

ASX ANNOUNCEMENT

28 January 2022

QUARTERLY ACTIVITIES REPORT

EZZ Life Science Holdings Limited (ASX: EZZ), producer of the EZZ branded health supplements and an exclusive wholesale distributor of the EAORON branded skin care products for pharmacies, supermarkets and specialist retailers in Australia and New Zealand, presents its quarterly activity report and Appendix 4C cash flow statement for Q2 FY22 ended 31 December 2021.

Highlights:

- solid cash position with a closing balance of \$8.9m as of 31 December 2021 even though the cash and cash equivalents dropped \$325K compared to last quarter mainly because of the dividends pay out and manufacturing cost payment for the prior months
- Two new products were added to the supplement portfolio in Q2 FY22
- Successfully established online shopping stores for EZZ and Eaoron branded products through new online shopping platform
- Four international distribution agencies added to the company's customer list including USA, Singapore, Chemist Warehouse China and one distribution channel through micro-net in China

Activities:

- In the middle of December, the company launched 2 new products EZZ Biotic EnGastro Capsule and EZZ Biotic HHP Support Probiotic, which promotes a healthy digestive system and immune system function, treating diarrheal and reducing symptoms of medically diagnosed Irritable Bowel Syndrome (IBS).
- The company appointed Mr. Glenn Cross as the company's new chairman. Mr. Cross has over 40 years' experience in life science sector domestically and internationally, including over 20 years in a senior executive capacity. He was formerly Chief Executive Officer and Chief Operation Officer of AusBiotech Ltd for over 13 years.

Performance:

Although the company was closed for almost 3 weeks over Christmas break, the cash received from customers still kept strong during the quarter with an increase of approximately \$80K compared to last quarter.

The company's operating cash flows reduced due to the payments of manufacturing cost and the deposits to the manufacturers and suppliers to increase the productions in the following months.

The company implemented the dividends payments in the quarter.

During the quarter, the company established four new distribution channels internationally in USA, Singapore, and China. The Chemist Warehouse China Flagship store had placed their first order from the company in late November. The company also started to run the new online stores for both EZZ and Eaaron branded products. The development of these distribution channels has contributed approximately 10% of total revenue.

Related party payments in the quarter related to the purchase of inventory from Australian United Pharmaceuticals Pty Ltd and directors' fees.

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

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	16	Commenced
Additional market expansion	1,375	123	Commenced
Manufacturing facility	2,460	0	Commenced
Research & development	450	17	Commenced
Experimental concept store	800	Nil	To commence
Cost of Offer	768	747	Completed
Additional working capital	47	Nil	To commence
Total	6,000	903	

This notice has been authorised by the Board of EZZ Life Science Holdings Limited.

For further information, please contact:

Investor Relations

www.ezzlife.com.au/investors

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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 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,691	7,303
1.2 Payments for		
(a) research and development	(2)	(5)
(b) product manufacturing and operating costs	(2,326)	(4,018)
(c) advertising and marketing	(522)	(1,290)
(d) leased assets	-	-
(e) staff costs	(307)	(563)
(f) administration and corporate costs	(690)	(1,081)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	(16)	(130)
1.7 Government grants and tax incentives	40	106
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(132)	320
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(e) intellectual property	-	(8)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	-	-
(j) investments	-	-
(k) intellectual property	-	-
(l) 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	-	(8)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(26)	(52)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	(167)	(167)
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(194)	(220)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	9,272	8,854
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(132)	(320)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(8)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(194)	(220)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	8,946	8,946

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	8,946	9,272
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)	8,946	9,272

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	1,567
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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>		

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.</i>		
<i>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)	(132)
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,946
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	8,946
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	68
<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:28 January 2022.....

Authorised by:Board of EZZ Life Science Holdings Limited.....
(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.