



JAT

INVESTOR PRESENTATION

NOVEMBER 2020

ASX: JAT

HEALTH AND WELLNESS CONSUMER GOODS DEVELOPER AND MANUFACTURER

The release of this announcement was authorised by the Company's CEO, Wilton Yao, on behalf of the JAT board.

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THE JAT GROWTH STRATEGY:

JAT is focused on delivering growth within the Australian health and wellness consumer goods export industry.

Strong fixed assets: In 2019, JAT acquired a state-of-the-art 8000m² manufacturing facility in Melbourne (Australian Natural Milk Association Pty Ltd- ANMA), where JAT has commenced milk powder production and is expanding the lactoferrin production capacities and new probiotics range facility.

JAT blends an experienced R&D team with FMCG distribution expertise to deliver sustainable growth. We collaborate with institutions including the University of Sydney and Monash University to develop innovative health products including diabetic formula and lactoferrin camel milk powder.

The company's strategy is to expand the number of in-house brands through a strong focus on R&D and on acquiring innovative businesses with products that fit the company's portfolio.

Continue to develop JAT's product pipeline, in line with the latest trends in the Asian consumer market especially the products with biotech concept. Also expand commodities trading with large state owned and private enterprises.

Expand plant-based meat and clinical cosmetics joint ventures through distribution agreements. Pursuing growth by developing "superfoods" with antiviral properties with strong international market potential.

Build long-term relationships with suppliers to ensure maximum value for shareholders. Source unique natural healthy ingredients to secure the market position.





FY20 FINANCIAL SUMMARY

Gross Profit
\$14.57m
Up 142%
(ON PCP)



Operating
Cashflow
\$1.46m
Up from-
\$2.80m



Gross Margin
32.5%
Up from
10.0%
(On PCP)



Revenue
\$59.45m
Down 10.5%
(on PCP)



EBITDA:
\$7.08m
up 34%





FY20 FINANCIAL RESULTS

Group Financial Results (amounts shown in A\$000's unless specified otherwise)	FY20	FY19	Change %
Revenue	59,453	66,444	(10.5%)
Costs of Goods Sold	(44,884)	(60,414)	(25.7%)
Gross Profit	14,569	6,030	141.6%
Other Income, Impairments & Expenses	(38,228)	(25,342)	50.8%
EBITDA	7,081	5,280	34.1%
Profit/Loss Before Tax	(23,659)	(19,834)	19.3%
Profit/Loss After Tax	(26,590)	(20,493)	29.8%



OPERATIONAL UPDATE

01

Agreement signed with Hong Kong Suning Appliance Resourcing Ltd (Suning) for non-exclusive distribution of Australian products in China including JAT's in-house brands.

02

Launch of four new wellness products responding to increasing demand for nutritional and healthy food ingredients – Hopefern Avocado Oil and Walnut Oil, Ione Full Cream and Skim Milk Powders with Prebiotic and Moroka Formulated Milk Powder with Lactoferrin.

03

ANMA has received its first orders from Taiwan and Vietnam. Orders for several of JAT's milk powder brands are currently being filled from the ANMA facility. JAT will continue to search for new markets to diversify and de-risk the business.

04

Appointment of Mr Sun Xin as Non-Executive Director to help JAT build more business connections with Chinese companies from his base in China.



05

Although COVID-19 has impacted JAT's operations and sales, the company is committed to establishing direct links with large Chinese state-owned companies and large private enterprise to develop recurring revenue streams based on functional and innovative products with large addressable markets.

06

Challenging macro conditions are beginning to ease, with Chinese retail sales increasing in August on pcp and a strong demand outlook for JAT's products following feedback from multiple Chinese FMCG companies and distributors.



JAT'S PRODUCTION FACILITY IN MELBOURNE - DERRIMUT



Equipped with state-of-the-art processing lines specialising in handling infant formula milk powder and other dairy products.

JAT's \$5m upgrade to the facility is complete, making it one of the highest quality dairy and probiotics manufacturing facilities in Australia.



ANMA is one of only 15 Australian infant formula manufacturing businesses approved for export into China by regulatory authorities.

ANMA has three slots for Chinese version infant formulas.



Highly trained and qualified staff and processes approved by Dairy Food Safety Victoria (DFS) and the Department of Agriculture and Water Resources (DAWR).

JAT has all required manufacturing licenses, HACCP and other QA systems to actively promote Healthy, Natural and Safe products.



Facility's clean room will almost double in size and allow for production to meet higher consumer demand.

Children's and elderly milk powders among a range of new dairy products and probiotics to be developed at ANMA facility in the future.



