30TH JUNE 2022

eve
HEALTH GROUP

Annual Report

INSPIRED *by* NATURE,
PASSION *for* WELLNESS.

EVE HEALTH GROUP LIMITED
ABN 89 106 523 611

Corporate Directory

DIRECTORS

Mr Gregory (Bill) Fry
Managing Director/CEO

Mr Alasdair Cooke
Non-Executive Director

Mr Carlos Jin
Non-Executive Director

Mr Rodney Hannington
Non-Executive Director

COMPANY SECRETARY

Mr Steven Jackson

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Suite 1, 245 Churchill Avenue,
Subiaco, WA 6008

SHARE REGISTRY

Automic Pty Ltd
Level 5, 191 St Georges Tce,
Perth, WA 6000

WEBSITE

www.evehealthgroup.com.au

AUDITOR

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2,
5 Spring Street,
Perth, WA 6000

SOLICITORS

Fairweather Corporate Lawyers
Suite 2, 589 Stirling Highway,
Cottesloe, WA 6011

BANKERS

Bankwest Limited
Bankwest Place,
300 Murray Street
Perth, WA 6000

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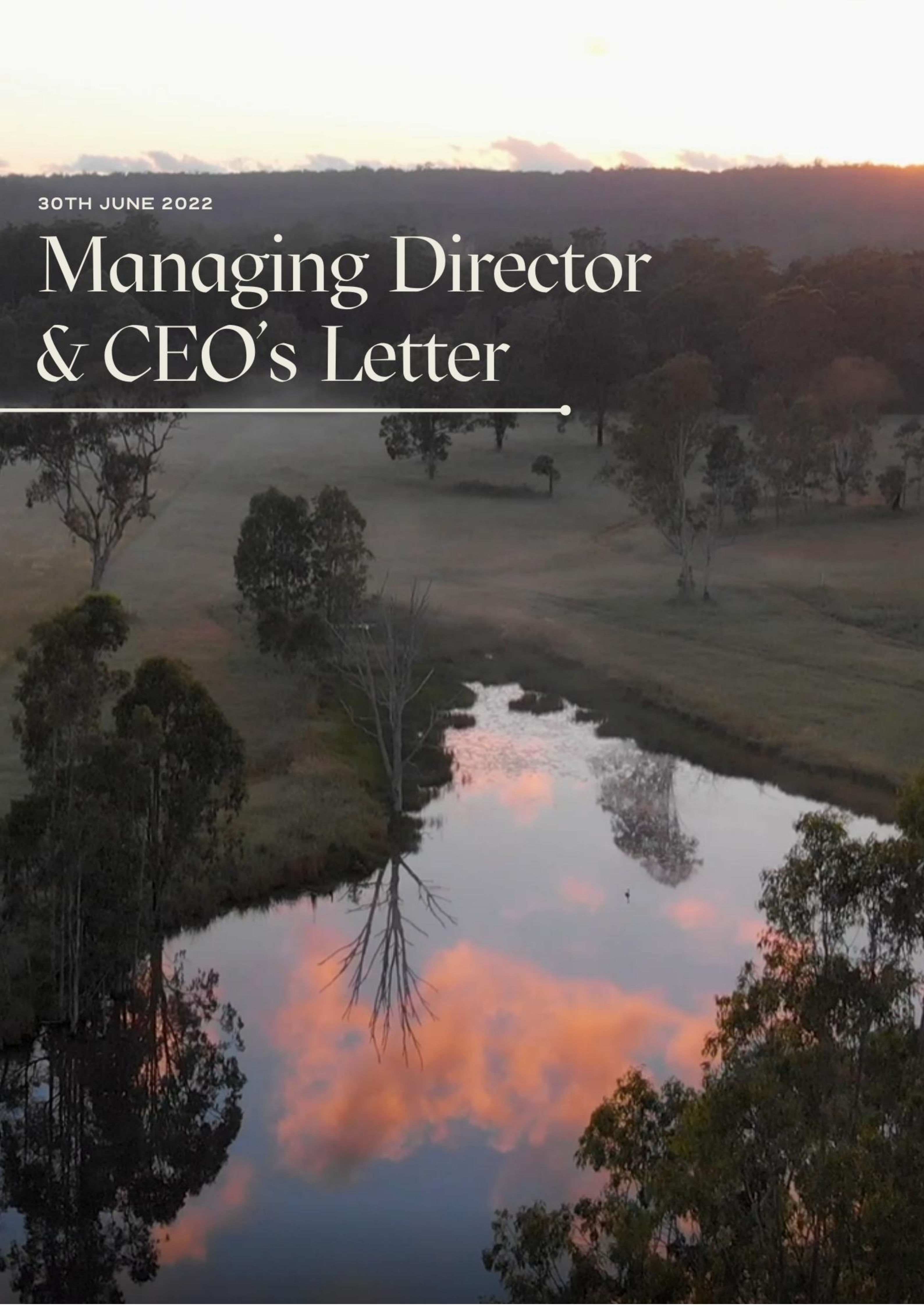


Managing Director & CEO's Letter

30 June 2022

Dear Shareholders,

Like many businesses, we faced a challenging operating environment managing the impacts of COVID-19 on operations during FY22. Despite this, we showed resilience and achieved exceptional progress, particularly in the Australian market, across our branded consumer products. Growth was underpinned primarily by the beverage category which increased by 311% in Australia, evidencing the exponential opportunity in the probiotics market, as consumer focus continues to shift to taking a proactive approach to supporting digestive health for overall health and wellbeing.

Key progress achieved during the financial year:

- Expansion of the Meluka® Australia (Meluka) product portfolio with a focus on probiotics, in collaboration with leading probiotics manufacturer, Probiotics Australia
- Growth in Meluka Australia revenue to 2.0m up 5% on the prior year
  - 55% growth in branded products division year-on-year
  - Including 258% growth in Australia
  - Growth across each of the product categories

As foreshadowed in our prior Annual Report, following shareholder approval at the 2021 AGM, we established our name as EVE Health Group Limited, better reflecting our focus on becoming a leading Australian producer of high quality, innovative and sustainable health and wellness products.

As mentioned above, our Meluka consumer brand experienced strong growth in Australia during FY22. Increased sales and market validation across the beverage category affirmed our strategic decision to expand the range of probiotic products through partnering with leading Australian probiotics company, Probiotics Australia, to develop our own unique proprietary strain of probiotic, derived from our own beehives. The first key products which contain the exclusive strain, launched to the Australian market during the June 2022 quarter, with incredibly pleasing early results. We look forward to continuing the development and rollout of new probiotics products in the coming year.

In our export regions, our ability to advance distribution and expansion plans continued to be hindered by the ongoing uncertainty of disruptions and impacts of the current supply chain landscape. We re-evaluated our strategy and have postponed expansion plans into North America and slowed expansion plans into Japan for the foreseeable future, shifting concentrated focus to growing our home market in Australia.

Our region also contended with extreme rainfall events during the year, with ongoing rainfall and poor ground conditions affecting finalisation of 2021 harvesting activities and causing a delay to the commencement of 2022 harvesting operations. Sales of the 2021 tea tree harvest were hindered by lower demand as a result of increased shipping constraints to US and European markets, who reverted to sourcing product locally.

We delivered a variety of sustainability initiatives which had a meaningful and positive impact this year, both through continuous improvement in our organic farming practices and through programs to benefit the wider community we operate in.

In June we announced the appointment of Mr Rodney Hannington as Non-Executive Director to the company's board. We would like to take this opportunity to welcome Mr Hannington. In June we also announced the retirement of Mr George Cameron-Dow, who made an extremely valuable contribution over the last six years. We would like to take this opportunity to give a heartfelt thank you to Mr Cameron-Dow for his strong leadership to the company during his tenure.

A range of cost reduction activities were initiated across the group businesses during the year, and we will continue to make cash conversation a key focus in the coming year to reduce the overall cost structure of the group businesses. The EVE team are committed to ensuring the group businesses continue to grow, and ultimately, deliver value to shareholders.

I would like to thank all our employees for their hard work and dedication throughout this year.

On behalf of the entire EVE team, we thank shareholders for their continued support, and we look forward to a year of progress and expansion in 2022/2023.

Yours sincerely

Bill Fry
Managing Director & CEO

30TH JUNE 2022

Review of Operations

Positioning for Future Growth

EVE Health Group Limited (EVE or the Company) is pleased to provide shareholders with a summary of its operational progress during financial year 2022.

One of the Company's key objectives during the year was the expansion of its consumer branded range of probiotics products. EVE established a partnership with leading Australian probiotics company, Probiotics Australia, and research and development was undertaken to successfully identify and produce a unique bacterial strain derived from Meluka's beehives, and to collaborate in developing a range of products which incorporate the strain. EVE's strong progress in expanding its probiotics business was attributable to extensive product rollout during the year, supported by investment in digital marketing and advertising as well as solid demand from the domestic market for digestive health innovations.

The Company demonstrated agility in response to an uncertain supply chain landscape, opting to pivot in its distribution and expansion plans in export markets and shift focus on growing its presence in Australia. To support development of the probiotics range, marketing support and distribution expansion, in February the Company completed a capital raising of $1.4m, before costs, via a placement to institutional and professional investors at $0.003 per share. Further, a pro-rata non-renounceable rights offer in June raised $740,674 at $0.001.

The Company focused on implementing a cost reduction program across the group businesses in the second half of financial year 2022, and a range of cost saving initiatives including the following were undertaken:

- Reduction of remuneration effective 1 May 2022:
    - Board salaries of 50%;
    - CEO salary of 40%; and
    - Senior management salaries of 20%.
- Termination of lease for additional tea tree property in the Bungawalbin Valley; and
- Reduction in North American and Asian market expenditure due to logistics/shipping issues for these markets. This will result in reduced product build, marketing and shipping costs for the business.

Cash conservation and management will continue to be an important focus in financial year 2023. As previously reported, the Company intends to explore the option to undertake a share consolidation to provide a more appropriate and effective capital structure for the Company and a more appropriate share price for a wider range of investors. Any share consolidation would be subject to board and shareholder approval prior to being completed. Additionally, EVE will continue to seek aligned businesses that can be acquired to assist its growth, targeting businesses that have positive earnings and cashflow impact to support the growth of its existing businesses.

Meluka Australia

Strategic decision to expand probiotics range

Meluka is a consumer brand focusing on producing retail products that help consumers stay healthy and rejuvenate their wellbeing. The Company is incredibly pleased with the performance it is seeing in its branded product division in Australia, with 258% growth in Australia, underpinned by the by the beverage category which increased by 311% during FY22.

Reflecting the success of the established probiotics products, in October 2021, EVE announced its strategic decision to further develop its range of probiotic products incorporating prebiotics, probiotics and the newly emerging postbiotics. To expedite the development of these new products, EVE formalised a Collaboration Agreement with Australian probiotics company, Probiotics Australia, to produce a new unique probiotic strain, Lactobacillus rhamnosus Beebiotic MAP01™, derived from Meluka's beehives to be incorporated into future product ranges. Probiotics Australia has a TGA/cGMP certified facility dedicated to producing high quality probiotic organisms and Active Pharmaceutical Ingredients (APIs). The Company achieved a significant milestone in Q4 with Meluka's first two product launches featuring its proprietary probiotic strain in both the beverage and skincare categories (Figure 1).

The Company is well placed to continue the positive results and growth experienced so far, into 2023 and beyond, with market data forecasting the domestic fortified and functional food market to continue to deliver a growing opportunity, as Australian consumers are said to be more health conscious than prior to the pandemic. Consumers appear to continue to have a heightened focus on improving their health and wellness for overall wellbeing, and an increased awareness of the link between diet and overall health. These factors will be a key driver for continued growth in the domestic health and wellness market category.

R&D/New Product Development

A key focus for financial year 2022 was executing the Company's ambitious marketing plan to launch a variety of new products to its key markets. Focusing heavily on R&D and new product development, fifteen new products were released to the Australian market during the year, in each of the beverage, skincare, and honey and spreads categories.

Figure 1: Meluka Australia new product launches during financial year 2022

The significant innovation from Meluka this year is the exclusive Lactobacillus rhamnosus Beebiotic MAP01™ probiotic strain which is unique and trademarked to the brand. It has been derived from healthy beehives in the pristine Bungawalbin Valley in Northern NSW together in partnership with Probiotics Australia. The parent strain has been studied on by scientists and is linked to evidence for increasing gut microbial diversity, skin health, improving metabolic health and moods.

Sales and Marketing

The Company invested in a variety of marketing and advertising initiatives during the year to increase product promotion, brand awareness and customer conversion. These efforts led to an increase of 137% in website sessions and a 54% increase in customer conversion rate on the Australian direct to consumer website year on year.

