

31 January 2025

ASX Announcement

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

Jatcorp continues legal proceedings for Neuroio® trademark; accelerates Moroka® rollout

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 31 December 2024 (Q2 FY25). Financial data for Q2 FY25 in this announcement is unaudited.

Key Details

- Revenue of \$4.68m from ongoing operations, down 57% on PCP, due to a reorder cancellation and a return of stock as a result of a trademark dispute in China
- Gross profit of \$1.09 million*, down 74% on PCP
- Underlying EBITDA (excluding legal costs of approximately \$2m) was negative \$2.42 million, down \$3.19 million on PCP
- Net operating cash flow was negative \$13,000, down \$159,000 on PCP

Operational Update

Jatcorp has suspended sales of its Neuroio® products in mainland China following an adverse ruling in the trademark dispute. This decision stems from a third party's alleged malicious registration of the Neuroio® trademark, which appears designed to obstruct Jatcorp's distribution of the Neuroio® brand in China. The Company is actively pursuing multiple legal avenues in China, Australia and New Zealand to protect its intellectual property, while minimising operational disruptions.

Despite these challenges, Jatcorp has continued the execution of its growth strategy by accelerating its efforts towards market and channel expansion for the Moroka® brand, and Neuroio® in markets where its intellectual property ownership is undisputed, such as Hong Kong and Australia. These strategic initiatives aim to strengthen the Company's presence and drive growth in these key markets.

Jatcorp is rigorously contesting the ruling through appropriate judicial channels and has initiated parallel administrative proceedings to invalidate the disputed trademark registration. While trademark squatting poses complex challenges in China, Jatcorp's legal team is leveraging international precedents and documented evidence of bad-faith registration to resolve this matter decisively. The Company remains unwavering in its commitment to protecting shareholder value and ensuring long-term market integrity.

New Channels

Delivering on the 'new channels' pillar of its growth strategy, Jatcorp has onboarded approximately 30 retail outlets in Australia as local distributors of its Neuroio® products. These outlets, predominantly gift shops and pack-and-send locations, strategically target international visitors, aligning with the Company's focus on capturing demand from globally mobile consumers.

Jatcorp also expanded the online distribution channels for its Moroka® products, achieving increased placement in approximately 15 third-party POP stores across leading platforms, including JD.com, Douyin, VIP.com, and Tmall. This enhanced digital presence reflects the Company's ongoing strategy to strengthen its e-commerce footprint and reach a broader consumer base, particularly in its key market of mainland China.

New Products

To continue growing the Moroka® brand into a household name for lactoferrin-based products, Jatcorp launched five new products during the quarter.

The new product launches build on the two SKUs launched in Q1 FY25, bringing Moroka's total product range to 13. Each product caters to a specific consumer need including immune support and cognitive health, demonstrating how Jatcorp remains at the forefront of product innovation and R&D.

Manufacturing

Manufacturing upgrades at the Company's ANMA facility in Melbourne were completed during the quarter that included, increasing the sachet production capacity by 70%, upgrading the automated packing equipment and installation of a laser QR code printer. The upgrades were implemented to meet growing demand for sachet products, increase OEM capabilities and are cost efficient.

Marketing and Conferences

In November, Jatcorp showcased its manufacturing capabilities and product portfolio at the China International Import Expo (CIIE) in Shanghai, with a presence across three key booths:

- Jatcorp's Branded Booth: Highlighting the Company's flagship products and innovations.
- NSW State Pavilion: Featuring Moroka® as part of the state's export promotion initiative.
- Victoria State Pavilion: Showcasing the ANMA facility's manufacturing expertise and capabilities.

As a result of its presence at the CIIE, ANMA has onboarded three new OEM customers, with strong engagement and valuable connections made with new and existing customers.

Building on momentum from its participation in VitaFoods Bangkok in the prior quarter, Jatcorp continues to collaborate with potential partners who have initiated registration processes to enter new markets in Southeast Asia.

Management Appointments

Dr Xinpeng Li, appointed in Q1, has been promoted to the role of General Manager. In his expanded role, Dr Li will also focus on enhancing the daily operational efficiency of the business while driving the company towards achieving its ambitious growth targets. His leadership and strategic insight will play a pivotal role in advancing Jatcorp's objectives and strengthening its market position.

Outlook

Jatcorp CEO, Sunny Jian Xin Liang, said:

"We remain committed to defending our position against alleged malicious attempts to disrupt our operations. Our success in the New South Wales Supreme Court last April demonstrates the strength of our legal position and the recognition of our intellectual property rights. We are fully committed to

replicating this outcome in China through rigorous legal action, while continuing to deliver growth via our diversified portfolio.”

Expenditure on business activities

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

Expenditure Category	Q2 FY25	Q2 FY24	YoY
	AUD'000	AUD'000	(+/-)%
Product manufacturing and operating costs	1,218	1,230	-1%
Product manufacturing and operating costs—Discontinued business*	-	12,458	-100%
Advertising and marketing costs	2,114	2,080	2%
Leasing	115	110	5%
Employees	845	1,245	-32%
Interest	91	48	90%
Administration and corporate	2,044	2,386	-14%

Note: No international trading business this year.

Related party transactions

- The payments made to related parties and their associates totalled \$186K for the quarter including:
- Directors' remuneration and consulting fee of \$126k
- Stock paid to a related party of \$60k in line with standard marketing fee policy

This announcement was authorised by the Board of Jatcorp Limited.

ENDS

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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.

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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")

31/12/2024

Consolidated statement of cash flows

Current
quarter
\$A'000

Year to date (6
months)
\$A'000

1 Cash flows from operating activities

1.1	Receipts from customers	6,495	17,267
	-Receipts from ordinarily sales	5,961	16,063
	-Receipts from customer deposit	534	1,204
1.2	Payments for		-
	(a) research and development	-	-
	(b) -product manufacturing and operating costs	(1,218)	(7,907)
	-Costs related to international trading		-
	(c) advertising and marketing	(2,114)	(3,629)
	(d) leased assets	(115)	(233)
	(e) staff costs	(845)	(1,797)
	(f) administration and corporate costs	(2,044)	(2,809)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	9
1.5	Interest and other costs of finance paid	(91)	(181)
1.6	Income taxes paid	(87)	(289)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(13)	431

2 Cash flows from investing activities

2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(262)	(531)
	(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	(288)	(288)

(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)	-	-
2.6 Net cash from / (used in) investing activities	(550)	(819)

3 Cash flows from financing activities		
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	18	18
3.6 Repayment of borrowings	(1)	(280)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.1 Net cash from / (used in) financing activities	17	(262)

4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	2,669	2,773
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(99)	345
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(464)	(733)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	17	(262)
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of quarter	2,123	2,123

5 Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1 Bank balances	2,123	2,669
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)	2,123	2,669

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	186

6.2 Aggregate amount of payments to related parties and their associates included in item 2

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

7 Financing facilities available

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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
4,500	18
-	
4,482	18

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 Total financing facilities

7.5 Unused financing facilities available at quarter end

4,482

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 NAB unsecured debt facility: \$2 M , 45 days repayment ,Annual rate 1.5%+ATR rate; \$1M ,120 days repayment ,Annual rate 1.5%+AIR rate; \$1.5M,preapproval revolving leasing .

8 Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

(13)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

2,123

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

2,123

8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)

163

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: 31/01/2025

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.