23 October 2024

September 2024 Quarterly Update

- **Meluka Australia revenue in Australian market continuing to grow, up 17% qtr-on-qtr**
- **Probiotic powder supplement system re-launched in quarter**
- **Revised branding and formulations for entry level probiotic concentrates launched in October 2024**
- **Sale of Robyndale tea tree property completed in October**
- **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 September 2024 and provides a review of operational progress during the quarter.

Meluka Australia

Meluka Australia's (**Meluka**) saw growth in Australian market sales revenue of 17% compared to the June 2024 quarter and was up 3% on the September 2023 quarter. Intermittent inventory shortages of the P3 Gut Builder, which had negatively impacted sales in the previous quarter, were largely resolved. Additionally, Meluka launched a probiotic powder supplement system featuring an improved formulation and more sustainable packaging.

After the quarter ended, Meluka reintroduced its entry-level probiotic concentrate range with updated packaging and formulations. Now positioned as the Gut Starter range, these products are designed to promote gut health by supporting digestion and overall wellness.

Image 1: Gut Starter range was launched in October 2024.

Jenbrook

The Company entered into a contract for the sale of the Robyndale tea tree property located in Northern NSW for proceeds, before costs, of $2,125,000. (See ASX release 30 August 2024)

During October 2024, the Company completed settlement on the sale contract.

Complementary Acquisitions

To expand its presence in the health and wellness sector, the Company is evaluating several strategic acquisition opportunities. These potential acquisitions are intended to enhance and diversify the Company's portfolio, increasing market reach while aligning with the Company's long-term growth strategy and business goals.

Corporate & Financial Update

Key statistics

- Cash at bank of $0.1 million, undrawn financing facilities of $0.1 million available as at 30 September
- Settlement of Robyndale property completed in October 2024 (see ASX release 30 August 2024)
- Inventory level increased by $0.1 million to $0.2 million
- Creditors payable stable at $0.5 million
- Debt increased by $0.3 million to $1 million

The key financial metrics for the quarter include:

- Receipts from customers totalled $0.5 million, consistent with the prior quarter
- Product manufacturing and operating costs of $0.3 million, $0.1m higher than the prior quarter
- Advertising and marketing activities spend of $0.3 million, $0.1m higher than the prior quarter
- Net cash used by operating activities of $0.4 million in the quarter, $0.15m lower than the previous quarter
- During the quarter the Company made payments to related parties of $48,000 in director fees and $10,000 for provision of a fully serviced office, administration staff and reimbursement of office/IT costs.

Outlook

- Continued sales growth expected from the expanding Meluka probiotic range.
- Potential complementary acquisition to further enhance product offerings and market reach.
- Improved cash position from the sale the Robyndale tea tree property.
- Ongoing brand development and product innovation to strengthen market presence.

Commenting on the update, Managing Director Bill Fry said: "Meluka Australia's robust growth, marked by a 17% revenue increase quarter-on-quarter, reflects a strong start to FY24. With the re-launch of our probiotic powder supplement system and the introduction of the Gut Starter range, we are reinforcing our commitment to innovation in the wellness space. Additionally, the sale of the Robyndale tea tree property strengthens our financial position, allowing us to explore strategic acquisitions to further expand our portfolio."

Authorised for release by Bill Fry, Managing Director.

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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	**Quarter ended ("current quarter")**
89 106 523 611	30 September 2024

Consolidated statement of cash flows			**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		518	518
1.2	Payments for			
	a)	research and development	-	-
	b)	product manufacturing and operating costs	(320)	(320)
	c)	advertising and marketing	(283)	(283)
	d)	leased assets	-	-
	e)	staff costs	(195)	(195)
	f)	administration and corporate costs	(73)	(73)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		-	-
1.5	Interest and other costs of finance paid		(16)	(16)
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		-	-
1.8	Other (provide details if material)		-	-
1.9	**Net cash from / (used in) operating activities**		**(369)**	**(369)**

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	38	38
	d)	investments	-	-
	e)	intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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**	**38**	**38**

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	427	427
3.6	Repayment of borrowings	(107)	(107)
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**	**320**	**320**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	106	106
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(369)	(369)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	38	38
4.4	Net cash from / (used in) financing activities (item 3.10 above)	320	320
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**96**	**96**

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	96	106
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)**	**96**	**106**

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	58
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** *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.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	1,159	1,041
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		

7.5	**Unused financing facilities available at quarter end**	118
7.6	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.	

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.

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.

Partially drawn management loan facility of up to $150,000 with a 6-month term and a 10% interest rate, unsecured.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(369)
8.2	Cash and cash equivalents at quarter end (item 4.6)	96
8.3	Unused finance facilities available at quarter end (item 7.5)	118
8.4	Total available funding (item 8.2 + item 8.3)	214
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.6

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.

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 announced the sale of the Robyndale property on 30 August 2024, and subsequent to quarter end has settled the transaction, providing additional capital and allowing for repayment of debt.

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.

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.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 23 October 2024

Authorised by: Bill Fry, Managing Director
(Name of body or officer authorising release – see note 4)

Notes

1. 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.
2. 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.
3. 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.
4. 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".
5. 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.