

BESTON GLOBAL FOOD COMPANY

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25 November 2020

OPERATIONAL UPDATE PRESENTATION

Beston Global Food Company Limited (ASX: BFC) ('Company') is pleased to provide the attached operational update presentation.

Any questions can be submitted to the Company at questions@bestonglobalfoods.com.au before COB on Thursday 26 November and the Company will endeavour to respond within two business days.

As a result of the impact of COVID-19 travel restrictions and the 'lock down' recently imposed in South Australia, and after consultation with a number of shareholders and stakeholders, the Company has determined this is the most effective way to give investors an extensive update on the Company's activities (that the Company would usually give to investors at its Annual General Meeting) and address any questions from investors.

The Company appreciates the understanding of our shareholders during this difficult time.

This ASX release was approved and authorised for release by Dr Roger Sexton AM, Chairman.

FOR FURTHER INFORMATION PLEASE CONTACT:

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ABOUT BESTON GLOBAL FOOD COMPANY LIMITED

Beston Global Food Company is a proud SA multi award-winning company taking the best of Australian produce to the world with fresh milk supplied by valued Farmers. The company provides direct and indirect employment for nearly 300 people. For more information please visit:

www.bestonglobalfoods.com.au



BESTON GLOBAL FOOD COMPANY LIMITED

ABN 28 603 023 383

A member of the Beston Global Food Company Group of Companies



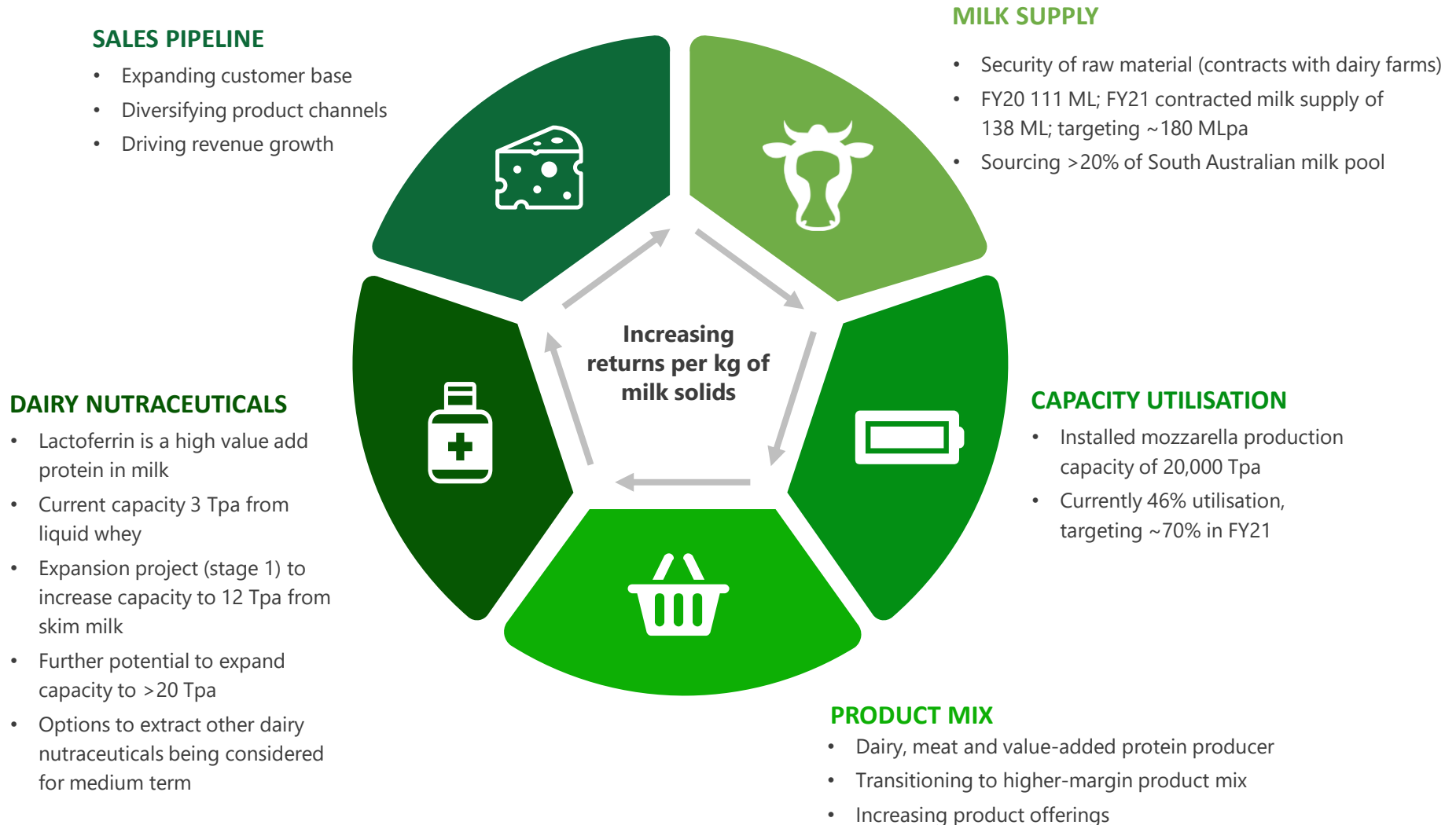
Operational Update

25 November 2020

Delivering transformation in line with strategic imperatives



1. Five strategic imperatives underpin growth objectives









2. Q1 FY21 highlights

Step change underway, with performance in line with guidance

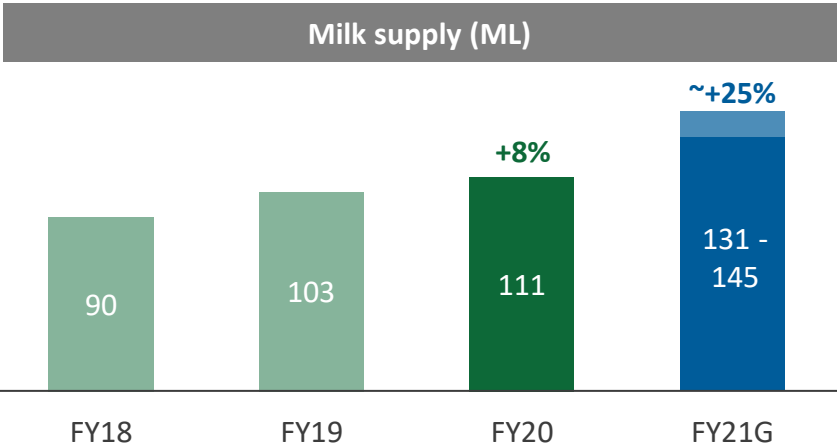
	Q1 FY20		Q1 FY21	Change
Milk Supply	25.8 ML	➡	31.6 ML	+22%
Mozzarella production	2.25 KT	➡	2.69 KT	+20%
Lactoferrin production	0.26 T	➡	0.51 T	+96%
Revenue – Dairy facilities	\$17.9 M	➡	\$19.7 M	+10%
Gearing	59%	➡	15%	-34%
Capital Expenditure	\$1.7 M	➡	\$4.6 M	+\$2.9 M

