



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

ASX Announcement

28 February 2023

Appendix 4D and Half-Year Financial Report

Attached for release to the market are the ASX Appendix 4D and the FY2023 Half-Year Financial Report for the period ended 31 December 2022.

Authorised by: The Board of Jatcorp

Investor contact

ir@jatcorp.com

Ph: +61 3 9090 7592

About Jatcorp Limited, ABN 31 122 826 242

Media contact

media@jatcorp.com

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 4D

under ASX Listing Rule 4.2A

| | |
|----------------------------|--------------------------------|
| Current reporting period | 1 July 2022 – 31 December 2022 |
| Prior corresponding period | 1 July 2021 – 31 December 2021 |

Results for announcement to the market

Key information

| | 31 December 2022 | | 31 December 2021 |
|---|---------------------|------------------|---------------------|
| Revenue from ordinary activities for the period | \$15,851,449 | Down 1% from | \$16,042,583 |
| Net loss from the ordinary operating activities after tax | \$(2,120,469) | Down 53% from | \$(4,467,680) |
| Net loss from the ordinary operating activities after tax attributable to the members of the Parent | \$(2,308,087) | Down 28% from | \$(3,225,369) |
| Earnings per share (cents) – Basic | (0.093) | up 49% from | (0.181) |
| Earnings per share (cents) – Dilutive | (0.093) | up 49% from | (0.181) |

Details relating to dividends

No dividends were declared or paid by the group or its subsidiaries.

Net tangible assets per share

| | 31 December 2022 Cents per share | | 31 December 2021 Cents per share |
|---|-------------------------------------|---------------|---|
| Net Tangible assets per ordinary share – Basic | 0.238 | Up 1300% from | 0.017 |
| Net Tangible assets per ordinary share – Dilutive | 0.238 | Up 1300% from | 0.017 |

Details of subsidiaries, associates and joint ventures

During the period, Jatcorp established a new subsidiary company LTR Trading Pty Ltd (100% interest). Refer to note 10.

| | Legal ownership interest as at | |
|---|--------------------------------|---------------------|
| | 31 December 2022 | 31 December 2021 |
| Golden Koala Group Pty Ltd | 51% | 51% |
| Green Forest International Pty Ltd | 50% | 50% |
| Sunnya Pty Ltd | 51% | 51% |
| Jatpharm Pty Ltd | 55% | 55% |
| Australian Natural Milk Association Pty Ltd | 65% | 65% |
| Henan JAT Trading Co., Ltd | 100% | 100% |
| Hangzhou JAT Food Group Co., Ltd | 100% | 100% |
| KTPD Holding Pty Ltd | 50% | 50% |
| Jat Estates Pty Ltd | 100% | 85% |
| JP Global Trading Pty Ltd | 50% | 50% |
| LTR Trading Pty Ltd | 100% | - |

Other

Additional Appendix 4D disclosure requirements and further information, including commentary on significant features of the operating performance, results of segments, trends in performance, and other factors affecting the results for the current period are contained in the Half-Year Financial Report FY2023.

