EZZ Life Science Holdings Limited

ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2023

ACN 608 363 604

EZZ

Registered office
104 Derby Street
Silverwater, NSW 2128

www.ezzlife.com.au

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LETTER FROM THE CHAIR

Dear Fellow Shareholders,

On behalf of the directors of EZZ Life Science Holdings Limited ("EZZ" or "Company"), I am delighted to present the annual report for the financial year ended 30 June 2023 (FY23).

EZZ delivered an excellent all-round performance in FY23, among the best in the life science sector. The decision to focus on high-demand, high-margin products, in the wake of record high input cost inflation, proved to be astute. This strategic shift not only safeguarded the Company's performance but also allowed us to invest in the long-term growth drivers, notably in Research and Development (R&D) and marketing.

As part of its market-driven R&D strategy, EZZ successfully introduced personalised nutritional products in FY23 by offering two products for distribution by HIC. This has led to an additional booked revenue of at least $16 million annually for the next two years and access to a new pool of consumers outside of EZZ's existing distribution network.

As part of our commitment to deliver shareholder value, we continued to offer shareholders a consistent and attractive dividend. A fully franked interim dividend of 0.98 cents per fully paid ordinary share was disbursed, and 0.45 cents fully franked final dividend pertaining to FY22 was paid out earlier in the year.

In February 2023, we were pleased to welcome Mr Qizhou Qin as the new Chief Executive Officer of EZZ. Mr Qin acted as the Interim Chief Executive Officer for more than a year. With a wealth of experience in the consumer health sector and exemplary crisis management skills, he successful orchestrated a strong and successful turnaround during a period of significant economic volatility. The Board looks forward to working with him as we strive to unlock the full potential of EZZ in the months and years ahead.

The global economic landscape has remained challenging following the upheaval during the COVID-19 pandemic. The strong results achieved by EZZ in FY23 are a testament to the capability of its leadership team who have adeptly steered the Company through these volatile times. We extend our deepest appreciation to EZZ's dedicated employees who have once again delivered a robust performance for the benefit of both EZZ and its shareholders.

While we expect FY24 will present its own set of economic challenges, the Board is confident that EZZ has the team with the requisite skills to navigate some of the more recent challenges, like inflationary pressures, and emerge in a stronger position. Our focus for FY24 will be on driving both robust organic growth, pursuing strategic acquisitions, and maintaining a healthy operating margin and competitive edge.

Finally, I would like to thank our shareholders and all stakeholders who have recognised the achievements of EZZ, invested in its future, and continued to support us. We look forward to delivering continued and sustainable value for our stakeholders in the future.

"EZZ delivered an excellent all-round performance in FY23, among the best in the life science sector. The decision to focus on high-demand, high-margin products, in the wake of record high input cost inflation, proved to be astute."

Glenn Cross

Non-Executive Chair


EZZ
BOOSTER
60 SOFT CAPSULES
EZZ
EZZLIFE SCIENCE
EZZ
BONE GROWTH
CHEWS
Promote healthy growth and development
Assists healthy bone development
120 Chewable Tablets
EZZ
HIGH STRENGTH
DHA
60 Capsules
EZZLIFE SCIENCE
EZZ
KID'S ENGASTRO
PROBIOTIC
CHEW
120 Tablets

CHIEF EXECUTIVE OFFICER'S LETTER

Dear shareholders,

It is an honour and privilege to provide this update on the performance of EZZ Life Science Holdings Limited in FY23.

Another year has brought forth a formidable set of results, yet it is the calibre and consistency of our performance that truly stand as a source of great encouragement. Our strategic choices have played a pivotal role in our accomplishments, with a commitment to market-driven product development, omni-channel marketing, and direct-to-consumer strategies serving as the cornerstones of EZZ's enduring success, and areas in which we continue to prioritise for investment and growth.

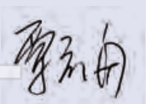
Our top-line growth remains robust, underscored by an exceptional performance from our flagship brand, EZZ, which drove a strong upswing in revenue. On profitability, despite the increase in costs, we delivered an underlying operating margin of 12.9%, exceeding our guidance.

The continued improvement in performance is also a measure of the actions taken to sharpen EZZ's R&D process. A robust pipeline of 27 new products designed to tap into expanding market segments, helped to achieve significant milestones during FY23. Notably, the success of EZZ's Bone Growth Chews contributed a substantial 19.7% to our total revenue.

EZZ's proven track record in leveraging influencers and communities to drive its Business to Consumer (B2C) strategy remains a cornerstone of our digital presence. FY23 saw EZZ launch a presence on a total of nine fast growing channels adding to our already extensive omni-channel network. EZZ also shifted its focus from e-commerce marketplaces to social selling given changes in consumer behaviour in its key markets. With the return of in-store shopping, our evolved brick-and-mortar strategy is also expected to further extend EZZ's online presence and create a genuine future-fit business model.

Recognising that no single strategy can drive profitability and growth on its own, the Company's experienced operations team worked hard on laying the foundation of its scalable technology engine in FY23. The focus has been on the creation of a dynamic B2C experience by capturing and combining data from various channels to form a holistic view of its customers, their needs, and behaviours. Exploring partnerships with the right capabilities to expedite the realisation of our objectives and bolster our B2C capabilities is also under consideration.

While inflationary pressures are likely to ease later in FY24, inflation is expected to remain at historically high levels for some time to come. As we demonstrated last year, EZZ is a resilient and agile business, well versed to operating in volatile and high inflation markets. Growth will be our number one priority, driven by investments in the key elements of EZZ's compounding growth model, while keeping the cross support of the strategic, operational and organisational pillars necessary for long-term success and value creation. We had a strong end to last year and are firmly fixed on carrying that momentum into FY24.



