

Results for announcement to the market

We have provided this results announcement to the market in accordance with Australian Securities Exchange (ASX) Listing Rule 4.3A and Appendix 4E for the Consolidated Group ('Beston') comprising Beston Global Food Company Limited ('the Company') [ABN: 28 603 023 383] and its controlled entities ('the Group') for the year ended 30 June 2023 (financial year) compared to the year ended 30 June 2022.

Consolidated results, commentary on results and outlook

	30 June 2023	30 June 2022	Movement (\$'000)	Movement %
Revenue from ordinary activities - continuing operations	169,538	126,771	42,767	33.7%
Loss before tax from continuing operations	(11,640)	(20,938)	9,298	44.4%
Loss before tax attributable to equity holders	(19,026)	(25,707)	6,681	26.0%
Income tax (expense)/benefit	*(29,795)	3,981	(33,776)	-848.4%
Loss after tax attributable to equity holders	(48,857)	(21,725)	(27,132)	-124.9%

*The income tax expense is a non-cash amount reflecting the decision of the Company to derecognise the deferred tax asset related to carry forward losses as at 30 June 2023.

The commentary on the consolidated results and outlook, including the change in state of affairs and likely developments of the Group, are set out in the Review of Operations section of the Financial Report.

	30 June 2023 \$ per share	30 June 2022 \$ per share
Net tangible assets per share	0.016	0.057

In accordance with Chapter 19 of the ASX Listing Rules, net tangible assets per share represents the total assets less intangible assets, less liabilities ranking ahead of, or equally with, ordinary share capital and divided by the number of ordinary shares on issue at the end of the year.

Distributions

There were no dividends paid, recommended, or declared during the current financial period.

Subsidiaries, associates and joint ventures

There are no associates or joint ventures during the current financial period. There were no entities in which control was gained or lost during the current financial period.

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Consolidated statement of comprehensive income
For the year ended 30 June 2023

	30 June 2023 \$'000	30 June 2022 \$'000 Restated
Continuing operations		
Sale of goods	169,538	126,771
Other revenue	37	36
	169,575	126,807
Other operating income	323	90
Expenses		
Cost of sales of goods	(143,266)	(117,288)
Other expenses from ordinary activities		
Operating overheads	(16,459)	(14,349)
Selling and distribution	(5,290)	(4,216)
Corporate overheads and business support	(12,697)	(10,867)
Loss from operations	(7,814)	(19,823)
Finance income	136	11
Finance expenses	(3,962)	(1,126)
Net finance expense	(3,826)	(1,115)
Loss before income tax	(11,640)	(20,938)
Income tax (expense)/benefit	(29,795)	2,998
Loss for the period from continuing operations	(41,435)	(17,940)
Discontinued operations		
Loss for the period from discontinued operations	(6,056)	(3,786)
Loss for the period	(47,491)	(21,726)
<i>Item that may be reclassified to the profit or loss</i>		
Exchange differences on translation of foreign operations	36	(21)
Other comprehensive gain for the period, net of tax	36	(21)
Total comprehensive loss or the period	(47,455)	(21,747)
Loss is attributable to:		
Owners of Beston Global Food Company Limited	(48,857)	(21,725)
Non-controlling interests	1,366	(1)
	(47,491)	(21,726)
Total comprehensive loss for the period is attributable to:		
Owners of Beston Global Food Company Limited	(48,821)	(21,746)
Non-controlling interests	1,366	(1)
	(47,455)	(21,747)
Loss per share attributable to the ordinary equity holders	<i>Cents</i>	<i>Cents</i>
Basic loss per share from continuing operations	(2.70)	(2.09)
Basic loss per share from discontinued operations	(0.39)	(0.44)
	(3.09)	(2.53)
Diluted loss per share from continued operations	(2.70)	(2.09)
Diluted loss per share from discontinued operations	(0.39)	(0.44)
	(3.09)	(2.53)

Consolidated revenue and expenses
For the year ended 30 June 2023

Revenue

The Group derives the following types of revenue:

	30 June 2023 \$'000	30 June 2022 \$'000
Contracts with customers	169,538	126,771
Leasing income	37	36
Total revenue	169,575	126,807

