

ASX ANNOUNCEMENT

30 July 2021

June 2021 Quarterly Report

Highlights

- **Major construction work at ANMA has largely been completed**
- **Products the subject of the University of Sydney research project have been manufactured**
- **Sales of Poupin skincare products commenced in China and Australia**
- **V-meat products distributed to restaurants in China for final trial**
- **JAT's dairy products won major industry award**
- **Local sales network continues to expand to major pharmacies**

Health and wellness consumer goods developer and manufacturer Jatcorp Limited (ASX: JAT) is pleased to provide its quarterly report for the period ended 30 June 2021.

JAT Strategy

Throughout the quarter, JAT continued with its strategy of:

1. Establishing its China-located business;
2. Developing its own proprietary products;
3. Expanding and improving its ANMA manufacturing facility;
4. Reducing risk by manufacturing products outside Australia; and
5. Expand sales destinations so as not to be wholly reliant on the China market.

Trading

1. At the end of April 2021, a major upgrade to the ANMA manufacturing plant was completed. The upgrade has resulted in the factory now having the capacity to manufacture in excess of 1 million cans per month.
2. On 17 May 2021, JAT announced the results of the research project by The University of Sydney in relation to five new supplementary food formulas. Manufacture of those formulas at the ANMA plant commenced during the quarter and the products will be released to the Australian market in August.
3. JAT intends to obtain Therapeutic Goods Administration (**TGA**) registration for its ANMA factory and its supplementary food products, the subject of The University of Sydney study referred to above. To that end, JAT has engaged a consulting firm which specialises in preparing applications for TGA approval. The consulting firm has commenced the preparation of the application, including an inspection of the ANMA factory.
4. Poupin, a skincare product developed by JAT's Hong Kong based joint venture, was approved by the relevant Chinese authorities in April 2021 and the sales campaign for

the product commenced in China in late June 2021. The first shipment of the Poupin product has arrived in Australia and is currently being introduced to local pharmacies.

5. JAT's plant-based meat range has been introduced to Chinese restaurants in China for final testing. The first commercial sale is expected in the current quarter.
6. Four of JAT's dairy products manufactured at the ANMA plant won 2 gold medals and 2 silver medals in the DIAA Excellence Awards 2021 awarded by the Dairy Industry Association of Australia.

Business outlook

Revenue for the 2021 was significantly lower than the 2020 year as a result of the combination of Covid-19 restrictions in Australia and China as well as obstacles to the movement of goods into China. JAT has adopted a number of strategies to deal with these issues and expect a significant increase in revenue for the 2022 year. The directors base their view that there will be an increase in revenue in 2022 as the strategies previously announced take effect as well as the following:

- A strong order book is building at the ANMA factory as well as enquiries from potential new customers. Plans are underway to acquire new equipment to meet the demand and for the production of new products.
- The opening of JAT's Shanghai retail store has been delayed for almost two years due to lock downs in Shanghai and delays in regulatory approvals. The regulators have issued new documents and it is expected that, subject to any other unforeseen circumstances, the store should open in the September 2020 one quarter.
- JAT has placed the first order for Babycare products (see announcement dated 19 July 2021). It is expected the first products will be distributed to Australian customers in August 2021.
- New products developed by JAT have been welcomed by both local pharmacy chains and overseas distributors. The Company is confident the sale of those products will generate significant revenue.

Corporate

In June 2021, the company raised \$6.195 million through the issue of over 344 million shares at an issue price of \$0.18 per share. The funds were used in the repayment of loans, the development of JAT's plant-based meat business, additional machinery for the ANMA manufacturing facility and the purchase of inventory.

Subsequent to the company's general meeting on 7 June 2021, a total of 29,491,449 Collateral Shares were bought back for nil consideration and cancelled.

A total of \$4.4 million in debt was repaid with the result that JAT's interest expense will decrease significantly.

Payments to related parties of the entity and their associates

The amount included in section 6.1 of the Appendix 4C is the payment of fees to directors.

Expenditure on business activities

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

Expenditure Category	Amount \$
Expenditure on inventory and manufacturing	3,697,000
Advertising and marketing costs	112,000
Leasing	97,000
Employees	632,000
Interest	432,000
Administration and corporate	863,000

Payments to related parties of the entity and their associates

The amount included in section 6.1 of the Appendix 4C is the payment of fees to directors.

This announcement has been authorised for release to the ASX by Managing Director, Wilton Yao.

For more information, please contact:

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About Jatcorp Limited

Jatcorp Ltd (ASX: JAT) is a China-Australia trade specialist. The Company develops and markets a portfolio of in-house branded FMCGs, focusing on growth opportunities in dairy products.

JAT has positioned itself as a major player in the flourishing Australian consumer goods export industry, offering Chinese retail presence, online sales to Chinese consumers through offshore platforms, and high-volume wholesaling to daigou groups and other distribution channels.

JAT's extensive network of Chinese business affiliations is a substantial source of opportunities, both for the company and for its Australian business partners.

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 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,663	26,553
1.2 Payments for		
(a) research and development	(114)	(331)
(b) product manufacturing and operating costs	(3,697)	(18,711)
(c) advertising and marketing	(112)	(802)
(d) leased assets	(97)	(262)
(e) staff costs	(632)	(2,417)
(f) administration and corporate costs	(863)	(2,328)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	5
1.5 Interest and other costs of finance paid	(432)	(1,843)
1.6 Income taxes paid	(36)	(2,278)
1.7 Government grants and tax incentives	115	662
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,204)	(1,752)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	(701)
(c) property, plant and equipment	(186)	(1,822)
(d) investments	-	(1)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
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 from 51% owned subsidiary – Sunnya (see note 3)	-	1,041
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(186)	(1,483)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	6,195	9,023
3.2 Proceeds from issue of convertible debt securities	-	168
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(170)
3.5 Proceeds from borrowings	-	895
3.6 Repayment of borrowings	(4,452)	(9,586)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid by 51% owned subsidiary - Sunnya	-	(2,041)
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	1,743	(1,711)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	6,120	11,419
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,204)	(1,752)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(186)	(1,483)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,743	(1,711)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,473	6,473

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,473	6,120
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)	6,473	6,120

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	102
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
7.1 Loan facilities	5,000	5,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	5,000	5,000
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.		
1. Lender: Topwei Two Pty Ltd. Amount: \$5 million. Term: Repayable before 3 September 2021. Interest rate: 20% per annum. Repayable at any time provided 60 days' notice to the lender is made. Security: unsecured.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,204)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,473
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	6,473
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5
<i>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.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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:	
8.6.2 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:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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:30/07/2021.....

Authorised by:Wilton Yao.....
(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.