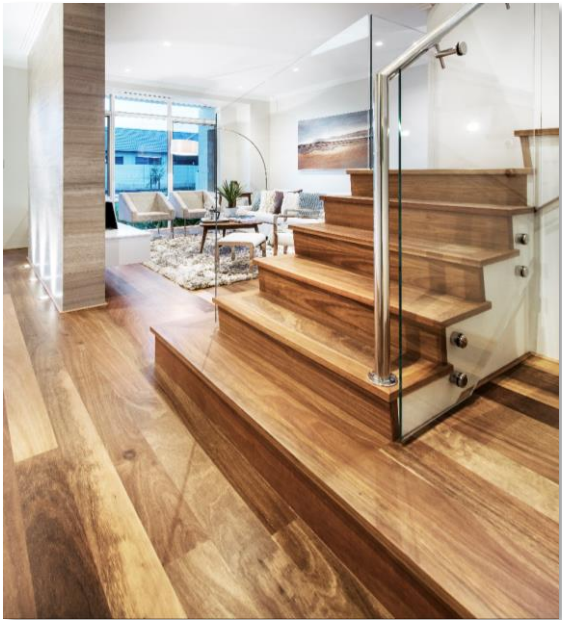
| | | Big River ¹ | Timberwood | Combined |
|--------------|------------------------------|--|---|--|
| Geographical | Sites | 18 | 3 | 21 |
| | Revenue by region | <ul style="list-style-type: none"> VIC/SA/WA QLD NSW/ACT NZ | <ul style="list-style-type: none"> VIC/SA/WA QLD/TAS NSW/ACT NZ | <ul style="list-style-type: none"> VIC/SA/WA QLD/TAS NSW/ACT NZ |
| Operational | Total customers | >6,500 | >1,500 | >8,000 |
| | Employees | 385 | 70 | 455 |
| | Segment exposure | <ul style="list-style-type: none"> Building Products Formwork Supplies Plywood & Specialty | <ul style="list-style-type: none"> Plywood & Specialty | <ul style="list-style-type: none"> Building Products Formwork Supplies Plywood & Specialty |
| | Construction market exposure | <ul style="list-style-type: none"> Commercial Detached Housing Multi Res Civil Alterations Remanufacturing | <ul style="list-style-type: none"> Commercial Detached Housing Multi Res Alterations Remanufacturing | <ul style="list-style-type: none"> Commercial Detached Housing Multi Res Civil Alterations Remanufacturing |
| Financial | FY20 Revenue | \$258.9m | \$51.3m | \$310.2m |
| | FY20 EBITDA | \$18.4m | \$6.0m | \$24.4m |
| | FY20 EBIT | \$9.7m | \$3.9m | \$13.6m |
| | NPAT / EPS | \$5.1m / 8.1 cps | \$2.6m / n.a. | \$7.7m / 9.5 cps |
| | Accretion | - | - | 17.4% |

Source: Company provided files.

Note: All financials are represented on a post AASB-16 basis unless otherwise stated.

