

# 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 2022                                      |
| Previous Corresponding Period | 30 June 2021                                      |

#### • RESULTS FOR ANNOUNCEMENT TO THE MARKET

| Key information   | 12 months ended<br>Current Period<br>\$ | 12 months ended<br>Previous Period<br>\$ | Increase<br>% | Amount<br>change<br>\$ |
|---|---|--|---------------|------------------------|
| Revenues from ordinary activities                                 | 15,022,026                              | 22,287,078                               | -32.6%        | 7,265,052              |
| Profit from ordinary activities after tax attributable to members | 1,312,420                               | 2,030,606                                | -35.4%        | 718,186                |
| Net profit for the period attributable to members                 | 1,312,420                               | 2,030,606                                | -35.4%        | 718,186                |

#### • COMMENTARY ON RESULTS

Despite the significant market uncertainties brought on by the pandemic related lockdowns in the first half of the financial year, the Company remained disciplined and continued to work towards its long-run growth objectives, which delivered a successful conclusion to FY22. The establishment of diversified distribution channels led to a substantial improvement in revenue and cash flow from operations in 2H FY22 and has the Company in a robust financial position for future growth.

##### (a) Highlights

- Rapid revenue recovery in the 2H FY22 from the 1H FY22, with FY22 revenue totalling \$15,022,026
- Strong upturn in normalised EBITDA in 2H FY22 leading to total normalised EBITDA of \$1,760,741 in FY22
- Substantial improvement in cashflow from operating activities by 7.5 times, to \$1,901,730 in FY22 compared to FY21
- Significant optimisation of cashflow conversion rate from 0.1 in FY21 to 1.4 in FY22
- Strong cash position of \$10.5 million as at 30 June 2022, representing an 18% increase from 30 June 2021
- Nil external interest-bearing debt other than lease liabilities

##### (b) Key revenue drivers

The Company's revenue declined by 33% from \$22,287,078 in FY21 to \$15,022,026 in FY22 largely due to the continuing impacts of the pandemic. However, overall, the second half of FY22 saw a strong rebound in sales revenue for EZZ products, with a 24% increase compared the previous corresponding period as well as a 96% increase when compared to the first half of FY22.

## Segment performance

The revenue contribution from EZZ branded products reduced by 28% from \$11,369,044 in FY21 to \$8,138,851 in FY22, representing 54% of the total revenue in FY22. This was mainly driven by a combination of the following events:

- The revenue generated through Tmall Global as a key distribution channel, which contributed 43% of the total revenue in 2021, dropped by 76% to \$2,324,652 in FY22, representing only 15% of total revenue. This happened after Alibaba Group Holdings Limited was penalized by market regulators as China stepped up antitrust scrutiny in the technology sector in 2021. The decrease in revenue through Tmall Global in 1H FY22 was progressively recovered in 2H FY22.
- On 8 June 2022, the Company commenced a cross-border e-commerce store on Douyin, mainland China's version of TikTok, as an alternate direct-to-customer channel to Tmall Global. Revenue growth from this new channel exceeded management's expectations in the first month of operation. Douyin is expected to become another key e-commerce platform along with Tmall Global and reduce the level of concentration on single e-commerce platforms in China's market.
- The Company expanded the EZZ branded product range by introducing 7 new products with 3 products contributing 16% of total revenue in FY22 and 4 products launched at the end of FY22. L-Lysine Growth Capsule was introduced in July 2021 and represents another successful high margin product which contributed 27% to the revenue from EZZ branded products.

Revenue generated from sales of EAORON branded products also reduced by 37% from \$10,918,034 in FY21 to \$6,883,175 in FY22, contributing 46% of total revenue in FY22. This was largely due to COVID-19's adverse impact on the trading footfall of retail outlets, which is the primary distribution channel of EAORON branded products across Australia and New Zealand.

## Geographical performance

Revenue from Australia and New Zealand represented 63% of the total revenue in FY22 as compared to 54% in FY21.

The revenue from international markets represented 37% of the total revenue in FY22 as compared to 46% in FY21. Revenue from international markets was primarily attributable to sales from China.

### (c) Profitability

Gross margin decreased from 56% in FY21 to 50% in FY22.

