

BAR AND SNACKING PLANT OPERATIONAL, STRONG OPENING ORDERS RECEIVED

2 September 2021

Keytone Dairy Corporation Limited (ASX:KTD) (the “**Company**” or “**Keytone**”) is pleased to announce the completed expansion and upgrade of its state-of-the-art snacking and bar line and manufacturing plant in Prestons, Sydney. Following the planned capital expenditure works over the last twelve months, the plant was commissioned throughout August 2021 and commercial runs for clients are to begin in September 2021 having received strong opening orders.

Specifically:

- The plant has been upgraded over the last twelve months following the acquisition of the AusConfec assets in May 2020 and commissioned with trial runs through August 2021;
- Keytone has received opening orders of more than \$2,000,000 to be produced through the coming months the Company’s existing client base;
- These orders are materially ahead of the initial forecast volumes and sales anticipated.
- Commercial production to begin in September 2021; and
- A strong sales pipeline has been developed with the site’s dedicated product development team working with multiple prospective clients. This pipeline excludes repeat and follow-on orders from the initial opening orders, offering further upside and repeat business.

The snacking and bar plant specialises in the production and manufacture of sports and fitness bars, functional multi-layered protein bars, cereal bars and healthy snacks, including bites and protein balls while maintaining its long-standing fudge and confectionary capability. The plant will be utilised to service the existing demand from Keytone clients, as validated by the opening orders, and continue to build the portfolio of products under the Company’s proprietary brands. The size of the global protein bar market is forecast to increase to more than USD7bn by 2027 from USD4.7bn in 2019¹. Keytone is well placed to participate in this growth in local and international markets.

Keytone acquired the Prestons plant as part of the acquisition of the assets of Ausconfec in May 2020. The plant has been converted to a state-of-the-art bar and snacking plant, installing German made Sollich equipment, while retaining its fudge and confectionary manufacturing capability. The cost of the capital expenditure was \$2,500,000 offset by the \$800,000 Manufacturing Modernisation Grant awarded by the Australian Federal Government. The final receipt of \$120,000 from the grant is expected in the near term.

Danny Rotman, Keytone’s CEO stated, “The receipt of incredibly strong initial orders from multiple clients at the opening of Keytone’s bar and snacking line completely validates the strategic decision undertaken by the Company to round out its manufacturing capability in this area. This plant has some exciting capabilities and in-market firsts in Australia for bars and snacking for the benefit of our own proprietary brands and those of our clients. The sales pipeline and interest for the plant is much larger

¹ Fortune Business Insights 8 June 2021

than the Company had initially anticipated and we expect further new orders and client wins in the near term.”

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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