

ASX ANNOUNCEMENT

30 January 2023

QUARTERLY ACTIVITIES REPORT

EZZ Life Science Holdings Limited (ASX: EZZ), (EZZ or the Company), is a genomic life science company with a mission to improve quality of life and human health. EZZ has a focus on genomic research and development to address four key human health challenges: genetic longevity, human papillomavirus (HPV), helicobacter pylori, and weight management. EZZ is passionate about investing in the future of consumer health through the development of e-commerce and distribution of high-quality products via omnichannel models across Australia, New Zealand, China and worldwide. EZZ presents its quarterly activities report and Appendix 4C cash flow statement for the quarter ended 31 December 2022.

Highlights:

- EZZ has demonstrated strong financial performance in the quarter, with cash receipts from customers totalling \$8.6 million, a significant increase of 43% from the previous quarter and a 132% increase on the same period last year.
- EZZ achieved outstanding success during the 11.11 Global Shopping Festival in China, breaking company records with \$2.56 million in sales.
- EZZ's cash position remains robust, with a balance of \$9.6 million at December 31, 2022.
- EZZ's strong financial performance resulted in the declaration and payment of a fully franked final dividend to shareholders during the quarter, relating to the 2022 Financial Year.
- Favourable growth outlook for EZZ with increase in China related tourism following reopening of borders, planned new product releases, and geographical expansion in new markets.

Activities:

- EZZ made significant progress in product innovation, with the release of five new EZZ products and upgrades to the Eaoron line during the quarter.
- EZZ successfully showcased its products at three international expos, namely in China, Turkey, and Singapore, further increasing the Company's global presence.
- Following EZZ's successful performance during China's 11.11 Global Shopping Festival, Director of Corporate Affairs, James Hudson, was invited to attend the Alibaba Group's 11.11 Global Shopping Festival Media Briefing, solidifying the Company's position as a leading player in the industry.
- Media coverage of EZZ and its products increased during the quarter with products being featured in Women's Day, ELLE Magazine, and coverage across a number of Australian and New Zealand publications of EZZ's strong performance during the 11.11 Global Shopping Festival.
- EZZ's e-commerce sales through EZZ Shopify have seen exceptional growth during the period, with a five-fold increase from the previous quarter and 152 times compared to the same period last year.

Performance:

EZZ had a strong quarter, ending 2Q FY23 with \$8.6 million in cash inflows from customers, a 43% increase from the previous quarter and a very significant increase of \$4.9 million or 132% compared to the corresponding quarter in FY22. This is due in part to the Company's peak season, which typically occurs during the October to December quarter, where big shopping festivals drive sales. This quarter, the Company saw dramatic improvements in sales through e-commerce channels in both China and ANZ.

EZZ's participation in the 11.11 Global Shopping Festival was a highlight, with sales up eight times from the previous year, reaching a new company record of \$2.56 million. With over 41,600 items sold on Tmall and Douyin, the Company again ranked at the top of sales on these two major e-commerce platforms in China. Notably, EZZ's L-Lysine Growth Capsule outsold competitors such as Swisse and became the top-selling product on Tmall Global, based on monthly data calculations of sales figures, customer satisfaction rates, and re-purchases.

EZZ's e-commerce platform, EZZ Shopify, also showed strong growth, with sales increasing by five times on the previous quarter and the number of customer orders increasing by 11 times, thanks to a significantly stronger customer conversion rate.

In October, EZZ declared its second dividend, a final dividend for FY22, and made the payment to shareholders in December. Despite the significant challenges faced, due to COVID-19, EZZ remained profitable and in line with preferred Company policy, shared profits with shareholders as a sign of appreciation for their ongoing support.

The Company generated an operating cash inflow of \$608,000, compared to the previous quarter's operating cash outflow of \$1.2 million. The Company invested \$1.3 million in advertising and marketing to meet the needs for promotion during the big shopping festivals. EZZ's cash balance remained robust at \$9.6 million as at 31 December 2022, allowing the Company to continue to implement its strategic plan to accelerate growth opportunities.

EZZ had the opportunity to exhibit at international expos in China, Turkey, and Singapore, which attracted more than half a million visitors. The events provided an excellent opportunity for the company to showcase its range of healthcare products.

During the quarter, EZZ launched five new products including EZZ Incontinence Relief, EZZ Joint Energy Boost, EZZ Brain Focus Superblend, EZZ High Strength DHA, and EZZ Luminescent Beauty Tablets. These products target a variety of different groups of demographics, from children to women to the elderly. EZZ has already seen success with EZZ Incontinence Relief producing over \$0.5m in sales within a month of its release in December.

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	19	Commenced
Additional market expansion	1,375	395	Commenced
Manufacturing facility	2,460	39	Commenced
Research & development	450	180	Commenced
Experimental concept store	800	Nil	To commence
Cost of Offer	768	747	Completed
Additional working capital	47	Nil	To commence
Total	6,000	1,380	

Outlook:

As the world continues to recover from the effects of COVID-19, EZZ is positioning itself for growth in calendar 2023. With the reopening of China's borders, we expect to see an increase in Chinese tourism in our key markets of Australia and New Zealand, providing a significant boost to our tourism retail trade. Prior to the pandemic in 2019, 1.4 million Chinese visitors represented \$12.3 billion in annual tourism receipts to Australia¹.

EZZ is focusing on developing new products to appeal to both existing and new customers. We have a number of new product launches scheduled for 2023, and the strong growth of our Shopify store has provided us with valuable insights into consumer behaviour.

In addition, EZZ has plans to expand our customer base into new markets, specifically Southeast Asia. With the pick-up in China-related sales and our planned new product releases, we are well-positioned to continue growing revenues and creating value for our shareholders.

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

For further information, please contact:

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¹ <https://www.ttf.org.au/wp-content/uploads/2020/03/Economic-Impact-of-Coronavirus-TTF.pdf>

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 Dec 2022

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	8,630	14,644
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,527)	(5,699)
(c) advertising and marketing	(4,527)	(7,795)
(d) leased assets	-	-
(e) staff costs	(315)	(589)
(f) administration and corporate costs	(349)	(672)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	(312)	(537)
1.7 Government grants and tax incentives	9	9
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	608	(641)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(2)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(e) intellectual property	-	-
	(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	-	(2)

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	(184)	(184)
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(210)	(236)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,188	10,465
4.2	Net cash from / (used in) operating activities (item 1.9 above)	608	(641)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(210)	(236)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	9,586	9,586

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	9,586	9,188
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)	9,586	9,188

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	1,265
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	608
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,586
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	9,586
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<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

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.

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 January 2023.....

Authorised by:The Board.....
(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.