

# LAUNCH OF TONIK PLANT AND TRADING UPDATE

4 August 2020

- Keytone launches new proprietary product range, Tonik Plant, the first vegan based ready-to-drink protein product in the Australian marketplace and ranged nationally
- Keytone receives largest follow on-orders from Walmart China of more than \$1.1 million
- Keytone Dairy launches direct to consumer, KeyDairy website, for its own branded Whole and Skim Milk Powders
- Keytone manufacturing sites in Victoria, Australia classified as essential food manufacturing, and will continue operations through Stage 4 lockdown periods in the State of Victoria
- Notwithstanding Stage 3 lockdowns in Melbourne, Victoria, Keytone records strong trading month through July across all divisions

*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 the launch of a new proprietary product range, Tonik Plant, the largest order received from Walmart China to date and provide an update on the recently announced Stage 3 and Stage 4 lockdowns in the State of Victoria, Australia in relation to the ongoing response to COVID-19.

## Launch of Tonik Plant

Following the successful creation and roll-out of the Company’s Tonik brand, Keytone has launched a new proprietary product range under the brand, Tonik Plant. Tonik Plant is the first vegan/plant based ready-to-drink protein shake in the Australian marketplace and has been developed, manufactured and commercialised in-house by the Company’s product development team.

Tonik Plant has been developed in response to rapidly growing demand for plant-based health products and in particular to capitalise on a number of the top global trends for food<sup>1</sup>; namely plant based foods, better for you snacking and health food on demand.

Tonik Plant has six flavour SKUs which are manufactured at the Company’s in-house ready-to-drink bottling facility in Melbourne. A selection of the current retailers selling Tonik Plant nationally through the initial indent period include independent supermarkets, Ritchies IGA Group and Romeos IGA Group, Anytime Fitness and Snap Fitness. Further ranging through the Keytone branded distribution channels is expected in the near term and the Company will announce additional material ranging as it occurs.

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<sup>1</sup> [www.mintel.com/global-consumer-trends](http://www.mintel.com/global-consumer-trends) - December 2019



### Trading and COVID-19 Update

Keytone has received confirmed purchase orders from Walmart (China) Investment Co. Ltd (“Walmart China”) for more than \$1,100,000 for production in Christchurch, New Zealand due for delivery in October 2020. The order is the largest order received to date and is 1.3x larger than Walmart’s prior order. The orders are increasing in size and frequency and with increased manufacturing capacity, Keytone is well placed to service this growing demand.

Walmart China places orders for private label milk powders under their Sam’s Club brand, operating 26 Sam’s Club megastores today through China. Walmart China has an ambitious growth plan for Sam’s Club stores following the coronavirus pandemic, aiming to quadruple Sam’s Club to more than 100 stores over the coming years.

Notwithstanding the Stage 3 and recently announced Stage 4 lockdowns in Melbourne, Victoria, Keytone reaffirms its status as an essential food manufacturer. This categorisation by the State Government of Victoria confirms the Company will continue to operate its Victorian manufacturing facilities through this challenging period, taking the necessary precautions with its production and administration staff that cannot work remotely. Furthermore, all of Keytone’s facilities outside of Victoria, being Christchurch, New Zealand and Sydney, New South Wales continue to operate as normal, servicing the Company’s proprietary brands and diversified client base.

The Company will continue to operate a flexible and diversified operational base at all six manufacturing sites across New Zealand and Australia, thereby mitigating any potential impacts of a COVID-19 infection presenting at any one facility.

During the Stage 3 lockdown in Melbourne, Victoria, the Company’s facilities have continued to operate in full. The month of July has recorded strong sales growth across all Keytone divisions including Proprietary Brands and Contract Manufacturing in Australia and New Zealand (this strong growth excludes the Walmart order outlined above). Keytone will further update the market on the sales for the period upon completion of the quarter.



In recent days, Keytone has launched its direct to consumer milk powders website, [keydairy.co](http://keydairy.co), for the sale of its KeyDairy Whole and Skim Milk Powders. This new e-commerce website for the Company offers a further distribution channel for the Company's milk powders and importantly further validation and access for local consumers targeting international markets. The KeyDairy product range will continue to be rolled out as products and packaging are redesigned and released to market in the short term.

Keytone's Chief Executive Officer, Danny Rotman commented: "We are extremely excited to launch Tonik Plant and have been overwhelmed with the positive feedback and reception received from our customers, wholesalers and distributors in relation to Australia's first vegan-based protein shake. There are a number of ongoing discussions for ranging opportunities for Tonik Plant which will further drive the Tonik brand and Tonik Plant in the near future."

"The success of the Tonik brand speaks to our ability as a vertically integrated brand owner and manufacturer, offering the Company enhanced margin opportunities and speed to market."

"Despite the unprecedented times in Victoria and the newly announced Stage 4 restrictions, we confirm the Victorian Government's advice that as an essential food manufacturer we will continue to operate through the lockdown period, enabling us to service the growing demand of our client base, including that of our international clients such as Walmart China."

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](http://www.keytonedairy.com) for further information.

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