On Meluka's main direct-to-consumer commerce channel (www.melukaaustralia.com.au), there are continuous initiatives to improve the digital consumer journey to increase engagement and product resonance for their health and wellness needs. A new Gut Health Quiz was launched end-May to help navigate the best recommended Meluka gut health product based on the consumer's individual answers. Over 2,500 quizzes have since been completed and it generates a check out conversion rate double of the average. Another significant improvement made this year is on the website mobile optimisation, assisting intuitive scrolling and navigation for ease of shopping.

Meluka continues an ongoing brand ambassadorship with Chloe McLeod, an Accredited Practicing Dietitian, Advanced Sports Dietitian & Nutrition Consultant. Most recently spearheading the Meluka 7 Days to Better Gut Health program with the launch of new P3 Gut Builder - Triple Action Postbiotic Tonic. This program outlines easy and realistic daily changes across dietary, physical movement, mental and wellness aspects that consumers can take to help improve their gut health.

Early 2022, the brand increased its PR efforts working with an experienced consultant to drive news exposure for all new product launches amongst top media titles, news publishers and big social media health and lifestyle influencers.

Figure 2: Meluka in the Press

Australian Distribution

The Meluka range of products was presented to several potential distribution partners during the year. With a focus on its digestive health products, the key targets are pharmacy, health food and aligned independent banner group companies and distributors. Discussions continue to progress, and we look forward to keeping the market up to date.

Award Recognition

Meluka was recognised in the following awards during the year:

- Meluka Apple Cider Vinegar infused Raw Honey awarded winner of The Australian Organic Annual Industry Awards New Product of the Year for 2021 and named finalist in the Exporter of the Year category.
- Finalist in the 2021 Premier's NSW Export Awards in the e-commerce category.
- Meluka Native Wildflower Raw Honey awarded Gold Quality Award at the London Honey Quality Competition 2022.
- Meluka was one of six winners of Investment NSW's video pitch to investors at the World Expo in Dubai Agrifood VIP investor event in February 2022.

Figure 3: New Product of the Year Award

Export Market Strategy Review

North America

FY22-H2 saw growth in the US with revenue up 21% and in Canada, up 492% on FY22-H1. The growth was attributable to increasing brand awareness due to investment in marketing expenditure and social media activities to support the Amazon channel and sales into the Whole Foods Market, Inc. supermarket chain in Northern California. As shipping timeframes to the US continued to increase due to supply chain disruptions, smaller shipments on a more frequent basis were sent to ensure that sufficient inventory was available to meet consumer requirements. A price increase of 15% for the leading product in the US, Native Wildflower Raw Honey, was also instituted in the US. Executing growth plans in the current supply chain landscape became cost prohibitive, and the Company postponed expansion plans in North America, until supply chain pressures ease. Existing channels have been and will continue to be supported with leaner marketing spend.

Whole Foods Market, Inc. through distributor UNFI, continued to place consistent orders during the financial year.

Asia

Meluka experienced strong initial sales performance in Japan after launch of its branded consumer product range in June 2021, with revenue in Q2 FY22 doubling that of the previous Q1 FY22. A total of fifteen core products are now available to Japanese customers via Amazon. Marketing initiatives included investment in country specific marketing material tailored to the Japanese consumer as well as the launch of the Meluka Japanese website, directing consumers to its Amazon Japan online store. It also started to leverage influencer marketing across social media platforms to drive awareness to Japanese consumers.

As in person events began to re-commence, Meluka CEO Ben Rohr presented the brand and range of innovative health and wellness products at local Japan events, including Japan's largest food expo, Foodex Japan held from March 8 – 11, where Meluka was selected as part of an opportunity through Investment NSW's Going Global Export program, to display its products as part of the popular Australian pavilion, promoted by in country NSW trade officials. Meluka also featured in an Austrade press event in Tokyo, Japan on 31 May. The promotional event was focused on sustainability, targeting major business and food industry media in Japan with the aim of raising the profile of sustainably produced Australian food products.

Similar to the North American markets, continued supply chain disruptions impacted costs and shipping timeframes, and with a high level of uncertainty as to when impacts would ease, the Company made the decision to slow down expansion plans into the region. Due to the closer proximity to Japan, the shipping delays (approximately 4-6 weeks excluding customs clearance) are not as large as the US therefore Meluka will continue to support a slower growth plan into the Japanese market, with leaner advertising spend, until the supply chain pressures ease. The Company will no longer service the Singapore Amazon store.

Jenbrook

The Company owns and operates the Robyndale organic tea tree plantation in the Bungawalbin Valley in Northern New South Wales. The 2021 harvest yielded 5.5 tonnes of organic tea tree oil. Due to heavy rainfall events and poor ground conditions, harvesting of the final areas of plantation could not be completed, with remaining harvest to be incorporated into the future 2022 harvest figures.

In February and April, the region experienced substantial rainfall events that caused severe flooding in the region. Infrastructure (irrigation, roads, fencing and buildings) received only minor damage, but the impacts of flooding events and continued rain in the region hampered access to the Company's plantation and infrastructure, and ongoing poor ground conditions will result in a delay to the next tea tree harvest. The Company's staff continued to undertake clean-up and repair operations with the impact on the Company's infrastructure immaterial to the Company's on-going plans.

New methods of wild craft harvesting were trialled to improve production rates and lower the cost profile for this style of harvesting, achieving a 40% reduction in the total time to harvest a bin in the old growth forest.

Jenbrook was proud to be featured as an organic producer in the Winter 2022 edition of Australian Organic Limited Connect digital magazine, showcasing the Company's operations and its focus on upholding the highest standards in certified organic farming practices.

During the year, Jenbrook terminated the lease for the additional tea tree property adjoining its southern boundary.

Key Appointments

Mr Rodney Hannington was appointed to the Company's board effective from 14 June 2022 as a Non-Executive Director. Mr Hannington has been working in marketing and strategy services in consumer health and fast-moving consumer goods in the Asia Pacific region for over 15 years. He has valuable international experience in markets across Australia, China, Japan, South Korea and Southeast Asia.

Mr George Cameron-Dow retired from the Company's board effective from 30 June 2022. Mr Cameron-Dow joined the Company in March 2016 and has been the Company's Non-Executive Chairman since January 2018. In this time, he has provided strong leadership to the Company as it re-positioned itself from an investment company to a health and wellness company with diversified interests in the sector. Mr Cameron-Dow elected to retire from the Company's board as he is embarking on an extended period of travel.

CSR

At the core of the Company's values are supporting its people, its environment, and its community.

Sustainability at the forefront of our operations

The Company's dedicated and highly experienced team are committed to upholding the highest standards in certified organic farming practices, to impact its diverse ecosystem and environment positively. As part of EVE's commitment to sustainable farming practices and continuous improvement, planned soil improvement trials formalised with Southern Cross University were planned to commence in 2022, with the aim of steadily improving the nutrient and organic quality levels of the soil to ensure its regeneration for future sustainability. Commencement of the trials has been delayed due to weather events and poor ground conditions.

Caring for and connecting with our community

EVE is a large part of the community it operates in and strives to give back through community-centric initiatives that deliver a positive impact.

During the year the Company continued to sponsor the EVE Health Group Regenerative Agriculture part scholarship, in conjunction with Southern Cross University, an education institution leading the way in the emerging field of regenerative agriculture. As a company whose values align in recognising the benefits that regenerative farming principles provide for sustainability, EVE is proud to have the opportunity to support students in achieving their study aspirations.

Meluka undertook a variety of initiatives to support the local community during the year. It proudly partnered with the Northern River's Community Foundation to help raise donations for the local community that were devastated by the 2022 floods, as well as donating raw honey to Lifeline Australia, who were on the ground providing food and other much-needed essentials to flood-affected families and individuals.

Extending support to the global regions in which it trades, Meluka supported two initiatives in North America during the year. It partnered with the California Certified Organic Farmers (CCOF) to undertake the "Wildfire Rescue Honey" initiative, where 100% of sale proceeds of its limited-edition Wildfire Rescue Raw Honey TTF32 during the campaign were donated to CCOF to support organic farmers impacted by wildfires. Its "Healthy Honey, Healthy Futures" campaign aimed to support organic farmers experiencing hardships. In conjunction with Whole Foods Market, Inc. $1 from every jar of organic raw honey and organic tea tree infused honey sold during a three-month period in Whole Foods' Northern California stores and online, was donated towards the CCOF Bricmont Hardship assistance fund.

Naturally Australian Products Inc (49% EVE)

Naturally Australian Products ("NAP"), a US based distribution business, focused on bulk sales of essential oils, hydrosols, native extracts and carrier oils, recorded revenue of $2.27 million in the year. Performance continued to be temporarily hampered by supply and logistics delays getting essential oils into the US.

NAP undertook a variety of marketing initiatives during the year to increase website traffic and engagement from potential new customers. This included increased email communications to nurture its customer base, the launch of its new website, offering an improved and concise layout, as well as the launch of a digital brochure library, which offers potential customers a wide variety of ingredient information and suitability to specific applications, and product specific videos. NAP also expanded their ingredient selection to include two new categories, Powders and CO2 Extracts. The growth in waterless formulations and inner beauty have boosted demand for both food grade and cosmetic powders, which NAP can meet with either conventional or organic options for topical and ingestible applications.

The team attended a variety of in person events during the year. During March 2022, the NAP sales team exhibited in person at the Natural Products Expo West in California and during May, at the New York Society of Cosmetic Chemists Supply Day. Attendance at both events was successful in building brand awareness and showcasing the company's range of essential oils, hydrosols, native extracts and carrier oils to a new potential audience.

Omni Innovation (38% EVE)

Omni Innovation ("Omni") is an Australian medical nutrition company focused on development of clinically validated innovative nutritional solutions to chronic and lifestyle medical conditions. Subsequent to year end, the shareholders of Omni entered into a conditional Share Sale Agreement with Myopharm Limited for the sale of 100% of the company. Completion is expected to occur in the December 2022 quarter, subject to Myopharm completing a capital raising of $850,000.

30TH JUNE 2022

Directors' Report

The Directors of the Group present their report together with the annual report of EVE Health Group Limited (formerly EVE Investments Limited) ("the Group" or "EVE") for the financial year ended 30 June 2022.

1. Directors and Company Secretary

The Directors and Company Secretary in office at any time during or since the end of the financial year are:

Mr George Cameron-Dow – Non-Executive Chairman (resigned 30 June 2022)
Mr Gregory (Bill) Fry – Managing Director / CEO
Mr Alasdair Cooke – Non-Executive Director
Mr Carlos Jin – Non-Executive Director
Mr James Lin – Non-Executive Director (resigned 29 September 2022)
Mr Rodney Hannington – Non-Executive Director (appointed 14 June 2022)
Mr Steven Jackson – Company Secretary

Directors' Meetings

	Board of Directors		Remuneration Committee		Audit Committee	
	Present	Held	Present	Held	Present	Held
George Cameron-Dow	3	3	-	-	2	2
Gregory Fry	3	3	-	-	-	-
Alasdair Cooke	3	3	-	-	2	2
Carlos Jin	3	3	-	-	2	2
James Lin	3	3	-	-	-	-
Rodney Hannington	-	-	-	-	-	-

Biographies

Mr George Cameron-Dow | Non-Executive Chairman (resigned 30 June 2022)

Mr Cameron-Dow has extensive board experience spanning a range of industries including the pharmaceutical, biosciences and health care sectors. In addition to his extensive experience with large corporations, he has also served as chair of a number of ASX listed companies, retirement funds and a private health insurance fund. Mr Cameron-Dow has a Master of Management (cum laude) from Wits University and in 1998 attended the Stanford Executive Program at Stanford University, USA and is fellow of the Australian Institute of Company Directors. He is a founding director of investment fund manager Fleming Funds Management (previously St George Capital Pty Ltd) and investment advisory firm Fleming Capital Pty Ltd.

Other current directorships
CV Check Limited

Special responsibilities
Chairman
Chairman of audit committee
Chairman of remuneration committee

Former directorships in the last three years
-

Interests in shares and options[1]
15,999,960 ordinary shares
1,500,000 performance rights

[1] At date of resignation.

Mr Gregory Fry | Managing Director / CEO

Mr Fry has more than 20 years corporate experience specialising in accounting, management, business development and general corporate activities. He has vast experience in project evaluation and development, project funding, management, finance and operations. Mr Fry has been on the board of several public and private companies across the sectors of agriculture, mining, property and funds management.

Other current directorships	***Special responsibilities***
-	Managing Director / CEO
Former directorships in the last three years	***Interests in shares and options***
Alma Metals Limited Anova Metals Limited	132,364,853 ordinary shares 18,000,000 performance rights 16,000,000 unlisted options

Mr Alasdair Cooke BSc (Hons) | Non-Executive Director

Mr Cooke has more than 20 years experience, in board and senior executive positions, managing multiple publicly listed and private enterprises as well as founding a private company specialising in project incubation and development.

