

## Business Activities Update and Appendix 4C Report

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**Beston Global Food Company Ltd** (ASX: BFC) (**Beston** or the **Company**) provides the following update on its trading performance and operations for the period ending 30 June 2024 and releases its Appendix 4C Quarterly Cash Flow Report.

### **Operational Results (unaudited)**

- Beston has experienced its highest milk flows on record in FY24, processing circa 165ML, up 8.5% vs FY23 (excluding milk solids sourced from Dairy Ingredients)
- Approximately \$120 million of milk supply payments were made to Dairy Farmers in FY24
- Group net sales of \$170 million
- Record volumes of Mozzarella were sold (circa 15,000tons) and new supply strategic partnerships formed such as with some of the world's largest Dairy companies in China and across Southeast Asia
- Lactoferrin sales at 17tons and pricing per Kg up 18% vs FY23. Some of China's leading Infant Formula brands now contains Beston's Lactoferrin. Closing stock position at circa 3tons at end of FY24
- Cream Cheese sales up 150% vs FY23 (low base). Farmer's Tribute and Mables Retail Cream Cheese brands successfully launched in Thailand, China, Korea and across South Australia retail
- Value-add Dairy as well as retail and Foodservices now represent 18% of total sales
- Meat Processing (Provincial Food Group), Water (AQUAESSENCE) and Technology businesses all divested during FY24
- A number of cost reduction initiatives were delivered during FY24 vs FY23 (driven by renegotiated contracts on utilities, insurance and corporate overheads) although prolonged cost pressures on the business have impacted adversely on margins and earnings.

### **Market Pressures**

- The dairy processing industry in Australia has been challenged by trading conditions and soaring input costs (including gas, electricity, chemicals, transport and labour). These rising costs were felt particularly during H1 FY24 and during the spring peak production.
- Imported dairy products have flooded into Australia during 2023 and early 2024 (up by 17% during 2023, i.e., the equivalent to 2.2 billion litres of milk or nearly 30% of Australia's total annual milk production).

- The confluence of volume of milk processed (additional supplies vs initial estimates) as well as cost/price pressures and increases in import competition have been compounded by the inflexible regulatory environment imposed by the Australian Dairy Code.

### **Corporate Actions**

As previously advised, Beston has received interest from various organizations for its Dairy & Dairy Nutrition business and assets. On-going discussions are subject to non-disclosure agreements and are not yet in a form capable of acceptance.

The Company's bankers have been kept informed and have extended the current expiry date on the debt facilities by three months while these discussions are underway (i.e., expiry date from 31 July 2024 to 30 September 2024).

Until such time as these discussions and negotiations are brought to a satisfactory and material conclusion, the Company's cashflow will remain constrained and trading in the Company's shares will remain in suspension.

### **Appendix 4C cashflow report**

Beston's Appendix 4C Cash Flow report for the quarter ended 31 March 2024 (Q3 FY24) has been released with this business activity report. Key points include:

- Q4 FY24 operating cash flow was positive \$3.539 mill (unaudited). Largely driven by the actions taken to reduce the level of inventory and accounts receivable.
- Capital expenditure investments of \$0.15 million in property plant and equipment were recorded during Q4 FY 24.
- BFC had \$2.412 mill (unaudited) of available funding at the end of the quarter. This includes a cash reserve of \$1.055 mill held within the shadow debtor finance facility. This is restricted cash, and is currently not available to be drawn.
- At the close of Q4 FY24, the Company had \$68.08mill of available finance facilities, of which \$67.05mill was drawn.
- The PFG (meat processing) business was sold and settled on the 22<sup>nd</sup> of July 2024 with proceeds of (A\$4.0 mill less transaction costs) used to further pay down debt.
- Cost/Price pressures in the dairy industry and persistent inflationary forces have impacted profitability in Q4 FY 24. The Company continued through Q4 to respond to the cost/price pressures, inflationary impacts and higher-than-expected milk inflows by accelerating sales activities to generate further cash flow and reduce inventories.

### **Related Party Payments**

In line with its obligations under ASX Listing Rule 5.3.5, the Company has advised in Appendix 5B for the period ended 30 June 2024 that the only payments to related parties of the Company pertain to payments to Directors for fees, salary and superannuation.

Released with the authority of the Board.

For further information on the Company, please visit: [bestonglobalfoods.com.au](https://bestonglobalfoods.com.au)

## CONTACT

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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 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.

