

EZZ LIFE SCIENCE HOLDINGS LIMITED

APPENDIX 4E

PRELIMINARY FINAL REPORT

• DETAILS OF REPORTING PERIOD

| | |
|-------------------------------|---|
| Name of Entity | EZZ Life Science Holdings Limited ('the Company') |
| ABN | 83 608 363 604 |
| Reporting Period | 30 June 2023 |
| Previous Corresponding Period | 30 June 2022 |

• RESULTS FOR ANNOUNCEMENT TO THE MARKET

| Key information | 12 months ended Current Period \$ | 12 months ended Previous Period \$ | Increase % | Amount change \$ |
|--|---|--|---------------|------------------------|
| Revenues from ordinary activities | 37,143,330 | 15,022,026 | 147.3% | 22,121,304 |
| Profit from ordinary activities after tax attributable to members | 3,629,727 | 1,312,418 | 176.6% | 2,317,309 |
| Net profit for the period attributable to members | 3,629,727 | 1,312,418 | 176.6% | 2,317,309 |

• COMMENTARY ON RESULTS

EZZ Life Science Holdings Limited (EZZ or the Company) had a very positive year, identifying and releasing new products, onboarding new suppliers, establishing new distribution channels, entering new geographical markets, continuing to demonstrate strong financial discipline, and remaining focused on working towards its long-run growth objectives. This year the Company was selected by the Australian Financial Review as one of Australia's top 100 companies seeing international revenue growth.

(a) Highlights

- Record revenue growth by 147.3% to \$37.1m in FY23.
- Substantial gross margin expansion to 76.8% in this year, from 50.0% in the previous year.
- Strong EBITDA (excluding other income) of \$4.8m, representing a sharp increase of 172.5% from FY22.
- Positive operating cash flow of \$4m, up from \$1.9m last year.
- Solid cash position of \$13.8m, representing a 32.2% increase from 30 June 2022.
- Nil external interest-bearing debt other than lease liabilities.
- Sustainable dividend payout including a fully franked final dividend of \$0.0045 per share pertaining to FY22 and a fully franked interim dividend of \$0.0098 per share for FY23.

(b) Key revenue drivers

In FY23, EZZ increased revenue by 147.3% to \$37.1m, outperforming guidance. Record revenue growth is attributed to market-driven product development, successful channel selection and multiple record trading days throughout the year backed by targeted investments in marketing.

This year EZZ's product portfolio strategy weighed towards children's health and wellness as this market segment witnessed growth and recovered quickly as parents adjusted to living with COVID-19. There were 18 new products released to the market under the EZZ brand this year as compared to nine new products in the previous year. New products under the EZZ brand contributed 56.1% of the Company's revenue in this period.

With digital channels remaining dominant under the Company's channel strategy, it dynamically balanced its channel portfolio and selectively diversified within this category. Douyin, a video-sharing app equivalent to China's version of TikTok, has surpassed Tmall Global, an e-commerce app in China, and became the Company's largest business-to-consumer (B2C) channel, responsible for \$19.1m or 51.4% of FY23 revenue. EZZ has also grown its presence on e-commerce marketplaces, content sharing communities, and social commerce platforms, collectively contributing 5.7% of the revenue in FY23.

EZZ invested \$20.6 million in marketing in FY23, generating a strong return. Throughout the year, multiple marketing campaigns were executed in China and Southeast Asia to create brand awareness and promote EZZ-branded products.

Segment Performance

The EZZ-branded product portfolio, accounting for 87.6% of revenue, delivered underlying revenue growth of 299.8% in FY23 and contributed \$32.5m in revenue. Sustainable revenue growth was achieved as a result of successful execution of its B2C strategy allowing EZZ to capture a greater share in the growth of digital commerce.

Australian United Pharmaceuticals Pty. Ltd. announced a product upgrade for its range of EAORON-branded products in February 2023. Promotion of EAORON-branded products ceased nearly four months in advance to prepare for the product upgrade. Revenue from EAORON-branded products was \$4.6m in FY23 and represented 12.4% of revenue.