Other current directorships	***Special responsibilities***
Alma Metals Limited Caravel Minerals Limited	Member of the remuneration committee Member of the audit committee
Former directorships in the last three years	***Interests in shares and options***
Anova Metals Limited	348,039,268 ordinary shares 1,500,000 performance rights

Mr Carlos Jin | Non-Executive Director

Mr Jin has nearly 30 years of working experience in foreign companies as well as Chinese state-owned enterprises, specifically in the functions of human resources management and investment management and holds a master's degree in business administration.

Other current directorships	***Special responsibilities***
-	Member of the remuneration committee Member of the audit committee
Former directorships in the last three years	***Interests in shares and options***
-	-

Mr James Lin | Non-Executive Director (resigned 29 September 2022)

Mr Lin has over 25 years of experience specialising in marketing, direct selling, development and management with a particular focus on the direct selling industry. Mr Lin has served as a senior executive and professional manager of direct selling companies in Mainland China, Taiwan, Malaysia and the United States.

Other current directorships	***Special responsibilities***
-	-
Former directorships in the last three years	***Interests in shares and options***
-	-

Mr Rodney Hannington | Non-Executive Director (appointed 14 June 2022)

Mr Hannington has been working in marketing and strategy services in consumer health and fast-moving consumer goods in the Asia Pacific region for over 15 years. He has valuable international experience in markets across Australia, China, Japan, South Korea and Southeast Asia. Mr Hannington has been a member of the Monash University Department of Marketing Industry Advisory Board since 2013 and has held a variety of board roles at ASX listed companies, with a particular focus in the consumer health space.

Other current directorships	***Special responsibilities***
-	-
Former directorships in the last three years	***Interests in shares and options***
-	-

Mr Steven Jackson BEc CPA | Company Secretary

Mr Jackson has more than 15 years experience in accounting, corporate governance and business development across a number of industries. He is responsible for the management of EVE's financial and company secretarial functions and ensuring the highest standard of financial control for the Company.

2. Remuneration Report – Audited

This Remuneration Report outlines the remuneration arrangements which were in place during the year and remain in place as at the date of this report, for the key management personnel of the Group. During the period the Company's Directors and the Chief Operating Officer, Mr Ben Rohr, were the only key management personnel of the Group.

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

Principles of compensation

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms with market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the Company, the balance of this mix shifts to a higher proportion of ''at risk'' reward Currently no remuneration consultants are used by the Company in formulating remuneration policies.

The following table shows key performance indicators for the group over the last five years:

	2022	2021	2020	2019	2018
Loss after income tax for the year	(5,371,948)	(3,630,685)	(2,400,443)	(2,638,506)	(1,879,997)
Basic loss per share (cents per share)	(0.13)	(0.09)	(0.08)	(0.11)	(0.10)
Increase/(decrease) in share price %	(75%)	(33%)	20%	(38%)	33%
Dividends	-	-	-	-	-

Role of the Remuneration Committee

The Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- Non-Executive Director fees;
- Remuneration levels of the Managing Director and other key management personnel;
- The over-arching executive remuneration framework and operation of the incentive plan; and
- Key performance indicators and performance hurdles for the executive team.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in the external market.

On appointment to the Board, all Non-Executive Directors enter into an agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director. The current base remuneration excluding superannuation for Non-Executive Directors is summarised below and is effective since October 2020.

	Board of Directors	Remuneration Committee	Audit Committee
Chairman Fee	60,795	5,000	5,000
Member Fee	35,463	2,500	2,500

Effective 1 May 2022, the Board agreed to an indefinite 50% reduction in board fees.

Executive pay

An executive's total remuneration comprises base pay and benefits, including superannuation, and long-term incentive through participation in the EVE Employee Incentive Plan.

Base pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in any executives' contracts.

Long-term incentives

Long-term incentives are provided to certain Non-Executive Directors and executives under the EVE Employee Incentive Plans.

Share trading policy

The trading of shares issued to participants under the Company's employee option plan is subject to, and conditional upon, compliance with the Company's employee share trading policy. Executives are prohibited from entering into and hedging arrangements over unvested options under the Company's employee option plan. The Company would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potential dismissal.

Service contracts

On appointment to the Board, all Non-Executive Directors enter into an agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

The Company currently has the following executive agreements in place:

Gregory (Bill) Fry – Managing Director / CEO:	*Ben Rohr – Chief Operating Officer:*
Base salary: $320,000 to 30 April 2022, $192,000 thereafter[1]	Base salary: $220,000 to 30 April 2022, $176,000 thereafter [1]
Term: On-going	Term: On-going
Termination benefit: 3 months base salary[2]	Termination benefit: nil

[1] Base salary quoted is exclusive of superannuation for the year ended 30 June 2022 and is reviewed annually by the Remuneration Committee.

[2] Termination benefits are payable on early termination by the company, other than for gross misconduct.

Voting and comments made at the Company's 2021 Annual General Meeting

The Company received 95.65% of "yes" votes on its remuneration report for the 2021 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Director and Key Management Personnel remuneration

Details of the remuneration of the Directors and key management personnel of the Company (as defined in AASB 124 Related Party Disclosures) are set out in the following tables.

Details of remuneration

The following tables set out remuneration paid to Directors and key management personnel of the Company during the year.

2022	Salary $	Superannuation $	Annual / long service leave $	Share based payments $	Total $	Performance based %
Non-Executive Directors						
George Cameron-Dow	64,895	6,489	-	-	71,384	0%
Alasdair Cooke	40,615	-	-	-	40,615	0%
Carlos Jin	39,944	-	-	-	39,944	0%
James Lin	34,126	-	-	-	34,126	0%
Rodney Hannington	809	-	-	-	809	0%
Total non-executive director remuneration	180,389	6,489	-	-	186,878	0%
Executive Directors						
Gregory Fry	302,417	26,117	-	36,174	364,707	10%
Key Management Personnel						
Ben Rohr	212,666	21,267	5,123	25,557	264,613	10%
Total executive directors and other KMPs	515,083	47,383	5,123	61,731	629,320	10%
Total KMP remuneration expensed	695,471	53,873	5,123	61,731	816,199	8%
2021	**$**	**$**	**$**	**$**	**$**	**%**
Non-Executive Directors						
George Cameron-Dow	73,132	6,948	-	2,509	82,589	3%
Alasdair Cooke	41,205	-	-	2,509	43,714	6%
Carlos Jin	41,205	-	-	-	41,205	0%
Joalin Chou	30,220	-	-	-	30,220	0%
James Lin	7,335	-	-	-	7,335	0%
Total non-executive director remuneration	193,097	6,948	-	5,018	205,063	2%
Executive Directors						
Gregory Fry	320,183	22,917	-	58,293	401,393	15%
Key Management Personnel						
Ben Rohr	222,546	21,142	(3,328)	43,239	283,598	15%
Total executive directors and other KMPs	542,729	44,059	(3,328)	101,532	684,991	15%
Total KMP remuneration expensed	735,826	51,007	(3,328)	106,550	890,054	12%

[1] George Cameron-Dow resigned as Non-Executive Chair on 30 June 2022
[2] Rodney Hannington was appointed as a Non-Executive Director effective 14 June 2022.
[3] Joalin Chou resigned as a Non-Executive Director effective 22 April 2021.
[4] James Lin was appointed as a Non-Executive Director effective 22 April 2021.

Directors may participate in the Company's Employee Incentive Plan under which they will be offered equity incentives as performance-based remuneration.

Share-based compensation

Options

Options in EVE are granted under the EVE Employee Incentive Plan which was approved by shareholders at the 2019 Annual General Meeting. The Employee Incentive Plan is designed to provide long-term incentives for Directors and key management personnel to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration. Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

Two tranches of options were issued during the prior year on the below terms, and with a service condition requiring continuous service with the Company until the vesting date.

Tranche	Gregory Fry A	Gregory Fry B	Ben Rohr A	Ben Rohr B
Grant date	26-Nov-20	26-Nov-20	28-Oct-20	28-Oct-20
Vesting date	13-Oct-21	13-Oct-22	13-Oct-21	13-Oct-22
Number of Options	8,000,000	8,000,000	6,000,000	6,000,000
Dividend yield (%)	-	-	-	-
Expected volatility (%)	100%	100%	100%	100%
Risk free interest rate (%)	0.10%	0.10%	0.25%	0.25%
Expiry Date	26-Nov-24	26-Nov-24	28-Oct-24	28-Oct-24
Option exercise price ($)	0.016	0.016	0.016	0.016
Share price at grant date ($)	0.009	0.009	0.009	0.009
Fair value per option ($)	0.0039	0.0044	0.0040	0.0045
Total value at grant date ($)	31,534	35,464	23,945	26,865
Value vested during the year	10,315	18,870	7,184	13,714
Value to be vested	-	5,428	-	3,945

Performance Rights

The terms and conditions of each grant of performance rights affecting remuneration in the current or future period are as follows:

Director / KMP	Issue date	Expiry date	Tranche	Number of rights issued	Number of rights exercised / lapsed	Number of unvested rights
Gregory Fry	22-Nov-18	22-Nov-23	C	4,800,000	-	4,800,000
Gregory Fry	22-Nov-18	22-Nov-23	D	3,600,000	-	3,600,000
Gregory Fry	22-Nov-18	22-Nov-23	E	3,600,000	-	3,600,000
George Cameron-Dow	22-Nov-18	22-Nov-23	E	1,500,000	-	1,500,000
Alasdair Cooke	22-Nov-18	22-Nov-23	E	1,500,000	-	1,500,000
Ben Rohr	22-Nov-18	22-Nov-23	C	3,200,000	-	3,200,000
Ben Rohr	22-Nov-18	22-Nov-23	D	2,400,000	-	2,400,000
Ben Rohr	22-Nov-18	22-Nov-23	E	2,400,000	-	2,400,000
Total				23,000,000	-	23,000,000

Tranche	Hurdle	Likelihood
C	Achievement $10 million of gross revenue per annum in combined EVE group entities	< 50%
D	Achievement of EBITDA of $2 Million per annum in combined EVE group entities	> 50%
E	Achieving a market capitalisation of $50 Million for 15 consecutive days on which EVE is traded	< 50%

The following performance rights are still outstanding at the end of the financial year:

Director	Number granted	Year granted	Tranche	Fair value per right	Value at grant date	Expiry date	Max value yet to vest
Gregory Fry	4,800,000	2019	C	0.007	33,600	22-Nov-23	-
Ben Rohr	3,200,000	2019	C	0.007	22,400	22-Nov-23	-
Gregory Fry	3,600,000	2019	D	0.007	25,200	22-Nov-23	-
Ben Rohr	2,400,000	2019	D	0.007	16,800	22-Nov-23	-
Gregory Fry	3,600,000	2019	E	0.007	25,200	22-Nov-23	-
Ben Rohr	2,400,000	2019	E	0.007	16,800	22-Nov-23	-
George Cameron-Dow	1,500,000	2019	E	0.007	10,500	22-Nov-23	-
Alasdair Cooke	1,500,000	2019	E	0.007	10,500	22-Nov-23	-

Equity instruments held by key management personnel

Share holdings

	Balance at 1/07/2021	Purchases / Sales	Issued as remuneration	Conversion of options	Balance at 30/06/2022
Directors					
George Cameron-Dow[1]	7,999,980	7,999,980	-	-	15,999,960
Gregory Fry	75,902,622	56,462,231	-	-	132,364,853
Alasdair Cooke	185,874,601	162,164,667	-	-	348,039,268
Carlos Jin	-	-	-	-	-
James Lin	-	-	-	-	-
Rodney Hannington[2]	-	-	-	-	-
Key Management Personnel					
Ben Rohr	30,950,000	30,950,000	-	-	61,900,000
	300,727,203	257,576,878	-	-	558,304,081

Performance rights holdings

	Balance at 1/07/2021	Movement	Balance at 30/06/2022	Vested and exercisable	Unvested
Directors					
George Cameron-Dow[1]	1,500,000	-	1,500,000	-	1,500,000
Gregory Fry	12,000,000	-	12,000,000	-	12,000,000
Alasdair Cooke	1,500,000	-	1,500,000	-	1,500,000
Carlos Jin	-	-	-	-	-
James Lin	-	-	-	-	-
Rodney Hannington[2]	-	-	-	-	-
Key Management Personnel					
Ben Rohr	8,000,000	-	8,000,000	-	8,000,000
	23,000,000	-	23,000,000	-	23,000,000

Options holdings

	Balance at 1/07/2021	Expired	Balance at 30/06/2022	Vested and exercisable	Unvested
Directors					
George Cameron-Dow[1]	2,000,000	(2,000,000)	-	-	-
Gregory Fry	19,333,332	(3,333,332)	16,000,000	8,000,000	8,000,000
Alasdair Cooke	3,500,000	(3,500,000)	-	-	-
Carlos Jin	-	-	-	-	-
James Lin	-	-	-	-	-
Rodney Hannington[2]	-	-	-	-	-
Key Management Personnel					
Ben Rohr	15,700,000	(3,700,000)	12,000,000	6,000,000	6,000,000
	40,533,332	(12,533,332)	28,000,000	14,000,000	14,000,000

[1] George Cameron-Dow resigned as Non-Executive Chairman effective 30 June 2022.
[2] Rodney Hannington was appointed as a Non-Executive Director effective 14 June 2022.

