

Results for announcement to the market

We have provided this results announcement to the market in accordance with Australian Securities Exchange (ASX) Listing Rule 4.2A and Appendix 4D 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 half-year ended 31 December 2023 compared to the half-year ended 31 December 2022.

Consolidated results, commentary on results and outlook.

| | 31 December | 31 December | Movement | Movement |
|--|-------------|-------------|----------|----------|
| | 2023 | 2022 | (\$'000) | % |
| | (\$'000) | (\$'000) | | |
| Revenue from ordinary activities - continuing operations | 81,035 | 84,557 | (3,522) | - 4.2 |
| Profit/(loss) before tax from continuing operations | (14,148) | (837) | (13,311) | -1,590.0 |
| Loss before tax attributable to equity holders | (18,764) | (2,060) | (16,701) | -810.7 |
| Income tax (expense)/benefit | (22) | - | (22) | -100.0 |
| Loss after tax attributable to equity holders | (18,786) | (2,060) | (16,726) | -811.9 |

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.

Net tangible assets per share

| | 31 December 2023 | 31 December 2022 |
|-------------------------------|---------------------|---------------------|
| | \$ per share | \$ per share |
| Net tangible assets per share | 0.007 | 0.037 |

In accordance with Chapter 19 of the ASX Listing Rules, net tangible assets per share represents the total assets, including rightof-use 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. Net tangible assets for the half-year ended 31 December 2023 are \$14.0 million (half-year ended 31 December 2022: \$73.5 million).

Distributions

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

Independent auditor's report

The Consolidated Interim Financial Statements upon which this announcement of the results to the market is based have been reviewed and the Independent Auditor's Review Report to the members of Beston Global Food Company Limited is included in the attached Financial Report.

Financial report

for the half-year ended 31 December 2023

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Review of operations

A review of the results of the continuing operations of the consolidated entity during the half-year is as follows:

| Summary of continuing operations | 1H24 | 1H23 | Variance |
|---|----------|---------|-----------|
| Milk supply (million litres) | 88.9 | 81.9 | 7 |
| Production volumes (tonnes) | | | |
| Mozzarella | 8,570 | 8,317 | 253 |
| Whey powder | 3,928 | 4,048 | (120) |
| Lactoferrin | 9.7 | 8.5 | 1.2 |
| Sales volumes (tonnes) | | | |
| Mozzarella | 7,187 | 7,778 | (591) |
| Whey powder | 3,948 | 3,457 | 491 |
| Lactoferrin | 9.5 | 10.5 | (1) |
| | \$'000s | \$'000s | Variance |
| Product color from continuing | \$ 0005 | φ 000S | Vallalice |
| Product sales from continuing operations | 81,035 | 84,557 | (3,522) |
| Gross margin | 7,961 | 18,967 | (11,006) |
| Gross margin % | 9.8% | 22.4% | (12.6%) |
| Loss before income tax | (14,148) | (837) | (13,311) |

During the financial half-year period ended 31 December 2023, the consolidated statutory net loss before tax attributable to the owners of Beston Global Food Company Ltd was \$18.8 million, \$16.8 million unfavourable against the comparative period.

Revenues from the continuing operations of the consolidated entity decreased by 4.2% to \$81 million. This excludes circa \$6 million of sales on the water to export customers (1H23: \$1.3 million).

Gross margins of the continuing operations decreased compared to the comparative period. This was largely driven by a high milk price relative to global commodity prices and inflationary pressure on the BFC cost base.

Equity attributable to the equity holders of Beston Global Food Company Ltd as at 31 December 2023 was \$14.0 million.

Directors' report

The Directors present their report on the consolidated entity consisting of Beston Global Food Company Limited ('the Company') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023. Throughout the report, the consolidated entity is referred to as the Group.

Directors

The following persons were Directors of Beston Global Food Company Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

- R N Sexton
- S Gerlach
- N Longstaff
- C Hayman
- K Reid

Principal activities

During the year the principal continuing activities of the Group consisted of the production of dairy products into local and international markets.

Dividends – Beston Global Food Company Limited

There were no dividends provided for during the half-year ended 31 December 2023 (31 December 2022: nil).

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations on page 4.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the year.

Events since the end of the financial half year

Post 31st of December 2023, BFC received and accepted a non-binding indicative offer from a third party to purchase the shares in Provincial Food Group Pty Ltd and the associated property.

Likely developments and expected results of operations

Refer to the review of operations on page 4 for information on likely developments and future prospects of the Group.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

R N Sexton Chairman Adelaide 29 February 2024

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Auditor's independence declaration



Ernst & Young 121 King William Street Adelaide SA 5000 Australia GPO Box 1271 Adelaide SA 5001 Tel: +61 8 8417 1600 Fax: +61 8 8417 1775 ey.com/au

Auditor's Independence Declaration to the Directors of Beston Global Food Company Limited

As lead auditor for the review of the half-year financial report of Beston Global Food Company Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Beston Global Food Company Limited and the entities it controlled during the financial period.