- The average gross margin for EZZ branded products was 67% in FY22, compared to 82% in FY21, with the decrease resulting from a change in the revenue mix towards lower margin products. The increase in sales of lower margin products was part of the strategy to boost penetration into the grocery retailer market and create brand awareness. During the period advertising expenses were reduced significantly.
- The average gross margin on the EAORON branded products increased from 29% to 30% due to Australian United Pharmaceuticals Pty Ltd's promotional pricing on selected products and the focus on distributing higher margin products of the EAORON brand.

Although EBITDA (excluding other income) decreased by 35% from \$2,698,438 in FY21 to \$1,760,741 in FY22, the EBITDA margin remained largely in line with the previous year at 11%. Disciplined cost control and capital allocation remained a focus throughout the year, while advertising and marketing expenses were managed at approximately 20% of revenue in FY22.

|                                       | 2022      | 2021      |
|---------------------------------------|-----------|-----------|
|                                       | \$        | \$        |
| Profit for the year                   | 1,312,418 | 2,030,606 |
| Other income                          | (141,853) | (174,589) |
| Depreciation and amortisation expense | 118,341   | 125,518   |
| Finance expense                       | 4,436     | 10,752    |
| Income tax expense                    | 467,399   | 706,151   |
| EBITDA (excluding other income)       | 1,760,741 | 2,698,438 |

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.

Management fees and other expenses increased in FY22 to support the development of eCommerce capabilities, maintain the Company's ASX listing and explore opportunities for future growth.

**(d) Financial Position**

The Company recorded a strong cash position of \$10,464,841 as at 30 June 2022, representing an increase of 18% from \$8,853,644 on 30 June 2021. 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**

Notwithstanding the decrease in revenue and profits, operating cash flow increased by 7.5 times from \$253,533 in FY21 to \$1,901,731 in FY22. This was mainly attributable to the Company's strategic decision to reduce advertising and marketing expenditure on the Tmall platform, as well as the reduction of payments to suppliers associated with the decrease in the sales of the EAORON branded products.

**• DETAILS OF DIVIDEND REINVESTMENT PLANS**

Not Applicable

**• NET TANGIBLE ASSETS PER SHARE**

|  | Current Period | Previous Period |
|--|----------------|-----------------|
|  | \$             | \$              |
| Net tangible asset backing per ordinary security | 0.27           | 0.24            |

**• 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 an unmodified opinion is expected to be issued.

- **ATTACHMENTS**

The preliminary financial report of the Company for the year ended 30 June 2022 is attached.

The Company advises that its Annual General Meeting will be held on 22 November 2022 and the closing date for receipt of nominations from persons wishing to be considered for election as a director, is 30 September 2022.

As authorized by the Board of Directors



Qizhou Qin  
Executive Director

31 August 2022

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# **EZZ Life Science Holdings Limited**

**ACN 608 363 604**

## **Preliminary Final Report**

**For the Year Ended 30 June 2022**

# EZZ Life Science Holdings Limited

ACN 608 363 604

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

|   | Note | 2022<br>\$       | 2021<br>\$       |
|---|------|------------------|------------------|
| Revenue                                 | 2    | 15,022,026       | 22,287,078       |
| Other income                            | 2    | 141,853          | 174,589          |
| Cost of sales                           |      | (7,513,521)      | (9,828,267)      |
| Advertising and marketing expense       |      | (2,968,794)      | (7,843,387)      |
| Depreciation and amortisation expense   |      | (118,341)        | (125,519)        |
| Employee benefits expense               |      | (895,934)        | (682,117)        |
| Finance expenses                        |      | (4,436)          | (10,752)         |
| Management fees                         |      | (278,454)        | (156,429)        |
| Other expenses                          |      | (1,604,582)      | (1,078,439)      |
| Profit before income tax                |      | 1,779,817        | 2,736,757        |
| Income tax expense                      | 3    | (467,399)        | (706,151)        |
| <b>Profit for the year</b>              |      | <b>1,312,418</b> | <b>2,030,606</b> |
| <b>Other comprehensive income</b>       |      |                  |                  |
| Other comprehensive income              |      | -                | -                |
| Total comprehensive income for the year |      | 1,312,418        | 2,030,606        |
| <b>Earnings per share</b>               |      |                  |                  |
|   |      | <b>Cents</b>     | <b>Cents</b>     |
| Basic earnings per share                | 5    | 3.09             | 5.98             |
| Diluted earnings per share              | 5    | 3.09             | 5.98             |

