

OVERVIEW AND UPDATE ON



**ROADSHOW PRESENTATION  
JULY 2021**

Executive  
Summary

# Beston: who we are and what we do

We are a dairy, dairy nutraceuticals and meat processing company based in South Australia  
We provide Australian and global customers with healthy choice dairy and meat proteins



## DAIRY

Jervois and Murray Bridge, South Australia  
90% of group revenue



Mozzarella  
Whey powder  
Cream  
Butter  
Cheddar



Lactoferrin



Milk supply from  
south eastern  
Australian dairy  
farmers

## MEAT

Shepparton, Victoria  
10% of group revenue



Dice and grind  
ingredients  
Premium hamburgers,  
meatballs  
Retail products eg  
lamb shanks  
Alternative meats

## Where have we come from?

*Founder led business*

*IPO August 2015*

*Three stage growth strategy  
requiring substantial investment  
to build productive capacity and  
achieve economies of scale*

*Initially China facing (ChAFTA),  
now focused on Australian dairy  
and meat markets*

*Brand building – 130+ awards for  
dairy product quality and  
innovation*

*Dairy nutraceuticals expansion to  
extract the “hidden value” from  
the “goodness of milk”*

*Extracting more value from every litre of milk processed*

**Technology: Core operating assets supported by development of track and trace software**

# Fastest growing food and beverage company in Australia<sup>1</sup>

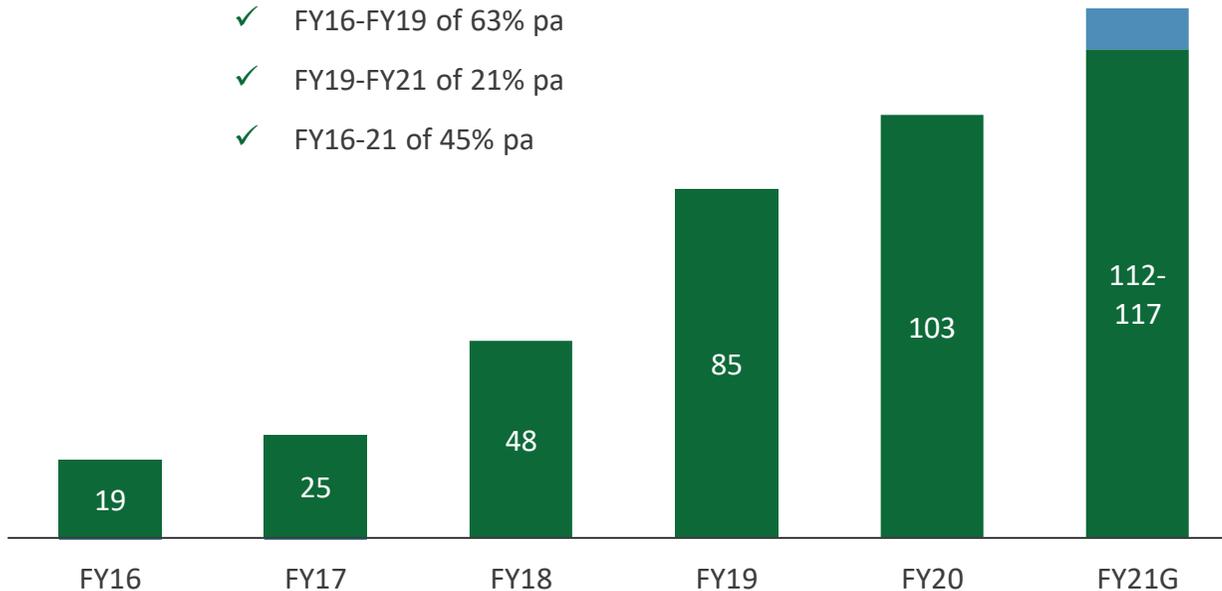
Second fastest growing food and beverage company in Asia Pacific



Group Revenue (\$ million)

✓ Compound annual growth rates:

- ✓ FY16-FY19 of 63% pa
- ✓ FY19-FY21 of 21% pa
- ✓ FY16-21 of 45% pa



Executing our strategic plan has driven revenue growth since 2016

*Fix, focus and build out the dairy assets*

*Increased milk supply to achieve:*

- Capacity utilisation
- Economies of scale

*Built mozzarella plant, built brands and grown sales*

*Invested in people capabilities*

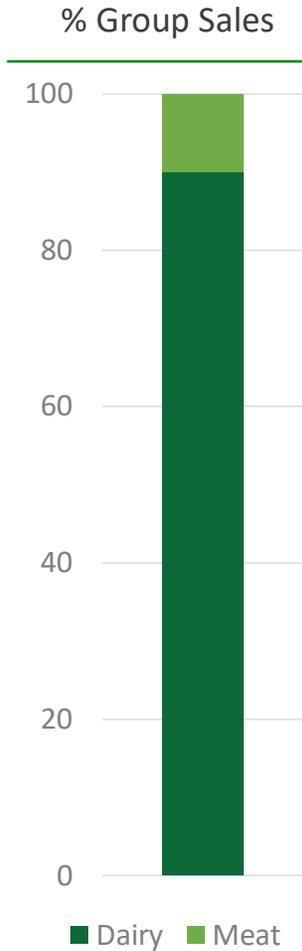
*Nutraceuticals production capacity increased*

*Upgraded and expanded production facilities at Provincial Food Group to grow sales of ready-to-eat meat meals*

<sup>1</sup> Report by Financial Times in conjunction with Nikkei Asia (Japan) and Statista (Germany) on Asia's Top 500 Fastest Growing Companies 2016-2019

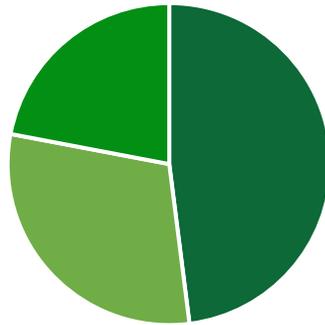
# BFC have built a strong sales book

Based on a reputation for quality dairy products and customer service



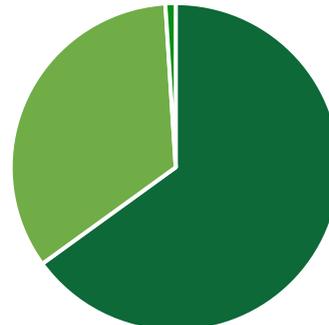
Dairy Sales: FY21

Sales Channels %



- Aust Industrial/Retail
- Aust Foodservices
- Export

Product mix %

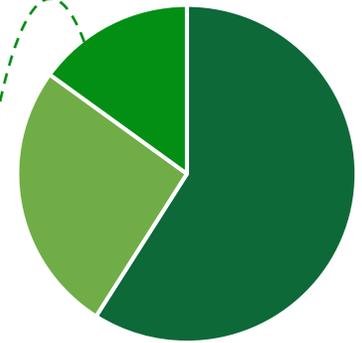


- Mozzarella
- Other Dairy
- Lactoferrin

Domestic Customers: Woolworths, Metcash, Costco, McCain  
 Export Markets: Thailand, Philipines, Vietnam, China, Malaysia, South Korea

*Extracting more value from milk*

Future Mix %



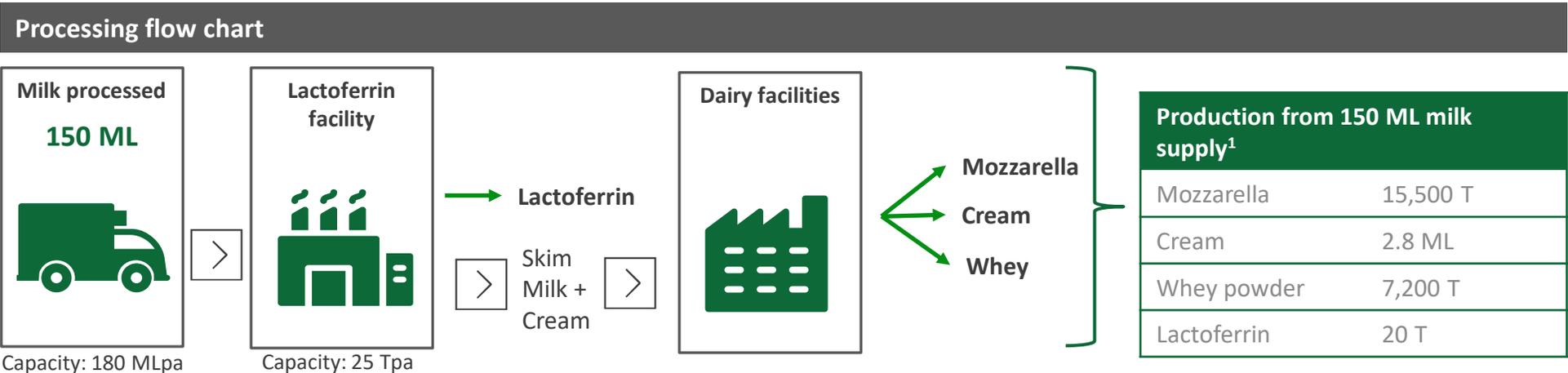
- Mozzarella
- Other Dairy
- Lactoferrin