Ernst & Young

L A Carr Partner Adelaide 29 February 2024

A member firm of Ernst & Young Global Limited Liability limited by a scheme approved under Professional Standards Legislation Beston Global Food Company Limited ABN 28 603 023 383

Interim financial report

31 December 2023

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These interim financial statements are the consolidated interim financial statements for the Group consisting of Beston Global Food Company Limited and its subsidiaries.

The financial statements are presented in Australian currency.

Beston Global Food Company Limited is a company limited by shares, incorporated, and domiciled in Australia.

Its registered office is:

Beston Global Food Company Limited Ground floor, 84 Greenhill Road Wayville SA 5034

Its principal place of business is:

Beston Global Food Company Limited Ground floor, 84 Greenhill Road Wayville SA 5034 A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations on page 4 and in the directors' report on page 5, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on the 29 February 2023. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: www.bestonglobalfoods.com.au 7

Consolidated statement of comprehensive income

For the half-year ended 31 December 2023

| | | 31 December | 31 December |
|---|-------|-------------|--------------------|
| | | 2023 | 2022 |
| | Notes | \$'000 | \$'000 Restated |
| Revenue from continuing operations | | | Hootatoa |
| Sale of goods | 3 | 81,035 | 84,557 |
| Other revenue | 3 | 18 | 18 |
| | | 81,053 | 84,575 |
| Other income | 4(a) | 8 | 65 |
| Expenses | 4(b) | | |
| Cost of sales of goods | | (73,074) | (65,608) |
| Other expenses from ordinary activities | | | |
| Operating overheads | | (9,444) | (9,216) |
| Selling and distribution | | (2,490) | (2,942) |
| Corporate overheads and business support | | (6,237) | (5,817) |
| Profit/(loss) from operations | | (10,184) | 1,057 |
| Finance income | 4(c) | 42 | 107 |
| Finance expenses | 4(c) | (2,914) | (2,001) |
| Net finance expense | | (2,872) | (1,894) |
| Impairment of non-financial assets | | (1,092) | _ |
| Loss before income tax | | (14,148) | (837) |
| Income tax (expense)/benefit | 5 | (22) | - |
| Profit/(loss) before income tax | | (14,170) | (837) |
| Discontinued operations | | | |
| Loss after tax for the period from discontinued operations | 6 | (4,613) | (1,221) |
| Loss for the period | | (18,783) | (2,058) |
| Item that may be reclassified to the profit or loss | | | |
| Exchange differences on translation of foreign operations | | (3) | (8) |
| Other comprehensive gain for the period, net of tax | | (3) | (8) |
| Total comprehensive loss or the period | | (18,786) | (2,066) |
| Loss is attributable to: | | | |
| Owners of Beston Global Food Company Limited | | (18,783) | (2,052) |
| Non-controlling interests | | - | (6) |
| | | (18,783) | (2,058) |
| Total comprehensive loss for the period is attributable to: | | | |
| Owners of Beston Global Food Company Limited | | (18,786) | (2,060) |
| Non-controlling interests | | (18,786) | (6) |
| | | (10,700) | (2,066) |
| Loss per share attributable to the ordinary equity holders | | | |
| Basic loss per share from continuing operations | 14(a) | (0.71) | (0.08) |
| Basic loss per share from discontinued operations | 14(b) | (0.23) | (0.11) |
| | | (0.94) | (0.19) |
| Diluted loss per share from continuing operations | 14(a) | (0.71) | (0.08) |
| Diluted loss per share from discontinued operations | 14(b) | (0.23) | (0.11) |
| | | (0.94) | (0.19) |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

As at 31 December 2023

| | | 31 December | 30 June |
|---|-------|-----------------|------------------|
| | | 2023 | 2023 |
| | Notes | \$'000 | \$'000 |
| Current assets | | | |
| Cash and cash equivalent | 7(a) | 244 | 230 |
| Trade and other receivables | 7(b) | 18,138 | 20,896 |
| Prepayments | | 3,096 | 1,209 |
| Inventories | | 28,454 | 18,397 |
| | | 49,932 | 40,732 |
| Assets held for sale | | 7,890 | 12,821 |
| | | 57,822 | 53,553 |
| Non-current assets | | | |
| Right-of-use assets | | 554 | 630 |
| Property, plant and equipment | | 50,573 | 48,878 |
| Intangible assets | | 58 | 1,195 |
| | | 51,185 | 50,703 |
| Total assets | | 109,007 | 104,256 |
| Current liabilities | | | |
| Trade and other payables | 7(c) | 26,655 | 20,607 |
| Unearned revenue | | 232 | 348 |
| Financial liabilities | 7(d) | 62,007 | 20,619 |
| Provision for income tax | | 22 | - |
| Employee benefit obligations | | 1,445 | 1,359 |
| | | 90,361 | 42,933 |
| Liabilities directly associated with assets held for sale | | 3,155 | 3,467 |
| | | 93,516 | 46,400 |
| Non-current liabilities | 7(1) | 1 000 | 04.404 |
| Financial liabilities | 7(d) | 1,323 | 24,404 |
| Employee benefit obligations | | 137 | 68 |
| Total liabilities | | 1,460 94,976 | 24,472 70,872 |
| | | 54,570 | 10,012 |
| Net assets | | 14,031 | 33,384 |
| Contributed equity | 9(a) | 203,272 | 203,272 |
| Other reserves | | (8,343) | (8,340) |
| Accumulated losses | | (180,898) | (162,115) |
| | | 14,031 | 32,817 |
| | | | E C Z |
| Non-controlling interests | | - | 567 |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half-year ended 31 December 2023

