

## ASX ANNOUNCEMENT

29 July 2022

# June 2022 Quarterly Report

## Highlights

- Total gross revenue for the June 2022 quarter was \$9.87 million (unaudited), a 17.40% decrease on the March 2022 quarter (\$11.95m) (unaudited), a 2.8% increase on the December 2021 quarter (\$9.6m) and an 273% increase on the June 2021 quarter (\$2.64m).
- The Board considers the decrease in revenue is acceptable given the COVID-19 pandemic continues spreading in Australia, China and others.
- FDA registration for both ANMA facility and infant formula underway.
- Operating cash inflow for the period was \$11.87 million.

Health and wellness consumer goods innovator and manufacturer Jatcorp Limited (ASX: JAT) is pleased to provide its quarterly report for the period ended 30 June 2022.

Throughout the quarter, JAT continued with its strategy of:

1. US FDA registration for both the ANMA facility and in-house brand infant formula with support from Austrade and others;
2. ANMA manufacturing facility maintains stable operations with both in-house and OEM products; and
3. Continuing to explore potential new markets to avoid possible operational risks caused by excessive reliance on a single market

## Trading Highlights

1. JAT is working with Austrade to provide infant formula labelling information for the US Food & Drug Administration (**FDA**) approval process. There has been considerable media attention in relation to the shortages of infant formula products in the United States due to the shutdown of Abbott, a major US infant formula manufacturer, due to health and safety concerns.

Jatcorp is progressing the opportunity to import several of its key in-house brands of infant formula into the US market to help alleviate the current shortages.

As part of the recently announced cooperation between the US and Australian Governments, Austrade and JAT are working together to provide JAT's infant formula labelling information. This will enable Austrade to assist in JAT's application for fast-tracked FDA approval.

Due to the recent ANMA factory upgrades, JAT has sufficient capacity for it to export its products into USA. While JAT is taking advantage of the current situation to obtain

FDA approval, it remains cautious given that it is understood Abbott has resumed its US operation and is again supplying to the US market, albeit at a reduced level.

2. Until the most recent lockdowns in China, JAT had predicted that sales in the June quarter would increase significantly compared with the same period last year. However, the sudden closure cities, especially in Shanghai (where the JAT's warehouse is located), has had a great impact on JAT's sales and operations. There will be many uncertainties in the sales and operation of the Chinese market until the lockdowns are eased.
3. JAT continues to work on cobranding products despite the temporary lockdown in Vietnam and political uncertainties in Sri Lanka. The final laboratory testing for CocoSoul Moroka Coffee and Matcha drinks have been completed and relevant data collected by the contract manufacturer for final labelling assessment. JAT worked on immune support active ingredients costing, blending and transportation documentation with internal and external sources to ensure the quality of the finished products and importation to meet Australian standards.

### **Corporate**

1. Capital raising  
On 31 March 2022, JAT advised that it was raising up to \$4.4 million with a private placement. The placement was completed in April 2022.
2. Repayment of Topwei loan  
The Topwei loan of \$5 million was partly repaid using JAT's cash resources. The balance of the Topwei loan was repaid in full in early April 2022 from the private placement referred to above.

### **Business outlook**

As mentioned above, the lockdowns in China will continue to have a significant impact on the Company's sales and operations.

The JAT Board and management have been active in dispersing market risks, exploring other markets and developing products suitable for the needs of market consumers outside Asia since last year. Developing of cobranding immune support drinks and plant-based snacks are important measures.

The cobranding products will be released into the local market during the September 2022 quarter. The plant-based snacks are also expected to be ready for the local and overseas markets during the same period.

Management is also working closely with Pinnacle, our cobranding business partner, to distribute CocoSoul products, especially the newly developed Oat Milk drink into local Chinese supermarket chains and selected overseas markets.

With diversified market development the management expects the sales in the next months will maintain growth.

### **Expenditure on business activities**

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

Expenditure Category	Amount \$
Expenditure on inventory and manufacturing	9,935,000
Advertising and marketing costs	757,000
Leasing	108,000
Employees	1,022,000
Interest	343,000
Administration and corporate	853,000

As disclosed in Item 2.1(b) of the attached appendix 4C, an amount of \$212,000 was paid as a further instalment of the ANMA purchase consideration (see note 13 of the Notes to Financial Statements for the year ended 30 June 2021).

### **Payments to related parties of the entity and their associates**

The amount included in section 6.1 of the Appendix 4C is the payment of fees to directors.

This announcement has been authorised for release to the ASX by Managing Director, Charlie Qiang.

For more information, please contact:

Charlie Qiang  
 Managing Director  
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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.

## Appendix 4C

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## 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 June 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	11,872	45,301
1.2	Payments for		
	research and development	(15)	(15)
	product manufacturing and operating costs	(9,935)	(35,902)
	advertising and marketing	(757)	(4,201)
	leased assets	(108)	(420)
	staff costs	(1,022)	(3,366)
	administration and corporate costs	(853)	(2,621)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	(0)	2
1.5	Interest and other costs of finance paid	(343)	(1,185)
1.6	Income taxes paid	(143)	(912)
1.7	Government grants and tax incentives	31	168
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,276)</b>	<b>(3,152)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	businesses	(212)	(1,382)

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
	property, plant and equipment	(25)	(218)
	investments	-	-
	intellectual property	-	-
	non-current assets	-	-
2.2	Proceeds from disposal of:		
	(b) entities	-	-
	businesses	-	-
	property, plant and equipment	1	4
	investments	-	-
	intellectual property	-	-
	other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received from 51% owned subsidiary – Sunnya (see note 3)	1,224	1,224
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>988</b>	<b>(372)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,408	8,409
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(179)	(372)
3.5	Proceeds from borrowings	(2)	561
3.6	Repayment of borrowings	(4,072)	(5,287)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid by 51% owned subsidiary - Sunnya	(2,400)	(2,400)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(4,245)</b>	<b>911</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 period	8,391	6,473
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,276)	(3,152)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	988	(372)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4,245)	911
4.5	Effect of movement in exchange rates on cash held	2	
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,860</b>	<b>3,860</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 \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,860	8,391
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>3,860</b>	<b>8,391</b>

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<b>6. Payments to related parties of the entity and their associates</b>		<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	68
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. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	4,000	4,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	4,000	4,000
7.5 <b>Unused financing facilities available at quarter end</b>		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.		
1. Lender: Topwei Two Pty Ltd. Amount: \$5 million. Term: Repayment date was 31 March 2022. Interest rate: 20% per annum. Security: unsecured. At end of March 2022, \$1 million was repaid. \$4 million balance has been repaid in full early April 2022.		

<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)	(1,276)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,860
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,860
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>3</b>
<p><i>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.</i></p>		
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?	
	<p>Answer:</p>	
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?	
	<p>Answer:</p>	
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?	
	<p>Answer:</p>	
<p><i>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.</i></p>		

## 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: .....29 July 2022.....

Authorised by: .....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 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.

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