NEURIO: GOAT INFANT FORMULA & VITAMINS



GOAT INFANT FORMULA

Neurio Goat Infant Formula products are specifically designed for Asian markets; a large proportion of the Asian population has a degree of cow lactose intolerance.

The products will be sold through major e-commerce platforms in China and other Asian countries, utilising JAT's extensive distribution networks throughout the region.



VITAMINS

Under the Neuroio brand, JAT has recently developed a range of vitamin products to meet rising demand in Asian markets.

The vitamins range has been formulated to support healthy development of children during both pregnancy and the early stages of childhood.

JAT is distributing its vitamin range through daigou and Asian distribution channels and expects this product offering to contribute to sales growth in FY20.



NEURIO: INFANT, TODDLER RANGE AND ADULT RANGE



LACTOFERRIN FOR CHILDREN

Lactoferrin is the core immunity-providing protein in breast milk. It promotes iron absorption and helps to maintain bacterial balance in the body.

JAT has become one of the world's largest lactoferrin products developer.

Neurio Lactoferrin milk powder is being sold through multiple distribution channels including:

Major Chinese e-commerce platforms, pharmacies & B2B platforms
Baby product retail stores. Many retail stores and pharmacies across Asia and Australia.

LACTOFERRIN FOR MIDDLE-AGED

Neurio's Middle-Aged Lactoferrin Nutritional powder is formulated especially for people aged 40 and over, with special ingredients selected to product development has been completed and JAT is now selling the product in Australian and into Asian markets.

Improve health and nutrition.

JAT anticipates that the middle-aged nutritional products market will grow given an increasing aging population across the Asia-Pacific region.



LATEST INNOVATION: DIABETIC FORMULA & CAMEL MILK POWDER PRODUCTS



DIABETIC FORMULA

Jinvigorate Diabetic Formula is JAT's recently developed milk formula specifically targeted at the diabetic market.

The product has been analysed by Sydney University and has been granted the "Low GI Symbol Certification" by the Australian Glycemic Index Foundation. The certification is critical in marketing the product to the diabetic market.

Jinvigorate will be manufactured by JAT at the ANMA facility in Melbourne and will initially be distributed throughout Australia.

CAMEL MILK POWDER PRODUCTS

JAT has developed new types of formulated camel milk powder and camel milk powder with lactoferrin. JAT believes these products are the world's first camel milk powder fortified with lactoferrin.

The first batches of these products have been shipped to Australian stores and to China, and JAT has received further camel milk powder orders.



LATEST INNOVATION: IONE & MOROKA



FULL CREAM & SKIM MILK POWDER WITH PREBIOTIC

Ione milk powder contains prebiotic (soluble dietary fibre) improve the digestive system, enhance immunity, reduce the risk of intestinal infection, inhibit diarrhea, reduce triglycerides, and reduce insulin resistance.

Resealable packaging makes the product easy to store and use, whilst keeping it fresh for longer.



FORMULATED MILK POWDER WITH LACTOFERRIN

Moroka contains prebiotic to improve the digestive system, enhance immunity, reduce the risk of intestinal infection, inhibit diarrhea, reduce triglycerides, and reduce insulin resistance.

Sydney University has found that the high purity lactoferrin, supplied by JAT, shows antiviral activity against certain common infectious diseases.

IgG (Immunoglobulin) in Moroka is the most abundant antibody in the blood. It helps prevent infections.



HOPEFERN: NATURE'S DROPS AND AVOCADO & WALNUT OIL



NATURE'S DROPS

Hopefern ranges healthy Australian nutritional products that are manufactured to stringent Australian standards and are made using the highest quality ingredients.



AVOCADO & WALNUT OILS

JAT has launched two new wellness Avocado Oil and Walnut Oil products under the Hopefern brand. Both products are ready for both local and international markets.



ABBEYARD



ABBEYARD

JAT announced in Q4 FY20 the launch of a new brand, Abbeyard, which will be marketed exclusively for distribution by China's largest B2B e-commerce platform for mother and baby care products, Hipac.

The first product marketed under the Abbeyard brand is an A2 protein children's milk powder packaged in 600g cans and produced by ANMA.

An initial batch of 9 pallets of Abbeyard A2 protein children's milk powder was exported to China via air freight and have been distributed by JAT's major partner Hipac.

JAT is working with Hipac to develop further products under the Abbeyard brand and will update the market on product development progress in time.



JAT OPPENHEIMER: Vmeat-PLANT BASED MEAT PRODUCTS



JAT has signed a JV agreement with Sydney-based Oppenheimer Pty Ltd to develop, manufacture, promote and distribute a range of oriental-style. Plant-based meats for Asian markets.

Oppenheimer is a world-class ingredient manufacturer and food service brand developer, active in Oceania and Asia which established since 1870.