Loans to key management personnel

There were no loans made to key management personnel during the year ended 30 June 2022 (2021: nil).

Other transactions with related parties

The terms and conditions of the transactions with Directors, key executives and associates and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

	Charges from:		Charges to:	
	2022 $	2021 $	2022 $	2021 $
Mitchell River Group Pty Ltd[1] Provision of a serviced office and admin staff	100,406	108,958	-	-
Omniblend Innovation Pty Ltd[2] Recharge of overheads and wages	-	-	30,000	30,000

[1] Alasdair Cooke and Gregory (Bill) Fry are common directors between EVE and the related party, balance of $13,447 is included in trade payables as at 30 June 2022 (2021: $9,429)

[2] George Cameron-Dow was and Gregory (Bill) Fry is a common director between EVE and the related party and EVE holds at 38% interest.

This is the end of the audited remuneration report.

3. Principal Activities

The principal activity of the Group during the financial year was the Meluka Australia business. Meluka Australia is a retail health & wellness consumer brand, with a particular focus on the growing probiotics market.

4. Operating Results

The operating loss after income tax of the Group attributable to equity holders of the Group for the financial year ended 30 June 2022 amounted to $5,371,948 (2021: $3,630,685).

5. Loss per Share

The basic loss per share for the Group for the year was 0.13 cents (2021: 0.09 cents) per share.

6. Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

7. Events Since the End of the Financial Year

On 16 September 2022, the Company entered into a conditional Share Sale Agreement with Myopharm Limited to sell its interest in Omniblend Innovation, for proceeds of approximately $300,000. The sale is conditional on Myopharm completing a capital raising of $850,000 by the completion date of 15 December 2022. The Company will also be entitled to a distribution of net cash held by Omniblend Innovation at the completion date.

On 19 September 2022, the Company placed 224,000,000 shares at $0.001 to raise $224,000 before costs under the Shortfall Offer of its Entitlement Offer which was announced on 30 May 2022.

On 20 September 2022, Mr James Lin resigned as a Non-Executive Director of the Company.

There are no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8. Likely Developments and Expected Results of Operations

The Group will continue to pursue activities related to the current operations of the Group. Further information about likely developments in the operations of the Group is included in the Review of Operations.

9. Significant Changes in State of Affairs

In the opinion of the Directors, other than stated under Review of Operations, and Events Since the End of the Financial Year, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review and subsequent to the financial year end.

10. Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2022 can be accessed from the Company's website at evehealthgroup.com.au/investors-corporate-governance.

11. Environmental Regulations

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes there are adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply.

The Group is not subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

12. Share Options/Rights

As at the date of this report, the following unlisted options or performance rights were on issue:

No. of instruments	Type of instrument	Strike price	Expiry date
30,000,000	Unlisted options	0.016	28-Oct-24
16,000,000	Unlisted options	0.016	26-Nov-24
29,000,000	Performance rights	-	Various
75,000,000			

No option holder has any right under the options to participate in any other share issue of the company or any other entity. Included in these options were options granted as remuneration to the key management personnel. Details of options granted to key management personnel are disclosed in the tables above.

13. Non-Audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Company are important.

During the year, there were no non-audit services provided by BDO Audit (WA) Pty Ltd.

14. Auditors Independence Declaration under Section 307c of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 60 and forms part of the Directors' Report for the year ended 30 June 2022.

15. Indemnifying Officers

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and Officers' liability, legal expenses' and insurance contracts, for current Directors and Executives of the Company.

Signed in accordance with a resolution of the Directors.

Gregory William Fry

Managing Director

Dated at Perth this 30 September 2022

30TH JUNE 2022

Directors' Declaration

Directors' Declaration

30 June 2022

The Directors of the Company declare that:

1) The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001; and
   a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Company.
2) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3) In the Directors' opinion, the financial statements and notes are prepared in compliance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board, as described in Note 2(a).
4) The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

Gregory William Fry

Managing Director

Declared at Perth this 30 September 2022

30TH JUNE 2022

Consolidated Statements

Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the year ended 30 June 2022

	Note	30-Jun-22 $	30-Jun-21 $
Revenue	9	2,390,620	2,800,990
Costs of goods sold		(1,592,121)	(1,490,102)
Gross profit / (loss) before fair value adjustments		798,499	1,310,888
Change in fair value of biological assets		177,568	327,078
Gross profit		976,067	1,637,966
Other income		265,310	369,539
Professional fees	10	(213,201)	(327,205)
Employee benefit expense	10	(2,056,960)	(2,243,029)
Share-based payments	10	(111,785)	(186,674)
Share of net loss of associates accounted for using the equity method	3	(341,067)	(468,434)
Impairment expense	6	(836,059)	-
Other expenses	10	(3,061,454)	(2,364,495)
Net financial expense		7,201	(48,349)
Loss before income tax gain / (expense)		(5,371,948)	(3,630,685)
Income tax benefit / (expense)	11	-	-
Loss after income tax for the year		(5,371,948)	(3,630,685)
Total comprehensive loss attributable to:			
Equity holders of the Company		(5,371,948)	(3,630,685)
Total comprehensive loss for the year		(5,371,948)	(3,630,685)
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	12	(0.13)	(0.09)

The consolidated statement of profit or loss & other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2022

	Note	30-Jun-22 $	30-Jun-21 $
Assets			
Current assets			
Cash and cash equivalents	*13*	1,102,423	3,160,409
Trade and other receivables	*14*	250,747	352,429
Inventories	*15*	1,363,734	1,109,799
Biological assets		-	77,228
Total current assets		2,716,904	4,699,865
Non-current assets			
Property, plant and equipment	*5*	4,487,580	4,777,150
Goodwill	*6*	-	825,059
Intangibles		96,695	110,284
Right-to-use assets	*7*	43,689	446,845
Biological assets		-	11,000
Equity accounted investments	*3*	359,900	700,967
Loans to associates	*3*	368,276	352,734
Total non-current assets		5,356,140	7,224,039
Total assets		8,073,044	11,923,904
Liabilities			
Current Liabilities			
Trade and other payables	*16*	647,379	721,237
Borrowings	*4*	54,512	146,345
Lease liabilities	*7*	41,234	83,924
Total current liabilities		743,125	951,506
Non-current Liabilities			
Borrowings	*4*	392,365	414,494
Lease liabilities	*7*	4,283	370,113
Total non-current liabilities		396,648	784,607
Total liabilities		1,139,773	1,736,113
Net assets		6,933,271	10,187,791
Equity			
Issued capital	*17*	35,615,357	33,609,712
Reserves		415,265	343,323
Accumulated losses		(29,097,351)	(23,765,244)
Total equity attributable to shareholders of the Company		6,933,271	10,187,791

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	Issued capital $	Accumulated losses $	Share based payment reserve $	Total equity $
Total equity at 1 July 2021	33,609,712	(23,765,244)	343,323	10,187,791
Loss for the year	-	(5,371,948)	-	(5,371,948)
Total comprehensive loss for the year	-	(5,371,948)	-	(5,371,948)
Transactions with owners in their capacity as owners:				
Share issue net of issue costs	2,005,645	-	-	2,005,645
Share based payments	-	-	111,785	111,785
Transfer of share based payments on exercise/expiry	-	39,843	(39,843)	-
	2,005,645	39,843	71,942	2,117,430
Total equity at 30 June 2022	**35,615,357**	**(29,097,351)**	**415,265**	**6,933,271**
Total equity at 1 July 2020	32,971,096	(20,275,406)	297,492	12,993,182
Loss for the year	-	(3,630,685)	-	(3,630,685)
Total comprehensive loss for the year	-	(3,630,685)	-	(3,630,685)
Transactions with owners in their capacity as owners:				
Share issue net of issue costs	638,616	-	-	638,616
Share based payments	-	-	186,674	186,674
Transfer of share based payments on exercise/expiry	-	140,843	(140,843)	-
	638,616	140,843	45,832	825,290
Total equity at 30 June 2021	**33,609,712**	**(23,765,244)**	**343,323**	**10,187,791**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	30-Jun-22 $	30-Jun-21 $
Cash flows from operating activities			
Receipts from customers		2,585,466	3,263,811
Cash paid to suppliers and employees		(6,549,138)	(5,869,366)
Interest received		1,534	26,210
Interest paid		(17,980)	(17,281)
Other income received		208,341	352,582
Net cash used in operating activities	*22*	(3,771,777)	(2,244,044)
Cash flows from investing activities			
Acquisition of property, plant and equipment	*5*	(26,046)	(263,385)
Net cash used by investing activities		(26,046)	(263,385)
Cash flows from financing activities			
Proceeds from the issue of share capital	*17*	2,140,675	656,500
Payment for share issuance costs	*17*	(135,030)	(17,884)
Lease payments		(106,419)	(98,883)
Proceeds from borrowings		107,458	-
Repayments of borrowings		(266,847)	(10,304)
Net cash provided by financing activities		1,739,838	529,429
Cash and cash equivalents at 1 July		3,160,409	5,138,409
Net increase / (decrease) in cash and cash equivalents		(2,057,986)	(1,978,000)
Cash and cash equivalents at 30 June	*13*	1,102,423	3,160,409

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

1. Reporting entity

EVE Health Group Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2022 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial report was authorised for issue by the Directors on 30 September 2022. The directors have the power to amend and reissue the financial statements.

2. Basis of preparation

a) Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report of the Company also complies with International Financial Reporting Standards ('IFRS') and interpretations as issued by the International Accounting Standards Board. EVE Health Group Ltd is a for-profit entity for the purpose of preparing the financial statements.

b) New and amended standards adopted by the Group

There are no standard, interpretations or amendments to existing standards, issued by the Australian Accounting Standards Board ('AASB') that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

c) Basis of measurement

The financial report is prepared on the historical cost basis.

d) Functional and presentation currency

The financial statements are presented in Australian dollars which is also the functional currency.

e) Going concern

For the year ended 30 June 2022 the Company recorded a loss from continuing operations of $5,371,948 and had net cash outflows from operating activities of $3,771,777 and had working capital of $1,973,778. Additionally, the Company has access to an undrawn financing facility of $475,000.

The ability of the Company to continue as a going concern is dependent on the Company securing additional funding through the issue of debt, equity or through either partial or 100% disposal of assets within the Company's portfolio.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Management believes there are sufficient funds to meet the entity's working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The directors have prepared cash flow projections that support the ability of the entity to continue as a going concern, subject to raising additional funds through equity as detailed above;
- The Company has the ability to draw down on its financing facilities;
- The Company has entered into a condition sale agreement of its interest in Omniblend Innovation, which if completed would realise funding in line with the carrying value of this investment;
- The Company has the ability to sell other assets in its portfolio of assets; and
- The Company also has the ability to reduce its expenditure to conserve cash.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

f) Use of significant estimates and judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3 – Investments in associates – The Group assess the carrying amount of its investments in associates at each reporting period, or more frequently if events or changes in circumstances indicate impairment, in accordance with AASB 128 Investments in Associates and Joint Ventures. If impairment indicators are identified the Group tests the investments for impairment in accordance with AASB 136 Impairment of Assets. In assessing the recoverability of its investments in associates management applies their estimates and judgements as to the recoverability of its investments.
    - The Group applies the impairment requirements in AASB 9 Financial Instruments to its other interest in the associate such as loans to or receivables from the associate. Significant judgement is applied by management as to the expected credit losses of these balances. At 30 June 2022 the expected credit losses on loans and receivables due from its associates are nil.
- Note 5 – Property, plant and equipment – The estimate of useful lives, residual values and depreciation methods of the Group's property, plant and equipment, includes bearer assets, which are tea tree plants on the Group's land, requires significant management judgements and are regularly reviewed. If they need to be modified, the depreciation expense is accounted for prospectively from the date of the assessment until the end of the revised useful life (for both the current and future years).
- Note 6 – Recoverability of goodwill – The Group tests annually, or more frequently if events or changes in circumstances indicate impairment whether goodwill or associated assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations These calculations require the use of assumptions including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer note 6 in the financial report for a complete list of the significant estimates used by management for the recoverability of the cash generating units and the sensitivities thereof.
- Note 9 – Revenue recognition – The Group has wholesale sales primarily of bulk essential oils and contract manufacturing services and sales to consumers or distributors of branded consumer goods.
    - Wholesale sales and distributor sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler or distributor, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler or distributor, and either the wholesaler or distributor has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. For sales to distributors that have agreed "ex-works" as part of their purchase

terms, then delivery occurs at the Group's facility, with control of the product shifting to the distributor who is in control of directly the delivery of the product from that point in time.

