

ASX ANNOUNCEMENT 30 April 2021

APPENDIX 4C: QUARTERLY CASH FLOW REPORT AT 31 March 2021

EZZ Life Science Holdings Limited (ASX: EZZ), a producer of consumer health products and an exclusive wholesale distributor of the EAORON skin care products for pharmacies, supermarkets and retailers in Australia and New Zealand, presents its quarterly activity report and Appendix 4C cash flow statement for the quarter ended 31 March 2021 (Q3 FY21).

Highlights:

- Completed a successful ASX initial public offer, listing under the code EZZ on 3 March 2021
- Strong cash position with a closing balance of \$8.3m as of 31 March 2021
- Cash receipts of \$5.1m for the quarter, reflecting strong demand for the Company's existing and new product offerings
- Gross margin maintained at 57.8%, in line with management expectations

Activities:

- Two new products, NMN 150,000 mcg ¹ and JTN ², launched successfully in Q3 FY21 contributing a total of \$2.1m of the March quarter's cash receipts
- Design commenced for the EZZ mobile app, a digital health platform to enable personalised consumer health solutions, with an aim to launch its beta version in 2Q 2022
- Commencement of feasibility study for a GMP compliant manufacturing facility
- Consultants engaged to study regulatory requirements in other international markets including Singapore, Malaysia, Thailand, Indonesia, Philippines and Vietnam

Performance:

Following a successful oversubscribed March ASX IPO, under which \$6m was raised, EZZ has recorded another strong quarter. Receipts from customers were \$5.1m reflecting continuous demand for both the EAORON branded skin care and the EZZ branded consumer health products. The Company finished Q3 FY21 with a cash balance of \$8.3m.

Product manufacturing and operating outflows relate to payments for the EAORON branded products purchased from Australian United Pharmaceuticals Pty Ltd and payments to the contract manufacturer of the EZZ branded products. Payments for advertising and marketing largely relates to the advertising and marketing expenses on promoting consumer health product on Tmall Global pursuant to the direct-to-consumer strategy.

Cash receipts for the third quarter usually exhibit a decrease due to the seasonal demand pattern of consumers. A temporary negative cash flow from operating activities is due to the timing difference between revenue generation and increased marketing expenses in an effort to continuously maintain revenue growth.

Related party payments in the quarter related to the purchase of inventory from Australian United Pharmaceuticals Pty Ltd of \$1,920,000 and directors fees and salaries of \$125,000.

Cash inflows and outflows are reported on a gross basis, i.e. inclusive of GST.

This notice has been authorised for provision to the ASX by the Board of EZZ Life Science Holdings Limited.

¹ NMN is a precursor of Nicotinamide adenine dinucleotide(NAD+) which is an essential cofactor in carbohydrate & fat metabolism and support body energy production.

² JTN can help women to relieve symptoms of premenstrual tension and maintain urinary tract health.

For further information, please contact:

Investor Relations

<https://www.ezzlife.com.au/investors>

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Annexure

Under Listing Rule 4.7C, the Use of Funds update from the IPO is as follows:

Use of Funds as per prospectus	Estimated expenditure (\$ 000')	Actual expenditure (\$ 000')	Comment
Software development	100	Nil	To commence
Additional market expansion	1,375	Nil	To commence
Manufacturing facility	2,460	Nil	To commence
Research & development	450	Nil	To commence
Experimental concept store	800	Nil	To commence
Cost of Offer	768	747	Completed
Additional working capital	47	Nil	To commence
Total	6,000	747	

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

EZZ Life Sciences Limited

ABN

88 608 363 604

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,062	19,283
1.2 Payments for		
(a) research and development	(42)	(42)
(b) product manufacturing and operating costs	(2,901)	(10,729)
(c) advertising and marketing	(1,952)	(6,632)
(d) leased assets	-	-
(e) staff costs	(280)	(602)
(f) administration and corporate costs	(85)	(841)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	(873)	(939)
1.7 Government grants and tax incentives	-	136
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,073)	(371)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	
(b) businesses	-	
(c) property, plant and equipment	-	(1)
(d) investments	-	-
(e) intellectual property	-	(9)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(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	-	(10)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,000	6,000
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	(424)	(424)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(25)	(82)
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	5,551	5,495

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,810	3,175
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,073)	(371)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(10)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,551	5,495
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,288	8,288

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	8,288	3,810
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)	8,288	3,810

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	2,045
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>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.</i></p>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,071)
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,288
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	8,288
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.7
<i>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.</i>	
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: N/A	
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: N/A	
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: N/A	
<i>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.</i>	

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:30 April 2021.....

Authorised by:The Board of Directors.....
(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.