

# **EZZ Life Science Holdings Limited**

ACN 608 363 604

## **Financial Statements**

For the Half-Year Ended 31 December 2020

# EZZ Life Science Holdings Limited

ACN 608 363 604

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For the Half-Year Ended 31 December 2020

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# EZZ Life Science Holdings Limited

ACN 608 363 604

## Directors' Report

31 December 2020

The directors present their report on EZZ Life Science Holdings Limited for the half-year ended 31 December 2020.

### 1. General information

#### Information on directors

The names of each person who has been a director during the half-year and to the date of this report are:

Qizhou Qin (appointed 1 September 2018)  
Luis Fernando Rodriguez Bravo (appointed 8 July 2020)  
Fei Wang (appointed 9 July 2020, resigned 27 October 2020)  
Phillipa Mary Lewis (appointed 27 October 2020)  
Hao Huang (appointed 27 October 2020)  
Ivan Oshry (appointed 27 October 2020)

#### Principal activities

The principal activity of EZZ Life Science Holdings Limited during the half-year were as a wholesale distributor of cosmetic products and health supplements. The Company's products include facial masks, facial creams and energizer formula.

No significant changes in the nature of the Company's activity occurred during the half-year.

### 2. Operating results and review of operations for the half-year

#### Operating results

The profit after income tax for the half-year was \$1,222,939.

#### Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

#### Review of operations

A review of the operations of the Company during the half-year and the results of those operations show a profit before tax of \$1,222,939 on revenue of \$12,701,006.

As disclosed in its prospectus dated 15 January 2021, the Company chose to discontinue one of its products, which occurred on 30 November 2020, following a recommendation of a professional industry consultant engaged by the Company. During the half-year, to 31 December 2020, revenue generated from sales of this product totalled \$6,157,086. A substitute product was introduced by the Company in January 2021. Revenues generated from sales of the substitute product in the 6 weeks since its introduction were \$1,798,441.

### 3. Other items

#### Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the half-year.

# EZZ Life Science Holdings Limited

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## Directors' Report

31 December 2020

### 3. Other items (continued)

#### Events after the reporting date

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

#### Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

#### Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.


#### Indemnification and insurance of officers and auditors

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

#### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half-year ended 31 December 2020 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Directors:

Director: .....  
  
Qizhou Qin

Dated 24 February 2021

**EZZ LIFE SCIENCE HOLDINGS LIMITED**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF *THE CORPORATIONS ACT 2001***

As lead auditor for the review of EZZ Life Science Holdings Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review: and
- No contraventions of any applicable code of professional conduct in relation to the review.



**Daniel Dalla**

Director

**Rothsay Audit & Assurance Pty Ltd**

Sydney, 24 February 2021

## EZZ Life Science Holdings Limited

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### Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2020

		31 December 2020	31 December 2019
	Note	\$	\$
Revenue	2	12,564,565	9,067,148
Other income	2	136,441	-
Cost of Sales		(5,260,355)	(7,098,387)
Advertising and marketing expense		(4,674,035)	(1,008,669)
Depreciation and amortisation expense		(65,056)	(73,353)
Finance expense		(2,512)	(3,871)
Employee benefits expense		(301,153)	(137,802)
Service fees		(20,949)	(147,825)
Other expenses		(695,012)	(63,914)
<b>Total expenses</b>		<b>(11,019,072)</b>	<b>(8,533,821)</b>
<b>Profit before income tax</b>		<b>1,681,934</b>	<b>533,327</b>
Income tax expense	3	(458,995)	(161,178)
<b>Profit for the half-year</b>		<b>1,222,939</b>	<b>372,149</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the half-year</b>		<b>1,222,939</b>	<b>372,149</b>

The accompanying notes form part of these financial statements.

# EZZ Life Science Holdings Limited

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## Statement of Financial Position

As At 31 December 2020

		31 December 2020	30 June 2020
	Note	\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	3,809,855	3,174,826
Trade and other receivables	5	1,473,259	2,534,868
Inventories		385,707	32,810
Other assets		388,422	340,545
<b>TOTAL CURRENT ASSETS</b>		<b>6,057,243</b>	<b>6,083,049</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	6	187,259	96,594
Intangible assets		9,958	1,198
Deferred tax assets	9	69,719	4,169
<b>TOTAL NON-CURRENT ASSETS</b>		<b>266,936</b>	<b>101,961</b>
<b>TOTAL ASSETS</b>		<b>6,324,179</b>	<b>6,185,010</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	1,557,986	3,200,704
Current tax liabilities	9	986,800	528,655
Lease liabilities		129,750	31,723
Employee entitlements	8	16,663	13,887
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,691,199</b>	<b>3,774,969</b>
<b>TOTAL LIABILITIES</b>		<b>2,691,199</b>	<b>3,774,969</b>
<b>NET ASSETS</b>		<b>3,632,980</b>	<b>2,410,041</b>
<b>EQUITY</b>			
Issued capital	10	100	100
Retained earnings		3,632,880	2,409,941
<b>TOTAL EQUITY</b>		<b>3,632,980</b>	<b>2,410,041</b>

The accompanying notes form part of these financial statements.

