

31 October 2019

EVE INVESTMENTS QUARTERLY UPDATE FOR THE PERIOD ENDING 30 SEPTEMBER

Highlights

- Subscription Deeds executed for a \$9.3m placement to strategic investment companies
- First Subscription to raise \$2.4m at 0.5 cents per share and Second Subscription to raise \$6.9m at 1 cent per share, with funds used to expand Meluka Health and Jenbrook business activities
- Meluka Honey distribution expanded to cover all Australia states except WA
- Unaudited Revenue for the September 2019 quarter in Eve businesses and Naturally Australian Products (NAP) was \$0.75m.
- Development of a tea tree botanical extract completed and will be incorporated into current and future Meluka tea tree branded products

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 30 September 2019 and is pleased to provide a review of its progress for the quarter.

Operational Progress

Meluka Honey

Product Development Update

Tea Tree Botanical Extract Update

During the quarter, Meluka Honey completed the refinement of its organic tea tree extraction process. The potent, antibacterial tea tree extract will be super critically infused into Meluka's honey range, as well as be incorporated into many of its future tea tree derived organic products. The tea tree extract is a unique aqueous solution that can be easily incorporated into a variety of products to boost antibacterial, antimicrobial and antioxidant properties.

Bio-Fermented Honey Drink with Probiotics

Progress continued with Meluka's bio-fermented honey drink, developed in cooperation with a Queensland based probiotics company, in preparation for the planned launch of the product in December 2019. The bio-fermented concentrate drink incorporates an Australian produced probiotic combination targeted at improving gut health and general wellbeing. The first manufacturing run has been initiated for a Honey and Lemon bio-fermented drink, which is expected to be available to distributors in December. This is an important milestone for the Company as it seeks to introduce the next generation of its expanding honey-based products.

Distribution Update

Australian Distribution

Meluka Honey appointed a new distributor covering Victoria, South Australia and Tasmania during the quarter. The distribution channel covers health food stores and high-end retailers in these states. This appointment provides Meluka Honey with distribution in all Australian states (excluding WA), and provides Australian consumers access to Meluka's premium honey products.

Amazon US

Meluka Honey recently appointed US company, Buy Box Experts (previously Nozani) (www.buyboxexperts.com) to assist with its Amazon US strategy. Buy Box Experts are a highly regarded Amazon focused, full-service optimisation company that will assist in formulating and executing Meluka Honey's Amazon strategy. During the quarter, work was undertaken in conjunction with Buy Box Experts to optimise Meluka's listings, resulting in a significant increase in exposure to US consumers and in turn, a growth in product sales within the platform. Initial product sales have been very encouraging given the new product status and the low level of marketing expenditure.

Jenbrook – Farming Operation

Farming Update

Harvesting of the plantation areas was completed in July. Small scale wild crafted harvesting continued throughout the quarter to provide supply of wild crafted organic tea tree oil for the first manufacturing run of Meluka branded essential tea tree oil. This manufacturing run is expected to be completed late in the December quarter once branding and marketing collateral have been finalised. Wild crafted harvesting will continue throughout the December quarter with plantation harvesting expected to re-commence in December.

The demand for Jenbrook's organic tea tree oil, particularly from the US market, continues to outstrip current supply. The company is focused on initiatives to increase its supply of organic tea tree oil and the newly developed tea tree extract to meet this demand. It will also be seeking to expand the sales of its tea tree hydrosol which is a by-product of producing tea tree oil. The tea tree hydrosol is gaining wider acceptance in the cosmetic industry as a hydrating antibacterial product that can be applied directly or used as an ingredient base for cosmetic products formulations.

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

During the quarter NAP continued to provide distribution services for Meluka Honey. A change to its organisational structure, including its recent relocation to a new, larger warehouse premises will see the business better positioned to pursue its operational strategy to expand its product offering and sales network in the coming quarters to meet the growing demand for its high quality essential oils.

Omni Innovation (38% EVE ownership)

Eagle Health's application for registration of the Hutang-1 product formula with the National Medical Products Administration (NMPA) (formerly China Food & Drug Administration) as a Food for Special Medical Purpose (FSMP) is expected to be completed by December 2019. Sales of Hutang-1 can then commence as a registered product.

Omni Innovation is poised to explore potential additional partners for the Chinese market in the coming year, as well as explore the opportunity to reposition its technology for additional applications in offshore markets.

Corporate & Financial Update

Subsequent to quarter end, EVE announced that it had entered into Subscription Deeds with Everhoney Biotech Australia Pty Ltd ("Everhoney") and Hong Kong Jusheng Bolang Technology Co., Limited ("Jusheng Bolang"), who were introduced by AGC Capital Securities Pty Ltd ("AGC Capital"), the Company's advisor.

The placement will be completed in two tranches. The First Subscription will raise \$2,411,145 at \$0.005. The Second Subscription will raise \$6,888,986 at \$0.01. Both the First and Second Subscription are subject to shareholder approval at the Company's upcoming Annual General Meeting on 12 November. The First Subscription Shares will be issued within 10 business days of receiving shareholder approval, the Second Subscription Shares will be issued within 3 months of the execution of the respective subscription agreements dated 25 September 2019.

