

OVERVIEW AND UPDATE ON



ROADSHOW PRESENTATION

JULY 2021

1. Summary

- Beston Global Food Company Limited (ASX: BFC) is transforming traditional, low margin, commodity based dairy and meat manufacturing businesses into high margin, health and nutrition businesses by focusing on premium quality products and extracting the high value components in dairy, meat and plant protein.
- BFC listed on the ASX as a start-up company in 2015. Early stage investors have shown patience as BFC has invested ahead of the curve to achieve growth in revenues (and economies of scale in production) but have been rewarded with Share Purchase Plans (SPP) and Rights Issues along the way at significant discounts to net asset values.
- Since listing , BFC has grown its revenue from virtually zero to c. \$140 million in FY21. The UK Financial Times recently identified BFC as the **fastest** growing food and beverage company in Australia (2016-19) and the **second fastest** growing food and beverage company in the Asia Pacific Region.
- BFC has a strong revenue growth trajectory and is on a clearly identifiable pathway to sustainable profitability.
- BFC has been led and managed since listing, under an Investment Management Agreement (IMA) by Beston Pacific Asset Management (BPAM), a company owned by the Founders of BFC. The IMA will be internalized into BFC on 28 August 2021 following the approval of shareholders at an EGM on 28 May 2021.

BACKGROUND

2. Genesis of BFC

- The Founders of BFC, Roger Sexton and Stephen Gerlach recognized the opportunity in 2012 to capitalize on emerging trends in the food and beverage industry resulting from a shift in consumer demand for natural healthy, safe, premium quality high protein products.
- They saw the opportunity to “do things differently” by extracting value along the “farm to fork” supply chain and set out, using BPAM, to identify and acquire suitable assets.
- BPAM has built a reputation and highly successful track record over the last 30 years for being a “**fast mover**” in taking undervalued (and often “unloved”) assets and turning them around to create rapidly growing and profitable companies.
- BPAM’s approach as an industry **disruptor** has seen the transformation of a number of key industries in Australia:
 - ◇ **Wine Industry**: outsourcing of non-core assets to create capital-lite wine companies via the Beston Wine Industry Trust in Australian (now owned by Li Kai Shing via CK Life Ltd, Hong Kong), Vintage Wine Trust in the USA (acquired by Friedman Billings Ramsey) and McLaren Vintners.
 - ◇ **Accommodation Park Industry**: acquisition and consolidation of caravan parks around Australia, the majority on water front, with centralization of reservation systems, accounting and purchase via Beston Parks Accommodation Trust/Discovery Holiday Parks.

2. Genesis of BFC (cont)

- BPAM identified a portfolio of suitable agribusiness assets for BFC over the period 2012-15, secured the assets at sub-market prices with contracts and options, established export market operations and built the technology needed for the “leading edge” operations of BFC, then took the company to an ASX listing in August 2015.

3. Starting Out ...

- BFC started out with a group of run-down dairy assets acquired out of Receivership and with no milk (other than BFC's own farms), no operational factories, no brands, no market presence and no export business
- The starting assets included interests in an organic milk business (B-d Farms Paris Creek), a meat business (Scorpio Foods), a seafood business (Ferguson Australia), a health and nutrition business (Neptune Bio-Innovations) and a water business (AquaEssence).
- The aim of BFC, from the outset, was to be a leading Australian based supplier of safe, clean, healthy food and beverage products to the worlds growing consumer markets, particularly in Asia, by building a reputation for quality, innovation and integrity while carving out a niche in "price-maker" high value food and beverage categories (especially nutraceuticals).
- A clearly enunciated 10 year business plan was put in place to drive long-term value creation

4. Core Operating Assets

DAIRY

Jervois and Murray Bridge, South Australia

90% of group revenue



Mozzarella
Whey powder
Cream
Butter
Cheddar



Nutraceuticals



Milk supply from
south eastern
Australian dairy
farmers

MEAT

Shepparton, Victoria

10% of group revenue



Dice and grind
ingredients
Premium hamburgers,
meatballs
Retail products eg
lamb shanks
Alternative meats

OTHER

Beston Technologies
Patent Protected
Track and Trace
Software
(100% Owned)

AquaEssence
High Alkaline Spring
Water, Mt Gambier
(51% Owned)

Capacity to produce
30,000MT of cheese
per annum, of
which mozzarella is
20,000MT

Capacity to produce
25MT of Lactoferrin
per annum from
180ML milk
processed

Capacity to process
300ML of Milk per
annum. Supply
increased from
16ML pa in FY16 to
145ML pa in FY21

Capacity to treble
current production
levels for meat and
plant-based meat
alternatives