3. FY21 guidance maintained

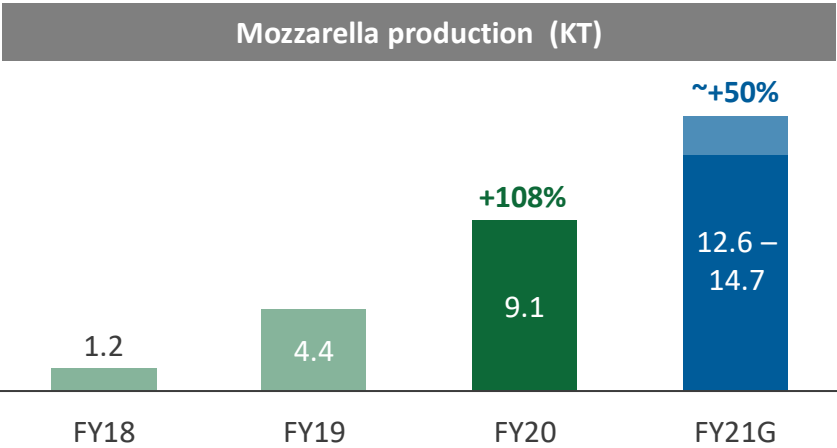
		FY20	FY21	Key drivers	Key risks
	MILK SUPPLY	111 ML	131-145 ML	Contracts in place to supply 138ML in FY21	Seasonal conditions
	MOZZARELLA PRODUCTION	9,128 T	12,600-14,700 T	Milk supply	COVID-19 impact on demand
	LACTOFERRIN PRODUCTION	1.4 T	4.0 - 6.0 T	Process efficiency; milk supply	Timing delay on new facility completion
	REVENUE	\$103m	\$130-145m	Milk supply and pricing	Mozzarella demand; timing delay on new facility completion
	GEARING AT YEAR END	49%	8-16%	Dairy farms sale completed	EBITDA and working capital changes
	CAPITAL EXPENDITURE	\$6.0m	\$17-22m	Lactoferrin expansion project ~\$12m	COVID-19 impact on demand

4. Dairy facilities

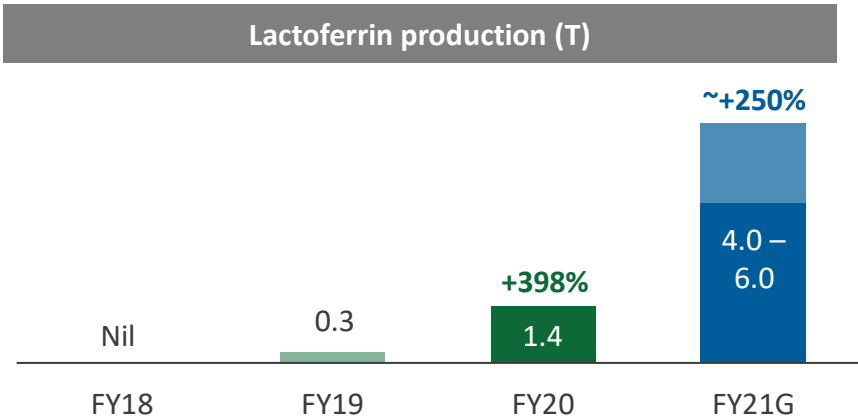
Production and revenue increases driven by growing sales pipeline and enabled by increased milk supply



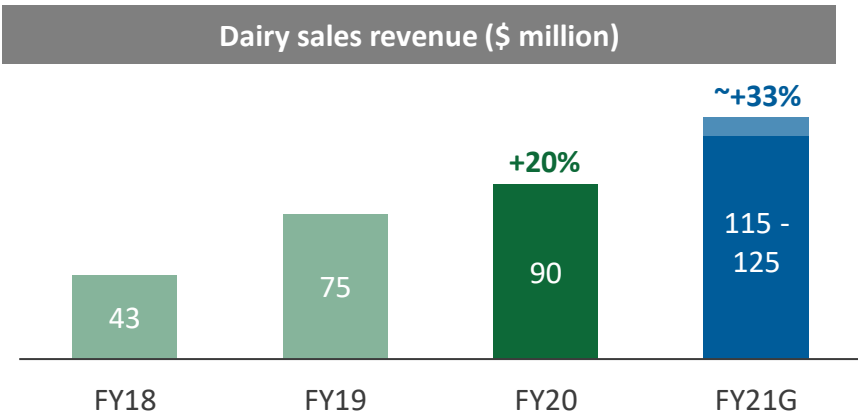
✓ Contracts secured to supply 138 ML in FY21