| | Attributable to the owners of Beston Global Food Company Limited | | | | | | |
|---|--|-----------------------------|---------------------------|-----------------|---------------|---------------------------|--|
| | Share capital \$'000 | Other reserves \$'000 | Accum Iosses \$'000 | Total \$'000 | NCI \$'000 | Total equity \$'000 | |
| Balance at 1 July 2022 | 176,580 | (8,376) | (113,258) | 54,946 | (799) | 54,147 | |
| Profit/(loss) for the period | _ | (8) | (2,052) | (2,060) | (6) | (2,066) | |
| Other Comprehensive Income | _ | - | _ | _ | - | - | |
| Total Comprehensive income for the period | _ | (8) | (2,052) | (2,060) | (6) | (2,066) | |
| Issue of share capital | 26,692 | - | - | 26,692 | - | 26,692 | |
| As at 31 December 2022 | 203,272 | (8,384) | (115,310) | 79,578 | (805) | 78,773 | |
| Balance at 1 July 2023 | 203,272 | (8,340) | (162,115) | 32,817 | 567 | 33,384 | |
| Profit/(loss) for the period | - | - | (18,783) | (18,783) | - | (18,783) | |
| Other Comprehensive Income | - | (3) | _ | (3) | - | (3) | |
| Total Comprehensive income for the period | _ | (3) | (18,783) | (18,786) | _ | (18,786) | |
| Disposal of investment | - | - | - | - | (567) | (567) | |
| As at 31 December 2023 | 203,272 | (8,343) | (180,898) | 14,031 | - | 14,031 | |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half-year ended 31 December 2023

| | Notes | 31 December | 31 December |
|--|-------|-------------|-------------|
| | | 2023 | 2022 |
| | | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Receipts from customers | | 88,012 | 85,623 |
| Payments to suppliers and employees | | (99,705) | (93,596) |
| Interest paid | | (2,735) | (2,114) |
| Net cash outflows from operating activities | | (14,428) | (10,087) |
| Cash flows from investing activities | | | |
| Payments for PP&E | 8(a) | (4,009) | (3,030) |
| Payments for intangibles | 8(b) | - | (426) |
| Proceeds on disposal of PP&E | | 538 | - |
| Net cash (outflows) from investing activities | | (3,471) | (3,456) |
| Cash flows from financing activities | | | |
| Proceeds from the issue of shares | | - | 26,397 |
| Proceeds from borrowings | | 20,510 | 4,035 |
| Repayment of borrowings | | (2,202) | (16,767) |
| Payment of lease liabilities | | (96) | (301) |
| Transaction costs related to loans and borrowings | | (290) | - |
| Proceeds from government grants | | - | 30 |
| Cash inflows from financing activities | | 17,922 | 13,394 |
| Net increase/(decrease) in cash and cash equivalents | | 23 | (149) |
| Cash and cash equivalents at the beginning of the period | | 248 | 322 |
| Net foreign exchange differences | | 42 | 99 |
| Cash and cash equivalents at the end of period | | 313 | 272 |
| Cash included in assets held for sale | | 69 | - |
| Cash and cash equivalents at the end of period | 7(a) | 244 | 272 |
| Total cash and cash equivalents at the end of the period | | 313 | 272 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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1 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are for the Group consisting of Beston Global Food Company Limited and its subsidiaries.

(a) Basis of preparation

This interim report for the half-year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Beston Global Food Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(i) Going Concern

The Group incurred a statutory net loss after tax of \$18.8 million and had net cash outflows from operating activities of \$14.4 million for the half year ended 31 December 2023. The Group has a deficiency in net current assets of \$35.7 million at 31 December 2023 based on the book value of assets. 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 2023, the Group outlined several activities that were critical to supporting the going concern assumption being: 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.

In November 2023, the Group announced the appointment of a corporate advisor to assist with considering a range of options for corporate actions in relation to the Dairy business as a result of on-going changes within the Australian dairy industry. At the date of these financial statements, a number of organisations have shown interest in exploring options. The Company will work with those organisations to determine what mutually acceptable outcomes might be achieved.

Cash flow management

The six months ended 31 December 2023 saw the Group acquire 88.9 million litres of milk, 7 million litres higher than budgeted. The Group acquires milk produced by its farmers in accordance with contractual terms. The price paid for this milk is at historical highs whilst dairy product prices generally declined over the period. The conversion of that milk into dairy products has resulted in a significant increase in the Group's inventories. At 31st December 2023 total inventories were \$28.5million compared to \$22.8million at 31st December 2022. This trend continued into January and February 2024. This has placed significant pressure on the Group's working capital and requires close management over the next 3 month period. Management is working to a plan to substantially reduce inventory levels in order to bring the Group's working capital to a normalised level over the next 3 months. Until such time as this achieved, the significant pressure on management of the working capital will continue. The Directors are confident there are realistic strategies available to them to manage working capital and extinguish liabilities in a timely manner, including but not limited to temporary increased finance facility limits, conversion of inventory to cash at marketable prices and negotiation of revised payment terms with certain suppliers.

