

EZZ Life Science Holdings Limited

ACN 608 363 604

Audited financial statements as at 30 June 2022

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Corporate Directory

Directors	Glenn Cross, Non-Executive Chair Qizhou Qin, Chief Operating Officer and Interim Chief Executive Officer Ivan Oshry, LLB, Non-Executive Director Hao Huang, Non-Executive Director
Company secretary	Natalie Climo, LLB
Registered office	104 Derby Street, Silverwater, NSW 2128, Australia 02 9160 2305
Principle place of business	104 Derby Street, Silverwater, NSW 2128, Australia
Share register	Boardroom Pty Limited Level 12, 225 George Street, Sydney, NSW 2000 1300 737 760
Auditor	Rothsay Audit & Assurance Pty Ltd Level 1, 6-10 O'Connell Street, Sydney, NSW 2000
Stock exchange listing	EZZ Life Science Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: EZZ)
Website	www.ezzlife.com.au

Director's Report

The directors present their report on EZZ Life Science Holdings Limited (referred to hereafter as the 'Company') for the financial year ended 30 June 2022.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Glenn Cross	(appointed 30 November 2021)
Qizhou Qin	(appointed 1 September 2019)
Ivan Oshry	(appointed 27 October 2020)
Hao Huang	(appointed 27 October 2020)
Luis Rodrigues-Bravo	(appointed 8 July 2020, resigned 8 October 2021)
Philippa Lewis	(appointed 27 October 2020, resigned 23 November 2021)

Company secretary

Ms Natalie Climo	(appointed 8 July 2020)
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Principal activities

During the financial year the principal activities of the Company included

- formulation, production, marketing and sale of the EZZ branded health and wellbeing products to retailers and consumers domestically and internationally, and
- wholesale distribution of the EAORON branded skin care products to retailers in Australia and New Zealand.

Dividends

The following dividends have been paid by the company or resolved to be paid by the directors since the commencement of the financial year ended 30 June 2022:

Financial year ended 30 June	2021 (\$)	2022 (\$)
Out of the profits for the year ended 30 June 2021 and retained earnings on the fully-paid ordinary shares:		
Fully-franked final ordinary dividend of 0.45 cents per share paid on 16 December 2021	-	189,000

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

There have been no matters that have arisen subsequent to the end of the financial year to report on.

Likely developments and expected results of operations

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.

Director's Report

Environmental regulation

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.

Information on directors

<p>Glenn Cross Independent Non-executive Chair and Director</p>	<p>Experience Mr. Cross has 40 years' experience in life science sector domestically and internationally, including over 20 years in senior executive capacity. He was formerly CEO and COO of AusBiotech over 13 years.</p> <p>Qualification Diploma Applied Science Member of the Australian Institute of Company Directors</p> <p>Board committee membership</p> <ul style="list-style-type: none"> • Member of the Audit & Risk Committee • Member of the Nomination, Remuneration and Human Resources Committee <p>Directorship of listed entities within the past three years</p> <ul style="list-style-type: none"> • Nil
<p>Qizhou Qin Chief Operating Officer and Executive Director</p>	<p>Experience Mr. Qin is a co-founder of the Company with a track record of success in the skin care and health supplements industries. He has a strong background in management consulting and extensive experience in sales and marketing. Prior to co-founding the Company in 2018, he co-founded a multi award winning marketing consulting firm, CE International, which was rated as one of the "Top 10 Consulting Firms in China" in 2010. Prior to that, he was personally awarded as the "Top Research Analyst" by the Sales and Marketing Magazine in 2006. Mr. Qin also authored five books in sales and marketing for the consumer health industry between 2003 and 2008.</p> <p>Qualification Mr. Qin holds a Bachelor of Human Resource Management from the Beijing Wuzi University.</p> <p>Board committee membership</p> <ul style="list-style-type: none"> • Nil <p>Directorship of listed entities within the past three years</p> <ul style="list-style-type: none"> • Nil
<p>Ivan Oshry Independent Non-executive Director</p>	<p>Experience Mr. Oshry has more than 30 years of experience of legal practice in Australia and internationally, specialising in commercial and corporate law. Mr. Oshry was formerly a senior partner at Fluxmans Attorneys in Johannesburg and headed up the corporate department at Kemp Strang (which was merged with Thomson Geer) in Sydney.</p> <p>Qualification Mr. Oshry holds a Bachelor of Arts and LLB degree from the University of Natal.</p> <p>Board committee membership</p> <ul style="list-style-type: none"> • Chair of Audit and Risk Committee • Member of Nomination, Remuneration and Human Resources Committee

