

ASX ANNOUNCEMENT

26 April 2022

QUARTERLY ACTIVITIES REPORT

EZZ Life Science Holdings Limited (ASX: EZZ), is a genomic life science company with a mission to improve quality of life and human health. EZZ has a focus on genomic research and development to address four key human health challenges: genetic longevity, human papillomavirus (HPV), helicobacter pylori, and weight management. EZZ is passionate about investing in the future of consumer health through the development of e-commerce and distribution of high-quality products via omnichannel models across Australia, New Zealand, China and worldwide. EZZ presents its quarterly activity report and Appendix 4C cash flow statement for the Q3 FY22 ended 31 March 2022.

Highlights:

- Receipts from customers increased moderately by 7% from previous quarter to \$4m.
- Operating cash flows returned to positive territory and increased significantly by 120% from previous quarter to \$1.5m.
- Cash position remained robust and increased by 16% to over \$10m as at 31 March 2022.

Activities:

- Two new products were listed under ARTG¹ with TGA², which are expected to be released to the market in Q4 FY22.
- The company commenced updating the formulation for one of its existing core products - Daily Energy and Wellbeing tablet.
- Alternative direct-to-consumer distribution channels, to Tmall Global, were established during the quarter which are expected to generate revenue in Q4 FY22.

Performance:

EZZ fully recovered from a temporary interruption to its operation and closed a strong Q3 FY22 with approximately \$4m in cash inflows from customers, representing a 7% increase from the previous quarter and 21% decrease in Q3 FY21. The increase in receipts from customers was contributed by steady return of traffic volume on Tmall Global, fast growth of new eCommerce distribution channels in international markets and slow recovery of retailers in domestic markets such as Chemist Warehouse.

Operating cash flows increased by 120% from previously quarter and 236% from Q3 FY21 to approximately \$1.5M. The improvement in operating cash flows was on one hand because of the increase in the receipts from the customers, on the other hand due to lower expenditure on advertising and marketing activities as well as a decrease on payment to the manufacturer.

As at 31 March 2022, EZZ's cash balance increased by \$1.4m and closed over \$10m. Abundant cash flow allows the company to implement its strategy plan in the near future in order to accelerate its growth.

¹ Australian Register of Therapeutic Goods

² Therapeutic Goods Administration

During the quarter, EZZ developed two new products that are listed on the ARTG, which are EZZ Man Performance Capsule and EZZ Sugar metabolism. Man performance Capsule is formulated to support sperm health and motility. Sugar Metabolism helps maintain healthy blood sugar level. These two products are expected to be released in Q4 FY22.

The company also commenced updating the formulation for one of its existing core products - Daily Energy and Wellbeing tablet. Proanthocyanidins will be included as a main ingredient in the product. Proanthocyanidins, extracted from grape seeds, have been shown to provide antioxidant protection against heart disease and cancer.

As an alternate direct-to-consumer eCommerce channel, EZZ's in-app store with TikTok was established in the quarter. It is expected to start generating revenue in Q4 FY22.

Related party payments in the quarter related to the purchase of inventory from Australian United Pharmaceuticals Pty Ltd and directors' fees.

Cash inflows and outflows are reported on a gross basis, i.e., inclusive of GST.

Under Listing Rule 4.7C, the Use of Funds update from the IPO is as follows:

Use of Funds as per prospectus	Estimated expenditure (\$ 000')	Actual expenditure (\$ 000')	Comment
Software development	100	17	Commenced
Additional market expansion	1,375	139	Commenced
Manufacturing facility	2,460	39	Commenced
Research & development	450	67	Commenced
Experimental concept store	800	Nil	To commence
Cost of Offer	768	747	Completed
Additional working capital	47	Nil	To commence
Total	6,000	1,009	

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

For further information, please contact:

Investor Relations

<https://www.ezzlife.com.au/investors>

ir@ezzlife.com.au

For personal use only

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

EZZ Life Sciences Limited

ABN

88 608 363 604

Quarter ended ("current quarter")

31 Mar 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,976	11,279
1.2 Payments for		
(a) research and development	(55)	(60)
(b) product manufacturing and operating costs	(1,542)	(5,560)
(c) advertising and marketing	(304)	(1,594)
(d) leased assets	-	-
(e) staff costs	(239)	(802)
(f) administration and corporate costs	(277)	(1,358)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	(94)	(224)
1.7 Government grants and tax incentives	-	106
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,464	1,784

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	
(b) businesses	-	
(c) property, plant and equipment	(4)	(4)
(d) investments	-	-
(e) intellectual property	-	(8)

For personal use only

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	-	-
(j) investments	-	-
(k) intellectual property	-	-
(l) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(4)	(12)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	
3.3 Proceeds from exercise of options	-	
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(26)	(79)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	(5)	(172)
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(31)	(251)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	8,946	8,854
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,464	1,784
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4)	(12)

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(31)	(251)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	10,375	10,375

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,375	8,946
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,375	8,946

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	966
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

For personal use only

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,464
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,375
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	10,375
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:26 April 2022.....

Authorised by:Board of EZZ Life Science Holdings Limited.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.