A revised cash flow forecast has been prepared for the twelve-month period from the date of signing the interim financial statements, which reflects the current challenging market conditions. The cash flow forecast has been prepared based on management's and the Directors' assessment of the current economic, operating and trading performance assumptions. If this forecast is achieved, it will support the Directors' going concern assertion. These forecasts are dependent upon the following matters, which rely on the behaviour of external factors/parties:

- Management estimates of the milk and milk solids volumes, which are dependent on the Group's milk supply agreements and the output of contracted dairy farms.
- Management estimates of global product prices, specifically what prices are achievable in local and international markets, including the impacts of additional volumes being available for sale by the Company in challenging conditions.
- The cash payment and collection profiles being materially in line with the Group's payment terms, or revised payment terms.
- The ability of the Group to negotiate adequate debt facilities to support the financial requirements of the Group for the 12 months from the expiry of the current facilities.
- Management estimates of the milk price likely to be in place following 1 July 2024. These prices will be set in the context of the annual process required by the Dairy Code of Conduct.

Financing facilities

In September 2023, the Group completed its debt tender process which has introduced an additional financier and has increased facility limits of the Group's Invoice Finance Facility.

The Group's financial liabilities of \$63 million (30 June 2023: \$45 million) are primarily made up of three facilities at 31 December 2023:

- an Invoice Finance Facility capped at \$18 million of which \$13.5million was available at balance date (\$13.5 million drawn)
- Corporate Markets Loan of \$18.5 million (\$18.5 million drawn); and
- Business Overdraft Facility of \$22.1 million (\$21.2 million drawn),
- with the balance associated with property and asset finance facilities.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Going Concern (continued)

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Financing facilities (continued)

In February 2024 the Group obtained approval for an extension of the Business Overdraft Facility for an additional \$7.7 million, taking the total facility to \$29.8million with an expiry date of 30 June 2024. The funds of \$7.7m have been provided by the bank and drawn down. Formal legal documentation for the increased facility is currently being finalised. The expiry date for the remainder of these facilities is 31 July 2024.

The Group's 12-month cashflow forecasts assume the continued availability of these or alternate facilities of a similar quantum beyond 31 July 2024. The Company will work towards establishing or renewing sufficient debt facilities prior to expiry of the current facilities on30 June and 31 July 2024.

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. A summary for each operation is as follows:

- Water In November 2023 the Group reached a sales agreement to sell its 51% investment in the AquaEssence water business with proceeds of \$0.5 million received in November 2023.
- Technology The Group has ceased all activities in the Technology business unit.
- Meat The Group has entered into a non-binding agreement to sell the PFG Meat Business, which is expected to be finalised shortly. The proceeds from this divestment will be used to make permanent debt reductions.

In summary, having considered the foregoing matters and deliberated on the Group's business plans and operating forecasts, the Directors believe that the Group will continue as a going concern. To continue as a going concern the Group requires successful management of its short term cashflow requirements, operational forecaststo be achieved, ongoing support of its bankers or other financiers and milk suppliers, and successful completion of the divestment of non-core operations. However, in the event these conditions are not achieved this 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.

(b) New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the half-year ended 31 December 2023, except for the adoption of new standards effective for reporting periods commencing on or after 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023/2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

(c) Key judgements, estimates and assumptions

The preparation of financial statements requires the use of certain key judgements, estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) Financial forecasting

Management maintains a detailed financial model that it uses to forecast the future performance of each of its segments within the Group, and the Group. This model was updated for the latest available information as at 31 December 2023. Key uses of the financial model include understanding expected financial performance, capital expenditure, cash-flow and capital and debt management requirements of the Group. The financial model is also the key input for valuation purposes, including impairment assessments. Significant assumptions that drive the forecast outcomes are subject to detailed review for reasonableness by management, and approval by the Board.

By their nature, financial forecasts are inherently uncertain and dependent upon realisation of critical assumptions. Should expected future business conditions change, this could lead to a change in these critical assumptions which could have a material impact on the forecast financial performance of the Group, assessment of the recoverable amount of assets for impairment purposes, and recognition of deferred tax assets.

(ii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less cost to sell calculation is based on the detailed financial model, with cash flows derived from the forecast for the next five years.

The carrying value of the discontinued operations was impaired based on the non-binding offer received and accepted for the purchase of the shares in Provincial Food Group Pty Ltd.

As at 31 December 2023 the Dairy CGU fair value and impairment assessment was updated and resulted in an impairment of \$1.1 million of goodwill. Consistent with the disclosures set out in Note 8(b) of the 30 June 2023 financial statements, any deterioration in the key assumptions of discount rates and EBITDA margin over a 5 year period would lead to further impairment.

