

QUARTERLY REPORT (Q1 FY2024)

27 October 2023

Highlights

- **Jatcorp has achieved a quarterly revenue of approximately \$20.9m(unaudited) and net profit was approximately \$190k (unaudited) for Q1 FY24.**
- **Total revenue** for the September quarter was \$20.9m (unaudited), compared with \$7.31m in prior corresponding period (pcp), representing an increase of 186%, due to the increase of international trading and self-branded product sales.
- **Gross profit** for the September quarter was \$3.5m (unaudited), compared with \$2.31m in pcp, representing an increase of 52%.
- **Net profit** for the September quarter was \$190k (unaudited), compared with net loss of \$1.0m in pcp, a good result improved by 119%.
- **Net operating cash inflow** was -\$134K (unaudited), compared with -\$1,617k in pcp. However, the amount of \$134K includes non-recurring legal cost of \$859K. If it is excluded, Net Operating Cash Flow was positive at \$725k for Q1 FY24.

Comments from MD Jack Wang

"Q1 F24 is a good start. As we have previously advised the market, our strategy to concentrate on our key brand marketing and day-to-day operations, as well as developing new market in Asia Pacific, is seeing promising developments."

"Our newly launched brand Moroka, is among the top selling products in our targeted lactoferrin nutrient market in September."(*)

"The legal proceeding against Sunnya's prior directors continues, and the final hearing is expected in late November."

"Despite the instability of the global economy, our marketing strategy targeting China's middle class and new OEM clients is consistent and working to create shareholder value."

**As per Tmall Business Advisor*

Trading highlights

- By the end of the September quarter, JAT has completed all production orders for BTNature under the \$28m 12 months contract commencing October 2022. Jatcorp is pleased to announce that the production contract with BTNature will renew for another year, targeting \$30m of production orders within the next 12 months.
- The Moroka product continued to gain momentum since China Tmall flagship store has launched in June 2023. By the end of the September quarter, Moroka has been ranked No. 3 in best sales value in lactoferrin supplement category across the whole Tmall platform as per statistics from Tmall business Advisor.
- In September, Jatcorp has successfully attended the new Vietnam maternity, baby and kids trade exhibition in Ha Noi. Our Neurio products were promoted and are getting more popular in the market.
- After receiving and delivering the first order (over 20,000 units) from a new Taiwan client in the June quarter, we received a replenishment order of another 20,000 units of Diabetic and Immune formulas in August. Our client's products are well accepted by consumers in Taiwan. We expect to have continuous orders and increased volume from the Taiwan market.
- Post the September 2023 quarter, Jatcorp has booked in and set up to attend the 6th CIE (China Import Export Exhibition) in November 2023 in Shanghai. It is the largest import exhibition held in China since pandemic, which allow us to showcase all Jatcorp's own brands and help to attract new business and strengthen our distribution.

Business outlook

- Regarding the short-term economic risks, the further tightening of monetary policy and geopolitical concerns are on the top of the list. Global activity remains relatively subdued. We expect that a Chinese fiscal stimulus package is on the way. We retain a good level of confidence on China's consumption growth and demand for our products.
- As China-Australia trade relations improves, we are now seeing more active bilateral business activities and cooperation. We are hopeful that the coming Australian Prime Minister's visit to China and ongoing improvements in trade relations will help to remove all trading impediments between the two countries and bring benefits to people and business.

Expenditure on business activities

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

Expenditure Category	Q1 FY24	Q1 FY23	yoy
	AUD'000	AUD'000	(+/-)%
Product manufacturing and operating costs	13,753	9,671	42%
Advertising and marketing costs	1,065	1,155	-8%
Leasing	112	117	-4%
Employees	734	1,096	-33%
Interest	49	50	-2%
Administration and corporate*	1,124	482	133%

Note:

**The increase of administration and corporate expense in Q1 FY24 was mainly because of non-recurring legal cost of proceedings.*

Other information

On 12 September 2023, General Meeting of Shareholders has approved the consolidation of share capital. After the consolidation, the number of existing issued shares is 83,265,061; the number of JATO option expiring on 24 August 2024 is 27,745,009.

Related party transactions

The payments made to related parties and their associates totalled \$295K for the quarter, including:

- The payments related to Directors' remuneration and consulting fee for \$198K; and
- The marketing fees paid to related party for \$97K in line with the standard marketing policy.

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

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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.

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 2023

Consolidated statement of cash flows

Current quarter \$A'000

Year to date (3months) \$A'000

1 Cash flows from operating activities

1.1	Receipts from customers	
	-Receipts from ordinarily sales	
	-Receipts from customer deposit	
1.2	Payments for	
	(a) research and development	
	(b) product manufacturing and operating costs	
	(c) advertising and marketing	
	(d) leased assets	
	(e) staff costs	
	(f) administration and corporate costs	
1.3	Dividends received (see note 3)	
1.4	Interest received	
1.5	Interest and other costs of finance paid	
1.6	Income taxes paid	
1.7	Government grants and tax incentives	
1.8	Other (provide details if material)	
1.9	Net cash from / (used in) operating activities	

16,392	16,392
14,023	14,023
2,369	2,369
-	-
-	-
(13,753)	(13,753)
(1,065)	(1,065)
(112)	(112)
(734)	(734)
(1,124)	(1,124)
-	-
47	47
(49)	(49)
255	255
9	9
-	-
(134)	(134)

2 Cash flows from investing activities

2.1	Payments to acquire:	
	(a) entities	
	(b) businesses	
	(c) property, plant and equipment	
	(d) investments	
	(e) intellectual property	
	(f) other non-current assets	
2.2	Proceeds from disposal of:	
	(a) entities	
	(b) businesses	
	(c) property, plant and equipment	
	(d) investments	
	(e) intellectual property	

-	-
-	-
(236)	(236)
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

(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)	-	-
2.6	Net cash from / (used in) investing activities	(236)	(236)
3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.1	Net cash from / (used in) financing activities	-	-
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,111	4,111
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(134)	(134)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(236)	(236)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	3,741	3,741
5	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	3,741	4,111
5.2	Call deposits	-	
5.3	Bank overdrafts	-	
5.4	Other (provide details)	-	
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,741	4,111
6	Payments to related parties of the entity and their associates	Current quarter	
		\$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	295	
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

7 Financing facilities available

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility
amount at quarter
end \$A'000**

**Amount
drawn at
quarter end
\$A'000**

-

-

-

-

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.

8 Estimated cash available for future operating activities

\$A'000

- 8.1 Net cash from / (used in) operating activities (Item 1.9)
- 8.2 Cash and cash equivalents at quarter end (Item 4.6)
- 8.3 Unused finance facilities available at quarter end (Item 7.5)
- 8.4 Total available funding (Item 8.2 + Item 8.3)
- 8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

(134)

3,741

-

3,741

28

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:

- 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:

- 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:

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

Answer:

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 2023

Authorised by: The Jatcorp Limited 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.