Geographical Performance

EZZ continued to strengthen its footprint in international markets in FY23. With its strength being in Asia, and particularly in China, EZZ-branded products were also promoted into Vietnam. Revenue from international markets represented 73.7% of the revenue in FY23 up from 37.2% in FY22. The decrease in the share of revenue from Australia and New Zealand is attributable to the strategic move to reduce promotion of the skincare range as Australian United Pharmaceuticals Pty. Ltd. reshaped its product portfolio.

(c) Profitability

EZZ's gross margin remained attractive and continued to grow. Gross margin increased from 50.0% in FY22 to 76.8% in FY23 driven by a larger percentage of sales generated from EZZ-branded product range.

- The average gross margin for the EZZ branded products increased to 84.2% in FY23 from 66.9% in FY22. Margin improvement was driven by a shift in the revenue mix towards products with higher margin.
- The average gross margin on the EAORON-branded products contracted marginally from 30.0% in FY22 to 24.9% in FY23.

EBITDA (excluding other income) was \$4.8m in FY23 which represented a sharp rise by 172.5% from \$1.8m in FY22, significantly outperforming the guidance. The EBITDA margin also improved marginally to 12.9% in FY23 from 11.7% in FY22.

EZZ continued to invest in its brand with a step-up in marketing investment of \$20.6m to drive growth in FY23 as a result of the market recovery following the COVID-19 pandemic. Employee benefit

expenses increased by 27.8% as the Company expanded its operating team and rewarded employees for outstanding performance. Management fees and other expenses increased in FY23 to support the Company's development of technology capabilities, maintain the Company's ASX listing status, and explore opportunities for future growth.

| | 2023 | 2022 |
|---------------------------------------|-----------|-----------|
| | \$ | \$ |
| Profit for the year | 3,629,727 | 1,312,418 |
| Other income | (295,696) | (141,853) |
| Depreciation and amortisation expense | 182,043 | 118,341 |
| Finance expense | 10,408 | 4,436 |
| Income tax expense | 1,270,862 | 467,399 |
| EBITDA (excluding other income) | 4,797,344 | 1,760,741 |

EBITDA is a non-IFRS measure and is presented to enable understanding of the underlying performance without the impact on non-operating items. Non-IFRS measures have not been subject to audit or external review.

Net profit increased to \$3.6m in this year from \$1.3m in the previous year, generating a growth rate of 176.6%.

Diluted earnings per share were \$0.085, a 175.1% increase on the prior year.

(d) Financial Position

The Company recorded a strong cash position of \$13.8m as at 30 June 2023, representing an increase of 32.2% from the \$10.5m held as at 30 June 2022.

The build-up in inventory was in support of the Company's product development activities, which has proven to be a successful strategy. To offset the impact of the increased inventory load, the Company reduced the customer payment cycle, without lengthening the payment cycle to suppliers.

Fixed assets increased as the Company added new commercial vehicles to support future market activities.

Lease liabilities increased moderately as the Company is relocating to a larger office in support of its expansion plan and marketing objectives.

The Company also maintained balance sheet strength with no debt, other than lease liabilities, to allow for the flexibility to act when opportunities arise.

(e) Cash flow

EZZ generated operating cash flow of \$4.0m, up by 111.1% from \$1.9m in the previous year. This increase was due to cash inflows from customers of \$39.1m, an increase of 146.4% compared to the previous year.

• DETAILS OF DIVIDEND REINVESTMENT PLANS

Not applicable.

- **NET TANGIBLE ASSETS PER SHARE**

| | Current Period | Previous Period |
|--|-----------------------|------------------------|
| | \$ | \$ |
| Net tangible asset backing per ordinary security | 0.34 | 0.27 |

- **DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD**

Not applicable.

- **DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES**

Not applicable.

- **ANY OTHER SIGNIFICANT INFORMATION NEEDED BY AN INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE COMPANY'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION**

Refer to the attached preliminary financial report and commentary on results above.

- **FOREIGN ENTITIES**

Not applicable.

- **AUDIT**

The Company's financial statements are in the process of being audited and an unmodified opinion is expected to be issued.

- **ATTACHMENTS**

The preliminary financial report of the Company for the year ended 30 June 2023 is attached.

The Company advises that its Annual General Meeting will be held on 28 November 2023 and the closing date for receipt of nominations from persons wishing to be considered for election as a director, is 9 October 2023.