## EZZ Life Science Holdings Limited

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### Statement of Changes in Equity For the Half-Year Ended 31 December 2020

	<b>Issued Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2020</b>	<b>100</b>	<b>2,409,941</b>	<b>2,410,041</b>
Profit for the half-year	-	1,222,939	1,222,939
Transactions with owners in their capacity as owners	-	-	-
<b>Balance at 31 December 2020</b>	<b>100</b>	<b>3,632,880</b>	<b>3,632,980</b>

	<b>Issued Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2019</b>	<b>100</b>	<b>823,810</b>	<b>823,910</b>
Profit for the half-year	-	372,149	372,149
Transactions with owners in their capacity as owners	-	-	-
<b>Balance at 31 December 2019</b>	<b>100</b>	<b>1,195,959</b>	<b>1,196,059</b>

The accompanying notes form part of these financial statements.



# EZZ Life Science Holdings Limited

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## Statement of Cash Flows For the Half-Year Ended 31 December 2020

	31 December 2020	31 December 2019
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	15,126,108	10,004,627
Payments to suppliers and employees	(14,355,713)	(8,235,806)
Interest paid	(2,512)	-
Income taxes paid	(66,400)	-
Net cash provided by/(used in) operating activities	14 <u>701,483</u>	<u>1,768,821</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(1,166)	-
Acquisition of intangibles	(8,760)	-
Loans to related parties	-	(1,500,000)
Net cash provided by/(used in) investing activities	<u>(9,926)</u>	<u>(1,500,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of lease liabilities	(56,528)	(60,209)
Net cash provided by/(used in) financing activities	<u>(56,528)</u>	<u>(60,209)</u>
Net increase/(decrease) in cash and cash equivalents held	635,029	208,612
Cash and cash equivalents at beginning of half-year	<u>3,174,826</u>	<u>413,886</u>
Cash and cash equivalents at end of half-year	4 <u><u>3,809,855</u></u>	<u><u>622,498</u></u>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

### For the Half-Year Ended 31 December 2020

#### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The half-year financial report is intended to provide users with an update on the latest annual financial statements of the Company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. This financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2020.

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements.

#### 2 Revenue and Other Income

	31 December 2020	31 December 2019
	\$	\$
Revenue		
- Sale of goods	12,564,565	9,067,148
	<u>12,564,565</u>	<u>9,067,148</u>

As disclosed in its prospectus dated 15 January 2021, the Company chose to discontinue one of its products, which occurred on 30 November 2020, following a recommendation of a professional industry consultant engaged by the Company. During the half-year, to 31 December 2020, revenue generated from sales of this product totalled \$6,157,086. A substitute product was introduced by the Company in January 2021. Revenue generated from sales of the substitute product in the 6 weeks since its introduction were \$1,798,441.

	31 December 2020	31 December 2019
	\$	\$
Other Income		
- JobKeeper subsidy	45,000	-
- Grants	91,441	-
	<u>136,441</u>	<u>-</u>

#### 3 Income Tax Expense

Reconciliation of income tax to accounting profit:

	31 December 2020	31 December 2019
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2020: 30%)	462,532	159,998
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	880	1,180
- current tax of prior periods	(4,417)	-
Income tax expense	<u>458,995</u>	<u>161,178</u>

# EZZ Life Science Holdings Limited

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## Notes to the Financial Statements For the Half-Year Ended 31 December 2020

### 4 Cash and Cash Equivalents

	31 December 2020	30 June 2020
	\$	\$
Cash at bank and in hand	<b>3,809,855</b>	3,174,826
	<b>3,809,855</b>	<b>3,174,826</b>

### 5 Trade and Other Receivables

	31 December 2020	30 June 2020
	\$	\$
Current		
Trade receivables	<b>1,259,173</b>	2,339,092
Other receivables	<b>214,086</b>	195,776
	<b>1,473,259</b>	<b>2,534,868</b>

### 6 Plant and equipment

	31 December 2020	30 June 2020
	\$	\$
Motor vehicles		
At cost	<b>90,000</b>	90,000
Accumulated depreciation	<b>(33,185)</b>	(25,043)
Total motor vehicles	<b>56,815</b>	64,957
Office equipment		
At cost	<b>1,166</b>	-
Accumulated depreciation	<b>(79)</b>	-
Total office equipment	<b>1,087</b>	-
Computer equipment		
At cost	<b>2,543</b>	2,543
Accumulated depreciation	<b>(1,982)</b>	(1,700)
Total computer equipment	<b>561</b>	843
Right-of-Use		
At cost	<b>154,555</b>	153,970
Accumulated depreciation	<b>(25,759)</b>	(123,176)
Total Right-of-Use	<b>128,796</b>	30,794
	<b>187,259</b>	<b>96,594</b>

## EZZ Life Science Holdings Limited

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### Notes to the Financial Statements For the Half-Year Ended 31 December 2020

#### 7 Trade and Other Payables

	31 December 2020	30 June 2020
	\$	\$
Current		
Trade payables	426,362	686,794
Payable to related entity - Australian United Pharmaceuticals Pty Ltd	964,117	2,065,936
Payable to related entity - Australian Health Industry Co. Pty Ltd	105,732	436,970
Other payables	61,775	11,004
	<u>1,557,986</u>	<u>3,200,704</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.

