

ASX RELEASE

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Lactoferrin Production and Sales Update

The new and expanded Lactoferrin facility at Jervois has continued to operate well through the first quarter of the financial year and to date. Nearly all milk supplied to Jervois has first been processed through the Lactoferrin plant to extract the Lactoferrin protein. After extracting the Lactoferrin protein, the milk has then been committed to the mozzarella plant where mozzarella production has also been undertaken in line with plans. The Lactoferrin plant remains on track to produce approximately 20T of Lactoferrin for sale in FY22.

Beston has entered into its first multi-year supply agreement for its “Trueferrin” branded product. The first order has been confirmed for 1.0 Tonne of product which will be dispatched in October. The sales team has also established relationships with a number of other Lactoferrin customers who have begun to purchase our Lactoferrin.

The Company is also in advanced stages of negotiations with several other customers who are similarly seeking long term supply arrangements. We are targetting to sell all of our production of Lactoferrin in FY22, noting that sales will be higher in 2H22 than 1H22 as our customers transition some of their supply to Beston and increase their volumes.

With the completion of its Lactoferrin plant expansion, Beston now has the latest and most technologically up-to-date Lactoferrin extraction facility in Australia. Beston offers two forms of Lactoferrin to the market under its “Biolactive” brand, namely:

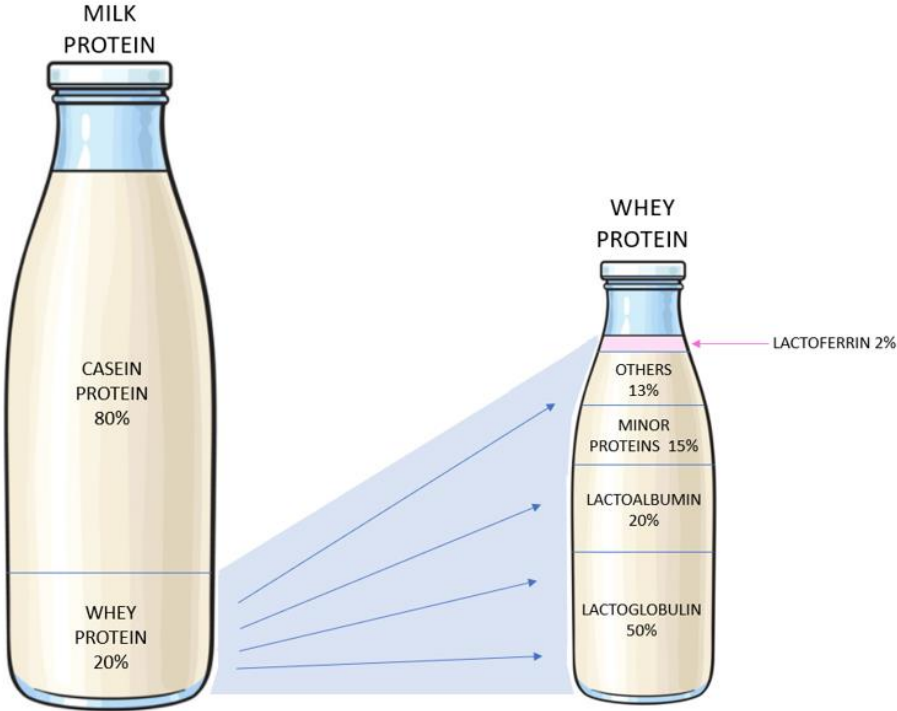
- Trueferrin – high grade Lactoferrin, true to its natural form with high levels of purity (90% to 95%); and
- Mediferrin – our highest grade Lactoferrin, greater than 95% purity, with high bioactivity to support medial grade supplements.

In our view, the Lactoferrin market is continuing to evolve and our discussion with customers indicates an increasing demand for even higher purity level Lactoferrin products. Beston has the latest available European technology at the heart of its Lactoferrin plant. With this advantage in place, we are currently working on refining our technical processes to be able to produce High Purity Lactoferrin >98% purity. Being able to offer such a high purity product to our customers, will further differentiate Beston as a high quality Nutritional’s producer and provide an increased competitive advantage for the Company.

The Company’s dairy nutraceutical team comprises highly skilled individuals who have gained extensive experience working in other nutraceutical plants in Australia and overseas.

Lactoferrin is a glyco-protein derived from whey protein and is found in very small amounts in cows milk (ie typically between 50mg to 100mg per litre of milk), as shown in the diagram below.

The Proteins in Milk



This means that Lactoferrin producers need to process large quantities of milk in order to obtain commercial quantities of Lactoferrin. Beston has the capability to produce 20 to 25 tonnes of Lactoferrin per annum with its newly expanded plant because it has built up scale over the past five years with total milk supply for FY22 expected to be around 155 million litres.

Beston is one of only ten global manufacturers of Lactoferrin as identified in a 2020 report on *Strategic Insights into the Global Lactoferrin and Lactoperoxidase Market*, undertaken by UBIC Consulting.

There is a lot of research being undertaken around the world to build on Lactoferrin’s anti-viral, anti-microbial and anti-fungal properties and the potential ability of Lactoferrin to effectively treat and prevent COVID-19 infection. The latest published study, coming out of the University of Michigan, found that Lactoferrin had remarkable efficacy for preventing the COVID-19 (SARS-CoV-2) infection, and produced better results than 1,400 other FDA approved drugs and compounds that the study team tested.

As further research emerges, it is likely that the important role which Lactoferrin plays in supporting human health will become more widely recognised and will drive the incorporation

of Lactoferrin into a broader range of immunity boosting pharmaceutical, medicinal and nutritional products.

Lactoferrin has been known for more than 50 years to have powerful anti-bacterial, anti-viral, anti-parasitic and anti-allergic functions and properties which are essential for boosting the immune system in the human body. Importantly, in the context of the current COVID-19 pandemic, it has been shown to suppress virus replication by affecting natural killer cells in the human body which play a crucial role in the early stages of viral infection. In the recent study at the University of Michigan referred to above, which was published in the *Proceedings of the Natural Academy of Science*, the clinical research team found that efficacy of Lactoferrin extended even to newer variants of SARS-CoV-2 including the highly transmissible Delta variant.

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

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