



BESTON
GLOBAL FOOD COMPANY

FY22 Results & Update

A Transformative Year

KEY MESSAGES

- **FY22 impacted by COVID-19 and supply chain disruption**
 - food service sales dramatically reduced
 - higher international freight costs (up by 300%) and delivery delays, most of which was non-recoverable
 - Shepparton meat and plant based operations impacted by Victorian Government mandates and COVID-related absenteeism
- **Lactoferrin sales did not eventuate in the time expected after the Lactoferrin plant expansion**
 - potential customers around the world took 6 to 9 months to assess the purity and technical quality of Lactoferrin produced by our new plant
- **Operational improvements and management changes lifted earnings and margins in Q4**
 - continuous improvement initiatives delivered strong results in Q4
 - repricing of contracts achieved across all customers and channels in response to global events
 - cost reductions achievement in non-milk purchasing

KEY MESSAGES

- **Migration from a focus on volume performance to value performance has built upwards momentum in revenues, margins and earnings**
 - over 50% of the gross margin recorded in FY22 was achieved in Q4
 - this momentum has continued in Q1 of FY23
- **BFC has a strong long-term outlook**
 - Lactoferrin sales now on-track: total FY23 production sold in month of July 2022
 - excess demand for the Company's dairy products
 - sales mix broadly spread (Lactoferrin sales now only 13% of total budget versus 50% in FY22)
 - strategically positioned for both the short-term (food shortages and high prices) and long-term (increasing demand for protein as world population grows towards 9.8 billion people in 2050)
 - diverse protein portfolio in a world where protein is becoming "king"
 - strong focus on driving sustainability initiatives, ROCE growth, further exploiting our dairy nutraceutical and plant-based production capabilities and pursuing vertical integration opportunities

MAJOR INITIATIVES

Operational Improvements and Management Changes in FY22 have been transformative and resulted in a significant uplift in performance in Q4

- Dairy Division delivered positive EBITDA result in Q4
- Group EBITDA (unaudited) and NPAT for Q4 was positive
- Strong positive cashflows for the period
- Gross margins up by 60% on average in Q4
- Exited expensive domestic Foodservices channel for Dairy
- New high quality export contracts secured (eg with customers in Japan, Korea and Thailand)
- Supply partnerships with McCains, Woolworths and Mondelez renewed
- First sales of Cream Cheese to Philippines and South Korea contracted
- All milk requirements secured for FY23 (circa 160ML recontracted for FY23)
- BFC awarded “Best Mozzarella in Australia” by Dairy Australia Association Awards
- New members of the BFC leadership team were on-boarded (Manufacturing, Sales, People & Culture)
- Received TGA approval for our new Lactoferrin product (Immune+)
- Immunoglobulin (Igg) trials concluded with encouraging results

MOMENTUM CONTINUING

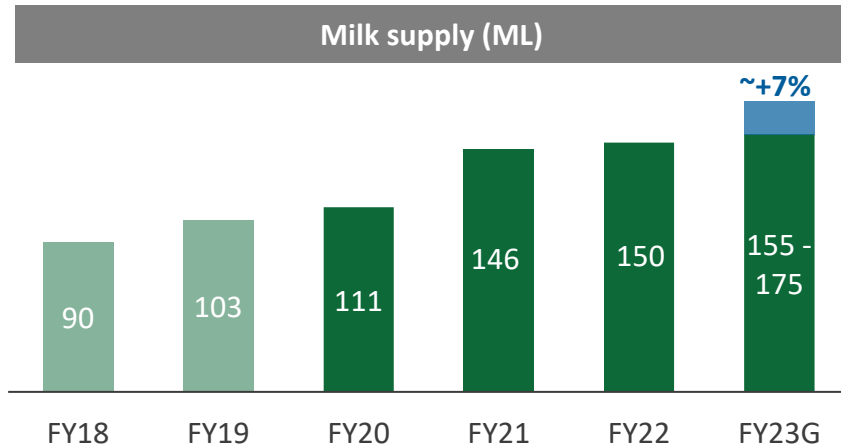
The Momentum from these changes has continued into Q1 of FY23
..... and show the way forward

