

30 August 2023

Appendix 4E - Results for Announcement to the Market

Provided below are the Results for Announcement to the Market in accordance with ASX Listing Rule 4.3A and Appendix 4E for EVE Health Group and its controlled entities for the financial year ended 30 June 2023 (the reporting period) compared with the financial year ended 30 June 2022 (the prior period).

				\$
Revenue from ordinary activities	Up	16%	to	2,330,658
Loss from ordinary activities after tax attributable to members	Down	43%	to	(3,070,316)
Net loss for the period attributable to members	Down	43%	to	(3,070,316)

Net tangible assets per security

	2023 \$	2022 \$
Net tangible assets per ordinary security	0.0008	0.0014

Dividends

No dividends were paid, declared or determined during the reporting period.

Details of associates and joint venture entities

	Ownership interest		Contribution to loss	
	2023 %	2022 %	2023 \$	2022 \$
Omniblend Innovation Pty Ltd	-	37.7%	(24,959)	(341,067)
Naturally Australian Products Inc.	49.0%	49.0%	-	-

Details of entities over which control was gained or lost during the period

On 27 February 2023, the entity disposed of a 100% interest in Eco Botanicals Pty Ltd.

Independent auditor's report

This report is based on financial statements which are in the process of being audited.

Commentary

Commentary on the results for the reporting period is contained within the financial statements for the year ended 30 June 2023 that accompanies this announcement.

Authorised for release by Bill Fry, Managing Director.

— ENDS —

For more information, please contact:

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About EVE Health Group

EVE Health Group, (ASX: EVE) is a leading producer of branded health and wellness products. The Company has global reach and application to fast-growing markets across Australia and New Zealand, Asia Pacific and North America. Our mission is to create high quality, innovative, natural and sustainable health and wellness products that help the wellbeing of consumers and in turn help our people, shareholders and community prosper.

For further information, please visit www.evehealthgroup.com.au and follow us on LinkedIn or Twitter.

Review of operations

EVE Health Group (EVE or the Company) a health and wellness company, provides a review of its operations and corporate activity throughout financial year 2022-2023.

Meluka Australia

Australian Sales Market

Meluka Australia (Meluka) experienced a record period of Australian sales for its branded range of health and wellness products in the digestive health category during the year. Its focus on growing sales in its home market resulted in growth year on year of 27%, with revenue growing to \$2.1m. Consumer focus continues to be on the digestive health products, which are now at the core of Meluka's product offering in Australia with honey products now a secondary priority.

A variety of successful marketing campaigns were rolled out throughout the year to complement the core digital marketing and promotional focus. In particular, print media campaigns in The Age and Sydney Morning Herald newspaper publications featuring Meluka's leading product, the P3 Gut Builder beverage were successful in increasing consumer awareness and new customer attainment. Other marketing campaigns included collaborations with aligned brands in the health and wellness space and promotions centred around key sales periods which are traditionally highly competitive advertising periods. Branded consumer marketing and advertising communications delivered growth in the direct-to-consumer website during the year.

New Product Development

Meluka's first probiotic supplement powder system for improved digestive health was launched during the year. The functional gut nutrition solution is in the form of a 3-step supplement powder system, each of which contain pre, pro and postbiotics as well as selected functional superfood ingredients in an easy to consume and versatile offering. The pipeline for future new product development includes plans to expand the offering of digestive health products which contain Meluka's proprietary probiotic strain and a variety of effective, functional nutritional ingredients.

Export Markets

The Company has previously advised of a refocus away from export markets to the Australian market, reducing the level of marketing support for these regions in the period. Consequently, results in both the North American and Asian regions were down between 30-40% on the prior year, however marketing expenses in these regions were reduced by 75% in the same period. The Company continued to receive regular purchase orders for the distribution of Meluka's native raw honey in Whole Foods Market, Inc in southern California, USA throughout the year.