	30 June 2023 \$'000	30 June 2022 \$'000 Restated
Other operating income		
Other items	244	76
Government grants	79	14
	323	90

Breakdown of expense by nature

Cost of inventories recognised as an expense	125,807	99,818
Employee benefits expense	21,924	20,052
Depreciation and amortisation	3,712	3,639
Management fee	-	553
Other expenses	3,803	3,335
Consultancy expenses	2,015	1,591
Short term & low value lease expense	254	562
Rates and taxes	106	171
Repairs and maintenance	3,720	3,743
Insurance expenses	3,423	2,775
Logistics and marketing expenses	12,948	10,481
	177,712	146,720

Finance income and costs

Net exchange gains	136	11
Finance costs on borrowings	(3,962)	(1,126)
Net finance costs	(3,826)	(1,115)

Consolidated balance sheet
As at 30 June 2023

	30 June	30 June
	2023	2022
	\$'000	\$'000
<u>Current assets</u>		
Cash and cash equivalent	230	322
Trade and other receivables	20,896	16,660
Prepayments	1,209	2,209
Inventories	18,397	18,117
	40,732	37,308
Assets held for sale	12,821	-
	53,553	37,308
<u>Non-current assets</u>		
Receivables	-	150
Right-of-use assets	630	21
Property, plant and equipment	48,878	57,192
Deferred tax assets	-	31,801
Intangible assets	1,195	5,071
	50,703	94,235
<u>Total assets</u>	104,256	131,543
<u>Current liabilities</u>		
Trade and other payables	20,607	17,896
Unearned revenue	348	-
Borrowings	20,619	24,292
Employee benefit obligations	1,359	1,256
	42,933	43,444
Liabilities directly associated with assets held for sale	3,467	-
	46,400	43,444
<u>Non-current liabilities</u>		
Borrowings	24,404	31,762
Employee benefit obligations	68	184
Deferred tax liabilities	-	2,006
	24,472	33,952
<u>Total liabilities</u>	70,872	77,396
<u>Net assets</u>	33,384	54,147
Contributed equity	203,272	176,580
Other reserves	(8,340)	(8,376)
Accumulated losses	(162,115)	(113,258)
	32,817	54,946
Non-controlling interests	567	(799)
<u>Total equity</u>	33,384	54,147

Consolidated statement of change in equity
For the year ended 30 June 2023

	Attributable to the owners of Beston Global Food Company Limited					Total equity \$'000
	Share capital \$'000	Other reserves \$'000	Accum losses \$'000	Total \$'000	NCI \$'000	
	Balance at 1 July 2021	174,636	(6,411)	(91,533)	76,692	
Profit/(loss) for the period	-	-	(21,725)	(21,725)	(1)	(21,726)
Other Comprehensive Income	-	(21)	-	(21)	-	(21)
Total Comprehensive income for the period	-	(21)	(21,725)	(21,746)	(1)	(21,747)
Issue of share capital	1,944	(1,944)	-	-	-	-
As at 30 June 2022	176,580	(8,376)	(113,258)	54,946	(799)	54,147
Balance at 1 July 2022	176,580	(8,376)	(113,258)	54,946	(799)	54,147
Profit/(loss) for the period	-	-	(48,857)	(48,857)	1,366	(47,491)
Other Comprehensive Income	-	36	-	36	-	36
Total Comprehensive income for the period	-	36	(48,857)	(48,821)	1,366	(47,455)
Issue of share capital	26,692	-	-	26,692	-	26,692
As at 30 June 2023	203,272	(8,340)	(162,115)	32,817	567	33,384