As authorized by the Board of Directors

Qizhou Qin
Executive Director

28 August 2023

EZZ Life Science Holdings Limited

ACN 608 363 604

Preliminary Final Report

For the Year Ended 30 June 2023

EZZ Life Science Holdings Limited

ACN 608 363 604

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|---------------------------------------|------|------------------|------------------|
| Revenue | 2 | 37,143,330 | 15,022,026 |
| Other income | 2 | 295,696 | 141,853 |
| Cost of sales | | (8,613,168) | (7,513,521) |
| Advertising and marketing expense | | (20,557,802) | (2,968,794) |
| Depreciation and amortisation expense | | (182,043) | (118,341) |
| Employee benefits expense | | (1,145,025) | (895,934) |
| Finance expenses | | (10,408) | (4,436) |
| Management fees | | (239,000) | (278,454) |
| Other expenses | | (1,790,991) | (1,604,582) |
| Profit before income tax | | 4,900,589 | 1,779,817 |
| Income tax expense | 3 | (1,270,862) | (467,399) |
| Profit for the year | | 3,629,727 | 1,312,418 |

Other comprehensive income

| | | |
|---|-----------|-----------|
| Other comprehensive income | - | - |
| Total comprehensive income for the year | 3,629,727 | 1,312,418 |

Earnings per share

| | | Cents | Cents |
|----------------------------|---|-------|-------|
| Basic earnings per share | 5 | 8.50 | 3.09 |
| Diluted earnings per share | 5 | 8.50 | 3.09 |

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

EZZ Life Science Holdings Limited

ACN 608 363 604

Statement of Changes in Equity For the Year Ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|--------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 13,830,751 | 10,464,841 |
| Trade and other receivables | 7 | 1,387,646 | 2,293,815 |
| Inventories | | 846,918 | 312,399 |
| Other assets | | 940,506 | 901,710 |
| TOTAL CURRENT ASSETS | | 17,005,821 | 13,972,765 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 8 | 603,767 | 148,682 |
| Intangible assets | | 18,848 | 18,848 |
| Deferred tax assets | 9 | 12,185 | 63,974 |
| TOTAL NON-CURRENT ASSETS | | 634,800 | 231,504 |
| TOTAL ASSETS | | 17,640,621 | 14,204,269 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 2,206,243 | 2,432,654 |
| Current tax liabilities | 9 | 292,504 | 242,891 |
| Lease liabilities | 11 | 354,736 | 104,571 |
| Employee entitlements | 12 | 81,140 | 36,694 |
| TOTAL CURRENT LIABILITIES | | 2,934,623 | 2,816,810 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 11 | 123,856 | - |
| TOTAL NON-CURRENT LIABILITIES | | 123,856 | - |
| TOTAL LIABILITIES | | 3,058,479 | 2,816,810 |
| NET ASSETS | | 14,582,142 | 11,387,459 |
| EQUITY | | | |
| Issued capital | 13 | 5,998,570 | 5,823,494 |
| Share Options Reserve | | 809 | - |
| Retained earnings | | 8,582,763 | 5,563,965 |
| TOTAL EQUITY | | 14,582,142 | 11,387,459 |

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

EZZ Life Science Holdings Limited

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Statement of Changes in Equity For the Year Ended 30 June 2023

2023

| | Issued Capital \$ | Share Options Reserve \$ | Retained Earnings \$ | Total \$ |
|--|-------------------------|-----------------------------------|----------------------------|-------------------|
| Balance at 1 July 2022 | 5,823,494 | - | 5,563,965 | 11,387,459 |
| Profit for the year | - | - | 3,629,727 | 3,629,727 |
| Other comprehensive gain/(loss) for the year | - | - | - | - |
| Share payment reserve – ESP 2021 | 175,076 | - | - | 175,076 |
| Share payment reserve – LTIP | - | 809 | - | 809 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Dividend paid | - | - | (610,929) | (610,929) |
| Balance at 30 June 2023 | 5,998,570 | 809 | 8,582,763 | 14,582,142 |