Jenbrook

The Company owns and operates the Robyndale organic tea tree plantation and the Jendale old growth property both located in the Bungawalbin Valley in Northern New South Wales. During the year, as part of a review of its operations and funding requirements, the Directors decided to make available for sale, its tea tree properties. The Company continues to seek expressions of interest for the purchase of both the Jendale and Robyndale tea tree properties.

Eco Botanicals

The Company held a 100% interest in Eco Botanicals Pty Ltd, a contract manufacturing business located in Northern NSW. During the year, the Company completed a divestment of the business for cash proceeds of \$150,000. The loss for the year to the date of divestment was \$290,000 for the business.

Naturally Australian Products

Naturally Australian Products (NAP), a US distribution business was held 49% by EVE, which sells bulk essential oils and extracts to the North American market recorded revenue of \$2.5 million and a loss of \$0.2 million for the financial year. Subsequent to year end, the Company completed a divestment of its equity interest and a loan receivable from NAP for proceeds of approximately \$30,000.

Omni Innovation

During the year, the Company completed the sale of its 37.7% interest in Omni Innovation to Myopharm Limited (see ASX release 16 September 2022). EVE received proceeds of \$335,000, being its proportion of the proceeds of the share sale and distribution of net cash proceeds.

Corporate

During the year, Messrs Alasdair Cooke and James Lin retired from the Company's board. Mr Rodney Hannington has been appointed as the Company's chair.

Preliminary consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

		2023	2022
	Note	\$	\$
Revenue	2	2,330,658	2,009,195
Costs of goods sold		(1,502,829)	(1,263,999)
Gross profit		827,829	745,196
Other income		68,100	265,310
Professional fees	3	(135,542)	(163,082)
Employee benefit expense	3	(1,255,374)	(1,926,313)
Share-based payments	3	(16,606)	(111,785)
Share of net loss of associates accounted for using the equity method		(248,360)	(341,067)
Gain on sale of investment in associate		223,401	-
Gain on deconsolidation of subsidiary		42,159	-
Impairment expense		(89,845)	(836,059)
Other expenses	3	(1,765,371)	(2,728,551)
Net financial expense		118	(22,046)
Loss before income tax gain / (expense)		(2,349,491)	(5,118,397)
Income tax benefit / (expense)		-	-
Loss after income tax for the year for continuing operations		(2,349,491)	(5,118,397)
Discontinued operations			
Loss for the year from discontinued operations	9	(720,825)	(253,552)
Loss after income tax for the year		(720,825)	(253,552)
Total comprehensive loss attributable to:			
Equity holders of the Company		(3,070,316)	(5,371,949)
Total comprehensive loss for the year		(3,070,316)	(5,371,949)
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	12	(0.06)	(0.13)
Basic and diluted loss per share from continuing operations (cents)	12	(0.05)	(0.13)

Preliminary consolidated statement of financial position
As at 30 June 2023

		2023	2022
	Note	\$	\$
Assets			
<i>Current assets</i>			
Cash and cash equivalents	4	192,484	1,102,423
Trade and other receivables	6	122,360	250,747
Inventories	7	600,067	1,363,734
		914,911	2,716,904
Non-current assets classified as held for sale	9	4,181,680	-
Total current assets		5,096,591	2,716,904
<i>Non-current assets</i>			
Property, plant and equipment	8	7,065	4,487,580
Intangibles		-	96,695
Right-to-use assets		4,040	43,689
Equity accounted investments		-	359,900
Loans to associates		-	368,276
Total non-current assets		11,105	5,356,140
Total assets		5,107,696	8,073,044
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	10	494,193	647,379
Borrowings	11	510,665	54,512
Lease liabilities		4,282	41,234
Total current liabilities		1,009,140	743,125
<i>Non-current Liabilities</i>			
Borrowings	11	-	392,365
Lease liabilities		-	4,283
Total non-current liabilities		-	396,648
Total liabilities		1,009,140	1,139,773
Net assets		4,098,556	6,933,271
Equity			
Issued capital	13	35,834,352	35,615,357
Reserves		431,871	415,265
Accumulated losses		(32,167,667)	(29,097,351)
Total equity attributable to shareholders of the Company		4,098,556	6,933,271