**+15-20 cents per litre revenue**

**Lactoferrin** delivers more revenue and earnings for every litre of milk processed following recent completion of plant expansion

# Dairy operations at Jervois

Expansion of lactoferrin production facility adds significant value to the Jervois site



## Key drivers to deliver long term value creation



**SECURE MILK SUPPLY** Record milk supply for FY21 of 145 ML and targeting 155 ML for FY22  
Greater value extraction from each kg of milk solids allows for competitive pricing for suppliers

**LACTOFERRIN** Lactoferrin plant expansion to increase capacity by at least 7x  
Lactoferrin demand growing significantly

**MOZZARELLA** State-of-the-art mozzarella production plant commissioned at Jervois in 2018  
Also producing whey powder, butter, cream  
Record production Mar21 YTD of 9,071 T  
Supporting infrastructure upgrades to ensure reliable 24/7 site operations

<sup>1</sup> Estimate based on current operating assumptions

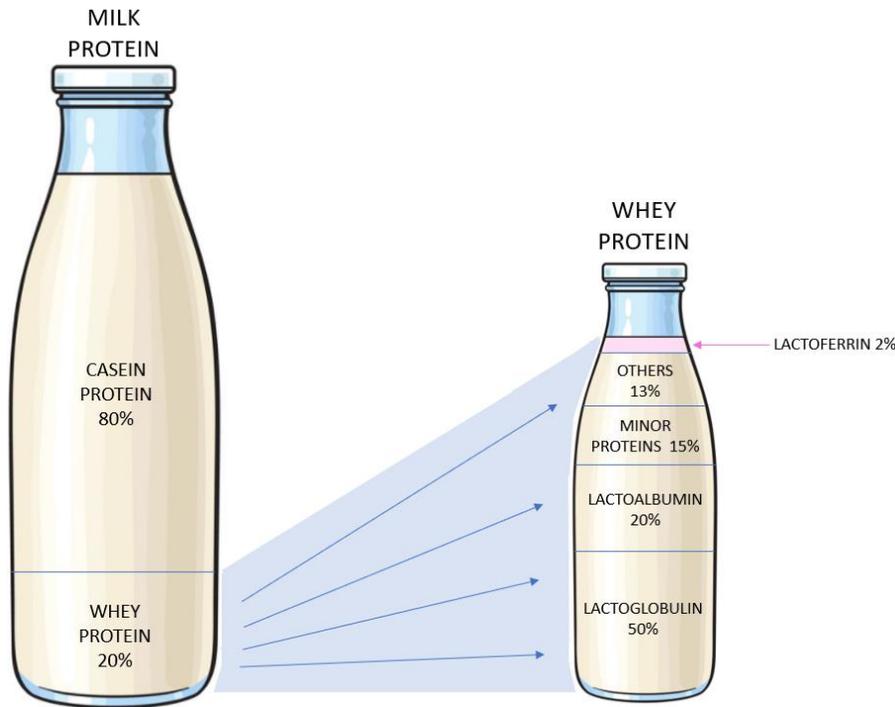
# Lactoferrin



An iron-binding glycoprotein. It acts as one your bodies first defense mechanisms against bacterial attack by boosting your immune system with strong anti-microbial, anti-virus, anti-fungal properties

## Components of Milk

3.5% protein  
4.0% fat



- **Lactoferrin (Lf)** is in cows milk in small quantities
- Lf is present in all human secretions (tears, saliva ) and is in high concentrations in breast milk to support baby’s development and immune system
- Bovine Lf is almost identical to human Lf
- The general immune supporting anti-bacterial and anti-viral properties of Lf have been known for many years. LF has been shown to inhibit viral impacts on the body through a number of studies.