2 Segment information

(a) Description of segments

The Group's executive management committee, consisting of the Chief Executive Officer and the Chief Financial Officer, examines the Group's performance both from a product and geographic perspective and has identified the following reportable segments of its business:

- The Australian Dairy segment which owns production plants and uses milk to produce cheese and other dairy products
- The Corporate segment provides business support to the operating segment.

(b) Segment results

The segment information for the half-year ended 31 December 2023 and the half-year ended 31 December 2022 provided to the executive management committee for the reportable segments are as follows:

| | | | Total | | |
|---|------------|-----------|------------|--------------|-----------|
| | Australian | _ | Continuing | Discontinued | |
| | Dairy | Corporate | Operations | Operations | Total |
| 31 December 2023 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | |
| Contracts with domestic customers | 50,285 | - | 50,285 | 3,849 | 50,134 |
| Contracts with international customers | 30,750 | - | 30,750 | - | 30,750 |
| Other revenue | 18 | - | 18 | 4 | 22 |
| Other income | 8 | - | 8 | 4 | 12 |
| Finance income | 42 | - | 42 | - | 42 |
| Total revenue | 81,103 | - | 81,103 | 3,857 | 84,960 |
| Expenses | | | | | |
| Cost of Sales | (73,074) | - | (73,074) | (3,329) | (76,403) |
| Other operating costs | (9,373) | (71) | (9,444) | (684) | (10,128) |
| Selling and distribution | (2,490) | - | (2,490) | (66) | (2,556) |
| Business support | (2,546) | (3,690) | (6,236) | (656) | (6,892) |
| Finance costs | - | (2,915) | (2,915) | (110) | (3,025) |
| Impairment of goodwill | (1,092) | - | (1,092) | - | (1,092) |
| Impairment of PP&E | - | - | - | (3,573) | (3,573) |
| Loss on disposal of property, plant & equipment | _ | - | - | (52) | (52) |
| Total expenses | (88,575) | (6,676) | (95,251) | (8,470) | (103,721) |
| Loss for the period before tax | (7,472) | (6,676) | (14,148) | (4,613) | (18,761) |

2 Segment information (continued)

(b) Segment results (continued)

| 31 December 2022 | Australian Dairy \$'000 | Corporate \$'000 | Total Continuing Operations \$'000 | Discontinued Operations \$'000 | Total \$'000 |
|---|-------------------------------|---------------------|---|--------------------------------------|-----------------|
| Revenue | | | | | |
| Contracts with domestic customers | 59,754 | _ | 59,754 | 6,058 | 65,812 |
| Contracts with international customers | 24,803 | _ | 24,803 | - | 24,803 |
| Other revenue | 18 | - | 18 | 6 | 24 |
| Other income | 41 | 24 | 65 | - | 65 |
| Finance income | 107 | - | 107 | - | 107 |
| Total revenue | 84,723 | 24 | 84,747 | 6,064 | 90,811 |
| Expenses | | | | | |
| Cost of Sales | (65,608) | - | (65,608) | (5,333) | (70,941) |
| Other operating costs | (9,216) | - | (9,216) | (1,254) | (10,470) |
| Selling and distribution | (2,942) | - | (2,942) | (91) | (3,033) |
| Business support | (2,292) | (3,525) | (5,817) | (494) | (6,311) |
| Finance costs | - | (2,001) | (2,001) | (113) | (2,114) |
| Total expenses | (80,058) | (5,526) | (85,584) | (7,285) | (92,869) |
| Profit/(loss) for the period before tax | 4,665 | (5,502) | (837) | (1,221) | (2,058) |

(c) Segment assets and liabilities

The information on segment assets and liabilities provided to the Executive Management Committee for reportable segments as at 31 December 2023 and 30 June 2023 is as follows:

| | Australian | | Total Continuing | Discontinued | |
|--|-----------------|---------------------|----------------------|----------------------|-----------------|
| | Dairy \$'000 | Corporate \$'000 | Operations \$'000 | Operations \$'000 | Total \$'000 |
| As at 31 December 2023 | | | | | |
| Total segment assets; including | 96,782 | 4,335 | 101,117 | 7,890 | 109,007 |
| Capital expenditure for the 6 months to 31 December 2023 | 3,456 | - | 3,456 | 553 | 4,009 |
| Total segment liabilities | (84,756) | (7,065) | (91,821) | (3,155) | (94,976) |
| As at 30 June 2023 | | | | | |
| Total segment assets; including | 89,418 | 2,017 | 91,435 | 12,821 | 104,256 |
| Capital expenditure for the 12 months to 30 June 2023 | 4,413 | 753 | 5,166 | 1,597 | 6,763 |
| Total segment liabilities | (61,872) | (5,533) | (67,405) | (3,467) | (70,872) |

3 Revenue

The Group derives the following types of revenue:

| | 31 December | 31 December |
|--------------------------|-------------|-------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Sale of goods | | |
| Contracts with customers | 81,035 | 84,557 |
| Other revenue | | |
| Leasing income | 18 | 18 |
| Total revenue | 81,053 | 84,575 |