  - Revenue from the sale of goods directly to consumers is recognised when a Group entity dispatches a product to the customer. Payment of the transaction price is due immediately when the customer purchases the good, with delivery not being made until payment is received.

- Note 14 – Trade and other receivables – The Group assesses loss allowances for trade and other receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing marketing conditions as well as forward looking estimates at the end of each reporting period.
- Note 21 – Share-based payment arrangements – The Group measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the instrument, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the instrument.
- Note 21 (c) – Performance rights – The Group reviews the likelihood of each performance right hurdle being met at each reporting date. If the Group's assessment is that the likelihood of conversion if greater than 50% a share-based payment expense will be recognised in the period.
- Coronavirus (COVID-19) pandemic – Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. To date, we have seen an impact on global logistics with delays in transit times and decreased capacity, this has had caused an increase in freight costs. Additionally, COVID-19 has impacted the sales networks of distributors such as our Chinese distribution partner which has impacted their ability to sell to their consumers and subsequently no reordering of products with the Group in the period.

3. Investment in Associates

a) Interests in associates

Set out below are the associates of the Group as at 30 June 2022. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	Ownership interest		Country of incorporation	Carrying amount	
	2022	2021		2022	2021
	%	%		$	$
Omni Innovation	37.70%	37.70%	Australia	359,900	700,967
Naturally Australian Products	49.00%	49.00%	USA	-	-

b) Summarised financial information of associates

The tables below provide summarised financial information for Omni Innovation. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not EVE Health Group Limited's share of those amounts.

	2022	2021
Summarised statement of financial position	**$**	**$**
Total current assets	272,547	358,522
Total non-current assets	973,262	2,021,664
Total current liabilities	(31,291)	(42,568)
Total non-current liabilities	-	(260,000)
Net assets	1,214,518	2,077,618

Reconciliation to carrying amounts:	2022 $	2021 $
Opening net assets	2,077,618	3,268,007
Profit/(loss) for the period	(904,801)	(1,242,684)
Other comprehensive income	41,701	52,295
Closing net assets	1,214,518	2,077,618
Group's share in net assets	457,816	783,164

Summarised statement of profit and loss	$	$
Revenue	645,000	-
Expenses	(1,550,197)	(1,254,002)
Loss from operating activities	(904,801)	(1,242,687)
Other comprehensive income	-	-
Total comprehensive loss	(904,801)	(1,242,687)
Group's share of profit / (loss)	(341,067)	(468,434)

c) Associates with an immaterial carrying value

The tables below provide summarised financial information for Naturally Australian Products. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not EVE Health Group Limited's share of those amounts.

Summarised statement of profit and loss	2022 $	2021 $
Revenue	2,269,905	3,795,631
Profit / (loss) from operating activities	(411,412)	119,577
Other comprehensive income	-	-
Total comprehensive profit / (loss)	(411,412)	119,577
Group's share of unrecognised share of profit / (losses) of NAP	(201,592)	58,593

d) Loans to associates

	2022 $	2021 $
Balance at the beginning of the year	352,734	354,686
Fair-value change on loan extension	(42,918)	-
Unrealised foreign exchange movement	29,247	(28,618)
Amortised financial expense	29,213	26,666
Balance at the end of the year	368,276	352,734

Loans to associates have a repayment date of 31 December 2024 and have a nil interest rate. In the period, the fair value of the loan was re-fair valued due to the loan term being extended by 18 months.

The loans to associates have a fair value of $368,276 (2021: $352,734) and were calculated based on cash flows discounted using an 8% discount rate. The amortised finance expense has been recognised as a financing cost in the year.

4. Borrowings

	2022 $	2021 $
Meluka loan (i)	-	100,613
Equipment financing (ii)	14,077	20,376
Business loan (iii)	24,072	25,356
Vehicle financing (iv)	16,363	-
Current borrowings	54,512	146,345
Equipment financing (ii)	10,558	24,634
Business loan (iii)	363,549	389,860
Vehicle financing (iv)	18,258	-
Non-current borrowings	392,365	414,494

(i) Nil interest rate with a 3-year term, ending in February 2022, no debt covenants.
(ii) Equipment financing with nil interest rate and a 3-year term to March 2024. Secured by a charge against the equipment, no debt covenants.
(iii) Variable interest rate with a 15-year term, ending in 2034, with principal repayments commencing in 2021. Secured by a mortgage against the Robyndale property, no debt covenants.
(iv) Vehicle financing with a 2.84% interest rate and a 3-year term to August 2024. Secured by a charge against the vehicle, no debt covenants.

5. Property, plant and equipment

	Freehold land $	Freehold buildings $	Bearer assets $	Furniture & fittings $	Motor vehicles $	Plant & equipment $	Computer equipment $	Total $
Full year ended 30 June 2021								
Opening net book amount	2,783,208	209,760	1,162,465	6,885	52,008	512,069	14,303	4,740,696
Additions	-	64,027	-	454	-	232,965	14,470	311,916
Disposals	-	-	-	-	-	(50,134)	(2,917)	(53,051)
Depreciation charge	-	(14,938)	(81,873)	(1,548)	(10,148)	(107,251)	(6,653)	(222,411)
Closing Net Book Amount	2,783,208	258,849	1,080,592	5,791	41,860	587,649	19,203	4,777,150
At 30 June 2021								
Cost	2,783,208	297,697	1,244,562	8,062	58,603	813,919	27,589	5,233,641
Accumulated depreciation	-	(38,849)	(163,971)	(2,271)	(16,744)	(226,270)	(8,386)	(456,491)
Net book amount	2,783,208	258,849	1,080,592	5,791	41,860	587,649	19,203	4,777,150
Full year ended 30 June 2022								
Opening net book amount	2,783,208	258,849	1,080,592	5,791	41,860	587,649	19,203	4,777,151
Additions	-	-	-	-	45,770	17,940	4,483	68,193
Disposals	-	-	-	-	-	(133,334)	-	(133,334)
Depreciation charge	-	(15,415)	(81,873)	(1,624)	(13,594)	(102,095)	(9,828)	(224,429)
Closing Net Book Amount	2,783,208	243,434	998,719	4,167	74,036	370,160	13,858	4,487,581
At 30 June 2022								
Cost	2,783,208	297,697	1,244,562	8,062	104,374	698,525	32,072	5,168,501
Accumulated depreciation	-	(54,264)	(245,844)	(3,895)	(30,338)	(328,365)	(18,214)	(680,920)
Net book amount	2,783,208	243,434	998,719	4,167	74,036	370,160	13,858	4,487,581

6. Goodwill

	2022 $	2021 $
Balance at the beginning of the year	825,059	825,059
Impairment of goodwill	(825,059)	-
Balance at the end of the year	-	825,059

AASB 136 requires annual impairment testing to be performed for goodwill and when circumstances indicate the carrying value may be impaired. The goodwill of $825,059 acquired through the Meluka Health business combination has been allocated to the Meluka Health Cash Generating Unit ("CGU") for impairment testing using the value in use method. Value in use has been derived by calculating the discounted value of net cash flows expected to be derived from the CGU. Value in use has been based on a Board approved budget for year 1, forecasts based off the following assumptions for years 2 - 5 with a terminal value calculated to simulate the value of cash flows beyond that period.

The impact of COVID-19 continued to be detrimental to the performance of the Company's distributor in China, resulting in no sales to this market in the period. Revenue in contract manufacturing was impacted negatively by installation of new equipment early in the period while sales of branded products, which grew 37% on the prior corresponding period was still lower than forecast and shipping costs were higher and delivery times were longer. While the Company still expects strong growth in markets such as Australia, USA and Japan for branded product sales in future period, the value-in-use model assumes a more conservative annual growth rate of 16%.
The model has excluded the value of cash flows from financing activity and non-cash items such as depreciation and amortisation. Sensitivity analysis on the model also highlighted that a small deterioration in the annual growth rate or a reduction in the forecast gross margin would lead to a material impairment of goodwill. No further sensitive analysis disclosures have been presented because the value of goodwill has been written down to nil.

Based off the value in use model, an impairment expense of $825,059 (2021: nil) was recognised during the year. No impairment expense was recorded against the remaining assets of the CGU, as the recoverable assets value exceed the carrying amount as at 30 June 2022.

The value in use model used the following assumptions:

Current Year Key Assumptions	**Input**
CGU budget with revenue of $4m and a gross margin of 56%	Year 1 (2022)
Annual growth rate (years 2 – 5)	16%
Average gross margin	59%
Pre-tax discount rate	14.77%
Long-term growth rate	0%

Prior Year Key Assumptions	**Input**
CGU budget with revenue of $4.6m and a gross margin of 69%	Year 1 (2022)
Annual growth rate (years 2 – 5)	15%
Average gross margin	62.5%
Pre-tax discount rate	14.77%
Long-term growth rate	0%

Key Assumption	Approach used to determine values
Short-term growth rate	Average annual growth rate over years 2 - 5 based on management's expectations of market development.
Average gross margin	Average annual gross margin over the five-year forecast period based on past performance and expectation for the future.
Pre-tax discount rate	Reflects specific risks relating to the entity and the industries which it operates within.

7. Leases

	2022 $	2021 $
Right-of-use assets		
Buildings	43,689	61,911
Land	-	384,934
Total right-of-use assets	43,689	446,845
Lease liabilities	$	$
Current	41,234	83,924
Non-current	4,283	370,113
Total lease liabilities	45,517	454,037
Depreciation charge of right-of-use assets	$	$
Buildings	69,246	61,007
Land	18,474	27,496
Total depreciation	87,720	88,503
Interest expense (included in other expenses)	13,335	16,162

In the year, the Company entered into an additional lease for a manufacturing facility at the conclusion of the existing lease. A lease on a tea tree property adjacent to those owned by the Group was terminated in the year.

8. Segment reporting

AASB 8 Operating Segments requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Company's Board receives segment information across three reportable business segments, Jenbrook (tea tree farming and bulk oil sales), Meluka (branded wellness consumer products) and Investments in Associates. The unallocated column refers to the corporate costs and cash management of the parent entity (see note 24).

Year ended 30 June 2022	Jenbrook $	Meluka $	Investment $	Unallocated $	Consolidated $
Total segment revenue	381,424	2,009,196	-	-	2,390,620
Depreciation	99,404	114,633	-	98,115	312,152
Amortisation	-	13,589	-	-	13,589
Finance costs	-	-	14,106	-	14,106
Impairment	-	836,059	-	-	836,059
Segment net loss after tax	(106,498)	(2,811,930)	(355,173)	(2,098,347)	(5,371,948)
Segment assets	4,827,644	1,821,419	728,176	695,805	8,073,044
Segment liabilities	572,119	318,322	-	249,332	1,139,773

Year ended 30 June 2021	Jenbrook $	Meluka $	Investment $	Unallocated $	Consolidated $
Total segment revenue	892,456	1,908,534	-	-	2,800,990
Depreciation	111,518	102,847	-	96,548	310,913
Amortisation	-	13,589	-	-	13,589
Finance costs	-	-	(26,336)	-	(26,336)
Impairment	-	-	-	-	-
Segment net profit / (loss) after tax	66,963	(1,170,631)	(442,098)	(2,084,919)	(3,630,685)
Segment assets	5,532,017	2,691,930	1,053,701	2,646,256	11,923,904
Segment liabilities	952,976	521,716	-	261,421	1,736,113

9. Revenue

Disaggregation of revenue from contracts with customers

The Group derives its revenue from the sale of tea tree and essential oils and honey and provision of contract manufacturing services. The transfer of goods is a point in time for all product lines.

At a point in time	2022 $	2021 $
Bulk sales	381,425	892,456
Branded product sales	1,634,476	1,051,343
Contract manufacturing	374,719	857,191
Revenue	2,390,620	2,800,990

Segment revenues represent revenue generated from external customers. There were no inter-segment revenues in the current period.

Revenue by region

	2022 $	2021 $
Australia	1,642,981	1,999,079
North America	590,924	548,520
China	-	173,606
Asia (excluding China)	156,715	79,785
	2,390,620	2,800,990

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

The Group primarily generates revenue from the bulk sale of tea tree oil and essential oils, branded products (Meluka Australia) and contract manufacturing.

Revenue from the sale of these goods is recognised when control over the inventory has transferred to the customer. Control is generally considered to have passed when:

- physical possession and inventory risk is transferred (including via a third-party transport provider);
- payment terms for the sale of goods can be clearly identified through invoices issued to customers; and
- the customer has no practical ability to reject the product where it is within contractually specified limits.