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 Financial Position As At 30 June 2022

|                                      | Note | 2022<br>\$        | 2021<br>\$        |
|--------------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                        |      |                   |                   |
| <b>CURRENT ASSETS</b>                |      |                   |                   |
| Cash and cash equivalents            | 6    | 10,464,841        | 8,853,644         |
| Trade and other receivables          | 7    | 2,293,815         | 2,188,788         |
| Inventories                          |      | 312,399           | 271,611           |
| Other assets                         |      | 901,710           | 419,996           |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>13,972,765</b> | <b>11,734,039</b> |
| <b>NON-CURRENT ASSETS</b>            |      |                   |                   |
| Plant and equipment                  | 8    | 148,682           | 131,598           |
| Intangible assets                    |      | 18,848            | 11,348            |
| Deferred tax assets                  | 9    | 125,102           | 161,687           |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>292,632</b>    | <b>304,633</b>    |
| <b>TOTAL ASSETS</b>                  |      | <b>14,265,397</b> | <b>12,038,672</b> |
| <b>LIABILITIES</b>                   |      |                   |                   |
| <b>CURRENT LIABILITIES</b>           |      |                   |                   |
| Trade and other payables             | 10   | 2,432,654         | 1,638,200         |
| Current tax liabilities              | 9    | 242,891           | 180,102           |
| Lease liabilities                    | 11   | 104,571           | 79,012            |
| Employee entitlements                | 12   | 36,694            | 32,262            |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>2,816,810</b>  | <b>1,929,576</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |      |                   |                   |
| Deferred tax liabilities             | 9    | 61,128            | 1,330             |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>61,128</b>     | <b>1,330</b>      |
| <b>TOTAL LIABILITIES</b>             |      | <b>2,877,938</b>  | <b>1,930,906</b>  |
| <b>NET ASSETS</b>                    |      | <b>11,387,459</b> | <b>10,107,766</b> |
| <b>EQUITY</b>                        |      |                   |                   |
| Issued capital                       | 13   | 5,823,494         | 5,667,219         |
| Retained earnings                    |      | 5,563,965         | 4,440,547         |
| <b>TOTAL EQUITY</b>                  |      | <b>11,387,459</b> | <b>10,107,766</b> |

The above Statement of Financial Position 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 2022

2022

|  | Issued<br>Capital<br>\$ | Retained<br>Earnings<br>\$ | Total<br>\$       |
|--|-------------------------|----------------------------|-------------------|
| <b>Balance at 1 July 2021</b>                                | <b>5,667,219</b>        | <b>4,440,547</b>           | <b>10,107,766</b> |
| Profit for the year  | -                       | 1,312,418                  | 1,312,418         |
| Other comprehensive gain/(loss) for the year                 | -                       | -                          | -                 |
| Share payment reserve – ESP 2021                             | 156,275                 | -                          | 156,275           |
| Dividend paid  | -                       | (189,000)                  | (189,000)         |
| <i>Transactions with owners in their capacity as owners:</i> |                         |                            |                   |
| Capital contribution from IPO, net of transaction costs      | -                       | -                          | -                 |
| <b>Balance at 30 June 2022</b>                               | <b>5,823,494</b>        | <b>5,563,965</b>           | <b>11,387,459</b> |

2021

|  | Issued<br>Capital<br>\$ | Retained<br>Earnings<br>\$ | Total<br>\$       |
|--|-------------------------|----------------------------|-------------------|
| <b>Balance at 1 July 2020</b>                                | <b>100</b>              | <b>2,409,941</b>           | <b>2,410,041</b>  |
| Profit for the year  | -                       | 2,030,606                  | 2,030,606         |
| Other comprehensive gain/(loss) for the year                 | -                       | -                          | -                 |
| <i>Transactions with owners in their capacity as owners:</i> |                         |                            |                   |
| Capital contribution from IPO, net of transaction costs      | 5,667,119               | -                          | 5,667,119         |
| <b>Balance at 30 June 2021</b>                               | <b>5,667,219</b>        | <b>4,440,547</b>           | <b>10,107,766</b> |