Director's Report

		<p>Directorship of listed entities within the past three years</p> <ul style="list-style-type: none"> Non-executive director of Success Global Media Limited (delisted on 3 February 2020) from 2015 to current Non-executive chair of Halo Technologies Holdings Limited (ASX: HAL) from 2021 to current
Hao Huang Independent Director	Non-executive	<p>Experience</p> <p>Ms. Huang has over 20 years of experience in the wealth management and banking industry. She has been working with Citi Group Australia since 2017 as Vice President of the APAC Desk of the Investment Partnerships Division.</p> <p>Qualification</p> <p>Ms. Huang holds a bachelor degree in business management from the University of Technology Sydney.</p> <p>Board committee membership</p> <ul style="list-style-type: none"> Chair of Nomination, Remuneration and Human Resources Committee Member of Audit and Risk Committee <p>Directorship of listed entities within the past three years</p> <ul style="list-style-type: none"> Nil

Information on Company Secretary

Natalie Climo Company Secretary	<p>Experience</p> <p>Ms. Climo is an experienced company secretary and lawyer. She has acted as company secretary to a range of listed and unlisted Australian and foreign companies and has experience in governance and board management.</p> <p>Qualification</p> <p>Ms. Climo and holds both a Bachelor of Laws from QUT and a Certificate in Governance Practice from GIA.</p>
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Meetings of directors

The number of meetings of the Company's Board of directors and of each Board committee held during the financial year ended 30 June 2022, and the number of meetings attended by each director were:

	Board		Audit and Risk Committee		Nomination, Remuneration and Human Resource Committee	
	A	B	A	B	A	B
Glenn Cross	5	5	3	3	1	1
Qizhou Qin	15	15	-	-	-	-
Ivan Oshry	15	15	4	4	1	1
Hao Huang	15	15	4	4	1	1
Phillipa Mary Lewis	10	10	-	-	-	-
Luis F Rodriguez Bravo	2	2	-	-	-	-

A. Number of meetings held during the time the director held office or was a member of the committee during the financial year.

B. Number of meetings attended.

Remuneration Report (Audited)

The Directors are pleased to present the FY22 Remuneration Report, outlining the Board's approach to the remuneration for its Key Management Personnel (referred to hereafter as the 'KMP').

1 Details of KMP

KMP include the directors and the executive officers of the Company who have authority and responsibility for planning, directing and controlling the activity of the Company. Figure 1 summarises all the KMP and their titles as at 30 June 2022.

Figure 1: KMP

Current KMP	Position	Time in Role ¹
Non-executive directors		
Glen Cross	<ul style="list-style-type: none"> Non-executive Chair Member of Audit and Risk Committee Member of Nomination, Remuneration and Human Resources Committee 	Appointed on 30 November 2021
Ivan Oshry	<ul style="list-style-type: none"> Non-Executive Director Chair of Audit and Risk Committee Member of Nomination, Remuneration and Human Resources Committee 	Full financial year
Hao Huang	<ul style="list-style-type: none"> Non-Executive Director, Chair of Nomination, Remuneration and Human Resources Committee Member of Audit and Risk Committee 	Full financial year
Executive directors		
Qizhou Qin	<ul style="list-style-type: none"> Executive Director and Chief Operating Officer Interim CEO 	Full financial year Since 8 October 2021
Executive officers		
Anthony Guarna	Chief Financial Officer	Appointed on 29 October 2021
Former KMP		
Luis Rodrigues-Bravo	Executive Director and Chief Executive Officer	Resigned on 8 October 2021
Philippa Lewis	<ul style="list-style-type: none"> Non-executive Chair Member of Audit and Risk Committee Member of Nomination, Remuneration and Human Resources Committee 	Resigned 23 November 2021
Brent Goldman	Chief Financial Officer	Resigned 29 October 2021

¹ Appoint of non-executive directors is subject to shareholder approval by 2022 Annual General Meeting to be valid.

Remuneration Report (Audited)

2 Remuneration Governance

Role of the Board

The Board is responsible for setting remuneration policy and determining non-executive director and executive KMP remuneration.

