

31 January 2019

EVE INVESTMENTS QUARTERLY UPDATE FOR THE PERIOD ENDING 31 DECEMBER

Highlights

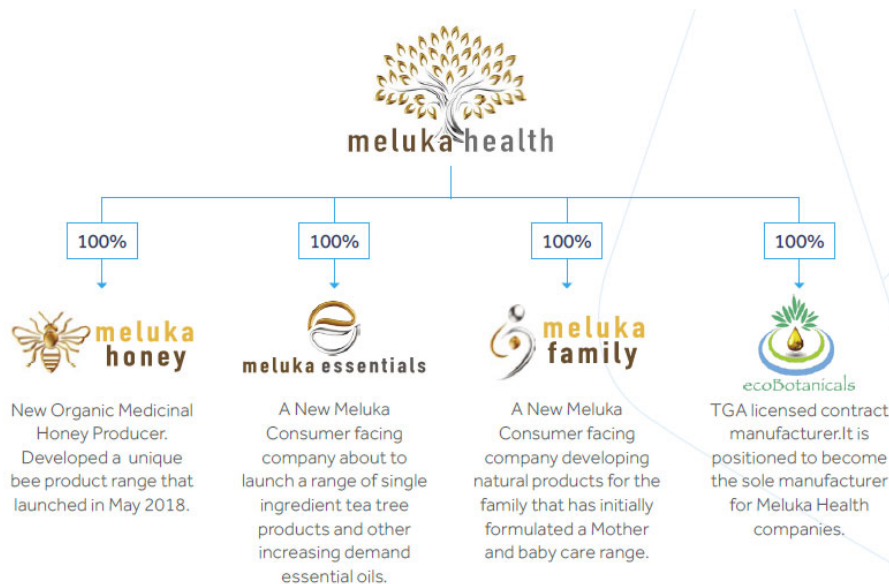
- Unaudited revenue for the December quarter for EVE and its investee companies of \$1m
- Meluka Honey and honeybee health research by Southern Cross University finds that honeybees foraging on Jendale's Melaleuca (Tea Tree) trees produce a uniquely bioactive honey, unlike other bioactive honey
- Development of a new fermented tea tree honey drink commenced in collaboration with one of Australia's leading probiotics companies, with initial product samples well received during product testing
- Meluka Honey established distribution for NSW and the ACT with premium health food distributor, The Fair Traders, which will distribute all four of Meluka Honey's products giving access to nearly 500 premium food stores
- Initial honey product samples have been delivered to the US with positive responses from small & large wholefoods distribution groups
- Meluka Honey well received at the China International Import Expo (CIIE) in Shanghai in November. Discussions progressing with several parties for distribution of honey products across online and offline networks in China
- Meluka Honey has commenced discussions with an Indian based distribution group around distributing its products in India, the UAE and across the Middle East
- Meluka Honey has entered into a formulation collaboration with Australian natural skincare company Rohr Remedy focusing on incorporating the anti-microbial properties of Meluka Honey's tea tree serum and tea tree honey into Rohr Remedy's planned new natural skincare range to be released in 2019
- Independent Creative Marketing Agency – Heard Agency appointed to provide strategic marketing advice and brand development and design
- Omni Innovation's distribution partner, Eagle Health Holdings is progressing well with its roll-out of "Health and Experience stores in China. A total of 50 stores have now opened across 14 provinces

EVE Investments (ASX:EVE), an ASX listed Health, Nutrition and Wellness Investment company, has today released its Appendix 4C Report for the three month period to 31 December 2018 and is pleased to provide a review of its progress for the quarter.

Operational Progress

Meluka Health (50% EVE ownership)

During the quarter Meluka Health continued to expand its activities across all its subsidiary entities (the company's current corporate structure is detailed in the diagram below). The key focus for the quarter was expanding the distribution channels for the range of Meluka honey products as well as continuing to advance the development of the new essentials and family ranges. Meluka has chosen to adopt a distributor model for selling its products into key offshore markets. The benefits of this approach are the utilisation of established sales and marketing networks in regions that Meluka is targeting. Interest so far has been very positive.