## DISCLAIMER

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Unless expressly stated, none of the information included in this announcement should be considered individually material. All figures in this announcement are provided on an unaudited basis.

This Company announcement may include certain statements, estimates or projections with respect to the anticipated future performance of the Company and any ongoing or prospective projects or both. Those statements, estimates or forecasts are based on assumptions about future events and management actions that may not necessarily take place and are subject to significant uncertainties, many of which are outside the control of the Company. Those assumptions may or may not prove correct. No representation is made regarding the accuracy of those statements, estimates or projections.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Beston Global Food Company Limited

**ABN**

28 603 023 383

**Quarter ended (“current quarter”)**

30 June 2024

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | 54,000                             | 189,807   |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              | -                                  | -   |
| (b) product manufacturing and operating costs             | (40,383)                           | (164,119)                                       |
| (c) advertising and marketing                             | (7)                                | (68)  |
| (d) leased assets   | (158)                              | (630)   |
| (e) staff costs   | (5,448)                            | (23,669)  |
| (f) administration and corporate costs                    | (2,158)                            | (8,333)   |
| 1.3 Dividends received (see note 3)                       | -                                  | -   |
| 1.4 Interest received                                     | -                                  | -   |
| 1.5 Interest and other costs of finance paid              | (2,284)                            | (7,248)   |
| 1.6 Income taxes paid                                     | (23)                               | (23)  |
| 1.7 Government grants and tax incentives                  | -                                  | -   |
| 1.8 Other (provide details if material)                   | -                                  | -   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>3,539</b>                       | <b>(14,283)</b>                                 |
| <b>2. Cash flows from investing activities</b>            |                                    |   |
| 2.1 Payments to acquire or for:                           |                                    |   |
| (a) entities  | -                                  | -   |
| (b) businesses  | -                                  | -   |
| (c) property, plant and equipment                         | (153)                              | (5,271)   |
| (d) investments   | -                                  | -   |
| (e) intellectual property                                 | -                                  | -   |
| (f) other non-current assets                              | -                                  | -   |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
| 2.2                                  | Proceeds from disposal of:                            |                            |  |
|                                      | (a) entities  | -                          | -                                      |
|                                      | (b) businesses  | -                          | -                                      |
|                                      | (c) property, plant and equipment                     | -                          | 538                                    |
|                                      | (d) investments                                       | -                          | -                                      |
|                                      | (e) intellectual property                             | -                          | -                                      |
|                                      | (f) other non-current assets                          | -                          | -                                      |
| 2.3                                  | Cash flows from loans to other entities               | -                          | -                                      |
| 2.4                                  | Dividends received (see note 3)                       | -                          | -                                      |
| 2.5                                  | Other (provide details if material)                   | -                          | -                                      |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(153)</b>               | <b>(4,733)</b>                         |

|             |   |                |               |
|-------------|---|----------------|---------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |                |               |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | -              | -             |
| 3.2         | Proceeds from issue of convertible debt securities                                      | -              | -             |
| 3.3         | Proceeds from exercise of options   | -              | -             |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities | -              | -             |
| 3.5         | Proceeds from borrowings  | 3,499          | 22,475        |
| 3.6         | Repayment of borrowings   | (5,645)        | (2,034)       |
| 3.7         | Transaction costs related to loans and borrowings                                       | -              | (290)         |
| 3.8         | Dividends paid  | -              | -             |
| 3.9         | Other (provide details if material)   | -              | -             |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>(2,146)</b> | <b>20,151</b> |

|           |  |       |          |
|-----------|--|-------|----------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |          |
| 4.1       | Cash and cash equivalents at beginning of period                             | 143   | 248      |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | 3,539 | (14,283) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (153) | (4,733)  |

Appendix 4C  
Quarterly cash flow report for entities subject to Listing Rule 4.7B

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|--|------------------------------------|---|
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | (2,146)                            | 20,151  |
| 4.5   | Effect of movement in exchange rates on cash held                | -                                  | -   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                | <b>1,383</b>                       | <b>1,383</b>                                    |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 328                                | 143                                 |
| 5.2        | Call deposits   | -                                  | -                                   |
| 5.3        | Bank overdrafts   | -                                  | -                                   |
| 5.4        | Other – cash reserve held against the shadow debtor finance facility  | 1,055                              | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>1,383</b>                       | <b>143</b>                          |

| <b>6.</b>  | <b>Payments to related parties of the entity and their associates</b>                   | <b>Current quarter<br/>\$A'000</b> |
|--|---|------------------------------------|
| 6.1  | Aggregate amount of payments to related parties and their associates included in item 1 | 67                                 |
| 6.2  | Aggregate amount of payments to related parties and their associates included in item 2 | -                                  |
| <i>Amounts shown under 6.1 represent directors' fees paid during the period.</i> |   |                                    |