Qizhou Qin

Chief Executive Officer


EZZ
Daily Energy & Wellbeing
Advanced Formulation
AUST L 356725
2x60 tablets
Daily Energy & Wellbeing
60 tablets
EZZ OMG
JOINT ENERGY BOOST
1200mg
150mg
60 TABLETS
BONE GROWTH CHEWS
Promote healthy growth and development
Assists healthy bone development
120 Chewable Tablets
HIGH STRENGTH DHA
60 Capsules
BRAIN FOCUS SUPERBLEND
CHILDREN'S EYE HEALTH

OPERATING AND FINANCIAL REVIEW

EZZ

Overview

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

Highlights

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

Financial Performance

(a) Key revenue drivers

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

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

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

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

Segment Performance

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

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

Geographical Performance

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

(b) Profitability

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

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

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

EZZ continued to invest in its brand with a step-up in marketing investment of $20.6m to drive growth in FY23 as a result of the market recovery following the COVID-19 pandemic. Employee benefit expenses increased by 27.8% as the Company expanded its operating team and rewarded employees for outstanding performance. Management fees and other expenses increased in FY23 to support the Company's development of technology capabilities, maintain the Company's ASX listing status, and explore opportunities for future growth.

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

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

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

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

(c) Financial Position

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

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

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

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

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

(d) Cash flow

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

General Risks

The Company was listed on its January 2021 Prospectus which did identify a number of specific risks associated with investing in the Company. The Company is addressing the main risks as follows:

(i) Reliance on customer demand for the EAORON products

In FY20, the year prior to listing, sales from EAORON-branded products accounted for 96% of the Company's revenue. The Company has de-risked this by building the EZZ product range, investing in marketing, and successful execution of its B2C strategy capturing a greater share in growth of digital commerce, such that this financial year EZZ-branded products accounted for 87.6% of total revenue. Reliance on customer demand for EAORON products is no longer a risk to the Company.

(ii) Reliance on Distribution Agreement with Australian United Pharmaceuticals Pty Ltd (AUP) for the EAORON branded products

The Company has come a long way since FY20 when EAORON branded products accounted for 96% of the Company's revenue. This financial year EAORON branded products were responsible for 12.4% of total revenue. Next financial year the Company will look at ways to increase EAORON's ANZ market share and at opportunities to further diversify its product range. Given AUP is a related party of the Company and EZZ-branded product sales now dominate, the Board is satisfied that the Company is no longer reliant on the AUP Distribution Agreement to generate sustainable revenue.

(iii) New product risk for the EZZ branded products

The Company conducts market-driven product development and with this information, formulates products identified as a priority. This financial year as consumers adjusted to living with COVID-19 EZZ's product portfolio weighed heavily towards children's health and wellness. There were 18 new products released to the market under the EZZ brand this year and these new products contributed 56.1% of the Company's total revenue this financial year. Both the EZZ and the EAORON brands remain strong and in demand.

(iv) Loss of key customers

On 8 June 2022 the Company commenced trading on Douyin (mainland China's version of TikTok) which, this financial year, became its dominant digital selling channel responsible for $19.1m or 51.4% of revenue. No longer is EZZ reliant on several main customers, rather it has a presence on a number of international e-Commerce platforms like Douyin, Tmall, Pinduoduo, Shopify, and Amazon.com.au online flagship store, and continues to strengthen its international footprint as it ventures into Vietnam.

(v) Reliance on manufactures

The Company raised $2.46m as part of its IPO with the intent of bringing the manufacturing process in-house within the intermediate term (two to five years). The Company has commenced looking at a number of opportunities and to consider various alternatives in an attempt to fast track this objective.

The main other risks that the Company monitors are:

Growing reliance on Mainland China

This financial year 72.1% of the Company's revenue was generated from sales into China. Given the historical geopolitical tension between Australia and China and the more recent economic instability in China, sale revenue could be at risk.

The Company sees China as a significant sales market and will continue to invest in market-driven product development and marketing initiatives to grow its sales in China. The Company has already commenced investigating expansion into other Asian countries and has already a presence on a number of international e-Commerce platforms. The Company is agile, and like it did in FY22, it is able to respond quickly to limit any financial impact, should the need arise from issues with China or any other matter.

Technology risk

The Company's technology infrastructure may be compromised via a cyber-attack.

The Company understands its obligations to customer, staff, and stakeholders, has a strategy in place should any cyber-attack occur, monitors critical systems and has contingency plans in place to deal with disruptions.

CORPORATE GOVERNANCE

The Company and the Board are committed to achieving and demonstrating the highest standards of corporate governance to protect shareholder interests. The Board continues to refine and improve the governance framework and practices. The Company has adopted and complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition. The Company has published its Corporate Governance Statement on its website in accordance with ASX Listing Rule 4.10.3. A copy of the statement along with any related disclosures is available at 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 2023.

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)

Company secretary

Ms Natalie Climo	(appointed 8 July 2020)

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 2023:

Financial year ended 30 June	2023 ($' 000)
Out of the profits for the year ended 30 June 2023 and retained earnings on the fully-paid ordinary shares:	
Fully-franked interim ordinary dividend of 0.98 cents per share declared, paid on 23 June 2023	418.5
Out of the profits for the year ended 30 June 2022 and retained earnings on the fully-paid ordinary shares:	
Fully-franked final ordinary dividend of 0.45 cents per share declared, paid on 16 December 2022	192.4

Options

As at 30 June 2023 and the date of this report, there are nil unissued shares under option.

Significant changes in the state of affairs

Refer to the Operating and Financial Review section for an update on significant changes.

There were no other significant changes in the state 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.

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

Glenn Cross

Independent Non-executive Chair and Director

Experience

Mr. Cross has 40 years' experience in life science sector domestically and internationally, including over 20 years in a senior executive capacity. He was formerly CEO and COO of AusBiotech over a period spanning 13 years.

Qualification

Diploma of Applied Science

Member of the Australian Institute of Company Directors

Board committee membership

- Member of the Audit & Risk Committee
- Member of the Nomination, Remuneration and Human Resources Committee

Directorship of listed entities within the past three years

- Nil

Information on directors

Qizhou Qin

Chief Executive Officer and Executive Director

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.

Qualification

Mr. Qin holds a Bachelor of Human Resource Management from the Beijing Wuzi University.