1. Financials are pro forma for full-year impact of previous acquisitions and exclude acquisition costs.

Creating a leading provider of specialty panels



Key acquisition terms and financial impact of acquisition and equity raising

| | | \$m Unless otherwise stated | Big River underlying FY20A¹ | Acquisition impact | Pro Forma underlying FY20A |
|--------------------------------------|---|---|---|---------------------------|-----------------------------------|
| Acquisition | <ul style="list-style-type: none"> Big River has entered an agreement to acquire all of the assets of the Timberwood Group, for consideration of \$22.5m (Enterprise Value of \$24.0m with \$1.5m of additional working capital contribution) | Revenue | 258.9 | 51.3 | 310.2 |
| | | EBITDA | 18.4 | 6.0 | 24.4 |
| Consideration for acquisition | <ul style="list-style-type: none"> Purchase consideration funded via combination of cash (\$18.5m) and Big River scrip (\$4.0m). Scrip issued to the vendors is subject to escrow for 2 years from the date of completion of the acquisition. Cash portion funded via a \$20.4m institutional placement Enterprise Value represents a multiple of 5.1x FY20 pro forma EBITDA (pre AASB-16) (4.0x post AASB-16 and 5.3x FY18 – FY20 average pre AASB-16 EBITDA) | EBIT | 9.7 | 3.9 | 13.6 |
| | | NPAT | 5.1 | 2.6 | 7.7 |
| Earn out | <ul style="list-style-type: none"> 3 x \$2m capped earn out payments based at on normalised EBITDA in FY22, FY23 and FY24 (pre AASB-16) on a straight-line sliding scale range from \$4.5m to \$5.5m² | NPATA | 5.5 | 2.6 | 8.1 |
| | | Shares outstanding | 62.5 | 18.1 | 80.6 |
| Key conditions precedent | <p>Customary CPs including:</p> <ul style="list-style-type: none"> Finalisation of due diligence Completion of equity raise Shareholder approval for the issuance of scrip consideration 3 premises leases being formalised Contract counterparty consents No material changes to the Timberwood business Board approval | EPS (cents per share) | 8.1 | | 9.5 |
| | | Implied accretion | | | 17.4% |
| | | Cash EPS (cents per share) | 8.8 | | 10.0 |
| | | Implied accretion | | | 14.5% |
| | | Net bank debt | \$22.0 | \$0.8 | \$22.8 |
| | | Net bank debt / EBITDA (x) (post AASB-16) | 1.2x | | 0.9x |

Note: All financials are represented on a post AASB-16 basis unless otherwise stated.

1. Financials are pro forma for full-year impact of previous acquisitions and exclude acquisition costs.

2. Earn out is expected to be paid 60 days after year end (i.e. by 31 August each year once audited accounts are complete)



Placement

Big River

Transaction funding will provide Big River with financial flexibility to continue to pursue its strategic growth objectives

| Sources | \$m |
|-------------------------------|----------------|
| Placement ¹ | \$20.4m |
| Debt funding | \$0.8m |
| Scrip issued | \$4.0m |
| Total sources of funds | \$25.2m |

M&A Strategy

Big River is in discussions and varying stages of due diligence with other parties in relation to potential acquisition opportunities

| Uses | \$m |
|---|----------------|
| Cash to Timberwood | \$18.5m |
| Scrip to Timberwood | \$4.0m |
| Additional working capital contribution | \$1.5m |
| Transaction costs | \$1.2m |
| Total uses of funds | \$25.2m |

Strong balance sheet maintained

Pro forma net bank debt / EBITDA (post AASB-16) expected to be 0.9x and additional headroom under existing facilities of > \$10m

Note: 1. The Placement comprises of a \$14.3m fully underwritten placement and a \$6.1m conditional placement

| Event | Date |
|---|--|
| Trading halt (pre market open) announcement of Acquisition and Placement | Monday, 7 December 2020 |
| Institutional bookbuild opens | 10.00am Monday, 7 December 2020 |
| Institutional bookbuild ends | 4.00pm Tuesday, 8 December 2020 |
| Announcement of results of Placement, normal trading resumes | Wednesday, 9 December 2020 |
| Settlement of Underwritten Placement | Monday, 14 December 2020 |
| Lodge cleansing notice for Underwritten Placement shares | Tuesday, 15 December 2020 |
| Despatch notice of extraordinary general meeting (Meeting) | Monday, 18 January 2021 |
| Hold Meeting and obtain shareholder approvals | Thursday, 18 February 2021 |
| Complete Acquisition and issue scrip consideration to the vendors | On or about the end of March 2021 |



Appendices: Risks

BigRiver

COVID-19

- Big River is currently monitoring the actual and potential impact of COVID-19 on the overall business and the broader economy. Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on Big River's business or the economy generally. However, a prolonged period of social distancing, quarantines, travel restrictions, work stoppages, health authority actions, lockdowns and other related measures within Australia and internationally, or an escalation of existing measures, may directly and indirectly impact a number of aspects of Big River's business. In particular, this may have a material adverse impact on Big River's ability to:
 - ensure supply chain continuity (including in relation to those of the Group's suppliers that are based overseas, as this exposes Big River to an additional layer of regulation and uncertainty);
 - maintain adequate cash flows and manage liquidity;
 - protect the health (both mental and physical), safety and security of staff; and
 - comply with requirements under its debt financing arrangements, leases, and its regulatory framework (including in relation to corporate governance and financial reporting requirements).
- It is not yet known to what extent the COVID-19 pandemic will continue to disrupt domestic and international economic activity. The indirect impact of the pandemic on the broader economy is likely to affect construction and retail activity generally and may have an adverse effect on the Group's long term business performance and profitability. The COVID-19 pandemic may also alter consumer behaviour (for example, it may cause a long-term shift away from offices or large commercial spaces impacting commercial demand for Big River's products) and such changes may adversely affect the Group's financial performance.