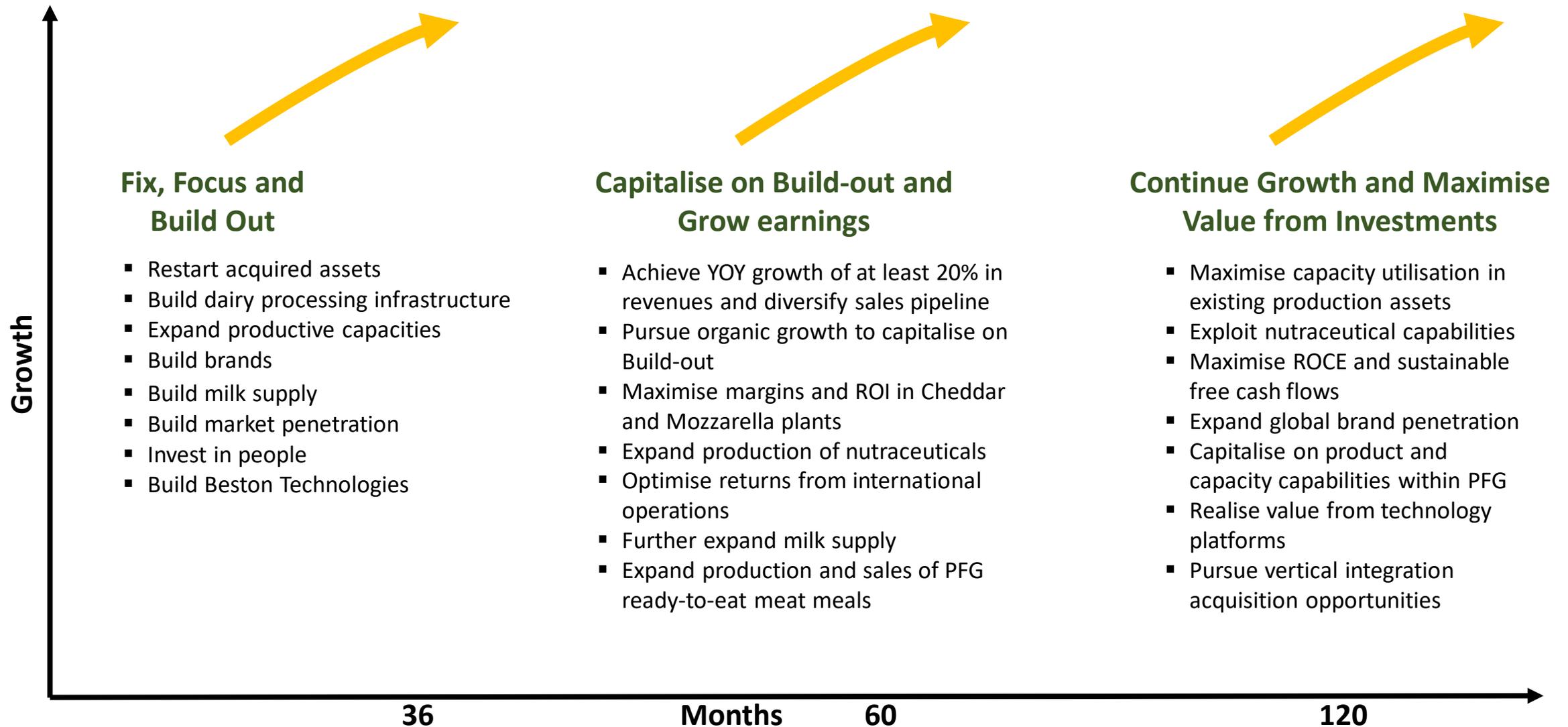
Domestic Markets: Woolworths, MetCash, Costco, McCains, Drakes, Foodservice Trade

Export Markets: Malta, Thailand, Philippines, Vietnam, China, Malaysia, South Korea

5. Business Plan

- BFC has been open and transparent with the market in explaining that its objectives were to be achieved via a 10 year business plan
- The business plan consisted of three phases:
 - Phase 1: Fix, Focus and Build Out (2015-18)*
 - Phase 2: Capitalise on Build Out and Grow Earnings (2018-2021)*
 - Phase 3: Maximise Value from Investments (2021-2025)*
- BFC has achieved all of the objectives which were set out in Phases 1 and 2 of the business plan and is now well advanced with the objectives set out in Phase 3.
- Milestones include: installation of a world class mozzarella plant, acquisition and expansion of a dairy nutraceutical plant and the winning of over 130 Australian and International Awards for product quality and innovation.
- The investments made by the Company since 2015 have added scale and have been earnings accretive.

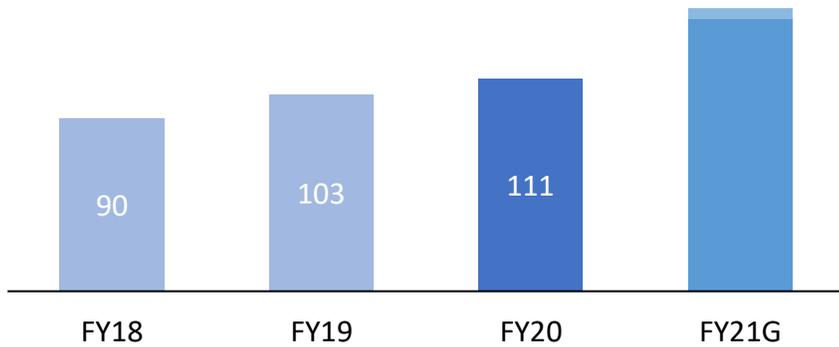
6. The Business Plan in Perspective



7. Dairy Facilities Transformation Nearing Completion

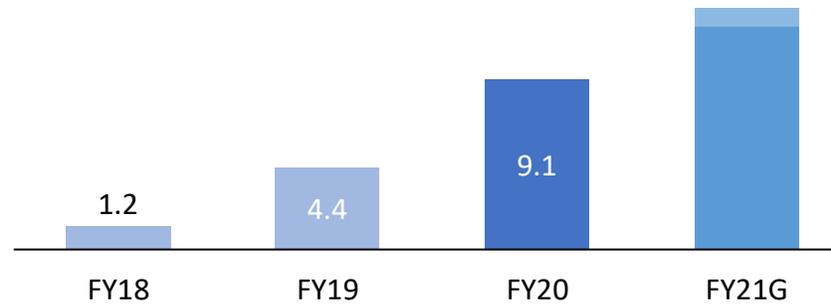
Fastest growing food and beverage company in Australia and second fastest in Asia Pacific region ¹.