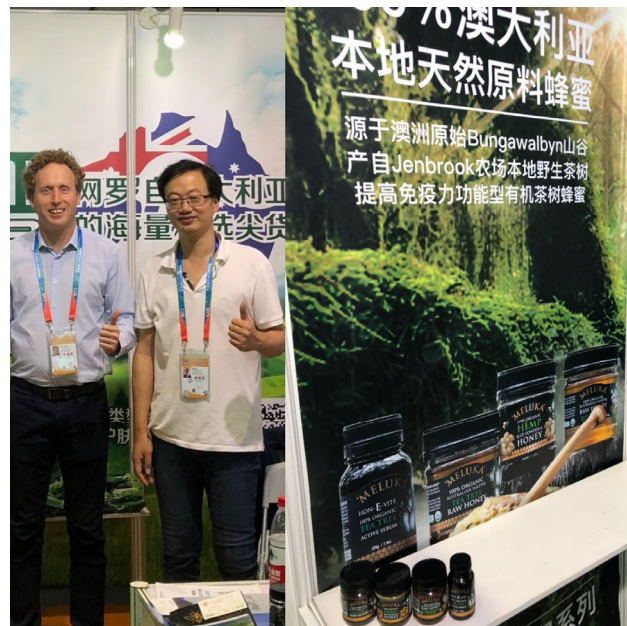
Meluka Honey

Meluka Honey continued its active product marketing and business development program during the quarter. Marketing continues via the brand’s social media channels and the Meluka Honey website, with domestic sales continuing to accelerate. Over the quarter the participation in the company’s social media channels increased by over 30%.

During the quarter Meluka Honey also established distribution for NSW and the ACT with premium health food distributor The Fair Traders. The Fair Traders has a network of nearly 500 premium health food retailers across NSW and the ACT and an initial order was placed across Meluka Honey’s product range in time for the holiday season. Wholesale and online sales commenced in the September quarter with 6,000 units shipped to the US. Further US orders are expected in the forthcoming March quarter as stocks in the US run low.

Meluka Honey is also actively in discussions with two distribution groups around distribution of its honey across online and offline networks in China, as well as having commenced discussions with an Indian based distribution group about distributing its products in India, the UAE and across the Middle East.

The Meluka Honey team attended the China International Import Expo (CIIE) in November, generating positive business leads for potential distribution opportunities in China. Meluka Honey was well received at the conference and attendance resulted in follow up opportunities for collaboration and research. This is an exciting opportunity to gain entry into the Chinese market for Meluka Honey. Two of the key factors driving the Chinese market are its strong belief in the natural medicinal properties of honey coupled with its trust in the quality and safety of Australian made products strengthening demand.



Global Industry Analysts, Inc., USA reported that global consumption of honey is projected to exceed 2.8 million tonnes by 2024. Future growth will be driven by both food and non-food uses of honey. Volume gains in the market will come from ensuing consumer interest now that knowledge of the medicinal use of honey and its growing value as a premium ingredient in the nutraceutical and functional food industry is recognised.

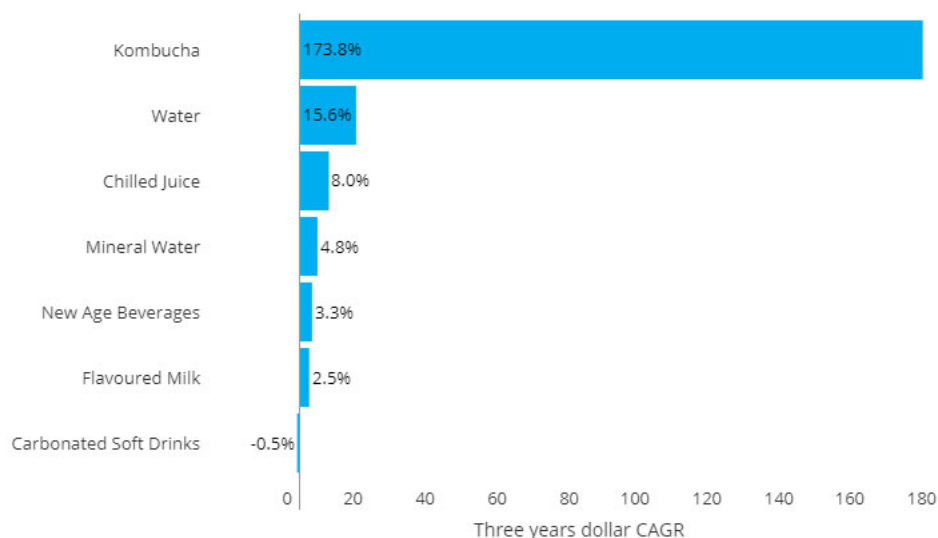
Meluka Honey also entered into a formulation collaboration with Australian natural skincare company Rohr Remedy (www.rohrremedy.com). Focusing on incorporating the anti-microbial properties of Meluka Honey's tea tree serum and tea tree honey into Rohr Remedy's planned new natural skincare range to be released in 2019.