- **July sales 39% ahead of FY23 Budget (\$17.3 million versus \$12.4 million)**
- **Group margin performance improved even further on Q4**
- **Group EBITDA substantially ahead of Budget in July and August**
- **All Lactoferrin production for FY23 sold in month of July (ie > 16 tonnes of contracts signed)**
- **Successful pricing renegotiation for PFG products**
- **Successful licensing agreement with Kanematsu, Japan signed for Plant Based Meats**
- **Shipments ongoing to new customers in Japan, Philippines, South Korea and Thailand**
- **Sold our entire FY23 Lactoferrin production (16.6 tons) and customers want more!**
- **Several key capital installations successfully completed** (including new milk and cream silos with associated infrastructure improvements)
- **Group was EBITDA positive and cash positive in July and August**
- **NAB partnership renewed and confirmed**
- **Strong capital management plan developed and being implemented**

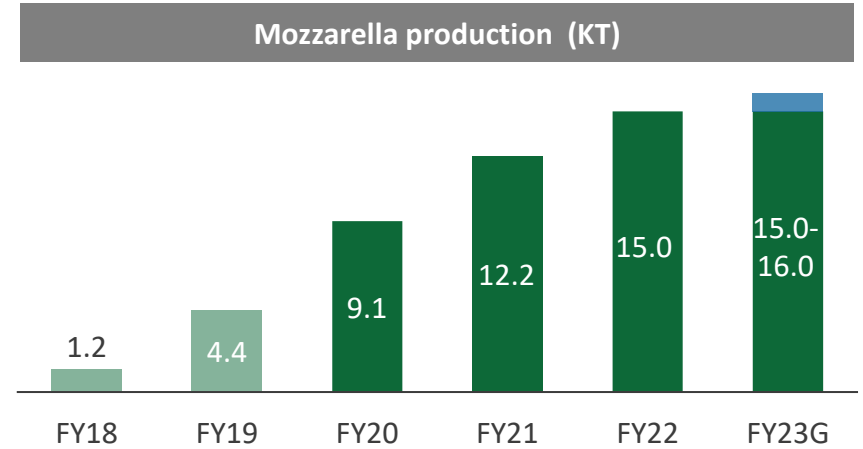
OPERATING PERFORMANCE

Key metrics show the upward trend in the Dairy Business

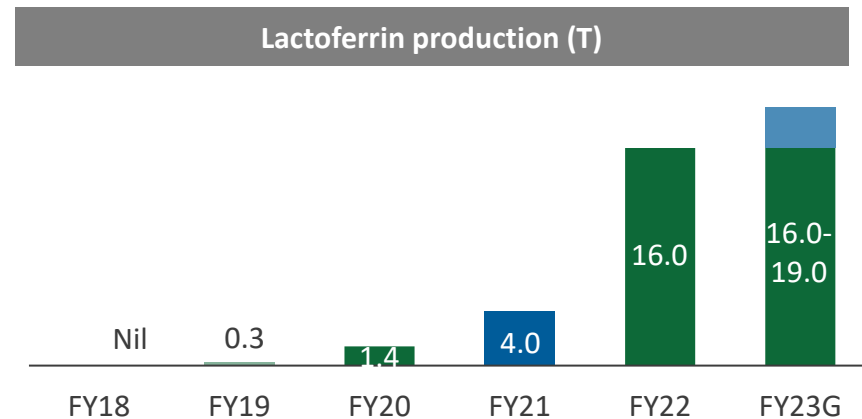
Production and revenue increases enabled by strong operational performance and increased Lactoferrin sales



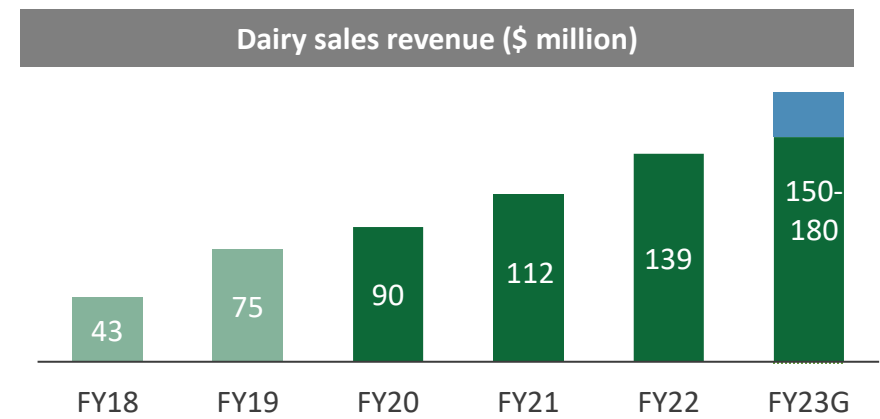
✓ Contracts secured to supply min 155 ML in FY23