10. Expenses from continuing operations

	2022 $	2021 $
Professional fees		
Audit fees	68,080	69,755
Tax consulting services	20,756	31,559
Legal costs	5,107	10,242
Corporate consultants	90,186	33,900
Other professional fees	29,072	181,749
	213,201	327,205
Employee benefit expense		
Wages	1,492,841	1,652,043
Directors fees	515,412	543,145
Share based payments expense	111,785	186,674
Payroll tax	42,869	43,526
Fringe benefits tax	5,838	4,315
	2,168,745	2,429,703
Other expenses		
Corporate costs	71,018	72,490
Premises and insurance	346,595	441,080
Marketing expenses	2,005,296	1,245,076
Travelling costs	8,526	16,981
Financing costs	14,106	(26,336)
Depreciation - property, plant and equipment	224,432	222,410
Depreciation - right-to-use assets	87,720	88,503
Amortisation	13,589	13,589
Gain / (loss) on sale of assets	133,334	2,917
Other operating expenses	156,838	287,784
	3,061,454	2,364,495

11. Income taxes

	2022 $	2021 $
Income tax expense / (benefit):		
Current tax	-	-
Deferred tax	-	-
	-	-
Reconciliation of income tax expense/ (benefit) to prima facie income tax payable / (refundable):	$	$
Loss before income tax for the year from continuing operations	(5,371,948)	(3,630,685)
Loss before income tax	(5,371,948)	(3,630,685)
Prima facie income tax at 25% (2021: 26%)	(1,396,707)	(943,978)
Tax effect of permanent differences and deferred tax movements not recognised	228,026	54,699
	(1,168,681)	(889,279)
Effect of current year tax loss not recognised as deferred tax assets	1,168,681	889,279
Benefit of prior year tax losses not previously recognised	-	-
Income tax expense / (benefit)	-	-
Unrecognised deferred tax assets:	$	$
Losses - Revenue	4,512,256	3,387,181
Investment in associates	652,486	567,220
Provisions, accruals and other	169,581	205,832
	5,334,323	4,160,232

Unrecognised deferred tax liabilities:	2022 $	2021 $
Property, plant & equipment	187,632	206,413
Biological & intangible assets	230	25,225
Other	25,641	20,802
	213,503	252,440

The tax benefits of the above deferred tax assets will only be obtained if:

a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

b) the Group continues to comply with the conditions for deductibility imposed by law; and

c) no changes in income tax legislation adversely affect the Group from utilising the benefits.

d) there has been a legislated change in the corporate tax rate that will apply to future income years. The impact of this reduction in the corporate tax rate has been reflected in the unrecognised deferred tax positions and the prima face income tax reconciliation above.

12. Loss per share

The calculation of basic loss per share at 30 June 2022 was based on the loss attributable to ordinary shareholders of $5,371,948 (2021: $3,630,685) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2022 of 4,011,299,090 (2021: 3,822,594,310) calculated as follows:

Loss attributable to ordinary shareholders	2022 $	2021 $
Loss for the year	(5,371,948)	(3,630,685)
Loss for the year from continuing operations	(5,371,948)	(3,630,685)
Basic loss per share		
Basic loss per share (cents)	(0.13)	(0.09)
Basic loss per share from continuing operations (cents)	(0.13)	(0.09)
Diluted loss per share		
Diluted loss per share (cents)	(0.13)	(0.09)
Diluted loss per share from continuing operations (cents)	(0.13)	(0.09)

	2022	2021
Weighted average number of shares	4,011,299,090	3,822,594,310
Options	-	-
Weighted average number of shares diluted EPS	4,011,299,090	3,822,594,310

Basic earnings/loss per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for the bonus elements in ordinary shares issued during the year.

Diluted earnings/loss per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

13. Cash and cash equivalents

	2022	2021

	$	$
Cash at bank & on hand	1,102,423	1,660,409
Term deposits	-	1,500,000
	1,102,423	3,160,409

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and in banks, short term deposits and money market investments readily convertible to cash within two working days, net of any outstanding bank overdrafts.

Information about the Company's exposure to credit risk is provided in note 29.

14. Trade and other receivables

	2022 $	2021 $
Trade debtors	49,201	227,088
Deposits paid	78,055	10,395
Other receivables	123,491	114,946
	250,747	352,429

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses. Trade receivables are generally due for settlement within 30 days.

Information about the Company’s exposure to credit risk is provided in note 29. There are no receivables held by the Company that are past due and impaired.

15. Inventories

	2022 $	2021 $
Raw materials – at cost	344,100	466,591
Work in progress – at cost	-	-
Finished goods – at cost	1,019,633	643,208
	1,363,734	1,109,799

Inventories recognised as an expense in costs of goods sold during the year ended amounted to $816,583 (2021: $1,015,367).

Write-downs of inventories amounted to $143,979 (2021: $41,864). These were recognised as an expense during the year and included in cost of costs of goods sold.

16. Trade and other payables

	2022 $	2021 $
Trade creditors	338,382	431,493
Other payables	308,997	289,744
	647,379	721,237

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. The amounts are unsecured and are usually payable within 30 days of recognition.

Information about the Company's exposure to credit risk is provided in note 29.

17. Contributed equity

	2022 $	2021 $
Issued capital	37,906,507	35,765,832
Cost of share issue	(2,291,150)	(2,156,120)
	35,615,357	33,609,712

a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in the proportion to the number and amount paid on the shares held.

Ordinary shares are classified as equity and incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

b) Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Movement in share capital

2022		Number of shares	Issue price	AUD
01 Jul 2021	Opening balance	3,843,141,890		33,609,712
28 Feb 2022	Placement	466,666,667	0.003	1,400,000
24 Jun 2022	Entitlement offer	740,674,107	0.001	740,674
	Capital raising costs			(135,030)
30 June 2022	**Closing balance**	5,050,482,664		35,615,356

2021		Number of shares	Issue price	AUD
01 Jul 2020	Opening balance	3,726,225,222		32,971,096
21 Aug 2020	Conversion of options	76,766,667	0.006	460,600
03 Sep 2020	Conversion of options	20,000,000	0.006	120,000
30 Sep 2020	Conversion of performance rights	7,500,000	0.000	-
30 Sep 2020	Placement	1	0.006	-
28 Oct 2020	Conversion of options	12,650,000	0.006	75,900
	Capital raising costs			(17,884)
30 June 2021	**Closing balance**	3,843,141,890		33,609,712

18. Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

19. Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2022 $	2021 $
BDO Audit (WA) Pty Ltd:		
Audit and review of financial reports	68,080	69,755
Total auditors' remuneration	68,080	69,755

20. Related parties

a) Loans to key management personnel

There were no loans made to key management personnel during the year ended 30 June 2022 (2021: nil).

b) Key management personnel compensation

	2022 $	2021 $
Short-term employee benefits	695,471	735,826
Post-employment benefits	53,873	51,007
Long-term employee benefits	5,123	(3,328)
Equity compensation benefits	61,731	106,550
	816,199	890,054

c) Other transactions with related parties of the Company

The terms and conditions of the transactions with Directors, key executives and associates and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

	Charges from:		Charges to:	
	2022 $	2021 $	2022 $	2021 $
Mitchell River Group Pty Ltd[1] Provision of a serviced office and admin staff	100,406	108,958	-	-
Omniblend Innovation Pty Ltd[2] Recharge of overheads and wages	-	-	30,000	30,000
Naturally Australian Products Inc.[3] Sale of essential oils and honey, recharge of overheads	64,072	38,597	24,971	162,305

[1] Alasdair Cooke and Gregory (Bill) Fry are common directors between EVE and the related party.

[2] George Cameron-Dow was and Gregory (Bill) Fry is a common director between EVE and the related party and EVE holds at 38% interest.

[3] EVE holds at 49% interest in the Company.

d) Assets and liabilities arising from the above transactions

	2022 $	2021 $
Transactions with associates		
Current assets		
Trade debtors	9,108	480
Non-current assets		
Loans to associates receivable	368,276	352,734
Current liabilities		
Trade creditors	10,735	7,415
Transactions with other related parties	**$**	**$**
Current liabilities		
Trade creditors	13,447	9,429

21. Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of a Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

	2022 $	2021 $
Performance rights (a)	16,891	66,759
Options (b)	94,894	119,915
Total expensed	111,785	186,674

a) Performance rights plan

The EVE Performance Rights Plan is designed to provide long-term incentives for senior managers and above (including the Managing Director) to deliver long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Performance Rights are granted under the plan for no consideration. Performance Rights granted under the plan carry no dividend or voting rights. When vested, each performance right is convertible into one ordinary share.

The terms and conditions of each grant of performance rights affecting remuneration in the current or future period are as follows:

Issue Date	Expiry date	Tranche	Number granted	Value at grant date $	Vesting expense in year $	Unvested at 30 June 2021	Lapsed	Unvested at 30 June 2022
22-Nov-18	22-Nov-23	C	11,600,000	72,800	-	11,600,000	(1,200,000)	10,400,000
22-Nov-18	22-Nov-23	D	8,700,000	54,600	16,891	8,700,000	(900,000)	7,800,000
22-Nov-18	22-Nov-23	E	11,700,000	75,600	-	11,700,000	(900,000)	10,800,000
			32,000,000	203,000	16,891	32,000,000	(3,000,000)	29,000,000

No performance rights vested during the year or during the prior year. In the current year 3,000,000 performance rights lapsed due to cessation of employment (2021: nil).

Tranche	Hurdle	Likelihood
C	Achievement $10 million of gross revenue per annum in combined EVE group entities	< 50%
D	Achievement of EBITDA of $2 Million per annum in combined EVE group entities	> 50%
E	Achieving a market capitalisation of $50 Million for 15 consecutive days on which EVE is traded	< 50%

At each reporting date for performance rights with non-market conditions the likelihood of each performance right hurdle is reviewed by management and the share-based payment adjusted accordingly. During the year $16,891 (2021 $66,760) of expense was recorded. This value was based off the underlying share price on the date of issue and likelihood of the performance right hurdle being met. The weighted average remaining contractual life of the performance rights outstanding is 1.4 years (2021: 2.4 years).

b) Options

Issue Date	Expiry date	Tranche	Number granted	Value at grant date $	Vesting expense in year $	Lapsed	Vested at 30 June 2022	Unvested at 30 June 2022
28-Oct-20	28-Oct-24	A	17,000,000	67,845	20,354	(2,000,000)	15,000,000	-
28-Oct-20	28-Oct-24	B	17,000,000	76,117	38,857	(2,000,000)	-	15,000,000
26-Nov-20	26-Nov-24	A	8,000,000	31,534	10,315	-	8,000,000	-
26-Nov-20	26-Nov-24	B	8,000,000	35,464	18,870	-	-	8,000,000
28-Oct-20	28-Oct-24	D	2,500,000	10,861	6,499	(2,500,000)	-	-
			52,500,000	221,822	94,894	(6,500,000)	23,000,000	23,000,000

No options vested during the year or during the prior year. In the current year 6,500,000 options lapsed due to failure to meet vesting conditions (2021: 2,500,000).

Tranche	Hurdle	Likelihood
A	Continuous service until 13 October 2021	Met
B	Continuous service until 13 October 2022	> 50%
D	Achievement of budgeted gross revenue for FY22	Not Met

The fair value of the options granted during the year is nil (2021: $231,415l). The value is calculated based off the following inputs:

Tranche	A	A	B	B	C	D
Issue Date	28-Oct-20	26-Nov-20	28-Oct-20	26-Nov-20	28-Oct-20	28-Oct-20
Number of Options	17,000,000	8,000,000	17,000,000	8,000,000	2,500,000	2,500,000
Dividend yield (%)	-	-	-	-	-	-
Expected volatility (%)	100%	100%	100%	100%	100%	100%
Risk free interest rate (%)	0.25%	0.10%	0.25%	0.10%	0.10%	0.10%
Expected life of the option (years)	3	3	3	3	3	3
Option exercise price ($)	0.016	0.016	0.016	0.016	0.016	0.016
Share price at grant date ($)	0.009	0.009	0.009	0.009	0.009	0.009
Fair value per option ($)	0.0040	0.0039	0.0045	0.0044	0.0038	0.0043
Total value at grant date ($)	67,845	31,534	76,117	35,464	9,593	10,861

During the year $94,984 (2021: $119,915) of expense was recorded. The weighted average remaining contractual life of the options outstanding is 2.35 years (2021: 3.35 years). The weighted average share price for the financial year was $0.003 (2021: $0.009).

Detailed remuneration disclosures are provided in the remuneration report on pages 17 - 23.

