

## FY23 Dairy Business Trading Results

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- Dairy business performance accelerating and delivering resilient results
- Net Sales from continuing operations (Dairy) ~ \$170M, up 34% vs FY22<sup>1</sup>
- Gross Margins from continuing operations (Dairy) ~ \$26M, up 175% vs FY22<sup>1</sup>
- >150ML of milk collected and processed during FY23, stable vs FY22
- Milk price paid to Dairy Farmers reached record levels at \$9.84KgMS
- Total Lactoferrin sales at 21.5tons<sup>1</sup>, up 172% vs FY22
- Trading EBITDA<sup>2,3</sup> (Dairy) up significantly vs FY22 and at \$4.1M<sup>1</sup>

**Beston Global Food Company Ltd** (ASX: BFC) (**Beston** or the **Company**) provides the following trading result and expected (unaudited) financial results for its Dairy business for the FY23 period. Beston has been successful in accelerating the performance of its Dairy portfolio by staying focused on delivering a stronger product mix led by Lactoferrin sales as well as increased sales within its award-winning Mozzarella, Cheddar and Cream Cheese portfolios.

### Beston Foods Chief Executive Officer Fabrizio Jorge commented:

*“Our FY23 Dairy results represent an important step towards building a more resilient, profitable, consistent, and predictable business whilst operating within extreme market conditions. We are building upon solid foundations that start with our People and Dairy Farmers. It is exciting to be investing in our production capabilities again which will start to generate payback in FY24, with full pay back impacts in FY25.*

*We continue to receive fantastic support from our farmers, our customers and the broader marketplace as evidenced by our winning of another 6 Gold medals and 9 Silver medals at the recent 2023 South Australian Dairy Awards.*

*The evolution of Beston is far from over, but I am proud of these early results and some of the brave decisions we continue to take to become a focused, sustainable, and value-added Dairy*

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<sup>1</sup> Based on management accounts that have not been audited

<sup>2</sup> EBITDA is a non-IFRS measure that the company believe is an important indicator of performance

<sup>3</sup> Trading EBITDA excludes non recurring items.

*Company within a volatile and complex operating environment. Beston is crucial for the success of the South Australian Dairy industry, and we are proud to contribute to the prosperity of the communities we support and operate in."*

## **FY23 Dairy Business Results**

Net Sales from continuous operations (Dairy) have been strong at approximately \$170M which is up 34% vs FY22. The Gross Margins from continuous operations (Dairy) were approximately \$26M, up 175% vs FY22 and the Dairy Trading EBITDA<sup>2,3</sup> of \$4.1M was significantly up vs FY22 (-\$10 million).

Record Lactoferrin sales growth and further customer expansion continued in FY23. Lactoferrin production was 18.4tons, above the top of end of guidance. Total Lactoferrin sales were 21.5tons, up 172% vs FY22. Pricing continues to trend upwards on the back of China's new regulatory framework for Infant Formula products. FY24 production of Lactoferrin is already committed.

Over the course of H2 FY23, margins were impacted by sharp movements on our Whey Protein pricing as global markets reacted on the back of greater milk production in the Northern Hemisphere, namely across the USA and Europe.

During a year marked by significant volatility brought by record breaking farm gate milk prices, climate disasters, declining national production of milk, heightened inflationary pressures and the rising costs of funding, Beston has emerged stronger and more resilient to deliver meaningful progress and solid results against most of its performance targets. The Company has again demonstrated its ability to grow organically.

Beston has announced the completion of its debt re-financing process which will provide funding lines more closely aligned with its strategic intent. The Company also recently announced the discontinuance of its meat, technology and water business to achieve a better allocation of capital and remove the drag on earnings from these businesses.

The results achieved in FY23 with Lactoferrin have demonstrated the worth of the investments made by the Company in recent years in its dairy nutraceutical business. The installation and commissioning of the 3<sup>rd</sup> Lactoferrin Column (expected by the end of October 2023) will drive further growth in this highly profitable product.

Beston is undertaking a substantial capital investment program to implement a number of high return projects to further improve factory productivity and reduce operating costs (such as a new water treatment plant at Jervis, which is set to achieve around \$1 million in cost savings per annum when fully operational).

Beston expects to release its 4E financial results for FY23 in the week commencing 28 August 2023.

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<sup>3</sup> Trading EBITDA excludes non recurring items.

**-ENDS-**

Released with the authority of the Board.

For further information on the Company, please visit:

[bestonglobalfoods.com.au](http://bestonglobalfoods.com.au)

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## ABOUT BESTON FOODS

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Beston Global Food Company (ASX:BFC) is the largest South Australian Dairy company and the 7th largest in Australia. We are a proud South Australian multi-award-winning company taking the best of Australian produce to the world with fresh milk supplied by our valued Farmers. Our Company provides direct and indirect employment for nearly 300 people. BFC has been building strong customer relationships in our domestic markets, as well as overseas.