The Group derives revenue from the sale of goods in the following major geographical regions:

| Sale of goods | 31 December \$'000 | | |
|---------------|-----------------------|--|--|
| | Dairy | | |
| 2023 | | | |
| Australia | 50,285 | | |
| New Zealand | 3,532 | | |
| Asia | 22,100 | | |
| Europe | 933 | | |
| North America | 4,185 | | |
| Total | 81,035 | | |
| | | | |
| 2022 | | | |
| Australia | 59,754 | | |
| Asia | 20,697 | | |
| Europe | 379 | | |
| North America | 3,727 | | |
| Total | 84,557 | | |

4 Other income and expenditure

18

| | 31 December 2023 | 31 December 2022 |
|-------------------|---------------------|---------------------|
| (a) Other income | \$'000 | \$'000 |
| Other items | 8 | 51 |
| Government grants | - | 14 |
| | 8 | 65 |

(b) Break down of expenses by nature

| Cost of inventories recognised as an expense | 62,170 | 58,093 |
|--|--------|--------|
| | 10.011 | 11.062 |
| Employee benefits expense | 12,011 | 11,063 |
| Depreciation and amortisation | 1,882 | 1,885 |
| Other expenses | 2,275 | 1,339 |
| Consultancy expenses | 858 | 874 |
| Short-term and low value lease | 190 | 61 |
| expense | | |
| Rates and taxes | 54 | 56 |
| Repairs and maintenance | 1,776 | 1,724 |
| Insurance expenses | 1,578 | 1,590 |
| Logistics and marketing expenses | 8,451 | 6,900 |
| | 91,245 | 83,585 |
| (c) Finance income and costs | | |

Net exchange gains42107Finance charges paid for financial
liabilities(2,914)(2,001)Net finance costs(2,872)(1,894)

5 Income Tax

| | 31 December 2023 | 31 December 2022 |
|--------------------------------|---------------------|---------------------|
| | \$'000 | \$'000 |
| Income tax | 22 | _ |
| Total income tax expense | 22 | - |
| Income tax is attributable to: | | |
| Tax payable by Beston Shanghai | 22 | - |

6 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 process business, its Aquaessence water assets business and its Technology business. The results of the discontinued businesses are presented below:

(a) The income statement amounts classified as discontinued operations are as follows:

| | Provincial Food Group | Aquaessence Pty Ltd | Beston Technologies Pty Ltd | Total |
|--|--------------------------|------------------------|-----------------------------------|---------|
| Half-year to 31 December 2023 | \$'000 | \$'000 | \$'000 | \$'000 |
| Sale of goods | 3,838 | 11 | - | 3,849 |
| Other revenue | | 4 | - | 4 |
| | 3,838 | 15 | - | 3,853 |
| Other income | 4 | - | - | 4 |
| Expenses: | | | | |
| Cost of goods sold | (3,312) | (17) | - | (3,329) |
| Operating overheads | (596) | (19) | (69) | (684) |
| Selling and distribution | (65) | (1) | - | (66) |
| Corporate overheads and business support | (640) | (9) | (7) | (656) |
| Loss from operations | (771) | (31) | (76) | (878) |
| Finance costs | (109) | (1) | - | (110) |
| Impairment of goodwill | - | (52) | - | (52) |
| Impairment of PP&E | (3,573) | - | - | (3,573) |
| Loss before tax from discontinued operations | (4,453) | (52) | (76) | (4,613) |
| Tax benefit | - | - | - | - |
| Loss for the year from discontinued operations | (4,453) | (84) | (76) | (4,613) |

| | Provincial | Aquaessence | Beston Technologies | |
|--|------------|-------------|------------------------|---------|
| | Food Group | Pty Ltd | Pty Ltd | Total |
| Half-year to 31 December 2022 | \$'000 | \$'000 | \$'000 | \$'000 |
| Sale of goods | 5,965 | 93 | - | 6,058 |
| Other revenue | - | 6 | - | 6 |
| | 5,965 | 99 | - | 6,064 |
| Other income | - | - | - | - |
| Expenses: | | | | |
| Cost of goods sold | (5,260) | (73) | - | (5,333) |
| Operating overheads | (1,045) | (71) | (138) | (1,254) |
| Selling and distribution | (73) | (18) | - | (91) |
| Corporate overheads and business support | (477) | (13) | (4) | (494) |
| Loss from operations | (890) | (76) | (142) | (1,108) |
| Finance costs | (113) | _ | - | (113) |
| Loss before tax from discontinued operations | (1,003) | (76) | (142) | (1,221) |
| Tax benefit | - | - | - | - |
| Loss for the year from discontinued operations | (1,003) | (76) | (142) | (1,221) |

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6 Discontinued Operations (continued)

(a) The major classes of assets and liabilities classified as held for sale as at 31 December 2023 are as follows:

| | Provincial Food Group |
|--|--------------------------|
| 31 December 2023 | \$'000 |
| Assets | |
| Cash | 69 |
| Trade receivables | 358 |
| Property, plant and equipment | 6,500 |
| Intangible assets | 2 |
| Other receivables | 140 |
| Inventories | 821 |
| Assets held for sale | 7,890 |
| Liabilities | |
| Creditors | 714 |
| Financial liabilities | 2,246 |
| Other payables | 90 |
| Employee benefits | 105 |
| | 3,155 |
| Net assets directly associated with disposal group | 4,735 |