Board committee membership

- Nil

Directorship of listed entities within the past three years

- Nil

Ivan Oshry

Independent Non-executive Director

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.

Qualification

Mr. Oshry holds a Bachelor of Arts and LLB degree from the University of Natal.

Board committee membership

- Chair of Audit and Risk Committee
- Member of Nomination, Remuneration and Human Resources Committee

Directorship of listed entities within the past three years

- Non-executive chair of Halo Technologies Holdings Limited (ASX: HAL) from 2021 to current

Hao Huang

Independent Non-executive Director

Experience

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.

Qualification

Ms. Huang holds a bachelor degree in business management from the University of Technology Sydney.

Board committee membership

- Chair of Nomination, Remuneration and Human Resources Committee
- Member of Audit and Risk Committee

Directorship of listed entities within the past three years

- Nil

Information on Company Secretary

Natalie Climo

Company Secretary

Experience

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.

Qualification

Ms. Climo holds both a Bachelor of Laws from Queensland University of Technology and a Certificate in Governance Practice from Governance Institute of Australia.

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 2023, 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	10	10	3	3	2	2
Qizhou Qin	10	10	-	-	-	-
Ivan Oshry	10	9	3	3	2	2
Hao Huang	10	10	3	3	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.

EZZ

REMUNERATION REPORT (AUDITED)

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Action taken per Corporation Act section 300A(1)(g)

At the 2022 Annual General Meeting which was held in November 2022 only 1.23% of eligible shareholders [376,696 votes casts out of 30,656,000 total eligible shareholders entitled to vote, director shares were excluded from the total quantum able to vote on this Resolution] cast a vote in relation to the acceptability of the 2022 Remuneration Report and of those votes cast, 25.5% [or a total of 91,593 votes] voted against the 2022 Remuneration Report, which meant we incurred a first strike. Given the rather low number of votes casts at the 2022 Annual General Meeting, the Board does not see this as a widespread shareholder dissatisfaction or a protest vote on executive pays, rather was indicative of poor shareholder engagement.

Our executive remuneration structure for 2023 is virtually unchanged as the Board believes as it currently stands, it is appropriate. The Board did in December 2022 agree that the Interim CEO/COO and CFO needed additional incentivisation via a short-term incentive plan (STIP) based on their individual performances, and we will continue to review our executive remuneration structure to ensure we remain competitive with peers.

The Directors are pleased to present the FY23 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 2023.

Figure 1: KMP

Current KMP	Position	Time in Role[1]
Non-executive directors		
Glenn Cross	• Non-executive Chair • Member of Audit and Risk Committee • Member of Nomination, Remuneration and Human Resources Committee	Full financial year
Ivan Oshry	• Non-Executive Director • Chair of Audit and Risk Committee • Member of Nomination, Remuneration and Human Resources Committee	Full financial year
Hao Huang	• Non-Executive Director • Chair of Nomination, Remuneration and Human Resources Committee • Member of Audit and Risk Committee	Full financial year
Executive directors		
Qizhou Qin	• Executive Director • Chief Executive Officer	Full financial year Was appointed the interim CEO from 8 October 2021 to 26 February 2023, after which he was appointed the CEO by the Board effective from 27 February 2023
Executive officers		
Anthony Guarna	Chief Financial Officer	Full financial year

2 Remuneration Governance

2.1 Role of the Board

The Board is responsible for setting remuneration policy and determining KMP's remuneration.

Executive KMP's remuneration is reviewed annually to ensure that the remuneration level remains 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.

2.2 Role of the Nomination, Remuneration and Human Resource Committee

The Nomination, Remuneration and Human Resource Committee makes recommendations to the Board in relation to 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.

2.3 Use of Advisers

The Nomination, Remuneration and Human Resource Committee may obtain specialist external advice about remuneration strategies from time to time. The advice, if obtained, 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 2023.

3 Remuneration Framework

The remuneration framework is designed to link total remuneration to both corporate performance and individual's performance. The remuneration framework is included in the Company's remuneration structure and is applied consistently to all KMP.

The remuneration for KMP comprises fixed remuneration and variable performance-based remuneration, which may include three components:

• Fixed Remuneration (referred to hereafter as the 'FR'), including superannuation and benefits

• Short-Term Incentives (referred to hereafter as the 'STI'), and

• Long-Term Incentives (referred to hereafter as the 'LTI').

Figure 2: Remuneration Framework

Component	Rational	Form	Instrument	Conditions
FR	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
STI	Recognition of high performance for delivery corporate and individual targets	Cash	Bonus and where applicable including deferred portion	Corporate, divisional and individual performance scorecards
LTI	Alignment to sustainable shareholder value creation	Equity	Performance rights	Market and/or non-market related corporate performance measures

Figure 3 and Figure 4 summarise each component of the remuneration framework for the KMP as a percentage of total remuneration for the financial year ended 30 June 2023.

Figure 3: Target Remuneration Mix

	FR	Performance-based Remuneration		
		STI		LTI
Role		**Cash**	**Deferred**	
Chief Executive Officer	60%	19%	6%	15%
Chief Financial Officer	65%	17%	6%	12%

Figure 4: Remuneration Mix at Maximum Incentive Level

	FR	Performance-based Remuneration		
		STI		LTI
Role		**Cash**	**Deferred**	
Chief Executive Officer	51%	22%	7%	20%
Chief Financial Officer	57%	19%	7%	17%

4 Company Performance

Figure 5 summarise the performance of the Company over the last three years.

Figure 5: Key Performance Measures

Financial Year ended 30 June	2021	2022	2023
Closing share price as at 30 June, ($)	0.4450	0.3100	0.5000
Dividend per share (declared/paid), (cents)	0.45	0.45	0.98*
Revenue, ($'000)	22,287.1	15,022.0	37,143.3
Local revenue, ($'000)	12,006.7	9,433.9	9,759.4
EBITDA, ($'000)	2,698.4	1,760.7	4,797.3
Operating cash flow, ($'000)	253.5	1,901.7	4,014.3
Net profit after tax, ($'000)	2,030.6	1,312.4	3,629.7
Basic earnings per share, (cents)	5.98	3.09	8.50

** Fully-franked interim ordinary dividend.*

5 Executive KMP Remuneration

5.1 Fixed remuneration

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

FR of executive KMP is based on the executive KMP's qualifications, skills, experience and role responsibility. Its levels vary among the executive KMP.