General conditions in the construction industry

- Big River's business is highly dependent on the activity levels in the residential, non-residential and infrastructure construction industry (comprising both new builds and additions and alterations) in Australia. The industry is cyclical and is highly sensitive to a broad range of economic and other factors that are beyond Big River's control.
- These factors include: general economic and market conditions; housing demand from population growth, household formation and other demographic trends which, in turn, drives new builds and additions and alterations; commercial leasing market conditions and commercial site vacancy levels; Government plans for infrastructure investment; house prices; prevailing interest rates; inflation or deflation; Government or Reserve Bank policies (for example, lending restrictions tied to loan to value ratios or tax deductibility of investment loans); State and local Government policies relating to residential housing construction, land release or programmes or regulations relating to energy efficiency; changes in consumer spending; personal income tax rates; employment levels and job and personal income growth; and business and consumer confidence generally, including the confidence of potential homebuyers in particular.
- Big River's business will continue to be affected by the level of construction activity in Australia. Lower levels of construction activity, including as a result of any negative trends in any of the factors referred to above, could lead to a significant reduction in demand for the Group's products and services. This could reduce Big River's revenues and profits.

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| <p>Loss of customers or contracts</p> | <ul style="list-style-type: none"> Big River must maintain and support its existing customer relationships to ensure they continue into the future. A loss of customers or contracts could lead to a decline in revenue and resulting deterioration in the financial performance of Big River. Big River has longstanding log supply contracts. An interruption or failure to renew these contracts would have a materially negative impact to the Group's manufacturing operations. |
| <p>Product liability exposure</p> | <ul style="list-style-type: none"> Big River may, from time to time, experience manufacturing defects or other claims relating to its products and services. Defects in the Group's products could be difficult or costly to correct, cause significant customer relations and business reputation problems, harm its financial results and result in damage to or claims by its customers. Any such claim could also result in increased challenges on obtaining insurance on comparatively reasonable terms. |
| <p>Health and safety</p> | <ul style="list-style-type: none"> Due to the nature of Big River's industry, there is a risk of accidents or unsafe operations. Notwithstanding the preventative measures which the Group (or any sub-contractor) has taken or may take, there can be no assurance that accidents (for example in production or logistics) or unsafe operations will not occur and damage the environment and/or injure the Group's own personnel or third parties. Such events may result in additional costs and fines, and may jeopardize Big River's reputation and credibility. |
| <p>Key personnel</p> | <ul style="list-style-type: none"> The Company's success is dependent upon the Group's ability to attract and retain key team members, including key management as detailed in this Prospectus. The key management have extensive experience in and knowledge of the Australian building materials industry and of Big River's business. The loss of key management and other team members and the inability to recruit suitable replacements or additional personnel may adversely affect Big River's future financial performance. Mitigating this risk, members of the senior management team combined own approximately ~4.2% of the Company. |
| <p>Brand maintenance</p> | <ul style="list-style-type: none"> Big River believes the reputation of its products and brands is key to its success. The Group's reputation and the value of its brands may be damaged as a result of negative customer or end-user experiences due to poor product performance or product failures, adverse media coverage or other publicity (in relation to such matters as manufacturing defects, product recalls, warranty issues or product liability litigation), or disputes with customers, suppliers, landlords or employees. Erosion of Big River's reputation as a result of one or a combination of these factors may reduce demand for its products, diminish the value of its brands, or adversely impact relationships with key customers, suppliers or employees. This in turn may adversely impact Big River's net sales and profitability. |
| <p>Supplier and buyer agent relationships</p> | <ul style="list-style-type: none"> Big River has a number of longstanding supplier and buyer agent relationships, which are often governed by individual purchase orders and invoices and are based upon many years of mutually beneficial trade. The key risks associated with these relationships are that the purchasing arrangements can be changed without incurring significant penalties, the supplier may cease trading, price levels may change, production difficulties or delays may occur and orders may be unable to be shipped in the required timeframes. If any of these events occur and Big River is unable to make acceptable alternative arrangements, Big River may incur stock shortages, a reduction in sales and a loss of market share which may adversely affect its future financial performance. Big River also has longstanding log supply contracts. An interruption or failure to renew these contracts could have a materially negative impact on Big River's manufacturing operations. |

