

QUARTERLY REPORT (Q2 FY2024)

29 January 2024

Highlights

- Total revenue for December quarter was \$23.5m (unaudited), compared with \$8.59m in pcp, an increase of 173%.
- Gross profit for December quarter was \$4.12m (unaudited), compared with \$3.32m in pcp, an increase of 24%.
- Net operating cash for December quarter was \$146K (unaudited).
- JAT has achieved EBITDA of -\$2,037K (unaudited) for the December quarter. If non-recurring items like litigation fee are excluded, which is not related to the Company's day-to-day business operations, the adjusted EBITDA was \$774K for Q2 FY24.

Comments from CEO

"In Q2 FY24, our revenue and operational EBITDA excluding non-recurring items have grown continuously. Our key brands of Moroka and Neurio became one of the best sellers in the Lactoferrin category in China as per Tmall statistics. Customer awareness and market penetration have improved a lot."

"The first stage final hearing in the Sunnya litigation was completed in late December 2023. Because three key defendants including the two Sunnya ex-directors, Mr Yinghan He and Ms Yanxia Lu, refused to testify at the hearing, their affidavits have been excluded. A defendant from New Zealand was extensively cross-examined about what the plaintiffs consider to be misleading and untruthful evidence and his involvement in the breaches of directors' duties and fiduciary duties alleged against the two ex-directors of Sunnya Pty Ltd. New evidence was also uncovered and tendered during the last days of the hearing. The case is yet to be decided."

"The senior management is targeting to make the operations more profitable for the rest of this financial year and work hard for creating good shareholder value."

-From CEO, Sunny Liang

Trading highlights

- JAT has recorded quarterly high revenue of \$23.5m for Q2 FY24, thanks to the strong performance of the sales of self-owned branded products, OEM production revenue and international trading.
- ANMA has finalised the automation equipment upgrade in Q2, shredding another 10% of labour cost for the full-cream production line while maintaining the same efficiency. The further upgrade on the sachet line machine is also underway, which is expected to be in operation as early as in Q4, with the potential to increase ANMA's sachet line production capacity dramatically.
- Under the new arrangement with BTNature, ANMA will continue to produce OEM products of approximately \$32m for BTNature for 12months. JAT has also completed the acquisition of 30% of ANMA in Q2 FY24, resulted in controlling 95% of shareholding today.
- JAT has successfully participated in CIIE Shanghai in November 2023. It is the largest import exhibition held in China since the pandemic, which allowed us to showcase all Jatcorp's own brands and help to attract new business and strengthen our distribution. With the presence of the Prime Minister of Australia, Anthony Albanese and Minister for Finance of the State of Victoria, Tim Pallas, the JAT booth has continuously seen new interests from customers and OEM clients from Europe and Asia Pacific region. JAT will bring better and healthier "Australian-style" products to consumers around the world.



- The Moroka product continued to gain momentum since China Tmall flagship store has launched in June 2023. In Q2 FY24, Moroka has achieved sales of \$970K, and ranked No. 3 in "11.11" sales festival in Tmall platform as per statistics from Tmall business Advisor.

Business outlook

- We expect global economic recoveries to be slow and highly susceptible to setbacks, constrained by the weak global conditions. Because of stagnant supply and demand growth across developing markets, the moderate risk of recession remains. However, we retain a good level of confidence in consumer demand for our products and growth of the lactoferrin product market.

Cash expenditure on business activities

A summary of cash expenditure incurred on the Company's business activities for the quarter is shown as follows:

| Expenditure Category | Q2 FY24 | Q2 FY23 | yoy |
|--|---------|---------|--------|
| | AUD'000 | AUD'000 | (+/-)% |
| Product manufacturing and operating costs | 1,230 | 2,301 | -47% |
| Costs related to international trading | 12,458 | - | N/A |
| Advertising and marketing ⁽¹⁾ | 2,080 | 430 | 384% |
| Leasing | 110 | 300 | -63% |
| Employees | 1,245 | 966 | 29% |
| Interest | 48 | 62 | -23% |
| Administration and corporate expenditures ⁽³⁾ | 2,386 | 442 | 440% |

Note:

- (1) Advertising and marketing costs has increased due to the promotion of Moroka Brand and CIIE advertising.
 (2) The increase of administration and corporate expenditures was mainly because of non-recurring legal cost of proceedings on Sunnya's ex-directors, Mr He and Ms Lu.

Other information

On 28 November 2023, the Annual General Meeting of Shareholders passed all resolutions including adoption of the Remuneration Report for FY23 and passing the employee incentive plan.

Related party transactions

The payments made to related parties and their associates totalled \$460K for the quarter, including:

- The payments related to Directors' remuneration and consulting fee for \$200K; and
- The marketing fees paid to a related party for \$260K in line with the standard marketing policy.

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

Investor contact

ir@jatcorp.com

Media contact

media@jatcorp.com

Ph: +61 3 9090 7592

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")

31 December 2023

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|-------------------------------|---------------------------------------|
| 1 Cash flows from operating activities | | |
| 1.1 Receipts from customers | 19,688 | 36,080 |
| -Receipts from ordinarily sales | 17,319 | 31,342 |
| -Receipts from customer deposit | 2,369 | 4,738 |
| 1.2 Payments for | | - |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (1,230) | (4,440) |
| (c) costs related to international trading | (12,458) | (23,001) |
| (d) advertising and marketing | (2,080) | (3,145) |
| (e) leased assets | (110) | (222) |
| (f) staff costs | (1,245) | (1,979) |
| (g) administration and corporate costs | (2,386) | (3,510) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 12 | 59 |
| 1.5 Interest and other costs of finance paid | (48) | (97) |
| 1.6 Income taxes paid | (34) | 221 |
| 1.7 Government grants and tax incentives | 37 | 46 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | 146 | 12 |
| 2 Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (2) | (238) |
| (d) investments | (1,700) | (1,700) |
| (e) intellectual property | (93) | (93) |
| (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 | | - | - |
| (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 | (1,795) | (2,031) |

| | | | |
|----------|---|--------------|--------------|
| 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 | (422) | (422) |
| 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 | (422) | (422) |

| | | | |
|----------|--|--------------|--------------|
| 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 | 3,741 | 4,111 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 146 | 12 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (1,795) | (2,031) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (422) | (422) |
| 4.5 | Effect of movement in exchange rates on cash held | | |
| 4.6 | Cash and cash equivalents at end of quarter | 1,670 | 1,670 |

| | | | |
|----------|---|------------------------|-------------------------|
| 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 | 1,670 | 3,741 |
| 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) | 1,670 | 3,741 |

| | | | |
|----------|---|------------------------|--|
| 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 | 460 | |

- 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

- 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 |
|---------|
| 146 |
| 1,670 |
| - |
| 1,670 |
| |

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: 30 January 2024

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.

For personal use only