Milk supply (ML)



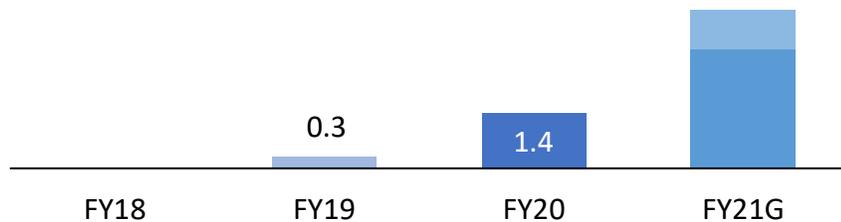
✓ Contracted supply should deliver ~145 ML in FY21

Mozzarella production (KT)



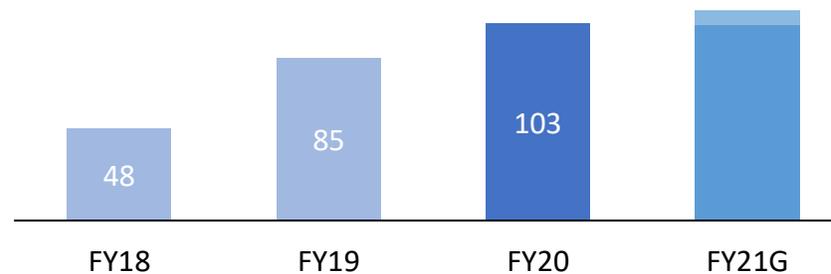
✓ Higher-margin mozzarella production driving growth

Lactoferrin production (T)



✓ Step-change in Lactoferrin production underway

Group revenue (\$ million)



✓ Volume growth and transition to higher value products

Production and revenue increases driven by growing sales pipeline and enabled by increased milk supply

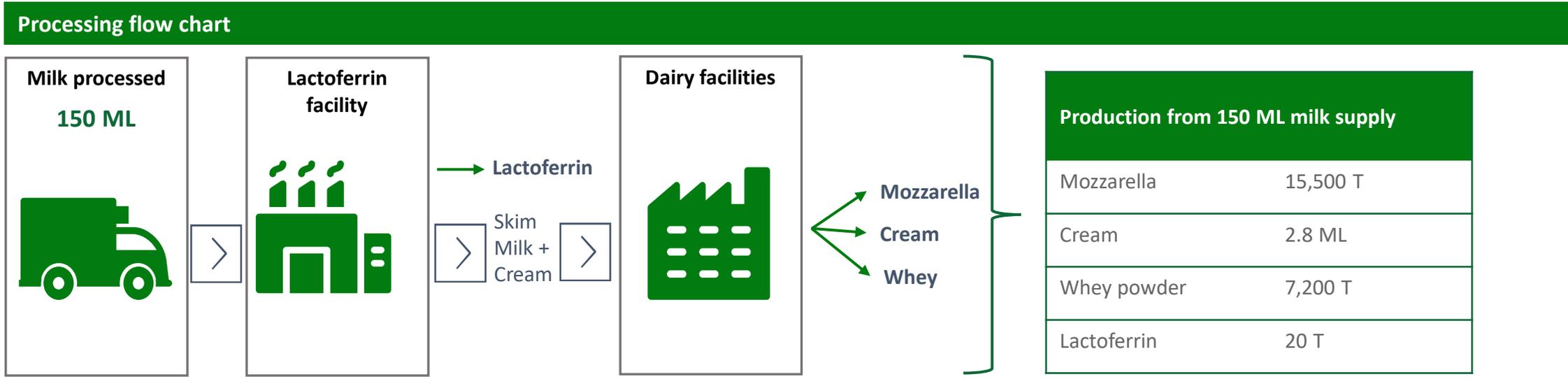
¹ Report by Financial Times in conjunction with Nikkei Asia (Japan) and Statista (Germany) on Asia's Top 500 Fastest Growing Companies 2016-2019

8. What has been done “differently”?

- Invested in capability and capacity during Phases 1 and 2 of the business plan to achieve production and revenue increases.
- Acquired and installed state-of-the-art mozzarella plant from Italy with technology to vary the product offerings for different customers with different qualities and price points (eg high fat/low moisture such as required by Philippines customers; low fat/high moisture as required by many Australian food service customers).
- The technology acquired as part of the Italian-built mozzarella plant (at an additional cost of approx. \$2.0 million) has enabled BFC to “stretch its milk” (ie make its milk go further) with a wider product range.
- As part of the long-term plan to build a health and nutrition company, BFC acquired a dairy nutraceutical (protein fractionation) plant in 2016 (at one third of its original cost).
- The nutraceutical plant was then effectively “mothballed” until such time as the new mozzarella plant was installed and sufficient whey was being produced (as a by-product of cheese production) to operate the plant efficiently.
- Over the last six months BFC has built on the nutraceutical “chassis” it acquired in 2016 to introduce new German technology to enable Lactoferrin to be extracted at the start of the cheese making process (rather than at the end) thereby substantially increasing the yield of Lactoferrin from each litre of milk processed.

9. Value Creation at Jervois Factory

- The expansion of the dairy nutraceutical production facility at Jervois has added significant value via the increased capacity to produce Lactoferrin (from 3MT to 25MT pa).



- The expansion has also provided the capacity and capability to produce other high value nutraceuticals (eg Lactoperoxidase, immunoglobulins, osteopontin, etc) through extended fractionization of the protein streams.
- The estimated replacement value of the Jervois facility is at least \$100 million.

10. Milestones Achieved

- Year-on-year growth in revenues of over 50% pa on average since the IPO in 2015 (ie well in excess of the 20% YOY target).
- Secured milk supply for FY21 of 145ML and targeting 155ML for FY22.
- State-of-the-art mozzarella production plant commissioned at Jervois 2018
- Technology introduced to achieve greater value extraction from each kg of milk solids processed (has enabled competitive pricing to diary farmer suppliers).
- Newly minted dairy nutraceutical plant has increased Lactoferrin production capacity by at least 7x.
- One of only 10 manufacturers of Lactoferrin in the world, with capacity to produce 5% of the current global demand.
- Won over 130 Australian and international awards for quality and innovation.
- Built capability and capacity in production of plant-based alternative meat products (at Provincial Food Group).
- Record production of 5,646MT of mozzarella achieved in 1HFY2021 (up 29% on 1HFY20) and 9,071MT at March 2021.
- Recently awarded major food service contract: approximately 50% of mozzarella production capacity is now locked into forward supply contracts.