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| <p>Disruption to production</p> | <ul style="list-style-type: none"> Due to the high fixed-cost nature of the building materials industry, interruptions in production capabilities at Big River's sites or in its logistics supply chain may have a material adverse effect on the productivity and results of Big River's operations during the affected period. The Group's manufacturing processes and related services are dependent upon critical pieces of equipment. This equipment may, on occasion be out of service as a result of industrial action or unrest, unanticipated failures, accidents or force majeure events. In addition, there is a risk that equipment or production facilities may be damaged or destroyed by such events. Similarly, disruptions in Big River's logistics chain would impact continuity of supply, which may have an adverse effect on its business, financial condition or results of operation. |
| <p>Growth strategies</p> | <ul style="list-style-type: none"> The Company has a number of strategies to support future growth and earnings. There is a risk that the implementation of these strategies will be subject to delays or cost overruns and there is no guarantee that these strategies will generate the full benefits anticipated or result in future sales and earnings growth. Furthermore, the implementation of these growth strategies may lead to changes to Big River's business or the customer experience which may result in unintended adverse consequences if such changes affect customer preferences. |
| <p>Industrial disputes</p> | <ul style="list-style-type: none"> A proportion of Big River's operational employees and sub-contractors are members of trade unions, and Big River has experienced union action and industrial disputation in the past. If any material disputes were to arise, this could disrupt Big River's operations and adversely impact Its financial performance. There has been no time lost to industrial disputes over the last 10 years. |
| <p>New technology / industrial change</p> | <ul style="list-style-type: none"> Industries in which Big River competes. Including building products and construction materials. may be subject to disruptive change from new technologies. if the Group is not able to develop or access new technologies and anticipate or respond to disruptions in the markets in which it competes, the Group may suffer a decrease in the demand for its goods and services. This may have a material adverse effect on results of Its operations, financial condition and business. |
| <p>Currency fluctuations</p> | <ul style="list-style-type: none"> Big River competes against imported product and purchases some product from offshore suppliers. Currency fluctuations could improve the attractiveness of competing imported product or increase the cost of product procurement. Future fluctuations in exchange rates may affect the future profitability of Big River. |
| <p>Increase in competition</p> | <ul style="list-style-type: none"> The building materials market is highly competitive. The actions of an existing competitor or the introduction of a new competitor in the building materials market may make it difficult for the Group to grow Its revenue which. in turn, may have an adverse effect on its profitability. |

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| <p>Finance risks</p> | <ul style="list-style-type: none"> • While the Company believes it will have sufficient funds to meet all of its growth and capital requirements for the near term, the Company may seek to exploit opportunities of a kind that will require It to raise further additional capital from equity or debt sources in the future. There can be no assurance that the Company will be able to raise such capital on favourable terms or at all. If the Company Is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities. which could adversely affect its business. financial condition and operating results. • It is possible that an unforeseen circumstance or event may cause covenants in favour of the Group's lenders to be breached. Any breach in the debt covenants may result in a lender enforcing Its security over the relevant assets. A breach in covenants may result in the need to sell the assets at an earlier time to enable a repayment of a facility. Such a sale may be at a price lower than the optimal sale price. There are a number of other consequences as a result of any default which are not individually outlined in this Prospectus. |
| <p>Environmental risk</p> | <ul style="list-style-type: none"> • Environmental risk in the sales & distribution sites is regarded as minimal, as no dangerous goods are marketed for sale and no manufacturing activities are undertaken at these sites. • While the manufacturing sites do not perform any kind of umber treatment or preservation (which requires specific licensing), the sites do involve large equipment and machinery that require hydraulic oil and various commonly used maintenance products. The Company considers that this creates minimal environmental risk given these functions occur predominantly in enclosed warehouses. However, any issues that may arise could Involve clean-up, residual testing and or remediation work. |
| <p>Natural phenomena</p> | <ul style="list-style-type: none"> • Events may occur within or outside Australia that could Impact upon the Australian economy, the operations of the Company and the Group and the price of the Shares. These events Include but are not limited to acts of terrorism, an outbreak of international hostilities. fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or manmade events or occurrences that can have an adverse effect on the demand for Big Rivers products and Its ability to conduct Its business. • Refer to Big River’s announcement on the 3 November 2020 for more detail on how the 2019/20 Australian Bushfires affected its operations. |
| <p>Acquisition integration</p> | <ul style="list-style-type: none"> • Big River has pursued and may in the future pursue strategic acquisitions in the course of its business. Big River may not be able to raise the financing required to fund its preferred acquisitions, may not be able to identify suitable candidates for successful acquisitions at acceptable prices, or successfully execute and integrate acquisitions once identified. In addition, Big River’s past and future acquisitions may subject it to unanticipated risks or liabilities. These risks include, but are not limited to, poor integration of the acquired businesses, accuracy of historical financial and accounting records, entry into market segments with more volatile revenues than existing operations and loss of managerial focus on existing businesses. A strategy of growth through acquisition entails numerous operational and financial risks and this may have a material adverse impact on the Company’s financial position. |

