

LICENSING AGREEMENT FOR BAILEYS™ INDULGENT PRODUCTS

28 May 2020

- Keytone Dairy signs licensing agreement for premium Baileys™ non-alcoholic coffee flavored ready-to-drink dairy products
- Distribution license for Australia, New Zealand, Hong Kong and Taiwan
- Currently stocked nationally throughout Caltex Petroleum Stations in Australia

Sydney and Melbourne, Australia and Christchurch, New Zealand - Keytone Dairy Corporation Limited (ASX:KTD) ("Keytone" or the "Company") is pleased to announce its wholly owned subsidiary Omniblend Pty Ltd has signed a license agreement with R & A Bailey & Co Ltd ("Baileys") for the distribution of premium ready-to-drink Baileys™ non-alcoholic coffee flavoured milk drinks and premium Baileys™ powdered beverages.

The Company will pay a minimum royalty of \$280,000 for the license through to the end of the initial license period, being 31 December 2022. The sales through this period are expected to be magnitudes higher than the license cost and the range is manufactured in-house at Keytone's Melbourne facilities and will deliver further margin benefit to the Company. The direct sales attributable to Baileys™ products bring a strategic benefit and financial upside to Keytone, working with Baileys™ and their local representatives Assembl Brands Pty Ltd. Such sales further elevate the credentials and product recognition of the Company's full proprietary product suite to Keytone's existing and potential new distributors and retail partners as well as its contract manufacturing clients, existing and prospective.

The range under license will commence with 3 flavour SKUs, being Original Irish Cream Iced Coffee, Iced Mochaccino and Iced Butter Caramel & Sea Salt with new product development well advanced to bring additional premium ready-to-drink flavours to market in the near future. Premium Baileys™ powdered flavour products will also be introduced to market from 1 August 2020.



Premium ready to drink Baileys flavoured non-alcoholic coffee drinks to be manufactured and sold by Keytone

The products are currently distributed nationally throughout Australia at Caltex Petroleum Stations, with further national ranging at Beer Wine Spirits ("BWS") (Woolworths Australian retail chain of 1,352 liquor stores), expected imminently. Keytone will also look to roll-out the licensed Baileys™ range through its existing expansive national distribution footprint. Initial indications for distribution opportunities in New Zealand, Hong Kong and Taiwan are promising in these markets with strong demand and upside expected over the short to medium term. These distribution channels are new channels to Keytone and offer further upside for Keytone's proprietary product branded suite, including its KeyDairy, Tonik and SuperCubes brands.

Keytone CEO Danny Rotman commented, "The licensing deal with a global company such as R & A Bailey & Co. and the Baileys™ brand validates the credentials of Keytone, positioning the Company for further distribution channel wins for the full proprietary product suite and provides a stepping stone for licensing of further global brands. This is a valuable contract win for the sales opportunity directly attributed to the Baileys branded products, and the significant upside this brings across the Company's proprietary products."

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

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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 and ready to drink 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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