Consolidated statement of cash flows
For the year ended 30 June 2023

	30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities		
Receipts from customers	178,065	139,143
Payments to suppliers and employees	(183,823)	(157,756)
Interest received	-	-
Interest paid	(4,157)	(1,209)
Net cash outflows from operating activities	(9,915)	(19,822)
Cash flows from investing activities		
Payments for PP&E	(6,032)	(5,202)
Payments for intangibles	(732)	(616)
Proceeds on disposal of NBI	-	1,200
Net cash inflows/(outflows) from investing activities	(6,764)	(4,618)
Cash flows from financing activities		
Proceeds from the issue of shares	26,397	-
Proceeds from borrowings	7,896	23,060
Repayment of borrowings	(17,497)	(244)
Payment of lease liabilities	(442)	134
Proceeds from government grants	79	900
Cash inflows/(outflows) from financing activities	16,433	23,850
Net increase/(decrease) in cash and cash equivalents	(246)	(590)
Cash and cash equivalents at the beginning of the period	322	922
Net foreign exchange differences	172	(10)
Cash and cash equivalents at the end of the period	248	322
<i>Comprising:</i>		
Cash included in assets held for sale	18	-
Cash and cash equivalents at the end of period	230	322
Total cash and cash equivalents at the end of the period	248	322

Reconciliation to operating loss

Loss after tax for continuing operations	(41,435)	(17,940)
Loss after tax for discontinued operations	(6,056)	(3,786)
Loss after tax	(47,491)	(21,726)
Non-cash adjustments:		
Depreciation & amortisation expense	4,487	4,313
Impairment of non-financial assets	3,960	2,000
Bad debts written off	150	758
Foreign exchange loss	(136)	(11)
Inventory write-off	877	382
Change in:		
(Increase) in trade and other receivables	(4,214)	(890)
(Increase)/decrease in inventories	(2,451)	375
(Increase)/decrease in deferred tax assets	31,801	(4,295)
Increase/(decrease) in trade payables	5,005	(1,584)
Increase/(decrease) in deferred tax liabilities	(2,006)	293
Increase/(decrease) in other provisions	103	563
Net cash outflow from operating activities	(9,915)	(19,822)

Segment information

For the year ended 30 June 2023

The segment information for the year ended 30 June 2023 and the year ended 30 June 2022 provided to the executive management committee for the reportable segments are as follows:

2023	Australian Dairy \$'000	Corporate \$'000	Total Continuing Operations \$'000	Discontinued Operations \$'000	Total \$'000
Revenue					
Contracts with domestic customers	126,051	-	126,051	13,055	139,106
Contracts with international customers	43,487	-	43,487	-	43,487
Other revenue	37	-	37	12	49
Other income	248	75	323	7	330
Finance income	136	-	136	-	136
Total revenue	169,959	75	170,034	13,074	183,108
Expenses					
Cost of Sales	(143,266)	-	(143,266)	(11,316)	(154,582)
Other operating costs	(16,389)	(70)	(16,459)	(2,262)	(18,721)
Selling and distribution	(5,290)	-	(5,290)	(171)	(5,461)
Business support	(5,113)	(7,583)	(12,697)	(1,227)	(13,923)
Finance costs	-	(3,963)	(3,962)	(194)	(4,157)
Impairment expense	-	-	-	(3,960)	(3,960)
Total expenses	(170,058)	(11,616)	(181,674)	(19,130)	(200,804)
Loss for the period before tax	(99)	(11,541)	(11,640)	(6,056)	(17,696)

2022	Australian Dairy \$'000	Corporate \$'000	Total Continuing Operations \$'000	Discontinued Operations \$'000	Total \$'000
Restated					
Revenue					
Contracts with domestic customers	99,671	-	99,671	12,935	112,606
Contracts with international customers	27,100	-	27,100	-	27,100
Other revenue	36	-	36	12	48
Other income	90	-	90	23	113
Finance income	8	3	11	-	11
Total revenue	126,905	3	126,908	12,970	139,878
Expenses					
Cost of Sales	(117,288)	-	(117,288)	(11,843)	(129,131)
Other operating costs	(14,118)	(420)	(14,538)	(2,171)	(16,709)
Selling and distribution	(4,216)	-	(4,216)	(149)	(4,365)
Business support	(5,207)	(5,471)	(10,678)	(1,493)	(12,171)
Impairment	-	-	-	(2,000)	(2,000)
Finance costs	-	(1,126)	(1,126)	(83)	(1,209)
Total expenses	(140,829)	(7,017)	(147,846)	(17,739)	(165,585)
Loss for the period before tax	(13,924)	(7,014)	(20,938)	(4,769)	(25,707)

Discontinued Operations

On 22 June 2023, Beston Global Food Company Limited (ASX: BFC) (the Group) publicly announced the decision of its Board of Directors to discontinue and divest its Provincial Food Group (PFG) and plant-based meats secondary processing business, its Aquaessence water assets business and its Technology business.