Executive KMP's remuneration is reviewed annually to ensure that the remuneration level remain competitive and appropriate. The Board is responsible for approving all targets and performance conditions set under the executive KMP's performance-based remuneration framework.

Each year the non-executive director fees including committee chair and member fees, as applicable, are approved by the Board.

The Board delegates responsibility to the Nomination, Remuneration and Human Resource Committee for review and making recommendations to the Board. The Board retains full discretion to change outcomes as it considers appropriate to ensure they are fair and appropriate.

Role of the Nomination, Remuneration and Human Resource Committee

The Nomination, Remuneration and Human Resource Committee makes recommendations to the Board in relation to executive KMP's remuneration. It is made up of independent non-executive directors. The responsibilities of the Nomination, Remuneration and Human Resource Committee are set out in the Committee's charter, which is available on the Company's website at www.ezzlife.com.au.

The Chief Executive Officer provides updates and makes recommendations to the Nomination, Remuneration and Human Resource Committee on matters included in the Chief Executive Officer's report throughout the year.

Additional information is sought from the Company's management team and advisers, as required, to assist with the decision-making process.

The Chair of the Audit and Risk Committee attends the relevant Nomination, Remuneration and Human Resource Committee meetings and is formally involved in the remuneration outcome recommendations, ensuring that there is a tight linkage between behaviour, risk management and remuneration outcomes.

Use of Advisers

The Nomination, Remuneration and Human Resource Committee obtains specialist external advice about remuneration strategies from time to time. The advice is used to support its assessment of the market to ensure that KMP are being rewarded appropriately.

No remuneration recommendations as defined in section 9B of the Corporations Act 2001 were obtained during the financial year ended 30 June 2022.

3 Remuneration Framework

The remuneration for KMP comprises fixed remuneration, including superannuation and benefits, and other benefits.

Figure 2: Remuneration Framework

Component	Rational	Form	Instrument	Conditions
Fixed remuneration	Attraction, motivation and retention of the best talent to carry out strategies	Cash and non-monetary benefits	Salary and superannuation guarantee contribution	Market rate taking into account responsibilities, qualification, skills and experience

4 Executive KMP Remuneration

Fixed remuneration

Fixed remuneration comprises salary, superannuation guarantee contribution, leave entitlements and other benefits.

Fixed remuneration of executive management personnel is based on the executive KMP's qualifications, skills, experience and role responsibility. Its levels vary between the executive KMP.

Fixed remuneration is reviewed annually or on promotion. It is not varied by reference to inflation or indexation as a matter of course. There were no changes to the executive KMP's fixed remuneration during the period.

Remuneration Report (Audited)

Statutory Executive KMP Remuneration

Figure 3 details remuneration received by the executive KMP during the financial year ended 30 June 2022 based on the requirements of the Corporations Act 2001 and accounting standards, which includes fixed remuneration and performance-based remuneration.

Figure 3: Statutory executive KMP remuneration

	Fixed Remuneration							Performance Based Remuneration		Total	Performance related
	Salary / Fees ¹	Non-monetary benefits	Annual & long-service leave	Other	Super-annuation	Other post-employment benefits	Termination / sign-up benefits	Cash bonus	Share based payments		
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(%)
Current executive KMP											
Qizhou Qin											
2022	115,000	-	-	-	11,500	-	-	-	-	126,500	-
2021	120,000	-	-	-	11,400	-	-	-	-	131,400	-
Anthony Guarna - Remunerated via consulting arrangement											
2022	73,512	-	-	-	-	-	-	-	-	73,512	-
2021	-	-	-	-	-	-	-	-	-	-	-
Former executive KMP											
Luis Rodrigues-Bravo											
2022	39,870	-	-	-	3,987	-	-	-	-	43,857	-
2021	115,385	-	-	-	10,962	-	-	-	-	126,347	-
Brent Goldman - Remunerated via consulting arrangement											
2022	31,000	-	-	-	-	-	-	-	-	31,000	-
2021	22,612	-	-	-	-	-	-	-	-	22,612	-

¹ Salary and fees includes movement in the annual leave provision relating to the KMP.