2022

| | Issued Capital \$ | Share Options Reserve \$ | Retained Earnings \$ | Total \$ |
|--|-------------------------|-----------------------------------|----------------------------|-------------------|
| Balance at 1 July 2021 | 5,667,219 | - | 4,440,547 | 10,107,766 |
| Profit for the year | - | - | 1,312,418 | 1,312,418 |
| Other comprehensive gain/(loss) for the year | - | - | - | - |
| Share-based payments | 156,275 | - | - | 156,275 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Dividends paid | - | - | (189,000) | (189,000) |
| Balance at 30 June 2022 | 5,823,494 | - | 5,563,965 | 11,387,459 |

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

EZZ Life Science Holdings Limited

ACN 608 363 604

Statement of Cash Flows

For the Year Ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|--|------|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from customers | | 39,127,211 | 15,877,602 |
| Receipts from Government incentives | | 44,122 | 141,484 |
| Payments to suppliers and employees | | (33,977,208) | (13,804,695) |
| Interest paid | | (10,408) | (4,436) |
| Income tax paid | | (1,169,458) | (308,225) |
| Net cash provided by/(used in) operating activities | 19 | <u>4,014,259</u> | <u>1,901,730</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Payment for intangible assets | | - | (7,500) |
| Purchase of plant and equipment | | (101,785) | (5,676) |
| Net cash provided by/(used in) investing activities | | <u>(101,785)</u> | <u>(13,176)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Payment of lease liabilities | | (161,323) | (104,190) |
| Dividends paid | | (600,394) | (173,167) |
| Net cash provided by/(used in) financing activities | | <u>(761,717)</u> | <u>(277,357)</u> |
| Net increase/(decrease) in cash and cash equivalents held | | 3,150,757 | 1,611,197 |
| Effects of exchange rate on cash and cash equivalents | | 215,153 | - |
| Cash and cash equivalents at the beginning of financial year | | 10,464,841 | 8,853,644 |
| Cash and cash equivalents at the end of financial year | 6 | <u>13,830,751</u> | <u>10,464,841</u> |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

EZZ Life Science Holdings Limited

ACN 608 363 604

Statement of Cash Flows For the Year Ended 30 June 2023

1 Basis of Preparation

The unaudited preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

These financial statements have been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards and Interpretations as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Revenue and Other Income

| | 2023 \$ | 2022 \$ |
|---|-------------------|------------|
| Revenue | | |
| - sale of goods – recognised at a point in time | 37,143,330 | 15,022,026 |
| | 37,143,330 | 15,022,026 |
| | | |
| | 2023 \$ | 2022 \$ |
| Other Income | | |
| - Unrealised foreign exchange gain | 215,153 | - |
| - Other revenue | 16,122 | - |
| - Interest income | 36,421 | 369 |
| - Government subsidy | 28,000 | 141,484 |
| | 295,696 | 141,853 |

3 Income Tax Expense

(a) The major components of tax expense (income) comprise:

| | 2023 \$ | 2022 \$ |
|--|------------------|------------|
| Current tax expense | 1,219,072 | 371,016 |
| Deferred tax expense relating to temporary differences | 51,790 | 96,383 |
| Over provision for income tax in prior year | - | - |
| Total income tax expense | 1,270,862 | 467,399 |

Statement of Cash Flows

For the Year Ended 30 June 2023

(b) Reconciliation of income tax to accounting profit:

| | 2023 | 2022 |
|---|------------------|----------|
| | \$ | \$ |
| Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%) | 1,225,147 | 444,954 |
| Tax effect of: | | |
| - non-deductible depreciation and amortisation | 823 | 1,097 |
| - share based payments | 43,769 | 39,069 |
| - other non-deductible expenses | 1,123 | 1,274 |
| - non-assessable income | - | (18,995) |
| - over provision for income tax in prior year | - | - |
| Income tax expense | 1,270,862 | 467,399 |

4 Operating Segments

(a) Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

Operating segments are determined on the basis of financial information reported to the Directors which is revenue and gross profit for Brought in Lines and Company Owned products.

Therefore, management identified the Company as having two reportable segments. The financial results from these reportable segments are equivalent to the financial statements of the Company as a whole. Geographical sales information and customer concentration is disclosed below to assist in the understanding of the Company.