The results of the discontinued businesses are presented below:

	Provincial Food Group	Aquaessence Pty Ltd	Beston Technologies Pty Ltd	Total
2023	\$'000	\$'000	\$'000	\$'000
Sale of goods	12,915	140	-	13,055
Other revenue	-	12	-	12
	12,915	152	-	13,067
Other income	7	-	-	7
Expenses:				
COGS	(11,131)	(185)	-	(11,316)
Operating overheads	(1,731)	(183)	(348)	(2,262)
Selling and distribution	(147)	(24)	-	(171)
Corporate overheads and business support	(1,325)	213	(115)	(1,227)
Loss from operations	(1,412)	(28)	(463)	(1,902)
Finance costs	(193)	(1)	-	(194)
Impairment of goodwill	(2,828)	-	-	(2,828)
Impairment of intangible assets	-	-	(1,131)	(1,131)
Loss before tax from discontinued operations	(4,433)	(29)	(1,594)	(6,056)
Tax (expense)/benefit	-	-	-	-
Loss for the year from discontinued operations	(4,433)	(29)	(1,594)	(6,056)

	Provincial Food Group	Aquaessence Pty Ltd	Beston Technologies Pty Ltd	Total
2022	\$'000	\$'000	\$'000	\$'000
Sale of goods	12,782	153	-	12,935
Other revenue	-	12	-	12
	12,782	165	-	12,947
Other income	-	23	-	23
Expenses:				
COGS	(11,749)	(94)	-	(11,843)
Operating overheads	(1,870)	(150)	(150)	(2,171)
Selling and distribution	(121)	(26)	(2)	(149)
Corporate overheads and business support	(1,441)	(26)	(27)	(1,493)
Loss from operations	(2,399)	(108)	(179)	(2,686)
Finance costs	(83)	-	-	(83)
Impairment of goodwill	(2,000)	-	-	(2,000)
Loss before tax from discontinued operations	(4,482)	(108)	(179)	(4,769)
Tax benefit	822	107	54	983
Loss for the year from discontinued operations	(3,659)	(1)	(125)	(3,786)

Discontinued operations

The major classes of assets and liabilities classified as held for sale as at 30 June 2023 are as follows:

	\$'000	\$'000	\$'000
2023	Provincial Food Group	Aquaessence Pty Ltd	Total
Assets			
Cash	11	7	18
Trade receivables	528	21	549
Property, plant and equipment	9,520	952	10,472
Intangible assets	2	205	207
Other receivables	274	5	279
Inventories	1,281	15	1,295
Assets held for sale	<u>11,617</u>	<u>1,204</u>	<u>12,821</u>
Liabilities			
Creditors	808	6	814
Financial liabilities	2,340	-	2,340
Other payables	157	38	196
Employee benefits	115	2	117
	<u>3,420</u>	<u>47</u>	<u>3,467</u>
Net assets directly associated with disposal group	<u>8,196</u>	<u>1,157</u>	<u>9,354</u>

Beston Technologies Pty Ltd did not have any assets or liabilities as at 30 June 2023.

The net cash flows incurred by Provincial Food Group Pty Ltd are as follows:

2023	\$'000 Provincial Food Group
	\$'000
Operating	(1,175)
Investing	(856)
Financing	1,852
Net cash (outflow)	<u>(179)</u>

Aquaessence Pty Ltd and Beston Technologies Pty Ltd were funded by Beston Global Food Company Limited.

Review of operations

At a glance

FY23 results have been marked by our overall focus on controllables, significant strategic progress achieved and resilience on core companywide key leading indicators. FY23 carried on the strong trajectory of top line revenue growth and consistency in milk and production fundamentals.