FR 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 FR during the period.

5.2 Short-term incentives

The STI provides eligible persons with a cash incentive for delivery of annual performance results against performance targets set at the beginning of the performance period. Eligible persons include the executive KMP.

Figure 6 summaries the key terms of the STI plan for executive KMP.

Figure 6: Short-term incentives

Performance conditions

Performance is measured over a period of 12 months from 1 July 2022 to 30 June 2023. The incentives are subject to three conditions, which are as follows:

	Condition	Weighting	Rational
Gateway conditions Unless all gateway conditions are met, no STI is payable even if other performance conditions are achieved.	EBITDA		Earnings targets are linked to payment of STI.
Corporate conditions Provided the gateway conditions are met, corporate STI can be awarded. It represents 40% of the STI.	**Condition**	**Weighting**	**Rational**
	12 months total revenue	40%	Ensures individual performance is linked to success of the Company
	12 months local market* revenue	20%	Diversification of revenue stream is linked to payment of STI.
	12 months operating cash flow	25%	Cash flows are linked to payment of STI.
	12 months net profit margin	15%	Earnings targets are linked to payment of STI.
Individual conditions Provided the gateway conditions are met, individual STI can be awarded. It represents 60% of the STI.	Individual conditions comprise individual key performance indicators that are customised based upon individual's role and the specific strategic priorities of the Company and/or division, as appropriate. Each executive KMP has minimum four individual key performance indicators. Subject to the individual performance score being achieved, the individual STI, between 0% and 100%, is payable. In the event the executive KMP does not receive an acceptable individual performance score, the amount of STI payable will be reduced to zero, even if the gateway conditions are met and the corporate conditions are satisfactory. Individual key performance indicators are selected to allow for the differentiation in performance at corporate and individual levels and recognise the key areas enabling the Company to generate sustainable satisfactory returns to shareholders over the long term.		

STI opportunity

	Role	Target	Maximum
STI opportunity is a dollar amount that is a percentage of the executive KMP's fixed remuneration.	Chief Executive Officer	10%	10%
	Chief Financial Officer	10%	10%

Delivery of incentives

75% of the STI is payable in cash after the results of the Company are published.

25% of the STI is deferred for twelve months and is subject to forfeiture on resignation. If the executive KMP resigns during the STI deferral period for reasons other than termination for cause, the executive KMP still receive a pro-rata portion of the deferred STI to the last day of employment.

Method of assessment

Each executive KMP undergoes an individual performance evaluation against individual key performance indicators at the end of each financial year. The Nomination, Remuneration and Human Resource Committee reviews the Chief Executive Officer's performance. The Chief Executive Officer reviews the performance of each other executive KMP and recommends a performance and STI outcome to the Nomination, Remuneration and Human Resource Committee to consider. The Nomination, Remuneration and Human Resource Committee recommends a performance and STI outcome for approval by the Board.

Claw back
The Board may reconsider the level of satisfaction of a performance condition and take steps to defer, reduce, cancel and/or request to repay all or a part of the benefit in relation the STI in the event that it was affected by fraud, dishonesty, breach of obligation or other action likely to result in long term detriment to the Company.

** Local market is defined as Australia and New Zealand.*

5.3 Long-term incentives

The LTI provides eligible persons with an equity incentive to align the long-term performance with sustainable shareholder value creation over the performance period. Eligible persons are determined at the discretion of the Board.

The LTI plan for the period ending 30 June 2023 for executive KMP is illustrated as follows:

Figure 7: Long-term Incentives

Performance conditions

Performance is measured over a period of three years from 1 July 2022 to 30 June 2025. The incentives are subject to two performance conditions weighted equally, which are as follows:

Metrics	Percentile of Target Performance	Percentage Vesting	Weighting	Reason for selection
Absolute Total Shareholder Return	Less than the 75th percentile	Nil	50%	Absolute Total Shareholder Return measures the return to shareholders by taking into account the share price movement and dividend paid/declared during the performance period. It reflects the value that shareholders would derive from holding the Company's shares during the relevant performance period. Total Shareholder Return ensures the KMP is only awarded when shareholder value is increased over the performance period.
	Equal to the 75th percentile	50% (Threshold)		
	Between the 75th and the 100th percentile	Straight line pro-rata between 50% and 100%		
	Equal to or greater than the 100th percentile	100% (Target)		
Diluted Earnings Per Share Compound Annual Growth Rate	Less than the 51st percentile	Nil	50%	It measures the growth of earnings attributable to each share held by shareholders over time. It reflects the change in profitability of the Company and relates to the value of the Company's shares.
	Equal to the 51st percentile	50%		
	Greater than the 51st and less than the 75th percentile	Straight line pro-rata between 50% and 100%		
	Equal to or greater than the 75th percentile	100%		

LTI opportunity

LTI is equivalent to a percentage of eligible executive KMP's FR at the time of grant. The number of Performance Rights allocated is calculated by dividing the LTI by the volume weighted average price of the Company's share price for the 30 trading days ending 30 June in the relevant period. The number of shares issued is equivalent to the number of performance rights exercised.

Role	Threshold	Target
Chief Executive Officer	15%	20%
Chief Financial Officer	12%	17%

Delivery of incentives

Plan Shares are not allowed to be sold for a period of twelve months immediately after they are issued.

Method of assessment

Absolute Total Shareholder Return and Diluted Earnings Per Share Compound Average Growth Rate are calculated at the end of each year during the performance period and verified in reference to the audited financial statements to determine the number of rights that will vest. This method is selected to evaluate the performance objectivity, transparency and consistency with public disclosure.

Claw back

The Board may reconsider the level of satisfaction of a performance condition and take steps to defer, reduce, cancel and/or request to repay all or a part of the benefit in relation to the LTI in the event that it was affected by fraud, dishonesty, breach of obligation or other action likely to result in long term detriment to the Company.

