

Accelerating Dairy Production and Asset Optimisation

Lactoferrin

- Lactoferrin capacity expansion successfully delivered
- Third extraction column commissioned and fully operational
- Lactoferrin division performance remains strong with FY24 production 100% committed with long-term supply agreements in place
- Lactoferrin sales are set to exceed 10MT in the first half of FY24

Corporate

- Progress achieved in divesting non-core assets
- Contracts exchanged for the sale of Water businesses
- Proceeds from Water asset sale to be used to pay down debt
- Corporate advisor appointed for divestment of PFG (Meat) processing business with several companies moving towards due diligence stage

Dairy Markets

- Short term challenges remain across the Australian Dairy Sector
- Large disconnect between farmgate milk prices and global/domestic product pricing and record growth of cheap Dairy imports
- Beston to continue premiumisation of portfolio via accelerating the growth of its Retail, Foodservices and Bio-Actives businesses

Beston Global Food Company Ltd (ASX: BFC) (**Beston** or the **Company**) is pleased to provide a further update on its operations subsequent to the FY23 Annual General Meeting held on Friday 24 November 2023.

Lactoferrin

Beston's strategic Lactoferrin capacity expansion has progressed with the successful commissioning and operation of our third extraction column. Not only was this expansion completed on time, but it was also executed well within budget as per the commitment to our shareholders during the last capital raise.

With this additional column in operation, we anticipate our lactoferrin sales to surpass 10MT in the first half of FY24. This success can be attributed to our strategic partnerships, which we have developed in key global markets, particularly for our high purity Lactoferrin product, known as 'Mediferrin'. These partnerships have extended our reach into the highly profitable Infant Formula segment, with a focus on markets in China, South Korea, India and various European countries.

As previously communicated, we have already secured 100% of our Lactoferrin sales volumes for the fiscal year 2024 with long-term supply agreements. These agreements are not only a testament to the strength of our relationships with key partners but also offer promising pricing indicators for FY24 when compared to the same period of FY23.

Beston Foods Chief Executive Officer Fabrizio Jorge commented:

"Over the last 12 months, Beston has built a world class Lactoferrin business, consolidating our considerable growth in some of the world's largest marketplaces, including China. We are proud to service some of the world's largest Infant Formula manufacturers and we remain positive on the future, as other industries and categories discover the versatility and the material value that Lactoferrin can generate for brands and consumers overall."

Capital Plan Progress

In line with the objectives set out in the capital plan associated with the equity raising conducted by the Company in November 2022, significant progress has been made in recent months in completing the installation and commissioning of a number of important productivity-enhancing capex projects.

The third Lactoferrin extraction column has now been installed and is fully operational.

Another recent significant milestone accomplishment with our capital plan is the successful commissioning and operation of an additional whey and milk fat separator. The new separator not only expands our production capabilities but also positions us for increased efficiency and significant cost savings. We are pleased to advise that this initiative is now completed and is already yielding positive results.

Our commitment to environmental sustainability remains steadfast, with ongoing efforts focused on the development of a state-of-the-art water treatment facility which is on track to become operational by Q3 FY24. This facility represents a crucial step in our journey towards sustainability and is expected to deliver both substantial environmental benefits and cost savings.

Milk Production and Industry Dynamics

Beston is currently experiencing exceptional performance in our milk production volumes. Our milk volumes are not only tracking ahead of expectations but are also demonstrating impressive growth when compared to the same period last year, thanks in large part to a robust spring flush peak milk period and a much-improved flexibility at our sites to process other forms of milk solids outside of fresh milk. At this stage of the season and post spring peak, Beston is on track to achieve its largest milk processing year in its young history.

As has been covered extensively in recent media reports, the dairy processing industry in Australia has recently been grappling with significant headwinds, particularly in relation to the severe disconnect between farmgate milk prices paid to Australian dairy farmers and the pricing of dairy products in both the global and domestic markets. Such disconnect is in part a reflection of the fact that in FY23, Australian national milk production reached its lowest point over the last 30 years being 5% down vs FY22.

This short term disconnect has placed considerable financial strain on many Australian dairy processors. This situation has been exacerbated by factors such as fluctuating international demand, changing consumer preferences and the volatility of global commodity markets.

However, there are some encouraging signs of potential market improvements in the short term. The industry will benefit from any modest rebound in global dairy prices, increased demand for Australian dairy products in export markets due to a low AUD and efforts by industry stakeholders to address some of the structural issues contributing to the disconnect in pricing. Additionally, consumers growing awareness and support for locally produced and sustainable dairy products may create opportunities for Australian dairy producers to capture greater value from their products.

At Beston, and despite the short-term headwinds we are experiencing during H1, we are staying focused on driving significant operational and efficiency improvements across our processing sites (as per our capital plan), delivering substantial growth in our Lactoferrin business, re-entering the super-premium Retail space via our recently launched Farmers Tribute range. We are also driving significant cost reductions via renegotiations of our energy insurance and supply chain costs, all of which will bring material benefits in H2 FY24.

Asset Divestment Update

Beston is pleased to advise that contracts have been exchanged for the divestment of its water business. Our minority partner at AQUA-Essence will acquire the assets of the business with settlement on 27 November 2023.

Beston is pleased with the interest expressed by numerous market participants in our Meat business, Provincial Food Group. Discussions regarding the divestment of this business continues to progress via our appointed Advisors.

Upon completion of these divestments, Beston will continue to focus its resources and efforts on its Dairy and Dairy Nutrition business where the Company has built world class capabilities and capacity.

Appointment of Corporate Advisor

As noted at the AGM, the Board and Management of Beston are presently considering a range of options for corporate actions which anticipate on-going changes within the Australian dairy industry. Some of these options recognise the potential for the rationalisation and consolidation that is expected to take place in the industry over the next 12 to 18 months.

The Company is in the process of appointing corporate advisors to assist the Board and Management in evaluating all the options which have been identified and help steer the best path forward to realise value from all the hard work which has been done to date in building the Company.

-ENDS-

Released with the authority of the Board.

For further information on the Company, please visit:

bestonglobalfoods.com.au

CONTACT

Fabrizio Jorge

Chief Executive Officer

+61 8 8470 6500

fjorge@bestonglobalfoods.com.au

Nick Martin

Chief Financial Officer

+61 8 8470 6500

nmartin@bestonglobalfoods.com.au

Mark Flynn

Investor Relations

+61 416 068 733

mf@irxadvisors.com

ABOUT BESTON FOODS

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 relationships in our domestic markets, as well as overseas. We know that we have excellent products and continue to make significant inroads into key market segments.