

19 July 2021

ASX ANNOUNCEMENT

BabyCare Distribution Agreement for Australia

Jatcorp Limited (ASX: JAT) is pleased to announce it has entered into an agreement to distribute in Australia the products of leading Chinese brand, BabyCare.

The manufacturer of the BabyCare brand is Hangzhou Babycare Baby Products Co., Ltd, based in Zhejiang Province, China. The manufacturer is privately owned and the BabyCare products can be found on the manufacturer's website at www.babycare.com

The distribution agreement gives JAT the exclusive distribution rights in Australia for the whole of the BabyCare catalogue, amounting to approximately 200,000 products.

JAT currently distributes a range of products through pharmacy chains in Australia. It is therefore intended that it will initially distribute the BabyCare products through those pharmacy chains. JAT intends to also distribute the products through other pharmacy chains with which it currently does not deal as well as supermarkets, specialist mother and baby stores and other retailers.

The first BabyCare products should arrive in Australia and reach the initial group of pharmacy stores by September this year. JAT expects sales for the year ended 30 June 2022 to be approximately \$2 million and for sales to significantly increase in subsequent years. The directors of JAT expect the BabyCare business to be a material revenue and profit generator in the year ended 30 June 2023 and beyond.

The material terms of the agreement are:

1. JAT will distribute in Australia all of the "BabyCare" series products.
2. An annual procurement target will be agreed on an annual basis, being an amount of product required to be purchased. The annual procurement target is broken down into quarterly procurement targets. If less than 70% of the quarterly procurement target is purchased in two consecutive quarters, BabyCare may terminate the contract at its discretion.
3. The agreement contains provisions in relation to protection of IP, after-sales service, payment arrangements and transportation which are in accordance with commercial arrangements for agreements of this kind.
4. The term of the agreement is ongoing with no specific termination date.
5. In addition to the clause described in point 2 above, the agreement can be terminated by either party for breach of a provision of the agreement.
6. There are no conditions precedent.

JAT's distribution of BabyCare products is a further development of its strategy to broaden its trading base so that JAT is less reliant on the export of Australian goods to China. As well as increasing the sales of JAT's own brands manufactured in Australia and in China, JAT will

now be selling into Australia the full catalogue of BabyCare products which are mainly manufactured in China.

About Baby Care

BabyCare is a mother and baby brand with a very broad category of products. It also has a number of sub-brands including woobaby, wiya, xiaon and bckid. Its products include mother and baby products, complementary food, children's clothing, early education, women's products and personal care. BabyCare keeps a close eye on new consumption trends, and continuously focuses on offline channel layout through its network of stores in China.

Babycare has grown significantly over the last six years and in 2020, achieved sales of RMB 5 billion (approx. A\$1 billion). In the annual Single's Day shopping festival in November 2020, BabyCare was ranked first in the maternal and infant product category with RMB 900 million (approx. A\$180 million) in sales.

BabyCare estimates it has served more than 30 million families and has nearly 20 million registered members in its loyalty programme.

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

Wilton Yao
Managing Director
Ph: +61 3 9090 759
About Jatcorp Limited

Jatcorp Ltd (ASX: JAT) is a China-Australia trade specialist. The Company develops and markets a portfolio of in-house branded FMCGs, focusing on growth opportunities in dairy products.

JAT has positioned itself as a major player in the flourishing Australian consumer goods export industry, offering Chinese retail presence, online sales to Chinese consumers through offshore platforms, and high-volume wholesaling to daigou groups and other distribution channels.

JAT's extensive network of Chinese business affiliations is a substantial source of opportunities, both for the company and for its Australian business partners.