

JAT is a specialist in Australia-China trade, focused on growth within the Australian health and wellness consumer goods export industry.



## QUARTERLY REPORT (Q1 FY2023)

27 October 2022

### Highlights

- JAT achieved a **total revenue** for September quarter \$7.31 million (unaudited), compared with \$9.88m in the June quarter (\$6.43m in prior corresponding period, an increase of 13.7%).
- **Gross profit** for September quarter was \$2.31m (unaudited), compared with \$1.80m in the June quarter (\$1.37m in pcp, an increase of 68.6%).
- The September quarter **operating cash inflow** was \$10.6m (unaudited), compared with \$7.04m in pcp, an increase of 50.6%.
- JAT achieved September quarterly **net loss** of \$1m (unaudited), compared with net loss of \$1.9m in pcp, a result improved by 47.4%.
- The Shareholders meeting held on 1 September 2022 has appointed the new board of JAT; the new senior management team has been confirmed on 9 September 2022.

### Comments from MD Jack Wang

“With the strong support from our shareholders, the new Board of JAT was appointed on 1 September.”

“The new senior management has implemented a new business plan and worked on resolving historical operating issues.”

“JAT has continuously improved its performance over the last quarter and now targets to achieve more acceptable results for the rest of FY 2023.”

“The new board aims to bring good returns to our shareholders with continuous efforts to improve our operating efficiencies and market share.”

“To consolidate our products and brands is one of priorities for the next 12 months.”

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## Trading highlights

- ANMA's factory has received a Certificate of Registration to certify that ANMA's factory is registered with the U.S. FDA. in July. This is an important step for ANMA and Jatcorp. This is positive progress for ANMA since the KFDA approval by Korea last year. All of these will help with the expansion in other countries while the China market remains impacted by Covid-19.
- Jatcorp has made new sales for one of core products which is Jinvigorate Diabetic Formula (JDF). JDF has been approved by KFDA as a medical food to supply to patients in hospitals and clinics. Jatcorp now has the first 100,000 sachets sales with 38,000 sachets shipped out in July 2022. Similar market expansion is planned with other markets such as south East Asia, Europe and North American.
- Jatcorp's products have been successfully selected by Austrade to participate at Fine Food Australia in Melbourne through Austrade's stand.
- The first part of a grant of \$42k from Federal Government - Department of Industry Science and Resources and Canberra was received in August to support the upcoming Clinical trials (RMIT) for the immunity support products. This will help us continue to carry out scientific research to improve our productions.
- Jatcorp will continue to sell Jinvigorate Immunity Support product at a local pharmacy-Lims pharmacy as the feedback from clients is encouraging.
- From September, the new senior management has worked on developing new OEM customers, bringing new orders to the ANMA factory.
- The new senior management has developed an optimization plan for the ANMA production process, improving the production efficiency of the ANMA.

## Business outlook

- The policy of continued lockdowns in China will impact the Company's sales and operations for the rest of FY2023. But Jatcorp is seeing a strong resilience of brands like Neurio which is taking a leading position in China's lactoferrin milk powder online market as per statistics on Tmall.com.
- Under the new senior management, Jatcorp will also explore other market opportunities in the Asia pacific region in FY2023. In addition, the recently announced BTNature supply agreement will provide significant orders and push up the revenue for the remainder of the financial year.

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## Expenditure on business activities

A summary of the expenditure incurred on Jatcorp's business activities for the quarter follows:

Expenditure category	Q1 FY2023 AUD'000	Q4 FY2022 AUD'000
Expenditure on inventory and manufacturing	9,671	9,935
Advertising and marketing costs	1,155	757
Leasing	117	108
Employees	1,096	1,022
Interest	50	343
Administration and corporate	482	853

## Other information

- On 1 July 2022, there were 321,087,429 shares issued at 1.2 cents each for total gross proceeds of \$3,853,049.
- On 6 July 2022, there were 35,762,834 shares issued at 1.2 cents each for total gross proceeds of \$429,154 (short fall).
- Jatcorp has paid ANAM purchase instalment \$1.847million as agreed in Share and Purchase Agreement in August 2022.

## Related party transactions

A total of \$119,550 was incurred in related party transaction, concerning consulting fees paid to some Directors.

## FY2023 outlook

The new senior management is confident of improving the performance and shareholder returns in FY2023. Jatcorp aims to consolidate its existing products and brands, improve the sales margin and bring in stabilized cash flow into the business.

This announcement has been authorised for release to the ASX by the Jatcorp Board of Directors.

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**Investor contact**

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**About Jatcorp Limited**

*Jatcorp (ASX: JAT), at the forefront of innovative technology servicing the world's largest retail markets. With a track record of successful product development and distinguished technology, JAT is a leading producer of supplementary food products, plant-based products and dairy food products.*

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Jatcorp Limited

**ABN**

31 122 826 242

**Quarter ended ("current quarter")**

30 September  
2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter</b>	<b>Year to date (3 months)</b>
	<b>\$A'000</b>	<b>\$A'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers	10,586	10,586
1.2 Payments for	-	-
(a) research and development	-	-
(b) product manufacturing and operating costs	(9,671)	(9,671)
(c) advertising and marketing	(1,155)	(1,155)
(d) leased assets	(117)	(117)
(e) staff costs	(1,096)	(1,096)
(f) administration and corporate costs	(482)	(482)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(50)	(50)
1.6 Income taxes paid	323	323
1.7 Government grants and tax incentives	42	42
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,617)</b>	<b>(1,617)</b>
<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	(1,847)	(1,847)
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-

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**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

		-	-
2.2	(f) other non-current assets		
	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,847)</b>	<b>(1,847)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date (3 months)</b>
		<b>\$A'000</b>	<b>\$A'000</b>
<b>3</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,282	4,282
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(32)	(32)
3.5	Proceeds from borrowings	11	11
3.6	Repayment of borrowings	(159)	(159)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,102</b>	<b>4,102</b>

<b>4</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,860	3,860
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,617)	(1,617)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,847)	(1,847)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,102	4,102
4.5	Effect of movement in exchange rates on cash held		

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**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,498</b>	<b>4,498</b>
<b>5</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter</b> <b>\$A'000</b>	<b>Previous quarter</b> <b>\$A'000</b>
5.1	Bank balances	4,498	3,860
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,498</b>	<b>3,860</b>

<b>6</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter</b> <b>\$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	120
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

<b>7</b>	<b>Financing facilities available</b>  <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>  <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end</b> <b>\$A'000</b>	<b>Amount drawn at quarter end</b> <b>\$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
<b>7.4</b>	<b>Total financing facilities</b>	<b>-</b>	<b>-</b>

7.5 **Unused financing facilities available at quarter end** Nil

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

<b>8</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,617)

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8.2	Cash and cash equivalents at quarter end (Item 4.6)	4,498
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	4,498
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>3</b>

*Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.*

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies Which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 October 2022

Authorised by: The Board

(Name of body or officer authorising release – see note 4)

**Notes**

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other

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accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.