Equity instruments held by Executive KMP

Figure 4 summaries the number of ordinary shares held directly, indirectly or beneficially by current and former executive KMP including related parties

Remuneration Report (Audited)

Figure 4: Executive KMP ordinary share ownership

	Opening balance	Exercise of option / rights	Shares issued	Appointment / cessation	Purchased on-market	Share Disposals	Other movements	Ending balance	Ending balance, nominally held
Current executive KMP									
Qizhou Qin	11,344,000	-	-	-	-	-	-	11,344,000	-
Anthony Guarna	-	-	-	-	9,794	-	-	9,794	-
Former executive KMP									
Luis Rodrigues-Bravo	3,600	-	-	-	-	-	-	3,600 ¹	-

¹ Shareholding at the date of resignation being 8 October 2021.

Contractual Arrangement with Executive KMP

Remuneration and other terms of employment for the executive KMP are included in employment agreements. Each agreement sets out details of base salary, superannuation, benefits and performance-based incentives. Key provisions of the employment agreements relevant to remuneration for the executive KMP are set out as follows.

Figure 5: Executive KMP employment agreement

Executive Management Personnel	Fixed Remuneration (\$)¹	Term	Notice period by the individual / Company
Chief Operation Officer and Interim CEO	126,500	Ongoing	3 months
Chief Financial Officer	98,016 excluding GST	12 months, automatically renewed at the end of each term unless terminated	3 months

¹ Fixed remuneration includes salary and superannuation.

5 Non-executive Director Remuneration

Non-executive director arrangement

Non-executive directors may receive fixed annual fees comprising a board Fee, committee chair fee and committee fee as applicable. Non-executive directors may direct the Company to make superannuation guarantee contributions, or additional superannuation contributions allocated from their non-executive director's or committee member fees, to any complying nominated superannuation fund.

Fees payable to non-executive directors is determined by the Board within an aggregate non-executive directors' fee pool limit which is periodically recommended for approval by the shareholders. The aggregate non-executive director's fee pool was last considered by shareholders at a shareholder meeting in 2021. An aggregate fee pool of \$249,000 was approved by shareholders and remained unchanged.

Remuneration Report (Audited)

Non-executive directors are not entitled to participate in any short-term incentive scheme, nor are they eligible to long-term incentive scheme.

The Chair and other non-executive directors do not receive additional fees for their membership of the Board's Audit and Risk Management Committee or Nomination, Remuneration and Human Resource Committee.

Figure 6: Non-executive director fees and other benefits

Fees	Description	FY21(\$)	FY22(\$)
Board fees	Chair ¹	98,000	98,000
	Member ²	68,000	68,000
Committee fees	Audit and risk committee Chair	-	-
	Member	-	-
	Nomination, Remuneration and Human Resource Committee Chair	-	-
	Member	-	-

¹ Non-executive directors fees paid to Chair and members includes superannuation

² Non-executive directors fees paid to members includes superannuation

Non-executive director remuneration

Figure 7 summarise the remuneration of non-executive directors for the financial year ended 30 June 2022.

Figure 7: Statutory non-executive director remuneration

	Fixed Remuneration								Performance Based Remuneration		Total
	Salary / Fees	Committee chair Fee	Committee member fee	Non-monetary benefits	Superannuation	Termination / sign-up benefits	Other Post-employment benefits	Other benefits	Cash bonus	Share based payments	
	(\$)	(\$)		(\$)	(\$)		(\$)	(\$)	(\$)	(\$)	(\$)
Current non-executive directors											
Glenn Cross											
2022	57,167	-		-	-		-	-	-	-	57,167
2021	-	-		-	-		-	-	-	-	-
Ivan Oshry											

Remuneration Report (Audited)

2022	68,000	-		-	-		-	12,120	-	-	80,120
2021	27,818	-		-	-		-	-	-	-	27,818
Hao Huang											
2022	68,000	-		-	-		-	2,621	-	-	70,621
2021	28,282	-		-	-		-	-	-	-	28,282
Former non-executive directors											
Philippa Lewis											
2022	40,833	-		-	-	24,500	-	-	-	-	65,333
2021	59,503	-		-	5,163	-	-	-	-	-	59,503

¹ Non-executive directors fees paid to members includes superannuation

Equity instruments held by non-executive director share ownership

Figure 8 summarise the number of shares held directly, indirectly or beneficially by non-executive directors and former directors including their related parties.

Figure 8: Non-executive director ordinary share ownership

	Opening balance	Appointment /Cessation	Purchased on-market	Share Disposals	Ending balance
Current non-executive directors					
Ivan Oshry	10,000	-	-	-	10,000
Hao Huang	-	-	-	-	-
Former non-executive directors					
Philippa Lewis ¹	40,000	-	-	-	40,000 ¹

¹ Ms. Lewis indirectly holds shares through Dumer Superannuation Fund.