Our total FY23 milk intake was broadly flat despite the overall Australian milk pool decreasing. National milk production declined 5% vs FY22 and in South Australia, 3.3% vs FY22. These solid results are a true testament of our team's ability to secure milk solids from other Dairy processors and our manufacturing flexibility to accommodate milk solids in other formats outside of fresh milk.

Our FY23 performance was marked by solid revenue and margin growth. Our Dairy business, which corresponds to over 90% of Group sales, saw revenues increasing 34% over the prior year and operating margins hiked by 175% vs FY22. This has been achieved largely through price and improved product mix with 21.5MT of lactoferrin sales (172% increase on FY22). Such improved product mix performance was offset by a rapid decline of whey protein prices over the course of late Q3 and Q4 of FY23 domestically and also internationally.

Whilst operating margins hiked substantially vs FY22, milk prices in Australia have also reached record high levels in FY23 driven by competition from other dairy processors and significant decline in national production due to natural disasters (i.e., Murray River floodings and Northern Victoria floodings during spring FY23).

The high costs of milk were also exacerbated by inflation seen in gas, electricity, chemicals, and insurance. When exiting legacy contracts for natural gas and electricity, some of our new variable rates were up to 300% higher than in FY22.

On our controllables, our dairy production facilities continued to show the improved production capability with all our operational guidance metrics achieved or over-achieved. The highlights have been the achievement of 15,000tons of mozzarella production and over 18MT of lactoferrin during FY23, despite no milk growth vs FY22.

Dairy Operations

Milk supply and prices

At the beginning of the financial year, we forecast milk supply to be around 155mL. The final milk supply totalled 152mL, broadly flat to previous year, in the face of a national decline in the milk pool of 5% based on Dairy Australia statistics. The overall South Australian milk pool also decreased 3.3% against the prior year based on Dairy Australia statistics.

The milk price paid to dairy farmers reached a record level with strong processor competition for the milk in the declining pool. This led to over \$105 million paid to dairy farmers largely across South Australia.

Mozzarella

Mozzarella produced in FY23 was broadly flat to FY22 at around 15,000MT on a relatively flat milk pool. Operational performance of the Jervois and Murray Bridge production facilities was not impacted by production issues and saw ongoing productivity improvements. Mozzarella supply agreements with Woolworths and McCain Foods have been completed and extended. Our mozzarella export business also continued its momentum with several supply agreements also renewed with clients in Thailand, Philippines, and China.

Lactoferrin

Lactoferrin sales closed at 21.5MT in FY23 vs 7.9MT in FY22 and all our FY24 production of lactoferrin is contracted with local as well as international clients. Pricing for lactoferrin improved across the year. In a testament of our product quality and standards, our lactoferrin customer base now includes globally recognized Infant Formula brands. Recent developments in the Chinese Infant Formula regulations are set to continue to drive demand as well as prices of lactoferrin.

Discontinued Operations

Beston Global Food Company Limited (ASX: BFC) (the Group) advised shareholders in an update on 22 June 2023 that it intends to discontinue and divest its Provincial Food Group (PFG) and plant-based meats secondary process business, its Aquaessence water assets business and its Technology business.

Beston's Board and Management team have refreshed the Company's strategy from a growth ambition based around manufacturing and supplying a range of food and beverage products to an intense focus on profitability based around its value-add Dairy and Dairy nutraceuticals business. The divestment will enable BFC to focus all its resources and efforts on its core business segment and more easily weather the cost/price pressures impacting on the Company. On a standalone basis, BFC's Dairy business delivered sales of over \$169.5 million and Trading EBITDA¹ of approximately \$4.1 million in FY23.

The segments of Meat, Technology and Water have now been classified as Discontinuing operations and classified as held for sale within the balance sheet. BFC is currently in the process of divesting these businesses and assets. The proceeds of any divestments will be used to pay down debt.

