

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 2022 compared to the half-year ended 31 December 2021.

Consolidated results, commentary on results and outlook.

	31 December 2022 (\$'000)	31 December 2021 (\$'000)	Movement (\$'000)	Movement %
Revenue from ordinary activities	90,615	68,289	22,326	32.7
Loss before tax attributable to equity holders	(2,058)	(11,866)	9,808	82.7
Income tax (expense)/benefit	-	4,090	(4,090)	-100.0
Loss after tax attributable to equity holders	(2,058)	(7,776)	5,718	73.6

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 2022 \$ per share	31 December 2021 \$ per share
Net tangible assets per share	\$ 0.037	\$ 0.071

In accordance with Chapter 19 of the ASX Listing Rules, net tangible assets per share represents the total assets, including right-of-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 2022 are \$73.5 million (half-year ended 31 December 2021: \$61.2 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 2022

Review of operations	4
Directors' report	5
Auditor's independence declaration	6
Interim Financial Report	7
Consolidated statement of comprehensive income	8
Consolidated balance sheet	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the preliminary consolidated financial statements	12
Directors' declaration	23
Independent auditor's report	24





For personal use only

Review of operations

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

Summary of consolidated results	1H23	1H22	Variance
Milk supply (million litres)	81.9	79.8	2.6%
Production volumes (tonnes)			
Mozzarella	8,317	7,939	4.7%
Whey powder	4,048	3,358	20.5%
Lactoferrin	8.5	7.4	14.3%
Sales volumes (tonnes)			
Mozzarella	7,778	7,677	1.3%
Whey powder	3,457	3,367	2.7%
Lactoferrin	10.5	2.3	356.5%
	\$'000s	\$'000s	Variance
Product sales	90,615	68,289	32.7%
Gross margin	15,696	4,375	258.8%
Gross margin %	17.3%	6.4%	170.3%
Loss before income tax	(2,058)	(11,866)	82.7%
Income tax benefit	-	4,090	100%
Loss for the period	(2,058)	(7,776)	73.5%

During the financial half-year period ended 31 December 2022, the consolidated statutory net loss before tax attributable to the owners of the Beston Global Food Company Ltd was \$2.1 million, an improvement of \$9.8 million against the comparative period.

Revenues of the consolidated entity increased 32.7% to \$90.6 million for the half-year, including increased dairy export sales, which increased from 25.1% to 27.4% of total sales. Refer to Revenue note in Note 2 to the consolidated financial statements for further detail.

Gross Margins earned increased compared to the comparative period, as a reflection of the improved production performance in the dairy manufacturing facilities and the impact of price increases. Gross margins in the Meat business also improved during the period. Refer to the segment note in Note 1(c) of the consolidated financial statements for further detail.

Equity attributable to the equity holders of Beston Global Food Company Limited as at 31 December 2022 was \$79.6 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 2022. 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
- J Andrew (resigned 19 August 2022)

Principal activities

During the year the principal continuing activities of the Group consisted of:

1. Production of dairy, meat, and water products into local and international markets.
2. Development and production of health and well-being focused food, beverage and pharmaceutical products.
3. Development and commercialisation of end-to-end food traceability and anti-counterfeit technology.

Dividends – Beston Global Food Company Limited

There were no dividends provided for during the half-year ended 31 December 2022 (31 December 2021: 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

No matter or circumstance has occurred subsequent to the period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

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

27 February 2023

For personal use only

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 2022, 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.

A stylized signature of 'Ernst & Young' in a cursive font.

Ernst & Young

A stylized signature of 'L A Carr' in a cursive font.

L A Carr
Partner
Adelaide
27 February 2023

For personal use only

Beston Global Food Company Limited
ABN 28 603 023 383

Interim financial report

31 December 2022

Financial statements

Consolidated statement of comprehensive income	8
Consolidated balance sheet	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the preliminary consolidated financial statements	12
Directors' declaration	23

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 27 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

