

ASX RELEASE

11 December 2020

INTERNALISATION OF INVESTMENT MANAGEMENT AGREEMENT

Beston Global Food Company Limited (ASX: BFC, “Beston” or “Company”) and Beston Pacific Asset Management (“BPAM”) advise that they have reached an in-principle agreement to terminate the Investment Management Agreement (“IMA”), which is currently in place for the day to day management of Beston.

The Independent Directors of Beston completed an extensive review of the IMA in the first half of 2020 and subsequently advised of their decision to leave the IMA in place for the balance of 2020, with a follow up review and further announcement to be made by early 2021. Their reasoning for temporarily maintaining the IMA included commercial considerations due to the risk of increased cost to the business at that time.

As a result of progress being made in delivering Stage 1 Lactoferrin expansion, and other relevant factors, the Independent Directors recently resumed their review of the IMA and obtained further independent advice.

The in-principle agreement will see BPAM terminate the IMA and internalise Beston’s management functions, subject to review, completion and execution of legal documentation and the approval by shareholders to terminate the IMA.

The termination fee due to BPAM under the terms of the IMA has been independently verified (based on work done by Grant Thornton, Peleton Corporate and Moelis Australia) as \$5.6 million. Beston and BPAM have agreed that the termination fee, having regard to the contractual terms of the IMA and other commercial considerations, will be payable by way of a cash payment of \$1,130,000 and the issue of 21,125,000 new shares in Beston, that will settle on 28 August 2021. The implied share price of the share issue will be 21 cents.

The in-principle agreement is subject to a number of further considerations including the finalization of the formal legal agreements. These are being prepared and it is planned to finalise these for sign-off in early January 2021.

The termination is contingent upon resolution being passed by shareholders at an EGM to be held on 28 May 2021. The terms of the termination payment are fixed and will not change. BPAM has also voluntarily offered to forfeit any performance fees which may accrue in the period to settlement.

Settlement of the termination fee will occur 90 days after the EGM Resolution is passed, that is, on 28 August 2021, in accordance with the contractual terms of the IMA. BPAM will meet any cost shortfalls relating to remuneration and related costs of the management team until the date of settlement.

A Transition Committee including a majority of independent Non-Executive Directors will oversee the internalisation of the senior management team and related functions from BPAM to Beston.

Beston is focused on continuing to build the company’s capability and capacity to drive future growth and profitability, with the objective of “future proofing” the business by expanding the product offering in high margin products such as mozzarella and dairy nutraceuticals.

Accordingly, it is considered that now is an appropriate time to move to terminate and internalise the IMA and have management directly accountable to shareholders for the performance of the Company against its financial objectives.

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

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ABOUT BESTON GLOBAL FOOD COMPANY LIMITED

Beston Global Food Company is a proud South Australian multi award-winning company taking the best of Australian produce to the world with fresh milk supplied by valued farmers. The company provides direct and indirect employment for nearly 300 people. For more information please visit: www.bestonglobalfoods.com.au