### Markets / Uses

- Infant formula
- Health supplements
- Immune support in medical settings eg cancer treatment
- Nutritional foods
- Personal care products

### Demand

- World demand c. 500Tpa
- CAGR c.8%pa
- B2B sales. Pricing varies on quality and market requirements c. \$A1,000/kg
- Beston seeking c.70%pa volume sold under long term supply contracts

[https://youtu.be/DVb2\\_x3iass](https://youtu.be/DVb2_x3iass)

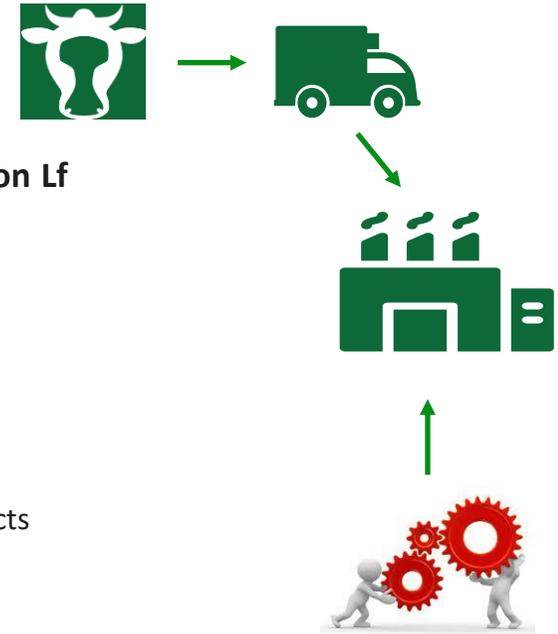
Lactoferrin And COVID-19: Previous Evidence And Mechanism Against COVID-19 – YouTube

# Lactoferrin Processing



## Lactoferrin (Lf) capacity and quality is influenced by:

- **Volume of Lf within the raw milk can be impacted by**
  - Health of the cows
  - Timing within the lactation cycle
  - Generally follows the protein curve in milk
- **Processing technology and processing understanding can have a significant influence on Lf**
  - Technology adopted for extraction efficiency – not all Lf plants are the same
  - Process understanding – not all processes are the same, some less efficient than others
  - Product quality - can be influenced by the technology and process used
- **Beston Process**
  - Utilizes current best practice technology and processes to achieve high yielding Lf
  - New product development pipeline working with technology suppliers on differentiating Lf products
- **Beston Team**
  - Industry experience with multiple Lf plant startups
  - Onsite laboratory with expert staff that are able to provide an understanding to our operations team daily, for fine tuning of the process in real time





## Lactoferrin : A whey protein

An iron-binding glycoprotein which boosts the immune system with strong anti-microbial, anti-virus, anti-fungal properties



Delivered >95% purity Lactoferrin powder after freeze drying (showing the typical pink hue of the Lactoferrin protein)

### Our nutritionals brand



### Our nutritionals products



Our highest grade lactoferrin to support medical grade supplements and early life nutrition.  
2 sub-products:

- >95% Lactoferrin
- >95% Lactoferrin GB (China) testing standard



>90% Lactoferrin for customers who do not require the higher grade of product for their application

### Our retail brand



Immune+ drink : Berry flavoured lightly sparkling mineral water containing Lactoferrin  
Expected to be available in Drake's supermarkets in South Australia in coming weeks

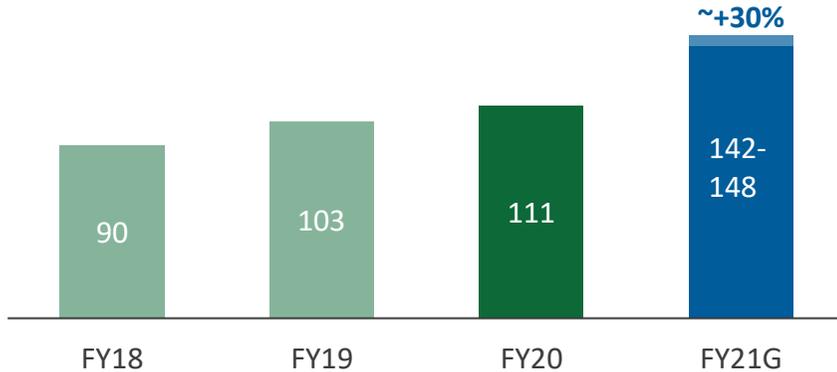
Immune+ capsules : Target to launch late 2021