Preliminary consolidated statement of changes in equity
For the year ended 30 June 2023

	Issued capital	Accumulated losses	Share based payment reserve	Total equity
	\$	\$	\$	\$
Total equity at 1 July 2022	35,615,357	(29,097,351)	415,265	6,933,271
Loss for the year	-	(3,070,316)	-	(3,070,316)
Total comprehensive loss for the year	-	(3,070,316)	-	(3,070,316)
Transactions with owners in their capacity as owners:				
Share issue net of issue costs	218,995	-	-	218,995
Share based payments	-	-	16,606	16,606
	218,995	-	16,606	235,601
Total equity at 30 June 2023	35,834,352	(32,167,667)	431,871	4,098,556
	-	-	-	-
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

Preliminary consolidated statement of cash flows
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		2,617,521	2,585,466
Cash paid to suppliers and employees		(4,334,715)	(6,549,138)
Interest received		-	1,534
Interest paid		(31,343)	(17,980)
Other income received		99,450	208,341
Net cash used in operating activities	5	(1,649,087)	(3,771,777)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,632)	(26,046)
Sale of property, plant and equipment		17,200	-
Disposal of businesses		150,100	-
Sale of investment in associate		334,941	-
Cash derecognised on sale of business		(2,153)	-
Net cash (used in) / provided by investing activities		498,456	(26,046)
Cash flows from financing activities			
Proceeds from the issue of share capital	13	224,000	2,140,675
Payment for share issuance costs	13	(5,005)	(135,030)
Lease payments		(42,091)	(106,419)
Proceeds from borrowings		116,485	107,458
Repayments of borrowings		(52,697)	(266,847)
Net cash provided by financing activities		240,692	1,739,838
Cash and cash equivalents at 1 July		1,102,423	3,160,409
Net increase / (decrease) in cash and cash equivalents		(909,939)	(2,057,986)
Cash and cash equivalents at 30 June	4	192,484	1,102,423

Cash flows relating to the discontinued operations are disclosed separately in note 9.

Note 1: Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

Note 2: Revenue**At a point in time**

Branded product sales
Contract manufacturing

Region

Australia
North America
Asia

2023	2022
\$	\$
2,076,792	1,634,476
253,866	374,719
2,330,658	2,009,195
1,857,836	1,261,556
364,275	590,924
108,547	156,715
2,330,658	2,009,195

Note 3: Loss from ordinary activities

The loss from ordinary activities before income tax includes the following items:

Professional fees

Audit fees
Tax consulting services
Legal costs
Corporate consultants
Other professional fees

Employee benefit expense

Wages
Directors fees
Share based payments expense
Payroll tax
Fringe benefits tax

Other expenses

Corporate costs
Premises and insurance
Marketing expenses
Travelling costs
Depreciation - property, plant and equipment
Depreciation - right-to-use assets
Amortisation
Gain / (loss) on sale of assets
Other operating expenses

2023	2022
\$	\$
62,399	68,080
7,936	20,756
15,700	5,107
42,545	42,973
6,962	26,166
135,542	163,082
971,585	1,370,048
274,119	515,412
16,606	111,785
5,514	35,015
4,156	5,838
1,271,980	2,038,098
56,271	70,383
239,710	275,899
1,257,513	2,000,282
6,042	8,526
120,409	143,502
39,648	69,246
6,850	13,589
(5,205)	34,910
44,133	112,214
1,765,371	2,728,551

Marketing costs including development of product packaging, brand collateral and advertising campaigns, public relations and sampling programs as well as direct advertising expenses.