Product Development

During the quarter the Company has been seeking to expand its honey product range. A collaboration has commenced with one of Australia's leading probiotics company to develop a fermented honey drinks range. This collaboration is a result of the increasing consumer interest and acceptance of fermented drinks as a healthy alternative to traditional high sugar drinks both carbonated and non-carbonated. According to industry research, the power of the anti-sugar movement is having a big impact on purchasing decisions.

Nielsen¹ reported "Australian consumers are switching to perceived healthier alternatives at an accelerated rate. For example, while carbonated soft drink sales are declining, healthier options in the drinks category are all seeing growth with Kombucha drinks growing seven times in the last two years".

SOFT DRINK ALTERNATIVES FINDING GROWTH



Source: Nielsen Homescan, MAT 31/12/2017

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It's been reported that "the global fermented foods & drinks market is poised to register a CAGR of 7.2% during the forecast period (2018-2023). The market is competitive and driven by the increasing health and wellness market trend and the growing beverages market demand"².

The rise of natural, organic food is also driving the market for fermented drinks, although fermentation has been popular for centuries, consumers are starting to take notice of its myriad of health benefits including being rich in probiotic bacteria, which when introduced into the digestive system, helps balance gut flora, or the 'good' and 'bad' bacteria in the gut, essential for good health and promoting healthy digestion.

Meluka is aiming to have its fermented honey drinks range finalised this quarter with the aim to have it available for sale initially in Australia later this year.

Research

Meluka Honey announced its findings of research trials conducted by Dr David Rudd of Southern Cross University at Jenbrook's certified organic tea tree (*Melaleuca alternifolia* tree) plantations in the Bungawalbyn Valley region in New South Wales. The research demonstrated the following two key findings.

¹ <https://www.nielsen.com/au/en/insights/news/2018/low-sugar-hitting-the-sweet-spot-in-australia.html>

² <https://www.mordorintelligence.com/industry-reports/fermented-foods-drinks-market>

Firstly, the research found that bees foraging on Melaleuca trees (*Melaleuca alternifolia*) produced a multi-bioactive honey that has strong immediate anti-oxidant properties, significantly higher than generic honey and sustained anti-microbial activity. This high bioactivity was not reliant on post-harvest ripening and was directly attributed to the natural bioactive properties of tea tree.



The second key finding was that foraging on Melaleuca trees was beneficial to bee metabolism and immune defence. Diet supplementation with tea tree was found to act as a probiotic, increasing the proportion of the beneficial bacteria family *Neisseriaceae*, which contains the species *Snodgrassella alvi* that is responsible for gut immune function. Importantly, the report also concluded that tea tree supplementation did not limit the diverse foraging that honeybees need for health and honey production.

The research findings will help Meluka Honey to finalise its products and to deliver improvements in product formulation, production, handling, storage and transport. In addition, Meluka Honey will develop its marketing approach to leverage the unique and beneficial features of the products.

Dr David Rudd of Southern Cross University commented on the research:

"Our research trials found that foraging on Melaleuca trees produced a honey that combines immediate anti-oxidant activity and a significant sustained anti-microbial activity. Additionally, we found that foraging on Melaleuca trees was beneficial to the bees acting as a probiotic and supporting gut immune function. In other words, Meluka Honey is beneficial for both honeybee and human health."

The findings are from research trials that evaluate the anti-oxidant bioactivity and chemical properties of tea tree honey for topical uses and consumption, as well as the impact of foraging on old growth Melaleuca trees on honeybee health within the honeybee digestive tract, and the effect of tea tree on the honeybee gut microbiome. During the research trials, tea tree was provided to the honeybees as a diet supplement and honeybees were also allowed to naturally forage throughout the old growth plantations.