² Shareholdings at the date of resignation being 23 November 2021.

6 Further Information on Remuneration

Other transactions with KMP

The Company entered into an agreement with Due Books Pty Ltd during the financial year ended 30 June 2021 for legal services. A director, Mr. Ivan Oshry, is a director and a controlling shareholder of Due Books Pty Ltd. The agreement was based on normal commercial terms and conditions. The aggregate amount of the transaction with KMP is \$12,120.

The Company entered into an agreement with Capstone Advisory Pty Ltd during the financial year ended 30 June 2022 for investor engagement services. The Chief Financial Officer, Mr. Anthony Guarna, provides Chief Financial Officer services through Capstone Advisory Pty Ltd. The agreement was based on normal commercial terms and conditions. The arrangement is on a one-off basis and is not expected recur in the future. The aggregate amount of the transaction was \$6,000.

Remuneration Report (Audited)

agreement was based on normal commercial terms and conditions. The aggregate amount of the transaction with KMP is \$12,120.

The Company entered into an agreement with Capstone Advisory Pty Ltd during the financial year ended 30 June 2022 for investor engagement services. The Chief Financial Officer, Mr. Anthony Guarna, provides Chief Financial Officer services through Capstone Advisory Pty Ltd. The agreement was based on normal commercial terms and conditions. The arrangement is on a one-off basis and is not expected recur in the future. The aggregate amount of the transaction was \$6,000.

There were no loans made during the financial year, or remain unsettled at 30 June 2022, between the Company and its KMP and/or their related parties.

Indemnity and insurance of officers

The Company has indemnified the directors and executive officers of the Company for costs incurred, in their capacity as a director or executive officer, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executive officers of the Company against a liability to the extent permitted by the Corporations Act 2001.

Independent audit of remuneration report

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

No non-assurance services were provided by Rothsay Audit & Assurance Pty Ltd.

Officers of the company who are former partners of the auditor

There are no officers of the company who are former partners of the auditor.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191 dated 24 March 2016 issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

The remuneration report has been audited by Rothsay Audit & Assurance Pty Ltd in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Glenn Cross Non-executive Chair Sydney, 30 September 2022	Qizhou Qin Executive Director
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Directors' Report

1 Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

2 Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

3 Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 20 of the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 as none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

4 Officers of the company who are former partners of the auditor

There are no officers of the company who are former partners of the auditor.

5 Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191 dated 24 March 2016 issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

6 Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

7 Auditor

Rothsay Audit & Assurance Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.



Qizhou Qin

Executive Director

Sydney, 30 September 2022

ROTHSAY

AUDIT & ASSURANCE PTY LTD

EZZ LIFE SCIENCE HOLDINGS LIMITED

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

As lead auditor for the audit of EZZ Life Science Holdings Limited for the year ended 30 June 2022, 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 audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla

Director

Sydney, 30 September 2022

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Liability limited by a scheme approved under Professional Standards Legislation



EZZ Life Science Holdings Limited

ACN 608 363 604

Financial Statements

For the Year Ended 30 June 2022

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EZZ Life Science Holdings Limited

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Statement of Profit or Loss and Other Comprehensive Income As At 30 June 2022

		2022	2021
	Note	\$	\$
Revenue	4	15,022,026	22,287,078
Other income	4	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		(118,342)	(125,518)
Employee benefits expense		(895,933)	(682,118)
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	5	(467,399)	(706,151)
Profit for the year		1,312,418	2,030,606
Other comprehensive income			
Other comprehensive income			
Total comprehensive income for the year		-	-
		1,312,418	2,030,606
Earnings per share		Cents	Cents
Basic earnings per share	7	3.09	5.98
Diluted earnings per share	7	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 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	10,464,841	8,853,644
Trade and other receivables	9	2,293,815	2,188,788
Inventories		312,399	271,611
Other assets		901,710	419,996
TOTAL CURRENT ASSETS		13,972,765	11,734,039
NON-CURRENT ASSETS			
Plant and equipment	10	148,682	131,598
Intangible assets		18,848	11,348
Deferred tax assets	11	125,102	161,687
TOTAL NON-CURRENT ASSETS		292,632	304,633
TOTAL ASSETS		14,265,397	12,038,672
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	2,432,654	1,638,200
Current tax liabilities	11	242,891	180,102
Lease liabilities	13	104,571	79,012
Employee entitlements	14	36,694	32,262
TOTAL CURRENT LIABILITIES		2,816,810	1,929,576
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	61,128	1,330
TOTAL NON-CURRENT LIABILITIES		61,128	1,330
TOTAL LIABILITIES		2,877,938	1,930,906
NET ASSETS		11,387,459	10,107,766
EQUITY			
Issued capital	15	5,823,494	5,667,219
Retained earnings		5,563,965	4,440,547
TOTAL EQUITY		11,387,459	10,107,766