For personal use only

Consolidated statement of comprehensive income

For the half-year ended 31 December 2022

	Notes	31 December 2022 \$'000	31 December 2021 \$'000
Revenue from continuing operations			
Sale of goods	2	90,615	68,289
Other revenue	2	24	21
		90,639	68,310
Other income	3(a)	67	85
Expenses	3(b)		
Cost of sales of goods		(74,919)	(63,914)
Other expenses from ordinary activities			
Operating overheads		(8,146)	(7,632)
Selling and distribution		(1,478)	(2,273)
Corporate overheads and business support		(6,214)	(5,963)
		(51)	(11,387)
Loss from operations			
Finance income	3(c)	107	-
Finance expenses	3(c)	(2,114)	(479)
Net finance expense		(2,007)	(479)
Income tax benefit	4	-	4,090
Loss for the period		(2,058)	(7,776)
<i>Item that may be reclassified to the profit or loss</i>			
Exchange differences on translation of foreign operations		(8)	439
Other comprehensive gain for the period, net of tax		(8)	439
Total comprehensive loss or the period		(2,066)	(7,337)
Loss is attributable to:			
Owners of Beston Global Food Company Limited		(2,052)	(7,773)
Non-controlling interests		(6)	(3)
		(2,058)	(7,776)
Total comprehensive loss for the period is attributable to:			
Owners of Beston Global Food Company Limited		(2,060)	(7,334)
Non-controlling interests		(6)	(3)
		(2,066)	(7,337)
Loss per share attributable to the ordinary equity holders			
Basic loss per share	12(a)	(0.19)	(0.91)
Diluted loss per share	12(b)	(0.19)	(0.91)

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

Consolidated balance sheet

As at 31 December 2022

		31 December 2022 \$'000	30 June 2021 \$'000
	Notes		
Current assets			
Cash and cash equivalent	5(a)	272	322
Trade and other receivables	5(b)	21,707	16,660
Prepayments		3,823	2,209
Inventories		24,726	18,117
		50,528	37,308
Non-current assets			
Receivables	5(b)	150	150
Right-of-use assets		705	21
Property, plant and equipment		58,360	57,192
Deferred tax assets	6(c)	31,801	31,801
Intangible assets		5,316	5,071
		96,332	94,235
Total assets		146,860	131,543
Current liabilities			
Trade and other payables	5(c)	19,443	17,896
Financial liabilities	5(d)	17,845	24,292
Employee benefit obligations		1,526	1,256
		38,814	43,444
Non-current liabilities			
Financial liabilities	5(d)	27,163	31,762
Employee benefit obligations		105	184
Deferred tax liabilities	6(c)	2,005	2,006
		29,273	33,952
Total liabilities		68,087	77,396
Net assets			
		78,773	54,147
Contributed equity	7(a)	203,272	176,580
Other reserves		(8,384)	(8,376)
Accumulated losses		(115,310)	(113,258)
		79,578	54,946
Non-controlling interests		(805)	(799)
Total equity		78,773	54,147

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

For personal use only

Consolidated statement of changes in equity

For the half-year ended 31 December 2022

	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	-	-	(7,773)	(7,773)	(3)	(7,776)
Other Comprehensive Income	-	439	-	439	-	439
Total Comprehensive income for the period	-	439	(7,773)	(7,334)	(3)	(7,337)
Issue of share capital	1,944	(1,944)	-	-	-	-
As at 31 December 2021	176,580	(7,916)	(99,306)	69,358	(801)	68,557
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

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 2022

	Notes	31 December 2022 \$'000	31 December 2021 \$'000
Cash flows from operating activities			
Receipts from customers		85,623	62,966
Payments to suppliers and employees		(93,596)	(81,334)
Interest received		-	-
Interest paid	3(c)	(2,114)	(479)
Net cash outflows from operating activities		(10,087)	(18,847)
Cash flows from investing activities			
Payments for PP&E	6(a)	(3,030)	(2,234)
Payments for intangibles	6(b)	(426)	(301)
Proceeds on disposal of investments		-	1,200
Proceeds on disposal of Dairy Farms (net of costs)		-	-
Proceeds on disposal of livestock		-	-
Net cash inflows/(outflows) from investing activities		(3,456)	(1,335)
Cash flows from financing activities			
Proceeds from the issue of shares		26,397	-
Proceeds from borrowings		4,035	20,350
Repayment of borrowings		(16,767)	-
Payment of lease liabilities		(301)	(78)
Proceeds from government grants		30	-
Cash inflows/(outflows) from financing activities		13,394	20,272
Net increase/(decrease) in cash and cash equivalents		(149)	90
Cash and cash equivalents at the beginning of the period		322	922
Net foreign exchange differences		99	438
Cash and cash equivalents at the end of period	5(a)	272	1,450