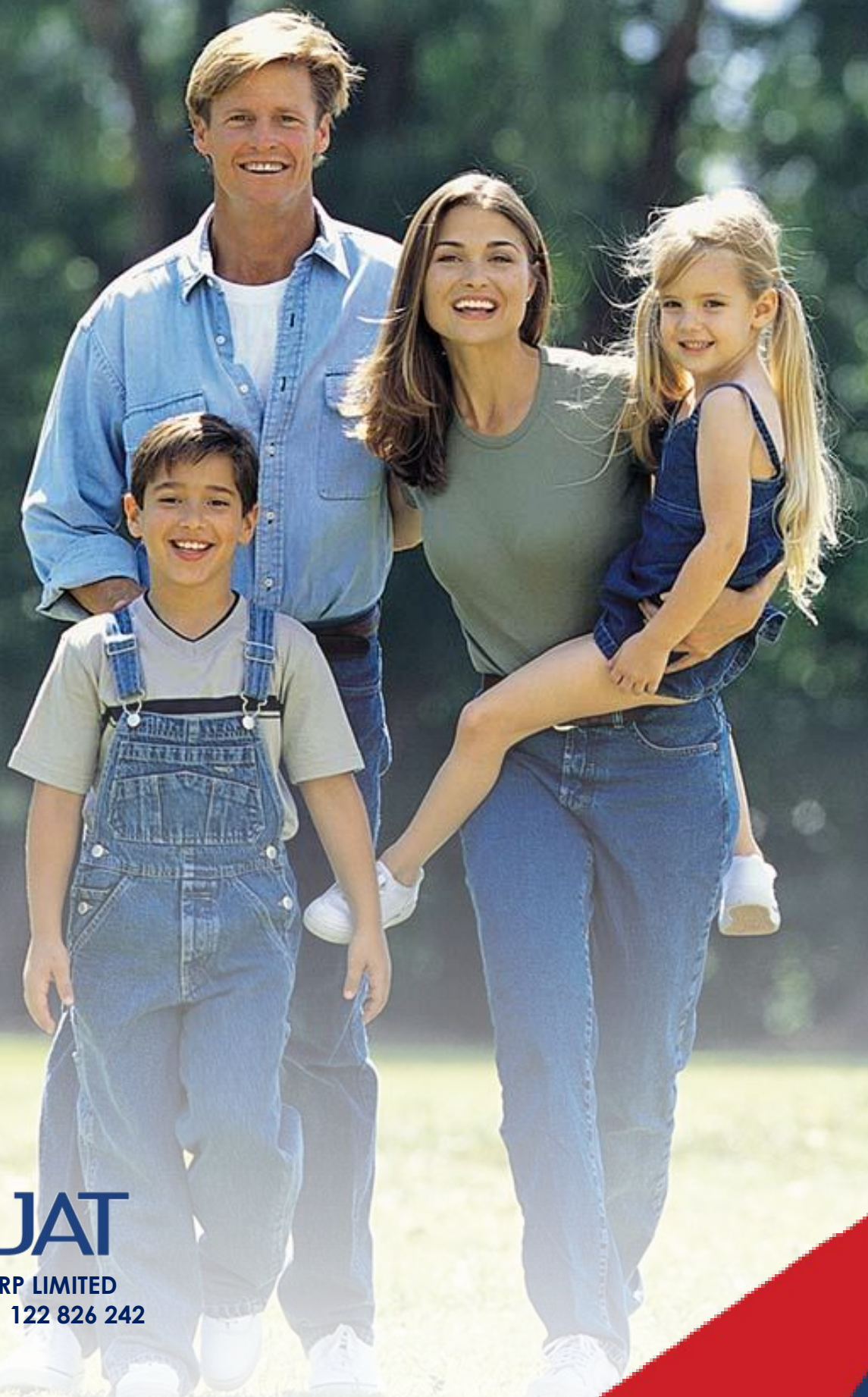
The Consolidated Financial Statements contained within the Half-Year Financial Report FY2023, upon which this report is based, have been reviewed by LNP Audit and Assurance Pty Ltd.

Audit modified opinion, emphasis of matter or other matter

The accounts presented included an auditor's review report with a material uncertainty related to going concern.

Half-Year

Financial Report FY2023



JATCORP LIMITED
ABN 31 122 826 242

Half-Year Financial Report FY2023

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Directors' Report

The directors present their report together with the condensed consolidated financial statements of Jatcorp Limited (the 'Company') and its controlled entities (together referred to as 'Jatcorp', the 'Group', or the 'consolidated entity') for the six months ended 31 December 2022 and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period are:

| Name | Period of Directorship |
|---|--|
| Mr Peng Shen, Non-Executive Chairman | Appointed 1 September 2022 |
| Mr Zhan Wang, Managing Director | Appointed 8 September 2022 |
| Mr Zhi Guo Zhang, COO and Executive Director | Appointed 1 September 2022, Resigned 31 January 2023 |
| Mr Sunny Jian Xin Liang, COO and Executive Director | Appointed 31 January 2023 |
| Mr Brett Crowley, Non-Executive Chairman | Removed 1 September 2022 |
| Mr Bing Hui Gong, Non-Executive Director | Removed 1 September 2022 |
| Mr Bo Qiang, Non-Executive Director | Ceased as Managing Director 7 September 2022, Resigned as Non-Executive Director 25 November 2022 |
| Mr Wilton Yao, Alternative to Brett Crowley and CEO | Resigned as Alternative Director 18 August 2022, Terminated as CEO 24 December 2022 |

Review of Operations

FY2023 is a year of change for Jatcorp. The first half of the year brought a leadership change and a new era has begun. Zhan (Jack) Wang was appointed Managing Director of the Company and Zhi Guo (Scott) Zhang was appointed COO of the Company on 1 September 2022.

The new leadership is endeavouring to develop a new strategy to rebuild Jatcorp and its brands focusing on leveraging the advantages of customer relationships and data, distribution and procurement networks, internal knowledge and production capacity, corporate purchasing power and partnership reach, with the aim of improving shareholder values.

An example of its new strategy was announced on 20 October 2022. Jatcorp has signed an important sales contract to supply milk powder products to BTNature Pty Ltd, a leading milk brand company selling predominantly into China. The Contract is for up to approximately \$28 million in product sales over the next 12 months ended in October 2023 with potential to extend for a further 12 months.

ANMA's factory has improved production capacity by around 17% in the December quarter as management has invested in accurate production planning and scheduling. The factory has added more work shifts and improved equipment effectiveness.

