

## QUARTERLY REPORT (Q3 FY2023)

28 April 2023

### Highlights

- **Jatcorp achieved a quarterly net profit of approximately \$241K (unaudited) and EBITDA was approximately \$886K (unaudited) for the March quarter.**
- **Total revenue** for March quarter was \$11.3m (unaudited), compared with \$8.59m in the December quarter, a 31.5% increase (\$11.95m in prior corresponding period, a decrease of 5.4%).
- **Gross profit** for March quarter was \$4.05m (unaudited), compared with \$3.32m in the December quarter 22.0% increase (\$2.18m in pcp, an increase of 85.8%).
- The March quarter records **Net cash used in operating activities** was \$534K (unaudited).

### Comments from MD Jack Wang

"Jatcorp has continued to improve its operations and brand building, as well as the financial returns in the recent quarter."

"The legal proceeding against Sunnya's prior directors continues, and the new orders received from NSW court has clarify the situation and restore our confidence to recover the business from the wrong management."

"The new market strategy is on the horizon, and we are introducing the new brand of Moroka into the Chinese market."

"Given the uncertainty of economic recovery in China, we are cautiously optimistic about business prospects and performance for the next quarter and will endeavor to improve our business and operations."

## Trading highlights

- ANMA's factory has invested in new machinery and upgraded the existing production line. It will help us to improve the efficiency and reduce production cost. Warehouse racking and layout were reconfigured and planned. Around 700 additional pallets holding capacity was secured. The management also has implemented the new Inventory Management System and capture better stock control. Working efficiency per shift has improved 30%.
- In October 2022, JAT signed a new supply agreement with BTNature to manufacture up to approximately \$28m of milk powder products over the next 12 months. For the March quarter, JAT has received and completed approximately \$8m of production order from BTNature.
- The management has reinforced brand development and expansion in March quarter, including
  - ranged Neurio brand into Hongkong Manning retail chain.
  - participate in Vietnam baby and mother exhibition (in June 2023) building Neurio brand as part of JAT's expansion into the SEA (South East Asian) market.
  - opened China Douyin (Tiktok) flagship stores and multiple authorized stores in China. This is helping us to reach the end consumers directly.
  - received the first order in Taiwan online and offline market
  - reached agreement with online retail group in Singapore to range Neurio products in their 13 online stores across Shopee, Lazada and Qoo10 online platforms.
- In the recent announcement dated 18 April 2023, Jatcorp has updated the market concerning legal proceedings against certain former directors and their affiliates of its subsidiary Sunnya Pty Ltd. Throughout March 2023, the Supreme Court of NSW made several asset preservation orders (or freezing orders) against the former directors and their family trust entity, restraining them from further dissipating or dealing with their assets.

## Business outlook for Q4 FY2023

- Recently, given the facts of broader trademark infringement in both New Zealand and China, and a significant increase in counterfeit goods of "Neurio" being offered to sale on several online platforms in China Mainland, the Board of Sunnya has decided to temporarily suspend supply "Neurio" branded products to China until further notice, and keep sales policy unchanged in other countries or regions.
- To eliminate confusion of identifying our authentic products by our customers and continue to provide better products to Chinese customers, Sunnya will move to make sales into that market using the "Moroka" brand.
- Jatcorp is cautiously optimistic about business prospects and performance for the next quarter. The new management will endeavour to improve the operation returns and new brands to evolve and grow.

## Expenditure on business activities

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

Expenditure Category	Q3 FY2023	Q2 FY2023
	AUD'000	AUD'000
Expenditure on inventory and manufacturing*	8,226	2,301
Advertising and marketing costs	666	430
Leasing	97	300
Employees	979	966
Interest	75	62
Administration and corporate**	1,525	442

Note:

\*The increase of expenditure on inventory and manufacturing in Q3 was mainly because of additional purchase of raw materials to meet increased orders. This is reflected in customer receipts of \$11.1m for Q3 2023 compared to \$4.7m for Q2 2023.

\*\*The increase of administration and corporate expense in Q3 was mainly because of more spending on legal fees.

## Other information

In March, Jatcorp announced the disposal of the 50% owned subsidiaries KTPD Holding Pty Ltd and Green Forest International Pty Ltd (the Subsidiaries) for nominal consideration given their underperformed operations. As a result of the disposal, Jatcorp will have no further liability to fund the operations of these subsidiaries going forward, and will not have to account for losses they make.

## Related party transactions

The payments made to related parties and their associates totalled \$197K for the quarter. The payments relate to Directors' remuneration and consulting fees.

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		Quarter ended (“current quarter”)	
31 122 826 242		31 March 2023	
Consolidated statement of cash flows		Current quarter \$A’000	Year to date (9 months) \$A’000
1	Cash flows from operating activities		
1.1	Receipts from customers	11,126	26,389
	-Receipts from ordinarily sales	10,846	25,375
	-Receipts from customer deposit	280	1,014
1.2	Payments for	-	-
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(8,226)	(20,198)
	(c) advertising and marketing	(666)	(2,251)
	(d) leased assets	(97)	(514)
	(e) staff costs	(979)	(3,041)
	(f) administration and corporate costs	(1,525)	(2,449)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	18
1.5	Interest and other costs of finance paid	(75)	(187)
1.6	Income taxes paid	(101)	144
1.7	Government grants and tax incentives	2	136
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(534)	(1,954)
2	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	(1,847)
	(c) property, plant and equipment	(269)	(277)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	(143)	(143)
	(b) businesses	-	-
	(c) property, plant and equipment	(21)	116
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	6	5
2.4	Dividends received (see note 3)	-	-

2.5	Other (provide details if material)	-	
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(427)</b>	<b>(2,146)</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$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
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)
3.5	Proceeds from borrowings	-	1,111
3.6	Repayment of borrowings	(6)	(227)
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>(6)</b>	<b>5,134</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	5,861	3,860
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(534)	(1,954)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(427)	(2,146)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	5,134
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,894</b>	<b>4,894</b>

<b>5</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	4,894	5,861
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>4,894</b>	<b>5,861</b>

<b>6</b>	<b>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	197
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<sup>65</sup>
- 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

- 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)**

\$A'000

(534)  
4,894  
-  
4,894  
9

*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: N/A

- 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: : N/A

- 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: : N/A

## 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: 28 April 2023

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 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.