(b) The net cash flows incurred by Provincial Food Group Ptd Ltd are as follows:

| | Provincial Food Group |
|-------------------------------|--------------------------|
| Half-year to 31 December 2023 | \$'000 |
| Operating | (410) |
| Investing | (553) |
| Financing | 1,020 |
| Net cash inflow | 57 |

7 Financial assets and financial liabilities

(a) Cash and cash equivalents

| | 31 December | 30 June |
|--------------------------|-------------|---------|
| | 2023 | 2023 |
| | \$'000 | \$'000 |
| Cash at bank and in hand | 244 | 230 |

(b) Trade and other receivables

| | 31 December 2023 | 30 June 2023 |
|---|---------------------|-----------------|
| | Current | Current |
| | \$'000 | \$'000 |
| Trade receivables | 16,019 | 18,659 |
| Provision for impairment | (12) | (57) |
| | 16,007 | 18,602 |
| Other receivables | 483 | 713 |
| Goods and services tax (GST) receivable | 1,648 | 1,581 |
| | 18,138 | 20,896 |

(i) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying value amount is assumed to be the same as their fair value. For non-current receivables, the fair values are also not significantly different to their carrying amounts.

(c) Trade and other payables

| | 31 December 2023 | 30 June 2023 |
|-------------------------------------|---------------------|-----------------|
| | \$'000 | \$'000 |
| Current liabilities | | |
| Trade payables | 22,783 | 17,115 |
| Goods and service tax (GST) payable | 58 | 307 |
| Accrued expenses | 3,524 | 2,932 |
| Payroll liabilities | 268 | 191 |
| Other creditors | 22 | 62 |
| | 26,655 | 20,607 |

(i) Fair value of trade and other payables

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

7 Financial assets and financial liabilities (continued)

(d) Financial liabilities

| | 31 December 2023 | 30 June 2023 |
|---|---------------------|-----------------|
| | \$'000 | \$'000 |
| Current financial liabilities: loans and borrowings | 45,971 | 11,173 |
| Current financial liabilities: other | 16,036 | 9,446 |
| Current financial liabilities | 62,007 | 20,619 |
| Non-current financial liabilities: loans and borrowings | 673 | 23,650 |
| Non-current financial liabilities: other | 650 | 754 |
| Non-current financial liabilities | 1,323 | 24,404 |

| | | | 31 December 2023 | 30 June 2023 |
|---|---------------|----------------|---------------------|-----------------|
| | Interest rate | Maturity | \$'000 | \$'000 |
| Financial liabilities: loans and borrowings | | | | |
| Current | | | | |
| Overdraft | 8.72% | June 2024 | 21,153 | 9,830 |
| Hire purchase facility | 3.56% | December 2025 | 212 | 102 |
| Hire purchase facility | 4.91% | September 2029 | 3,638 | 823 |
| Term loan | BBSY + 5.00% | July 2024 | 18,500 | - |
| Property mortgage | BBSY + 5.00% | November 2024 | 2,091 | 418 |
| Asset finance | 14.07% | October 2026 | 377 | - |
| | | | 45,971 | 11,173 |
| Non-current | | | | |
| Hire purchase facility | 3.56% | December 2025 | - | 160 |
| Hire purchase facility | 4.91% | September 2029 | - | 3,247 |
| Term Ioan | BBSY + 5.00% | July 2024 | - | 18,500 |
| Property mortgage | BBSY + 5.00% | November 2024 | - | 1,743 |
| Asset finance | 14.07% | October 2026 | 673 | - |
| | | | 673 | 23,650 |
| Total financial liabilities: loans and borrowings | | | 46,644 | 34,823 |
| Financial liabilities: other | | | | |
| Current | | | | |
| Office lease liability | 6.00% | August 2027 | 206 | 197 |
| Insurance premium funding | 1.99% | June 2024 | 2,368 | 751 |
| Deposits on sale of trade debtors | 10.87% | October 2026 | 13,462 | 8,498 |
| | | | 16,036 | 9,446 |
| Non-current | 0.00% | | 050 | |
| Office lease liability | 6.00% | August 2027 | 650 | 754 |
| | | | 650 | 754 |
| Total financial liabilities: other | | | 16,685 | 10,200 |

At the reporting date, the Group was in breach of a bank covenant. Subsequent to balance date, a waiver was obtained from the bank and the facilities remained available.

7 Financial assets and financial liabilities (continued)

(e) Transferred financial assets that are not derecognised in their entirety

| | Notes | 31 December 2023 \$'000 | 30 June 2023 \$'000 |
|---------------------------------------|-------|-------------------------------|---------------------------|
| Securitisations | | | |
| Carrying amount of transferred assets | | 13,462 | 8,498 |
| Carrying amount of associated | | | |
| liabilities | 7(d) | (13,462) | (8,498) |
| Net position | | - | - |

A subsidiary company, Beston Pure Dairies Pty Ltd (BPD) has entered into an arrangement to sell a portion of its trade debtors to a financial institution at a value that reflects a discount to the face value of the debtor amounts. The arrangement is part of the effective management of the Group's working capital needs.