22. Cash flow information

a) Reconciliation of loss after income tax to net cash used in operating activities

	30-Jun-22 $	30-Jun-21 $
Loss for the year from continuing operations	(5,371,948)	(3,630,685)
Adjustments for:		
Share of losses in associates	341,067	468,434
Fair value movement on biological assets	(177,568)	(327,078)
Fair value in costs of goods sold	254,796	279,849
Financing costs	13,705	(26,666)
Lease interest expense	13,335	-
Depreciation expense	312,152	310,913
Amortisation expense	13,589	13,589
Bad debts expense	-	995
Impairment expense	836,059	-
Loss on disposal of property, plant & equipment	133,334	2,917
Net foreign exchange gains / (losses)	(29,247)	28,618
Equity-settled share-based payment expenses	111,785	186,674
Change in operating assets and liabilities	(3,548,941)	(2,692,439)
(Increase)/decrease in trade and other receivables	104,957	558,996
(Increase)/decrease in inventories	(253,935)	(373,183)
(Decrease)/increase in trade and other payables	(73,858)	262,582
Net cash used in operating activities	(3,771,777)	(2,244,044)

b) Non-cash investing and financing activities

	30-Jun-22 $	30-Jun-21 $
Net change in right-to-use assets	(383,421)	475,059

c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	30-Jun-22 $	30-Jun-21 $
Cash and cash equivalents	1,102,423	3,160,409
Borrowings	(446,877)	(560,839)
Lease liabilities	(45,517)	(454,037)
Net debt	610,029	2,145,533

	Borrowings $	Leases $	Cash $	Total $
Net debt at 30 June 2020	(522,613)	(61,699)	5,138,409	4,554,097
Cash flows	10,304	98,883	(1,978,000)	(1,868,813)
New leases	-	(491,221)	-	(491,221)
Other changes	(48,530)	-	-	(48,530)
Net debt at 30 June 2021	(560,839)	(454,037)	3,160,409	2,145,533
Cash flows	159,389	106,419	(2,057,986)	(1,792,179)
New leases	-	(52,506)	-	(52,506)
Terminated leases	-	354,607	-	354,607
Other changes	(45,427)	-	-	(45,427)
Net debt at 30 June 2022	(446,877)	(45,517)	1,102,423	610,029

23. Interests in Subsidiaries

The consolidated financial statements include the financial statements of EVE Health Group Limited and the subsidiaries listed in the following table:

Direct subsidiaries of the parent	Country of incorporation	Equity holding 30-Jun-22 %	Equity holding 30-Jun-21 %
Jenbrook Pty Ltd	AUS	100	100
Meluka Health Pty Ltd	AUS	100	100
Indirect subsidiaries			
(Direct subsidiaries of Jenbrook Pty Ltd – 100%)			
Jenbrook Trading Pty Ltd	AUS	100	100
(Direct subsidiaries of Meluka Health Pty Ltd – 100%)			
Meluka Honey Pty Ltd	AUS	100	100
Eco Botanicals Pty Ltd	AUS	100	100

EVE Health Group Limited, incorporated in Australia, is the ultimate parent entity of the Group.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note.

24. Parent company disclosures

	2022 $	2021 $
Current assets	695,805	2,646,256
Non-current assets	6,420,735	7,802,952
Total assets	7,116,540	10,449,208
Current liabilities	249,332	261,421
Non-current liabilities	-	-
Total liabilities	249,332	261,421
Contributed equity	35,615,357	33,609,712
Share based payment reserve	415,265	343,323
Accumulated losses	(29,163,415)	(23,765,244)
Total equity	6,867,207	10,187,791
Profit / (loss) for the year	(5,438,008)	(3,630,682)
Other comprehensive income / (loss) for the year	-	-
Total comprehensive loss for the year	(5,438,008)	(3,630,682)

No guarantees were entered into by the parent company during the year (2021: nil).

At 30 June 2022 the parent company had no contingent liabilities (30 June 2021: nil).

25. Contingent assets and liabilities

There were no contingent liabilities or contingent assets at 30 June 2022 (2021: nil).

26. Capital and other commitments

There were no capital and other commitments at 30 June 2022 (2021: nil).

27. Events occurring after reporting date

On 16 September 2022, the Company entered into a conditional Share Sale Agreement with Myopharm Limited to sell its interest in Omniblend Innovation, for proceeds of approximately $300,000. The sale is conditional on Myopharm completing a capital raising of $850,000 by the completion date of 15 December 2022. The Company will also be entitled to a distribution of net cash held by Omniblend Innovation at the completion date.

On 19 September 2022, the Company placed 224,000,000 shares at $0.001 to raise $224,000 before costs under the Shortfall Offer of its Entitlement Offer which was announced on 30 May 2022.

On 20 September 2022, Mr James Lin resigned as a Non-Executive Director of the Company.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

28. Significant accounting policies

a) Associates (equity accounted investees)

Associates are all entities over which the Company has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Company's investment in associates includes goodwill (net of any accumulated impairments loss) identified on the acquisition.

The Company's share of its associates post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment, thereafter gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associate.

b) Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

c) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

e) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

f) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash held on reserve to meet collateral requirements, lease bonds and for regulatory purposes are not included in cash and cash equivalents, but classified as cash deposits not available for use by the Group.

h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for expected credit losses.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group considers a financial asset in default when contractual payment are > 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

On the above basis, the loss allowance was deemed insignificant for trade receivables.

i) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials for work in progress and finished goods. Costs are assigned to individual items of inventory based on the first in, first out (FIFO) method.

Costs of purchased inventory are determined after deducting rebates and discounts and adding in transport costs and duties. Costs of tea tree products transferred from assets is its fair value less costs to sell at the date of harvest.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

j) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost. Any difference between the proceeds (net of transactions costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. In all other cases the fee is expensed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the considerations paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

k) Loans at amortised cost

A financial asset is classified at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI) on the principal outstanding. This comprises loans to associates which are included in non-current assets within the statement of financial position.

Loans are held for collection of contractual cash flows and the contractual cash flows under the instrument represent SPPI on the principal outstanding. Loans assets are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each reporting date to determine whether there is objective evidence of impairment.

At each reporting date, the Group measures the loss allowance on loans at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income on a separate line item. When a loan receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

l) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of EVE Health Group Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. EVE Health Group Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition method of accounting is used to account for business combinations by the Group. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

m) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle, it is held primarily for the purposes of trading, it is expected to be realised within 12 months after the reporting period, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when it is either expected to be settled in the Group's normal operating cycle, it is held primarily for the purposes of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

n) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, at depreciation rates specific to that asset group. The following estimated useful lives are used in the calculation of depreciation:

Class of fixed asset	**Depreciation rate**
Plant & equipment	10%-33%
Furniture & fittings	10%-20%
Buildings	5%
Computer equipment	25%-40%
Motor vehicles	10%-25%
Bearer plants	3%

o) Leases

The Group variously leases offices, warehouses, and land. Rental contracts are typically made for fixed periods of 1 year to 5 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

p) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in the foreign currencies at the reporting date are translated to the functional currency at the foreign exchange ruling at that date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Foreign exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

q) Goodwill
Goodwill represents the excess of the purchase consideration over the fair value of the identifiable net assets at the time of acquisition of a combination. When the excess is negative (bargain purchase), it is recognised immediately in profit or loss.

Goodwill is not amortised. Instead, Goodwill is tested for impairment at each reporting date or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of Goodwill relating to the entity sold.

Goodwill is allocated to each of the cash-generating units for the purpose of impairment testing. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates (refer note 6). Impairment losses on goodwill cannot be reversed.

r) Identifiable intangible assets
Intangible assets acquired separately or in a business combination are initially measured at the lower of cost or fair value cost at the time of acquisition when it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. The Group assesses identifiable intangible assets as having either finite or indefinite useful lives.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment at least twice a year or whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least each financial year end. Changes in the expected useful life or flow of economic benefits intrinsic in the asset are an accounting estimate. The amortisation charge on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income.

s) Trade and Other Payables
Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is measured at amortised cost and recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

t) Share-based payments
Share-based compensation benefits are provided to certain employees via the EVE Employee Incentive Plan. Information relating to these schemes is set out in note 21. The fair value of options and rights granted under the plan is recognised as an employee benefits expense with a corresponding increase in share-based payments reserve. The total amount to be expensed is determined by reference to the fair value of the options and rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market performance vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options and rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to the share based payment reserve

The fair value at grant date of the plans is determined using option pricing models that take into account the exercise price, the vesting period, the vesting and performance criteria, the impact of dilution, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the vesting period.

u) Contributed Equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

v) Earnings per Share

Basic earnings per share is calculated as a net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

w) Income tax

Income tax on the Statement of Profit or Loss and other Comprehensive Income for the periods presented comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss and other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised, or to the extent that the Group has deferred tax liabilities with the same taxation authority. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

The Company and its wholly owned Australian subsidiaries are members of an Australian income tax consolidated group (Tax Group). EVE Health Group Limited is the head company of the Tax Group.

The current tax liabilities (or assets) of each member of the Tax Group are accounting for as being assumed by the Company. Similar, the deferred tax assets arising from unused tax losses and unused relevant tax credits of each member are accounting for as being assumed by the Company.

The members of the Tax Group have entered into a tax sharing and tax funding agreement. Under the tax funding agreement, the members of the Tax Group compensate the Company for any current tax payable assumed. In addition, the members of the Tax Group are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are assumed and recognised as a deferred tax asset by the Company.

The funding amounts calculated under the tax funding agreement are determined by a notional income tax allocation that is prepared for each member of the Tax Group as if it were a taxable entity in its own right. This notional income tax allocation is completed on the basis of specific assumptions set out in the tax funding agreement. Depending on the outcome, the notional income tax allocation prepared by each member of the Tax Group will recognise either a current amount receivable or payable to the head entity of the Tax Group.

x) Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

y) New standards and interpretations not yet adopted

There are no issued but not yet effective accounting standards or interpretations that are expected to significantly impact the Company in future financial years.

29. Financial risk management

The Company's activities expose it to both credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by a central treasury department (Company Treasury) under policies approved by the Board of Directors. Company Treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

a) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis (see table below) and cash flow forecasting.

The Group's risk management policy is to form a natural hedge to foreign exchange fluctuations by holding funds in the currency the costs are forecast to be expended in.

The Group's exposure to foreign currency risk at the end of the reporting year, was:

	2022 $	2021 $
Trade receivables	514	81,413
Trade payables	95,255	26,095
Loans to associates	368,276	352,734

If the United States dollar had been 10% higher or lower at the reporting date the following adjustments would be required to carrying values:

30 June 2022	Carrying amount	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash	1,360	-	136	-	(136)
Trade receivables	514	-	51	-	(51)
Loans to associates	368,276		36,828		(36,828)
Financial liabilities					
Trade payables	95,255	-	9,526	-	(9,526)

30 June 2021	Carrying amount	Profit $	Equity $	Profit $	Equity $
Financial assets					
Cash	59,635	-	5,964	-	(5,964)
Trade receivables	81,413	-	8,141	-	(8,141)
Loans to associates	352,734		35,273		(35,273)
Financial liabilities					
Trade payables	26,095	-	2,610	-	(2,610)

b) Credit risk

The carrying amount of cash and cash equivalents, financial assets, loans to associates and trade and other receivables (excluding prepayments), represent the Company's maximum exposure to credit risk in relation to financial assets.

Cash and short term liquid investment are placed with reputable banks, so no significant credit risk is expected.

The maximum exposure at the end of the reporting period for the loans to associates is the carrying amount of this loan $368,276 (2021: $352,734). The loans are to Naturally Australian Products, a Company in which EVE owns 49%. The Company has assessed the risk of the loans and does not believe there is a significant credit risk of the loan.

The Company does not have any material exposure to any single debtor or Company of debtors, so no significant credit risk is expected.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rates:

	2022 $	2021 $
Cash and cash equivalents A-1+	1,102,423	3,160,409

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, Company Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are only invested in instruments that are tradeable in highly liquid markets.

The table below analyses the Company's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Contractual maturities of financial liabilities

2022	Less than 6 months	6 - 12 months	More than 12 months	Total contractual cash flows
Trade and other payables	647,379	-	-	647,379
Lease liabilities	29,216	12,875	4,292	46,383
Borrowings	38,232	35,502	497,223	570,957
	714,828	48,377	501,515	1,264,720
2021				
Trade and other payables	721,237	-	-	721,237
Lease liabilities	43,317	40,606	370,114	454,037
Borrowings	25,885	120,460	414,494	560,839
	790,440	161,065	784,608	1,736,113

30. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Trade and other receivables

The fair value of trade and other receivables with a remaining life of less than six months, the notional amount is deemed to reflect the fair value. All other receivables are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

b) Loans to associates

The fair value of loans to associates is not materially different to the carrying value as the carrying value is calculated as the present value of future cash flows, discounted using an 8% discount rate at the reporting date.

c) Borrowings

The fair value of borrowings is determined as the present value of future contracted cash flows and credit adjustments. The fair value of borrowings is not materially different to the carrying value since the interest payable is either close to market rates or the borrowings are of a short-term nature.