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 Cash Flows For the Year Ended 30 June 2022

|  | 2022                       | 2021                    |
|--|----------------------------|-------------------------|
| Note   | \$                         | \$                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                 |                            |                         |
| Receipts from customers                                      | 15,877,602                 | 23,846,355              |
| Receipts from Government incentives                          | 141,484                    | 174,589                 |
| Payments to suppliers and employees                          | (13,804,695)               | (22,662,725)            |
| Interest paid  | (4,436)                    | (10,752)                |
| Income tax paid  | (308,225)                  | (1,093,934)             |
| Net cash provided by/(used in) operating activities          | 19 <u>1,901,730</u>        | <u>253,533</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                 |                            |                         |
| Payment for intangible assets                                | (7,500)                    | (10,150)                |
| Purchase of plant and equipment                              | (5,676)                    | (5,967)                 |
| Net cash provided by/(used in) investing activities          | <u>(13,176)</u>            | <u>(16,117)</u>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                 |                            |                         |
| Payment of lease liabilities                                 | (104,190)                  | (107,265)               |
| Proceeds from issuing shares                                 | -                          | 6,000,000               |
| Dividends paid   | (173,167)                  | -                       |
| Share issue transaction costs                                | -                          | (449,839)               |
| Net cash provided by/(used in) financing activities          | <u>(277,357)</u>           | <u>5,442,896</u>        |
| Net increase/(decrease) in cash and cash equivalents held    | 1,611,197                  | 5,680,312               |
| Effects of movements in forex                                | -                          | (1,494)                 |
| Cash and cash equivalents at the beginning of financial year | <u>8,853,644</u>           | <u>3,174,826</u>        |
| Cash and cash equivalents at the end of financial year       | 6 <u><u>10,464,841</u></u> | <u><u>8,853,644</u></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

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 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

|   | 2022              | 2021              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| Revenue   |                   |                   |
| - sale of goods – recognised at a point in time | <u>15,022,026</u> | 22,287,078        |
|   | <u>15,022,026</u> | <u>22,287,078</u> |

|                      | 2022           | 2021           |
|----------------------|----------------|----------------|
|                      | \$             | \$             |
| Other Income         |                |                |
| - Interest income    | 369            | -              |
| - Government subsidy | <u>141,484</u> | 174,589        |
|                      | <u>141,853</u> | <u>174,589</u> |

### 3 Income Tax Expense

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

|   | 2022           | 2021           |
|---|----------------|----------------|
|   | \$             | \$             |
| Current tax expense   | 371,016        | 749,820        |
| Deferred tax expense relating to temporary differences      | 96,383         | (162,920)      |
| Deferred tax expense resulting from reduction in tax rate   | -              | 6,732          |
| Income tax expense relating to IPO costs directly in equity | -              | 116,958        |
| Over provision for income tax in prior year                 | -              | (4,439)        |
| <b>Total income tax expense</b>                             | <u>467,399</u> | <u>706,151</u> |

# EZZ Life Science Holdings Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2022

(b) Reconciliation of income tax to accounting profit:

|  | 2022<br>\$     | 2021<br>\$     |
|--|----------------|----------------|
| Prima facie tax payable on profit from ordinary activities before income tax at 25%<br>(2021: 26%) | 444,954        | 711,557        |
| Tax effect of:   |                |                |
| - non-deductible depreciation and amortisation   | 1,097          | 1,520          |
| - share based payments   | 39,069         | -              |
| - other non-deductible expenses  | 1,274          | 699            |
| - non-assessable income  | (18,995)       | (9,918)        |
| - over provision for income tax in prior year  | -              | (4,439)        |
| - rise in opening deferred taxes resulting from reduction in tax rate                              | -              | 6,732          |
| <b>Income tax expense</b>  | <b>467,399</b> | <b>706,151</b> |