Under the arrangement, BPD receives 82% and 72% respectively of the face value of the domestic and export debtors amounts on sale to the financial institution in the form of a deposit. The remainder, net of the fair value discount, is received from the financial institution typically 45-60 days after the sale of the debtors. The credit risk of the underlying trade debtors is retained by BPD.

8 Non-financial assets and liabilities

(a) Property, plant and equipment

During the half-year ended 31 December 2023, the Group acquired assets with a cost of \$4.0 million (half-year ended 31 December 2022: \$3.0 million).

(b) Intangible assets

During the half-year ended 31 December 2023, the Group did not acquire any intangible assets (half-year ended 31 December 2022: \$0.4 million).

(c) Inventories

The Group recognised inventory at the lower of realisable value or cost. The inventory balance comprises of \$7.2 million (half-year ended 31 December 2022: \$0) held at net realisable value with the remainder held at cost.

9 Equity

(a) Contributed equity

| | 31 December 2023 | 30 June 2023 | 31 December 2023 | 30 June 2023 |
|-----------------|---------------------|-----------------|---------------------|-----------------|
| | Shares | Shares | \$'000 | \$'000 |
| Ordinary shares | 1,997,046,892 | 1, 997,046,892 | 203,272 | 203,272 |
| - fully paid | | | | |

10 Dividends

24

There were no dividends provided for during the half-year to 31 December 2023 (2022: nil).

11 Contingent liabilities and contingent assets

The Group had no contingent assets or liabilities at 31 December 2023 (2022: \$nil).

12 Commitments

At 31 December 2023, the Group had entered into multi-year milk supply contracts which have terms of between 1 and 10 years. The estimated amounts that would be payable in respect of forecast volumes is \$311 million over this period.

At 31 December 2023, the Group had capital expenditure commitments of \$0.5 million.

13 Events occurring after the reporting period

Post 31st December 2023, BFC received and accepted a non-binding indicative offer from a third party to purchase the shares in Provincial Food Group Pty Ltd and the associated property.

14 Earnings per share

(a) Basic loss per share

| | 31 December | 31 December |
|---|-------------|-------------|
| | 2023 | 2022 |
| | Cents | Cents |
| Loss from continuing operations attributable to ordinary equity holders | (0.71) | (0.08) |
| Loss from discontinued operations attributable to ordinary equity holders | (0.23) | (0.11) |
| Total basic loss per share attributable to ordinary equity holders | (0.94) | (0.19) |

(b) Diluted loss per share

| | 31 December | 31 December |
|--|-------------|-------------|
| | 2023 | 2022 |
| | Cents | Cents |
| Loss from continuing operations attributable to ordinary equity holders Loss from discontinued operations attributable to ordinary | (0.71) | (0.08) |
| equity holders | | . , |
| Total diluted loss per share attributable to ordinary equity holders | (0.94) | (0.19) |

(c) Reconciliation of earnings used in calculating earnings per share

| | 31 December | 31 December |
|------------------------------------|-------------|-------------|
| | 2023 | 2022 |
| | Cents | Cents |
| Basic (loss) per share | | |
| Loss attributable to the ordinary | | |
| equity holders used in calculating | | |
| basic (loss) per share: | | |
| From continuing operations | (14,170) | (831) |
| From discontinued operations | (4,613) | (1,221) |
| Loss attributable to the | | |
| ordinary equity holders of the | (18,783) | (2,052) |
| parent for basic earnings | | |
| Effects of dilution | - | - |
| Loss attributable to the | | |
| ordinary equity holders of the | (18,783) | (2,052) |
| parent for diluted earnings | | |

(d) Weighted average number of shares used as the denominator

| | 2023 Number | 2022 Number |
|---|----------------|----------------|
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share | 1,997,046,892 | 1,056,052,113 |

15 Related party transactions

(a) Transactions with other related parties

There were no transactions with related parties during the period.

(b) Outstanding balances arising from sales/purchases of goods and services

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties.

Directors' declaration

In the Directors' opinion:

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 24 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards *AASB 134 Interim Financial Reporting, the Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the consolidated entity's financial position as of 31 December 2023 and of its performance for the half-year ended on that date, and
- (b) subject to the uncertainties and matters detailed in Note 1(a)(i), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

Sate

R N Sexton Chairman Adelaide 29 February 2023

Independent auditor's report to the Members of Beston Global Food Company Limited



Ernst & Young 121 King William Street Adelaide SA 5000 Australia GPO Box 1271 Adelaide SA 5001 Tel: +61 8 8417 1600 Fax: +61 8 8417 1775 ey.com/au

Independent auditor's review report to the members of Beston Global Food Company Limited

Conclusion

We have reviewed the accompanying half-year financial report of Beston Global Food Company Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards*) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(a)(i) in the half-year financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Crist & Young

L A Carr Partner Adelaide 29 February 2024

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