The board of directors has taken steps to review historical performance and solve legacy issues left by previous Boards. Hence, some impairment losses made in the past few years may still impact on the business and performance of Jatcorp in this financial year. The Company will take steps to demerge or discontinue the unprofitable investments.

Directors' Report (continued)

Review of Operations (continued)

Throughout the half of the year, notwithstanding ongoing COVID-19 related challenges in China, Jatcorp continued to improve its business and financial performance, including introducing new customers, increasing productivity, and boosting of sales and promotions. The new website, featuring a fresh look and feel, easy navigation and improved accessibility, went live in November 2022. The launch of the new website attracted interests from both investors and customers in different countries.

Revenue was flat from \$16m for the first half of FY2022 to \$15.85m for this half year. The Net Loss after Tax has narrowed from \$4.47m to \$2.12m for the prior corresponding period. Excluding the impairment loss of \$1,009,124, which is mainly from the provision of stock and the unrecoverable overseas investment incurred by previous Board, Jatcorp has made positive adjusted EBITDA of \$22k for the first half of FY 2023.

| | Consolidated | | |
|----------------------------------|---|---|------------|
| | Half year ended 31 December 2022 (‘000) | Half year ended 31 December 2021 (‘000) | yoy (+/-)% |
| Revenue | 15,851 | 16,042 | -1.19% |
| Gross Profit | 5,094 | 3,942 | 29.22% |
| Gross Profit Margin % | 32.10% | 24.60% | |
| EBITDA | (987) | (3,105) | 68.21% |
| EBITDA Margin % | (6.23%) | (19.40%) | |
| Adjusted EBITDA | 22 | (1,541) | 101.46% |
| Adjusted EBITDA Margin % | 0.14% | (9.61%) | |
| Profit /(Loss) after tax | (2,120) | (4,468) | 52.55% |
| Net Cash In Operating Activities | (1,001) | (512) | 95.50% |

Note: Adjusted EBITDA means the operating EBITDA excluding impairment loss

Finance

In July 2022, the Company raised \$4,282,203 before costs through completion of an Entitlement Offer and the issue of 356,850,263 fully paid ordinary JAT shares to investors at an issue price of \$0.012 per share. Each subscriber for share received 1 free option for every 1 share. The option has a strike price of \$0.032 each. On 12 July 2022 a total of 4,000,000 options lapsed.

In August 2022, the company has also issued 275,500,000 options (Placement Options) with exercisable price of \$0.032 each. No funds will be raised from the issue of these options.

On 1 December 2022, the lead manager of the placement was issued with 200,000,000 options at the exercisable price of \$0.032 each and an expiry date of 24 August 2024.

Directors' Report (continued)

Dividends

No dividend has been declared or paid by Jatcorp or by the subsidiary company during the half year ended 31 December 2022.

Risk Mitigation

While many businesses have innovated and adapted to the rapidly changing circumstances of the Post Covid landscape, in particular Jatcorp could benefit from an end to the lockdowns and an improved relationship between Australia and China. Jatcorp will strengthen and constantly review its risk mitigation strategies to improve its resilience to future shocks and take advantage of changing conditions. The mitigation strategies are,

- Secure and re-engineer its supply chain and operations
- Refine and optimize its portfolio of offerings to tailor to consumer needs
- Establish a robust omnichannel capability now and in the future
- Consider synergistic, personalized nutrition partnership opportunities
- Improve the business sustainability, particularly in relation to ESG and climate change

Significant event during the period

The Company had previously announced that it has regained control over one of its key subsidiaries, Sunnya Pty Ltd, and that legal action is being taken with respect to some former directors. Those legal proceedings have resulted in the granting of several injunctions by the Court to prevent the former directors and their related parties from taking over the IP of Sunnya and interfering with its business. In the course of the proceedings, the Company has also discovered that a large amount of profits of Sunnya for FY2020-FY2023 had been wrongly transferred to the former directors' related parties in China and the proceedings have now been expanded to include additional parties related to the former directors as well as a New Zealand based supplier who has an alleged trademark infringement and supplied unauthorised products to the related parties to former directors of Sunnya in China.

A recent attempt to settle the case via mediation was derailed after the defendants unexpectedly pulled out of the mediation. The case continues with further injunctions and freezing orders being applied for by Sunnya.

Sunnya is confident that it will obtain additional orders which will prevent the defendants from further unlawful competition and freeze assets of the key defendants who are located Australia to enable its ultimate judgement to be enforced.

As part of the defendants' counter response to Sunnya's claims, one of their companies has brought a 'counter' claim in China against Sunnya based on an alleged trademark infringement which Sunnya denies and sees as part of the overall scheme of offending conducts on the part of the defendants. Sunnya will vigorously oppose the Chinese proceedings.

The Company does not believe that the Sunnya legal proceedings will have a material impact on the Company's financial performance.

