

ASX ANNOUNCEMENT

23 July 2024

APPENDIX 4C AND QUARTERLY ACTIVITY REPORT AS AT 30 JUNE 2024

EZZ Life Science Holdings Limited (ASX: EZZ), is a genomic life science company with a mission to improve quality of life and human health. EZZ has a focus on genomic research and development to address four key human health challenges: genetic longevity, human papillomavirus (HPV), children's care, and weight management. EZZ is passionate about investing in the future of consumer health through the development of e-commerce and distribution of high-quality products via omnichannel models across Australia, New Zealand, China and worldwide. EZZ presents its quarterly activity report and Appendix 4C cash flow statement for the quarter ended 30 June 2024 (Q4 FY24).

Highlights

- Receipts from customers totalled \$23.0m for Q4 FY24, up 70.3% from the corresponding period last year.
- Operating cash flows rose to \$4.5 million, marking a 120.3% increase from the previous quarter.
- EZZ's cash position remained robust with a balance of \$19.0m at 30 June 2024 and no debt.
- EZZ maintained its commitment to returning value to shareholders by announcing and paying a fully franked interim dividend of \$0.015 per share during the quarter.

Activities

- EZZ launched five health and wellness products during the quarter, targeting holistic well-being.
- Major sales agreement secured with our new customer, Pinehills (Hong Kong) Ltd., with a commitment to purchase \$15 million in EZZ-branded products in the first year. The agreement stipulates a minimum annual increase of 10% in purchase volumes throughout the five-year term.
- Announced US market expansion plans with nine EZZ-branded products granted approval by the United States (US) Food and Drug Administration (FDA) in the food category providing access to a large and growing consumer base in the United States for its popular range of healthcare products.
- EZZ exhibited its product range to buyers attending the 2024 Tax Free World Association (TFWA) Asia Pacific Exhibition and Conference in Singapore, the world's largest duty-free event.
- Renewed the Distribution Agreement with Australian United Pharmaceuticals (AUP) as the distributor of EAORON-branded products for a further period of three years.

Operational and Trading Update

EZZ achieved an impressive cash inflow of approximately \$23.0m from customers in Q4 FY24, representing a significant 70.3% increase compared to the corresponding quarter last year. This strong growth is primarily attributable to sales on Douyin (China's TikTok equivalent).

EZZ's investments in data optimisation, SEO activities, and influencer engagement have resulted in strong growth across most of its distribution channels. Notably, sales on Douyin reached \$14.0 million in the quarter (compared to \$6.8m in Q4 FY23) marking a year-over-year increase of 105.9%. Alibaba Group's Tmall remains EZZ's second largest channel with sales of \$3.8m, in Q4 FY24 (compared to \$1.4m in Q4 FY23). Towards the end of FY23, EZZ began selling through the Kuaishou platform, which focuses on live streaming. This initiative resulted in sales of \$1.3 million in Q4 FY24. In May 2023, EZZ announced that HIC had entered into a distribution agreement to sell two selected EZZ products exclusively in China, with an anticipated first-year revenue of \$16.0 million. The agreement commenced in September 2023, but over the last ten months, sales to HIC (EZZ's fourth largest distribution partner) have fallen short of expectations, with sales totalling approximately \$4.3 million by the end of Q4 FY24.

During the quarter, five new EZZ health and wellness products were launched. These additions cater to consumer demands for innovative solutions, reflecting the Company's commitment to offering diverse options and enhancing lifestyle choices. The products are: EZZ Probiotic Nasal, EZZ Women's Health Menstrual Support, EZZ FEM Immune Support, EZZ Lung Health Support, EZZ DHA Memory Support.

In May, EZZ signed a significant sales agreement with Hong Kong-based Pinehills (Hong Kong) Limited. This five-year distribution deal will expand EZZ's presence in key markets in Asia. Under the agreement, Pinehills has committed to purchasing at least \$15m worth of EZZ-branded products within the first 12 months with the annual purchase volumes then increasing by a minimum of 10% each subsequent year. This partnership leverages Pinehills' extensive distribution network and experience in cross-border trade, particularly within China, Vietnam, and other Southeast Asian markets.

