

Keytone Dairy Corporation Limited

Annual General Meeting – 31 August 2020

I am extremely pleased to be here today and update you all on progress over the course of the last 12 months. At the AGM of 2019 I referenced the significant 12 months in the evolution of Keytone Dairy. Through the FY20 year ending 31 March 2020, Keytone has built on and further accelerated this evolution successfully pursuing a diversified health and wellness strategy, culminating in a robust and diversified operational base across Victoria and New South Wales, Australia and Christchurch, New Zealand.

While remaining conscious of the Company's dairy origins in New Zealand, Keytone as a young and ambitious entity has successfully grown and diversified through the FY20 year, setting itself up for long term success, simultaneously growing revenue, clients, manufacturing capability and our proprietary product portfolio. As a result, Keytone is magnitudes larger with a stronger balance sheet, supportive shareholder register and diversified operational base than it was some 12 months ago.

Through the last financial year, the group has undertaken a number of acquisitions, including Omniblend, Super Cubes and most recently the acquisition of the assets of AusConfec in Sydney. Each of these acquisitions have been highly strategic adjacencies and complementary to the core business of Keytone Dairy. In the final months of FY20 and into FY21, Keytone has successfully integrated these businesses into our infrastructure. The group is now in the unique position of being a vertically integrated manufacturer with a rapidly growing and diversified proprietary product portfolio with higher value, higher margin products. The core verticals of the business being Proprietary Products and Contract Manufacturing are underpinned by an experienced in-house product development team with a pipeline of innovative products.

The group now operates across six operational sites with varied manufacturing capability including formulated dairy and non-dairy powders, long life UHT drinks and most recently, protein bars. Keytone is servicing clients globally and has an ever-increasing distribution footprint both domestically and internationally. Our products across the health and wellness sphere range from formulated and functional dairy powders, including the newly launched Immunity Booster powder, whole and skim milk powders, goat milk powder, organic derivatives, sports nutrition and protein powders, ready-to-drink protein shakes, including Australia's first high protein, plant based, vegan protein shake, frozen smoothie cubes, frozen/healthy fruit purees/ice creams and innovative protein bars.

This unique and growing product range is housed under our health halo brands being KeyDairy, Tonik, SuperCubes and our permissible indulgence brand Grans

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Fudge. Under each brand there are exciting new products under development which will be released in due course.

In addition to Keytone's fast growing proprietary product vertical, the group's second core vertical is contract manufacturing. Keytone has extensive expertise and capability in private label manufacturing across New Zealand and Australia. The business has announced a number of significant new client wins through the FY20 year, including Walmart China, Nouriz China and Iovate while continuing to manufacture for other blue chip clients including Bellamy's organic, Freedom Foods, Woolworths and Optislim among many others. Working with these brands speaks volumes to the expertise, experience and credentials of our teams and facilities.

Keytone continues to leverage our core credentials and heritage of clean, green, pristine ingredients while maintaining our highly valued accreditations with the relevant industry bodies, including the New Zealand Ministry of Primary Industries, Risk Management Program, the People's Republic of China, Certification and Accreditation Administration ("CNCA"), Halal certification, organic license, British Retail Consortium AA grade accreditation and Dairy Food Safety Victoria amongst others.

Another major milestone with regard to the group's core strategy was met during the year being the completion of the purpose-built powder manufacturing plant in Christchurch, New Zealand. The plant has been fully operational since the fourth quarter of FY20 and is continuing to scale. The completion of this greenfield project is a major milestone in the history of Keytone Dairy and it incorporates a number of technology firsts in New Zealand adding further depth, breadth and capability to the group, benefiting our proprietary brands and our third party clients.

The financial performance of Keytone through the period has equally transformed and accelerated alongside the outlined growth initiatives. The company has continued to deliver quarter on quarter and year on year sales growth. Keytone recorded head line sales of \$22.5 million for FY20 and has continued its rapid growth trajectory into the current financial year.

It would be remiss not to mention the impact of COVID-19 on Keytone given the times we are all living in. Notwithstanding the various lockdowns all Australians and New Zealanders have lived through (some of us twice and many of our Melbourne colleagues continuing to live through) the underlying Keytone business has continued to perform strongly and importantly record week on week, quarter on quarter sales growth. While having a diversified operational base across six manufacturing sites in multiple states and two countries mitigates the potential risk of

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any one plant closure, I am pleased to say that all of Keytone's manufacturing sites have been classified as essential services by both the Australian and New Zealand Governments and have operated in full throughout the pandemic. Furthermore, the wellbeing and safety of our people has always been a first priority and already stringent food safety standards have been further enhanced to ensure the well being of all staff and the continued operations of the business through these unique times.

I would like to take this opportunity to thank my fellow board members, the senior executive team and all of our loyal and dedicated staff for their ongoing hard work throughout the year. There have been a number of new senior appointments in the executive team over the course of the last 12 months all of whom are making an impressive contribution to the business. Importantly, Danny Rotman was appointed as Chief Executive Office of the group in September 2019. Danny is a highly capable and experienced FMCG executive, having previously run the Omniblend business for more than 10 years. Danny continues to drive the day to day operations of the group and oversee a number of strategic initiatives throughout Keytone which are supporting the underlying growth and profile of the company as significant strides forward are continuing.

In summary, FY20 has been a tremendously successful year for Keytone Dairy. The Company has aggressively pursued its diversification strategy in the health and wellness space while continuing to grow its core dairy powder business. Keytone has substantially grown its sales revenue, future earnings base, client portfolio and management capability through the last 12 months. The sales growth across the business has been impressive and the execution of the proprietary product portfolio is continuing to gain traction across an ever-growing distribution footprint. Notwithstanding the challenges faced by the global pandemic of COVID-19, the foundations for the Company are now in place and the group is both well capitalised and well-resourced to significantly accelerate and deliver value for customers and shareholders in FY21 and beyond.

As always and importantly, we appreciate the support of you, our shareholders, as we drive Keytone Dairy forward and deliver value for all stakeholders.

Peter James
Chairman