

ASX RELEASE

23 June 2022

BFC SIGNS MOU WITH LEADING THAI COMPANY AND EXPANDS EXPORT REACH WITH SIGNING OF CONTRACTS IN JAPAN

- **BFC has significantly strengthened its position in Asian markets with the signing of an MOU with KCG Corporation in Thailand**
 - **Subject to mutual due diligence by both parties, KCG will become a strategic investor in BFC and subscribe for 103,626,943 shares in BFC at a price of 9.65 cents per share (for a total subscription amount of \$10.0 million)**
 - **BFC and KCG have a well established trading relationship and strong history of working together. The arrangement will enable BFC to increase its penetration into ASEAN markets with its products**
 - **BFC has also recently secured a number of export contracts to Japan, which in total represent approx. 20% of its annual production of mozzarella**
 - **The signing of the MOU with KCG and securing of contracts with major Japanese food importers reflects the persistent focus of BFC on its objective of producing premium quality products which meet the stringent standards of its customers**
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Beston Global Food Company Ltd (ASX:BFC)("BFC" or "Beston") is pleased to advise that it has signed a Memorandum of Understanding (MOU) with KCG Corporation (KCG) in Thailand via which KCG will become a strategic investor in BFC and enter into a long term supply agreement for the supply of its dairy, meat and alternative meat products into Thailand. The MOU is subject to mutual due diligence investigations which will be undertaken by both BFC and KCG over the next two months.

KCG Corporation

KCG is the leading importer of dairy products into Thailand and one of the largest suppliers of premium quality food products to the Thai market. The Company was established in 1958 and has been one of the pioneers in bringing globally produced dairy products to Thailand with a focus on cheddar cheese, mozzarella, butter, whey and ingredient products.

It owns the "Allowrie" and "Imperial" brands in Thailand and supplies products to most of the major supermarket chains in Thailand including Big C, 7-Eleven, Tesco, Makro and Foodland.

KCG has expanded its operations over the last 30 years with the establishment of distribution outlets across most of Asia and has also expanded its product range over this time to include meat, seafood, artisan fine foods and canned goods.

BFC and KCG have a well established trading relationship and a strong history of working together. Following the work done to establish the Beston brands in Thailand by BFC in its early years, KCG and BFC reached agreement for KCG to assume responsibility for the importation and distribution of Beston products in Thailand. BFC and KCG have also collaborated on the development of a mozzarella product specifically for the market in Thailand and several other ASEAN countries.

The MOU which has been entered into by BFC and KCG recognises that a strategic partnership between the two companies can unlock further value for both BFC and KCG. Under the arrangements, KCG will become the official representative of and exclusive distributor of Beston products in Thailand and enable BFC to increase its penetration into ASEAN markets with its products.

Thailand imports more than 10,000MT of manufactured dairy products each year from all over the world and has also been increasing its imports of dairy nutraceuticals in recent years (including Lactoferrin). KCG has identified the opportunity to take the meat and plant protein products produced by the Provincial Food Group (PFG), a wholly owned subsidiary of BFC, and distribute these products into Thailand and other ASEAN countries.

KCG will also untap the potential of other BFC retail brands, in particular, Eigh+ alkaline water and Immune+ Lactoferrin drinks, as well as exploring the opportunities for co-packing partnerships in Australia using BFC produced ingredients.

The arrangement will help to provide supply security for KCG for Australian dairy products.

Subject to the completion of satisfactory mutual due diligence investigations, the implementation of the MOU will involve KCG subscribing for 103,626,943 shares in BFC (representing approximately 12% of the currently issued capital of BFC) at a price of 9.65 cents per share. The total subscription amount will be \$10.0 million.

The subscription price represents a premium of 69% on the closing share price on 22 June 2022.

Japanese Contracts

BFC is also pleased to announce that it has recently secured a number of significant export contracts to Japan, representing approximately 20% of its total annual mozzarella production.

Japan is the world's second largest importer of cheese and shipped in 70,000 tons of natural cheese from Australia in 2021, ahead even of traditional large-scale exporters such as New Zealand and Europe. Consumption of natural cheese in Japan has risen year on year for the past decade to a current level of approximately 220,000 tons per annum.

BFC is well positioned to service the Japanese market through its world-class mozzarella plant at Jervois which has seen mozzarella production increase from 4,400 tonnes per annum in 2019 to 15,000 tonnes in this financial year.

BFC recently received the award of "Best Mozzarella in Australia" for its mozzarella cheese at the 2022 Dairy Industry Association of Australia (DIAA) Awards in Melbourne.

BFC has been working on gaining entry into the Japanese market for a number of years, while acknowledging that this market has stringent quality requirements.

The CEO of BFC, Mr Fabrizio Jorge said "that the securing of contracts for supply to some of the largest and best known food companies in Japan reflects the great progress which is being made in execution of BFC's ten year Business Plan".

"Producing and delivering premium products to premium markets is a long-haul journey and our goal has always been to establish long-term, sustainable returns for our shareholders through markets and channels that recognise the quality of South Australian produce".

“Japan is serious about the quality of the cheese it imports and they have found a very capable and like-minded partner in Beston”, added Mr Jorge. “It’s a tough market to break into but the hard work of the Beston team has paid off”, he said.

BFC is also on track to sell approximately five tons of its high purity Lactoferrin in several global markets such as China, USA, South Korea, India and Europe before FY22 year end, bringing total Lactoferrin sales for the current financial year to around 8.2MT.

Lactoferrin is a multi-functional dairy protein extracted from milk that has a wide range of health benefits, especially in boosting immunity. The Company was recently granted registration from the Australian Therapeutic Goods Administration (TGA) for three Lactoferrin products which aid bone, muscle, growth and immune system support respectively.

Through strategic investments and excellent relationships with dairy farmers, Beston has grown its milk supply from 17 million litres per annum in 2015 to 155 million litres this year and has won 161 major industry awards for quality since 2015, both in Australia and overseas.

This ASX Release was approved and authorised for release by the Board of BFC.

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