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

For personal use only

Contents of the notes to the preliminary consolidated financial statements

1	Segment information	13
2	Revenue	15
3	Other income and expenditure	16
4	Income tax benefit	16
5	Financial assets and financial liabilities	17
6	Non-financial assets and liabilities	19
7	Equity	19
8	Dividends	20
9	Contingent liabilities and contingent assets	20
10	Commitments	20
11	Events occurring after the reporting period	20
12	Earnings per share	20
13	Related party transactions	21
14	Summary of significant accounting policies	21

For personal use only

1 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 five reportable segments of its business:

- The Australian Dairy segment which owns production plants and uses milk to produce cheese and other dairy products
- The Australian Meat segment is focused on production of high quality and innovative meat and related products for expanding domestic and export markets.
- The Australian Other segment includes other Australian domiciled businesses developing technological software for tracking the provenance and authenticity of goods, as well as the production of spring water and related products.
- The International Other segment includes foreign entities providing sales support and customer support for customers of the consolidated entity.
- The Corporate segment provides business support to the operating segments.

(b) Management analysis

The Group maintains a detailed financial model that it uses to forecast the future performance of each of its segments, and the Group. This model was updated for the latest available information as at 31 December 2022. 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. Reasonable estimates have been applied to ensure each of the segments are robust in their assessment of future cash flows.

At 31 December 2022, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of assets. Accordingly, the Group updated the impairment assessment using a consistent approach as applied in prior periods, updated for the latest available forecast information. As discussed further below, the outcome of this assessment is that there is no impairment loss recognised as at 31 December 2022.

(i) Australian Dairy

The recoverable amount of the Australian Dairy segment of \$103.4 million as at 31 December 2022, has been determined based on a fair value less cost to sell calculation using cash flow projections from financial budgets and forecasts covering a five year period, with input from an independent valuation specialist, and approved by the Group. The carrying value of goodwill allocated to the Australian Dairy segment is \$1,092,067.

Key drivers which impact the recoverable amount of the Australian Dairy segment include:

- The price of milk paid to farmers and other suppliers;
- The volume of milk obtained from farmers and other suppliers;
- Production yields of mozzarella, cream, whey powder and lactoferrin;
- The prices of products sold to customers, primarily mozzarella, cream, whey powder and lactoferrin; and
- Discount rate applied to its cash flow projections.

The Group has determined that a conceivable change in the key assumptions of the recoverable amount calculation would not cause the carrying amount to exceed the recoverable amount of the Dairy segment. As a result of this analysis the Group did not identify impairment for this segment.

(ii) Australian Meat

The recoverable amount of the Australian Meat segment, \$8.7 million as at 31 December 2022, has been determined based on a fair value less cost to sell calculation using cash flow projections from financial budgets and forecasts covering a five-year period, with input from an independent valuation specialist, and approved by the Group. The carrying value of goodwill allocated to the Australian Meat segment is \$2,828,242.

Key drivers which impact the recoverable amount of the Australian Meat segment include:

- Real sales growth;
- Gross margin;
- Inflation; and
- Discount rate applied to its cash flow projections

The Group has determined that a conceivable change in the key assumptions of the value in use calculation would not cause the carrying amount to exceed the recoverable amount of the Australian Meat segment. As a result of this analysis the Group did not identify impairment for this segment.

For personal use only

1 Segment information continued

(c) Segment results

The segment information for the half-year ended 31 December 2022 and the half-year ended 31 December 2021 provided to the executive management committee for the reportable segments are as follows:

31 December 2022	Australian Dairy	Australian Meat	Australian Other	International	Corporate	Total
Revenue						
Contracts with customers	84,557	5,965	93	-	-	90,615
Other revenue	18	-	6	-	-	24
Other income	41	2	-	-	24	67
Finance income	107	-	-	-	-	107
Total revenue	84,723	5,967	99	-	24	90,813
Expenses						
Cost of Sales	(69,473)	(5,259)	(73)	(87)	(27)	(74,919)
Other operating costs	(6,892)	(1,045)	(209)	-	-	(8,146)
Selling and distribution	(1,386)	(73)	(18)	-	(1)	(1,478)
Business support	(2,282)	(477)	(17)	(71)	(3,367)	(6,214)
Finance costs	-	-	-	-	(2,114)	(2,114)
Impairment expense	-	-	-	-	-	-
Corporate allocation	(1,472)	(115)	(4)	(1)	1,592	-
Total expenses	(81,505)	(6,969)	(321)	(159)	(3,917)	(92,871)
Operating result before tax	3,218	(1,002)	(222)	(159)	(3,893)	(2,058)
Attributable to owners of Beston	3,218	(1,002)	(216)	(159)	(3,893)	(2,052)
Attributable to NCI	-	-	(6)	-	-	(6)
31 December 2021	Australian Dairy	Australian Meat	Australian Other	International	Corporate	Total
Revenue						
Contracts with customers	62,815	5,375	99	-	-	68,289
Other revenue	15	-	6	-	-	21
Other income	84	-	1	-	-	85
Finance income	-	-	-	-	-	-
Total revenue	62,914	5,375	106	-	-	68,395
Expenses						
Cost of Sales	(58,927)	(4,869)	(56)	(65)	-	(63,914)
Other operating costs	(6,632)	(948)	(131)	-	79	(7,632)
Selling and distribution	(2,204)	(50)	(19)	-	-	(2,273)
Business support	(2,387)	(937)	(31)	(35)	(2,573)	(5,963)
Finance costs	-	-	-	-	(479)	(479)
Corporate allocation	(551)	(50)	(2)	-	603	-
Total expenses	(70,701)	(6,854)	(239)	(97)	(2,370)	(80,261)
Operating result before tax	(7,785)	(1,479)	(133)	(97)	(2,370)	(11,866)
Attributable to owners of Beston	(7,785)	(1,479)	(130)	(97)	(2,370)	(11,863)
Attributable to NCI	-	-	(3)	-	-	(3)

1 Segment information continued

(d) Segment assets and liabilities

The information on segment assets and liabilities provided to the Executive Management Committee for reportable segments as at 31 December 2022 and 30 June 2022 is as follows:

	Australian Dairy	Australian Meat	Australian Other	International	Corporate	Total
As at 31 December 2022						
Total segment assets; including	94,094	8,830	2,465	15	41,456	146,860
Capital expenditure for the 6 months to 31 December 2022	1,605	549	-	-	876	3,030
Total segment liabilities	(55,390)	(3,744)	(413)	63	(8,603)	(68,087)
As at 30 June 2022						
Total segment assets; including	80,213	9,735	2,166	150	39,281	131,545
Capital expenditure for the 12 months to 30 June 2022	4,950	219	2	-	-	5,171
Total segment liabilities	(65,898)	(5,065)	(422)	(32)	(5,979)	(77,396)

2 Revenue

The Group derives the following types of revenue:

	31 December 2022 \$'000	31 December 2021 \$'000
Sale of goods		
Contracts with customers	90,615	68,289
Other revenue		
Leasing income	24	21
Total revenue	90,639	68,310

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

Sale of goods	31 December	31 December	31 December	31 December
	\$'000 Dairy	\$'000 Meat	\$'000 Other	\$'000 Total
2022				
Australia	59,754	5,965	93	65,812
Asia	20,697	-	-	20,697
Europe	379	-	-	379
North America	3,727	-	-	3,727
Total	84,557	5,965	93	90,615

2021				
Australia	45,688	5,375	99	51,162
Asia	11,376	-	-	11,376
Europe	1,260	-	-	1,260
North America	4,491	-	-	4,491
Total	62,815	5,375	99	68,289

For personal use only

3 Other income and expenditure

	31 December 2022	31 December 2021
	\$'000	\$'000
(a) Other income		
Other items	37	85
Government grants	30	-
	67	85

(b) Break down of expenses by nature

Changes in inventories of finished goods and work in progress	(13,272)	(8,388)
Raw materials and consumables used	74,427	61,466
Employee benefits expense	11,662	10,131
Depreciation and amortisation	2,249	1,465
Management fee	-	553
Other expenses	1,797	2,417
Consultancy expenses	915	1,007
Occupancy expenses	108	278
Rates and taxes	2,326	2,242
Repairs and maintenance	1,826	1,783
Insurance expenses	1,721	1,445
Logistics and marketing expenses	6,998	5,383
	90,757	79,782