✓ Higher-margin mozzarella production driving growth



✓ Step-change in lactoferrin production



✓ Volume growth and transition to higher value products

RESULTS AT A GLANCE

BFC has delivered a strong operational performance in FY22. The trading results have been impacted by the effects of COVID-19, rising Supply Chain costs and delayed sales of Lactoferrin

Group Sales
\$139m

Up 24% vs FY21

Milk Supply
150mL

Up 4% vs FY21

Group Gross
Margins

5.8X vs FY21

Mozzarella
Production

Up 22% s FY21

Lactoferrin
Production

8X vs FY21

Dairy Revenue
/ litre of milk

Up 20% vs FY21

EBITDA
(\$20.6m)

21% improvement
on FY21

Trading
(\$22.9m)

7% improvement
on FY21

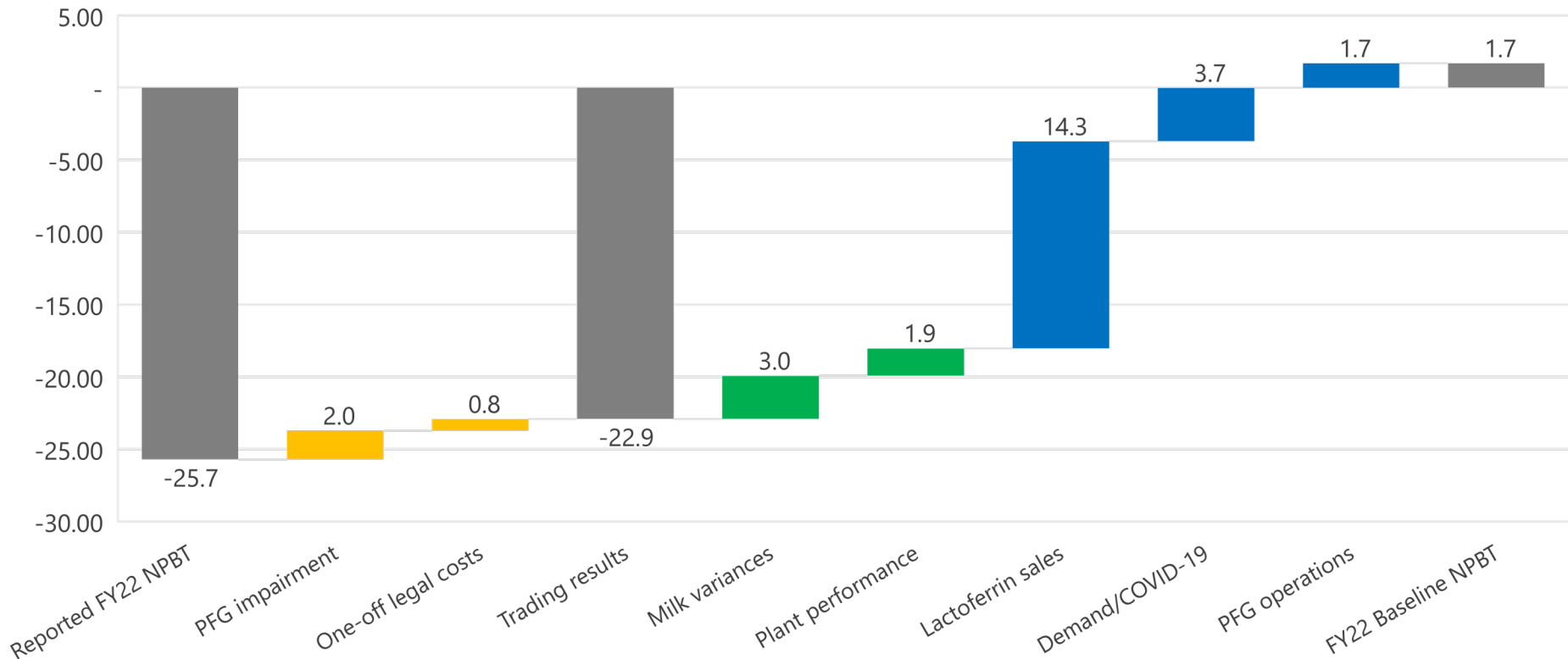
NPBT
(\$25.7m)