30TH JUNE 2022

Auditor's Independence Declaration

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF EVE HEALTH GROUP LIMITED

As lead auditor of EVE Health Group Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of EVE Health Group Limited and the entities it controlled during the period.

Ashleigh Woodley

Director

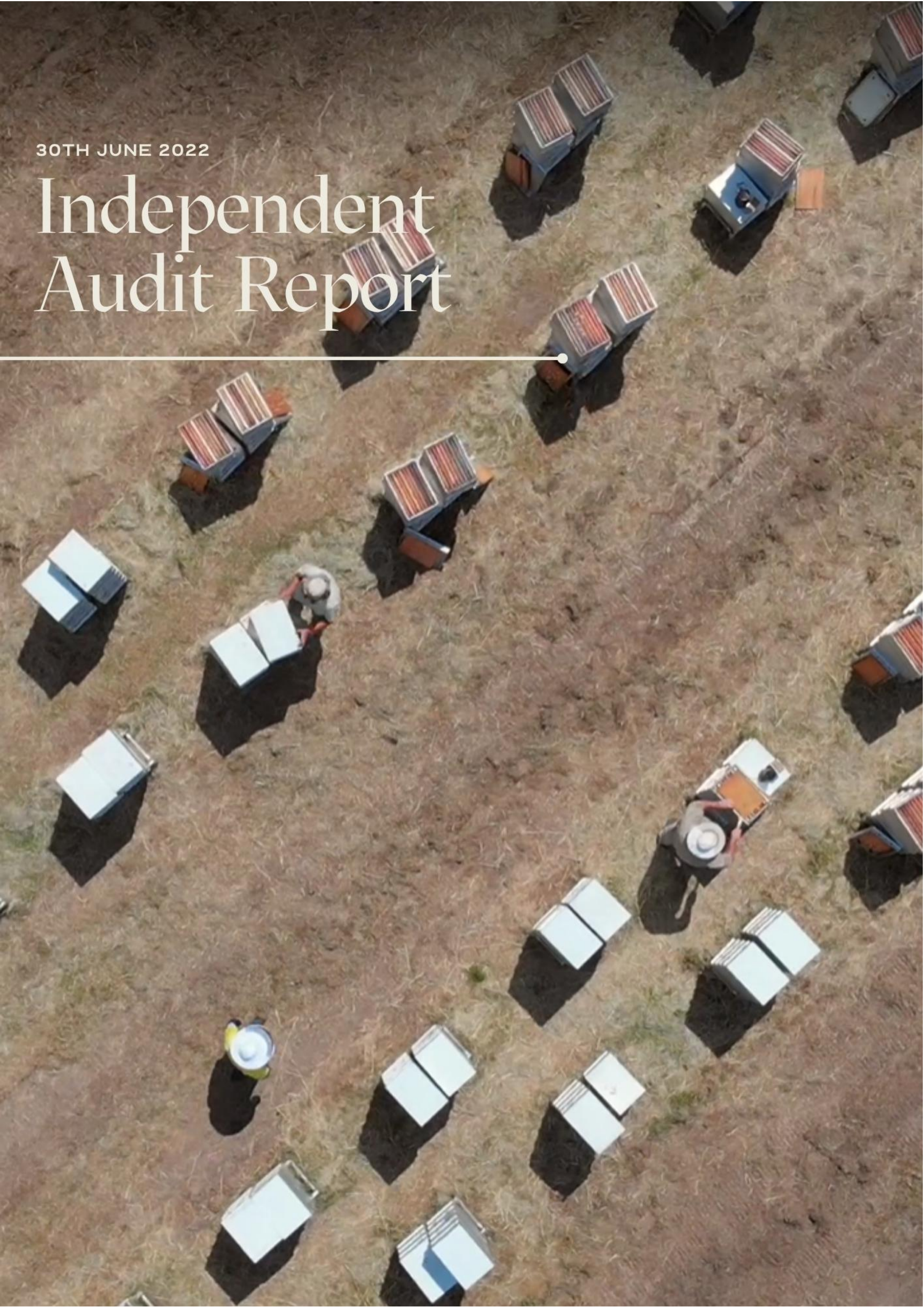
BDO Audit (WA) Pty Ltd

Perth

30 September 2022

30TH JUNE 2022

Independent Audit Report



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INDEPENDENT AUDITOR'S REPORT

To the members of EVE Health Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EVE Health Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(e) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition

Key audit matter	*How the matter was addressed in our audit*
Revenue is disclosed in Note 9 of the financial report. Revenue is generated from multiple streams and across different geographic locations. This area is a key audit matter as revenue is one of the key drivers to the Group's performance and there is a significant volume of transactions included in revenue.	Our procedures included, but were not limited to the following: • Understanding processes and controls put in place by the management in relation to recognition of revenue for each revenue stream; • Checking a sample of revenue transactions to evaluate whether they were appropriately recorded as revenue, ensuring the amounts recorded agrees to supporting evidence; • Performing cut-off testing to ensure that revenue transactions around year end have been recorded in the correct reporting period; and • Considered the adequacy of accounting policies and disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 23 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of EVE Health Group Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Ashleigh Woodley

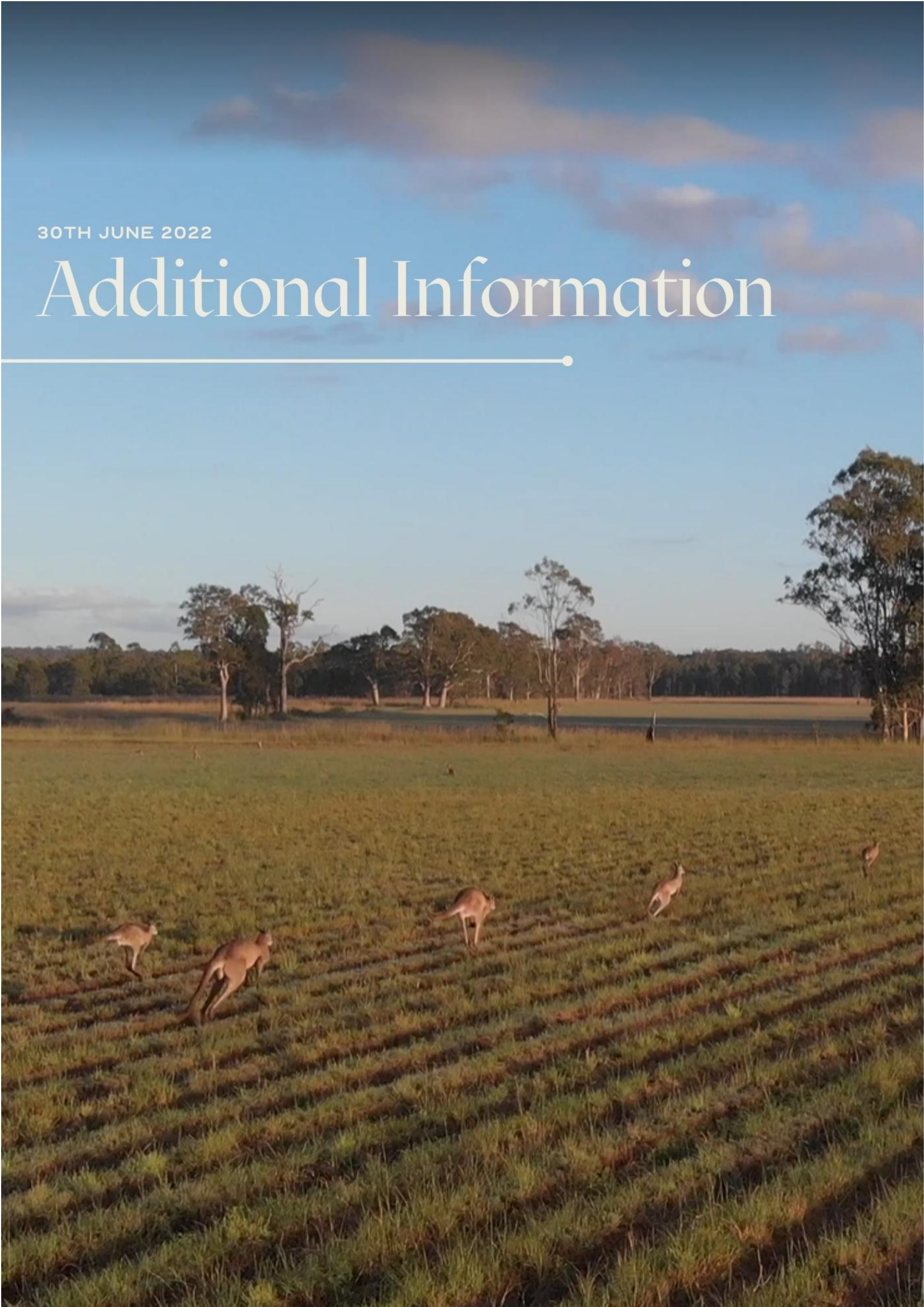
Director

Perth

30 September 2022

30TH JUNE 2022

Additional Information



Additional Information

For the year ended 30 June 2022

1. Exchange listing

EVE Health Group Limited shares are listed on the Australian Securities Exchange. The Company's ASX code is EVE.

2. Substantial shareholders (holding not less than 5%)

The following substantial shareholders have lodged relevant disclosures with the Company.

Name of Shareholder	Number of shares held
EVERHONEY BIOTECH AUSTRALIA PTY LTD	663,638,954
HONG KONG JUSHENG BOLANG TECHNOLOGY CO LIMITED	507,488,612
ALASDAIR COOKE	348,039,268

3. Class of shares and voting rights

At 31 August 2022, there were 3,992 holders of 5,050,482,664 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

a) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid Share held by them, or in respect of which they are appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

4. Distribution of shareholders

Range	Securities	Number of holders	% IC
100,001 and Over	4,970,778,028	2,241	98.42
10,001 to 100,000	78,602,559	1,367	1.56
5,001 to 10,000	718,697	87	0.01
1,001 to 5,000	331,457	104	0.01
1 to 1,000	51,923	192	0.00
	5,050,482,664	**3,991**	**100.00**
Unmarketable Parcels	333,403,090	2,861	6.6

5. Unlisted securities

Securities	Number on issue	Number of holders	Holders with 20% or more	Number held
Employee incentive performance rights	29,000,000	6	nil	n/a
Unlisted options exercisable at 1.6 cents on or before 28/10/2024	30,000,000	14	nil	n/a
Unlisted options exercisable at 1.6 cents on or before 26/11/2024	16,000,000	1	nil	n/a
Unlisted options exercisable at 0.05 cents on or before 31/03/2024	466,666,667	35	MATTHEW BURFORD S/F PTY LTD <BURFORD S/F A/C>	100,000,000

6. Listing of 20 largest shareholders as at 31 August 2022

Rank	Name	Number of shares held	% IC
1	EVERHONEY BIOTECH AUSTRALIA PTY LTD	663,638,954	13.14
2	HONG KONG JUSHENG BOLANG TECHNOLOGY CO LIMITED	507,488,612	10.05
3	HARTREE PTY LIMITED	200,591,394	3.97
4	MR MARC JOHN CALOKERINOS	180,000,000	3.56
5	MR ALASDAIR CAMPBELL COOKE	67,360,212	1.33
6	MR BENEDICT JAMES ROHR	61,900,000	1.23
7	MR MIROSLAV MICHAEL PETROVIC	56,333,334	1.12
8	MR JONATHAN LANDES & MRS ANNETTE LANDES <A & J LANDES S/F A/C>	50,316,700	1.00
9	MR ANTHONY JOHN ANDREWS	50,030,000	0.99
10	MR GREGORY WILLIAM FRY <FRY FAMILY SUPER FUND A/C>	47,376,132	0.94
11	MRS ABIGAIL CLARE FRY	45,760,124	0.91
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	39,712,236	0.79
13	MR GYUYEOL RYU	37,620,886	0.74
14	TERRA METALLICA NOMINEES PTY LTD <TERRA METALLICA A/C>	36,000,000	0.71
15	ROBYN MERRYL INGERSOLE	35,530,000	0.70
16	BRYAN KENT EASSON	35,530,000	0.70
17	MR GREGORY FRY <FRY FAMILY SUPER FUND A/C>	35,086,930	0.69
18	MR HONGHAO SUN	32,500,000	0.64
19	STATION CAPITAL PTY LTD	32,000,000	0.63
20	GLENLAREN PTY LTD <GLENLAREN SUPERANNUATION A/C>	28,333,334	0.56
		2,243,108,848	**44.41**

7. Other information

There is no current on-market buyback of the Company’s securities and the Company does not have any securities on that issue that are subject to escrow restriction.

eve
HEALTH GROUP

WWW.EVEHEALTHGROUP.COM.AU

EVE HEALTH GROUP LIMITED
ABN 89 106 523 611

INSPIRED *by* NATURE,
PASSION *for* WELLNESS.