✓ Higher-margin mozzarella production driving growth



✓ Step-change in lactoferrin production underway



✓ Volume growth and transition to higher value products

5. Lactoferrin Project update – Stage 1 expansion

Stage 1 remains on schedule for completion in March 2021

Will deliver incremental revenue of ~\$13m pa with high margin¹

High purity Lactoferrin capacity

Cost estimate²

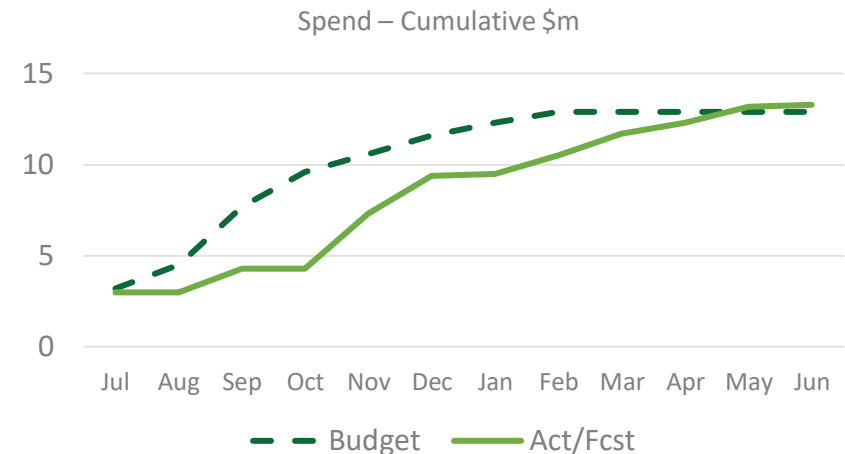
Completion timing

Comments:

- Minor cost increase (3%) to enhance plant operability and further enhance infrastructure to readily enable the stage 2 expansion (refer slide 6) plus air freight of certain components due to Covid-19 impacts
- Minor risk of delay due to Covid-19 impacts is being managed. Commissioning still scheduled for Feb-21 with practical completion to be achieved in Mar-12.
- One week shut-down in December to install new skim-milk treatment equipment

1. Assumes full production capacity at lactoferrin price of \$1,500/kg
2. Total external plus internal costs

Budget	Forecast
12 Tpa	12 Tpa
\$12.9m	\$13.5m
Mar 21	Mar 21



6. Lactoferrin and Nutraceutical Capability

Key executive appointment reaffirms importance of the transformational impact of lactoferrin

Frank Baldi – General Manager Operations and Supply Chain

- Commenced 5 October 2020
- Operating oversight of Jervois and Murray Bridge dairy facilities
- Significant experience in dairy nutraceuticals, especially lactoferrin
- Further appointments to bolster dairy team, with dairy nutraceutical experts, to aid expansion of current capabilities
- Potential production of value-adding dairy nutraceuticals in addition to lactoferrin

Lactoferrin expansion – Acceleration

- Management reviewing potential to accelerate a portion of stage 2
- Under this scenario, capacity in Mar-21 would be ~20 Tpa by adding a further extraction column <\$2m
- Would initially deliver incremental revenue of ~\$6m pa increasing to ~\$12m pa when additional drying capacity installed¹
- Decision pending completion of studies and funding requirements



Best Functional Drink

Immune +

- Lightly sparkled and flavoured 250ml mineral water containing therapeutic dose of lactoferrin
- Initial release to market Dec 2020
- Major international beverage award
- Planned release of lactoferrin in capsule form by Q3 2020
- Additional lactoferrin based products in development



1. Assumes incremental 8T pa sold as liquid lactoferrin at \$700/kg. Additional drying capacity part of stage 2 scope likely to be added within 12-18 months.

7. Environment, Sustainability and Governance

Delivering sustainable ESG outcomes

Solar energy installations (H2 FY21)

- Shepparton manufacturing facility
 - Replacing grid-sourced power with renewable solar energy to reduce carbon emissions and operating costs
- Jervois
 - Replacing grid-sourced power with renewable solar energy to reduce carbon emissions and operating costs
 - Addition of battery storage to reduce power interruption risk
 - “Farming the sky”: A medium-term ambition to expand solar power generation to create a virtual network that offers contract dairy farmers cheaper power