5.4 Linking Performance and Outcome

(a) Linking short-term performance and incentives

The performance period of the STI started in financial year ended 30 June 2023.

Performance is measured over a twelve months period from 1 July 2022 until 30 June 2023. The Company delivered an EBITDA outcome that met the gateway threshold for the STI to become payable.

Figure 8 below outlines the extent to which the Corporate Performance Metrics were met:

Figure 8: Performance against Corporate Performance Metrics

	Performance Target	FY23 Outcome
Total revenue ($'000)	27,553.0	Yes
Local market revenue ($'000)	13,776.5	No
Operating cash flow ($'000)	1,500.0	Yes
Net profit margin (%)	15	No

The Board considers the manner in which the STI allocations as being fair and equitable, and in line with STI Plan rules for assessing performance based on financial and non-financial performance.

Details of FY23 STI payments awarded to the KMP are shown in the following figure 9.

Figure 9: STI Awards

	STI Payable		
	% of FR	% of STI Opportunity Target	$ STI Award
Qizhou Qin	3.0%	44%	5,060
Anthony Guarna	7.7%	77%	7,546

(b) Linking long-term performance and incentives

As the vesting and performance period have not been completed, there is nothing to report for the year ended 30 June 2023.

Performance is measured over a three-year period from 1 July 2022 until 30 June 2025. Each tranche of the Performance Rights will be vested upon the 12-month service condition being satisfied.

Figure 10 below outlines the extent to which the Performance Metrics were met:

Figure 10: Performance against Performance Metrics

	3-year Performance Target	12-month Performance Target	FY23 Outcome
Absolute Total Shareholder Return	300%	100%	No
Diluted Earnings Per Share Compound Annual Growth Rate	15%	5%	Yes

The Board considers the manner in which the LTI allocations as being fair and equitable, and in line with LTI Plan rules for assessing performance based on market and non-market performance.

Details of FY23 LTI payments awarded to the KMP are shown in the following figure 11.

Figure 11: LTI Awards

	LTI Payable		
	% of FR	% of LTI Opportunity Target	$ LTI Award
Qizhou Qin	0.1%	50%	100
Anthony Guarna	0.1%	50%	100

5.5 Statutory Executive KMP Remuneration

Figure 12 details remuneration received by the executive KMP during the financial year ended 30 June 2023 based on the requirements of the Corporations Act 2001 and accounting standards, which includes fixed remuneration and performance-based remuneration.

Figure 12: Statutory Executive KMP Remuneration

	FR							Performance Based Remuneration		Total	Performance related
	Salary / Fees[1]	Non-monetary benefits	Annual & long-service leave	Other	Super-annuation	Other post-employment benefits	Termi-nation / sign-up benefits	Cash bonus	Share based payments		
	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	(%)
Current executive KMP											
Qizhou Qin											
2023	151,923	-	-	-	15,952	-	-	5,060	100	173,035	-
2022	115,000	-	-	-	11,500	-	-	-	-	126,500	-
Anthony Guarna											
2023	98,016	-	-	-	-	-	-	7,546	100	105,662	-
2022	73,512	-	-	-	-	-	-	-	-	73,512	-
Former executive KMP											
Luis Rodrigues-Bravo											
2023	-	-	-	-	-	-	-	-	-	-	-
2022	39,870	-	-	-	3,987	-	-	-	-	43,857	-
Brent Goldman – Remunerated via consulting arrangement											
2023	-	-	-	-	-	-	-	-	-	-	-
2022	31,000	-	-	-	-	-	-	-	-	31,000	-

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

5.6 Equity instruments held by Executive KMP

Figure 13 summaries the number of ordinary shares held directly, indirectly or beneficially by current and former executive KMP including related parties.

Figure 13: Executive KMP ordinary share ownership

	Opening balance	Exercise of option / rights	Shares issued	Appointment / cessation	Purchased on-market	Share Disposals	Other movements	Ending balance
	Current executive KMP							
Qizhou Qin	11,344,000	-	-	-	-	-	-	11,344,000
Tony Guarna	9,794	-	-	-	-	-	-	9,794

In FY23, the 12-month service condition of Tranche 1 Performance Rights granted on 1 October 2022 was satisfied and summarised in Figure 14 as following.

Figure 14: Performance Rights Vested in FY23

Name	Grant date	Vesting date	Exercise date	Expiry date	Exercise price per share or unit	Fair value per option or right at grant date ($)	Total amount paid or payable	Amount paid per instrument	Amount unpaid per instrument
Qizhou Qin	1 October 2022	5 July 2023	5 July 2025	5 August 2025	-	0.02	-	-	-
Anthony Guarna	1 October 2022	5 July 2023	5 July 2025	5 August 2025	-	0.02	-	-	-

The movements during the reporting period in the number of Performance Rights held by each KMP are set out in Figure 15 below.

Figure 15: Movements in Performance Rights

Name	Grant date	Beginning balance			Granted	Vested		Exercised		Forfeited		Other changes	Ending balance			Minimum value yet to vest	Maximum value yet to vest
		Vested and exercisable	Vested and not exercisable	Unvested									Vested and exercisable	Vested and not exercisable	Unvested		
		Number	Number	Number	Number	Number	%	Number	%	Number	%	Number	Number	Number	Number	$	$
Qizhou Qin	1 October 2022	-	-	-	10,000	-	-	-	-	-	-	-	-	-	10,000	-	200
Anthony Guarna	1 October 2022	-	-	-	10,000	-	-	-	-	-	-	-	-	-	10,000	-	200

5.7 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 16: Executive KMP employment agreement

Executive Management Personnel	Fixed Remuneration ($)[1]	Term	Notice period by the individual / Company
Chief Executive Officer	150,000	Ongoing	3 months
Chief Financial Officer	98,000 excluding GST	12 months, automatically renewed at the end of each term unless terminated	3 months

[1] Fixed remuneration includes salary and superannuation.