11. Strong Stewardship

- The financial model in Phases 1 and 2 of the business plan was based on revenues and profits from supply contracts to China and Chinese cornerstone investors.
- When the supply contracts failed to materialise (and instead of relying on the China market as intended), BFC took a 180° turn and brought forward plans to build a domestic revenue base.
- The Company has had to contend with two years of drought, in 2018 and 2019, which reduced milk supply, and since March 2020, has had to navigate its way through the flow-on effects of COVID-19 (with a 30% drop in food service sales, challenging supply chains, reduced shipping options, cancelled export orders, etc).
- Throughout these setbacks, BFC has “stayed the course” in implementing its 10 year business plan, reflecting the strong stewardship of the Investment Manager, BPAM (and its well seasoned Principals) and the Board of BFC. The costs incurred by BPAM in managing BFC have significantly exceeded the fees paid under the IMA (and have been absorbed by BPAM in the interest of building the business of BFC for the long term benefit of shareholders).
- BFC is the 7th large company founded by the principals of BPAM, all of which have been highly successful (the most recent company, prior to BFC, was Discovery Holiday Parks, the largest owner and operator of caravan parks in Australia).
- BPAM has demonstrated a history of being able to “box the risks” when structuring the various companies which it has founded so as to be able to withstand unexpected changes in its operating environment.
- The considerable corporate experience, and previous successes, of the founders of BFC has been demonstrated in the way in which BFC has successfully managed its way through the adverse events of the past 5-6 years and delivered on its business plan.

12. Internalisation of the IMA

- The founders of BFC made it known to shareholders, at various AGMs and in shareholder communications, that they would recommend the internalisation of the Investment Management Agreement (IMA) with BPAM once the objectives and “hard yards” in Phases 1 and 2 of the business plan had been achieved and the Company was on a steady footing.
- Shareholders voted at the EGM on 28 May 2021 to terminate the IMA with BPAM. Termination will occur on 28 August 2021 after a three month transition period.
- The consideration for the termination is \$1.13 million in cash and the issuance of 21.2 million shares (on 28 August 2021) with an implied price of 21 cents per share.
- The total monetary value of the Termination Payment is \$2.6 million, versus the amount of \$5.64 million which would be payable if the termination fee was fully paid in cash.
- The net cash flow impact of not paying BPAM management fees versus BFC paying the remuneration costs of the senior management will effectively be nil.
- BPAM’s agreement to the amount and structure of the Termination Payment, and in particular taking circa 80% in shares (at an implied price of 21.3 cents per share), underscores the confidence which BPAM places on the forward prospects and inherent value of BFC.
- As part of the transition arrangements, an Employee Share Scheme (ESS) is being put in place with assistance from specialist consultants Godrey Remuneration Group.

13. Behind the “Noise”

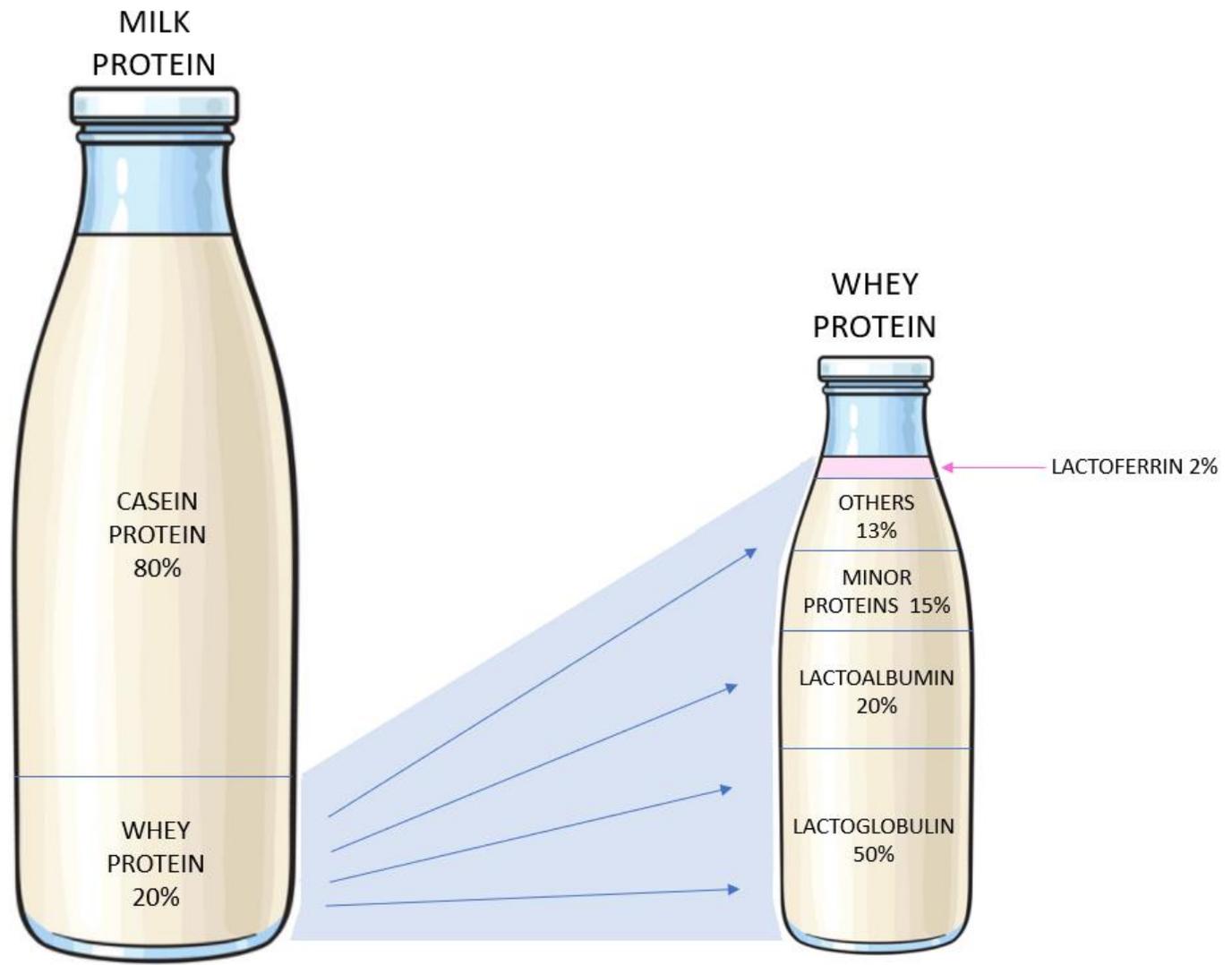
- BFC set out to be a “disruptor” in the food and beverage industry by recognizing and extracting the health and nutrition value of protein components which are typically “left behind” in traditional food and beverage products.
- Implementation of the Company’s 10 year business plan has resulted in the disruption, for example, of the supply chains of traditional white milk dairy processors and given the impression of a lot of multiple moving parts.
- Adjustments have been made to the implementation tactics along the way to adapt to a number of unexpected adversities (eg non-performance of supply contracts with Chinese cornerstone investors, delays in delivery of key plant and equipment from Italy, two years of drought, etc), all of which have been managed within the overt risk management strategy put in place by the Company from the outset.
- BFC has also been subjected to unsolicited and unconventional take-over attempts by offshore parties who sought to exploit loop-holes in Australian Takeover Laws by using “First Strike” and “Second Strike” provisions around remuneration regulations to attempt to achieve a change in control, without paying shareholders for their shares, nor paying a premium for control as would be required if the provisions of the Takeover Laws were followed.
- The Company has been unswerving in its focus to “stay the course” with the implementation of its business plan, despite the “noise” created on certain social media sites by these unexpected adversities and takeover attempts.

