

Chairman's Update

FY23 was a strong year for EZZ and included some important milestones as many of our key markets recovered from the pandemic and the Company continued to deliver against its strategic pillars.

Background

EZZ is a genomic life science company with a core mission to improve quality of life and human health. Following a successful listing on the ASX in March 2021, the Company has focused its efforts on expanding its high-quality product range, which is based on targeted genomic research and development, along with growing our e-commerce capabilities and distribution networks across Australia, New Zealand, China and worldwide.

Financial Performance

The Company delivered strong financial performance in 2023, marked by astute decisions and strategic advancements despite the backdrop of heightened input cost inflation. Our focus on high-demand, high-margin products safeguarded our performance while enabling us to invest significantly in product development and robust marketing initiatives.

The growth of EZZ's revenues in FY23 exceeded our expectations with the Company increasing revenue by 147.3% year on year to \$37.1 million. Along with this, there was a significant expansion in gross margins to 76.8% from 50.0% in the previous year, which resulted in EBITDA (excluding other income) of \$4.8m, a sharp increase of 172.5% from FY22.

In FY23, EZZ further strengthened its cash position with a positive operating cash flow of \$4m resulting in a cash position of \$13.8m at year-end, a 32.2% increase from 30 June 2022. With no external interest-bearing debt other than lease liabilities, this places the Company in a favourable position to pursue our strategic plan and future growth opportunities.

As part of our commitment to deliver shareholder value, we continued to offer shareholders a consistent and attractive dividend. A fully franked interim dividend of 0.98 cents per fully paid ordinary share was disbursed, and 0.45 cents fully franked final dividend pertaining to FY22 was paid out earlier in the year. Subsequent to financial year-end, the Company also declared a fully franked final dividend of 1.0 cents per share pertaining to FY23 be paid to eligible shareholders.

Strategy

In FY23, EZZ continued its commitment to the four strategic pillars that continue to underpin our success: life science, technology, people, and consumers.

Firstly, life science. Our pursuit of excellence in product development has been instrumental in our continued growth. In FY23, our sharpened product development process facilitated the creation of a robust pipeline of 27 innovative products. Notably, the resounding success of EZZ's new Bone Growth Chews significantly bolstered our total revenue by a substantial 19.7%.

Secondly, technology. Our operations team has dedicated significant efforts to establish scalable technology infrastructure. Our focus has remained on creating a dynamic Business-to-Consumer (B2C) experience by amalgamating data from diverse channels to holistically understand our customers' needs and behaviours. Exploring strategic technology partnerships to strengthen our B2C capabilities and expedite the realisation of our objectives remains a priority.

Thirdly, our people. Investing in our team has been pivotal in supporting our rapid growth while carefully managing our cost base. In FY23, EZZ has focussed on building a culture of cohesion within our team whilst nurturing talent to ensure we have the right people to deliver on the company's future growth.

Finally, our consumers. Leveraging influencers and communities to grow our B2C strategy has been a cornerstone of our digital footprint. FY23 saw EZZ launch a presence on a total of nine new channels, adding to our already extensive omni-channel network, to reach more consumers in more places. Recognising shifts in consumer behaviour, we have diversified our focus from e-commerce marketplaces to social selling, aligning with changing preferences from consumers, particularly in mainland China. The evolution of our brick-and-mortar strategy, coupled with the resurgence of in-store shopping, is poised to further augment EZZ's consumer reach and foster a resilient, future-ready business model.

Board and Executive Changes

In February 2023, we welcomed Mr Qizhou (Mark) Qin as the new Chief Executive Officer of EZZ. Mr Qin, with his extensive experience in the consumer health sector, navigated the Company through a period of significant economic volatility, showcasing exemplary crisis management skills and leading a strong and successful turnaround.

Amidst global economic challenges post the COVID-19 pandemic, our leadership team steered EZZ adeptly, achieving strong results. I extend my deepest appreciation to our dedicated employees who have consistently delivered robust performances, contributing to the company's success and growth in shareholder value.

Outlook

I am very proud of EZZ's performance in FY23 as the business again showed resilience and an ability to remain adaptable.

While we expect FY24 will present its own set of challenges, the Board is confident that EZZ has the team with the requisite skills and experience to navigate some of the more recent challenges, like inflationary pressures, and emerge in a stronger position. Our focus for FY24 will be on driving robust organic growth, pursuing strategic acquisitions, and maintaining a healthy operating margin and competitive edge.

We are already seeing some promising results in the first half of FY24. As an example, we have seen strong demand for our products during this year's Double 11 Global Shopping Festival held in November. Across our three key participating China marketplaces (Douyin, Tmall, and Kuaishou), this year's festival resulted in sales of AUD3.21m, a 25% increase from

the AUD2.56m achieved last year. We look forward to providing a further update of our performance at our next quarterly results announcement in January 2024.

Closing Comments

In closing, I would like to thank our shareholders for valuing what we do and sharing our confidence in EZZ's future.

I would also like to place on record my thanks to the executive team and staff—all staff—for their outstanding work. I would particularly like to thank Qizhou (Mark) Qin for his efforts as Chief Executive Officer and his work building and growing our business and delivering on our company strategy in China.

Finally, I would also like to thank my fellow board members and our company secretary for their support and guidance.

We look forward to FY24 and beyond, EZZ Life Science is in a strong financial position to prosper and I have every confidence that we have the right team to pursue the many opportunities ahead. Thank you.