



EZZ Life Science Holdings Limited

Shop 1, 55-59 Parramatta Road
Lidcombe NSW 2141 Australia

www.ezzlife.com.au

info@ezzlife.com.au

23 September 2024

ASX Compliance

ListingsComplianceSydney@asx.com.au

Dear Ms Banh,

Response to ASX Aware Letter dated 19 September 2024

EZZ Life Science Holdings Limited (**EZZ**) responds to the above letter as follows:

ASX Query

1. Does EZZ consider that any measure of its statutory or underlying earnings for the full year ended 30 June 2024 as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):
 - 1.1. If EZZ had published earnings guidance, that guidance.
 - 1.2. If EZZ is covered by sell-side analysts, the earnings forecasts of those analysts.
 - 1.3. If paragraph 1.1 and 1.2 are not applicable, EZZ's earnings for the prior corresponding period, being the full year ended 30 June 2023.

Please answer separately for each measure of earnings referred to in the Earnings Information. In your response, please have regard to ASX's commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

EZZ Response:

EZZ does not consider that any measure of its statutory or underlying earnings for the full year ended 30 June 2024 (**FY24**), as disclosed in its announcements released on the ASX Market Announcement Platform on 28 August 2024 (**Results Announcements**), differed materially from the market's expectations, having regard to the following three base indicators:

- 1.1 EZZ did not publish any earnings guidance in FY24.
- 1.2 To the Company's knowledge, EZZ was not covered by sell-side analysts in FY24.
- 1.3 EZZ's earnings for the prior corresponding period, being the full year ended 30 June 2023 (**FY23**), reflect past performance and are not a particularly reliable indicator of EZZ's likely earnings for FY24. However, set out below is a comparison of the FY23 and FY24 earnings results showing also the percentage increase against the relevant prior corresponding period:

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Measure of earnings	FY24 (\$m)	FY23 (\$m)	FY22 (\$m)	Increase from FY23 to FY24	Increase from FY22 to FY23
Revenue	66.4	37.1	15.0	78.9%	147.3%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	10.4	5.1	1.9	103.7%	167.7%
Net profit after tax (NPAT)	7.0	3.6	1.3	91.9%	176.6%
	FY24 (cents)	FY23 (cents)	FY22 (cents)	Increase from FY23 to FY24	Increase from FY22 to FY23
Earnings per share (EPS)	16.17	8.50	3.09	90.2%	175.1%

Based on the information set out in the table above, EZZ's earnings for FY24 increased at a similar (but lower) level from its earnings for FY23 as its FY23 earnings increased from its earnings for FY22.

Furthermore, ASX recognises in its Guidance Note 8 that market expectations can be informed or modified by the disclosures the entity makes to the market over the reporting period. Throughout FY24, EZZ kept the market informed of various developments which clearly indicated to the market that EZZ's earnings for FY24 were likely to increase from its earnings for FY23.

In particular, EZZ made the following announcements prior to the Results Announcements:

Date	Announcement	Summary and impact on share price
27 October 2023	Appendix 4C and Quarterly Activity Report as at 30 September 2023	Operating cash flows remained positive at \$0.4m during China retail's off season representing a 133% increase from the corresponding quarter last year. The share price remained stable.
29 February 2024	Half-yearly report (Appendix 4D)	Revenue from operating activities increased by 43.4% when compared to first 6 months of FY23. The share price remained stable.
27 March 2024	Investor presentation and market update IH FY24	EZZ disclosed its expectation for a strong revenue growth: <i>total sales from EZZ's three main marketplaces are expected to be up more than 75% in 3Q FY24 compared to 3Q FY23</i> (slide 18). The share price increased moderately.