Events occurring after the reporting date

As announced on 10 January 2023, the employment of, former director and CEO of the Company, Wilton Yao, was terminated. He has since brought proceedings against the Company claiming damages for the termination of his employment contract. The Company has rejected his claim as without merit and will defend the proceedings. The Company will further update on the progress.

The Parent company has vacated existing Melbourne office premise in late January 2023 and relocated to Sydney office in February 2023. New lease commenced on 1 February 2023 for 3 years.

Apart from the above, no other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of these operations or the state of affairs of the group in future financial years.

Directors' Report (continued)

Outlook

Looking ahead, there are exciting things on the horizon for Jatcorp in the second half of FY2023. The management team will work on improving product sales and developing new products to meet the demand from our existing and new customers.

Since China has abandoned its stringent zero-Covid policy in November 2022, the demand for healthy food and nutrients has surged. Jatcorp is seeing its sales recover and expects improved market performance of its popular brands like Neurio in China. The Company will review and refresh the FY2023-24 Strategic Plan in due course.

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires the auditor, LNP Audit and Assurance Pty Ltd, to provide the Directors of Jatcorp with an independence Declaration in relation to the review of the Half-Year Financial Report. The Independence Declaration is on page 9.

Signed in accordance with a resolution of the Directors pursuant to s.306(3) of the Corporations Act 2001.

Dated at Sydney, NSW, 28 February 2023



Zhan Wang

Managing Director

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF JATCORP LIMITED

As lead auditor of Jatcorp Limited for the period ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

LNP Audit and Assurance Pty Ltd



Anthony Rose

Director

Sydney, 28 February 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | 31 December 2022 \$ | 31 December 2021 \$ |
|--|------|------------------------|------------------------|
| Revenue | | 15,851,449 | 16,042,583 |
| Cost of Sales | | (10,757,438) | (12,100,628) |
| Gross Profit | | 5,094,011 | 3,941,955 |
| Other Income | | 345,505 | 383,652 |
| Advertising & Marketing | | (1,586,385) | (2,283,614) |
| Consultancy & Professional Fees | | (903,401) | (758,625) |
| Employee Benefits | | (1,978,928) | (1,622,906) |
| Directors' Fees | | (337,728) | (162,000) |
| Administration Expenses | | (495,491) | (486,627) |
| Other Expenses | | (115,404) | (537,817) |
| Finance Costs | 11 | (111,505) | (620,033) |
| Share Based Payments | | - | (91,491) |
| Depreciation & Amortisation | | (546,229) | (562,762) |
| Impairment Loss | | (1,009,124) | (1,487,770) |
| Loss Before Income Tax | | (1,644,679) | (4,288,038) |
| Income Tax Expense | | (475,790) | (179,642) |
| Total Comprehensive Loss for the year | | (2,120,469) | (4,467,680) |
| Profit/(loss) attributable to: | | | |
| - Members of parent entity | | (2,308,087) | (3,225,369) |
| - Non-controlling interest | | 187,618 | (1,242,311) |
| | | (2,120,469) | (4,467,680) |
| Loss per share for loss attributable to the ordinary equity holders of the company: | | Cents | Cents |
| Basic loss per share | | (0.093) | (0.181) |
| Diluted loss per share | | (0.093) | (0.181) |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 31 December 2022 \$ | 30 June 2022 \$ |
|--------------------------------------|------|------------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash & Cash Equivalents | | 5,837,499 | 3,859,919 |
| Trade and Other Receivables | | 2,398,223 | 2,030,389 |
| Inventory | | 1,847,386 | 4,946,768 |
| TOTAL CURRENT ASSETS | | 10,083,108 | 10,837,076 |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | | 4,863,930 | 5,101,509 |
| Trade and Other Receivables | | 36,223 | 67,848 |
| Right of Use Asset | | 2,961,258 | 3,529,811 |
| Investment in Joint Ventures | | - | 301,633 |
| Intangible Assets | 5 | 2,837,493 | 2,960,343 |
| TOTAL NON-CURRENT ASSETS | | 10,698,904 | 11,961,144 |
| TOTAL ASSETS | | 20,782,012 | 22,798,220 |
| CURRENT LIABILITIES | | | |
| Trade and Other Payable | | 2,259,813 | 7,108,779 |
| Borrowings | 6 | 2,583,198 | 1,782,797 |
| Lease Liabilities | | 342,331 | 476,837 |
| Tax Liabilities | | 526,595 | - |
| Provision for Employee Benefits | | 331,490 | 332,053 |
| TOTAL CURRENT LIABILITIES | | 6,043,427 | 9,700,466 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 6 | 1,559,631 | 1,602,819 |
| Lease Liabilities | | 3,110,078 | 3,555,458 |
| Deferred Tax Liabilities | | 458,100 | 458,100 |
| TOTAL NON-CURRENT LIABILITIES | | 5,127,809 | 5,616,377 |
| TOTAL LIABILITIES | | 11,171,236 | 15,316,843 |
| NET ASSETS | | 9,610,776 | 7,481,377 |
| EQUITY | | | |
| Contributed Equity | 4 | 90,231,574 | 85,981,706 |
| Share Options | | 1,024,789 | 1,024,789 |
| Accumulated Losses | | (82,475,859) | (80,167,772) |
| Total Parent Equity | | 8,780,504 | 6,838,723 |
| Non-controlling Interests | | 830,272 | 642,654 |
| TOTAL EQUITY | | 9,610,776 | 7,481,377 |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Contributed Equity | Non-Controlling Interest | Accumulated losses | Share Options Reserve | Total Equity |
|--|--------------------|--------------------------|---------------------|-----------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2021 | 77,859,269 | 4,858,505 | (73,195,855) | 400,000 | 9,921,919 |
| Loss for the period | - | (1,242,311) | (3,225,369) | - | (4,467,680) |
| Shares issued during the period, net of cost | 2,978,185 | - | - | - | 2,978,185 |
| Share Options | - | - | - | 691,491 | 691,491 |
| Balance at 31 December 2021 | 80,837,454 | 3,616,194 | (76,421,224) | 1,091,491 | 9,123,915 |
| Balance at 1 July 2022 | 85,981,706 | 642,654 | (80,167,772) | 1,024,789 | 7,481,377 |
| Profit/(loss) for the period | - | 187,618 | (2,308,087) | - | (2,120,469) |
| Shares issued during the period, net of cost | 4,249,868 | - | - | - | 4,249,868 |
| Balance at 31 December 2022 | 90,231,574 | 830,272 | (82,475,859) | 1,024,789 | 9,610,776 |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | 31 December 2022 | 31 December 2021 |
|--|--------------------|------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 12,033,213 | 17,579,934 |
| Payments to suppliers and employees | (13,311,444) | (17,044,706) |
| Interest received | 9,497 | 1,913 |
| Finance costs paid | (111,505) | (620,033) |
| Income taxes paid | 245,154 | (651,785) |
| Government grants and tax incentives | 133,619 | 222,771 |
| Net cash outflow in operating activities | (1,001,466) | (511,906) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property, plant and equipment | 75,302 | (207,096) |
| Payments for the acquisition of controlled entities | (1,847,338) | (669,699) |
| Net cash outflow in investing activities | (1,772,036) | (876,795) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net proceeds from issue of shares | 4,249,868 | 2,978,185 |
| Net proceeds from borrowings | 1,000,000 | 528,719 |
| Repayment of borrowings | (242,790) | (190,589) |
| Right of use asset payment | (255,996) | (204,704) |
| Net cash inflow in finance activities | 4,751,082 | 3,111,611 |
| Net increase in cash and cash equivalents | 1,977,580 | 1,722,910 |
| Cash and cash equivalents at the beginning of the period | 3,859,919 | 6,414,713 |
| Cash and cash equivalents at the end of the year | 5,837,499 | 8,137,623 |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Condensed Consolidated financial statements