Following the successful results on bee health from trials and research carried out by Southern Cross University, lab-based trials have begun on the optimal delivery mechanism for a bee health tonic product.

Meluka Essentials (50% EVE ownership)

Meluka Essentials is a newly formed Australian essential oils and extracts company within the Meluka Health group of companies. During the December quarter, Meluka Essentials continued the development of its initial range of products, reaching final design approval and awaiting manufacture. The first batch of the product range for initial marketing purposes is expected to be launched in the March 2019 quarter.

Industry analysis on the essential oils market reports its projected to register an estimated CAGR of 9.2% during the forecast period from 2018 to 2023. The industry has seen significant growth in recent years, with buyer awareness about the health benefits associated with alternative medicine and aromatherapy contributing to the growth in the sector.

Meluka Essentials is well placed to grow its business, by leveraging off its existing supply of bulk essential oils via its subsidiary company Jenbrook as well as utilising its flagship tea tree oil produced at its established, certified organic tea tree plantations, Jendale and Robyndale.



Meluka Family (50% EVE ownership)

Initial trial samples of the “Mother and Baby” range continued to be provided to trial participants during the quarter. Feedback received from participants is currently under review to determine whether any modifications are required prior to the range being launched in the September 2019 quarter. Brand Development and marketing strategies will be commenced next quarter on the Family range.

EcoBotanicals (50% EVE ownership)

EcoBotanicals is a TGA licensed contract manufacturer and is the sole manufacturer for the Meluka Health companies. Product formulation services continued during the quarter, as well as progressing internal arrangements to increase capacity to meet expected future sales demand. During the quarter new formulations were also developed to add to the Meluka Honey range. These formulations (gel, cream and balm) are currently being assessed for inclusion into the medicinal honey range as topical application products.

Jenbrook Pty Ltd (100% EVE ownership)

Jenbrook, Eve’s organic tea tree oil producer company, continued to generate sales revenue and deliver operational progress during the quarter.

Agricultural activities during the quarter progressed well, notwithstanding heavy rainfall and limited harvesting opportunity during October. Harvesting commenced in November with good weather conditions prevailing for most of the month and into December. Harvesting will continue into the March quarter on both Robydale and Jendale properties. The unaudited revenue for the quarter was \$660,000.

Lodgement of relevant licence applications to develop the necessary infrastructure for the plantation of medicinal cannabis crops on the property was completed during the quarter. This will include installation of the necessary equipment for crop processing and the development of necessary intermediary processing facilities. Approvals are expected to be received later this year.

Naturally Australian Products LLC (NAP) (49% EVE ownership)

NAP is a rapidly growing US distribution business. During the quarter, NAP changed its organisational structure to employ two new personnel including a new senior sales executive. The addition of these staff members is an important step for the company as it expands its product offering. Additionally, the company invested in a new customer relationship management system and staff training for the sales team. The changes to staff and the reduced sales period for due to the Christmas holiday period resulted in overall lower unaudited revenues of \$320,000 for this quarter.

Omni Innovation (38% EVE ownership)

Progress continues with Omni Innovation's distribution partner, Eagle Health Holdings who remain on track to open 100 direct diabetes Health and Experience stores along China's affluent east coast throughout 2019. So far 50 stores have been opened across 14 provinces in China.

Eagle Health continued with the registration of the Hutang-1 product formula with the China Food & Drug Administration (CFDA) as a Food for Special Medical Purpose (FSMP). Eagle Health expects the FSMP registration process to be completed by the December 2019 quarter. Preliminary discussions are being held with a potential partner regarding the addition of a probiotic into Omni's pre-meal drink for people with Type 2 diabetes and pre-diabetes, to produce a new variant of the product.

Omni Innovation in conjunction with Omniblend is also currently assessing new options for the distribution of its pre-meal drink formulation in Australia. The exclusivity period for the previous Australian distributor has now expired allowing for other distribution options to be considered.

Corporate & Financial Update

During the period, the Company held its Annual General Meeting and released its 2018 Annual Report, which can be viewed on the Company's website.

EVE finished the quarter with cash of \$250,000 and is due to receive \$650,000 from the sale of tea tree and other essential oils sold in the December quarter.

