

ASX RELEASE
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Coronavirus update

JAT achieves record monthly sales in February 2020

Highlights:

- **JAT achieves February revenue of \$8.3 million– its highest monthly revenue to date**
- **Jump in sales of dairy/formula and by subsidiary Green Forest drive revenue increase**
- **JAT monthly sales expected to increase further over coming months**
- **June 2020 half-year revenue expected to be \$45-\$50 million**
- **JAT has increased production to meet higher product demand; ANMA moves to double shifts**
- **First orders received for plant-based meat JV with Oppenheimer.**

Jatenergy Limited (ASX: JAT) provides the following update on the effect of the Coronavirus on its sales to China as well as an update on ANMA milk production orders.

February revenue

On 20 February 2020, JAT announced a material increase in its product orders, particularly the Neurio lactoferrin brands driven by the emergence of the Coronavirus in China. JAT has increased production to meet the orders.

As a result, February 2020 revenue of \$8.3 million is the highest monthly total received by JAT.

The directors of JAT expect revenue over the next few months to exceed the February 2020 level. The basis of this expectation is that:

1. Orders being received for JAT's range of dairy products continue at above February 2020 levels. The increase appears to be partly Coronavirus-driven by consumers being drawn to the Neurio lactoferrin products as well as the increased supply generated from the CIIE Exhibition in Shanghai in November 2019 (see ASX announcement dated 14 November 2020).
2. As stated in its 31 December 2019 half-year financial report, there was a drop in sales by JAT subsidiary Green Forest in the half-year to 31 December 2019 due to a number of factors including political unrest in Hong Kong. Sales by Green Forest in February 2020 jumped to \$3.2 million compared to \$1.1 million in January 2020. The directors expect the February 2020 sales levels to continue in the foreseeable future. Revenue growth will be

further driven by new products developed by Green Forest to be released in March 2020 and onwards.

3. JAT's February 2020 revenue included only a minor contribution from the ANMA manufacturing facility due to the construction project and the installation of new machines which was completed in February 2020. The ANMA facility will make a significant contribution to revenue from March 2020 onwards (see details below).
4. JAT has received its first order under the Ocker contract (see ASX announcement dated 4 March 2020) amounting to more than US\$1.5 million and is expected to be included in JAT revenue in March 2020. Further orders under that contract are expected every month for the next two years.

As a result, the directors of JAT expect the revenue for the June 2020 half-year will be substantially above revenue of \$36 million for the June 2019 half-year. The directors' current estimate is in the range of \$45-50 million.

All of the products sold by JAT and its subsidiaries in the June 2019 half-year were manufactured by third-party manufacturers. In the June 2020 half-year, a large proportion of the products sold will be manufactured in-house by ANMA. It is therefore expected that the profitability for the June 2020 half-year will be higher than previous periods, reflecting JAT's ability to capture the manufacturer's margin on its products sold.

ANMA manufacturing facility ramps up production

JAT's ANMA manufacturing facility has confirmed orders of more than 660,000 units (various lactoferrin and milk powder products) from March 2020 to the end of June 2020. Additional orders are expected to be received by ANMA for delivery before June 2020. The sources of these orders will be unrelated third parties and new products being developed by each of JAT and its subsidiaries. One of those product ranges will be for Neurio, JAT group's largest selling brand.

As a result of the increase in activity, the ANMA production facility will commence operating two eight-hour shifts in April 2020. Recruitment of additional staff members for the additional shift is underway.

ANMA has identified additional dairy product types for which there is significant demand. In order to manufacture those products, additional machinery with a cost of approximately \$1 million will be required. ANMA is in the process of planning the additions which are expected to be ordered before the end of March 2020 with installation taking place in mid-2020.

First shipment for JAT plant-based meat business

As announced on 22 November 2019, JAT has established a joint venture with leading Australian based food manufacturer, Oppenheimer Pty Ltd, to develop plant-based meat substitute products to be sold worldwide.

In accordance with the JV agreement, Oppenheimer has undertaken extensive R&D and product development. JAT has, pursuant to its responsibility under the JV agreement, sourced the buyers of the products in China.

The first batch of products, amounting to around 500kg, has been ordered by the JV and is currently being manufactured in Australia. The first batch includes products which are substitutes for beef, pork and fish. Each product is produced in the form of meatballs and mince, which are designed for use in typical Chinese dishes such as fried rice, dumplings and wonton.

The products are expected to be shipped to Chinese restaurants by the end of March or early of April 2020. The JV will be able to supply very large quantities of the products if orders are received based on the first batch.

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