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 Capital \$	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	-	-	-
<i>Transactions with owners in their capacity as owners:</i>			
Share based payments	156,275	-	156,275
Dividend paid	-	(189,000)	(189,000)
Balance at 30 June 2022	5,823,494	5,563,965	11,387,459

2021

	Issued Capital \$	Retained Earnings \$	Total \$
Balance at 1 July 2020	100	2,409,941	2,410,041
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
Balance at 30 June 2021	5,667,219	4,440,547	10,107,766

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	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
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	22 <u>1,901,730</u>	<u>253,533</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
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>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease liabilities	(104,190)	(107,265)
Proceeds from issuing shares	-	6,000,000
Dividend 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	8,853,644	3,174,826
Cash and cash equivalents at the end of financial year	8 <u>10,464,841</u>	<u>8,853,644</u>

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

EZZ Life Science Holdings Limited

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

The financial report covers EZZ Life Science Holdings Limited ('the Company') as an individual entity. EZZ Life Science Holdings Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of EZZ Life Science Holdings Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 30 September 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit orientated entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

The revenue recognition policies for the principal revenue stream related to sales of goods are that revenue is recognised on acceptance of the goods by the customer. Government grants

The Company received various government grants during the period related to state and federal COVID-19 relief programs. These are recorded as revenue once the terms and conditions relating to the grant have been satisfied.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(b) Income Tax

The tax expense recognised in profit or loss comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs.

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

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets

On initial recognition, the Company classifies its financial assets at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less allowance for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss ("ECL") basis.

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial assets (continued)

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced a significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade and other payables.

(f) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Plant and equipment is depreciated on a reducing balance basis over the assets useful life to the Company, commencing when the asset is ready for use.

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(f) Plant and equipment (continued)

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Motor Vehicles	25%
Computer Equipment	33%
Office Equipment	33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit ("CGU") is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Leases

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

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

2 Summary of Significant Accounting Policies (continued)

(h) Leases (continued)

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(i) Employee entitlements

A liability is recognised for the Company's liability for employee entitlements arising from services rendered by employees to the end of the reporting period.

Where the Company does not have the right to defer settlement of the liability it has been recorded as a current liability. Where settlement is able to be deferred for a period of greater than one year, the liability is recorded as non-current.

Defined contribution superannuation schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(k) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income.

EZZ Life Science Holdings Limited

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

2 Summary of Significant Accounting Policies (continued)

(I) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimate costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence allowance if necessary.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment allowance is included for any receivable where the balance is not considered collectible. The impairment allowance is based on the best information at the reporting date.

4 Revenue and Other Income

	2022	2021
	\$	\$
Revenue		
- sale of goods – recognised at a point in time	15,022,026	22,287,078
	<u>15,022,026</u>	<u>22,287,078</u>
	2022	2021
	\$	\$
Other Income		
- Interest income	369	-
- Government subsidy	141,484	174,589
	<u>141,853</u>	<u>174,589</u>

5 Income Tax Expense

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

2022	2021
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Notes to the Financial Statements

For the Year Ended 30 June 2022

	\$	\$
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)
Total income tax expense	467,399	706,151

5 Income Tax Expense (continued)

(b) Reconciliation of income tax to accounting profit:

	2022	2021
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 25% (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
Income tax expense	467,399	706,151

6 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 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.

EZZ Life Science Holdings Limited

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

(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.

6 Operating Segments (continued)

(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)
Total	2,066,898	3,119,222	5,441,607	9,339,589	7,508,505	12,458,811

(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
Total	15,022,026	22,287,078

EZZ Life Science Holdings Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2022

7 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	1,312,418	2,030,606
Earnings for the purpose of diluted earnings per share	1,312,418	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

8 Cash and Cash Equivalents

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

9 Trade and Other Receivables

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

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.