OZIRIS track-and-trace technology platform

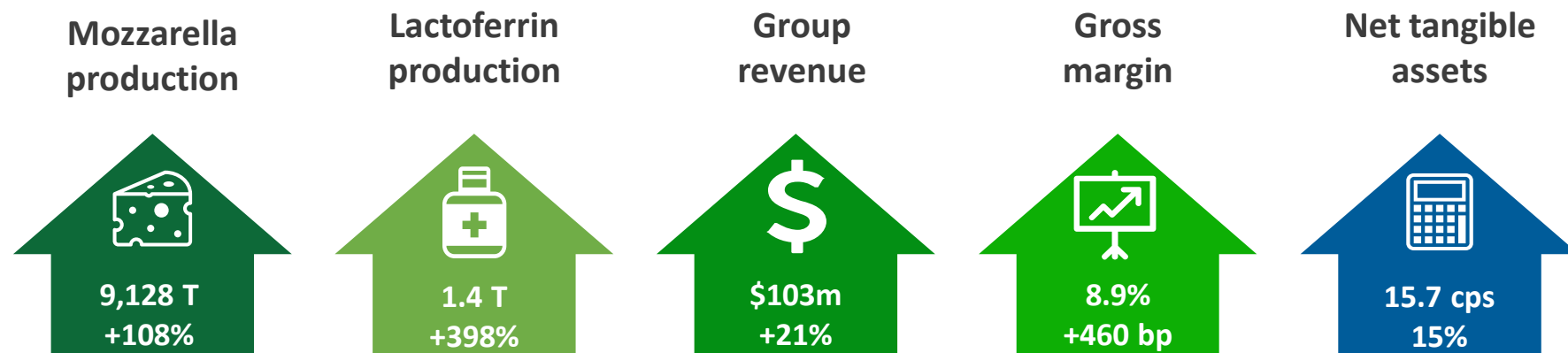
- Provides consumers with information on product provenance, with work well advanced on delivery of a SaaS platform
- Opportunity for application into recycling of plastic packaging waste to new Australian Government legislation, with food processors required to have 75% of their packaging recyclable by 2025. Trials underway using the technology platform to scan, identify and trace the source of packaging through the recycling process.

