

ASX RELEASE

15 April 2019

ASX CODE: BFC

UPDATE ON BESTON TECHNOLOGIES

Beston Global Food Company Limited (ASX: BFC) provided advice to the market on 15 February 2018 and on 8 August 2018 in relation to a “Framework Agreement” which BFC established with DataDot Technology Limited (DDT) to undertake analysis on a possible merger of Beston Technologies Pty Ltd (BT) with DDT.

The analysis involved work on the business model for a possible merger, including development of strategic customer opportunities and validation of BT’s software-as-a-service (SaaS) revenue model. That work is continuing and no decision is expected to be made by either BFC or DDT in relation to the proposal before 30 June 2019. The work is not affected by the recent announcement by DDT on 29 March 2019, that it has agreed to sell its DataDot DNA Theft Deterrent System Business Unit.

As part of the work program undertaken by BT under the Framework Agreement, BT has, in recent months, commissioned an independent review of its technology by the technology consulting company, Readify Pty Ltd (a subsidiary of Telstra Corporation Limited).

The purpose of this announcement is to update BFC shareholders on the results of this review and other developments in relation to Beston Technologies.

Independent Review

The independent review conducted by Readify Pty Ltd has concluded, inter alia, that the Beston Technology Platform (combining OZIRIS and Brandlok):

- Utilises fit-for-purpose technologies and presents functionality via attractive, easy to use interfaces on appropriate device form-factors.
- Solves verification and authenticity of the ‘actual food product’ whilst in the hands of the consumer rather than relying on traditional manual data capture (Enterprise Resource Planning or ERP) techniques as per its emerging competitors.
- Provides a powerful model to market, based on its ability to enable food trust in existing systems such as ERP systems and established Ecommerce Platforms.



The review identified a number of areas for enhancements, particularly in relation to cybersecurity protections, which are now in the process of being implemented.

Blockchain Patent

Beston Technologies has recently been awarded a Blockchain Patent in the United States for managing and providing the provenance of a product, including food.

The Patent covers a methodology for providing identification and anticounterfeiting as a product moves along the supply chain from its source phase, through the transformation phase and undergoes the transportation phase.

The Blockchain Patent reflects some two years of examination by the US Patents office. While Beston Technologies has developed the Blockchain specifically for food and beverages, the Patent applies to products of any types.

The significance of the Patent is that it is consumer interfacing whereby provenance is provided through the blockchain itself in comparison with other “food trust” models which are workflow based and designed to capture digital data at various points along the supply chain.

In simple terms, the Beston Technology platform is about providing “product integrity” versus the “data integrity” approach of competitive systems.

The awarding of the US Patent brings the total number of registered patents held by Beston Technologies to 12.

Going Forward

The Board of BFC has previously advised (at the 2017 AGM) that it intends to divest Beston Technologies at an appropriate time, to allow BT to further develop as a technology company and for BFC to focus on its core business as a food and beverage company.

The technology developed within BT has developed to the stage where it can be made available for use by other food companies, as well as companies in other consumer product-based industries, in Australia and elsewhere. The enhancements currently being made as a result of the independent review will help to facilitate the transition of BT to become a Software-as-a-Service (SaaS) provider to other companies which are concerned about the integrity of their supply chain and wish to provide their customers with assurances about product integrity and traceability.

The Board has also previously advised that the manner of achieving an arms-length divestment of Beston Technologies will be such as to ensure that the shareholders of BFC gain the benefits, both, of the Intellectual Property that has been developed and of the future revenue generation capabilities of the technology.

The Board of BFC will consider the future options for BT, including the potential JV under investigation with DDT, and the various market opportunities, when it has the benefit of the further work which is currently being undertaken.