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| General economic environment | <ul style="list-style-type: none">• Changes in general economic factors such as economic growth, interest rates, exchange rates, inflation and business and consumer confidence and general market factors may have an adverse impact on Big River's (references to Big River includes Big River as standalone entity as well as all related group entities) earnings.• In particular, the COVID-19 pandemic has had a significant impact on the global economy and the ability of individuals and businesses to operate. There continues to be considerable uncertainty as to the duration of, and the ongoing and further impact of COVID-19 in relation to government policies, spending, regulatory actions, work stoppages, lockdowns, quarantines and travel restrictions. The impacts of COVID-19 are beyond Big River's control and may have a material adverse effect on the overall business sentiment and environment, causing material uncertainties. These impacts may cause Big River's business to suffer and impact Big River's business, financial condition and results of operations. |
| General share investment risk | <ul style="list-style-type: none">• There are various risks associated with investing in any form of business and with investing in listed entities generally. The value of Big River shares following the Offer will depend on general share market and economic conditions as well as the specific performance of Big River. There is no guarantee of profitability, dividends, return of capital, or the price at which Big River shares will trade on the ASX. The past performance of Big River shares is not necessarily an indication as to future performance as the trading price of Big River shares can go down or up in value.• As Big River is a listed company, the price at which its shares trade will be subject to the numerous influences that may affect both the broad trend in the share market and the share prices of individual companies and sectors. Investors should recognise that the price of New Shares may fall as well as rise. |
| Capital availability | <ul style="list-style-type: none">• Current economic conditions can impact upon the availability of equity funding that may be required to support the cash flow of a business. Big River's operations and growth may be affected by the availability of funding which would impact on Big River's ability to develop products and establish business operations in the expected time frame and/or at its current levels. |

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| <p>Operational and controls risk</p> | <ul style="list-style-type: none"> Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events which impact on Big River’s business. Big River is exposed to operational risks including risks arising from process error, fraud, system failure, failure of security and physical protection systems including cyber security and any pricing errors. Big River has specific operational exposures in connection with product disclosure statements, legal and regulatory compliance, product commitments and others. Operational risk has the potential to have an effect on Big River’s financial performance and position as well as reputation. |
| <p>Liquidity and realisation</p> | <ul style="list-style-type: none"> There can be no guarantee that there will be an active market in the New Shares or that the price of the New Shares will increase or not decrease. There may be relatively few or many buyers or sellers of the New Shares on the ASX at any one time which may lead to increased price volatility and affect the price at which shareholders are able to sell their New Shares. |
| <p>Taxation</p> | <ul style="list-style-type: none"> Future changes in taxation law in Australia, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may impact the future tax liabilities of Big River or may affect taxation treatment of an investment in Big River shares, or the holding or disposal of those shares. |
| <p>Force Majeure Events</p> | <ul style="list-style-type: none"> Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of Big River and the price of Big River shares. These events include but are not limited to terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease and biosecurity threats such as Covid19 or other man-made or natural events or occurrences that can have an adverse effect on the demand for Big River’s products and services. |
| <p>Accounting standards</p> | <ul style="list-style-type: none"> Big River prepares its general purpose financial statements in accordance with IFRS and the Corporations Act. Australian Accounting Standards are not within the control of Big River or its board and are subject to amendment from time to time, and any such changes may impact on Big River’s statement of financial position or statement of financial performance. Preparation of the Big River’s financial statements requires management to make estimates and assumptions and to exercise judgement in applying relevant accounting policies, each of which may directly impact the reported amounts of assets, liabilities, income and expenses. A higher degree of judgement is required for the estimates used in the calculation of valuation of goodwill and other intangible assets and as well as other statement of financial position items. Changes in the methodology or assumptions on which the assessment of goodwill and intangible balance is based together with expected future cash flows (including changes flowing from current and potential regulatory reform), could result in the potential write-off or a part of all of the goodwill or intangible balances. If the judgements, estimates and assumptions which are used to prepare financial statements are subsequently found to be incorrect, there could be a significant loss to Big River beyond that anticipated or provided for, which may adversely impact Big River’s reputation and financial performance and position. |

