



ASX RELEASE

ASX:BFC

30 January 2023

Trading Update

Continuing strong positive momentum for achievement of FY23 guidance

- ***Record H1 FY23 group sales of approx. \$92.0 million, up 35% on previous corresponding period (pcp)***
- ***Forecast group sales likely to be at upper end of \$150 - \$180 million FY23 guidance, based on continuing strong channel and customer demand***
- ***Group margins (unaudited) of approx. \$15.8 million, up 450% versus pcp***
- ***Lactoferrin sales remained strong with FY23 production fully committed. YTD sales for H1 totalled 10.5 tonnes with forecast FY23 sales over 20 tonnes***
- ***Mozzarella and Lactoferrin production YTD in line with guidance***
- ***Milk supply for H1 was 79.5ml and is expected to remain in the guidance range for FY23***
- ***Recent River Murry flood event has reduced milk supply by around 2.5ml (on an annualised based) but has not impacted on the company's production facilities***
- ***BFC has reaffirmed its commitment to a competitive milk price paid to our dairy farming partners for the FY23 season of \$9.65kg/MS (Weighted Average)***

Beston Global Food Company Ltd (ASX:BFC or "Beston") is pleased to provide this update on its trading performance and other operational matters.

Sales Revenue

The company continues to experience strong demand for its products across all of its channels in domestic and export markets. Group sales revenue for the period from 1 July to 3 December 2022 was approx. \$92.0 million (unaudited) up by 35% on the corresponding period in FY22.

Lactoferrin sales remained strong with year to date sales reaching 10.5 tonnes. Production of Lactoferrin in H2 is fully committed to existing customers.

Prices received for Lactoferrin are strengthening in line with a post-Covid recovery in the global market for Lactoferrin and a broadening of its use (for example Lactoferrin is now being utilised in a wide range of cosmetic products as well as in personal care products and high-end pet food). On current trends, we expect our sales of Lactoferrin to be close to be 20 tonnes by the end of FY23.

Earnings

Group EBITDA performance continued its strong momentum during Q2 and overall company trading health and fundamentals remain strong.

BFC's margins for H1 FY23 totalled approx. \$15.8 million (unaudited), up 4.5 times on the previous corresponding period. Despite significant inflationary pressures, BFC has well managed its operating expenses during H1, delivering an improvement of 5% vs. pcp.

Based on the trading results achieved in H1, BFC is pleased to reaffirm its financial and operating guidance for FY23. EBITDA is expected to be within the range of \$8 to \$10 million as per our previously issued guidance.

Flood Impacts

The flooding of the River Murray, and its downstream flows to the Murray Bridge / Jervois area has had a small impact on our milk supply but no impact on our production. The property and robotic milking shed of one of our contract farmers was inundated in the flood which has resulted in that farmer ceasing production. Another contract farmer has shifted his dairy cows onto an adjacent property with the assistance of BFC and has continued milking.

The net result of the flood inundation on the river fields in the Murry Bridge / Jervois area is an annualised loss of 2.5 million litres of milk (i.e. around 1.6% of our total milk supply) which we expect to pick up in other areas. Hence our total milk supply for FY23 is expected to remain unchanged at 155-175ml. Total milk supply for H1 was 79.5ml.

The majority of BFC's milk supply comes from the Mt Gambier / Millicent area in the South East of South Australia which has not been affected by the flooding event. The flooding has not impacted our factory at Murry Bridge, which is located well above the highest recorded flood levels nor on the Jervois factory, which is located above the flood levee bank constructed around in 1956. Access by milk tankers to these factories has not been impeded.

Consistent with our actions in previous periods of helping our farming communities navigate their way through times of adversity (such as the two year period of drought in 2017-18), staff of BFC



have provided hands-on flood preparation and mitigation assistance to the owners of the six contract farming properties around Murry Bridge / Jervois which have been affected by the flood waters. Staff of BFC have also provided assistance to the wider community affected by the floods. For instance, we have supplied unused milk crates to a number of households so that furniture can be placed off the floor in people's homes. Some of these properties have subsequently since been inundated. BFC also supplied redundant pallets to the SA Dairy Farmers Association for use in sand bagging activities.

Our commitment to paying a competitive milk price to our dairy farmers was reaffirmed during H1 with an average price of \$9.65kg/MS for the FY23 season.

Balance Sheet Movements

The completion in late November of the Placement and Non-Renounceable Entitlement offer undertaken by BFC raised a total of \$28.2 million in equity funds and enabled the company to reduce its gearing to around 38%, as forecast. Following the equity raising an amount of \$16.0 million was paid to the company's banks to reduce debt and plans were actioned to implement the other objectives of the raising; namely, investing in a third Lactoferrin extraction column and implementing a number of low risk, high returning initiatives to unlock cost savings, deliver a number of environmentally sustainable outcomes and accelerate profits.

The equity raise and balance sheet reset has better equipped the company to deal prudently and effectively with any changing market conditions and has positioned it to take advantage of any new opportunities as they arise. Strong sales and cash flows are set to continue to improve our balance sheet position.

Following the completion and audit review of the H1 Financial Statements, BFC intends to undertake an open tender for its on-going debt facilities to ensure that the structure and tenor of our banking arrangements are fit-for-purpose as the company progresses the implementation of the third stage of its ten-year business plan. The debt tender will be led by BFC's newly appointed Chief Financial Officer, Nick Martin.

The CEO of Beston, Mr Fabrizio Jorge, said that the solid results achieved in H1, along with the completion of the balance sheet reset, are very pleasing, particularly as they "clear the way" to facilitate the implementation of the company's various objectives in 2023. "The results have demonstrated the resilience of our strategic plan and business model" he said. "BFC has emerged from the difficult times of Covid-19 with a stronger more stable business base and with a solid foundation in place for continued success into the future".



Mr Jorge noted that BFC had recently been awarded “Supplier of the Year” by KCG in Thailand which, he said “is testament to BFC’s service levels and recognition of the support we have given to KCG to help them to build their business”.

Mr Jorge said that winning of the “Supplier of the Year” award by KCG, which has been the leading importer of dairy products into Thailand for more than 60 years, would unlock a substantial opportunity pipeline for BFC in the Asia region.

BESTON
GLOBAL FOOD COMPANY



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About Beston Global Food Company Limited

Beston Global Food Company is a proud South Australian multi award-winning company taking premium quality protein products (dairy, meat and plant-based proteins) to the world markets. The company provides direct and indirect employment for nearly 300 people. For more information please visit:

www.bestonglobalfoods.com.au