#### 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.

# EZZ Life Science Holdings Limited

ACN 608 363 604

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### (e) Segment Revenues

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

|               | Brought in Lines |                  | Company Owned    |                  | Total            |                   |
|---------------|------------------|------------------|------------------|------------------|------------------|-------------------|
|               | 2022             | 2021             | 2022             | 2021             | 2022             | 2021              |
|               | \$               | \$               | \$               | \$               | \$               | \$                |
| Revenue       | 6,883,175        | 10,918,034       | 8,138,851        | 11,369,044       | 15,022,026       | 22,287,078        |
| Cost of Sales | (4,816,277)      | (7,798,812)      | (2,697,244)      | (2,029,455)      | (7,513,521)      | (9,828,267)       |
| <b>Total</b>  | <b>2,066,898</b> | <b>3,119,222</b> | <b>5,441,607</b> | <b>9,339,589</b> | <b>7,508,505</b> | <b>12,458,811</b> |

### (f) Geographical information

|                           | Revenue           |                   |
|---------------------------|-------------------|-------------------|
|                           | 2022              | 2021              |
|                           | \$                | \$                |
| Australia and New Zealand | 9,433,936         | 12,006,707        |
| Mainland China            | 4,349,374         | 10,130,032        |
| Other countries/regions   | 1,238,716         | 150,339           |
| <b>Total</b>              | <b>15,022,026</b> | <b>22,287,078</b> |

### 5 Earnings Per Share

|                                    | 2022 | 2021 |
|------------------------------------|------|------|
|                                    | \$   | \$   |
| Basic earnings per share (cents)   | 3.09 | 5.98 |
| Diluted earnings per share (cents) | 3.09 | 5.98 |

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 | 1,312,419 | 2,030,606 |
| Earnings for the purpose of diluted earnings per share  | 1,312,419 | 2,030,606 |

#### **Number of shares**

|  |            |            |
|--|------------|------------|
| Weighted average number of shares used in calculating basic earnings per share   | 42,510,137 | 33,945,205 |
| Weighted average number of shares used in calculating diluted earnings per share | 42,510,137 | 33,945,205 |

# EZZ Life Science Holdings Limited

ACN 608 363 604

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 6 Cash and Cash Equivalents

|                          | 2022              | 2021      |
|--------------------------|-------------------|-----------|
|                          | \$                | \$        |
| Cash at bank and in hand | <b>10,464,841</b> | 8,853,644 |
|                          | <b>10,464,841</b> | 8,853,644 |

### 7 Trade and Other Receivables

|                   | 2022             | 2021      |
|-------------------|------------------|-----------|
|                   | \$               | \$        |
| CURRENT           |                  |           |
| Trade receivables | <b>2,282,916</b> | 2,047,618 |
| Other receivables | <b>10,899</b>    | 141,170   |
|                   | <b>2,293,815</b> | 2,188,788 |

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.

# EZZ Life Science Holdings Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2022

### 8 Plant and Equipment

|                                 | 2022<br>\$     | 2021<br>\$     |
|---------------------------------|----------------|----------------|
| Motor vehicles                  |                |                |
| At cost                         | 90,000         | 90,000         |
| Accumulated depreciation        | (53,462)       | (41,282)       |
| <b>Total motor vehicles</b>     | <b>36,538</b>  | <b>48,718</b>  |
| Office equipment                |                |                |
| At cost                         | 3,679          | -              |
| Accumulated depreciation        | (591)          | -              |
| <b>Total office equipment</b>   | <b>3,088</b>   | <b>-</b>       |
| Computer equipment              |                |                |
| At cost                         | 10,507         | 8,510          |
| Accumulated depreciation        | (5,251)        | (2,909)        |
| <b>Total computer equipment</b> | <b>5,256</b>   | <b>5,601</b>   |
| Right-of-Use                    |                |                |
| At cost                         | 129,750        | 154,555        |
| Accumulated depreciation        | (25,950)       | (77,276)       |
| <b>Total right-of-use</b>       | <b>103,800</b> | <b>77,279</b>  |
|                                 | <b>148,682</b> | <b>131,598</b> |