Outlook

Meluka Health has launched and commenced distribution with its initial product offering from Meluka Honey and has established Jendale (old growth Tea Tree plantation) and its unique properties as a foundation for the Meluka businesses. Looking to build on initial distribution in Australia and commence in the US in the first quarter of 2019 the initial penetration made by Meluka Honey provides the perfect platform for additional products to feed into its initial and rapidly growing customer base.

The planned launch in quarter two of 2019 of an additional honey product and a new innovative range of fermented honey drinks plus the launch of Meluka Essentials and Meluka Family in the second half of 2019 is anticipated to be highly value accretive by leveraging the established networks.

Meluka Health is ideally suited to new markets in north Asia, particularly China and Japan where there is already strong interest from established distributors in those regions for the Meluka branded products and 2019 should see these products launched into this region.

On the back of growing Jenbrook's harvest yields, NAP is increasing its capability to feed the demand of available organic tea tree oil and other highly demanded oils in the US. It is currently planning to double the size of its sales team to accommodate the growth in business from the honey and other Meluka products as well as the anticipated increase in bulk oil sales in 2019.

Omni is entering an important phase with its pre-meal drink into the Chinese market via Eagle Health. Eagle is continuing to rapidly expand its store network and once CFDA approval is granted then we expect sales and associated royalties to build quickly from late 2019 and into 2020.

All of Eve's businesses are in a growth phase and the associated revenues are expected to reflect this over the next 12 months.

For more information:

Bill Fry
Executive Director
+61 8 6465 5500
billf@eveinvestments.com.au

About EVE Investments

EVE Investments invests in technology companies with a focus on the medical nutrition sector. The Company's investment strategy has a three-pronged approach.

1. To invest in businesses that are in the early growth phase with the aim to support their expansion programs.
2. To identify products that have unique medicinal properties and a global reach application.
3. Preference for natural organic products that have demonstrated medicinal benefits.

For further information, please visit www.eveinvestments.com.au

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

EVE INVESTMENTS LTD

ABN

89 106 523 611

Quarter ended ("current quarter")

31 DEC 18

For the purposes of the consolidated statement of cash flows, only cashflows from EVE and Jenbrook Pty Ltd (from 30 August 2018) are included. Cashflows from the Meluka Health group of companies and Omni Innovation are not included in the below figures.

Consolidated statement of cash flows

| | |
|-----------|---|
| 1. | Cash flows from operating activities |
| 1.1 | Receipts from customers |
| 1.2 | Payments for: |
| | (a) research and development |
| | (b) product manufacturing and operating costs |
| | (c) advertising and marketing |
| | (d) leased assets |
| | (e) staff costs |
| | (f) administration and corporate costs |
| 1.3 | Dividends received (see note 3) |
| 1.4 | Interest received |
| 1.5 | Interest and other costs of finance paid |
| 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 |
| 2. | Cash flows from investing activities |
| 2.1 | Payments to acquire: |
| | (a) property, plant and equipment |
| | (b) businesses (see item 10) |
| | (c) investments |
| | (d) intellectual property |
| | (e) other non-current assets |
| 2.2 | Proceeds from disposal of: |
| | (a) property, plant and equipment |
| | (b) businesses (see item 10) |
| | (c) investments |
| | (d) intellectual property |
| | (e) 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 |

| Current quarter \$'000 | Year to date (6 months) \$'000 |
|---------------------------|--------------------------------------|
| 557 | 732 |
| - | - |
| (568) | (614) |
| (29) | (76) |
| - | - |
| (194) | (371) |
| (70) | (238) |
| - | - |
| 1 | 10 |
| (13) | (18) |
| - | - |
| - | - |
| - | - |
| (317) | (575) |
| (17) | (77) |
| - | (2,729) |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| (228) | (264) |
| - | - |
| - | - |
| - | - |
| (246) | (3,070) |