(c) Finance income and costs

Interest income	-	-
Net exchange gains	107	-
Finance income	107	-
Finance charges paid for financial liabilities	(2,114)	(478)
Net exchange losses	-	(1)
Finance costs	(2,114)	(479)
Net finance costs	(2,007)	(479)

4 Income tax benefit

	31 December 2022	31 December 2021
	\$'000	\$'000
<i>Deferred income tax</i>		
Deferred tax	-	(4,090)
Total income tax benefit	-	(4,090)
<i>Income tax is attributable to:</i>		
Loss from continuing operations	-	(4,090)

5 Financial assets and financial liabilities

(a) Cash and cash equivalents

	31 December 2022 \$'000	30 June 2022 \$'000
Cash at bank and in hand	272	322

(b) Trade and other receivables

	31 December 2022			30 June 2022		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Trade receivables	19,078	-	19,078	14,270	-	14,270
Provision for impairment	(143)	-	(143)	(143)	-	(143)
	18,935	-	18,935	14,127	-	14,127
Other receivables	729	150	879	883	150	1,033
Goods and services tax (GST) receivable	2,043	-	2,043	1,650	-	1,650
	21,707	150	21,857	16,660	150	16,810

(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 2022 \$'000	30 June 2022 \$'000
Current liabilities		
Trade payables	17,111	15,599
Goods and service tax (GST) payable	529	536
Accrued expenses	1,282	763
Payroll liabilities	234	610
Other creditors	287	388
	19,443	17,896

(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.

For personal use only

5 Financial assets and financial liabilities (continued)

(d) Financial liabilities

			31 December 2022	30 June 2022
			2022	\$'000
Current financial liabilities: loans and borrowings			6,673	15,988
Current financial liabilities: other			11,172	8,305
Current financial liabilities			17,845	24,293
Non-current financial liabilities: loans and borrowings			26,308	31,762
Non-current financial liabilities: loans and borrowings			855	-
Non-current financial liabilities			27,163	31,762
			31 December 2022	30 June 2022
			\$'000	\$'000
Financial liabilities: loans and borrowings				
Current				
Overdraft	9.47%	August 2023	4,963	2,990
Equipment lease	3.62%	December 2025	100	101
Equipment lease	3.62%	September 2029	849	957
Equipment lease	4.22%	December 2024	342	321
Term loan	BBSY + 2.50%	August 2023	-	11,200
Property mortgage	BBSY + 2.50%	November 2024	419	419
			6,673	15,988
Non-current				
Equipment lease	3.56%	December 2025	212	252
Equipment lease	3.62%	September 2029	3,472	3,742
Equipment lease	4.22%	December 2024	172	312
Term loan	BBSY + 2.50%	March 2024	18,500	23,300
Term loan	BBSY + 2.50%	November 2024	2,000	1,996
Property mortgage	BBSY + 2.50%	November 2024	1,952	2,160
			26,308	31,762
Total financial liabilities: loans and borrowings			32,980	47,749
Financial liabilities: other				
Current				
Office lease liability	6.00%	August 2027	187	41
Insurance premium funding	2.49%	October 2023	2,842	805
Deposits on sale of trade debtors	4.24%	August 2023	8,143	7,459
			11,172	8,305
Non-current				
Office lease liability	6.00%	August 2027	855	-
			855	-
Total financial liabilities: other			12,027	8,305

5 Financial assets and financial liabilities (continued)

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

		31 December 2022	30 June 2022
	Notes	\$'000	\$'000
Securitisations			
Carrying amount of transferred assets		8,143	7,459
Carrying amount of associated liabilities	5(d)	8,143	7,459
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 80% of the face value of the 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.

6 Non-financial assets and liabilities

(a) Property, plant and equipment

During the half-year ended 31 December 2022, the Group acquired assets with a cost of \$3.0 million (half-year ended 31 December 2021: \$2.2 million).

(b) Intangible assets

During the half-year ended 31 December 2022, the Group acquired assets with a cost of \$0.4 million (half-year ended 31 December 2021: \$0.3 million).

(c) Deferred tax balances

As at 31 December 2022, the Group has deferred tax assets totalling \$31.8 million, mostly comprising of carried forward tax losses. The Group's detailed financial model, referred to in Note 1(b), indicates that it is probable that the Group will generate sufficient future taxable profit against which the tax losses can be utilised within a 5-year period.