LifeX10 : Ambient Lactoferrin, vitamins and mineral supplement

# Dairy facilities transformation nearing completion

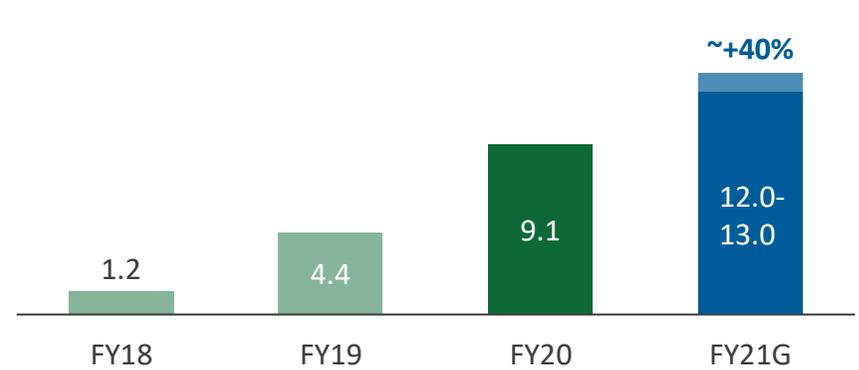
Fastest growing food and beverage company in Australia and second fastest in Asia Pacific region

Milk supply (ML)



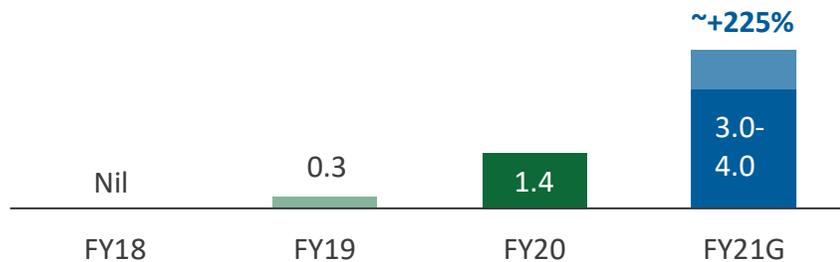
✓ Contracted supply should deliver ~145 ML in FY21

Mozzarella production (KT)



✓ Higher-margin mozzarella production driving growth

Lactoferrin production (T)



✓ Step-change in lactoferrin production underway

Group revenue (\$ million)



✓ Volume growth and transition to higher value products

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

# FY21 Highlights



Execution of major milestones in a challenging COVID-19 impacted year



## Lactoferrin Expansion

Initiated stages 1 and 2 of the lactoferrin expansion project to bring total capacity to 25 T from 180 ML milk; two extraction columns installed



## SA Government Grant

Awarded \$2 million South Australian Government grant for Stage 2 lactoferrin expansion and secured second column for this stage



## Dairy Farms Sale

Sold the dairy farms and redeployed the capital to pay down debt and increase ROCE



## Jervois Infrastructure Review

Jervois infrastructure review identified requirements for the facility to operate more reliably as it moves toward 24/7 operations



## New Milk Supply

~30% increase in milk supply including from Aurora Dairies on 1 September 2020



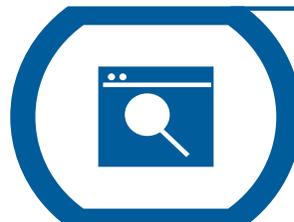
## Initiation of Rights Issue

\$15.6m rights issue (completed in February) to fund Stage 2 lactoferrin expansion, and further upgrades of infrastructure at the Jervois facility



## Building Dairy Experience

Key experience and skills in operations and nutraceuticals added to the dairy business



## IMA Termination

Agreement to terminate the IMA received shareholder approval at EGM held on 28 May 2021; Termination on 28 August 2021

Poised to enter FY22 ready to capitalise on these fundamental changes to our business



## Well positioned heading into FY22

### Maiden profit to be delivered with strong operating cash flow

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#### Operating reliability

- Teflon issues at Jervois mozzarella plant rectified
  - Boiler control systems improved; replacement planned for FY22
  - Multivac upgraded; replacement planned for FY22
  - Maintenance regime overhauled; increased spend on preventative maintenance
  - More staff with deep dairy experience
- 

#### Mozzarella sales

- ~7,600 T (~50% of volume) under several longer-term supply agreements (~25% at start of FY21)
- 

#### Lactoferrin sales

- Plant expansion near final completion; product quality and yields exceeding expectations at this point in the project
  - Significant new high margin revenue stream
  - First order delivered
- 

#### Financial Position

- Operating cash flow positive
  - FY22 activities fully funded
-

## FY22 Outlook

FY22 outlook is to deliver maiden profit with strong operating cash flows



Extracting more value from every litre of milk processed

Measure	unit	FY21G <sup>1</sup>	FY21C <sup>2</sup>	FY22C <sup>2</sup>	Change	%	BFC Yields <sup>3</sup>
Milk	ML	142-148	145	155	10	7%	150
Mozzarella	MT	12,000-13,000	12,090	14,368	2,278	19%	15,500
Lactoferrin	MT	3.0-4.0	3.0	16.5	13.5	450%	20.0
Group Sales	\$M	119-125	120	152	32	26%	
EBITDA	\$	ng	(17)	9	26	Large	↑
NPAT	\$	ng	(15)	3	18	Large	↑
Revenue/litre milk	\$/l	~0.76	0.76	0.90	0.14	19%	
Capex	\$	16-20	18	14	(4)	-20%	
Net Debt	\$	ng	21	30	9	40%	

