

30 April 2019

EVE INVESTMENTS QUARTERLY UPDATE FOR THE PERIOD ENDING 31 MARCH

Highlights

- Unaudited revenue for the March quarter in EVE businesses and Naturally Australian Products (NAP)(49% EVE) was \$1.059m which is an increase of 5.9% from last quarter
- EVE completed acquisition of remaining 50% of Meluka Health for a total consideration of \$490,000, payable equally in shares and a deferred cash payment
- Fermented honey drink range and second-generation honey products developed and on target for launch this year
- Meluka Honey has selected OpenDNA to support its China Market entry and drive sales of its products in China on OpenDNA's RooLife platform with commencement planned in the September 2019 quarter
 - RooLife to sell and distribute Meluka Honey's products, and provide digital marketing and valuable customer insights via OpenDNA's hyper personalisation and profiling Artificial Intelligence System
- Meluka Honey's executive team visited the US and had several meetings with large reputable natural and organic retailers including Erewhon Natural Foods, Thrive Market in LA and Wholefoods, Bi-Rite Market, Driver's Market and Good Earth Natural Foods in San Francisco
- Meluka Honey's representatives also met with the largest distributors of natural food products in North America, UNFI and KeHE in the US
- First orders for Meluka Honey products were received from stockists in Los Angeles
- Meluka Honey and NAP both attended the world's largest natural, organic and healthy products event, Natural Products Expo West, in Anaheim California
- Meluka Honey received a first order from Byron Bay based food distributor Horizon Foods (which has a network of over 400 premium retailers across Northern NSW and Southern QLD)

EVE Investments (ASX:EVE), an ASX listed Health, Nutrition and Wellness company, has today released its Appendix 4C Report for the three month period to 31 March 2019 and is pleased to provide a review of its progress for the quarter.

Operational Progress

Meluka Health (100% EVE ownership)

During the quarter EVE entered into a Share Purchase Deed to acquire the remaining 50% of Meluka Health for \$490,000 of consideration, split 50% between equity and \$245,000 in cash payable within 12 months of completion. Securing 100% ownership of Meluka Health and its wholly owned subsidiaries (including Meluka Honey) provides EVE with the ability to control the strategic direction of the Meluka group of companies. It also provides EVE with full control of the current and future revenue streams generated by the individual subsidiary companies. With an impending expansion of the Meluka product ranges and accompanying marketing and sales programs the company is well placed to grow its existing revenue base in the next 12-24 months.

Meluka Honey Product Update

The Meluka Health group have developed several products within the honey range which have either commenced sales or are due for launch later this year. So far, the company has launched its core honey range as shown below (figure 1);



Figure 1: Meluka Honey range

The above honey range is now being distributed in Australia and has commenced distribution into the USA. Other distribution arrangements are being sought in key markets such as Japan, China, Indonesia and the Middle East.

In addition, the company has now developed a fermented honey drinks range (figure 2) which is in the final stages of product trials for a planned market launch later this year. The fermented drinks range will be manufactured by a leading Australian probiotics company on behalf of Meluka Honey to cater for increasing consumer interest and acceptance of fermented drinks as a healthy alternative to high sugar drinks. The Meluka drinks range has a very pleasant flavour profile and is designed to provide a myriad of health benefits including being rich in probiotic bacteria which when introduced into the digestive system helps balance gut flora, essential for good health and promoting healthy digestion. Brand development and marketing strategy for this product range will commence in the June quarter.



Figure 2: Fermented drink sample range

The honey products are all intended to be sold through the same distribution networks. Contracted distributors for the initial core honey range will also be distributors for the fermented honey drinks and honey therapy products range. This enables both distributors and retailers to provide a broader product range to their customers and allows Meluka to introduce new products into sales networks that are familiar with the brand and its core messaging.

Meluka Honey's current and future product range leverages the uniqueness of EVE's organic certified old growth Melaleuca plantation, Jendale. The raw and organic honey produced by bees harvesting in this pristine environment and the use of organic tea tree (Melaleuca) oil or hydrosol produced at Jendale and incorporated into our products provide a unique selling point for all the Meluka products.

Retailers in Australia have already responded very positively to the Meluka story, particularly given the positive impact on bee health that has been established when our bees harvest from our tea tree diet. This initial support has provided a solid foundation for future products to continue to grow the Meluka Brand both in Australia and internationally.

Distribution Update - Australia

Post quarter end, Meluka Honey announced it had commenced distribution with premium health, grocery and pharmacy distributor, Horizon Foods. Horizon Foods has a network of over 400 retailers covering territory from Port Macquarie in NSW to the Sunshine Coast in Queensland. An initial order has been placed for Meluka Honey's product range.

Horizon foods has been a leading distributor in this region for 24 years. Commencing distribution with an established, reputable company such as Horizon Foods assists Meluka Honey in building its brand in Australia and aligns it with channels that will position the brand as a premium honey company. It also helps promote the unique, sustainable honey products derived from its pristine old growth Melaleuca tea tree plantation in Northern NSW.