VALUE PROPOSITION

14. The Goodness of Milk

- Milk is much more than butter, cream and cheese ... which are all derived from the butter fat component (solids) in milk.
- Milk is also a rich source of minerals and vitamins and contains numerous proteins which have significant health benefits (including for muscle repair and daily immunity). Casein protein constitutes approximately 80% of milk solids and whey protein approximately 20%.
- An important component of whey protein is Lactoferrin which comprises only approximately 2% of whey protein (producing commercial quantities therefore requires a large volume of milk).
- Lactoferrin has been proven in numerous scientific and clinical studies over the last 50 years to have anti-viral, anti-carcinogenic, anti-microbial, anti-hypertensive and iron-metabolising properties.
- Lactoferrin is used in premium infant formula and certain food and cosmetic products, as well as in pharmaceutical products, such as cough mixture and increasingly in formulations to stimulate the immune system (eg to help the human body absorb new cancer treatment drugs).
- Lactoferrin was used as an efficacious adjunct for the treatment of the SARS virus outbreak 20 years ago (in 2003).
- Early trial studies indicate that Lactoferrin may be used as a safe and effective natural agent to prevent and treat COVID-19 infection (by inhibiting the cell entry pathway to the human body used by the COVID-19 virus, also known as SARS-COV-2).

15. The Proteins in Milk



16. Lactoferrin: “Pink Gold”

- Lactoferrin has been widely recognized for some 50 years for its immune boosting properties in the human body, along with many other health benefits.
- It has been termed “Pink Gold” due to its pinkish hue and high price.
- There are only 10 global producers of Lactoferrin at present, of which four are based in Australia (ie BFC, Bega, Freedom Foods and Saputo Australia).
- The barriers to entry are high (eg due to extraction costs, food safety standards etc) and have become even higher as a result of COVID-19 (with the few suppliers of the plant and equipment used in the extraction technology now focused solely on vaccine production machinery until FY23).
- With its new Lactoferrin plant expansion, Beston has increased its production capacity from 3MT pa to 25MT pa.
- BFC now has the capacity to produce 5% of the worlds demand for Lactoferrin.
- Up until now, the Lactoferrin facility at Jervois has been producing Lactoferrin from the whey by-product derived from the production of mozzarella and cheddar. The new Lactoferrin expansion project (with technology sourced from Germany) has increased production of Lactoferrin by extracting the Lactoferrin from skim milk rather than from whey liquid.

16. Lactoferrin: “Pink Gold” (cont)

- Under the new process, the Lactoferrin is extracted at the start of the cheese making process before the milk goes into the production of mozzarella (rather than being extracted from the whey by-product which comes at the end of the cheese making process).
- The yield of Lactoferrin per litre of milk is much higher as a result because much of the Lactoferrin remained in the cheese under the previous production process.
- The selling price of Lactoferrin has risen significantly from around USD500-600 per kg in 2015 to USD1200-2000 per kg currently due to the limited number of suppliers globally, the costs of extraction, and the restrictions imposed by global lockdowns.
- BFC has registered the trademark “BioLactive” for its Lactoferrin protein products and is selling the products in two forms:



BioLactive
for an evolving world.