Financial Summary

Delivering Resilient results

The FY23 financial performance of BFC resulted in the following:

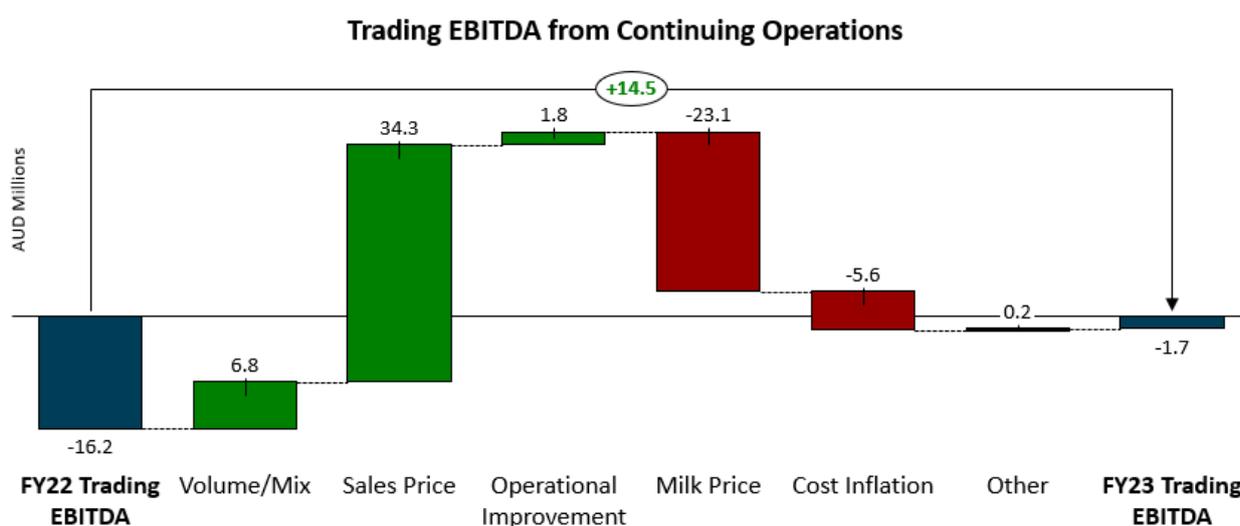
- Net Sales from continuing operations \$169.5m, up 34% vs FY22
- Net sales from all of business \$182.6m up 30.6% vs FY22
- Gross Margins from continuing operations \$26m, up 175% vs FY22
- Trading EBITDA from continuing operations at -\$1.7m which is + \$14.5m vs FY22.
- EBITDA from continuing operations at -\$4.1m which is + \$12.1m vs FY22. This includes \$2.4m of non-recurring costs associated with capital raising, one off employee related costs and operating expenses.
- Loss before tax -\$17.7m which is + \$7m vs FY22 and includes \$3.9m associated with a non-cash impairment of the PFG business and Technology business together with an additional \$2.8m of funding costs resulting from high interest rates.
- Loss after tax -\$47.5m which is - \$21.7m vs FY22 and includes \$29.8m associated with the derecognition of the deferred tax asset. This is a noncash adjustment, and the tax losses continue to be preserved for future use.
- Operating cashflow at -\$9.9m which is a \$9.9m improvement on FY22.
- H2 FY23 was a neutral cashflow and \$6.7m was spent on CAPEX being \$0.9m higher than FY22.
- During the year BFC raised \$26m via a share placement with \$16m contributed towards debt reduction and a nominated \$10m for capital projects

The trading financial performance of the business went through a significant step change in FY23 with the Trading EBITDA from continuing operations at -\$1.7 million which is + \$14.5 million vs FY22. This was achieved with strong price improvement, increased lactoferrin sales offsetting a record milk price and significant inflationary pressure.

The most significant driver of this improved performance was the sales product price increases which were put in place across many customers and channels during late FY22 and early FY23. These price increases contributed strongly to the uplift in bottom line results in this period together with the improved product mix via increased lactoferrin sales at 21.5MT vs 7.9MT in FY22.

Beston Global Food Company Limited (ASX: BFC) (the Group) advised shareholders in an Update on 30 March 2023 that it was seeing unprecedented inflationary cost pressures brought about by external factors especially gas, electricity, chemicals and insurance which created a significant negative impact to FY23 earnings.

