



## **Wattle Health Australia Finalises Supply Agreement for China**

- **Wattle Health Australia Limited (WHA) finalises legally binding supply agreement with International Supplies and Distribution Company (ISDC) for supply to the Chinese market of WHA's infant formula range.**
- **ISDC has guaranteed minimum volumes for the first 42 months of 5,200,000 units backed with a bank guarantee.**
- **Signing of the supply agreement solidifies WHA's China plans in having exposure in the infant formula market and other highly lucrative dairy opportunities within China.**

**20 March 2019: Wattle Health Australia Limited (WHA:ASX)** is pleased to announce further to the news release on 5 April 2018, it has finalised the legally binding supply agreement (**Agreement**) with International Supplies and Distribution Company (**ISDC**) to supply WHA's conventional cow infant formula (**product**) for sale in traditional retail/general trade in China.

ISDC under the Agreement has guaranteed a total of 5,200,000 units of products over a 42-month period resulting in a revenue of circa A\$100 million for the relevant period. Following the conclusion of the initial 42-month period, WHA and ISDC by mutual consent will set new volumes annually but will not be less than the previous 12-month period.

The minimum volumes established with ISDC are in addition to WHA's arrangements with existing customers in China.

ISDC under the Agreement have agreed to provide WHA a bank guarantee of 25% of the production cost to support the minimum orders and can be drawn upon the event that ISDC fails to procure the required volumes for the relevant period.

The Agreement to come into full effect requires WHA receiving State Administration of Market Regulation (SAMR) accreditation.

The finalisation of the Agreement with ISDC is an important milestone for WHA in its China strategy with WHA concurrently expanding product portfolio, in categories where regulations are less onerous than for infant formula.

WHA is actively selling baby food in China with a pipeline of products including fresh organic milk, organic senior nutritional products, sports nutrition and other organic powder based products.

Mr Lazarus Karasavvidis, Executive Chairman said “The finalisation of the supply agreement with ISDC is a positive development for the company securing a partner with extensive distribution channels. This allows Wattle Health’s infant formula range, subject to SAMR approval, being distributed across an extensive retail network within China.

Wattle Health will increase its presence in the China market by offering new organic product ranges, capitalising on the strategic relationship we have with the largest fresh organic milk source in Australia, Organic Dairy Famers of Australia.”

Mr Danny Segal, Director of ISDC said, “ISDC is proud and excited by the opportunities this agreement provides to distribute an Australian brand of infant formula into the large and growing Chinese market.

We look forward to working with Wattle Health Australia in building a brand presence in China with infant formula and other nutritional organic products that will be brought to market.”

## **About ISDC**

ISDC established in 2012, are regional leaders in premium food products supply and distribution. Specialising in baby/mother products exported into the burgeoning Chinese market. ISDC has deep and extensive networks and experience throughout China and Australia. The directors hold over 20 years of Chinese trade experience with the organisation itself working closely with leading mainland Chinese mother and baby retail chains.

ISDC's retail distribution network covers 13 provinces in China and comprises over 2,000 retail stores and ISDC's wholesale network covers all Chinese provinces.

George Karafotias

Company Secretary

Wattle Health Australia Limited

### **About WHA**

Wattle Health aspires to become a company globally recognised for offering superior quality, organic and sustainable products which promote health and wellness at all stages of life.

Wattle Health uses natural ingredients derived from Australia's pure water, clean air and organically fertile soils. We carefully prepare and pack in ways designed to preserve nutrients. Wherever possible, we source certified organic ingredients which are totally free of fertiliser or pesticide residues. Our pristine Australian provenance and quality-assured supply chain guarantees the highest possible standards of purity.

We support Australian farmers who embrace these soil management practices. We translate consumer demand for pure organic nutrition into a reward for maintaining soil biodiversity, to produce naturally superior products which can be enjoyed for generations to come. Ultimately, our aim is to make the sustainable Australian goodness of certified organic health and wellness products widely available to families across the globe.

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