(b) Accounting policies adopted

All amounts reported to the Directors are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Company.

(c) Segment assets

Assets of the Company are maintained in Australia.

(d) Segment liabilities

Liabilities are generally considered to relate to the Company as a whole and are not allocated.

Statement of Cash Flows

For the Year Ended 30 June 2023

(e) Segment Revenues

Revenue is segmented between brought in lines and Company owned products as follows:

| | Brought in Lines | | Company Owned | | Total | |
|---------------|------------------|------------------|-------------------|------------------|-------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue | 4,601,996 | 6,883,175 | 32,541,334 | 8,138,851 | 37,143,330 | 15,022,026 |
| Cost of Sales | (3,458,284) | (4,816,277) | (5,154,884) | (2,697,244) | (8,613,168) | (7,513,521) |
| Total | 1,143,712 | 2,066,898 | 27,386,450 | 5,441,607 | 28,530,162 | 7,508,505 |

(f) Geographical information

| | Revenue | |
|---------------------------|-------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Australia and New Zealand | 9,759,423 | 9,433,936 |
| Mainland China | 26,798,557 | 4,349,374 |
| Other countries/regions | 585,350 | 1,238,716 |
| Total | 37,143,330 | 15,022,026 |

5 Earnings Per Share

| | 2023 | 2022 |
|------------------------------------|------|------|
| | \$ | \$ |
| Basic earnings per share (cents) | 8.50 | 3.09 |
| Diluted earnings per share (cents) | 8.50 | 3.09 |

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

| | | |
|---|-----------|-----------|
| Earnings for the purpose of basic earnings per share being net loss attributable to owners of the Company | 3,629,727 | 1,312,419 |
| Earnings for the purpose of diluted earnings per share | 3,629,727 | 1,312,419 |

Number of shares

| | | |
|--|------------|------------|
| Weighted average number of shares used in calculating basic earnings per share | 42,705,000 | 42,510,137 |
| Weighted average number of shares used in calculating diluted earnings per share | 42,705,000 | 42,510,137 |

EZZ Life Science Holdings Limited

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Statement of Cash Flows For the Year Ended 30 June 2023

6 Cash and Cash Equivalents

| | 2023 | 2022 |
|--------------------------|-------------------|-------------------|
| | \$ | \$ |
| Cash at bank and in hand | 13,830,751 | 10,464,841 |
| | 13,830,751 | 10,464,841 |

7 Trade and Other Receivables

| | 2023 | 2022 |
|-------------------|------------------|------------------|
| | \$ | \$ |
| CURRENT | | |
| Trade receivables | 1,316,820 | 2,282,916 |
| Other receivables | 70,826 | 10,899 |
| | 1,387,646 | 2,293,815 |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Plant and Equipment

| | 2023 | 2022 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Motor vehicles | | |
| At cost | 156,364 | 90,000 |
| Accumulated depreciation | (68,506) | (53,462) |
| Total motor vehicles | 87,858 | 36,538 |
| Office equipment | | |
| At cost | 3,679 | 3,679 |
| Accumulated depreciation | (1,621) | (591) |
| Total office equipment | 2,058 | 3,088 |
| Computer equipment | | |
| At cost | 14,351 | 10,507 |
| Accumulated depreciation | (7,939) | (5,251) |
| Total computer equipment | 6,412 | 5,256 |
| Right-of-Use | | |
| At cost | 665,094 | 129,750 |
| Accumulated depreciation | (189,232) | (25,950) |
| Total right-of-use | 475,862 | 103,800 |
| Improvements – at cost | 31,577 | - |
| | 603,767 | 148,682 |

EZZ Life Science Holdings Limited

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Statement of Cash Flows For the Year Ended 30 June 2023

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

| | Motor Vehicles \$ | Office Equipment \$ | Computer Equipment \$ | Right-of-Use \$ | Improvements \$ | Total \$ |
|---------------------------------------|-------------------------|---------------------------|-----------------------------|--------------------|--------------------|----------------|
| Year ended 30 June 2023 | | | | | | |
| Balance at the beginning of the year | 36,538 | 3,088 | 5,256 | 103,800 | - | 148,682 |
| Additions | 66,364 | - | 3,844 | 535,343 | 31,577 | 637,128 |
| Depreciation | (15,044) | (1,030) | (2,688) | (163,281) | - | (182,043) |
| Balance at the end of the year | 87,858 | 2,058 | 6,412 | 475,862 | 31,577 | 603,767 |