In addition, with the unprecedented levels of inflation, we saw a rapid decline and significant volatility in whey protein prices internationally, as well as domestically.



The continuous improvement and capital initiatives which have been put in place across the Group in FY23 (via management changes, operational improvements, costs efficiencies, channel-led value creation etc.) Will help to valorise our business model and be reflected in future financial results.

Other significant information

The Appendix 4E is based on accounts which are in the process of being audited and are likely to contain an independent audit report that is subject to an unqualified opinion, with an emphasis of matter relating to going concern.

Going concern basis of accounting

The Group incurred a statutory net loss after tax of \$47.5 million and had net cash outflows from operating activities of \$9.9 million for the year ended 30 June 2023. On a pre-tax basis, the loss from continuing operations for the year was \$11.6 million.

The financial statements have been prepared on the basis that the Group is a going concern which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

In September 2022, the Group outlined several activities that were critical to supporting the going concern assumption being: successful completion of a capital raise, generation of sufficient cashflows from operations; meeting scheduled debt repayments and successfully renegotiating certain bank facilities with a facility expiry date of 31 August 2023.

The Directors were pleased to report the successful completion of its capital raise of \$28.3 million and debt repayments of \$16 million in the half year ended 31 December 2022. To continue as a going concern the Group requires continued operational results improvement as forecast, ongoing support of its bankers or other financiers and milk suppliers, and successful completion of the divestment of non-core operations, as described below.

Financing facilities

The Group has successfully completed its debt tender process which extended the maturity dates of key working capital facilities, has introduced an additional financier, and has increased facility limits of the Group's Invoice Finance Facility.

The Group's financial liabilities of \$45 million are primarily made up of three facilities on 30 June 2023: an Invoice Finance Facility of \$10.0 million (\$9.4 million drawn), Corporate Markets Loan of \$18.5 million (\$18.5 million drawn) and Business Overdraft Facility of \$18.7 million (\$9.8 million drawn). The expiry dates of these facilities were extended, effective 30 June 2023, to 31 July 2024. In August 2023 the Group established a new Invoice Finance Facility of up to \$25 million with a 3-year term, which can be drawn at any point in time for amounts of up to 82% of domestic receivables and 72% of export receivables, together with a \$3 million Asset Finance Facility also on a 3-year term. Proceeds will be used to extinguish the existing Invoice Finance Facility and fund scheduled debt repayments.

The Group's 12-month cashflow forecasts assume the continued availability of these or alternate facilities beyond 31 July 2024. The Directors are confident of establishing or renewing sufficient debt facilities prior to expiry of the current facilities on 31 July 2024.

Cash flow from operating activities

A budget and cash flow forecast has been prepared for the twelve-month period from the date of signing the financial statements. The cash flow forecast has been prepared based on managements' and the Directors' assessment of reasonable economic, operating and trading performance assumptions, including those achieved in Q4 of FY23. If this forecast is achieved, it will support the Directors' going concern assertion. These forecasts are dependent upon the ability of the Group to secure the necessary milk volumes at the prices forecast by the Group. These volumes and prices are based on continuation of the Group's existing milk purchases from suppliers. These forecasts are also dependent on the cash payment and collection profile being materially in line with the Group's cash flow forecasts.

Divestment of non-core operations

The Group made the decision to divest or discontinue its non-dairy operations (Meat, Technology and Water businesses) and is well advanced in this process. The proceeds from these divestments will be used to pay down debt.

In summary, having considered the foregoing matters and deliberated on the Group's business plans and operating budgets, the Directors believe that the Group will continue as a going concern.

However, in the unlikely event that the Group is unable to successfully extend or establish replacement debt facilities prior to 31 July 2024 either with its existing bankers or other financiers, if the generation of cash flows from operations does not improve as forecast, and the proceeds from disposal of non-dairy operations are not as budgeted, the existence of these conditions may cast significant doubt about the Group's ability to continue as a going concern. In that case, the Group may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of recorded liabilities that might be necessary should the consolidated entity not continue as a going concern.

¹ Trading EBITDA is a non-IFRS measure that the company believes is an important indicator of performance. Trading EBITDA excludes non-recurring items.