

30 August 2024

ASX Announcement

Jatcorp builds strong momentum underpinned by refined strategy and operational efficiencies

Jatcorp Limited (ASX: JAT) (“Jatcorp” or the “Company”), a health and wellness consumer goods company recognised for its innovative and unique health and functional food products, announces its results for the twelve months ended 30 June 2024 (FY24).

FY24 Highlights:

- Revenue from continuing operations of \$52.5 million, up 42% on the prior corresponding period (PCP)
- Net operating cash flow of \$2.9m in FY24, up \$3.9m on PCP.
- Gross profit of \$19.3 million, up 76% on PCP
- Underlying EBITDA¹ of \$8.39 million, up from -\$1.48m on PCP
- Favourable decision by the NSW Supreme Court, ensures Jatcorp can continue to distribute its Neurio brand into Asia-Pacific markets
- Completed its acquisition of Australian Natural Milk Association Pty Ltd (ANMA)
- Successfully entered the Hong Kong and Vietnam markets
- Nominated for the NSW Premier’s Export Award in the e-commerce category
- Appointment of Sunny Jian Xin Liang as Chief Executive Officer and Executive Director

Commenting on Jatcorp’s FY24 results **CEO, Sunny Jian Xin Liang** said:

“I am proud that Jatcorp was able to demonstrate strong momentum across the business in FY24.

“Financially, we achieved record revenue growth from continuing operations of 42% to \$52.5 million which reinforces the benefits of our revised strategy, focused on sales and marketing initiatives and manufacturing enhancements. We have also taken advantage of rising demand for health and wellness products globally, specifically lactoferrin products in China. Pleasingly, we have also increased Underlying EBITDA¹ to \$8.39 million.

“Through our investments in our manufacturing efficiency, in the first half of FY25 we expect to see both our tub and sachet machines operating at near full capacity. This increase in manufacturing capacity will fulfil orders in new markets, such as Vietnam and Hong Kong, along with new e-commerce distribution platforms, Tmall Global, Pinduoduo, and JD Global. Our Neurio products are now available in over 40 third-party e-commerce stores in mainland China, which is significantly increasing our market share in the region.

“To continue growing our brands in new and existing markets, Jatcorp exhibited at several trade shows, including the China International Import Expo (CIIE), and has been nominated for the NSW Premier’s Export Awards in the E-Commerce category.

“With a new management team in place, the Board and I believe Jatcorp is well placed to take advantage of sector tailwinds and will continue growing the business in our key markets. Operating cashflow of \$2.9 million in FY24 reflects this improving position.”

Financial Performance

| Results Summary for the 12 Months Ended | 30-Jun-24 (FY24) \$'m | 30-Jun-23 (FY23) \$'m | Change \$'m |
|---|-----------------------------|-----------------------------|----------------|
| Revenue from Continuing Operations | 52.46 | 36.88 | 15.58 |
| EBITDA | 3.21 | -3.9 | 7.11 |
| Underlying EBITDA | 8.39 | -1.48 | 9.87 |
| Reported NPAT | 1.86 | -2.36 | 4.22 |
| Net Assets | 10.83 | 10.44 | 0.39 |
| Cash from Operating Activities | 2.82 | -0.96 | 3.78 |

Jatcorp has delivered a strong performance in FY24 under new management, demonstrating growth and efficiencies across operations. The Company recorded annual revenue of \$52.46 million, a 42% increase on FY23 and a net profit of \$1.60m. This growth is primarily driven by Jatcorp’s strategic investments in sales and marketing channels, rising demand for lactoferrin products in China and significant enhancements in the Company’s manufacturing operations.

Jatcorp’s net operating cash flow saw significant improvement, rising to \$2.9 million from -\$973k in FY23 and Underlying EBITDA¹ rose to \$8.39 million from -\$1.48 million in FY23, reflecting the Company’s successful execution in markets where health and wellness products are continually increasing in popularity.

Operational Update

During the year, Jatcorp appointed a new management team led by CEO, Sunny Liang. This leadership team has played a significant role in rejuvenating the company and implementing significant improvements to its operations.

Manufacturing

In FY24, Jatcorp focused on improving and expanding its manufacturing capabilities. During the first half, Jatcorp acquired a 95% controlling share in Australian Natural Milk Association (ANMA) and installed an advanced warehouse management system to significantly improve inventory control and production planning. Additionally, production capacity was increased through the installation of new machinery and enhancements in packaging and inspection processes. These initiatives have increased production efficiency will enable both the tub and the sachet production lines to operate at near full capacity during FY25.

New Markets

After extensive due diligence that showed increasing demand for nutritional products, Jatcorp successfully entered the Hong Kong and Vietnam markets.

New Channels

Following the favourable NSW Supreme Court rulings in the second half of FY24, Jatcorp was able to establish flagship stores on leading e-commerce platforms, including Alibaba's Tmall Global, Pinduoduo, and JD Global. These new channels expand Neurio's presence to over 40 third-party e-commerce stores in mainland China, strengthening its market presence.

Alongside new distribution channels for Neurio, Jatcorp has also been building brand awareness for the Moroka brand that launched in late FY23. This dual brand strategy has enabled the company to expand its distribution channels and target consumers seeking high-quality dairy supplement products.

Trade Shows and Awards

Jatcorp exhibited at several trade shows throughout FY24, including the China International Import Expo (CIIE), and was nominated for the NSW Premier's Export Awards in the E-Commerce category.

FY25 Outlook

Commenting on Jatcorp's FY25 outlook **CEO, Sunny Jian Xin Liang** said:

"We are excited about what the future holds for Jatcorp as we deliver on our revised strategy. Our performance reflects the increasing demand for health and well-being products, particularly lactoferrin-based products in China. We expect a stronger underlying operating profit in FY25, driven by the reorganisation of distribution contracts to enhance efficiency and risk management. Additionally, we anticipate a significant reduction in legal costs, which are expected to have peaked in FY24.

"As one of the few authorised manufacturers of Australian and New Zealand dairy health products able to supply the China market, Jatcorp is uniquely positioned to leverage the growing demand for our products. As such, we expect to launch several new products in FY25.

"We are also actively exploring merger and acquisition opportunities where they complement our existing offerings and enhance our market position.

"Our continued expansion into new geographies will ensure our Neurio and Moroka products are accessible to a broader audience through our omnichannel presence. This growth will be supported by strategic partnerships and collaborations, further strengthening our presence in key markets.

"We remain committed to expanding our market presence by participating in industry trade shows and conferences, growing our presence through physical stores and e-commerce marketplaces, and collaborating with partners to distribute our high-quality product range. Jatcorp also plans to

develop and implement its Environmental, Social, and Governance (ESG) framework, integrating sustainable practices, enhancing social responsibility, and developing robust governance structures for sustainable growth.

"As we look to FY25, we are excited about the opportunities ahead and are confident in our ability to drive further growth and value for our shareholders."

ENDS

This announcement was authorised by the Board of Jatcorp Limited.

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About Jatcorp Limited

Jatcorp Limited (ASX: JAT) is an ASX-listed, Australian health and wellness consumer goods company recognised for its innovative and unique health and functional food products. Jatcorp's vision is to become a health and wellness consumer goods leader in the Asia Pacific region.