Appendices: International Offer Restrictions

BigRiver



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

Australia

The information in this document has been prepared on the basis that all offers of New Shares will be made to Australian resident investors to whom an offer of shares may lawfully be made without disclosure under Part 6D.2 of the Corporations Act 2001 (Cth) (Corporations Act). This document is not a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act and has not been, and will not be, lodged with the Australian Securities and Investments Commission (ASIC). Neither ASIC nor ASX takes any responsibility for the contents of this document. Accordingly, this document may not contain all information which a prospective investor may require to make a decision about whether to subscribe for New Shares and it does not contain all of the information which would otherwise be required by Australian law to be disclosed in a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act. This document does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to the offer of New Shares or any other transaction in relation to Big River Industries Limited shares, you should assess whether that transaction is appropriate in light of your own financial circumstances or seek professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (FMC Act). The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Big River Industries Limited with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. Other than under the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

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

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

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

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

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

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

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

Appendices: Big River FY20 results

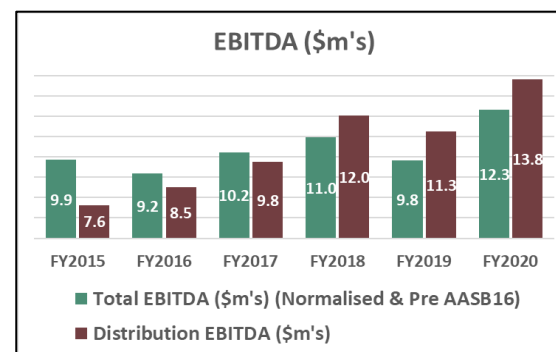
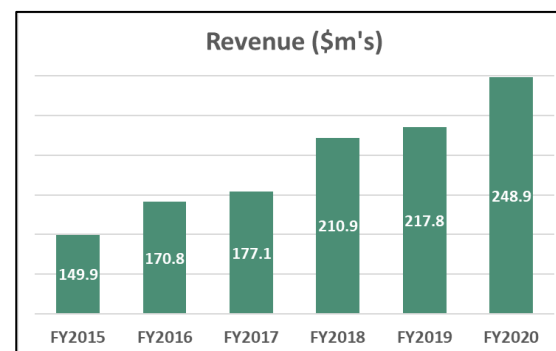
BigRiver



| Key Financial Measures | FY2019 | FY2020 | FY2020 |
|--|----------|------------|-----------|
| | | Pre AASB16 | Statutory |
| Profitability | | | |
| Revenue | \$217.8m | \$248.9m | \$248.9m |
| EBITDA (before acquisition costs) | \$9.8m | \$12.3m | \$17.6m |
| EBITDA | \$9.2m | \$11.6m | \$16.9m |
| NPAT | \$3.9m | \$4.7m | \$4.4m |
| NPATA | \$4.2m | \$5.1m | \$4.8m |
| Earnings Per Share (cents) | 7.24 cps | 7.58 cps | 7.14 cps |
| Cash flow management | | | |
| OCFBIT | \$7.0m | \$13.1m | \$18.4m |
| Operating cash flow | \$3.8m | \$10.3m | \$14.9m |
| EBITDA to OCFBIT % (cash conversion) | 76% | 112% | 108% |
| Working capital (% annualised revenue) | 17.8% | 17.2% | 17.2% |
| Dividends declared per share (cents) | 4.4 cps | 2.4 cps | 2.4 cps |
| Dividend payout ratio (%) | 66% | 32% | 34% |
| Balance Sheet | | | |
| Trade working capital | \$44.8m | \$44.5m | \$44.5m |
| Net Debt | \$15.1m | \$22.0m | \$41.5m |
| Gearing % (Debt to Debt + Equity) | 19.7% | 23.3% | 36.7% |