Earlier this year, the Company appointed AGC Capital to assist with securing strategic partners to support its growth activities. AGC Capital is a Sydney-based financial services firm, which specialises in advising on IPOs, funds management and corporate finance activities. AGC Capital has strong connections throughout Australia and Asia

which includes an extensive network in China. The process led by AGC Capital resulted in EVE electing to proceed enter into Subscription Deeds with two separate and independent parties introduced by AGC Capital:

Everhoney Biotech Australia Pty Ltd is an investment company based in Sydney with interests across a broad range of industries both domestically and internationally with a focus on agriculture, health and nutrition businesses in Australia. The company continues to build successful, professional relationships across a broad range of interests in the investment community.

Hong Kong Jusheng Bolang Technology Co., Limited is an international trading enterprise based in Hong Kong and specialising in trading various high-quality health products. The company has a well-developed business network providing a bridge between Australia and Asia.

Everhoney will subscribe for \$5,270,074 of the placement, being \$1,366,315 in the First Subscription and \$3,903,759 in the Second Subscription, while Jusheng Bolang will subscribe for \$1,044,829 in the First Subscription and \$2,985,227 in the Second Subscription for a total subscription of \$4,030,057. On completion of the Second Subscription Everhoney will hold approximately 17% of the issued capital of EVE on a fully diluted basis and Jusheng Bolang will hold approximately 13% on a fully diluted basis.

Subscription Deeds

All conditions precedent to the Subscription Deeds have been satisfied, with the subscriptions to be put to shareholders at the forthcoming Annual General Meeting of the Company. On completion of the First Subscription, each party will be entitled to appoint one nominee to the Company's Board.

Other key terms include:

- Holding lock of First Subscription Shares until the issue of the Second Subscription Shares;
- The Company has agreed not to conduct any equity raisings (excluding conversion of options and rights) between the First Subscription and the Second Subscription; and
- The subscriptions are not interdependent on each other.

Use of Funds

The Company will use the proceeds of the subscriptions to fast track development and sales in the existing Meluka and Jenbrook businesses. Priorities will include:

- Distribution of Meluka Honey range into China, US and Japan;
- Continued product roll-out into the Australian market, including the launch of the bio-fermented honey drink range;
- Expansion of product marketing and promotional activities;
- Continued development of Meluka product ranges;
- Implementation of agronomy programs at Jenbrook to increase yield of organic tea tree products; and
- Working capital to support the Company's operations.

Annual General Meeting

The Company's Annual General Meeting will be held on Tuesday, 12 November 2019.

The Company also released its 2019 Annual Report during the quarter, a copy of which can be found [here](#).

Bill Fry, Executive Director of EVE Investments: *"EVE is extremely pleased to have Everhoney Biotech Australia Pty Ltd and Hong Kong Jusheng Bolang Technology Co., Limited as strategic partners. This is a company transformational transaction and EVE is very excited to work with both companies to achieve its strategic vision."*

Outlook

The company is well poised for significant growth over the next 12 months. The transaction with Everhoney Biotech and Jusheng Bolang will provide the Company with the funding it requires to expand its operations internationally over the next 3 years.

EVE has a unique organic product range with important medicinal attributes that align well with consumers' increased focus on health and wellness. With funding secured EVE will be able to market the uniqueness of its products to key international markets and build product and brand awareness. The next 12 months are expected to be a strong growth period for the Company and hopefully a rewarding period for all investors.

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")

30 SEP 19

For the purposes of the consolidated statement of cash flows, only cashflows from EVE, Jenbrook Pty Ltd and Meluka Health 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)
 - 2.6 **Net cash from / (used in) investing activities**

	Current quarter \$'000	Year to date (3 months) \$'000
	286	286
	(4)	(4)
	(159)	(159)
	(62)	(62)
	-	-
	(198)	(198)
	(201)	(201)
	-	-
	-	-
	(14)	(14)
	-	-
	-	-
	-	-
	(352)	(352)
	(24)	(24)
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	(24)	(24)

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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 (3 months) \$'000
	632	632
	-	-
	-	-
	(48)	(48)
	-	-
	(214)	(214)
	-	-
	-	-
	-	-
	370	370
	340	340
	(352)	(352)
	(24)	(24)
	370	370
	-	-
	335	335

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
	335	340
	-	-
	-	-
	-	-
	335	340

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
40
-

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
12
-

Payment for serviced office and administration staff.

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
1,266	1,101
-	-
-	-

Business Loan and Revolving Agri Line Facility provided by ANZ to Jenbrook Pty Ltd. Interest rate is 2% less than the Business Mortgage Index Rate (variable). Revolving facility increased in period.

Management loan provided by existing Jenbrook management on completion of \$246k. 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
-
175
40
-
445
375
-
1,035*

* Excludes forecast cash inflows from sales.

As per announcement on 7 October 2019, the Company is raising \$9.3m in a two tranche placement to be voted on by shareholders at the Annual General Meeting to be held on 12 November 2019. If approved, the first tranche will raise \$2.4m before costs and be completed in November. Expected cash outflows is dependent on completion of the capital raising.

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

- 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

31 October 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; (vi)

renewal of the Company's current customer, supplier and other material agreements; and (vii) 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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