Further in May, EZZ showcased its range of healthcare products at the TFWA Asia Pacific Exhibition and Conference, which brought together over 20,000 attendees from across Asia Pacific and globally. EZZ's participation in this premier event directly resulted in securing orders from several pharmacies at Singapore Changi Airport and by various airlines from mainland China, highlighting the Company's expanding market presence and the growing demand for its high-quality products in the duty free and travel retail market segments.

In June, EZZ received regulatory approval from the US FDA for nine of its healthcare products in the food category, facilitating its planned expansion into the US market. The FDA's endorsement underscores the high standards of EZZ's product formulations and manufacturing processes. EZZ also established a wholly owned US subsidiary, EZZ Life Science Holdings (USA) Inc., to support the Company's operations and growth in this new market.

EZZ will now proceed in implementing similar marketing strategies currently deployed in other key consumer markets with a focus on online marketplaces and platforms to reach the large and growing number of health supplement consumers in the US.

EZZ renewed its distribution contract with Australian United Pharmaceuticals (AUP) as the exclusive distributor of EAORON products in Australia and New Zealand. This contract has been renewed under the same terms as the previous contract with a duration of three years ending June 2027.

The Company's investment in new marketplaces throughout FY24 has yielded strong results. EZZ achieved cash inflow of \$4.5m from its operational activities, marking an impressive increase of approximately 120.3% compared to the previous quarter.

As of 30 June 2024, EZZ's cash balance remained robust at \$19.0m, with no debt. The 31.4% increase in cash balance over the previous quarter reflects the strong improvement in operating cashflow achieved this quarter. With a strong balance sheet, the Company continues the implementation of its strategic plan and accelerating growth initiatives.

Related party payments in the quarter related to:

a.	Purchase of inventory from Australian United Pharmaceuticals Pty Ltd	\$426,178
b.	3 months rent paid to MW Group Pty Ltd re Lidcombe office/showroom	\$103,675
c.	4 months rent paid to Parramatta Asset Management Pty Ltd re Silverwater office/warehouse	\$39,600
d.	Fees paid to Directors and CEO for the quarter	\$118,852
		\$688,305

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

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

For further information, please contact:

Investor Relations

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

ir@ezzlife.com.au

Annexure

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

Use of Funds as per Prospectus	Estimated Expenditure (\$ 000')	Actual Expenditure (\$ 000')	Comment
Software development	100	19	Commenced
Additional market expansion	1,375	1,375	Commenced
Manufacturing facility	2,460	39	Commenced
Research & development	450	316	Commenced
Experimental concept store	800	Nil	To commence
Cost of offer	768	747	Completed
Additional working capital	47	650	Commenced
Total	6,000	3,146	

For personal use only

Appendix 4C

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

Name of entity

EZZ Life Science Holdings Limited

ABN

88 608 363 604

Quarter ended ("current quarter")

30 Jun 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	22,976	66,880
1.2 Payments for		
(a) research and development	(13)	(26)
(b) product manufacturing and operating costs	(5,031)	(17,219)
(c) advertising and marketing	(11,690)	(37,824)
(d) leased assets	-	-
(e) staff costs	(535)	(1,929)
(f) administration and corporate costs	(528)	(1,794)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	99	196
1.5 Interest and other costs of finance paid	(3)	(24)
1.6 Income taxes paid	(786)	(2,067)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	4,489	6,193

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(49)	(417)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Investment in Subsidiaries	(2)	(2)
2.6	Net cash from / (used in) investing activities	(51)	(419)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	854	854
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(91)	(354)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	(651)	(1,081)
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	112	(581)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,473	13,831
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,489	6,193
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(51)	(419)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	112	(581)
4.5	Effect of movement in exchange rates on cash held	-	(1)
4.6	Cash and cash equivalents at end of period	19,023	19,023

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	19,023	14,473
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	19,023	14,473

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	688
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	4,489
8.2 Cash and cash equivalents at quarter end (item 4.6)	19,023
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	19,023
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date:23 July 2024.....

Authorised by:The Board.....
(Name of body or officer authorising release – see note 4)

Notes

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