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Date	Announcement	Summary and impact on share price
24 April 2024	Appendix 4C and Quarterly Activity Report as at 31 March 2024	Operating cash flows remained positive at \$2.04m representing a 372% increase from the last quarter. The share price remained stable.
7 May 2024	Half year interim dividend announcement	Dividend announcement of \$0.015 per share. Positive impact on the share price.
31 May 2024	EZZ secures major sales agreement with Pinehills (Hong Kong) Limited	Agreement provides EZZ with expanded distribution channels into key markets of China and Vietnam and other markets within Southeast Asia. Positive impact on the share price.
25 June 2024	EZZ targets US expansion after receiving product approval from FDA	EZZ receives approval from FDA for 9 products in the food category. The US market presents a significant opportunity for EZZ, with online sales of health supplements totalling US\$23.8 billion in 2023. Positive impact on the share price
23 July 2024	Appendix 4C and Quarterly Activity Report as at 30 June 2024	Operating cash flows rose to \$4.5m representing a 120.3% increase from the previous quarter. Positive impact on the share price.
6 August 2024	EZZ expands product portfolio with the launch of four new functional food products	Functional food sector has seen significant growth. Share price dropped slightly (presumably due to overall weakening market conditions).

Based on the above, EZZ considers that its FY24 earnings results did not differ materially from the market's expectations.

ASX Query

2. Please explain the basis for the view provided in response to question 1. In doing so, please specify how EZZ determined market expectations in relation to each relevant measure of its earnings, including:

2.1. If EZZ had published earnings guidance, details of:

2.1.1. that guidance and when it was released to the market; and

2.1.2. the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.

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2.2. If EZZ used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:

2.2.1. the method that EZZ used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in particular, whether or not EZZ used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate;

2.2.2. the entity's estimate of market expectations using that method; and

2.2.3. the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.

EZZ Response:

2.1 Not applicable. EZZ did not publish any earnings guidance in FY24.

2.2 Not applicable. To the Company's knowledge, EZZ was not covered by sell-side analysts in FY24.

ASX Query

3. Does EZZ consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of EZZ's securities?

Please answer separately for each measure of earnings referred to in the Earnings Information.

EZZ Response:

No.

As noted above, based on EZZ's earnings for FY23, EZZ did not consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for FY24.

In any case, when the results for FY23 were released on 28 August 2023 (showing an increase of 167.7% in EBITDA, an increase of 176.6% in NPAT and an increase of 175.1% in EPS) EZZ's share price remained stable. Accordingly, EZZ did not expect an increase in its earnings of a similar magnitude for FY24 (i.e. an increase of 103.7% in EBITDA, an increase of 91.9% in NPAT and an increase of 90.2% in EPS) to have a material effect on the price or value of its shares.

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ASX Query

4. If the answer to question 3 is “no”, please provide the basis for that view.

EZZ response:

As noted above, the increase in EZZ’s earnings from FY22 to FY23 (i.e. an increase of 167.7% in EBITDA, an increase of 176.6% in NPAT and an increase of 175.1% in EPS) was greater than the increase in its earnings from FY23 to FY24 as announced in the Results Announcements (i.e. an increase of 103.7% in EBITDA, an increase of 91.9% in NPAT and an increase of 90.2% in EPS).

After the FY23 earnings were announced, EZZ’s share price was not materially affected.

Therefore, EZZ did not consider that there was a variance between its expected earnings and its estimate of market expectations for FY24 of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of EZZ’s securities.

ASX Query

5. If the entity first became aware of the variance before the release of Results Announcements, did EZZ make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe EZZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps EZZ took to ensure that the information was released promptly and without delay.

EZZ response:

This question is not applicable as, based on the above, there was no variance between EZZ’s expected earnings and EZZ’s estimate of market expectations for FY24.

ASX Query

6. Please provide details of any other explanation EZZ may have for the trading in its securities following the release of the Results Announcements.

EZZ response:

EZZ cannot comment definitively as to the factors influencing trading in its shares. However, as set out in the table under ASX Query 1 above, throughout FY24, EZZ announced several future growth opportunities, including the following:

- the launch of 4 new products, marking EZZ’s entry into the functional foods category (announced on 6 August 2024);
- EZZ’s expansion into the US market after receiving approval from the FDA of 9 EZZ products in the food category for market release (announced on 25 June 2024); and

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- entering into a major sales agreement with Pinehills (Hong Kong) Limited (announced on 31 May 2024).