6 Non-executive Director Remuneration

6.1 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 2022. An aggregate fee pool of $234,000 was approved by shareholders and remained unchanged.

6.2 Non-executive Director Fees

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 17: Non-executive director fees and other benefits

Fees	Description	FY22($)	FY23($)
Board fees	Chair[1] Member[2]	98,000 68,000	98,000 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

6.3 Non-executive director remuneration

Figure 18 summarise the remuneration of non-executive directors for the financial year ended 20 June 2023.

Figure 18: Statutory non-executive director remuneration

	Fixed Remuneration					Performance Based Remuneration		Total
	Salary / Fees[1]	Non-monetary benefits	Termination / sign-up benefits	Other Post-employment benefits	Other benefits	Cash bonus	Share based payments	
	($)	($)		($)	($)	($)	($)	($)
Current non-executive directors								
Glenn Cross								
2023	98,000	-	-	-	-	3,000	-	101,000
2022	57,167	-	-	-	-	-	-	57,167
Ivan Oshry								
2023	68,000	-	-	-	-	2,000	-	70,000
2022	68,000	-	-	-	12,120	-	-	80,120
Lily Huang								
2023	68,000	-	-	-	-	-	-	68,000
2022	68,000	-	-	-	2,621	-	-	70,621

[1] *Non-executive directors fees paid to Chair and members includes superannuation.*

6.4 Equity instruments held by non-executive director share ownership

Figure 19 summarise the number of shares held directly, indirectly or beneficially by non-executive directors including their related parties.

Figure 19: Non-executive director ordinary share ownership

	Opening balance	Appointment / Cessation	Purchased on-market	Share Disposals	Ending balance
Current non-executive directors					
Glenn Gross	-	-	-	-	-
Ivan Oshry	10,000	-	11,000	-	21,000
Lily Huang	-	-	-	-	-

7 Further Information on Remuneration

7.1 Other transactions with KMP

There were no loans made during the financial year, or remain unsettled at 30 June 2023, between the Company and its KMP and/or their related parties.

7.2 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.

End of remuneration report

EZZ

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.

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

Qizhou Qin
Executive Director

Sydney, 29 September 2023


EZZ
HEART HEALTH
Ubidecarenone 150 mg
Maintain cardiovascular system health
Support healthy heart function
Support heart health
60 Soft capsules
AUST L 405653

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 2023, 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, 29 September 2023

AUDITED FINANCIAL STATEMENTS

For the year ended 30 June 2023

ACN 608 363 604

Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

As at 30 June 2023

	Note	2023 $	2022 $
Revenue	4	**37,143,330**	15,022,026
Other income	4	**295,696**	141,853
Cost of sales		**(8,613,168)**	(7,513,521)
Advertising and marketing expense		**(20,557,802)**	(2,968,794)
Depreciation and amortisation expense		**(182,043)**	(118,342)
Employee benefits expense		**(1,145,025)**	(895,933)
Finance expenses		**(10,408)**	(4,436)
Management fees		**(239,000)**	(278,454)
Other expenses		**(1,790,991)**	(1,604,582)
Profit before income tax		**4,900,589**	1,779,817
Income tax expense	5	**(1,270,862)**	(467,399)
Profit for the year		**3,629,727**	1,312,418
Other comprehensive income			
Other comprehensive income		**-**	-
Total comprehensive income for the year		**3,629,727**	1,312,418
Earnings per share		**Cents**	**Cents**
Basic earnings per share	7	**8.50**	**3.09**
Diluted earnings per share	7	**8.50**	**3.09**

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 $	2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**13,830,751**	10,464,841
Trade and other receivables	9	**1,387,646**	2,293,815
Inventories		**846,918**	312,399
Other assets		**940,506**	901,710
TOTAL CURRENT ASSETS		**17,005,821**	13,972,765
NON CURRENT ASSETS			
Plant and equipment	10	**603,767**	148,682
Intangible assets		**18,848**	18,848
Deferred tax assets	11	**12,185**	125,102
TOTAL NON CURRENT ASSETS		**634,800**	292,632
TOTAL ASSETS		**17,640,621**	14,265,397
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**2,206,243**	2,432,654
Current tax liabilities	11	**292,504**	242,891
Lease liabilities	13	**354,736**	104,571
Employee entitlements	14	**81,140**	36,694
TOTAL CURRENT LIABILITIES		**2,934,623**	2,816,810
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	**-**	61,128
Lease liabilities	13	**123,856**	-
TOTAL NON-CURRENT LIABILITIES		**123,856**	61,128
TOTAL LIABILITIES		**3,058,479**	2,877,938
NET ASSETS		**14,582,142**	11,387,459
EQUITY			
Issued capital	15	**5,998,570**	5,823,494
Performance Rights Reserve	16	**809**	-
Retained earnings		**8,582,763**	5,563,965
TOTAL EQUITY		**14,582,142**	11,387,459

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

As at 30 June 2023

2023

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

2022

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

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

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**39,127,211**	15,877,602
Receipts from Government incentives		**44,122**	141,484
Payments to suppliers and employees		**(33,977,208)**	(13,804,695)
Interest paid		**(10,408)**	(4,436)
Income tax paid		**(1,169,458)**	(308,225)
Net cash provided by/(used in) operating activities	23	**4,014,259**	1,901,730
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for intangible assets		**-**	(7,500)
Purchase of plant and equipment		**(101,785)**	(5,676)
Net cash provided by/(used in) investing activities		**(101,785)**	(13,176)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities		**(161,323)**	(104,190)
Dividends paid		**(600,394)**	(173,167)
Net cash provided by/(used in) financing activities		**(761,717)**	(277,357)
Net increase/(decrease) in cash and cash equivalents held		**3,150,757**	1,611,197
Effects of exchange rate on cash and cash equivalents		**215,153**	-
Cash and cash equivalents at the beginning of financial year		**10,464,841**	8,853,644
Cash and cash equivalents at the end of financial year	8	**13,830,751**	10,464,841

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

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 29 September 2023.

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.

Products are often sold with volume discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Historical experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

(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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

(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.