9 Tax Assets and Liabilities

| | 2023 \$ | 2022 \$ |
|--------------------|----------------|----------------|
| Income tax payable | 292,504 | 242,891 |
| | 292,504 | 242,891 |

| | Opening Balance \$ | Credited / (charged) to Income \$ | Closing Balance \$ |
|--|--------------------------|--|--------------------------|
| Deferred tax assets | | | |
| Components of deferred tax assets are: | | | |
| Provision for annual leave | 5,149 | 3,546 | 8,695 |
| Provision for STIP | - | 5,325 | 5,325 |
| IPO transaction costs | 111,797 | (37,264) | 74,533 |
| Accrued audit fee | 3,938 | 187 | 4,125 |
| Unrealised foreign exchange loss | - | (55,688) | (55,688) |
| Superannuation payable | 4,025 | 2,240 | 6,265 |
| Net impact of accounting for operating lease | 193 | 489 | 682 |
| | 125,102 | (81,165) | 43,937 |

Deferred tax liabilities

Components of deferred tax liabilities are:

| | | | |
|----------------------------------|-----------------|---------------|-----------------|
| Depreciation | (2,062) | (56) | (2,118) |
| Unrealised foreign exchange gain | (1,900) | 1,900 | - |
| Prepayment | (57,166) | 27,532 | (29,634) |
| | (61,128) | 29,376 | (31,752) |

Net Deferred Tax Assets

| | | |
|---------------|-----------------|---------------|
| 63,974 | (51,789) | 12,185 |
|---------------|-----------------|---------------|

EZZ Life Science Holdings Limited

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Statement of Cash Flows For the Year Ended 30 June 2023

10 Trade and Other Payables

| | 2023 \$ | 2022 \$ |
|---|------------------|------------------|
| CURRENT | | |
| Trade payables - non-related parties | 1,317,943 | 529,141 |
| Trade payable to related entity - Australian United Pharmaceuticals Pty Ltd | 819,130 | 1,859,713 |
| Other payables | 69,170 | 43,800 |
| | 2,206,243 | 2,432,654 |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

11 Leases

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

| | 2023 \$ | 2022 \$ |
|---------------------------------------|------------------|------------------|
| Interest expense on lease liabilities | (9,510) | (3,809) |
| Depreciation of right-of-use assets | (163,283) | (103,227) |
| | (172,793) | (107,036) |

Statement of Cash Flows

| | 2023 \$ | 2022 \$ |
|-------------------------------|------------------|------------------|
| Total cash outflow for leases | (170,833) | (108,000) |

Lease Liabilities disclosure

| | 2023 \$ | 2022 \$ |
|---------------------------------|----------------|------------|
| Lease liabilities - current | 354,736 | 104,571 |
| Lease liabilities – non-current | 123,856 | - |

Statement of Cash Flows

For the Year Ended 30 June 2023

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

| | < 1 year \$ | 1 - 5 years \$ | > 5 years \$ | Total undiscounted lease liabilities \$ | Lease liabilities included in Statement of Financial Position \$ |
|-------------------|----------------|-------------------|-----------------|--|--|
| 2023 | | | | | |
| Lease liabilities | 377,000 | 125,667 | - | 502,667 | |
| Interest Expense | (22,264) | (1,811) | - | (24,075) | |
| | 354,736 | 123,856 | - | 478,592 | 478,592 |
| 2022 | | | | | |
| Lease liabilities | 108,000 | - | - | 108,000 | |
| Interest Expense | (3,429) | - | - | (3,429) | |
| | 104,571 | - | - | 104,571 | 104,571 |

12 Employee Entitlements

| | 2023 \$ | 2022 \$ |
|--|---------------|---------------|
| Current liabilities | | |
| Provision for annual leave | 34,780 | 20,596 |
| Superannuation payable | 25,060 | 16,098 |
| Provision for short-term incentive bonus | 21,300 | - |
| | 81,140 | 36,694 |