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<br>\$ | Office<br>Equipment<br>\$ | Computer<br>Equipment<br>\$ | Right-of-Use<br>\$ | Total<br>\$    |
|---------------------------------------|----------------------|---------------------------|-----------------------------|--------------------|----------------|
| <b>Year ended 30 June 2022</b>        |                      |                           |                             |                    |                |
| Balance at the beginning of the year  | 48,718               | -                         | 5,601                       | 77,279             | 131,598        |
| Additions                             | -                    | 3,679                     | 1,997                       | 52,471             | 58,147         |
| Depreciation                          | (12,180)             | (591)                     | (2,342)                     | (25,950)           | (41,063)       |
| <b>Balance at the end of the year</b> | <b>36,538</b>        | <b>3,088</b>              | <b>5,256</b>                | <b>103,800</b>     | <b>148,682</b> |

# EZZ Life Science Holdings Limited

ACN 608 363 604

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 9 Tax Assets and Liabilities

|                    | 2022           | 2021           |
|--------------------|----------------|----------------|
|                    | \$             | \$             |
| Income tax payable | 242,891        | 180,102        |
|                    | <u>242,891</u> | <u>180,102</u> |

|  | Opening<br>Balance | Credited /<br>(charged) to<br>Income | Closing<br>Balance |
|--|--------------------|--------------------------------------|--------------------|
|  | \$                 | \$                                   | \$                 |
| <b>Deferred tax assets</b>                   |                    |                                      |                    |
| Components of deferred tax assets are:       |                    |                                      |                    |
| Provision for annual leave                   | 4,065              | 1,084                                | 5,149              |
| IPO transaction costs                        | 149,065            | (37,268)                             | 111,797            |
| Accrued audit fee                            | 3,750              | 188                                  | 3,938              |
| Unrealised foreign exchange loss             | 373                | (373)                                | -                  |
| Superannuation payable                       | 4,001              | 24                                   | 4,025              |
| Net impact of accounting for operating lease | 433                | (240)                                | 193                |
|  | <u>161,687</u>     | <u>(36,585)</u>                      | <u>125,102</u>     |

### Deferred tax liabilities

|   |              |               |               |
|---|--------------|---------------|---------------|
| Components of deferred tax liabilities are: |              |               |               |
| Depreciation                                | 1,330        | 732           | 2,062         |
| Unrealised foreign exchange gain            | -            | 1,900         | 1,900         |
| Prepayment                                  | -            | 57,166        | 57,166        |
|   | <u>1,330</u> | <u>59,798</u> | <u>61,128</u> |

### 10 Trade and Other Payables

|   | 2022             | 2021             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>CURRENT</b>  |                  |                  |
| Trade payables - non-related parties  | 529,141          | 473,359          |
| Trade payable to related entity - Australian United Pharmaceuticals Pty Ltd | 1,859,713        | 1,116,121        |
| Other payables  | 43,800           | 48,720           |
|   | <u>2,432,654</u> | <u>1,638,200</u> |

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.

# EZZ Life Science Holdings Limited

ACN 608 363 604

## Notes to the Financial Statements

For the Year Ended 30 June 2021

### 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:

|                                       | 2022             | 2021             |
|---------------------------------------|------------------|------------------|
|                                       | \$               | \$               |
| Interest expense on lease liabilities | (3,809)          | (5,774)          |
| Depreciation of right-of-use assets   | (103,227)        | (108,070)        |
|                                       | <u>(107,036)</u> | <u>(113,844)</u> |

#### Statement of Cash Flows

|                               | 2022             | 2021             |
|-------------------------------|------------------|------------------|
|                               | \$               | \$               |
| Total cash outflow for leases | <u>(108,000)</u> | <u>(113,040)</u> |

#### 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 |
|-------------------|----------|-------------|-----------|--------------------------------------|---|
|                   | \$       | \$          | \$        | \$                                   | \$  |
| <b>2022</b>       |          |             |           |                                      |   |
| Lease liabilities | 108,000  | -           | -         | 108,000                              | 104,571   |
| <b>2021</b>       |          |             |           |                                      |   |
| Lease liabilities | 81,000   | -           | -         | 81,000                               | 79,012  |

### 12 Employee Entitlements

|                            | 2022          | 2021          |
|----------------------------|---------------|---------------|
|                            | \$            | \$            |
| Current liabilities        |               |               |
| Provision for annual leave | 20,596        | 16,259        |
| Superannuation payable     | 16,098        | 16,003        |
|                            | <u>36,694</u> | <u>32,262</u> |