#### 8 Employee Entitlements

	31 December 2020	30 June 2020
	\$	\$
Current		
Annual leave	16,663	13,887
	<u>16,663</u>	<u>13,887</u>

#### 9 Tax assets and liabilities

	31 December 2020	30 June 2020
	\$	\$
Income tax payable	986,800	528,655

#### Deferred Tax Assets

	31 December 2020	30 June 2020
	\$	\$
Deferred tax asset	69,719	4,169

# EZZ Life Science Holdings Limited

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## Notes to the Financial Statements For the Half-Year Ended 31 December 2020

### 10 Issued Capital

	31 December 2020	30 June 2020
	\$	\$
30,000,000 (30 June 2020: 100) Ordinary shares	100	100
	<u>100</u>	<u>100</u>

### 11 Related Parties

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

Key management personnel - refer to Note 12.

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 service arrangement with related entities Australian United Pharmaceuticals Pty Ltd and Australian Health Industry Co. Pty Ltd. These have ceased on the employment of the key personnel by the Company. In the half-year to 31 December 2019 the total fees recognised were \$147,825. No service fees were paid in the half-year to 31 December 2020.

The Company has subleased its premises from a related party, Australian Health Industry Co. Pty Ltd. Australian Health Industry Co. Pty Ltd is party to the master lease with the landlord. The amount paid by the Company under its sublease is based on the same square metre rate of the master lease multiplied by the portion of the premises occupied by the Company. This agreement ceased on 30 September 2020.

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 7 and details of transactions with related parties are summarised below:

	31 December 2020	31 December 2019
	\$	\$
<b>Australian United Pharmaceuticals Pty Ltd</b>		
Inventory purchases	4,972,856	7,098,387
<b>Australian Health Industry Co. Pty Ltd</b>		
Premises rent	32,040	64,080
<b>Parramatta Asset Management Pty Ltd</b>		
Premises rent	27,000	-

## EZZ Life Science Holdings Limited

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### Notes to the Financial Statements For the Half-Year Ended 31 December 2020

#### 12 Key Management Personnel Remuneration

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

	31 December 2020	31 December 2019
	\$	\$
Short-term employee benefits	117,885	-
Long-term benefits	11,199	-
	<u>129,084</u>	<u>-</u>

#### 13 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2020 (30 June 2020: None).

#### 14 Cash Flow Information

##### Reconciliation of result for the half-year to cashflows from operating activities

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

	31 December 2020	31 December 2019
	\$	\$
Profit for the half-year	1,222,939	372,149
Non-cash flows in profit:		
- depreciation	65,056	73,353
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	1,061,609	6,776
- (increase)/decrease in prepayments	(47,877)	-
- (increase)/decrease in inventories	(352,897)	-
- increase/(decrease) in trade and other payables	(1,642,718)	1,153,016
- increase/(decrease) in income taxes	392,595	161,178
- increase/(decrease) in employee benefits	2,776	2,349
Cashflows from operations	<u>701,483</u>	<u>1,768,821</u>

#### 15 Events Occurring After the Reporting Date

The financial report was authorised for issue on 24 February 2021 by the board of directors.

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

## **EZZ Life Science Holdings Limited**

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### **Notes to the Financial Statements For the Half-Year Ended 31 December 2020**

#### **16 Statutory Information**

The registered office and principal place of business of the company is:

EZZ Life Science Holdings Limited

36 Romney Road

St Ives Chase NSW 2075

## EZZ Life Science Holdings Limited

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### Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b. gives a true and fair view of the financial position and performance of the Company;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: .....  
Qizhou Qin

Dated 24 February 2021



## EZZ LIFE SCIENCE HOLDINGS LIMITED

### INDEPENDENT REVIEWER'S REPORT

To the members of EZZ Life Science Holdings Limited

#### Report on the Half-Year Financial Report

We have reviewed the half-year financial report of EZZ Life Science Holdings Limited (“the Company”), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

#### Directors’ Responsibility for the Half-Year Financial Report

The directors of the Company is responsible for the preparation of the consolidated half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor’s Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company’s financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of EZZ Life Science Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## EZZ LIFE SCIENCE HOLDINGS LIMITED

### INDEPENDENT REVIEWER'S REPORT

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of EZZ Life Science Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

#### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of EZZ Life Science Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Rothsay Audit & Assurance Pty Ltd**

Director

Sydney, 24 February 2021