7 Equity

(a) Contributed equity

	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	1,997,046,892	863,799,408	203,272	176,580

For personal use only

8 Dividends

There were no dividends provided for during the half-year to 31 December 2022 (2021: nil).

9 Contingent liabilities and contingent assets

The Group had no contingent assets or liabilities at 31 December 2022 (2021: \$nil).

10 Commitments

At 31 December 2022, 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 \$376,810,501 over this period.

At 31 December 2022, the Group had capital expenditure commitments of nil.

11 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to the period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

12 Earnings per share

(a) Basic loss per share

	31 December 2022 Cents	31 December 2021 Cents
From continuing operations attributable to the ordinary equity holders	(0.19)	(0.91)
Total basic loss per share attributable to the ordinary equity holders	(0.19)	(0.91)

(b) Diluted loss per share

	31 December 2022 Cents	31 December 2021 Cents
From continuing operations attributable to the ordinary equity holders	(0.19)	(0.91)
Total diluted loss per share attributable to the ordinary equity holders	(0.19)	(0.91)

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

	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings/(loss) per share	1,056,052,113	856,757,741

13 Related party transactions

(a) Transactions with other related parties

The following transactions occurred with related parties:

	31 December 2022	31 December 2021
<i>Sales of goods and services</i>		
Sale of goods to investee entities	-	2
Interest income from investee companies	135	120
<i>Purchases of goods and services</i>		
Management fee for Directors' interests via the investment manager	-	286
Purchases of various goods and services from related parties	-	286

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

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 December 2022	30 June 2021
	\$'000	\$'000
Outstanding balances receivable/ (payable)		
Current receivables	-	-
Current payables	(66)	(4)

14 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 2022 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 2022 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 \$2.1 million and had net cash outflows from operating activities of \$10.1 million for the half year ended 31 December 2022.

The interim 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 Note 20(a)(i) of our 30 June 2022 annual financial statements released in September 2022, the Group outlined a number of 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 31 August 2023 expiry.

The Directors are pleased to report the successful completion of its capital raise and required debt repayments to 31 December 2022, along with the Group's improved financial performance. The Company raised a total of \$28.2 million in the capital raise and repaid \$16.0 million in principal to the NAB. To continue as a going concern the Group requires the continued operational improvement as forecast and ongoing support of its bankers or other financiers as described below.

Financing facilities

During December 2022, the Group successfully renegotiated and extended a number of its financing facilities, however at 31 December 2022 the Group had drawn debt of \$13.1 million, with an expiry date of 31 August 2023, which is classified as a current liability.

For personal use only

The current liabilities are primarily made up of two facilities at 31 December 2022: an Invoice Finance Facility of \$10.0 million, (\$8.1 million drawn) and Business Overdraft Facility of \$18.7 million (\$5.0 million drawn) which have expiry dates of 31 August 2023. The Group's 12-month cashflow forecasts assume the continued availability of these or alternate facilities beyond 31 August 2023. The Directors are confident of establishing or renewing sufficient debt facilities prior to expiry of the current facilities.

The Group has advised shareholders that it intends to conduct an open tender for its debt facilities over the next few months so as to ensure that the structure and tenor of these facilities are fit-for-purpose.

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 August 2023 either with its existing bankers or other financiers and if the generation of cash flows from operations does not improve as forecast, 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.

(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 2022, except for the adoption of new standards effective for reporting periods commencing on or after 1 January 2023. 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 2022/2023, 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 2022. 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 key drivers used to determine the recoverable amount for the different CGUs are disclosed and further explained in note 1(b).

(iii) Recoverability of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax asset that can be recognised, based on the likely timing and the level of future taxable profits, together with future tax planning strategies. Per the discussion in note 6(c), the assessment of utilisation of the deferred tax assets relies upon the forecasts derived from the detailed financial model.

Directors' declaration

In the Directors' opinion:

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 22 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 2022 and of its performance for the half-year ended on that date, and
- (b) 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.



R N Sexton
Chairman

Adelaide

27 February 2023

For personal use only

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



Building a better
working world

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 condensed statement of financial position as at 31 December 2022, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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 2022 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 14(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.

For personal use only



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 2022 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'L A Carr'.

L A Carr
Partner
Adelaide
27 February 2023

For personal use only