

FIRST ORDER FROM WALMART CHINA

11 September 2019

- **Keytone Dairy receives first order from Walmart China for private label whole milk powder and skim milk powder to Walmart's Sam's Club China**

Sydney and Melbourne, Australia and Christchurch, New Zealand - Keytone Dairy Corporation Ltd (ASX:KTD or KTD.AU) ("Keytone Dairy" or the "Company") is pleased to provide the following update.

Following on from Keytone Dairy's announcement of 30 May 2019 that it has been awarded a contract by Walmart (China) Investment Co., Ltd ("Walmart China") to contract manufacture milk powder for Sam's Club West, Inc. (China) ("Sam's Club China"), a wholly owned subsidiary of Walmart Inc, the Company is pleased to confirm receipt of the first order from Walmart China.

As previously announced, Keytone Dairy's contract with Walmart China is open-ended in that it does not provide for a set or maximum quantity or dollar amount – rather, the contract sets out the terms on which Keytone Dairy manufactures Sam's Club China-branded product as and when Walmart China places orders with the Company. The first order is for Sam's Club China private label whole milk powder and skim milk powder, totalling approximately NZD107,000.



Example Sam's Club product label for Whole (Formulated) Powder manufactured by Keytone Dairy

Sam's Club is an American chain of membership-only retail warehouse clubs owned and operated by Walmart Inc., with 597 membership warehouse clubs in the US and 208 membership warehouse clubs internationally (including Mexico, Brazil and China). For the fiscal year ending 31 January 2018, Sam's Club generated US\$59bn in revenue globally. Sam's Club has over 50 million members globally, and Sam's Club China operates 18 superstores in China, located in Beijing, Shanghai, Shenzhen, Guangzhou, Fuzhou, Dalian, Hangzhou, Suzhou, Wuhan, Changzhou, Zhuhai, Tianjin, Xiamen, Nanjing and Changsha. Sam's Club China offers multi-channel distribution platforms for customers, including physical stores, online and via Sam's Club WeChat page.

The Walmart contract is therefore highly strategic for the Company given the size and number of stores Sam's Club operates in China. Additionally, this contract followed many months of rigorous compliance audits and other onerous onboarding procedures by Walmart China in validating the quality of the Keytone Dairy manufacturing operations and ultimately selecting Keytone Dairy as its preferred contract manufacturer for these powdered dairy products.

Keytone Dairy is working closely with Walmart China on this strategic relationship and on increasing its volumes for this customer, following this initial order.

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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.

About Sam's West Inc. (trading as Sam's Club), China

Sam's Club is a chain of high-end membership-only clubs and a 100% subsidiary of Walmart Inc, a Fortune 500, named by the retail giant Mr. Sam Walton, founder of Wal-Mart. Since the first Sam's Club opened in Midwest City in Oklahoma State in April of 1983, Sam's Club has a history over 30 years. At the beginning of 90's, Sam's Club entered international market and has become one of the largest membership clubs internationally. At the present, Sam's Club has developed 800 chain clubs globally and provides superior service to over 50 million individual members and business members.

The first Sam's Club in China was opened in Shenzhen on August 12, 1996. So far, Sam's Club has developed a total of 18 clubs in China which are located in Beijing, Shanghai, Shenzhen, Guangzhou, Fuzhou, Dalian, Hangzhou, Suzhou, Wuhan, Changzhou, Zhuhai, Tianjin, Xiamen, Nanjing and Changsha.

A Sam's Club has an average shopping area of 20,000 square meters and offers bulk groceries and general merchandise. To satisfy customers' needs for higher quality, Sam's Club only provides either the best quality product in the category or the best-selling brand. The Club offers 4,000 high quality-to-price ratio items, including categories such as fresh, groceries, household appliances, home and



apparel.

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