

ASX ANNOUNCEMENT

10 December 2020

JAT to produce Plant Based Meat products directly in China, benefiting from a rapidly-growing market

Jatcorp Limited (ASX: JAT) is pleased to announce that it has entered into a Strategic Co-operation Agreement (the "agreement") with Aofu Trading Co. Ltd, a nominated buyer of Shanghai Godly Vegetarian Industry Co., Ltd, one of China's largest state-owned vegetarian restaurant chains, to produce Plant Based Meat (PBM) products directly in China.

This agreement represents a strategic change to JAT's PBM business as previously announced to the ASX. By producing the meat alternative products directly in its key market of China rather than exporting from Australia will allow JAT to:

- **Increase profit margins**
- **Reduce costs**
- **Avoid delays**
- **Mitigate political uncertainties**
- **Increase operational efficiencies**
- **Meet China's strict food hygiene code**

JAT, via its 50/50 Joint Venture company JAT Oppenheimer Pty Ltd, is currently in the final stages of negotiation with selected contract food manufacturers located in China, and expects production agreements to be finalised prior to February 2021, coinciding with the start of Chinese New Year.

The agreement places JAT at the forefront of a rapidly growing industry. Demand for plant-based meat is surging in China, the world's leading consumer and importer of pork, as concerns about swine disease and possible links between animal meat and the coronavirus pandemic has spurred many consumers to rethink their diet and health.

Plant-based meat alternatives were already experiencing strong growth in China before COVID, with consultancy Euromonitor predicting China's plant-based meat market will grow from around \$10 billion in 2018 to nearly \$12 billion by 2023.

Sales of plant-based meat substitutes in South East Asia have rocketed 264 percent over a nine-week period ending 2 May 2020, according to consumer data group, Nielsen. Mintel has reported a 39 percent increase in the launches of meat substitute products when comparing periods Jan - April 2019 and Jan – April 2020.

Amidst rising pork prices in China, bans on meat imports, and the Chinese Government's pledge to cut the country's meat consumption by half by the year 2030, the market opportunity for JAT's Plant Based Meats business is clear.

As announced to the ASX on 22 November 2019, JAT Oppenheimer has been developing Plant Based Meat products since late 2019, and trialling the various product offerings with popular restaurant chains throughout China during 2020.

JAT's PBM product suite has been extremely well received in the China market due to JAT's emphasis on developing foods that are both healthy, natural and delicious.

Shanghai Godly Vegetarian (shgodly.com) was established in 1922 and has received dozens of government and media accolades for its superior quality food offerings. The restaurant chain took part in an extensive food trial using JAT's plant-based meat products during 2020 and has formally confirmed that the quality and variety of JAT's products are satisfactory and acceptable for long-term usage by the group.

Under the agreement, JAT will provide the intellectual property (recipes & formulation) and technical support for production of the PBM products, and will supply certain raw ingredients.

The contract manufacturing will produce raw plant-based meat products, mainly pork, beef and chicken minces for supply to Shanghai Godly Vegetarian for making special oriental style finished plant-based meat foods. The finished products will be supplied to the Shanghai Godly Vegetarian restaurant chain, as well as other restaurants, supermarkets and catering groups across China and other locations throughout Asia.

JAT is also working with distributors in Korea, Malaysia, Indonesia, Thailand, Jordan and the UAE to export its plant-based meat products into those potential markets with the assistance of Austrade and the Victorian State Government, subject to import permits and labelling requirements being met.

In addition to the China-based manufacturing, JAT will continue to produce its high-end range and unique plant-based meat products in Australia for both domestic sales and export.

Following the successful arrangement with Shanghai Godly Vegetarian, JAT has received potential buying interest for its PBM products from other large Chinese state-owned food

companies, and discussions are currently ongoing. JAT believes it will be able to leverage off this positive outcome to grow its PBM business quickly in 2021.

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

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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.