

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 and plant-based products.



9 March 2023

## Disposal of unprofitable subsidiaries

Jatcorp Limited (JAT) refers to earlier announcements concerning management's continued focus on reviewing operations to ensure maximum value for shareholders. As a result, it has been decided to dispose of the 50% owned subsidiaries KTPD Holding Pty Ltd and Green Forest International Pty Ltd (the Subsidiaries) for nominal consideration.

Jatcorp acquired the Subsidiaries in May 2018. The previous Board had made the decision to acquire the Subsidiaries to boost sales and develop the distribution and sales channels. However the Subsidiaries did not perform as well as expected. For example, the Subsidiaries have made net losses of \$575K, \$797K, and \$1.5m for the financial year of 2020, 2021 and 2022 respectively. As a result of the underperformed businesses, Jatcorp has previously impaired the investment of \$7.6m and loan of \$1.5m to the Subsidiaries made under the previous Board management to nil.

As a result of the disposal, Jatcorp will have no further liability to fund the operations of the Subsidiaries going forward, and will not have to account for losses they make. This will have a net positive impact on the Financial Report. Comparing the 31 December 2022 Half-Year Consolidated Profit and Loss and Balance Sheet against pro forma results as if the disposal had happened pre 31 December 2022, the following are the major differences:

- Sales revenue and cost of sales fall by about \$1m to \$14.8m and \$9.7m respectively;
- Gross profit unchanged at \$5m;
- Net loss improves from a loss of \$2.1m to a loss of \$1.7m;
- Total liabilities decrease from \$11.1m to \$9.1m;
- Net assets increase from \$9.4m to \$11.1m.

The sale is to the remaining shareholder of the Subsidiaries, who will own 100% of their shares following the disposal. The remaining shareholder is not a related party.

Managing Director of Jatcorp, Mr Jack Wang, said: "As a part of our new strategy, Jatcorp management is focusing on creating value for shareholders and optimizing our investment portfolio. Disposal of unprofitable investments will help us to achieve this goal."

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This announcement authorised by JAT's Board.

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About Jatcorp Limited

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