These announcements, in combination with the positive data points of the Results Announcements may have given the market confidence to increase the EZZ share price.

ASX Query

7. Please confirm that EZZ is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

EZZ response:

We confirm that EZZ is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

ASX Query

8. Please confirm that EZZ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EZZ with delegated authority from the board to respond to ASX on disclosure matters.

EZZ response:

We confirm that EZZ's responses to the above questions have been authorised and approved in accordance with EZZ's published Continuous Disclosure Policy.

Please do not hesitate to contact me if you have any further questions or wish to discuss any of the information in this letter.

Yours faithfully

Natalie Climo

Natalie Climo

Company Secretary

EZZ Life Sciences Holdings Limited

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19 September 2024

Reference: 100251

Ms Natalie Climo
Company Secretary
104 Derby Street
Silverwater NSW 2128

By email:

Dear Ms Climo

EZZ Life Sciences Holdings Limited ('EZZ'): ASX Aware Letter

ASX refers to the following:

- A. EZZ's announcements released on the ASX Market Announcements Platform on 28 August 2024 in connection with its full year results ('Results Announcements'), being its:
 - 1.1 "Appendix 4E – Preliminary Final Report" for the year ended 30 June 2024 released on MAP at 8:15AM AEST;
 - 1.2 "FY24 Full Year Results Summary" released on MAP at 8:19AM AEST; and
 - 1.3 "FY24 Results Presentation" released on MAP at 8.22AM AEST.
- B. The change in the price of EZZ's securities from \$1.95 immediately prior to the release of the Results Announcements to a high of \$2.50 following the release of the Results Announcements.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."
- E. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
 - "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:
 - 3.1A.1 One or more of the following 5 situations applies:
 - It would be a breach of a law to disclose the information;
 - The information concerns an incomplete proposal or negotiation;
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;

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- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- G. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular:

"...If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact."...

"...An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities."...

Request for information

Having regard to the above, ASX asks EZZ to respond separately to each of the following questions and requests for information:

1. Does EZZ consider that any measure of its statutory or underlying earnings for the full year ended 30 June 2024 as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):
 - 1.1 If EZZ had published earnings guidance, that guidance.
 - 1.2 If EZZ is covered by sell-side analysts, the earnings forecasts of those analysts.
 - 1.3 If paragraph 1.1 and 1.2 are not applicable, EZZ's earnings for the prior corresponding period, being the full year ended 30 June 2023.

Please answer separately for each measure of earnings referred to in the Earnings Information. In your response, please have regard to ASX's commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

2. Please explain the basis for the view provided in response to question 1. In doing so, please specify how EZZ determined market expectations in relation to each relevant measure of its earnings, including:
 - 2.1 If EZZ had published earnings guidance, details of:
 - 2.1.1 that guidance and when it was released to the market; and
 - 2.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.
 - 2.2 If EZZ used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:
 - 2.2.1 the method that EZZ used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in

particular, whether or not EZZ used a “consensus estimate” or an “adjusted consensus estimate” or a different specified approach for determining this estimate;

- 2.2.2 the entity’s estimate of market expectations using that method; and
 - 2.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.
3. Does EZZ consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of EZZ’s securities?
- Please answer separately for each measure of earnings referred to in the Earnings Information.
4. If the answer to question 3 is “no”, please provide the basis for that view.
 5. If the entity first became aware of the variance before the release of Results Announcements, did EZZ make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe EZZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps EZZ took to ensure that the information was released promptly and without delay.
 6. Please provide details of any other explanation EZZ may have for the trading in its securities following the release of the Results Announcements.
 7. Please confirm that EZZ is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
 8. Please confirm that EZZ’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EZZ with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:00 PM AEST Tuesday, 24 September 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, EZZ’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out above and may require EZZ to request a trading halt immediately if trading in EZZ’s securities is not already halted or suspended.

Your response should be sent by e-mail to ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in EZZ’s securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to EZZ's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that EZZ's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Kind regards

ASX Compliance