

MATERIAL MANUFACTURING AND SUPPLY AGREEMENT SIGNED

9 November 2020

- Keytone has signed a material manufacturing and supply agreement with a leading New Zealand retailer for the ongoing supply of milk powder
- Agreement estimated to be worth more than NZD7.1m
- First purchase orders received and dispatched (ahead of signed agreement)
- Further diversifies Keytone's broad revenue base and demonstrates the Company is not reliant on the Chinese Daigou channel which has been materially impacted by COVID-19 as experienced across the industry

Sydney and Melbourne, Australia and Christchurch, New Zealand – Keytone Dairy Corporation Limited (ASX:KTD or KTD.AU) (the “Company” or “Keytone”) is pleased to announce it has signed a material milk powder manufacturing and supply agreement (the “Agreement”) with leading New Zealand national grocer, Foodstuffs. Keytone will manufacture and supply whole and skim milk powder for Foodstuffs Own Brand Limited (“Foodstuffs”) across multiple Foodstuffs product brands and sizes to be distributed throughout New Zealand.

The key details include:

- NZD7.1m sales and volume forecast received¹
- Initial purchase orders totalling more than NZD500k received to date
- Initial term of the Agreement is 2 years and will continue indefinitely thereafter²
- Other standard terms and conditions setting out quality requirements, ordering and delivery time frames of nominated milk powder products nationally

The products will be manufactured in Keytone's New Zealand facilities.

This large domestic contract further demonstrates the diversified nature of the revenue base of Keytone across New Zealand and Australia, highlighting the broad, ever-growing and robust client base of the Company. Importantly it also illustrates that the business is not reliant on any one channel, one geographic market or one client. Keytone does not, and nor has it historically, relied on the Chinese Daigou cross-border distribution channel as a key route to market and as such is not suffering the challenges being experienced through this distribution channel due to international border closures as a result of COVID-19.

¹ The sales forecast provided is not a legally binding purchase order and Foodstuffs is not legally bound to supply purchase orders for the forecast amount. Accordingly, the purchase orders could be significantly higher or lower through the period

² Following the initial term of the Agreement, termination rights include termination for convenience on 30 days notice by either party

Keytone's CEO Danny Rotman commented, "Based off our track record and leveraging our credentials, world class facilities and reputation, Keytone has successfully tendered and won this significant contract in New Zealand for the supply of milk powder. The win is testament to the growing and diversified client base of the Company and the fact that Keytone is not reliant on the Daigou channel or any one distribution channel."

"While this is a large domestic contract, based off discussions to date, Keytone believes there is further upside in the value of the sales over the initial term not to mention the opportunity to sell in our range of high margin proprietary products to Foodstuffs, New Zealand's largest grocery retailer."

The release of this announcement was authorised by the Non-Executive Chairman, Mr. Peter James, on behalf of the board.

Further Information

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About Keytone Dairy Corporation Limited

Based in Sydney and Melbourne, Australia and Christchurch, New Zealand, Keytone Dairy Corporation Ltd is an established manufacturer and exporter of formulated dairy products and health and wellness products. Keytone Dairy's wholly-owned subsidiary Omniblend is a leading Australian product developer and manufacturer in the health and wellness sector, with both dry powder, ready to drink and protein bar health and wellness-based product capability. In addition to Keytone Dairy's own brands, the company is a trusted production partner, contract packing for well-known brands in Australia, New Zealand and internationally. The Company's purpose-built production facilities in Australia and New Zealand offer a wide range of dairy, health and wellness and nutritional packing solutions, meeting the diverse needs of consumers from different markets and cultures. Please visit www.keytonedairy.com for further information.

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