

## ASX ANNOUNCEMENT

26 October 2021

# September 2021 Quarterly Report

## Highlights

- **Total gross revenue for the September 2021 quarter was up 144% compared to the June 2021 quarter and 48% higher than the September 2020 quarter.**
- **The growth in revenue represents a strong rebound in China sales indicating that the obstacles caused by Covid-19 and the challenging macro political environment are being overcome.**
- **Significant expenditure has been incurred on increasing inventory levels to meet the increased sales demand.**
- **V-meat products will have first commercial sales in December quarter.**
- **Sales into Australian pharmacy chains are increasing through JAT's in-house brands and expects to continue growth as the local lockdown restriction eased.**
- **First container of BabyCare products from China has arrived in Australia and sales will commence from December quarter 2021.**

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

Throughout the quarter, JAT continued with its strategy of:

1. Expanding 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;
5. Increasing sales in the Australian market using its in-house brands and imported products; and
6. Expand export countries including South Korea and Japan to reduce reliance on the China market.

## Trading

1. Gross revenue for the group for September 2021 was \$6.434 million (unaudited) compared to the gross revenue for the group for June 2021 of \$2.639 million (unaudited). The September 2021 revenue was approximately 48% higher than the corresponding September 2020 revenue of \$4.302 million.
2. In July 2021, JAT was appointed as the distributor in Australia for the products of leading Chinese brand, BabyCare. The first shipment of products has arrived in Australia from China and is currently being distributed to pharmacy chains. The revenue from this initiative will commence in the December 2021 quarter.
3. JAT products have commenced to be distributed on the JD.com Chinese platform. These products include JAT's in-house milk formulas, Moroka and lone.

4. In September 2021, the South Korean regulatory authority approved JAT's Jinvigorate Diabetic Formula to be recognised as a medical food in hospitals and clinics. Sales of the product into South Korea will commence in the December 2021 quarter.
5. JAT is continuing to develop its milk formula products which were the subject of The University of Sydney research project announced on 17 May 2021. Those products demonstrated promising antiviral activity against the SARS-CoV-2 virus in an in vitro assay. Clinical trials have been commissioned to be undertaken by the Royal Melbourne Institute of Technology with financial assistance being provided by grants from the Australian Government's Entrepreneurs' Programme.
6. JAT's plant-based meats products are being produced in China, including recently developed plant-based seafood products. Packaging design has been finalised and the first commercial sales will be in the December quarter 2021.
7. Work is continuing on obtaining Therapeutic Goods Administration registration for JAT's ANMA factory and its supplementary food products.
8. Sales of JAT's in-house brands through its growing networks in Australia were adversely affected by lockdowns in NSW and Victoria. JAT expects sales will increase in the December 2021 quarter.

### Business outlook

The growth in revenue in the September 2021 quarter indicates that the obstacles caused by Covid-19 and the challenging macro political environment are being overcome. Revenue for the 2021 was significantly lower than the 2020 year. The directors believe that these strategies together with the improved international environment will drive 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:

- There continues to be a strong order book at the ANMA factory.
- 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.
- Sales are rebounding in China and new sales are being made into other countries including South Korea, Japan and Thailand.
- Sales in Australia of Babycare products will commence in the December 2021 quarter.
- JAT's Shanghai retail store will start trading in October 2021.
- JAT's plant-based meats range will start to make commercial sales in the December quarter 2021.

### Corporate

In July and August 2021, the Company raised \$3.161 million through the issue of over 165 million shares at issue prices of 19c and 20c per share. The funds were used in acquiring additional machinery for the ANMA manufacturing facility, increasing inventory levels and working capital.

### 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	5,325,000
Advertising and marketing costs	937,000
Leasing	97,000
Employees	723,000
Interest	314,000
Administration and corporate	846,000

### 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:

**Wilton Yao**  
**Managing Director**  
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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 September 2021

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		7,040	7,040
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(5,325)	(5,325)
(c) advertising and marketing		(937)	(937)
(d) leased assets		(97)	(97)
(e) staff costs		(723)	(723)
(f) administration and corporate costs		(846)	(846)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		3	3
1.5 Interest and other costs of finance paid		(314)	(314)
1.6 Income taxes paid		(19)	(19)
1.7 Government grants and tax incentives		91	91
1.8 Other (provide details if material)		-	-
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(1,127)</b>	<b>(1,127)</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(121)	(121)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	3	3
	(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)	-	-
2.5	Other (provide details if material)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(118)</b>	<b>(118)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,161	3,161
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(183)	(183)
3.5	Proceeds from borrowings	450	450
3.6	Repayment of borrowings	(163)	(163)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid by 51% owned subsidiary - Sunnya	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>3,265</b>	<b>3,265</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	6,473	6,473
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,127)	(1,127)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(118)	(118)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,265	3,265
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>8,493</b>	<b>8,493</b>

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	8,493	6,473
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,493</b>	<b>6,473</b>

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	81
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>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	5,000	5,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	5,000	5,000
7.5	<b>Unused financing facilities available at quarter end</b>	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: Repayment date was before 3 September 2021 on initial loan agreement, the loan has been extended from 3 September 2021 to 31 March 2021. Interest rate: 20% per annum. Repayable at any time provided 60 days' notice to the lender is made. Security: unsecured.			

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,127)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,493
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	8,493
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	8
<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: .....26/10/2021.....

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.