Corporate Information

Jatcorp Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Suite 502, 2 Bligh Street, Sydney NSW 2000.

The consolidated financial report of Jatcorp Limited ('the company') together with its controlled entities ('the Group') for the half-year ended 31 December 2022 was approved and authorised for issue by the Board of Directors on 28 February 2023.

General information and basis of preparation

The condensed financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001*, applicable Accounting Standards (including AASB 134 Interim Financial Reporting) and other mandatory professional reporting requirements. All amounts are presented in Australian dollars (\$AUD).

The condensed financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made during the half year to 31 December 2022 in accordance with the continuous disclosure obligations under the Australian Securities and Exchange Listing Rules and the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2022.

Note 1 Significant Accounting Policies

(a) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) Tradename and customer relationships

Separately acquired tradename and customer relationships are shown at historical cost. Tradename and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Tradename has an estimated useful life of ten years and customer relationships has an estimated useful life of five years.

(b) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Notes to the Condensed Consolidated financial statements

Note 1 Significant Accounting Policies (continued)

(b) Critical Accounting Estimates and Judgements

(i) Carrying amount of intangible assets (refer to Note 5)

Intangible assets of \$2,837,493 (June 2022: \$2,960,343) have been recognised in the financial statements. The Group has considered the estimated useful lives of the intangible assets which are amortised and has carefully reviewed all intangible assets for indications of impairment.

(ii) Recoverability of deposits paid to suppliers

As at 31 December 2022, the Group hold \$901,723 deposits with its suppliers for the purpose of purchasing raw materials and other products. Management has assessed its recoverability and believes that the goods will be received within the required time frame and that deposits held with trading business partner will be returned if the business relationship discontinued in the future.

