

20 June 2018

NSX Announcement

Beroni Group to Acquire Medicine Plus

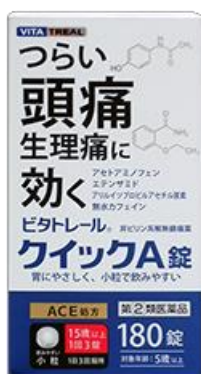
Beroni Group (ASX: BTG) ("Beroni") is pleased to announce that it has today entered into a binding agreement to acquire 100% of Medicine Plus Co., Ltd, ("MP"), a pharmaceutical company based in Osaka, Japan ("Transaction"). Beroni will acquire MP for JPY1.178 billion (A\$14.37 million¹) via a combination of cash and shares ("Consideration"). The Transaction is subject to regulatory approvals for the change in ownership of licenses and permits to sell medicine, and approvals from other contractual parties.

About Medicine Plus Co., Ltd

MP was incorporated in Japan on 15 February 2005 and sells a wide range of medical drugs, health foods, supplements, cosmetic products and household goods in the Japanese market. Its products are sold to chemists, clinics, dentists, supermarkets and other retail outlets. MP also has a significant presence on the popular e-commerce sites in Japan such as Rakuten, Yahoo and Amazon.

In addition to selling its own branded products, MP also sells a diverse range of third party branded products. MP has an established wholesale network of over 2,000 distributors and 7,500 sales outlets. Approximately 50% of its sales are via the wholesale network and the other half through e-commerce platforms. Its e-commerce business is the fastest growing of its sales channels, with an existing membership base of almost 700,000 consumers. MP has developed an efficient warehouse logistics and delivery management system for its diverse range of products to ensure fast product turnaround and minimum inventory levels.

The sales of its own branded products through its flagship stores and online channels have increased six-fold in the last two years. Some of its more popular own branded products are shown in Figure 1 below. More products can be viewed on MP's website at <http://www.medicine-plus.co.jp/>.



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Figure 1: Examples of Medicine Plus's own Branded Products

For its financial year ended 31 August 2017, MP achieved sales of JPY4.42 billion (A\$54 million¹) and net profit of JPY47.07 million (~A\$574,000¹). Its net assets value as of 31 August 2017 was JPY281 million (A\$3.42 million¹).

Following the acquisition, Beroni will work with MP to expand its sales and distribution network especially in the e-commerce business. At the same time, the acquisition will extend Beroni's suite of products and enable Beroni to sell MP's products into China, the world's largest e-commerce market.

Strategic Fit

The Transaction is underpinned by the following strategic rationale and synergistic benefits:

- Significant boost to the group revenue of Beroni going forward, from A\$2.3 million to A\$56.3 million;
- Provides Beroni with a strategic platform in the Japanese market especially in the e-commerce sector;
- Scope to expand the MP business to stores frequented by Asian tourists in Japan such as duty-free shops and tourist attraction areas;

- Allows Beroni to expand its product lines to cater for the fast-growing consumer markets in Asia;
- Ability to leverage marketing and selling expertise and relationship between its business in Japan and in China; and
- Significant opportunity to drive future organic growth in the overseas e-commerce market.

Beroni's Executive Chairman Jacky Zhang said: "We are excited by the acquisition of MP. The transaction truly transforms Beroni into an international biotechnology company with businesses and investments in Australia, Japan, China and the USA. MP's business is firmly within our core competencies and is a compelling strategic fit with our existing business in China. This acquisition accelerates our health-related product growth strategy as we move to integrate the MP business. We are also delighted to welcome the highly efficient Japanese management team to Beroni."

Transaction Summary

- Beroni to acquire all issued shares of MP for a total Consideration of A\$14.37 million¹;
- 15% of the total Consideration to be paid by issuing the equivalent amount of A\$2.16 million¹ in Beroni shares to the existing shareholders of MP;
- Beroni has until 20 September 2018 to pay the Consideration;
- Transaction is conditional upon the necessary government approvals for the change of ownership of existing licenses and permits to sell medicine in Japan, and approvals from other contractual parties of MP;
- Beroni intends to fund the rest (85%) of the Consideration with a combination of new funds to be raised from the issue of new Beroni shares and/or debt;

Notes:

¹ Exchange rate of A\$1 = JPY 82 used to convert all JPY amounts

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About Beroni Group Limited (NSX:BTG) (FSE:6B9)

Beroni Group is a Chinese biotechnological company which is dual listed on the National Stock Exchange (Australia) and Frankfurt Stock Exchange. Its business mainly focuses on biotechnology, life sciences, environmental science and governance, precision medicine, regenerative medicine, and stem cell anti-cancer and anti-aging projects. Beroni Group's overall strategic goal is to have a global presence in the biotechnology, bio-science and environmental science industries.