-  Trueferrin up to 95% purity levels
-  Mediferrin >95% purity (highest grade Lactoferrin to support medical grade products)

17. Meat and Plant Protein

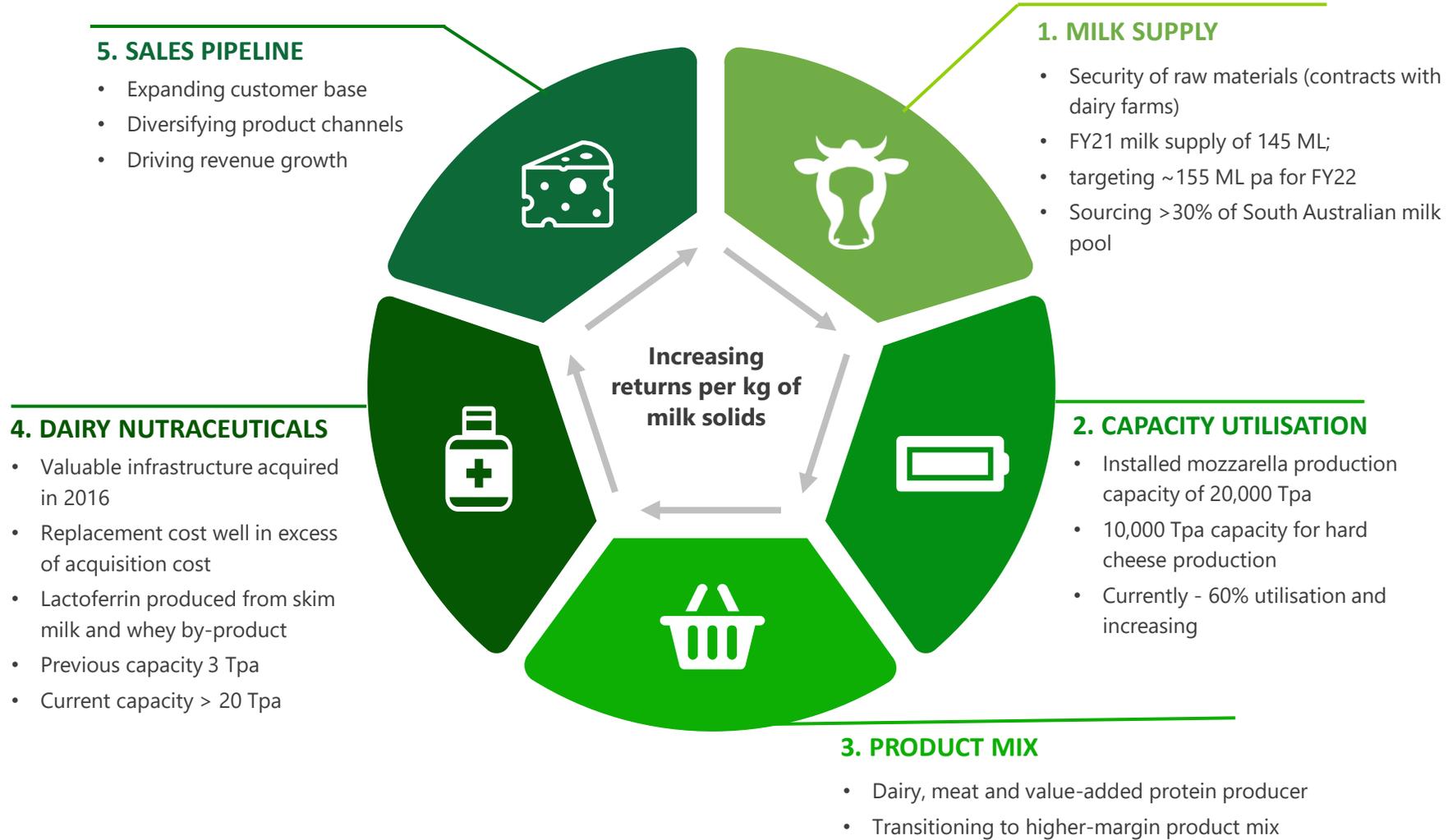
- The Provincial Food Group (PFG) is based in Shepparton, Victoria and is 100% owned by BFC.
- The business started as Scorpio Meats, in which BFC initially acquired a 30% interest. Over a period of three years the business was completely transformed by BFC, and the equity interest increased to 100% (in August 2018).
- PFG is focused on the further processing of meat to produce ready-to-heat meat products and meat ingredients for food manufacturers.
- PFG has also developed capability (and invested some \$8.0 million in specialised equipment) for the production of plant-based protein products.
- The global demand for plant-based meat products is estimated to grow by around 30% pa over the next four to five years and reach a market size of USD50 billion by 2025 (UBS Global Research), representing around 3% of total “meat” consumption.
- The future growth of this business is under strategic review to ensure that its capacities and capabilities are maximised.
- A new General Manager appointed to PFG in June 2021, Rabeeh Charif, who has had extensive experience in the meat processing industry in Australia and overseas.

LOOKING FORWARD

18. Reduced Execution Risks

- The execution risks inherent in Phases 1 and 2 of the 10 year business plan have now passed.
- Completion of the objective in the first two phases of the three phase business plan has reduced per unit operating costs, increased margins and provided a line of sight on profitability.
- The forward risks of the Company are minimal in comparison with the significant upside.
- BFC has established a “virtuous circle” of profitability whereby milk supply drives capacity utilization of the dairy facilities, which are geared towards higher margin protein and nutraceutical products that are supplied to a growing and diversified customer base in Australia and overseas.
- Ongoing execution of the Company’s five strategic imperatives (as shown on the next slide) will drive free cashflow generation, enabling greater milk supply to be secured and continuing the cycle of increasing returns per kilogram of milk supply.
- The investment thesis of BFC has been rationalised and simplified over the past five years around the production of key proteins and protein derivatives: dairy products (primarily mozzarella but also hard cheeses), nutraceuticals (primarily Lactoferrin) and meat and alternative-meat products.

19. Virtuous Circle of Profit Maximisation



20. Competitive Position

- BFC is currently the 7th largest dairy company in Australia. As such, BFC has both critical mass and agility.
- BFC is the 3rd largest Australian owned dairy company (after Bega and Norco).
- A recognized leader in innovation in the Australian dairy industry.
- Capability developed in the production of different variants of mozzarella (eg analog mozzarella).
- Capability developed in the production of vegan cheeses.
- Growing market share in the food service industry.
- Capability and capacity in the production of Lactoferrin and other dairy-derived pharmaceuticals.
- Capability in the production of plant-based alternative meat products at Provincial Foods (a fast-growing food segment, both in Australia and globally).