(iii) Going Concern

The financial statements have been prepared on a going concern basis. The Group has incurred a loss after tax in the year from continuing operations of \$2,120,469 (December 2021: \$4,467,680 loss), which is driven by non-cash expenses such as depreciation and amortisation totaling \$546,229, finance costs of \$111,505, impairment loss of \$1,009,124 and decreased marketing costs (\$1,586,385). At 31 December 2022, the Group has net current assets of \$4,039,681 (June 2022: \$1,136,610 net current assets) and has surplus of net tangible assets over liabilities of \$6,773,283 (June 2022: \$4,521,034 surplus of net tangible assets over liabilities). The surplus of net tangible assets over liabilities is mainly caused by the increased cash balance. The Group has \$1,000,000 loan due for repayment on 10 May 2023.

The Directors believe that the going concern basis of preparation is appropriate due to: the Group having cash balances of \$5,837,499 (June 2022: \$3,859,919); the Group has raised capital of \$4,249,868 net of cost from external investors during the period and based on recent history of raising capital the Group expects to be able to raise more capital; the Group is expecting continuing growth in revenue through expansion in the Australian and Chinese Markets through its acquired subsidiaries; and the Directors consider the Group is able to scale back activities in order to preserve cash should this be required.

Accordingly, the condensed financial report has been prepared on the going concern basis and that the Group can meet its obligations in the ordinary course of business as and when they fall due. No adjustments have been made to the condensed financial report relating to the recoverability or classification of recorded assets and classification of liabilities that maybe necessary should the Group not continue as a going concern.

(c) Segment reporting

The Group has four geographic reportable segments: Australia, New Zealand, China, and other Asia Pacific Countries. In identifying its geographic segments, management generally follows the Group's customer market location. Each of these geographic segments is managed separately as each of these locations requires different marketing strategy and resources. The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements.

(d) Impact of standards issued but not yet effective

Certain new accounting standards and interpretation have been published that are not mandatory for the 31 December 2022 reporting period. The Group does not intend to adopt the standards before the effective date.

Notes to the Condensed Consolidated financial statements

Note 2 Commitment, Contingent Liabilities and Contingent Assets

Green Forest International Pty Ltd proceeding has been ongoing since around October 2019 in the Federal Circuit Court and is waiting for judgement to be handed down at the time of signing this report. The outcome of this matter is still unknown at the date of this report. The total of liabilities, if any, cannot be quantified at this time.

In November 2022 JAT has commenced legal proceedings against certain former directors and their affiliates of its subsidiary Sunnya Pty Ltd. The principal points of contention include rights over certain trademarks and whether those directors have acted in conflict in diverting company profits for personal gain. Sunnya has obtained a number of injunction orders from the Court and will shortly be participating in a mediation with the counter parties. The outcome of this matter is still unknown at the date of this report.

Apart from the above, the Group does not have any other contingent liabilities or commitment as at 31 December 2022.

Note 3 Significant Events since Balance Sheet Date

- a) As announced on 10 January 2023, the employment of, former director and CEO of the Company, Wilton Yao, was terminated. He has since brought proceedings against the Company claiming damages for the termination of his employment contract. The Company has rejected his claim as without merit and will defend the proceedings. The Company will further update on the progress.
- b) The Parent company has vacated existing Melbourne office premise in late January 2023 and relocated to Sydney office in February 2023. New lease commenced on 1 February 2023 for 3 years.

Apart from the above, no other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of these operations or the state of affairs of the group in future financial years.

Note 4 Contributed Equity

| (a) Share capital | As at 31 December 2022 | | As at 30 June 2022 | |
|--|---------------------------|-----------------------|---------------------------|-----------------------|
| | | | \$ | \$ |
| Ordinary Shares | | | | |
| 2,497,951,839 (June 2022: 2,141,101,576) | | | 90,231,574 | 85,981,706 |
| Fully paid shares | | | | |
| | | | | |
| (b) | As at 31 December 2022 | As at 30 June 2022 | As at 31 December 2022 | As at 30 June 2022 |
| | \$ | \$ | No. | No. |
| Movements in Ordinary Share Capital | | | | |
| Balance at the beginning of period | 85,981,706 | 77,859,269 | 2,141,101,576 | 1,651,957,672 |
| Share allotment during the year | 4,282,203 | 8,037,437 | 356,850,263 | 485,543,904 |
| Exercise of unquoted options | - | 85,000 | - | 5,000,000 |
| Share buyback during the year | - | - | - | (1,400,000) |
| Capital raising cost – July 2022 | (32,335) | - | - | - |
| Share capital balance 30 December 2022 | 90,231,574 | 85,981,706 | 2,497,951,839 | 2,141,101,576 |

