

Coronavirus and Manufacturing Update

Highlights:

- **JAT achieves March 2020 revenue of \$8.1 million**
- **Green Forest increases revenue**
- **ANMA facility in full production with two shifts**
- **June 2020 half-year revenue expected to be \$50 million**
- **Shanghai boutique to open later than expected**

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, new equipment requirements and proposed change of company name.

March revenue

On 12 March 2020, JAT announced that February 2020 revenue of \$8.3 million was the highest monthly total received by JAT.

Revenue for March 2020 has continued at higher levels than previous periods with total revenue being \$8.1 million.

The directors of JAT expect the revenue over the next 3 months to continue at approximately or greater than the levels of February and March 2020 based on the following expectations:

1. Orders being received for JAT's range of dairy products continue at levels higher than February and March 2020.
2. Sales by Green Forest in March 2020 were \$3.6 million, compared to February 2020 of \$3.2 million and \$1.1 million in January 2020. The directors expect the sales levels to be maintained at the same level with new products developed by Green Forest to be released over the next few months.
3. JAT's March 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 April 2020 onwards (see details below).
4. JAT continues to receive orders under the Ocker contract (see ASX announcement dated 4 March 2020).

The directors of JAT expect the revenue for the June 2020 half-year will be approximately \$50 million, compared to \$36 million for the June 2019 half-year.

Cash flow

The appendix 4C for the quarter ended March 2020 is currently being finalised and will be released in the next few days. The appendix 4C will show net cash generated from operations to be over \$2.1 million.

ANMA manufacturing facility ramps up production

JAT's ANMA manufacturing facility has completed the installation and commissioning of new manufacturing equipment (see ASX announcement 28 October 2019). ANMA has strengthened its personnel by recruiting an operations manager, systems engineer and nutritional technologist to ensure both efficient manufacturing and the quality of its products.

The factory has commenced operating with two shifts and is almost at full capacity. It has confirmed orders to fully utilise that capacity through to June 2020.

As a result of enquiries being received from a number of local and overseas brands, the directors have determined that ANMA acquire two further machines to meet demand. These will be a high-quality probiotics multi-packing machine and a resealable plastic milk powder bag machine. It is expected that capital expenditure of approximately \$1 million will be required to acquire, install and commission these machines. There is sufficient floor space within the current factory to accommodate these machines.

Shanghai retail store

JAT expected the fit out of its Shanghai Maternity and Infant Boutique to be completed in time for it to open in March 2020 (see ASX announcement of 10 December 2019). The completion of the fit out has been delayed because of the difficulty of access to the site as a result of restrictions of movement still being imposed in Shanghai. The circumstances are beyond JAT's control and a further update will be provided when the date of opening is finalised.

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