Note 4: Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank & on hand	192,484	1,102,423
	<u>192,484</u>	<u>1,102,423</u>

Note 5: Cashflow reconciliation

	2023	2022
	\$	\$
Loss for the year	(3,070,316)	(5,371,948)
<i>Adjustments for:</i>		
Share of losses in associates	248,360	341,067
Gain on derecognition of associate	(223,401)	-
Fair value movement on biological assets	-	(177,568)
Fair value in costs of goods sold	-	254,796
Gain on deconsolidation of subsidiary	(42,159)	-
Financing costs	(31,356)	13,705
Lease interest expense	856	13,335
Depreciation expense	227,010	312,152
Amortisation expense	6,850	13,589
Bad debts expense	5,939	-
Impairment expense	601,105	836,059
(Gain)/loss on disposal of property, plant & equipment	(6,405)	133,334
Net foreign exchange gains / (losses)	(14,782)	(29,247)
Equity-settled share-based payment expenses	16,606	111,785
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	68,166	104,957
(Increase)/decrease in inventories	610,324	(253,935)
(Decrease)/increase in trade and other payables	(45,884)	(73,858)
Net cash used in operating activities	<u>(1,649,087)</u>	<u>(3,771,777)</u>

Note 6: Trade and other receivables

	2023	2022
	\$	\$
Trade debtors	16,032	49,201
Deposits paid	18,321	78,055
Other receivables	88,007	123,491
	<u>122,360</u>	<u>250,747</u>

Note 7: Inventories

	2023	2022
	\$	\$
Raw materials – at cost	93,935	344,101
Finished goods – at cost	420,622	1,019,633
Finished goods – at fair value less cost to sell	85,510	-
	<u>600,067</u>	<u>1,363,734</u>

Note 8: Property, plant & and equipment

	Freehold land	Freehold buildings	Bearer assets	Furniture & fittings	Motor vehicles	Plant & equipment	Computer equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Full year ended 30 June 2022								
Opening net book amount	2,783,208	258,849	1,080,592	5,791	41,860	587,649	19,202	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)	(9,829)	(224,430)
Closing Net Book Amount	2,783,208	243,434	998,719	4,167	74,036	370,160	13,857	4,487,580
At 30 June 2022								
Cost	2,783,208	297,697	1,244,562	8,062	104,374	698,525	32,073	5,168,501
Accumulated depreciation	-	(54,264)	(245,844)	(3,895)	(30,338)	(328,365)	(18,215)	(680,921)
Net book amount	2,783,208	243,434	998,719	4,167	74,036	370,160	13,856	4,487,580
Full year ended 30 June 2023								
Opening net book amount	2,783,208	243,434	998,719	4,167	74,036	370,160	13,856	4,487,580
Additions	-	-	-	-	-	5,255	-	5,255
Disposals	-	-	-	-	-	(10,794)	-	(10,794)
Classified as held for sale (note 9)	(2,783,208)	(228,079)	(916,845)	(666)	(60,155)	(190,626)	(2,102)	(4,181,681)
Derecognition on sale of subsidiary	-	-	-	(2,452)	-	(99,096)	(4,383)	(105,931)
Depreciation charge	-	(15,355)	(81,874)	(1,049)	(13,881)	(67,834)	(7,371)	(187,364)
Closing Net Book Amount	-	-	-	-	-	7,065	-	7,065
At 30 June 2023								
Cost	-	-	-	-	-	22,477	-	22,477
Accumulated depreciation	-	-	-	-	-	(15,412)	-	(15,412)
Net book amount	-	-	-	-	-	7,065	-	7,065

Note 9: Discontinued operations / Assets held for sale

During the year, as part of a review of its operations and funding requirements, the Directors decided to make available for sale its tea tree farming operations in Northern NSW. The operations of the segment is included in loss from discontinued operations per the statement of profit or loss and other comprehensive income, and is as follows:

	2023 \$	2022 \$
Discontinued operations		
Revenue	278,816	381,424
Costs of goods sold	(182,398)	(328,122)
Gross profit / (loss) before fair value adjustments	96,418	53,302
Change in fair value of biological assets	-	177,568
Gross profit	96,418	230,870
Professional fees	(48,931)	(50,119)
Employee benefit expense	(141,382)	(130,647)
Impairment expense	(511,260)	-
Other expenses	(130,395)	(332,903)
Net financial expense	14,782	29,247
Loss before income tax gain / (expense) attributable to discontinued operations	(720,768)	(253,552)
Income tax benefit / (expense)	-	-
Loss after income tax for the year attributable to discontinued operations	(720,768)	(253,552)

The net cash flows of the discontinued operations, which have been incorporated into the statement of cash flows, are as follows:

	2023	2022
	\$	\$
Discontinued operations		
Net cash used in operating activities	49,379	(103,748)
Net cash used by investing activities	(432)	(5,441)
Net cash provided by financing activities	63,788	(83,175)
Net increase / (decrease) in cash and cash equivalents attributable to discontinued operations	112,735	(192,365)

The assets of the discontinued operations, which have been incorporated into the statement of financial position, are as follows:

	2023	2022
	\$	\$
Freehold land	2,783,207	-
Freehold buildings	228,079	-
Bearer assets	916,844	-
Furniture & fittings	665	-
Motor vehicles	60,155	-
Plant & equipment	190,626	-
Computer equipment	2,104	-
	4,181,680	-

The divestment process is still on-going as at the date of the report but is expected to be completed within the next twelve months.

Note 10: Trade and other payables

	2023	2022
	\$	\$
Trade creditors	262,398	338,382
Other payables	231,795	308,997
	494,193	647,379

Note 11: Borrowings

	2023	2022
	\$	\$
Revolving line of credit (i)	116,015	-
Equipment financing (ii)	10,558	14,077
Business loan (iii)	365,835	24,072
Vehicle financing (iv)	18,257	16,363
Current borrowings	510,665	54,512
Equipment financing (ii)	-	10,558
Business loan (iii)	-	363,549
Vehicle financing (iv)	-	18,258
Non-current borrowings	-	392,365

(i) Revolving facility with no fixed term and a variable interest rate. Secured by a mortgage against the Robyndale property, 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.

Note 12: Loss per share

Loss attributable to ordinary shareholders

Loss for the year	
Loss for the year from continuing operations	

2023	2022
\$	\$
(3,070,316)	(5,371,949)
(2,349,491)	(5,118,397)

Basic loss per share

Basic loss per share (cents)	
Basic loss per share from continuing operations (cents)	

(0.06)	(0.13)
(0.05)	(0.13)

Diluted loss per share

Diluted loss per share (cents)	
Diluted loss per share from continuing operations (cents)	

n/a	n/a
n/a	n/a

Weighted average number of shares	
Options	
Weighted average number of shares diluted EPS	

2023	2022
5,218,636,089	4,011,299,090
-	-
5,218,636,089	4,011,299,090

Note 13: Issue capital

Issued capital	
Cost of share issue	

2023	2022
\$	\$
38,130,507	37,906,507
(2,296,155)	(2,291,150)
35,834,352	35,615,357

Ordinary shares	
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Number of securities	
2023	2022
5,274,482,664	5,050,482,664

Movement in ordinary shares on issue

2023		Number of shares	Issue price	AUD
01 Jul 2022	Opening balance	5,050,482,664		35,615,357
19 Sep 2022	Entitlement offer shortfall	224,000,000	0.001	224,000
	Capital raising costs			(5,005)
30 June 2023	Closing balance	5,274,482,664		35,834,352

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

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
466,666,667	Unlisted options	0.005	31-Mar-24
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
<u>541,666,667</u>			

Note 14: Events subsequent to the reporting date

In August 2023, the Company disposed of its investment in associate and loan to associate for proceeds of approximately \$30,000.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.