

29 October 2024

## ASX Announcement

### **Jatcorp delivers solid Q1 results driven by operational efficiencies and omnichannel expansion**

Jatcorp Limited (ASX: JAT) ("Jatcorp" or the "Company"), an Australian health and wellness consumer goods company, provides its quarterly activities and cash flow report for the quarter ending 30 September 2024 (Q1 FY25). Financial data for Q1 FY25 in this announcement is unaudited.

#### **Highlights**

- Revenue from ongoing operations increased 25% on the prior corresponding period (PCP) due to strong brand performance and manufacturing operational efficiencies
- Statutory revenue has declined by 42% PCP to \$12.2 million due to management's strategic decision to focus on self-branded products and sales, while discontinuing the low-margin trading business
- Gross profit of \$5.17 million\*, up 50% on PCP
- Net profit of \$1.63 million\*, up \$1.44 million on PCP
- Underlying EBITDA of \$2.41 million\* (excluding legal costs), up 119% on PCP
- Net operating cash flow of \$0.44 million, up \$0.57 million on PCP
- Launched two new Moroka® products
- Opened three new e-commerce stores on online marketplaces in China
- Expanded sales team to support regional growth

#### **Jatcorp CEO, Sunny Jian Xin Liang, said:**

*"We've had a strong start to the new financial year delivering solid Q1 revenue and gross profit through expanding our omnichannel presence, increasing production capacity, and strengthening our partnerships."*

*"This performance highlights our ability to consistently deliver on our strategy, even during the retail off-season of our largest market, China."*

*"We continue to invest in advancing operations at our ANMA facility and increasing production capacity to meet the rising consumer demand for functional health products and deliver the additional product required to service our growth strategy"*

*\*Subject to any audit adjustments.*

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*“With our expanded team and growing presence across digital and physical channels, we are well placed to accelerate growth and maximise our impact in the Asia-Pacific and beyond.*

*“We remain focused on executing our long-term strategy, refining our product portfolio, and leveraging our omnichannel capabilities to drive sustained value for both consumers and shareholders.”*

## **Financial update**

Jatcorp delivered revenue of \$12.2 million in Q1 FY25, representing a 25% increase compared to the PCP excluding discontinued operations. This performance reflects continued investments in sales and marketing, heightened demand for lactoferrin-based products in China, and ongoing improvements to the Company's manufacturing efficiencies.

Jatcorp's core brands, Neurio® and Moroka®, and its Victorian-based manufacturing facility, ANMA, all contributed strongly to revenue growth in Q1 FY25. This reflects the business' diverse revenue streams and the success of its ongoing engagement across multiple product lines.

Excluding legal costs, underlying EBITDA increased to a record \$2.41 million, up 119% on PCP. Net operating cash flow improved to \$0.44 million compared to -\$0.13 million in the PCP. Jatcorp's legal costs decreased to \$417k.

## **Operational Update**

### New Channels and New Products

Delivering on the 'new channels' pillar of its growth strategy, Jatcorp opened three new online marketplaces in mainland China via cross-border e-commerce (CBEC).

Two new stores were opened on Pinduoduo and one on JD Worldwide. Jatcorp now operates four stores on Pinduoduo, two on JD Worldwide, and one on Alibaba Group's, Tmall Global, with each store designed to target specific product ranges and demographics.

Jatcorp launched two immunity-boosting SKUs during the quarter. The products launched are:

- Moroka® Formulated Milk Powder with Lactoferrin Immunity Knight 120g
- Moroka® Formulated Milk Powder with Lactoferrin Blue Guardian 60g

The Company expects to launch additional Moroka® products in Q2 FY25 to capitalise on the Company's unique R&D capabilities and digital marketing expertise.

### Enhanced Manufacturing

During the quarter, Jatcorp completed the installation of a new sachet production line at its ANMA facility in Melbourne. This will enable the company to better meet market demand, support new market entries and strengthen partnerships with its OEM clients. Currently, the facility operates two major production lines, with the tub/tin line running at approximately 60% capacity and the sachet line at full (100%) capacity. The newly installed production line is undergoing testing and is expected to be operational by Q2 FY25.

### Marketing and Conferences

Jatcorp continued to invest in key marketing initiatives to enhance brand awareness for both its Neurio® and Moroka® brands. A major focus during Q1 was showcasing the Neurio® and Moroka® brands via digital display advertising at Sydney International Airport, targeting arrivals from mainland China.

In September, Jatcorp exhibited its Neurio® and Moroka® brands at VitaFoods Asia in Bangkok, one of the largest exhibitions for the food and beverage sectors in the Asia Pacific. The Company attracted significant interest from distributors and retailers, particularly from Southeast Asia, for its lactoferrin-based product range.