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.

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

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled with 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees on exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes options pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitles the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative change to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Bionomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during he vesting period, and remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

(l) 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

	2023 $	2022 $
Revenue		
– sale of goods – recognised at a point in time	**37,143,330**	15,022,026
	37,143,330	15,022,026

	2023 $	2022 $
Other Income		
- Unrealised foreign exchange gain	**215,153**	-
- Other revenue	**16,122**	-
- Interest income	**36,421**	369
- Government subsidy	**28,000**	141,484
	295,696	141,853

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

5 Income Tax Expense

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

	2023 $	2022 $
Current tax expense	**1,219,072**	371,016
Deferred tax expense relating to temporary differences	**51,790**	96,383
Total income tax expense	**1,270,862**	467,399

(b) Reconciliation of income tax to accounting profit:

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

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.

(c) Segment assets

Assets of the Company are maintained in Australia.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

(d) Segment liabilities

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

(e) Segment Revenues

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

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

(f) Geographical information

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

7 Earnings Per Share

	2023 $	2022 $
Basic earnings per share (cents)	**8.50**	3.09
Diluted earnings per share (cents)	**8.50**	3.09

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

Earnings		
Earnings for the purpose of basic earnings per share being net loss attributable to owners of the Company	**3,629,727**	1,312,419
Earnings for the purpose of diluted earnings per share	**3,629,727**	1,312,419
Number of shares		
Weighted average number of shares used in calculating basic earnings per share	**42,705,000**	42,510,137
Weighted average number of shares used in calculating diluted earnings per share	**42,705,000**	42,510,137

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

8 Cash and Cash Equivalents

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

9 Trade and Other Receivables

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

10 Plant and Equipment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

11 Tax Assets and Liabilities

	2023 $	2022 $
Income tax payable	**292,504**	242,891
	292,504	242,891

	Opening Balance $	Credited / (charged) to Income $	Closing Balance $
Deferred tax assets			
Components of deferred tax assets are:			
Provision for annual leave	5,149	3,546	8,695
Provision for STIP	-	5,325	5,325
IPO transaction costs	111,797	(37,264)	74,533
Accrued audit fee	3,938	187	4,125
Unrealised foreign exchange loss	-	(55,688)	(55,688)
Superannuation payable	4,025	2,240	6,265
Net impact of accounting for operating lease	193	489	682
Reclassify from deferred tax liabilities	-	(31,752)	(31,752)
	125,102	**(112,917)**	**12,185**
Deferred tax liabilities			
Components of deferred tax liabilities are:			
Depreciation	(2,062)	(56)	(2,118)
Unrealised foreign exchange gain	(1,900)	1,900	-
Prepayment	(57,166)	27,532	(29,634)
Reclassify to deferred tax assets	-	31,752	31,752
	(61,128)	**61,128**	**-**
Net Deferred Tax Assets	**63,974**	**(51,789)**	**12,185**

12 Trade and Other Payables

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

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.

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:

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

Statement of Cash Flows

	2023 $	2022 $
Total cash outflow for leases	**(170,833)**	(108,000)

Lease Liabilities disclosure	2023 $	2022 $
Lease liabilities - current	**354,736**	104,571
Lease liabilities – non-current	**123,856**	-

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 $
2023					
Lease liabilities	**377,000**	**125,667**	**-**	**502,667**	
Interest Expense	**(22,264)**	**(1,811)**	**-**	**(24,075)**	
	354,736	**123,856**	**-**	**478,592**	**478,592**
2022					
Lease liabilities	108,000	-	-	108,000	
Interest Expense	(3,429)	-	-	(3,429)	
	104,571	-	-	104,571	104,571

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

14 Employee Entitlements

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

15 Issued Capital

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

Movement in ordinary share capital

	2023 Number of shares	2023 $	2022 Number of shares	2022 $
At the beginning of the year	**42,760,000**	**5,823,494**	42,000,000	5,667,219
Shares issued under employee share plan	**-**	**186,385**	760,000	156,275
Share forfeited under ESOP conditions	**(55,000)**	**(11,309)**	-	-
Total ordinary shares fully paid	**42,705,000**	**5,998,570**	42,760,000	5,823,494

(a) Ordinary shares

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

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

Share buy-back

There is no current on-market share buy-back.

(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 CONTINUED

For the year ended 30 June 2023

16 Performance Rights Reserve

	2023 $	2022 $
Performance Rights Reserve	809	-
	809	-

Movement in performance rights reserve

	2023 Number of securities	2023 $	2022 Number of securities	2022 $
At the beginning of the year	-	-	-	-
Long-term incentive plan performance rights expiry 05/08/2025 exercisable at $0.00) issued to Eligible Executive of the Company	60,000	809	-	-
At the end of the financial year	60,000	809	-	-

Share-based payments

Grant Date	10 January 2022				
Expiry Date	10 January 2025				
Exercise Price	$0.00				
Balance at start of year	Rights Issued during the period	Exercised during the period	Forfeited / Lapsed during the period	Balance at end of the period	Vested & exercisable at end of the period*
Number	Number	Number	Number	Number	Number
-	60,000	-	-	60,000	0

*No Performance Rights were exercised this financial year and none existed in the previous financial year.

10,000 of Performance Rights would be vested on 5 July 2023 while the other 10,000 of Performace Rights would be forfeited based on the satisfaction of Performance Criteria during the financial year ended 30 June 2023.

17 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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

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:

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

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 2023 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.

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.

18 Dividends

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

A fully franked interim dividend of 0.98 cents per ordinary dividend was declared on 15 May 2023 and paid on 23 June 2023, resulting in a total dividend of $418,500 based on the number of ordinary shares on issue.

Franking account

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

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

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

19 Key Management Personnel Remuneration

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

	2023 $	2022 $
Short-term employee benefits	**483,940**	532,623
Post-employment benefits	**15,952**	15,487
Provision for short-term incentive bonus	**12,606**	-
	512,498	548,110

20 Related Parties

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

Key management personnel refer to Note 19.