FY20 Operating and financial results



8. FY20 an accretive but challenging year in our transformation

Strategic imperatives achieved during a challenging year with COVID-19



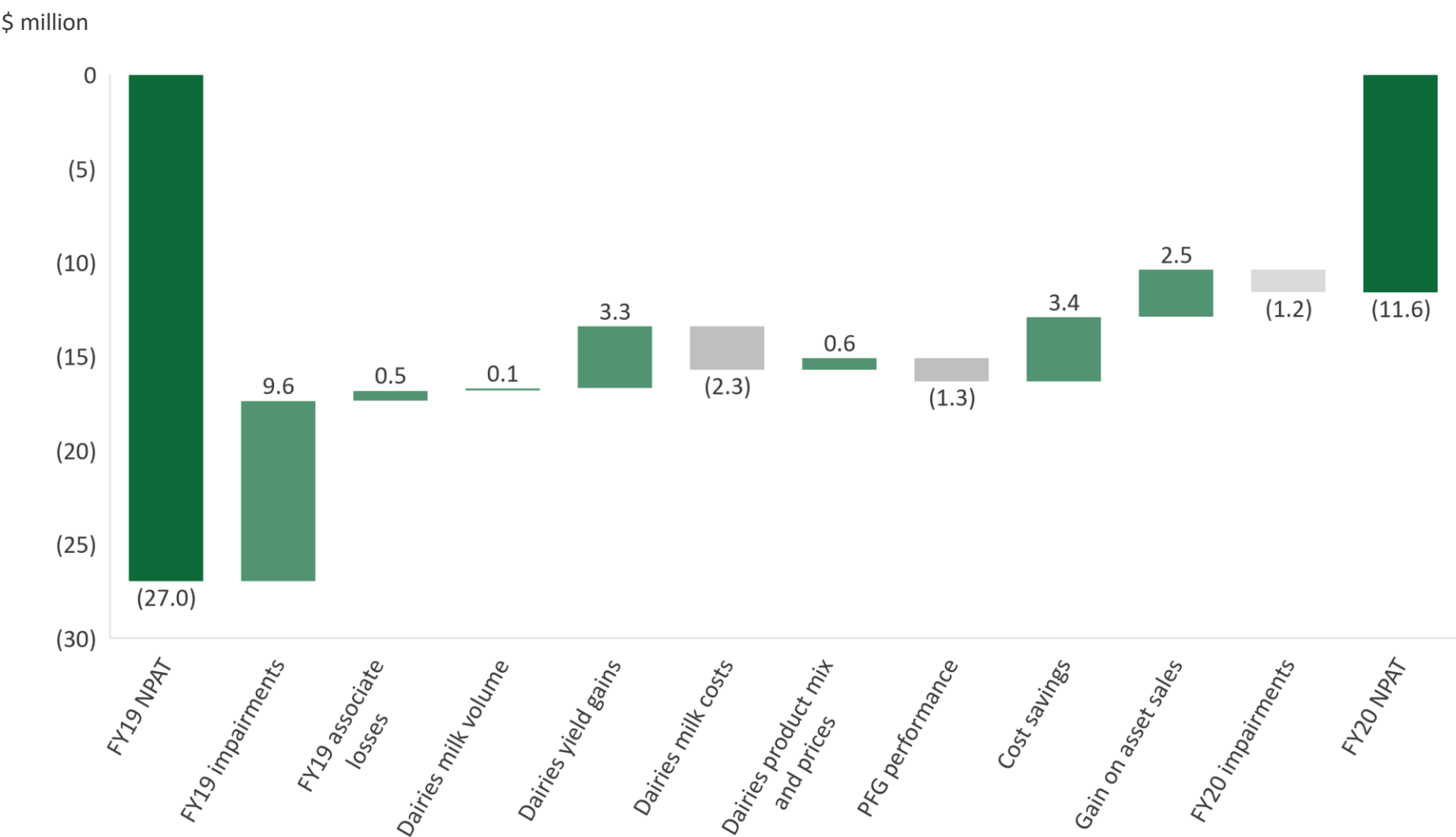
Building on our foundations....

- ✓ Continued transition to higher-margin products
- ✓ Lactoferrin production increased and capacity expansion underway
- ✓ Sale of dairy farms has significantly reduced debt
- ✓ Increased milk supply contracted for FY21
- ✓ Successful equity raise

....and navigating challenges

- Higher milk costs following two years of drought
- COVID-19 pandemic impacts
- Underperformance of PFG (resulting in management and operational changes)
- Non-cash impairments of non-core assets

9. FY19 to FY20 NPAT bridge



10. Financial results

Transition to higher-margin products drives gross margin expansion

	FY19	FY20	Change
Sales revenue ¹	84.7	103.0	22%
Cost of sales	81.1	93.9	16%
Gross profit	3.6	9.1	153%
<i>Margin</i>	4.3%	8.9%	460bp
Other income	0.4	0.1	(300%)
Other expenses	36.1	28.8	(20%)
EBITDA	(30.4)	(14.3)	47%
Depreciation and amortisation	1.9	3.0	58%
Statutory NPAT	(27.0)	(11.6)	57%
Operating cash flow	(9.1)	(13.7)	(51%)
Capital expenditure	12.3	5.7	(54%)
Net debt (30 June)	39.4	39.1	(1%)
Total Assets (30 June)	140.6	145.3	3%
Equity (30 June)	80.1	80.0	(0%)
NTA ² - cents per share (30 June)	13.7	15.7	15%

- Sales revenue increased 22% despite milk supply increasing by only 8% as more milk was processed to meet growing demand in customer sales
- Gross margin increasing, driven by Dairy segment (gross margin 10.5% up from 6.9%)
- Underlying NPAT (loss) improved 28% as a result of increased revenue and margins
- Statutory loss includes reduced impairment charges
- Operating cash flow lower but consistent with EBITDA due to working capital changes
- Net Tangible Assets increased 15% to 15.7 cents per share