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

10 Plant and Equipment

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

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	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2022					
Balance at the beginning of the year	48,718	-	5,601	77,279	131,598
Additions	-	3,679	1,997	129,750	135,426
Depreciation	(12,180)	(591)	(2,342)	103,229	(118,342)
Balance at the end of the year	36,538	3,088	5,256	103,800	148,682

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

11 Tax Assets and Liabilities

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

	Opening Balance	Credited / (charged) to Income	Closing Balance
	\$	\$	\$
Deferred tax assets			
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>

12 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
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.

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Notes to the Financial Statements

For the Year Ended 30 June 2022

13 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	(103,229)	(108,070)
	<u>(107,038)</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 this Statement Of Financial Position
	\$	\$	\$	\$	\$
2022					
Lease liabilities	108,000	-	-	108,000	104,571
2021					
Lease liabilities	81,000	-	-	81,000	79,012

14 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>

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

15 Issued Capital

	2022 Number of shares	2022 \$	2021 Number of shares	2021 \$
Ordinary shares fully paid				
At the beginning of the year	42,000,000	5,667,219	100	100
ESP 2021	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
Total ordinary shares fully paid	42,760,000	5,823,494	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.

Notes to the Financial Statements

For the Year Ended 30 June 2022

16 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables

Objectives, policies and processes

The Directors have overall responsibility for the establishment of the Company's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The day-to-day risk management is carried out by the Company's finance function under policies and objectives which have been approved by the Directors.

The Directors receive monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

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

16 Financial Risk Management (continued)

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods.

The Company manages its liquidity needs by monitoring cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Amounts recorded as trade and other payables are expected to be settled in their commercial terms, which is within 3 months.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents and credit exposure to its customers.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of its customers. This is monitored by management and the Directors on a continual basis.

Management considers that all financial assets at 30 June 2022 are of good credit quality.

On a geographical basis, the Company has significant credit risk exposures in Australia and China given the location of its operations in those regions.

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Notes to the Financial Statements

For the Year Ended 30 June 2022

16 Financial Risk Management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, primarily,

- Foreign exchange risk;
- Interest rate risk; and
- Price risk.

The Company does not have any material exposure to the above risks at year end, though the Company makes purchases in currencies other than Australian dollars.

17 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:

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

18 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	532,623	347,885
Post-employment benefits	15,487	22,361
	<u>428,857</u>	<u>370,246</u>

EZZ Life Science Holdings Limited

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

19 Related Parties

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

Key management personnel - refer to Note 18.

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

	2022	2021
	\$	\$
Australian United Pharmaceuticals Pty Ltd		
Inventory purchases	4,816,278	8,424,358
Australian Health Industry Co. Pty Ltd		
Premises rent	-	32,040
Parramatta Asset Management Pty Ltd		
Premises rent	108,000	81,000
Due Books Pty Ltd		
Legal services	12,120	8,840

EZZ Life Science Holdings Limited

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

20 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
Total	30,750	35,000

21 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2022 (30 June 2021: None).

22 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:

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

EZZ Life Science Holdings Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2022

23 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.

24 Statutory Information

The registered office and principal place of business of the Company is:
EZZ Life Science Holdings Limited
104 Derby Street
Silverwater NSW 2074

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EZZ Life Science Holdings Limited

ACN 608 363 604

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2022 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give 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.
3. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A of the *Corporations Act 2001* that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.

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



Qizhou QIN
Executive Director

Dated 30 September 2022

EZZ LIFE SCIENCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of EZZ Life Science Holdings Limited

Opinion

We have audited the financial report of EZZ Life Science Holdings Limited ("the Company"), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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EZZ LIFE SCIENCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

Share Based Payments

The Group recorded share-based payments in the current year of \$156,275.

Share based payments are considered to be a key audit matter due to the complexities involved in the recognition and measurement of these instruments; and the judgement involved in determining the inputs used in the valuations.

How our Audit Addressed the Key Audit Matter

Our procedures related to the Company's share-based payments included but were not limited to:

- Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements;
- Reviewing management's valuation of share-based payments; and
- Reviewing the compliance of accounting treatment of the share-based payments with *AASB 2 Share-based Payment*.

We have also assessed the appropriateness of the disclosures included in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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EZZ LIFE SCIENCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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EZZ LIFE SCIENCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of EZZ Life Science Holdings Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla

Director

Sydney, 30 September 2022

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