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 entered into a lease agreement for its current office/warehouse property from a related party, Parramatta Asset Management Pty Ltd.

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

Amounts payable to related parties are disclosed in Note 12 and details of transactions with related parties are summarised below:

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2023

21 Auditors' Remuneration

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

22 Contingencies

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

23 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

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

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

24 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.

25 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


EZZ
LUMINESCENT BEAUTY TABLET
Supports Skin Health
Decrease Skin Dryness
60 Tablets
AUST L 404982
EZZ
Daily Energy & Wellbeing
60 tablets AUST L 356725
EZZLIFE SCIENCE
EZZ
LIVER TONIC
Supports natural liver detoxification process
Promote healthy liver function
60 Film-coated Tablets

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2023 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.

Glenn Cross
Non-executive Chair
Dated 29 September 2023

Qizhou Qin
Executive Director

EZZ

FOR A HEAL

LTHIER LIFE


EZZ
Daily Energy & Wellbeing
60 tablets | AUST L 356725
EZZ
ENERGY BOOST TABLETS
BOVINE SODIUM CHONDROITIN SULFATE
150mg
60 TABLETS | AUST L 393020
EZZ
MAGNESIUM PLUS
60 Tablets
EZZ
LIVER TONIC
60 Film-coated Tablets
EZZ
CHILDREN'S EYE HEALTH
MEN'S
PERFORMANCE

ROTHSAY
AUDIT & ASSURANCE PTY LTD

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 2023, 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 2023 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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CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

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EZZ LIFE SCIENCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

Cash and Cash Equivalents

The Company's cash and cash equivalents and term deposits make up 78% of total assets by value and are considered to be the key driver of the Company's operations.

We do not consider cash and cash equivalents to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to the materiality in the context of the financial statements as a whole, this is considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.

How our Audit Addressed the Key Audit Matter

Our procedures over the existence of the Company's cash and cash equivalents and term deposits included but were not limited to:

- Documenting and assessing the processes and controls in place to record cash transactions;
- Testing a sample of cash payments to determine they were bona fide payments, were properly authorised and recorded in the general ledger;
- Agreeing cash holdings to independent third-party confirmations; and
- We 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 2023, 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.

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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023. 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 2023, complies with section 300A of the *Corporations Act 2001*.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla

Director

Sydney, 29 September 2023

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SHAREHOLDER INFORMATION

As at 17 September 2023, the Company had 42,705,000 fully-paid ordinary shares on issue. Further details of the Company's equity securities are as follows:

Substantial shareholders

As at the date of this report, the following shareholders are substantial shareholders for the purposes of Part 6C.1 of the Corporations Act 2001:

Disclosed shareholder	Number of shares	Percentage of issued share capital
Macquarie Holdings Pty Ltd	17,016,000	39.85%
JNJ Mok Pty Ltd	11,344,000	26.56%

Distribution of members and their holdings

Size of holdings	Number of shareholders	Number of shares	% of issued share capital
1-1,000	161	109,424	0.26
1,001-5,000	362	1,008,974	2.36
5,001-10,000	120	1,002,071	2.35
10,001-100,000	177	5,427,361	12.71
100,001-9,999,999,999	20	35,157,170	82.33
Rounding			(0.01)
Total	**840**	**42,705,000**	**100.00**

Twenty largest shareholders

The 20 largest shareholders of ordinary shares on the company's register as at 17 September 2023 were:

Rank	Name	Number of shares	% of issued share capital
1	Macquarie Holdings Pty Ltd	17,016,000	39.85
2	JNJ Mok Pty Ltd	11,344,000	26.56
3	Dr Mohammed Nabil Mohammed Eltokhy	557,091	1.30
4	Dr Mohammed Nabil Mohammed Eltokhy & Mrs Rana Farouk Mohamed <Mnt Super A/C>	500,000	1.17
5	Mr Zhaoying Wang	486,000	1.14
6	Mars Family Investment Pty Ltd <Mars Family A/C>	480,000	1.12
7	Mr Haitao Zheng	480,000	1.12
8	Miss Jing Chen	480,000	1.12
9	BNP Paribas Nominees Pty Ltd < IB AU Noms Retail Client Drp>	421,358	0.99
10	Ms Xiaojing Wang	150,000	0.35

Twenty largest shareholders

Continued

Rank	Name	Number of shares	% of issued share capital
11	Mr Ying Chuang Wang	147,005	0.34
12	Stephen Anthony Mander	120,040	0.28
13	Merrill Lynch (Australia) Nominees Pty Limited	116,060	0.27
14	Bai Nominees Pty Ltd <Bai Superannuation Fund A/C>	108,972	0.26
15	D & T Superannuation Pty Ltd <Suntan Super Fund A/C>	100,000	0.23
16	Ms Dandan Li	100,000	0.23
17	Peter Cowen Pty Ltd <Peter Cowen Super Fund A/C>	100,000	0.23
18	Mrs Li Zhu <Knight Holding Fund A/C>	95,229	0.22
19	Mr Xianfeng Gao & Ms Yang Sun	87,887	0.21
20	Wang Brothers Pty Ltd <Wang Brothers Family A/C>	81,135	0.19
Total:	**Top 20 holders of ordinary fully paid shares**	**32,970,777**	**77.20**
Total:	**Remaining holders balance**	**9,734,223**	**22.79**

Restricted securities

There are no restricted shares on issue.

There is no on-market buy-back.

Voluntary escrow

There are no shares in voluntary escrow.

Voting rights

The voting rights attached to each class of equity securities are set out below:

Ordinary Shares

Each fully-paid ordinary share carries voting rights of one vote per share.

Unmarketable Parcels

There were 94 shareholders that held less than a marketable parcel of the Company's ordinary shares, being a market value of less than $500.

EZZ

CORPORATE DIRECTORY

Directors

Glenn Cross, Non-Executive Chair

Qizhou Qin, 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 8, 210 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

EZZ

www.ezzlife.com.au

EZZ Life Science Holdings Limited

104 Derby Street, Silverwater,
NSW 2128, Australia
02 9160 2305