



JAT is a specialist in Australia-China trade,
focused on growth within the Australian health
and wellness consumer goods export industry.



QUARTERLY REPORT (Q3 FY2024)

26 April 2024

Highlights

- **Jatcorp has achieved a quarterly net profit of approximately \$2m(unaudited), and EBITDA was approximately \$2.45m(unaudited) for the March quarterly.**
- **Total revenue** for March quarter was \$14.8m (unaudited), compared with \$11.3m in prior corresponding period (**pcp**), an increase of 31%.
- **Gross profit** for March quarter was \$5.57m (unaudited), compared with \$4.05m in pcp, an increase of 38%.
- **Net operating cash** for March quarter was \$587K (unaudited), compared with -\$534K in pcp, an important improvement.

Comments from CEO

"In Q3 FY24, we continued our growth of both top and bottom lines, JAT has made a good profit return of approximately \$2m, thanks to a strong market performance in China."

"The Supreme Court of NSW has published the final judgment of the Sunnya litigation as announced to ASX on 24 April 2024. The board considers the overall results to be largely successful and favorable to JAT and Sunnya. Sunnya is now confirmed as the rightful owner of the Neurio and Guamis brands in Australia and NZ and is able to lawfully export to China and preventing other parties from interfering with its business.. "

"Senior management is confident the business will be profitable for the rest of the financial year of FY24 and is planning for further improvements in FY25."

-From CEO, Sunny Liang

Trading highlights

- ANMA has ordered a new sachet production line. This upgrade on the sachet line machine will significantly improve the production capacity. The new production is expected as early as in Q4 FY24. It will bring new productivity and efficiency to ANMA operations in FY25. ANMA has recorded three consecutive months of profit making around \$700K in the March quarter (unaudited).
- Jatcop has ranged Neurio products back to Cross Border E-commerce channels including Flagship stores and POP stores in China. The new retail channels in both Hong Kong and Vietnam are established.
- As announced on 24 April 2024, the Supreme Court of NSW published a 400 page judgement in the various proceedings involving the long running dispute between JAT and its subsidiary Sunnya Pty Ltd ("Sunnya") on the one hand, and its former directors Mr Yinghan He and Ms Yanxia Lu ("He and Lu"), their related parties (including Australia and Chinese companies and their daughter Ms Yaqing He), and Sunnya's former New Zealand suppliers the Supermega group of companies controlled by Mr Easter Wu ("Wu parties").
- The Board of JAT considers the overall results of the Australian case to be largely successful and a vindication of its pursuit of the defendants, with some adverse findings which it is now considering, along with formulating its claim for appropriate damages and costs. Critically, Sunnya is now confirmed as the rightful owner of the Neurio and Guamis brands in Australia and NZ and is able to lawfully export to China and preventing other parties from interfering with its business. This judgement will also assist to build Sunnya's case before the Chinese trademarks bureau for the nullification of GABT's Chinese Neurio trademarks.
- This judgement also comes as part of a wave of legal successes against the improper conduct of He and Lu and their related parties as two Chinese Courts have in January 2024 and April 2024 successively rejected GABT's attempt to shut down Sunnya's sale channels through two distributors in China, as previously advised to the market.

Business outlook

- We reiterate that our expectation for a global slow economic recovery is unchanged. Given the stagnant supply and demand growth across developing markets, a moderate risk of recession remains. However, the current consumer demand for our products and growth of the lactoferrin product in China are at a good level.

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 | Q3 FY24 | Q3 FY23 | yoy |
|---|---------|---------|--------|
| | AUD'000 | AUD'000 | (+/-)% |
| Product manufacturing and operating costs | 13,419 | 8,226 | 63% |
| Advertising and marketing costs | 1,361 | 666 | 104% |
| Leasing | 112 | 97 | 15% |

| | | | |
|------------------------------|-------|-------|------|
| Employees | 1,372 | 979 | 40% |
| Interest | 48 | 75 | -36% |
| Administration and corporate | 1,611 | 1,525 | 6% |

Related party transactions

The payments made to related parties and their associates totalled \$317K for the quarter, including:

- The payments related to Directors' remuneration and consulting fee for \$182K; and
- The marketing fees paid to a related party for \$135K 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")

31/03/2024

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 | 18,617 | 54,697 |
| -Receipts from ordinarily sales | 17,947 | 49,289 |
| -Receipts from customer deposit | 670 | 5,408 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) -product manufacturing and operating costs | (13,419) | (17,859) |
| -Costs related to international trading | - | (23,001) |
| (c) advertising and marketing | (1,361) | (4,506) |
| (d) leased assets | (112) | (334) |
| (e) staff costs | (1,372) | (3,351) |
| (f) administration and corporate costs | (1,611) | (5,121) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 1 | 60 |
| 1.5 Interest and other costs of finance paid | (51) | (148) |
| 1.6 Income taxes paid | (104) | 117 |
| 1.7 Government grants and tax incentives | (1) | 45 |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | 587 | 599 |
| 2 Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (53) | (291) |
| (d) investments | - | (1,700) |
| (e) intellectual property | - | (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 | (53) | (2,084) |

| | | |
|---|-----------|--------------|
| 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 | 42 | 42 |
| 3.6 Repayment of borrowings | - | (422) |
| 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 | 42 | (380) |

| | | |
|--|--------------|--------------|
| 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 | 1,670 | 4,111 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | 587 | 599 |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (53) | (2,084) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 42 | (380) |
| 4.5 Effect of movement in exchange rates on cash held | - | - |
| 4.6 Cash and cash equivalents at end of quarter | 2,246 | 2,246 |

| | | |
|---|------------------------|-------------------------|
| 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 | 2,246 | 1,670 |
| 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) | 2,246 | 1,670 |

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 | 317 |
| 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.

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|-------------------------------------|
| - | - |
| - | - |
| - | - |
| - | - |

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

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 |
|---------|
| 587 |
| 2,246 |
| - |
| 2,246 |
| N/A |

- 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)**

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: 26 April 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.

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