| Key Financial Measures | | | |
|----------------------------------|----------|---|-------|
| Revenue | \$248.9m | ↑ | 14.3% |
| EBITDA (Statutory) ¹ | \$17.7m | ↑ | 79.9% |
| EBITDA (Pre AASB16) ¹ | \$12.3m | ↑ | 25.7% |
| NPAT (Statutory) | \$4.4m | ↑ | 22.3% |
| NPAT (Pre AASB16) | \$4.7m | ↑ | 21.2% |
| EPS (Pre AASB16) | 7.6 cps | ↑ | 4.7% |
| Cash Conversion (Pre AASB16) | 112% | ↑ | 42.4% |
| Final Dividend | 2.4 cps | ↑ | 9.1% |

¹ Before acquisition costs



Big River historical financial results summary



| Key Financial Measures | FY2017 | FY2018 | FY2019 | FY2020 Pre AASB16 | FY2020F Statutory |
|--|----------|----------|----------|----------------------|----------------------|
| Profitability | | | | | |
| Revenue | \$177.1m | \$210.9m | \$217.8m | \$248.9m | \$248.9m |
| EBITDA (before acquisition costs) | \$10.2m | \$11.0m | \$9.8m | \$12.3m | \$17.6m |
| EBITDA | \$8.1m | \$10.7m | \$9.2m | \$11.6m | \$16.9m |
| NPAT | \$3.9m | \$5.2m | \$3.9m | \$4.7m | \$4.4m |
| NPATA | \$4.1m | \$5.5m | \$4.2m | \$5.1m | \$4.8m |
| Earnings Per Share (cents) | 9.55 cps | 9.79 cps | 7.24 cps | 7.58 cps | 7.14 cps |
| Cash flow management | | | | | |
| OCFBIT | \$7.0m | \$8.6m | \$7.0m | \$13.1m | \$18.4m |
| Operating cash flow | \$4.7m | \$5.0m | \$3.8m | \$10.3m | \$14.9m |
| EBITDA to OCFBIT % (cash conversion) | 87% | 80% | 76% | 112% | 108% |
| Working capital (% annualised revenue) | 15.8% | 16.7% | 17.8% | 17.2% | 17.2% |
| Dividends declared per share (cents) | 3.5 cps | 7.0 cps | 4.4 cps | 2.4 cps | 2.4 cps |
| Dividend payout ratio (%) | 47% | 72% | 66% | 32% | 34% |

| CASH FLOW (\$m's) | FY2017 | FY2018 | FY2019 | FY2020 Pre AASB16 | FY2020 Statutory |
|--|------------|-------------|-------------|----------------------|---------------------|
| Statutory EBITDA | 8.1 | 10.7 | 9.2 | 11.6 | 16.9 |
| Non-cash items & working capital changes | -1.1 | -2.1 | -2.2 | 1.5 | 1.5 |
| OCFBIT | 7.0 | 8.6 | 7.0 | 13.1 | 18.4 |
| Interest paid | -0.9 | -0.8 | -1.0 | -1.5 | -2.2 |
| Tax paid | -1.4 | -2.8 | -2.2 | -1.3 | -1.3 |
| Operating Cash Flow | 4.7 | 5.0 | 3.8 | 10.3 | 14.9 |
| Net capital expenditure | -1.2 | -2.1 | -1.4 | -1.1 | -1.1 |
| Intangibles | 0.0 | 0.0 | -0.8 | -1.0 | -1.0 |
| Free cash flow | 3.5 | 2.9 | 1.6 | 8.2 | 12.8 |
| Business acquisitions | -5.1 | -3.7 | -6.6 | -19.6 | -19.6 |
| Contingent consideration | | | | -0.2 | -0.2 |
| Net proceeds from issue of shares | 16.5 | 0.0 | 1.4 | 6.1 | 6.1 |
| Proceeds/(repayment) of borrowings | -7.4 | 2.9 | 5.4 | 12.3 | 12.3 |
| Lease repayments | | | | -0.3 | -4.9 |
| Dividends paid | -2.4 | -3.7 | -3.0 | -1.4 | -1.4 |
| Increase/(decrease) in cash | 5.1 | -1.6 | -1.2 | 5.1 | 5.1 |

