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INCREASED LACTOFERRIN RANGE SALES DUE TO CORONAVIRUS FEARS

Jatenergy Limited (ASX: JAT) has since 2018 developed health and wellness products to promote better health and living products to the public. In particular, JAT has developed a range of lactoferrin dairy products.

Lactoferrin plays an important role in modulating the immune system, both systemically and in the gastrointestinal tract. Its unique iron-binding capacity helps to deprive pathogens, such as bacteria, viruses and fungi, of iron, an essential nutrient for their growth and replication.

JAT has since December 2019 seen unprecedented demand in China for its Neuroio ranges of dairy products which contain lactoferrin. This demand appears to be driven by the emergence of the coronavirus.

Sales of the Neuroio lactoferrin brands in January 2020 amounted to \$3.44 million. This compares to sales of \$407,000 in January 2019. In the six months ended 31 December 2019, sales of all Neuroio products was \$9.4 million.

The demand for JAT's lactoferrin brands from its distributors in China has continued with orders for February and March at levels far in excess of previous periods. Orders so far for February 2020 are \$2 million (February 2019: \$1,099,917) and March 2020 are \$1.8 million (March 2019: \$388,714).

JAT's distributors have not advised that the restrictions of the movement of people in China will prevent the sales and distribution of the Neuroio products to consumers.

JAT is making every effort to increase production to meet the demand. Neuroio continues to be manufactured by a third-party manufacturer, prior to production being moved to ANMA once the current construction project is complete in late February 2020 (see ASX announcement on 28 October 2019). The current Neuroio manufacturer has advised it has the capacity to meet the increased orders from JAT.

JAT's ANMA factory has also seen an increase in orders from those of its customers which produce dairy products containing lactoferrin. ANMA is increasing its production to meet these orders and the increased level of orders which it expects to receive over the next few months.

Shanghai Retail Store

Despite the disruption in China caused by the coronavirus, JAT expects its Maternity and Infant Boutique to open in Shanghai in March 2020 (see ASX announcement of 10 December 2019). Fitout of the store is expected to commence on 9 February 2020. The Boutique will be stocked with a broad range of JAT products including Neuroio and other lactoferrin ranges.

Other Products

Other than the above, JAT has not seen any adverse effect on sales of its other products as a result of the coronavirus.

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