~12% improved production yield with issues resolved. Higher yield adds ~\$14 million to earnings

Higher Lf sales add ~\$11 million to earnings

Improved yields, higher milk volume and Lf sales drive significantly higher results

<sup>1</sup> BFC Operational Guidance source: CEO Letter 21 May 21

<sup>2</sup> Analyst consensus as at June 21

<sup>3</sup> BFC Yields for 150ML milk processed based on current operating assumptions as per slide 3

# Future Value Extraction: Other whey proteins and their properties



We will expand the range of nutraceuticals made at Jervois and marketed under our brand



**Biolactive**

Sweet whey powder is a lower value whey product in its current form, yet it has the most potential to drive further value within the business.

The whey proteins are highly valuable when extracted and purified.

## Alpha-lactalbumin

Most abundant whey protein in human breast milk, high demand in infant formula as abundant in essential amino acids and replicates breast milk

## Whey Concentrates – D40, D90, WPC, WPI

Used in a variety of products, Infant Formula, health and sports powders and drinks

## Lactoperoxidase

An enzyme isolated during the Lactoferrin extraction process. It has anti-microbial properties and used in cosmetics, oral hygiene and medical cleaning products

## Immunoglobulins (IgG, IgD, IgE, IgF, IgM)

Boosts immune function and promotes healthy gut environment by binding some pathogenic bacteria

## Osteopontin

Found in high levels within human milk, this glycoprotein has strong calcium binding properties (low levels in bovine milk)

## Bovine Serum Albumin

583 amino acids within its structure, used as a media in chemical labs with fatty acid binding properties

## Beta-lactoglobulin

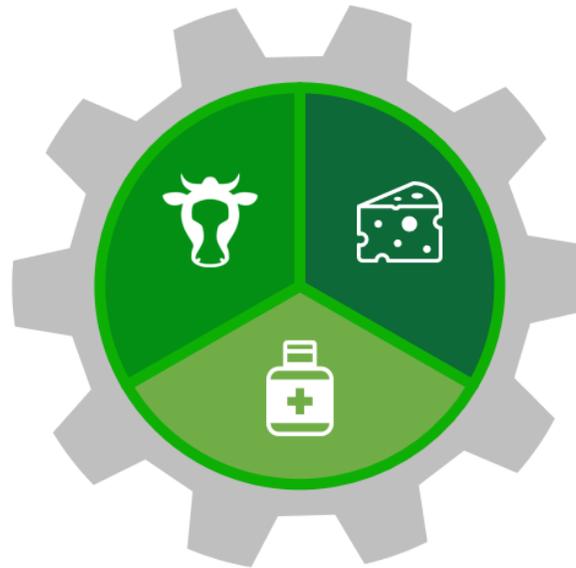
Rich in branched chain amino acids (BCAA) and used in sports nutrition, aids in muscle repair and growth

# Value proposition

Implementation of strategic imperatives have positioned Beston to deliver on its value proposition:

## Entering FY22

- **Growing milk supply** to ~155 ML in FY22 to underpin mozzarella and lactoferrin production
- **Lactoferrin capacity increased** to 25 Tpa, with global demand growing significantly. FY22 production expected to be ~20T.
- **Streamlined Mozzarella production** with remediation of supporting infrastructure nearing completion
- Built depth with **new hires in dairy and nutraceuticals** to ensure that skills are fit-for-purpose, match growth objectives, and support 24/7 operations
- **Operating cash flow** positive post-commissioning of lactoferrin project



## FY23 and beyond

- **Leveraging assets** to deliver growth in earnings – focus on Jervois milk supply 170ML-180ML pa
- **Dairy nutraceuticals** a key feature of Beston’s earnings growth strategy to extract more value from the “goodness of milk” – starting with Lactoferrin
- **Growing reputation** as a reliable supplier of quality products
- **Extracting more value from every litre of milk processed** to generate strong positive operating cash flow and fund further investment in higher value products

Nutritional Food & Beverage market is estimated to grow from \$10bn to \$20bn by 2030

## 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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# 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