ASX RELEASE

27 August 2021 ASX CODE: BFC

FY21 Full Year Outcomes and FY22 Financial and Operating Guidance

- **FY21 Highlights**
  - **Practical completion of Stage 1 and 2 of lactoferrin expansion project.**
  - **Sale of dairy farms and redeployment of capital to pay down debt.**
  - **Increasing milk supply by approximately 30% to drive long term growth including lactoferrin production.**
  - **Award of $2 million SA Govt. grant for Lactoferrin expansion project.**
  - **Jervois infrastructure upgrade to enable greater reliability and higher throughput rates on a 24/7 basis.**
  - **Management team bolstered with key dairy experience, and key supervisory appointments added at Jervois dairy facility.**
  - **Rights issue of $15.6 million to accelerate Stage 2 of the Lactoferrin expansion and further upgrade infrastructure across the Jervois site.**
  - **Termination of Investment Management Agreement, effective 28 August 2021.**
- **FY21 Full Year Outcomes: Strong growth in core dairy business held back by Jervois dairy facility performance issues and significant COVID-19 impacts.**
  - **Milk supply up 32% to 146.0 million litres**
  - **Sales Revenues up 9% to $112.4 million**
  - **Mozzarella production up 33% to 12,150 tonnes**
  - **Lactoferrin production up 286% to 4.0 tonnes**
  - **Full year statutory loss of $21.9 million**
- **FY22 Financial and Operating Guidance: Expected growth in operating cash flows and bottom line profit from upgraded Jervois facility and new lactoferrin facility.**
  - **Contracted milk supply up ~6% to 152-158 million litres**
  - **Mozzarella production expected up ~28% to 15,000-16,000 tonnes**
  - **Lactoferrin production expected up ~500% to 18.5-21.5 tonnes**
  - **Revenue expected up ~54% to $160-185 million**

Beston Global Food Company Limited | ABN 28 603 023 383 | Level 9, 420 King William Street, Adelaide, South Australia 5000
T: +61 8 8470 6500 | **F:** +61 8 8212 8992 | info@bestonglobalfoods.com.au | www.bestonglobalfoods.com.au

Beston Global Food Company Limited ("Beston", ASX: BFC) today released its FY21 full year results that delivered strong growth in revenue and production, mainly driven by increased milk supply. Beston reiterated its strong FY22 financial and operating guidance, with expected growth in revenue, and more particularly margins, anticipated to deliver a profitable result for the core dairy business.

Beston reported an increase in sales revenues to $112.4 million in FY21, up 9% on FY20. Whilst production volumes increased significantly from FY20, enabled by a 32% increase in milk supply, operational issues at the Jervois dairy facility held back further production growth and reduced pre-tax earnings by approximately $13 million.

Another significant challenge in FY21 was the COVID-19 pandemic, which had a number of adverse impacts on the business during the year:

- Repeated lockdowns in most Australian states reduced demand in the food services sector (especially restaurants and other dine-in facilities).
- Constraints on availability of container shipping which limited the ability to fill export orders.
- Delays in receiving equipment from overseas for the Lactoferrin plant expansion project and for replacement parts needed to address operating issues in the Jervois dairy facility.
- The impact of COVID-19 on other producers resulted in both Australian and international dairy manufacturers sporadically placing discounted product into domestic and export markets in order to shift their accumulated inventories.

The combined effect of these matters was to reduce the expected FY21 pre-tax earnings by approximately $9 million.

The full year FY21 statutory loss of $21.9 million included an impairment charge of $1.5 million in relation to the meat business, which reflects the value impact of COVID-19 on the operations of the business. FY21 was a challenging year for Beston, as with many other companies engaged in manufacturing in Australia, as the COVID-19 pandemic continued to erode business and consumer confidence and certainty.

Darren Flew, Beston Interim Chief Executive Officer, said "The past financial year was a tale of two parts. The positive part was growing our milk supply (our key input) and executing the successful completion of our Lactoferrin plant expansion. Increasing our milk supply will deliver increased production and sales of Mozzarella, and enable us to deliver on our Lactoferrin production targets (a core driver of future revenue and margins). We also built greater depth in our management and technical teams and strengthened the balance sheet through significant debt reduction. All of these actions have set Beston on the path toward profitability and positive cash flow in FY22.

The negative part was the operating reliability at Jervois, which became tested as production ramped up and adversely impacted our bottom line by around $13 million. With the rectification works now done, we believe that these plant reliability issues have been addressed and are now behind us. The FY22 operating guidance gives a clear indication of our confidence in the underlying capability now at Jervois and the financial impact that will be delivered from our expanded lactoferrin capacity and continued growth in Mozzarella sales, both high margin returning products."

Operating guidance for FY22 is set out below.

Key drivers	FY21	FY22	Change (mid-point)	Outlook
Milk supply (million litres)	146	**152-158**	**+ ~6%**	• Contracted supply forecast to deliver ~155ML
Mozzarella production (tonnes)	12,150	**15,000-16,000**	**+ ~28%**	• Increase is due to: higher milk 7%; operating performance 21%. Whey powder and cream production also increase proportionately
Lactoferrin production (tonnes)	4.0	**18.5-21.5**	**+ ~330%**	• New Lactoferrin plant online for full year
Revenue ($m)	113	**160 – 185**	**+ ~54%**	• Driven by increased production of Mozzarella, powder, cream and Lactoferrin
Gearing	41%	**25-30%**	**~-14pts**	• Reflects past capital management initiatives and revised banking facilities now in place
Capital expenditure ($m)	16.0	**13.0 – 18.0**	**-**	• Increased plant reliability and environmental spend

Note: This guidance assumes no potential worsening of impacts from COVID-19, weather related events and unforeseen operational delays. For a full list of risks associated with guidance, please refer to the accompanying FY21 full year results presentation.

Dr Roger Sexton AM, Beston Chairman, said "This past financial year was clearly an extremely challenging and difficult one for the Company. That said, it is also clear that Beston has built significant momentum heading into FY22 as a result of the hard work which has been done in the past year, and indeed over several years, in building out the Company's dairy business. A number of new supply contracts, such as the recently announced contract with McCains, were hard won and reflect both the quality and tenacity of the Company's operations and sales teams. With regular repeat customers now onboard, we have around 85% of our Mozzarella production accounted for in FY22. By staying the course, notwithstanding the challenges, and delivering on our strategic objectives, we have established a base line for sustainable growing earnings and cash flow into FY22 and beyond."

This ASX release was approved by the Board of Beston and authorised for release by Dr Roger Sexton AM, Chairman.

FOR FURTHER INFORMATION PLEASE CONTACT:

Darren Flew
Interim Chief Executive Officer
+61 8 8470 6500
dflew@bestonglobalfoods.com.au

Nick Wagner
Interim Chief Financial Officer
+61 8 8470 6500
nwagner@bestonglobalfoods.com.au

Social Media Handles:

Facebook:	**Twitter:**	**Instagram:**
@bestonglobalfoods	@BestonGlobal	@bestonglobal
@edwards.crossing	@edwards_crossing	@edwardscrossing
@mablesaustralia	@mablesaustralia	@mablesaustralia

ABOUT BESTON GLOBAL FOOD COMPANY LIMITED

Beston Global Food Company is a proud South Australian multi award-winning company taking the best of Australian produce to the world with fresh milk supplied by valued farmers. The company provides direct and indirect employment for nearly 300 people. For more information please visit: www.bestonglobalfoods.com.au