12% improvement
on FY21



FY22 GROUP RESULTS

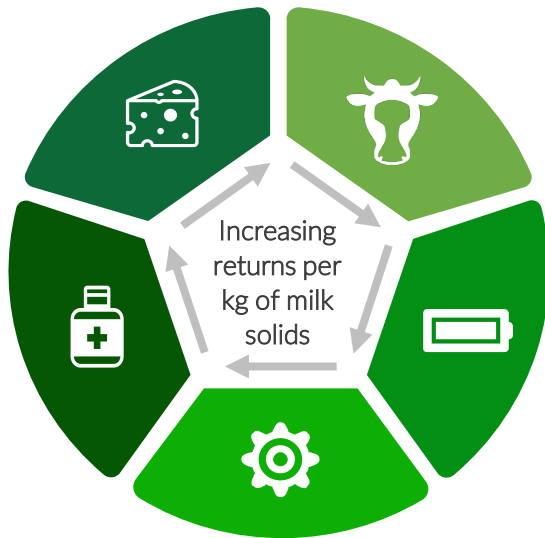
Impacted by non-recurring operational & demand issues



- Lactoferrin sales foregone accounted for \$14.3m variance (but FY23 sales locked away)
- Milk variances (\$3.0m) expected to diminish on the back of improved milk supply pricing in FY23
- Operational issues and COVID-19 related challenges (\$5.6m) not expected to reoccur in FY23
- PFG results to improve given renegotiated pricing for FY23, and operational improvements

PLATFORM FOR FUTURE EARNINGS

Value has been created through a consistent focus on five strategic imperatives



1. MILK SUPPLY

- FY22 milk supply c. 150ML – Growing our milk pool when National Production is down
- Security of supply (contracts with dairy farms)
- Sourcing ~30% of South Australian milk. Targeting further growth.

2. SALES PIPELINE

- A well-balanced sales book, being 60% Domestic and 40% Exports
- Servicing long-term customers and leading domestic, regional and global companies
- Demand remains very high across all our product portfolios
- New Product Development and innovation continues to drive our product mix value up

3. CAPACITY UTILISATION

- Mozzarella production increased by ~22% in FY22 v FY21 on higher milk supply and reliable plant operations with quality gains
- Capacity utilisation at Jervois now at around 90% : stable plant operations enabling yield and unit cost efficiency gains

4. PRODUCT MIX

- Transitioning to higher margin product mix with addition of Lactoferrin.
- Gross margins increased 5.8X vs FY21.

5. DAIRY NUTRACEUTICALS

- Lactoferrin plant commissioned 4Q21 on budget and on time.
- FY22 production achieved close to 16tons.
- Lactoferrin range expanded to produce for Japanese market specifications in addition to China market. We now export to China, USA, Japan, South Korea, India and EU.
- Innovating with aim to produce higher spec Lactoferrin for pharma and other specialised markets
- TGA approved IMMUNE+ products

Outlook is strengthening



Covid-19 impacts receding across the world



Dairy commodity prices rising



Lactoferrin sales increasing in a soft market

PROGRESS TO DATE

..... points to strong forward potential

We reaffirm our FY23 Operating Guidance

Measure		FY21 Actuals	FY22 Actuals	Variance to FY21 Actuals	FY23 Guidance	Variance to FY22 Actuals
Milk Supply	ML	146	151	↑4%	155 - 175	↑9%
Mozzarella production	MT	12,150	14,821	↑22%	15k - 16k	↑5%
Lactoferrin production	MT	2	16	↑862%	16 - 19	↑10%
Group Sales	\$M	112	140	↑25%	150 - 180	↑18%
EBITDA	\$M	-24	-18	↑25%	8 - 10	↑ significant
Revenue per litre of milk	\$/l	0.77	0.84	↑9%	1.00 - 1.15	↑28%
Capex	\$m	17	5	↓70%	6 - 8	↑40%

About Us

Beston Global Food Company (ASX:BFC) is a leading and proud South Australian Food, Beverage & Nutritional company. For the past 10 years, we have consolidated ourselves as the largest Dairy processor in South Australia, processing approximately 30% of the State's milk production. We extract maximum value from every drop of milk, in the most sustainable way possible.