



Wattle Health Australia Half-Year Report 2021

Highlights:

- **Profit before loss of non-controlling interest of \$2.57 million**
- **Revenue up 54.2% on Prior Corresponding Period (PCP)**
- **Loss of net cashflows from operations reduced by 67.5% on PCP**
- **Sale of the Corio Bay Dairy Group assets for \$13.5 million**

24 March 2021: Wattle Health Australia Limited (“Wattle Health” or “the Company) (ASX: WHA) is pleased to release its half-year results for the period ending 31 December 2020.

Wattle Health recorded a 54.2% increase in revenue of circa \$714,000 (PCP H1 2020 \$463,000) driven by growth in sales from the Company’s Uganic and Little Innoscents ranges.

The growth in sales can be directly attributed to the expansion of Wattle Health’s distribution network, with the Company securing ranging for both Uganic and Little Innoscents in Australian Pharmaceuticals Industries (API) and a licensing agreement with Verdure Nutrition Supplements Trading LLC for Uganic in the Middle East.

The expansion of the distribution network with API and the Middle East license, adds to the existing 10-year arrangement with Chemist Warehouse.

In 2020, Wattle Health conducted a thorough operational review of its business which has resulted in a decrease in loss of net cashflow from operations of circa 67.5 % to circa \$2.25 million (PCP H1 2020 \$6.95 million). The business is now focused on its growing brands, is more efficient from a capital allocation perspective and receives more support from distribution partners thanks to long term agreements.

Wattle Health has budgeted for cash operating expenses (excluding one off expenses) for the 12 months from April 1, 2021 to be circa \$2.75 million, a reduction of circa 65% compared to the 12-month period ending 30 June 2020.

Wattle Health’s decision that put Corio Bay Dairy Group (CBDG) into administration has delivered the desired outcome, with the sale of CBDG for \$13.5 million. Wattle Health as first ranking secured creditor is entitled to

all the proceeds (minus costs). The company has received a total of \$11 million with a final payment to be paid on the liquidation of CBDG.

The sale of CBDG delivered Wattle Health a circa \$2.57 million profit (before loss on controlling interest) compared to the loss of circa \$9.55 million for the PCP.

Executive Director, George Karafotias said, “The Board and Management of Wattle Health have through 2020 responded to the challenges presented by COVID-19 and changing trade relations with China. We have sold CBDG recovering \$13.5m, significantly reduced ongoing operating costs and refocused the business on core competencies of product development, marketing and distribution. Our success in growing sales of the Uganic and Little Innoscents product ranges, during the extremely difficult conditions in 2020, is a testament to the team’s abilities. The Company is now able to pursue a capital efficient growth strategy, that will see it build a diversified portfolio of brands in the growing global health and wellness sector.”

This announcement has been authorised for release by the Board.

George Karafotias

Executive Director