13 Issued Capital

| | 2023 Number of shares | 2023 \$ | 2022 Number of shares | 2022 \$ |
|---|-----------------------------|------------------|-----------------------------|------------------|
| Ordinary shares fully paid | | | | |
| At the beginning of the year | 42,000,000 | 5,667,219 | 42,000,000 | 5,667,219 |
| Shares issued under employee share plan | 705,000 | 331,351 | 760,000 | 156,275 |
| Total ordinary shares fully paid | 42,705,000 | 5,998,570 | 42,760,000 | 5,823,494 |

(a) Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

Statement of Cash Flows

For the Year Ended 30 June 2023

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

14 Dividends

There were two Dividends paid during 2023 Financial Year.

A fully franked final dividend of 0.45 cents per ordinary share was declared on 11 October 2022 and paid on 16 December 2022, resulting in a total dividend payment of \$192,420 based on the number of ordinary shares on issue.

A fully franked final dividend of 0.98 cents per ordinary share was declared on 15 May 2023 and paid on 23 June 2023, resulting in a total dividend payable of \$418,509 based on the number of ordinary shares on issue.

Franking account

| | 2023 | 2022 |
|---|------------------|------------------|
| | \$ | \$ |
| The franking credits available for subsequent financial years at a tax rate of 25% (2022: 25%) | 2,820,730 | 1,981,891 |

The above available balance is based on the dividend franking account at year-end adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

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Statement of Cash Flows For the Year Ended 30 June 2023

15 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of EZZ Life Science Holdings Limited during the year are as follows.

| | 2023 | 2022 |
|--|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 488,940 | 532,623 |
| Post-employment benefits | 15,952 | 15,487 |
| Provision for short-term incentive bonus | 21,300 | - |
| | 526,192 | 548,110 |

16 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 15.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

The Company purchases inventory from related entities, Australian United Pharmaceuticals Pty Ltd.

The Company has entered into a lease agreement for its current property from a related party, Parramatta Asset Management Pty Ltd.

The Company has entered into a lease agreement for its office from a related party, WM Group Trust.

Amounts payable to related parties are disclosed in Note 10 and details of transactions with related parties are summarised below:

| | 2023 | 2022 |
|--|-----------|-----------|
| | \$ | \$ |
| Australian United Pharmaceuticals Pty Ltd | | |
| Inventory purchases | 3,458,284 | 4,816,278 |
| Parramatta Asset Management Pty Ltd | | |
| Warehouse lease | 108,000 | 108,000 |
| Due Books Pty Ltd | | |
| Legal services | - | 12,120 |
| WM Group Trust | | |
| Premises rent | 62,833 | - |

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Statement of Cash Flows For the Year Ended 30 June 2023

17 Auditors' Remuneration

| | 2023 \$ | 2022 \$ |
|---|---------------|---------------|
| Remuneration of the auditor Rothsay Audit & Assurance Pty Ltd, for: | | |
| - auditing or reviewing the financial statements | 27,500 | 25,750 |
| - other assurance services | - | 5,000 |
| Total | 27,500 | 30,750 |

18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2023 (30 June 2022: None).

19 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

| | 2023 \$ | 2022 \$ |
|--|------------------|------------------|
| Profit after income tax | 3,629,727 | 1,312,418 |
| Non-cash flows in profit: | | |
| - depreciation | 182,043 | 118,341 |
| - unrealised foreign exchange gains | (215,153) | - |
| - share based payments | 175,884 | 156,275 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | 906,170 | (105,027) |
| - (increase)/decrease in inventories | (534,519) | (40,788) |
| - (increase)/decrease in other assets | (38,796) | (481,714) |
| - (increase)/decrease in deferred tax assets | 81,166 | 36,585 |
| - increase/(decrease) in trade and other payables | (215,646) | 778,715 |
| - increase/(decrease) in income taxes | 49,614 | 62,789 |
| - increase/(decrease) in employee entitlements | 23,145 | 4,338 |
| - increase/(decrease) in deferred tax liabilities | (29,376) | 59,798 |
| Cashflows from operations | 4,014,259 | 1,901,730 |

20 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial year.