MAJOR DAIRY COMPANIES OPERATING IN AUSTRALIA	
1.	Saputo Dairy (Canada)
2.	Fonterra Coop (New Zealand)
3.	Lactalis (France)
4.	Bega Foods/Lion
5.	Burra Foods (China)
6.	Norco
7.	BFC

21. A-Grade Management Team

- BFC has assembled an impressive, highly experienced management team within its key operational areas.
- The CEO, Jonathan Hicks (currently on compassionate leave) has had over 40 years experience in the cheese-making industry in the UK and Australia (including Bega and Tatura).
- The CFO, Darren Flew (currently Acting-CEO) has held senior financial and commercial positions with globally operating companies in Australia and Canada.
- Recent appointments ensure that BFC has a depth of management expertise on the exit of BPAM (internalisation of IMA) and that Lactoferrin quality and sales growth meet expectations.
- Key additions to management over the last six months include:
 - ◇ Frank Baldi, Chief Operating Officer (25 years of dairy manufacturing experience including stints at Bega and Freedom Foods)
 - ◇ Katrina (Tina) Li, General Manager, Nutraceuticals (has worked with major dairy companies both in New Zealand and Australia, including Synlait, Murray Goulburn, Nuchev and Fonterra)
 - ◇ Dr Sinuo (Snow) Tan, Head of Laboratories (has a PhD in Chemistry from Monash University, specializing in research on Lactoferrin and other dairy nutraceuticals)

21. A-Grade Management Team (cont)

- ◇ Elicia Kumar, Production Manager, Lactoferrin and Powders has a strong background in processing dairy by-products, particularly in relation to evaporation and nutritional spray drying plants. (Elicia previously worked with Freedom Foods).
 - ◇ Leon Jayne, Production Manager, Cheese and Butter, has an extensive background in food production, particularly in Dairy where he was most recently the Plant Manager for Fonterra's Te Aroha Plant in New Zealand.
 - ◇ Rabeeh Charif, General Manager, Provincial Foods (has previously held senior roles with meat processors in Australia and overseas, most recently with Papua Niugini Freezer/BNG Trading).
- The new hires have provided skills that are fit-for-purpose, match the forward objectives of BFC and support 24/7 operations at the factories.

22. FY21 Highlights

A challenging but advancing six months despite COVID-19 impacts, with execution of major milestones completed.



Lactoferrin expansion
Initiated Stages 1 and 2 of the lactoferrin expansion project to bring total capacity to 25MT from 180ML milk



SA Government Grant
Awarded \$2 million South Australian Government grant for Stage 2 lactoferrin expansion and secured second column for this stage



Dairy Farms Sale
Sold the dairy farms and redeployed the capital to fund the Lactoferrin plant expansion and pay down debt (thereby achieving increased capital efficiency)



Jervois Infrastructure Review
Jervois infrastructure review identified requirements for the facility to operate more reliably as it moves toward 24/7 operations



New Milk Supply
~30% increase in milk supply including from Aurora Dairies on 1 September 2020 (acquirer of Beston Farms)



Initiation of Rights Issue
\$15.6m rights issue (completed in February) to fund Stage 2 lactoferrin expansion, and further upgrades of infrastructure at the Jervois facility



Building Dairy Experience
Key experience and skills in operations and nutraceuticals added to the dairy business



IMA Termination
Agreement concluded to terminate the IMA, and approved by shareholders at an EGM, held on 28 May 2021

23. Well positioned heading into FY22

Capitalising on strategic imperatives which underpin Phase 3 of the ten year Business Plan

Operating Reliability

- Teflon issues at Jervois mozzarella plant rectified
 - Boiler control systems improved; replacement planned for FY22
 - Multivac upgraded; replacement planned for FY22
 - Maintenance regime overhauled; increased spend on preventative maintenance
 - More staff with deep dairy experience
-

Mozzarella Sales

- ~7,600 T (~50% of volume) under several longer-term supply agreements (~25% at start of FY21)
-

Lactoferrin Sales

- Plant expansion completed; product quality and yields exceeding expectations at this point in the project
 - Significant new high margin revenue stream
 - First order for delivery in June
-

Financial Position

- Production, revenue and profit increases driven by sales pipeline and enabled by milk supply
 - Operating cash flow positive
 - FY22 activities fully funded
-

24. FY22 Outlook

FY22 outlook is to deliver sustainable profits with strong operating cash flows

Extracting more value from every litre of milk processed

Measure	unit	FY21G ¹	BFC Yields ²
Milk	ML	142-148	150
Mozzarella	MT	12,000-13,000	15,500
Lactoferrin	MT	3.0-4.0	20.0
Group Sales	\$M	119-125	
EBITDA	\$	ng	↑
NPAT	\$	ng	↑
Revenue/litre milk	\$/l	~0.76	
Capex	\$	16-20	
Net Debt	\$	ng	

~12% improved production yield with issues resolved. Higher yield adds ~\$14 million to earnings

Higher Lactoferrin sales add ~\$11 million to earnings

Improved yields, higher milk volume and Lactoferrin sales drive significantly higher results

Analysts consensus forecasts³

FY21C	FY22C	Change	%
145	155	10	7%
12,090	14,368	2,278	19%
3.0	16.5	13.5	450%
120	152	32	26%
(17)	9	26	Large
(15)	3	18	Large
0.76	0.90	0.14	19%
18	14	(4)	-20%
21	30	9	40%

1 BFC Operational Guidance: Source: CEO Letter 21 May 21

2 BFC Yields for 150ML milk processed based on current operating assumptions as per slide 9

3 Consensus Forecasts from Research Reports on BFC issued by MST Access and Sequoia Financial Group

25. Potential Value Up-Lift in Core Business

- BFC has acquired the majority of its assets at a fraction of their original cost, and of replacement value.
- The dairy factories at Murray Bridge and Jervois which previously sold for \$70 million, were acquired for \$4.5 million (out of Receivership).
- The dairy nutraceutical plant was acquired for \$7.0 million versus the original cost of \$21.0 million.
- The dairy farm assets were acquired for approximately \$28.0 million and sold for \$40.0 million (with the proceeds reinvested into BFC's dairy factories).
- The assets of BFC are held in the statutory balance sheet of the Company at cost.
- The book value of NTA is 15.7 cents per share (as at 30 June 2020). The estimated fair market value of the Company's assets is substantially higher than book.
- The Company has several subsidiary operations which are each expected to create value in their own right over time (namely Beston Technologies, AquaEssence, Lactoferrin drinks and other protein-based health and nutrition products).