Mr Johnathan Carter, General Manager of Horizon Foods said of Meluka Honey:

"Horizon Foods has always sourced the highest quality products to meet the expectations of our distribution network. Meluka Honey with its organic and raw honey range sourced from their ancient Melaleuca tea tree plantation located in the heart of our distribution geography is a perfect fit for our retailers and we cannot wait to start presenting the Meluka brand to our customers."

Ben Rohr, Investment Director of EVE Investments commented on the new distribution channel:

"Securing Distribution across Northern NSW and South East Queensland with a locally based reputable and strongly aligned distributor such as Horizon Foods is another step forward by Meluka Honey in its efforts to build brand awareness in Australia."

Distribution Update - China

During the period Meluka Honey entered into an agreement with artificial intelligence and e-commerce marketing company, OpenDNA Limited, to provide marketing and sales support for its range of honey products into the Chinese market. OpenDNA's artificial intelligence technology provides real-time personalised market analysis and sales support. The RooLife online e-commerce platform specialises in selling high quality Australian products into China. The term of engagement for marketing and distribution of Meluka Honey's products is for an initial 12-month period with the option to extend for a further 12 months. The term is targeted to commence in the September 2019 quarter.

Commencing marketing and distribution with OpenDNA is a significant step in establishing the Meluka brand in the Asian markets. 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, both 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 growing consumer interest and knowledge of the medicinal use of honey and its value as a premium ingredient in the nutraceutical and functional food industry.

Key Terms:

Term of 12 months with an option to extend for a further 12 months by mutual agreement;

Termination available at anytime after 90 days, subject to payment of costs accrued to the date of termination; and

Fee is \$5,000 per month with a wholesale pricing margin to be negotiated.

Meluka Honey US Update

In March, Meluka Honey's executive team, and its north American distribution partner NAP completed a roadshow to promote strategic initiatives and to pursue distribution opportunities for current and future product ranges with key potential customers in the US market. Several meetings with reputable natural and organic retailers, including Erewhon Natural Foods, Thrive Market in LA and Wholefoods, Bi-Rite Market, Driver's Market and Good Earth Natural Foods in San Francisco and resultingly the first orders from stockists in Los Angeles have subsequently been received.

The trip by the Meluka Honey team is a positive step forward in establishing distribution in the US and aligning itself in channels that will assist in positioning the brand as a premium honey company producing unique, sustainable and quality bee products from EVE's pristine old growth Melaleuca tea tree plantation in Northern NSW.



Meluka Honey & NAP Stands at ExpoWest

Meluka Honey is also opening up other distribution channel opportunities; with a soft launch of a US customer focused website recently undertaken and an agreement reached with Amazon for product listing and fulfilment to be completed by Amazon through its online store in the US market, which is now live after the first shipment of stock was recently received by Amazon.

During the trip, Meluka Honey's and NAP's representatives also attended the Natural Products Expo West in Anaheim, California from March 5 - 9, the world's largest natural, organic and healthy products trade event. Attendance at the conference, the second time for Meluka Honey, provided an ideal event for showcasing its products to the US market. Both companies were well received at the conference which saw multiple opportunities to forge positive business relationships with key US retailers and distributors.

Meluka Honey CEO and NAP Director, Ben Rohr, said:

"Meluka Honey's recent trip to the US has provided great opportunities for access into the US market and confirmed the high level of the interest into its current and future product range. Naturally Australian Products also attracted strong interest from new customers, highlighting its unique positioning as an important supplier of oils and extracts from Australian botanical species."

Meluka Essentials

Meluka Essentials is a newly formed Australian essential oils and extracts company within the Meluka Health group of companies. During the March quarter, Meluka Essentials continued the development of its initial range of products. The initial range product launch is expected to be in 2019/20 and is currently planned to include the following products:

- Organic Tea Tree Oil
- Organic Kunzea Oil
- Organic Rosalina Oil
- Lemon Myrtle Oil
- Sandalwood Oil
- Eucalyptus Oil
- Organic Tea Tree Hydrosol and Extract

The Global Essential Oils Market is expected to reach USD 14.28 billion by 2025, from USD 4.44 billion in 2017, growing at a CAGR of 8.5% during the forecast period of 2018 to 2025.

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.

EcoBotanicals

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 continuing to progress internal arrangements to increase capacity to meet expected future sales demand.

During the quarter, the development of further products in the honey range continued, including a honey gel, honey moisturising cream and honey balm (figure 3). Each of these products were formulated internally by Ecobotanicals (100% owned by EVE) and contain tea tree honey as the one of core ingredients. The products also contain Meluka tea tree extract and Meluka tea tree hydrosol to increase the medicinal properties of each product. Brand development and marketing strategy for this product range will commence in the June quarter.