| PROFIT & LOSS (\$m's) | FY2017 | FY2018 | FY2019 | FY2020 Pre AASB16 | FY2020 Statutory |
|--|--------------|--------------|--------------|----------------------|---------------------|
| Revenue | 177.1 | 210.9 | 217.8 | 248.9 | 248.9 |
| EBITDA from Operations: | | | | | |
| - Distribution activities | 9.7 | 12.0 | 11.3 | 13.8 | 19.1 |
| - Corporate activities | -2.9 | -3.1 | -3.3 | -3.3 | -3.3 |
| - Manufacturing facilities | 3.4 | 2.1 | 1.8 | 1.8 | 1.8 |
| EBITDA (before acquisition costs) | 10.2 | 11.0 | 9.8 | 12.3 | 17.6 |
| IPO costs | -1.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Acquisition costs | -0.2 | -0.3 | -0.6 | -0.7 | -0.7 |
| Statutory EBITDA | 8.1 | 10.7 | 9.2 | 11.6 | 16.9 |
| Depreciation | -1.7 | -2.0 | -2.2 | -2.6 | -7.6 |
| Amortisation | -0.2 | -0.5 | -0.5 | -0.7 | -0.7 |
| EBIT | 6.2 | 8.2 | 6.5 | 8.3 | 8.6 |
| Interest | -0.9 | -0.8 | -1.0 | -1.6 | -2.3 |
| Taxation Expense | -1.4 | -2.2 | -1.6 | -2.0 | -1.9 |
| NPAT | 3.9 | 5.2 | 3.9 | 4.7 | 4.4 |
| NPATA | 4.1 | 5.5 | 4.2 | 5.1 | 4.8 |

| NET CASH/(DEBT) (\$m's) | FY2017 | FY2018 | FY2019 | FY2020 Pre AASB16 | FY2020 Statutory |
|-----------------------------------|-------------|-------------|--------------|----------------------|---------------------|
| Cash at bank | 3.6 | 2.0 | 1.2 | 8.7 | 8.7 |
| Overdraft and trade finance | 0.0 | 0.0 | -0.5 | -2.8 | -2.8 |
| Bank bills | -5.0 | -7.9 | -13.5 | -25.9 | -25.9 |
| Bank lease liability | -2.6 | -2.5 | -2.3 | -2.0 | -2.0 |
| Net Bank Debt | -4.0 | -8.4 | -15.1 | -22.0 | -22.0 |
| Lease liability AASB16 | 0.0 | 0.0 | 0.0 | 0.0 | -19.5 |
| Total | -4.0 | -8.4 | -15.1 | -22.0 | -41.5 |
| Gearing % (Debt to Debt + Equity) | 6.6% | 12.5% | 19.7% | 23.3% | 36.7% |

Reconciliation – Pre-AASB16 / Post-AASB16 earnings

| | Pre-AASB16 | Acquisition costs | Acquisitions | Pre-AASB16 Pro forma | AASB16 Rent | AASB16 Depreciation | AASB16 Interest | AASB16 Tax | Post-AASB16 Pro forma |
|-------------------------|---------------|-------------------|--------------|----------------------|-------------|---------------------|-----------------|------------|-----------------------|
| Big River FY20A EBITDA | \$11.6 | \$0.7 | \$0.4 | \$12.8 | \$5.6 | | | | \$18.4 |
| Big River FY20A EBIT | \$8.3 | \$0.7 | \$0.3 | \$9.3 | \$5.6 | (\$5.3) | | | \$9.7 |
| Big River FY20A NPAT | \$4.7 | \$0.5 | \$0.2 | \$5.4 | \$5.6 | (\$5.3) | (\$0.7) | \$0.1 | \$5.1 |
| Timberwood FY20A EBITDA | \$4.7 | | | \$4.7 | \$1.3 | | | | \$6.0 |
| Timberwood FY20A EBIT | \$3.8 | | | \$3.8 | \$1.3 | (\$1.2) | | | \$3.9 |
| Timberwood FY20A NPAT | \$2.7 | | | \$2.7 | \$1.3 | (\$1.2) | (\$0.2) | \$0.0 | \$2.6 |