### New Sales Team

To support growing interest in its brands, Jatcorp invested in new personnel with FMCG sales and distribution expertise to drive engagement with customers across the Asia Pacific.

### **Outlook**

Jatcorp remains confident in its revised strategy of entering new markets, launching new products and expanding its channel range, which it will continue to implement throughout FY25. New product launches are imminent, along with a new sachet line to boost production capacity and support entry into new markets and channels.

Global demand for lactoferrin-enriched products is expected to remain high throughout FY25, with the demand driven by consumers' increasing focus on health and immunity, along with economic stimulus measures which will support consumer spending in China.

Jatcorp is on track to deliver on its FY25 strategy and continue to grow its brands into household names in health and wellness, known for their unique, high-quality products that support immunity and gut health.

### **Expenditure on business activities**

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

<b>Expenditure Category</b>	<b>Q1 FY25</b>	<b>Q1 FY24</b>	<b>YoY</b>
	AUD'000	AUD'000	(+/-)%
Product manufacturing and operating costs	6,689	6,413	4%
Product manufacturing and operating costs— Discontinued business*	-	7,340	-
Advertising and marketing costs	1,515	1,065	42%
Leasing	118	112	5%
Employees	952	734	30%
Interest	90	49	84%
Administration and corporate	765	1,124	-32%

*Note: No international trading business this year.*

### **Related party transactions**

The payments made to related parties and their associates totalled \$189K for the quarter including:

- 
- Directors' remuneration and consulting fee of \$159k
  - Marketing fees paid to a related party of \$30k in line with standard marketing fee policy

This announcement was authorised by the Board of Jatcorp Limited.

**ENDS**

For further information, please contact:

**Investors**

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**About Jatcorp Limited**

*Jatcorp Limited (ASX: JAT) is a rapidly evolving Australian health and wellness consumer goods company recognised for its innovative and unique health and functional food products. Our vision is to become a health and wellness consumer goods leader in the Asia Pacific region.*

## 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")**

30/09/2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	10,772	10,772
	-Receipts from ordinarily sales	10,102	10,102
	-Receipts from customer deposit	670	670
1.2	Payments for		-
	(a) research and development	-	-
	(b) -product manufacturing and operating costs	(6,689)	(6,689)
	-Costs related to international trading		-
	(c) advertising and marketing	(1,515)	(1,515)
	(d) leased assets	(118)	(118)
	(e) staff costs	(952)	(952)
	(f) administration and corporate costs	(765)	(765)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	3
1.5	Interest and other costs of finance paid	(90)	(90)
1.6	Income taxes paid	(202)	(202)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>444</b>	<b>444</b>
<b>2</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(269)	(269)
	(d) investments	-	-
	(e) intellectual property	-	-
	(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(269)</b>	<b>(269)</b>

<b>3 Cash flows from financing activities</b>		
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	-	-
3.6 Repayment of borrowings	(279)	(279)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.1 Net cash from / (used in) financing activities</b>	<b>(279)</b>	<b>(279)</b>

<b>4 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	2,773	2,773
4.2 Net cash from / (used in) operating activities (item 1.9 above)	444	444
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(269)	(269)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(279)	(279)
4.5 Effect of movement in exchange rates on cash held		
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>2,669</b>	<b>2,669</b>

<b>5 Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1 Bank balances	2,669	2,773
5.2 Call deposits	-	
5.3 Bank overdrafts	-	
5.4 Other (provide details)	-	
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,669</b>	<b>2,773</b>

<b>6 Payments to related parties of the entity and their associates</b>	
6.1 Aggregate amount of payments to related parties and their associates included in item 1	
6.2 Aggregate amount of payments to related parties and their associates included in item 2	

<b>Current quarter</b>
<b>\$A'000</b>
189

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

<p><b>7 Financing facilities available</b></p> <p><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i></p> <p><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p> <p>7.1 Loan facilities</p> <p>7.2 Credit standby arrangements</p> <p>7.3 Other (please specify)</p> <p><b>7.4 Total financing facilities</b></p>	<table> <tr> <th>Total facility amount at quarter end \$A'000</th><th>Amount drawn at quarter end \$A'000</th></tr> <tr> <td>457</td><td>0</td></tr> <tr> <td>-</td><td></td></tr> <tr> <td>457</td><td>0</td></tr> </table>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000	457	0	-		457	0
Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000								
457	0								
-									
457	0								

**7.5 Unused financing facilities available at quarter end**

457

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.

7.1 American Express credit card unsecured line of credit, interest rate 3%; Loan other -ANZ credit card, no interest charge on direct debit.

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	444
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,669
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,669
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

*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: 29/10/2024

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.