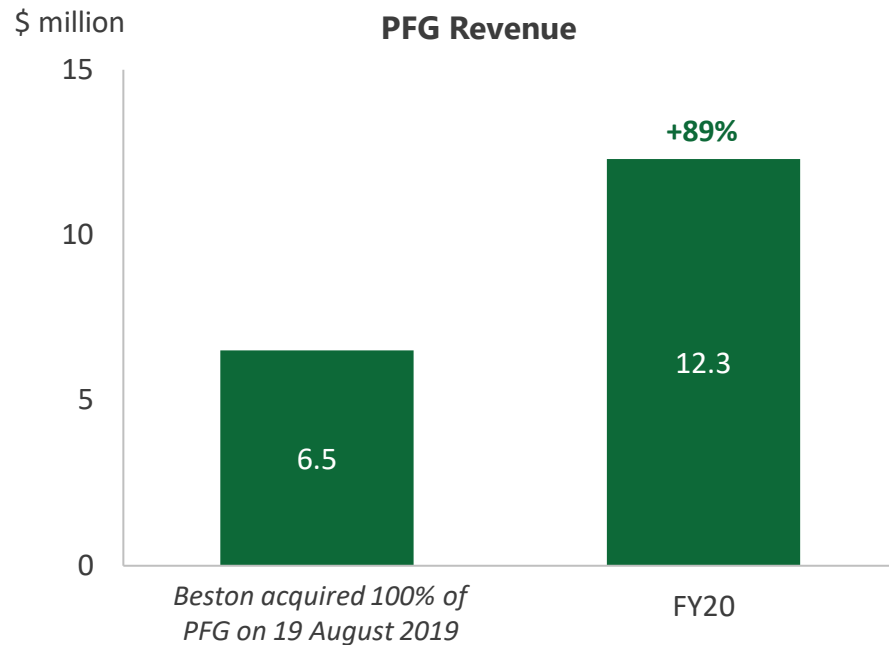
1. Excludes other revenues

2. NTA is calculated on the book value of assets (i.e. historical cost less depreciation and impairments) and does not reflect the replacement value or the economic value of the assets

11. Provincial Food Group

Positioning for a positive FY21 contribution

- Management and operational changes to generate positive contribution in FY21
- FY20 loss largely due to termination of significant contract which became commercially unviable
- New contracts in place to drive higher revenue in FY21 with focus on traditional meat processing



Disclaimers



Guidance disclaimer



COVID-19

- COVID-19 continues to disrupt industries and economies globally
- Beston's guidance is based on current, known circumstances regarding COVID-19 and its impacts
- Guidance may be impacted adversely if COVID-19 continues longer than expected and/or has larger effects on demand and supply chains than presently anticipated



Market conditions

- General market conditions, such as market downturn, recession, industrial disputes and interest rates, could impact Beston's performance
- Certain risks are beyond the control of Beston; wherever possible Beston seeks to reduce or mitigate exposure to negative impacts of operating risks, whilst competing effectively in the market



Operating performance

- Dairy facility performance may be below expectations resulting in unplanned down time, higher repair costs and lost production
- Other key operating costs include electricity, gas, freight and insurance costs (some of which are not fixed and without forward contracts in place)



Milk supply

- Milk supply is subject to agricultural risk, for example, a repeat of the drought conditions experienced in FY19 and FY20 could reduce the supply below contracted levels
- A reduction in milk supply may lead to increased milk prices



Lactoferrin facility

- Risk of delay in delivery of already ordered long-lead items
- Construction delays could arise via importation issues or unforeseen site conditions
- Potential performance and reliability issues with new skim-based technology



Other risks

- Adverse weather events, new global pandemics, unplanned increases in costs, mechanical failures, human errors, industrial action and other unforeseen events, all have the potential to impact on Beston guidance

Disclaimer

This presentation includes both information that is historical in character and information that consists of forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. The forward looking statements are subject to risks, stakeholder engagement, uncertainties and assumptions which could cause actual results, timing, or events to differ materially from the expectations described in such forward looking statements. Those risks and uncertainties include factors and risks specific to the industry in which Beston Global Food Company operates, any applicable legal requirements, as well as matters such as general economic conditions.

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