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

|  |   |  |                             |                          |
|--|---|--|-----------------------------|--------------------------|
| <b>7. Financing facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i><br><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>  | <b>Total facility amount at quarter end \$A'000</b> | <b>Amount drawn at quarter end \$A'000</b> |                             |                          |
| 7.1 Loan facilities  | (59,410)  | (58,381)                                   |                             |                          |
| 7.2 Credit standby arrangements  | -   | -  |                             |                          |
| 7.3 Other (please specify)   | (8,668)   | (8,668)                                    |                             |                          |
| <b>7.4 Total financing facilities</b>  | <b>(68,078)</b>                                     | <b>(67,049)</b>                            |                             |                          |
| <b>7.5 Unused financing facilities available at quarter end</b>  |   | 1,029                                      |                             |                          |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.  |   |  |                             |                          |
| BFC Borrowings as at the 30 June are comprised of the following;   |   |  |                             |                          |
| <b>Facility/Lender</b>   | <b>Amount Drawn \$'000</b>                          | <b>interest rate</b>                       | <b>Latest maturity date</b> | <b>Secured/Unsecured</b> |
| Business Overdraft – NAB   | 28,872  | 8.72%                                      | Sep-24                      | Secured                  |
| Corporate Markets Loan – NAB   | 19,404  | BBSY + 5%                                  | Sep-24                      | Secured                  |
| Corporate Markets Loan – NAB   | 2,000   | BBSY + 5%                                  | Nov-24                      | Secured                  |
| Corporate Markets Loan – NAB   | 2,190   | BBSY + 5%                                  | Nov-24                      | Secured                  |
| Bank Guarantee Cashed - NAB  | 2,500   |  |                             |                          |
| Hire Purchase – NAB  | 3,415   | Average 4.62%                              | Sep-29                      | Secured                  |
| Shadow Debtor Finance Facility – ScotPac   | 7,115   | 10.87%                                     | Oct-26                      | Secured                  |
| Asset Finance Facility - ScotPac   | 862   | 14.07%                                     | Oct-26                      | Secured                  |
| Insurance Premium Funding - Clearmatch   | 691   | 1.99%                                      | Aug-24                      | Unsecured                |
| <b>Total</b>   | <b>67,049</b>                                       |  |                             |                          |
| Financing facilities noted as "Other" in section 7.3 to the value of \$8.7M includes the Shadow Debtor finance facility which has an \$18M cap. This facility can only be drawn to the value of BFC's debtors applied against the concentration limits being 82% in case of Domestic and 72% in case of Export sales. The facility is limited to certain defined countries. This facility was drawn to \$7.1M at end of Q4. In addition, other financing facilities also includes the insurance premium funding of \$0.7M. |   |  |                             |                          |
| On the 22 <sup>nd</sup> of July 2024 the PFG business was sold and settled with all proceeds going towards debt reduction.   |   |  |                             |                          |

| <b>8.</b> | <b>Estimated cash available for future operating activities</b>   | <b>\$A'000</b>   |
|-----------|---|--|
| 8.1       | Net cash from / (used in) operating activities (item 1.9)   | 3,539  |
| 8.2       | Cash and cash equivalents at quarter end (item 4.6)   | 1,383  |
| 8.3       | Unused finance facilities available at quarter end (item 7.5)   | 1,029  |
| 8.4       | Total available funding (item 8.2 + item 8.3)   | 2,412  |
| 8.5       | <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>   | N/A  |
|           | <p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p> <ul style="list-style-type: none"> <li>• <b><i>Please refer to the Activities report for further information on the BFC financial position</i></b></li> </ul> |  |
| 8.6       | If item 8.5 is less than 2 quarters, please provide answers to the following questions:   |  |
|           | 8.6.1   | Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?  |
|           | Answer:   |  |
|           | 8.6.2   | Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? |
|           | Answer:   |  |
|           | 8.6.3   | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  |
|           | Answer:   |  |
|           | <p><i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i></p>   |  |



### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2024

Authorised by: The Board of Directors