

30 April 2024

March 2024 Quarterly Update

- **Meluka Australia revenue in Australian market continuing to record growth:**
 - Revenue up 21% on previous corresponding period
 - Tenth consecutive quarter of growth
 - Revenue up 3% quarter-on-quarter
- **21% QoQ sales growth on Meluka's leading P3 Gut Builder product in Australia**
- **Sale of Jendale tea tree property for \$800,000, to be settled in May**
- **Negotiations on-going and finalisation expected this quarter for sale of Robyndale tea tree property**
- **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 31 March 2024 and provides a review of operational progress during the quarter.

Meluka Australia

Australia

Meluka Australia's (Meluka) tenth consecutive quarter of growth in Australian market sales saw revenue up 21% on the March 2023 quarter and up 3% on the December 2023 quarter. Sales in March 2024 achieved a record month for the Australian market for Meluka branded products, the driver of which is the leading P3 Gut Builder. Another positive sign is the continued growth in total order numbers to the direct-to-consumer (DTC) website in channel in Australia (Figure 1).

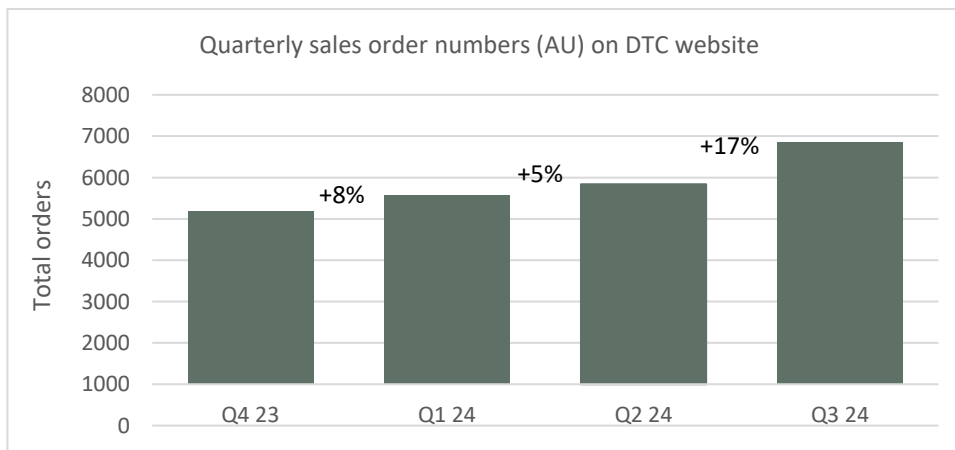


Figure 1: Quarterly sales order numbers in Australia (orders can be for multiple products)

Still the leading branded product in the Meluka range, Australian sales of Meluka's P3 Gut Builder increased by 21% QoQ, and the product continues to see high consumer ratings and satisfaction, with over 78% of customers who have reviewed the product through the consumer review platform to date, giving it a star rating of 5 stars.

A March advertising feature across several popular Australian publications again delivered exceptional results, with sales around the advertising feature dates delivering outstanding results and a key driver to the record sales experienced during the month of March. Sales of Meluka's probiotic powder supplement system continue to be encouraging and future quarters will see a refresh to the packaging of the products to introduce a more sustainable packaging solution which is also more user friendly for consumer.

Other regions

The level of revenue in the Company's export regions of North America and Japan decreased during the quarter after a period of targeted sales campaigns aimed at clearing excess inventory, as part of the Company's strategy to phase down its non-core honey products.

Jenbrook

The Company announced a sale of its Jendale tea tree property located in Northern NSW. (See ASX release 29 April 2024). The purchase price for the property is \$800,000 and the purchaser has paid a deposit of 10% of the purchase consideration to the Company's agent. The sale is subject to the standard terms and conditions of a property sale in NSW and requires settlement within 28 days.

The Company is continuing to advance a sale of the larger 'Robyndale' farmed tea tree operation held by Jenbrook also located in Northern NSW. The Company expects to finalise the divestment in the June quarter.

Corporate & Financial Update

Key statistics

- Cash at bank of \$0.1 million, undrawn financing facilities of \$0.2 million available as at 31 March.
- The Company entered into short term loan facilities to provide an additional \$0.15 million of funding.
- Inventory level reduced by \$0.1 million to \$0.2 million
- Creditors payable increased by \$0.2 million to \$0.7 million, includes \$0.3m payable to related parties and management deferred until completion of the asset divestment process.

The key financial metrics for the quarter include:

- Receipts from customers totalled \$0.6 million, consistent with the prior quarter
- Product manufacturing and operating costs of \$0.2 million, \$0.1m lower than the prior quarter
- Advertising and marketing activities spend of \$0.2 million, \$0.2m lower than the prior quarter
- Net cash provided by operating activities of \$28,000, \$0.3m used by operating activities in the prior quarter.
- During the quarter the Company made payments to related parties of \$15,000 in director fees and \$2,000 for 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: "Our strategy to unlock capital to accelerate the company's growth in the health and wellness space continues to be at the forefront of our focus."

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 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")

31 March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	641	1,784
1.2 Payments for		
a) research and development	-	-
b) product manufacturing and operating costs	(209)	(676)
c) advertising and marketing	(212)	(853)
d) leased assets	-	(4)
e) staff costs	(133)	(638)
f) administration and corporate costs	(42)	(147)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(19)	(49)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	25
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	28	(560)
2. Cash flows from investing activities		
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	5	64
d) investments	-	30
e) intellectual property	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	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)	-	-
2.6	Net cash from / (used in) investing activities	5	94

3.	Cash flows from financing activities		
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	148	716
3.6	Repayment of borrowings	(153)	(303)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(5)	413

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	112	192
4.2	Net cash from / (used in) operating activities (item 1.9 above)	28	(560)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	5	94
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5)	413
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	140	140

5.	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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	140	112
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	140	112

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	17
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.

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<p><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i></p> <p><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p>			
7.1	Loan facilities	1,176	957
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		219
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. 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>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	28
8.2	Cash and cash equivalents at quarter end (item 4.6)	140
8.3	Unused finance facilities available at quarter end (item 7.5)	219
8.4	Total available funding (item 8.2 + item 8.3)	359
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<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: N/A	
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: N/A	
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: N/A	
	<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: 30 April 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.