

3 November 2021

ANMA signs 3 Year Dairy Purchaser Agreement

Commonwealth Government grant to assist ANMA's TGA application

Opening of Shanghai Boutique

A. Purchaser agreement

JAT subsidiary ANMA, has entered into a Purchaser Agreement (**Agreement**) to manufacture and supply a very significant volume of dairy powder products with Oceania Supply Chain Management Pty Ltd (**Oceania**).

Established in 2015, Oceania acts as a manufacturing agent for both local and overseas companies. Oceania assists brand owners to source product manufacturers in Australia and has previously worked with ANMA for exporting products to Vietnam market.

Trading arrangements under the Distribution Agreement

The products to be manufactured under the Agreement are milk products to be packed into very distinctive packages. As a result of the recent investment by ANMA in new manufacturing equipment, ANMA is able to meet the packaging requirements required under the Agreement.

The Agreement includes a binding minimum order in the first 12 months of 1.5 million units. The revenue to be derived by ANMA over the 12-month period is expected to exceed \$10 million.

ANMA has received an initial deposit of \$150,000 and a payment of \$295,000 to fund the initial acquisition of milk product and packaging. Production of the first order will commence in mid-January 2022.

The products to be produced under the agreement are likely to utilise approximately 20% of the currently installed production lines at the ANMA facility, based on a single shift. The facility can normally operate at two shifts per day and if sufficient orders are required, can move to 3 shifts per day.

Material terms

The material terms of the Agreement include:

- (a) the Agreement is for three years, with a commencement date being two weeks prior to the commencement of production of the first order. That is likely to be in mid-January 2022;
- (b) Oceania agrees to purchase 1.5 million units in the first year of the Agreement. There are no specific remedies in the event that Oceania does not purchase the minimum

- quantity but Oceania will be in default and ANMA will have all contractual remedies available to it; and
- (c) a party may terminate the Agreement in the event of default under the Agreement by the other party.

The Agreement contains no conditions precedent.

B. Commonwealth Government grant to assist ANMA's TGA application

ANMA has received a Commonwealth grant to assist in meeting the costs of completing the process to obtain TGA registration. This project is funded by the Australian Government Department of Industry, Science, Energy and Resources as part of the Business Growth Roadmap Programme.

JAT's strategy requiring TGA registration

In March 2020, JAT commenced the process of developing a number of in-house formulas which would be scientifically proven to have properties which were more than food supplements and would be recognised meeting medicinal standards. Currently, all JAT products currently meet the relevant food standards in all markets, JAT's strategy is work towards having those supplements recognised as medicines or equivalents.

As previously announced, a research project undertaken by The University of Sydney found that five formulas produced by JAT in-house demonstrated promising results when tested for antiviral activities against SARS-CoV-2. Jinvigorate Platinum and Moroka Platinum were two of the formulas the subject of the University of Sydney research project referred to above.

JAT has recently commissioned clinical trials to be undertaken by Royal Melbourne Institute of Technology (RMIT) to investigate the ability of Jinvigorate Platinum and Moroka Platinum to promote improved immune function in healthy adults. The subjects of the clinical trials will be 75 adults aged between 20 and 70 years of age.

The first JAT product which has been recognised by a regulatory authority as being more than a food supplement is Jinvigorate Diabetic Formula. As announced to the ASX on 16 September 2021, the product has been approved by the South Korean Government's Ministry of Food and Drug Safety as a medical food to be used in the hospitals and clinics in South Korea. JAT intends to commence delivery of Korean-labelled Jinvigorate Diabetic Formula in the December 2020 one quarter.

JAT believes that it can distinguish itself from all other milk product producers in Australia by developing products which have regulatory approval as medicines or therapeutics rather than simply food supplements. A key element in this strategy is to obtain registration with Australia's Therapeutic Goods Administration (**TGA**). TGA regulates the quality, supply and advertising of medicines, pathology devices, medical devices, blood products and most other therapeutics.

TGA registration is expected to result in products produced at JAT's ANMA factory to obtain

TGA certification as a medicine or therapeutic, thus allowing their sale over-the-counter in Australia with that product description. JAT believes that such registration will significantly increase the revenue to be derived from those products by being recognised as more than a food supplement.

Commonwealth Government Grant

The grant obtained under the Business Growth Roadmap Programme is relatively small (\$20,000) but is significant as it shows the project to obtain TGA registration is capable of generating support from the Commonwealth Government.

The grant will be used to partly fund the cost of consultants engaged by ANMA to prepare and guide the TGA application.

C. Opening of Shanghai Boutique

After an almost two-year delay, is delighted to announce that its Shanghai Boutique has opened for business today.

This is an initiative that few other Australian dairy and food companies have been able to achieve. Photos of the Boutique can be found on the JAT website shortly.

The opening of the Boutique has been delayed due to the Covid-19 lockdowns in Shanghai which commenced in early 2020. These lockdowns were then followed by government-imposed restrictions on work being performed and on certain licenses and approvals being issued.

The Boutique will be branded **JAT Maternity & Infant Boutique**. The size of the store is 50 square metres and is strategically located next to the Sinopharm pharmacy which is expected to drive significant consumer traffic to the JAT Boutique.

The Boutique will sell a full range of JAT in-house brands including Neurio, Moroka, Lone Milk, Abbeyard and Hopefern, as well as other popular baby and mother range products produced in Australia, China and other countries. The directors expect the turnover for the Boutique will be between A\$500,000-A\$800,000 in the first year of trading.

A primary purpose of opening the Boutique is to establish JAT's image in the Chinese market, promote the Company's products and expand the influence of the Company's products in China. If the Shanghai store is successful, JAT intends to open further stores in Shanghai and other cities in China.

JAT's Managing Director, Wilton Yao, stated:

"Despite all of the setbacks and delays, JAT has doggedly pursued obtaining all licenses and regulatory approvals for the opening of its Shanghai Boutique. The Boutique is very strategically positioned next to the Sinopharm pharmacy which will generate significant passing traffic. Opening the Boutique allows JAT to sell its products directly to the Chinese public rather than through other indirect distribution networks

and platforms. We expect to open more boutiques in Shanghai and China based on the Shanghai Boutique model.”

This announcement is authorised by JAT’s Managing Director, Wilton Yao.

Wilton Yao
Managing Director
Ph: +61 3 9090 759

About Jatcorp Limited

Jatcorp (ASX: JAT), at the forefront of innovative technology servicing the world’s largest retail markets with a track record of successful product development and distinguished technology. JAT is a leading producer of supplementary food products and plant-based meat.