



WATTLE HEALTH AUSTRALIA QUARTERLY ACTIVITIES AND CASHFLOW STATEMENT

- **Wattle Health Australia (WHA) announces an increase in gross sales of up to 71% for the 2018 financial year compared to the previous year**
- **WHA signs a minimum supply term agreement with International Supplies and Distribution Company Pty Ltd amounting to revenue of more than \$100 million over 42 months**
- **WHA enters into a fully funded transformational joint venture with Organic Dairy Farmers of Australia**
- **WHA secures a distribution agreement with Metcash Trading for WHA's Australian Natural Baby Food range**
- **WHA appoints leading e-commerce provider, Quality Brands International Direct, to provide access to major export markets**
- **WHA signs a minimum supply agreement with Chinese State-Owned Enterprise, Shandong Weihai Port International Trade Co. Ltd., amounting to revenue of \$34 million over 36 months**

27 July 2018: Wattle Health Australia Limited (ASX:**WHA**) is pleased to announce our quarterly activities and cashflow statement for the fourth quarter of the 2018 financial year. This quarter has been a transformational period for WHA with the completion of our 'vertical integration' strategy 'from the farm to the consumer'. WHA, together with our partner, Organic Dairy Farmers of Australia (ODFA), now controls some 75% of all fresh organic milk supply in Australia, enabling WHA to become a 'true Australian organic' nutritional dairy company.

FINANCIAL

Cash inflows for the quarter were \$488,482, an increase of 88% compared to the previous quarter and net operating cash outflows for the quarter were \$1,213,961, a decrease of 37% on the previous quarter.



Further to our announcement of 6 April 2018, WHA has passed technical evaluation for State Administration for Market Regulation (SAMR, formerly known as CFDA) accreditation for China. WHA is now waiting for formal approval and attainment of SAMR, on receipt of which revenue is projected to reach in excess of \$140 million over a 42-month period in the China market.

Cash at bank at the end of the quarter was around \$50 million with nil debt.

ISDC

On 5 April 2018, WHA announced a distribution deal (**Agreement**) with International Supplies and Distribution Company Pty Ltd (**ISDC**) for the supply to the China market of WHA's conventional cow infant formula. The initial term under the Agreement is for 42 months (**initial period**) with minimum guaranteed volumes, resulting in \$100 million in revenue over the initial period. The Agreement is subject to WHA obtaining SAMR accreditation and finalisation of the formal supply agreement.

ODFA

On 10 April 2018, WHA announced the transformational Joint Venture (**JV**) with ODFA to build the first dedicated organic nutritional spray dryer in Australia. ODFA controls the supply of around 75% of all fresh organic milk in Australia and with WHA having first right of refusal for all products from the spray dryer, WHA will be the 'true Australian organic' producer of nutritional dairy products from Australia's original organic dairy farmers. As announced on 23 June 2018, WHA completed the capital raise to fully fund the construction of the nutritional spray dryer and fund working capital.

METCASH

On 22 May 2018, WHA announced an agreement with Metcash Trading Limited (**Metcash**) for the distribution of WHA's natural baby food range. The introduction of WHA's baby food range will complement existing distribution arrangements for WHA's infant formula range, delivering an overall increase in brand awareness and sales.



QBID

On 19 June 2018, WHA announced the appointment of leading e-commerce provider, Quality Brands International Direct (**QBID**). QBID will provide WHA with access to major export markets via e-commerce predominately in the lucrative Chinese market. The new partnership will not only enable WHA to leverage off the lucrative e-commerce market, it will also further strengthen WHA's strong retail distribution strategy within those markets.

WEIHAI

On 29 June 2018, WHA announced a distribution deal (**Agreement**) with leading Chinese State-Owned Enterprise, Shandong Weihai Port International Trade Co. Ltd. to supply WHA's conventional cow infant formula to the China market. The initial term under the Agreement is for 36 months (**initial period**) with minimum guaranteed volumes, resulting in \$35 million in revenue over the initial period. The Agreement is subject to WHA obtaining SAMR accreditation and finalisation of the formal supply agreement.

END

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