25. Potential Value Up-Lift in Core Business (cont)

Beston Technologies

- BFC has developed a technology in BT to enable consumers to track and trace the ingredients in BFC's food products and enable them to verify the provenance (authenticity) of the products.
- The technology eco-system (Brandlok and OZIRIS) has been awarded 13 patents, including a block chain patent from the USA.
- The technology has recently been "turned on its head" to use it for identifying recyclable/non-recyclable packaging in waste transfer stations.
- BT has recently been awarded a prestigious CSIRO STEM+ Ross Metcalf Grant (\$900K) to assist in the application of the technology to waste management situations.
- Blockchain technology trial on supply chain integrity commenced with the support of Australian Dairy Farmers Association.
- The objective is to achieve commercialization (and sale) of the technology by offering software-as-a-service solutions to customers across a range of industries.

25. Potential Value Up-Lift in Core Business (cont)

AquaEssence (AQE)

- AquaEssence is a Mount Gambier (SA) based beverage business which produces and distributes high alkaline water products (bottled at the source). BFC holds a 51% interest in AquaEssence.
- The water is sourced from underground aquifers (from the underground limestone caves adjacent to the Blue Lake) on AQE owned freehold land and has a natural pH of 7.9 to 8.0.
- AQE's water licences enable it to draw up to 141.7 million litres of water per annum.
- Alkaline water is internationally recognized for its health benefits in potentially:
 - ◇ Combating the acid condition caused by modern diets (and the aftermath of chemo-therapy treatment) and helping to maintain a healthy disease fighting system
 - ◇ Providing superior hydration and nutrition at the cellular level (ie detoxifying cells more efficiently than standard drinking water)
- AQE water is sold to multiple customers, including OTR, Flinders Private Hospital, Drakes, MineArc and BHP, and is used in the production of BFC's Immune+ Lactoferrin drink.
- The value of the water licences (held at cost) in AQE has risen significantly since purchase and can be expected to increase further over time as countries around the world deal with persistent issues of water quality.

26. Other Potential Value Up-Lifts

New Products

- The significant increase in volume and quality of the Lactoferrin produced by BFC can be leveraged to develop new products for health and nutrition based on Lactoferrin.
- BFC is due to release two Lactoferrin drinks (Life X10 and Immune+) to the market in coming weeks (the products use high pH AquaEssence water together with liquid “Trueferrin” Lactoferrin).
- BFC’s Lactoferrin facility has the capabilities to extend the fractionization of protein streams into other products such as alpha lactalbumin, immunoglobulin and beta lactoglobulin, all of which have important applications in pharmaceutical products. The Company intends to exploit these capabilities as milk supply and mozzarella production increase going forward.
- The capabilities and capacities which have been developed at Provincial Foods for production of plant-based protein products will also be exploited under the new management put in place at Provincial.



27. The Forward Runway

- BFC had “moved mountains” under the leadership and guidance of BPAM, the BFC Board and Management to get to its current position and break-even point.
- The Company now has all the value drivers in place to unlock the potential of BFC and deliver long term value creation. It has gradually and methodically increase capability and capacity to take the business forward and “future proof” the earnings streams.
- Lactoferrin will be one of the important value drivers for BFC over the next few years.
- A key part of the strategy in Phase 3 of the Company’s business plan is to extract the value inherent in the “goodness of milk” by producing high value Lactoferrin in addition to the Company’s award winning mozzarella and other cheese products and then moving progressively on to the production of other high value nutraceutical products.
- Additional high value, high margin nutraceutical products (which are in high demand) are capable of being produced from the existing platform as BFC completes its transformative journey into a health and nutrition company, centred around protein and protein derivatives, in line with the third stage of its 10 year business plan.

27. The Forward Runway (cont)

- The opportunities to expand the production of nutraceutical products at the high end of the value chain include lactoperoxidase, GOS (galactooligosaccharide), immunoglobulins and whey protein isolate, all of which command high prices relative to the “commodity” products produced from milk (such as cheese, butter, cream, etc).
- BFC has been progressively positioned over the last five years so that it has a strong commercial and financial outlook that can generate profitable, sustainable returns and long-term value creation for shareholders.

28. Strong Macro Tailwinds

- The global nutritional food and beverage market is estimated to grow from \$10 billion to \$20 billion by 2030.
- The dairy nutraceutical market is one of the most valuable markets in the global dairy industry with naturally based dairy proteins (e.g. Lactoferrin, immunoglobulins, GOS etc.) used in a range of applications in the health, nutrition and pharmaceutical industries including infant formula, adult formula (e.g. Sustagen), dietary supplements and a wide range of medicines.
- COVID-19 has brought about an increased awareness around the world about issues of health, nutrition and hygiene, and the need to boost general immunity.
- BFC stands to benefit from the post-COVID environment, including the publicly stated objectives of the Federal Government for Australia to be more self sufficient in the production of pharmaceutical products and medicines.
- The global demand for Lactoferrin is forecast to grow from 352 tonnes per annum currently to circa 500 tonnes per annum by FY23 (UBIC Consulting, 2020).
- BFC is well positioned in terms of the secular themes around the supply of protein to “feed the world” (with the trends in demographics, rapidly expanding middle income classes etc) and increasing focus on health, nutrition and food security.