Notes to the Condensed Consolidated financial statements

Note 5 Intangible Assets

| | As at 31 December 2022 | As at 30 June 2022 |
|--------------------------------|------------------------|--------------------|
| | \$ | \$ |
| Goodwill | 2,347,482 | 2,347,482 |
| Trade Names at cost | 597,000 | 597,000 |
| Less: accumulated amortisation | (315,117) | (222,117) |
| Carrying Value | 281,883 | 374,883 |
| Customer Relationship at cost | 2,830,000 | 2,830,000 |
| Less: accumulated amortisation | (1,819,187) | (1,789,337) |
| Impairment loss | (802,685) | (802,685) |
| Carrying Value | 208,128 | 237,978 |
| Total intangible assets | 2,837,493 | 2,960,343 |

Impairment assessment

For the purpose of impairment assessment, potential impairment of goodwill and separable identifiable intangibles is assessed to the cash-generating unit in which it has arisen, being the business entity acquired. The recoverable amounts of the cash-generating units have been determined based on value-in-use calculations, covering a detailed forecast, followed by an extrapolation of the present values of the expected cash flows using the assumptions as determined by Management. Intangible assets have been assessed by the Board of Directors as not requiring any impairment during the current reporting period.

Note 6 Financial Liabilities

| | 31 December 2022 | 30 June 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Loans from shareholders (interest rate 0%) | 1,490,917 | 1,390,917 |
| Loan from others (interest rate 9.6%) (a) | 1,000,000 | - |
| Loan from others (interest rate 0%) | 86,790 | 254,195 |
| HP Liability (interest rate between 5% to 6%) | 5,491 | 137,685 |
| Total | 2,583,198 | 1,782,797 |
| Non-current | | |
| Loans from shareholders (interest rate 0%) (b) | 1,523,555 | 1,523,555 |
| HP Liability (interest rate between 5% to 6%) | 36,076 | 79,264 |
| Total | 1,559,631 | 1,602,819 |

(a) Loan from others with interest rate of 9.6% is repayable on 10th of May 2023.

(b) Loans from shareholders – an agreement in place between the Company and its non-controlling interest shareholder which states that the loan is not required to be repaid in full until the Company makes profits and has sufficient cash reserve.

Notes to the Condensed Consolidated financial statements

Note 7 Dividends

No dividends were paid or declared by the parent company Jatcorp Limited during the period. No dividends were paid or declared by the subsidiaries.

Note 8 Key Management Personnel Remuneration

Key Management personnel remuneration included within employee expenses for the period is shown below:

| | 31 December 2022 | 31 December 2021 |
|---------------------|------------------|------------------|
| | \$ | \$ |
| Short term benefits | 693,161 | 302,642 |
| Share Based Payment | - | 91,491 |
| Total | 693,161 | 394,133 |

The total amount includes salary, superannuation, annual leave, consultancy fee, directors' fee and short-term incentives.

Note 9 Related party transactions

Transactions occurring during the period:

| Director's related company | 31 December 2022 | 31 December 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Pacific Healthy International Holding Pty Ltd - purchases | 92,681 | - |
| Pacific Healthy International Holding Pty Ltd - sales | 1,113,865 | - |
| Pacific Healthy ANZ Pty Ltd - purchases | 23,191 | - |

In July 2022 a director has acquired ordinary shares through the Entitlement Offer of 67,500,000 units (\$810,000) and has received the same number of units in options. This option has a strike price of \$0.032 each.

Note 10 Controlled Entities

| Subsidiaries of Jatcorp which are consolidated | Country of incorporation / Place of business | Percentage owned (%)* | | Percentage owned by non-controlling interest (%)* | |
|--|--|-----------------------|--------|---|--------|
| | | Dec-22 | Dec-21 | Dec-22 | Dec-21 |
| | | % | % | % | % |
| Golden Koala Group Pty Ltd | Australia | 51 | 51 | 49 | 49 |
| Green Forest International Pty Ltd | Australia | 50 | 50 | 50 | 50 |
| Sunnya Pty Ltd | Australia | 51 | 51 | 49 | 49 |
| Jatpharm Pty Ltd | Australia | 55 | 55 | 45 | 45 |
| Australian Natural Milk Association Pty Ltd | Australia | 65 | 65 | 35 | 35 |
| Henan JAT Trading Co., Ltd | China | 100 | 100 | - | - |
| Hangzhou JAT Food Group Co., Ltd | China | 100 | 100 | - | - |
| KTPD Holding Pty Ltd | Australia | 50 | 50 | 50 | 50 |
| Jat Estates Pty Ltd | Australia | 100 | 85 | - | 15 |
| JP Global Trading Pty Ltd | Australia | 50 | 50 | 50 | 50 |
| LTR Trading Pty Ltd | Australia | 100 | - | - | - |

* Percentage of voting power is in proportion to ownership.

