

31 July 2024

## June 2024 Quarterly Update

- **Meluka Australia total unaudited revenues of \$2.1 million for FY24, marking a 3% year-over-year (YoY) growth despite a 10% reduction in marketing and advertising spend**
- **Meluka Australia growth was largely driven by an 18% increase in the Australian market**
- **Sale of Jendale tea tree property for \$800,000 settled**
- **Conditional offer received for Robyndale tea tree property, negotiations on-going and finalisation expected this quarter**
- **Discussions continue for a complementary acquisition to grow the Company**

**EVE Health Group (ASX:EVE, EVE or the Company)**, a vertically integrated health, nutrition and wellness company, has today released its Appendix 4C Report for the three-month period to 30 June 2024 and provides a review of operational progress during the quarter.

### Meluka Australia

Meluka Australia's (**Meluka**) revenue increased by 18% year-over-year (YoY) in the Australian market and by 3% YoY across all regions, reaching total unaudited revenues of \$2.1 million for FY24. This growth occurred despite a 10% YoY reduction in marketing and advertising expenditures.

Quarterly, revenue in the Australian market decreased by 17%, primarily due to intermittent inventory shortages of the P3 Gut Builder product, which negatively impacted sales. However, this decline was partially offset by promotional activities for Meluka's range of liquid probiotic concentrate products, resulting in a 26% sales increase compared to the previous quarter. Additionally, the average order value rose by 7% during the same period.

Post quarter end, the probiotic powder supplement system with an improved formulas and more sustainable packaging were released for pre-order, with strong interest already shown by customers who are seeking to support health and wellbeing through improving digestive health.

A June advertising feature across several popular Australian publications again delivered exceptional results, with sales around the advertising feature dates delivering outstanding results and a pleasing number of new customers trialling the product due to the feature.

### Jenbrook

The Company completed the sale of the Jendale tea tree property located in Northern NSW for proceeds, before costs, of \$800,000. (See ASX release 29 April 2024)

The Company has received a conditional offer for the larger Robyndale property and is in negotiations with the party. The Company is hopeful of concluding a transaction on the property in the coming quarter.

### Corporate & Financial Update

#### Key statistics

- Cash at bank of \$0.1 million, undrawn financing facilities of \$0.35 million available as at 30 June
- Inventory level reduced by \$0.1 million to \$0.1 million
- Creditors payable decreased by \$0.2 million to \$0.5 million
- Debt decreased by \$0.26 million to \$0.7 million

The key financial metrics for the quarter include:

- \$0.8 million received from the sale of Jendale property

- Receipts from customers totalled \$0.45 million, \$0.15 million lower than the prior quarter
- Product manufacturing and operating costs of \$0.2 million, consistent with the prior quarter
- Advertising and marketing activities spend of \$0.2 million, consistent with the prior quarter
- Net cash used by operating activities of \$0.55 million in the quarter, compared to net cash provided by operating activities of \$28,000 in the prior quarter.
- During the quarter the Company made payments to related parties of \$122,000 in director fees and \$132,000 for provision of a fully serviced office, administration staff and reimbursement of office/IT costs.

## Outlook

- Implementing marketing plans for the digestive health product range to maintain sales
- Continue discussions to expand the Company through complementary acquisitions
- Completing a divestment of the tea tree assets to free up capital to grow the Company's business

**Commenting on the update, Managing Director Bill Fry said:** "The recent sale of the Jenbrook property and upcoming sale of the Robyndale property will unlock capital to accelerate the company's growth plans in the health and wellness space"

*Authorised for release by Bill Fry, Managing Director.*

**For more information, please contact:**

### Company enquiries

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### About EVE Health Group

EVE Health Group, (ASX: EVE) is a leading producer of branded nutrition, 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](http://www.evehealthgroup.com.au) and follow us on LinkedIn or Twitter.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

EVE Health Group Limited

**ABN**

89 106 523 611

**Quarter ended ("current quarter")**

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	455	2,239
1.2 Payments for		
a) research and development	-	-
b) product manufacturing and operating costs	(197)	(874)
c) advertising and marketing	(242)	(1,096)
d) leased assets	-	(4)
e) staff costs	(322)	(960)
f) administration and corporate costs	(229)	(376)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(17)	(66)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	25
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(552)</b>	<b>(1,111)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to or for acquire:		
a) entities	-	-
b) businesses	-	-
c) property, plant and equipment	-	-
d) investments	-	-
e) intellectual property	-	-
f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
a) entities	-	-
b) businesses	-	-
c) property, plant and equipment	780	845
d) investments	-	30
e) intellectual property	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
	f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>780</b>	<b>874</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	45	761
3.6	Repayment of borrowings	(307)	(610)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(262)</b>	<b>151</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	140	192
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(552)	(1,111)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	780	874
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(262)	151
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>106</b>	<b>106</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	106	140
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>106</b>	<b>140</b>

<b>6. Payments to related parties of the entity and their associates</b>		<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	254
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	1,045
7.2	Credit standby arrangements	
7.3	Other (please specify)	
7.4	<b>Total financing facilities</b>	
7.5	<b>Unused financing facilities available at quarter end</b>	350
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Business Loan (maturity of 25/03/2034) and Revolving Agri Line Facility (on-going) provided by ANZ to Jenbrook Pty Ltd. Interest rate is 2% less than the Business Mortgage Index Rate (variable). Security provided over the Robyndale farm.</p> <p>Vehicle financing with a 36-month term and a 2.84% interest rate.</p> <p>Unsecured merchant financing facility, with PayPal, with no fixed repayment date was repaid in the period. Repayments calculated as a percentage of future sales. No on-going interest but a fixed fee capitalised upon entering into the agreement.</p> <p>Merchant financing facility, with Shopify, with no fixed repayment date. Repayments calculated as a percentage of future sales. No on-going interest but a fixed fee capitalised upon entering into the agreement. Secured against the property of subsidiary Meluka Honey Pty Ltd.</p> <p>Undrawn management loan facility up to \$150,000 with a 6-month term and a 10% interest rate, unsecured.</p>	

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(552)
8.2	Cash and cash equivalents at quarter end (item 4.6)	106
8.3	Unused finance facilities available at quarter end (item 7.5)	350
8.4	Total available funding (item 8.2 + item 8.3)	456
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Generally, yes, due to the requirement for marketing activities to support brand development and new product launches. This is expected to lead to revenue growth which will reduce net operating cash flows in future periods.	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: The Company is seeking to finalising a divestment of the Jenbrook tea tree business in the coming quarter to provide additional capital and repay debt. The Company also has further offers of merchant financing that may be entered into prior to completing a divestment to allow it to meet short term cash flow requirements.	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Yes. The Company believes it will be able to obtain sufficient funding to continue its operations as detailed in 8.6.2.	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
  - This statement gives a true and fair view of the matters disclosed.
- Date: 31 July 2024
- Authorised by: Bill Fry, Managing Director  
(Name of body or officer authorising release – see note 4)

## Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.