Figure 3: Meluka Honey cream, balm and gel sample range

Jenbrook Pty Ltd

Jenbrook, EVE's organic tea tree plantation and oil producing company, continued to generate sales revenue, despite adverse weather conditions which delayed part of the planned harvest to the next quarter. Most of the anticipated March harvesting is to now occur in the June quarter.

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

NAP is a US based distribution business. A combination of the expansion in sales personnel and NAP's presence at Expo West in Anaheim has led to a strong quarter of sales. This is expected to grow further in the coming quarters as new warehousing is commissioned.

Omni Innovation (38% EVE ownership)

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 Q4 2019. In the meantime, product sales have been restricted until this is granted.

Preliminary discussions continue to be held with a potential partner regarding the addition of a probiotic into the pre-meal drink formulation to produce a new variant of the product.

Corporate & Financial Update

During the period EVE completed a placement to raise \$350,000 before costs at 0.6 cents per share to two existing investors that sought to increase their shareholding. The placement which was completed at a premium to the current

share price will provide additional working capital to the Company, including the Meluka Health divisions, of which EVE has recently moved to 100% control (see release dated 25 February 2019). \$250,000 of the shares were issued to substantial strategic shareholder TRT Investment Group (“TRT”). TRT is the Australian subsidiary of Tianjin Tongrentang Group one of China’s oldest pharmaceutical and traditional Chinese medicine (TCM) enterprises and has a well-developed, extensive distribution network throughout China.

The Company is also advanced on discussions with other potential strategic investors to provide further funding to meet the capital requirements to continuing developing the expanded EVE businesses. The Company expects to complete this process in the current quarter.

Outlook

EVE’s acquisition of 100% of Meluka Health will allow EVE to take control of the strategic direction of the Meluka Health group and have 100% exposure to revenue streams from its existing product portfolio.

During the quarter Meluka Health focussed on continuing to build on its Australian distribution via Meluka Honey’s signing of Horizon foods. The company is planning to add Victoria to its Australian distribution network in the forthcoming months. This builds on its already established distribution in NSW and the ACT via The Fair Traders. The US is also a key focus for Meluka Honey as it continues to establish channels both directly and via NAP. With product now on shelf in Los Angeles and via the Amazon platform online, Meluka Honey is aiming in the next quarter to have its products selling on other online stores plus have stockists in New York starting to place on shelf.

The distribution growth of Meluka Honey’s products will be complemented by the rollout of its new innovative honey based products and the branding and marketing work is expected to be completed for these products this year. In addition to the honey based products, Meluka Essentials oil range and Meluka Family’s care range are anticipated to feed into the established distribution channels within the next 12 months.

In the US increased demand for NAP’s organic tea tree oil and other essential oils is driving the expansion of NAP business. The company is currently seeking to expand its warehouse space in California and increase the number of sales representatives to cater for both honey product sales and essential oil sales.

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, sales and associated royalties are expected to build quickly from late 2019 and into 2020.

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

For more information:

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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

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 MAR 19

For the purposes of the consolidated statement of cash flows, only cashflows from EVE, Jenbrook Pty Ltd (from 30 August 2018) and Meluka Health (from 25 February 2019) are included. Cashflows from Naturally Australian Products 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) – gained on acquisition of Meluka
2.6	Net cash from / (used in) investing activities

Current quarter \$'000	Year to date (9 months) \$'000
296	1,028
-	-
(172)	(786)
(28)	(105)
-	-
(188)	(559)
(62)	(300)
-	-
-	10
(15)	(33)
-	-
-	-
-	-
(169)	(744)
(5)	(82)
-	(2,729)
-	-
-	-
-	-
-	-
-	-
-	-
(50)	(314)
-	-
38	38
(17)	(3,088)

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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 (9 months) \$'000
	350	350
	-	-
	-	-
	(6)	(27)
	141	413
	-	(272)
	-	-
	-	-
	-	-
	485	464
	246	3,912
	(169)	(744)
	(17)	(3,088)
	485	464
	-	-
	545	545

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
	545	246
	-	-
	-	-
	-	-
	545	246

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

- 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

Current quarter \$'000
45
-

Director fees

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

- 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

Current quarter \$'000
-
-

-

8. **Financing facilities available**
Add notes as necessary for an understanding of the position

- 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.

Total facility amount at quarter end \$'000	Amount drawn at quarter end \$'000
1,270	1,266
-	-
-	-

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). Revolving facility increased in period.

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.

On acquisition of Meluka Health, an existing shareholder loan of \$100,613 became a facility of the group. This loan is unsecured with nil interest and is due in 3 years from acquisition of Meluka Health.

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
	-
	51
	26
	-
	396
	225
	-
	698*

* Excludes forecast cash inflow from sales of \$400,000

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
Meluka Health	-
Australia	-
\$245,000 in equity, \$245,000 in deferred cash consideration	-
\$156,000	-
Organic honey production	-

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.


Steven Jackson
Company Secretary

30 April 2019

Notes

- 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.
- 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.
- 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.

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