Jatpharm Pty Ltd, Henan JAT Trading Co., Ltd and LTR Trading Pty Ltd did not carry out any business activity during the period.

Notes to the Condensed Consolidated financial statements

Note 11 Finance Costs

The following finance costs incurred during the reporting period:

| | As at 31 December 2022 \$ | As at 31 December 2021 \$ |
|--|---------------------------------|---------------------------------|
| Interest Expense on \$5 M Loan at 20% interest rate | - | 500,000 |
| Interest Expense on \$1 M Loan at 9.6% interest rate | 15,944 | - |
| Other Interest Expense | 1,783 | 14,925 |
| Interest expense - Leases | 93,778 | 105,108 |
| Total | 111,505 | 620,033 |

Note 12 Earnings Per Share

Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share was \$2,308,087 loss (31 December 2021: \$3,225,369 loss).

The Group has granted options to shareholders and directors of the Parent company that could potentially dilute basic earnings per share in the future but were not included in the calculation below because they are anti-dilutive for the period presented.

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share was 2,487,287,233 in December 2022 (December 2021: 1,783,483,100).

Refer to 2022 financial year annual report for details.

Notes to the Condensed Consolidated financial statements

Note 13 Segment Report

The Group has identified its geographic segments based on the internal reports that are reviewed and used by the Executive Directors (chief operating decision makers).

in assessing performance and determining the allocation of resources. Geographic segment is determined based on location of its markets and customers which is China, Australia, New Zealand and other Asia Pacific countries (South Korea and Taiwan).

| FOR THE HALF-YEAR ENDED 31 DECEMBER | AUSTRALIA | | CHINA | | NEW ZEALAND | | OTHER ASIA PACIFIC | | TOTAL | |
|---|--------------------|--------------------|----------------|----------------|--------------|---------------|--------------------|----------------|--------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Segment Income and Results | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue and other income | 11,956,607 | 11,080,360 | 4,139,858 | 4,960,404 | 68,484 | 89,645 | 32,005 | 295,826 | 16,196,954 | 16,426,235 |
| Expense | (13,120,583) | (14,059,772) | (3,515,558) | (4,491,777) | (62,672) | (54,108) | (22,191) | (813) | (16,721,004) | (18,606,470) |
| Finance Cost | (111,505) | (620,033) | - | - | - | - | - | - | (111,505) | (620,033) |
| Impairment loss | (930,558) | (1,487,770) | (78,566) | - | - | - | - | - | (1,009,124) | (1,487,770) |
| Income tax expense | (475,790) | (179,642) | - | - | - | - | - | - | (475,790) | (179,642) |
| Profit/(loss) after income tax | (2,681,829) | (5,266,857) | 545,734 | 468,627 | 5,812 | 35,537 | 9,814 | 295,013 | (2,120,469) | (4,467,680) |

| AS AT | Dec-22 | Jun-22 | Dec-22 | Jun-22 | Dec-22 | Jun-22 | Dec-22 | Jun-22 | Dec-22 | Jun-22 |
|-------------------|------------------|------------------|------------------|--------------------|----------------|------------------|----------|----------|------------------|------------------|
| Total Assets | 19,312,421 | 20,997,822 | 582,333 | 668,434 | 887,258 | 1,131,964 | - | - | 20,782,012 | 22,798,220 |
| Total Liabilities | (10,330,147) | (12,884,766) | (841,089) | (2,422,067) | - | (10,010) | - | - | (11,171,236) | (15,316,843) |
| Net Assets | 8,982,274 | 8,113,056 | (258,756) | (1,753,633) | 887,258 | 1,121,954 | - | - | 9,610,776 | 7,481,377 |

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and the notes, as set out on pages 10 to 20, are in accordance with the *Corporations Act 2001* and;
 - a. comply with the Australian Accounting Standards, AASB 134: Interim Financial Reporting; and
 - b. give a true and fair view of the Group's Financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



.....
Zhan Wang

Managing Director

Dated at Sydney, NSW, 28 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF JATCORP LIMITED

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the half-year financial report of Jatcorp Limited ('the Company'), and its controlled entities ('the Group') which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the Group.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Group does not comply with the *Corporation Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporation Act 2001* which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Relating to Going Concern

We draw attention to Note 1(b)(iii) in the half-year financial report which indicates that the Group incurred a loss after tax in the half-year from continuing operations of \$2,120,469 (December 2021: \$4,467,680 loss). These events or conditions, along with other matters set out in Note 1(b)(iii), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter. No adjustments have been made to the financial report relating to the recoverability or classification of the recorded asset amounts and classification of liabilities that maybe necessary should the Group not continue as a going concern.

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Responsibility of the Directors for the half year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the half year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

LNP Audit and Assurance Pty Ltd



Anthony Rose

Director

Sydney, 28 February 2023