## Notes to the Financial Statements

### For the Year Ended 30 June 2021

| 13 Issued Capital                                       | 2022<br>Number of shares | 2022<br>\$       | 2021<br>Number of<br>shares | 2021<br>\$ |
|---|--------------------------|------------------|-----------------------------|------------|
| <b>Ordinary shares fully paid</b>                       |                          |                  |                             |            |
| At the beginning of the year                            | 42,000,000               | 5,667,219        | 100                         | 100        |
| Shares issued under employee share plan                 | 760,000                  | 156,275          | -                           | -          |
| 100 ordinary shares split to 30,000,000 ordinary shares | -                        | -                | 29,999,900                  | -          |
| Shares issued through IPO, net of transaction costs     | -                        | -                | 12,000,000                  | 5,667,119  |
| <b>Total ordinary shares fully paid</b>                 | <b>42,760,000</b>        | <b>5,823,494</b> | 42,000,000                  | 5,667,219  |

#### (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.

#### (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.

# EZZ Life Science Holdings Limited

ACN 608 363 604

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 14 Dividends

A fully franked final dividend of 0.45 cents per ordinary share was declared on 24 September 2021 and paid on 16 December 2021, resulting in a total dividend payment of \$189,000 based on the number of ordinary shares on issue.

#### Franking account

|  | 2022             | 2021             |
|--|------------------|------------------|
|  | \$               | \$               |
| The franking credits available for subsequent financial years at a tax rate of 25% (2021: 26%) | <u>1,981,891</u> | <u>1,666,957</u> |

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.

### 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.

|                              | 2022           | 2021           |
|------------------------------|----------------|----------------|
|                              | \$             | \$             |
| Short-term employee benefits | 413,370        | 347,885        |
| Post-employment benefits     | 15,487         | 22,361         |
|                              | <u>428,857</u> | <u>370,246</u> |

## 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.

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

|  | 2022      | 2021      |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>Australian United Pharmaceuticals Pty Ltd</b> |           |           |
| Inventory purchases                              | 4,816,278 | 8,424,358 |
| <b>Australian Health Industry Co. Pty Ltd</b>    |           |           |
| Premises rent                                    | -         | 32,040    |
| <b>Parramatta Asset Management Pty Ltd</b>       |           |           |
| Premises rent                                    | 108,000   | 81,000    |
| <b>Due Books Pty Ltd</b>                         |           |           |
| Legal services                                   | -         | 8,840     |

## 17 Auditors' Remuneration

|   | 2022          | 2021          |
|---|---------------|---------------|
|   | \$            | \$            |
| Remuneration of the auditor Rothsay Audit & Assurance Pty Ltd, for: |               |               |
| - auditing or reviewing the financial statements                    | 25,750        | 25,000        |
| - other assurance services  | 5,000         | 10,000        |
| <b>Total</b>  | <u>30,750</u> | <u>35,000</u> |

## 18 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021: 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:

|  | <b>2022</b>      | <b>2021</b>    |
|--|------------------|----------------|
|  | <b>\$</b>        | <b>\$</b>      |
| Profit after income tax                              | <b>1,312,418</b> | 2,030,606      |
| Non-cash flows in profit:                            |                  |                |
| - depreciation                                       | <b>118,341</b>   | 125,518        |
| - effects of foreign exchange                        | -                | 1,494          |
| - share based payments                               | <b>156,275</b>   | -              |
| Changes in assets and liabilities:                   |                  |                |
| - (increase)/decrease in trade and other receivables | <b>(105,027)</b> | 346,080        |
| - (increase)/decrease in inventories                 | <b>(40,788)</b>  | (238,801)      |
| - (increase)/decrease in other assets                | <b>(481,714)</b> | (79,451)       |
| - (increase)/decrease in deferred tax assets         | <b>36,585</b>    | (157,518)      |
| - increase/(decrease) in trade and other payables    | <b>778,715</b>   | (1,562,504)    |
| - increase/(decrease) in income taxes                | <b>62,789</b>    | (231,596)      |
| - increase/(decrease) in employee entitlements       | <b>4,338</b>     | 18,375         |
| - increase/(decrease) in deferred tax liabilities    | <b>59,798</b>    | 1,330          |
| Cashflows from operations                            | <b>1,901,730</b> | <b>253,533</b> |

## 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.