3. **Cash flows from financing activities**
 3.1 Proceeds from issues of shares
 3.2 Proceeds from issue of convertible notes
 3.3 Proceeds from exercise of share options
 3.4 Transaction costs related to issues of shares, convertible notes or options
 3.5 Proceeds from borrowings
 3.6 Repayment of borrowings
 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**

| | Current quarter \$'000 | Year to date (3 months) \$'000 |
|---|---------------------------|--------------------------------------|
| 3.1 | - | - |
| 3.2 | - | - |
| 3.3 | - | - |
| 3.4 | (10) | (21) |
| 3.5 | - | 272 |
| 3.6 | - | (272) |
| 3.7 | - | - |
| 3.8 | - | - |
| 3.9 | - | - |
| 3.10 | (10) | (21) |
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | 819 | 3,912 |
| 4.2 | (317) | (575) |
| 4.3 | (246) | (3,070) |
| 4.4 | (10) | (21) |
| 4.5 | - | - |
| 4.6 | 246 | 246 |

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

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
 5.1 Bank balances
 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)**

| | Current quarter \$'000 | Previous quarter \$'000 |
|-----|---------------------------|----------------------------|
| 5.1 | 246 | 819 |
| 5.2 | - | - |
| 5.3 | - | - |
| 5.4 | - | - |
| 5.5 | 246* | 819 |

* March quarter forecast cash inflow from receivables of \$650,000 and forecast sales of \$600,000.

6. **Payments to directors of the entity and their associates**

| Current quarter \$'000 |
|---------------------------|
| 71 |
| - |

6.1 Aggregate amount of payments to these parties included in item 1.2
 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director fees

7. **Payments to related entities of the entity and their associates**

| Current quarter \$'000 |
|---------------------------|
| 56 |
| - |

7.1 Aggregate amount of payments to these parties included in item 1.2
 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Serviced office and administration staff

8. **Financing facilities available**

Add notes as necessary for an understanding of the position

| | Total facility amount at quarter end \$'000 | Amount drawn at quarter end \$'000 |
|-----|---|--|
| 8.1 | 1,023 | 1,023 |
| 8.2 | - | - |
| 8.3 | - | - |

8.1 Loan facilities
 8.2 Credit standby arrangements
 8.3 Other (please specify)
 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Business Loan and Revolving Agri Line Facility provided by ANZ to Jenbrook Pty Ltd. Interest rate is 1% less than the Business Mortgage Index Rate (variable).

Management loan provided by existing Jenbrook management on completion of \$250k. Interest rate is 4% above the RBA Cash Rate (variable).

Security provided over the land holdings of Jenbrook Pty Ltd.

9. **Estimated cash outflows for next quarter**

| | |
|-----|---|
| 9.1 | Research and development |
| 9.2 | Product manufacturing and operating costs |
| 9.3 | Advertising and marketing |
| 9.4 | Leased assets |
| 9.5 | Staff costs |
| 9.6 | Administration and corporate costs |
| 9.7 | Other (provide details if material) – |
| 9.8 | Total estimated cash outflows |

| \$'000 |
|-------------|
| - |
| 529 |
| 21 |
| - |
| 244 |
| 76 |
| - |
| 870* |

* Excludes forecast cash inflow from receivables of \$650,000 and forecast sales in the March quarter of \$600,000.

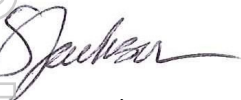
10. **Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**

| | |
|------|---|
| 10.1 | Name of entity |
| 10.2 | Place of incorporation or registration |
| 10.3 | Consideration for acquisition or disposal |
| 10.4 | Total net assets |
| 10.5 | Nature of business |

| Acquisitions | Disposals |
|--------------|-----------|
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |

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.



Steven Jackson
Company Secretary

31 January 2019

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

Forward Looking Statements

Certain information set forth in this presentation contains "forward-looking information", including "future oriented financial information" and "financial outlook", under applicable securities laws (collectively referred to herein as forward-looking statements). Except for statements of historical fact, information contained herein constitutes forward-looking statements and includes, but is not limited to, the (i) projected financial performance of the Company; (ii) completion of, and the use of proceeds from, the sale of the shares being offered hereunder; (iii) the expected development of the Company's business, projects and joint ventures; (iv) execution of the Company's vision and growth strategy, including with respect to future M&A activity and global growth; (v) sources and availability of third-party financing for the Company's projects; (vi) completion of the Company's projects that are currently underway, in development or otherwise under consideration; (vii) renewal of the Company's current customer, supplier and other material agreements; and (viii) future liquidity, working capital, and capital requirements. Forward-looking statements are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

Although forward-looking statements contained in this presentation are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.