The first batch of mixed plant-based meat products produced by JAT Oppenheimer and have been distributed to major Chinese catering and food chains after being trialed by a well-known Chinese restaurant chain.



ENTERING INTO COSMETICS: POUPIN

JAT has established JWR International Ltd, a 50/50 JV in the cosmetics industry.

JWR will specialise in developing, manufacturing and distributing skincare and cosmetics products into Asia.

Manufacturing will be outsourced to Japan and South Korea, using the latest skincare technology. First product will be released into the market at end of 2020.

JWR range will be marketed as innovative and of the highest quality.





CHALLENGES

JAT has successfully completed its transition into a Fast-Moving Consumer Goods (FMCG) company and has delivered significant success with new business and product initiatives, but some challenges remain:

01

Supply of product and high prices of raw materials (due to unforeseen issues such as COVID-19 and drought) is an issue that is likely to remain.

02

Increased competition in overseas markets not slowing down and the high cost of Australian-made products.

03

Meeting constantly changing import regulations .

04

Sourcing raw material from global markets as domestic supply issues continue.

OPPORTUNITIES

With a continually expanding range of products, JAT sees multiple growth opportunities:



General market trends:

Growing middle class in target export markets.

Aging populations .

Increased understanding of and positive attitudes towards of Australian products overseas.

JAT-specific:

Expanding overseas networks.

Multiple channels to market :

-Major Chinese food companies and distributors wish to work together in distributing JAT's food products. Liaison with large Chinese state owned or private companies for stable and sustained supply.

-JAT Maternity & Infant Boutique to be opened in Shanghai in March 2020.

Broadening customer base.

Planned future diversification into new products- skin care and pharmaceuticals next.

OUTLOOK

- JAT will continue focusing on developing new products, especially health supplements to meet consumer demand which has been amplified during COVID-19. The company works together with major university to develop antiviral food supplement for the market.
- Continue shifting away from reliance on daigou stores and instead focus on penetrating with large Chinese state owned and private companies to create long-lasting supply chains and revenue streams.
- As macroeconomic conditions improve, JAT expects sales revenue to increase. The outlook for demand from China for JAT's products is strong, as noted by multiple Chinese FMCG companies and distributors having approached JAT to cooperate and distribute the Company's products.
- JAT is in the process of launching additional healthy and nutritional product lines to the market, including some highly specialised and unique products such as diabetic formula alongside the Jinvigorate Diabetic Formula.
- JAT promoted the Company's products at the third annual China International Import Expo (CIIE) in Shanghai, this has been a successful business development exercise for JAT over the past two years.

ACQUISITIONS AND IN-HOUSE BRAND DEVELOPMENT TO DRIVE POST-COVID GROWTH



JAT has developed a strong portfolio of in-house brands to secure pricing and positioning power, both organically and through strategic acquisitions .



Business operation and sales were impacted by COVID-19 but are expected to resume growing strongly as the pandemic fades.



Pre-COVID 19 growth reflects the ongoing development of JAT's in-house brands and strong performance from acquisitions .



JAT plans to deliver sustainable revenue growth as the company continues to grow its in-house brands while considering acquisitions to accelerate JAT's expansion within the Australian and Asian consumer markets.



LEADERSHIP TEAM



BRETT CROWLEY **NON-EXECUTIVE CHAIRMAN**

Mr Crowley is a practicing solicitor and a former Partner of Ernst & Young in Hong Kong and Australia, and of KPMG in Hong Kong. He has significant experience in senior leadership roles in public companies.

WILTON YAO **MANAGING DIRECTOR**

Wilton Yao has many years of experience in investment and business management. He used to be a member of the board of directors of several Australian listed companies and has close ties with overseas, especially Asian investors. He has participated in the financing, investment and daily management of Australian listed companies. He has extensive experience in the operation and management of health food and dairy industries, as well as successful experience in business strategy development planning, new product development and brand building.

XIN SUN **NON-EXECUTIVE DIRECTOR**

Mr. Sun worked for a number of securities firms including CBD Securities Ltd, a company within the China Development Bank group. Mr. Sun is well experienced in China securities and business regulation as well as the development and execution of strategic transactions in China and the Asia-Pacific. Mr. Sun is a Representative Sponsor of the China Securities Regulatory Commission.

JUSTYN STEDWELL **COMPANY SECRETARY**

Justyn Stedwell is a professional company secretary consultant, with over 12 years' experience as a company secretary of ASX-listed companies in various industries including biotechnology and agriculture. Justyn's qualifications include a Bachelor of Commerce (Economics and Management) from Monash University, a Graduate Diploma of Accounting from Deakin University and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia. He is currently company secretary for several ASX-listed companies.

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