

ASX ANNOUNCEMENT

24 October 2024

APPENDIX 4C AND QUARTERLY ACTIVITY REPORT AS AT 30 SEPTEMBER 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 September 2024 (Q1 FY25).

Highlights

- Receipts from customers totalled \$15.4m for Q1 FY25, up 128.4% on the previous corresponding period (pcp) during China's retail off-season.
- EZZ's cash position remained robust with a balance of \$18.2m at 30 September 2024 and no debt.

Activities

- EZZ launched four new functional food products in August, targeting children and adults.
- Signed a three-year regional sponsorship with the Australian Open (AO) to increase brand reach in China and Southeast Asia, starting in 2025.
- Secured significant sales growth through Chinese platforms, leveraging KOLs and livestream events.
- EZZ hosted a variety of events and key activities in Sydney to promote EZZ and EAORON products, including an influencer engagement campaign, a concert, a symposium, and livestream shopping campaigns, all aimed at increasing brand awareness.
- Transitioned to a new multi-purpose company headquarters containing office facilities as well as showroom displays and purpose-built studios for livestream events to showcase EZZ's product range.
- Joined AusBiotech, Australia's biotechnology sector body, to enhance industry engagement.

EZZ Life Science Holdings Non-Executive Chair, Glenn Cross, commented on Q1 FY25:

"In the first quarter, EZZ delivered robust operational results, underscoring our efforts to diversify product offerings, enter new markets, and drive innovative marketing strategies. Even during China's retail off-season, we successfully utilised our digital channels and strategic partnerships to sustain strong sales growth."

"Our focus on digital marketing has been instrumental in maintaining this growth trajectory, particularly through influencer collaborations and live-stream shopping events. By partnering with key opinion leaders (KOLs) and leveraging live-stream commerce, we have been able to deepen consumer engagement and drive sales in highly competitive markets like China. This strategy, combined with the launch of four new functional food products in August, has significantly strengthened our product portfolio, catering to both children and adults in the growing health and wellness sector."

"As we look ahead, we remain focused on expanding our market presence, especially in the United States, following the recent FDA approval of EZZ-branded products. This will be a major step in our international growth strategy. Additionally, our strong cash position, with no debt at period end, allows us the flexibility to pursue strategic acquisitions and continue investing in new product development, positioning EZZ to create long-term shareholder value."

Operational and Trading Update

In Q1 FY25, EZZ Life Science Holdings achieved strong operational performance, reflecting the Company's continued efforts to expand its product offerings, enter new markets, and execute innovative marketing strategies. Despite challenges presented by the retail off-season in China, EZZ successfully leveraged its digital channels and partnerships to maintain robust sales growth.

Receipts from Customers for the quarter totaled \$15.4m, reflecting a 128.4% increase on the pcp. This growth is primarily driven by EZZ's continued success on Chinese e-commerce platforms, including Douyin, Tmall, and Omall. Sales on Douyin accounted for \$8.4m, a significant increase of 678.5% on the pcp. Meanwhile, Tmall recorded sales of \$2.0m, marking a 113.7% increase on pcp. From July to September, the Company also started its direct sales efforts into Australian pharmacies which also contributed to the total receipts.

The operating cash outflow for the quarter was \$75k, primarily driven by increased inventory and production costs to support higher sales volumes. Additionally, in September, the Company made strategic investments in marketing, including a major event to celebrate and announce its partnership with the Australian Open. These advertising expenses, aimed at boosting brand visibility and future sales, contributed to the negative cash flow this quarter, positioning the Company for long-term growth.

EZZ's strategic efforts in digital marketing have yielded strong results, particularly in influencer marketing and engagement, which continues to be a key driver of the Company's success in China and other markets. EZZ's focus on livestream shopping events and collaborations with KOLs has proven effective in boosting sales and consumer engagement, especially in the highly competitive Chinese market.

In August, EZZ entered the functional foods category with the launch of four new functional food products targeted at children and adults. These new additions have been well received, contributing to the Company's growing portfolio in the health and wellness category and enhancing its presence in the functional foods market. Initial feedback from distributors and consumers suggests strong demand, with orders already placed for the newly launched products.

During the quarter, EZZ transitioned to its new headquarters in Lidcombe, New South Wales. This facility not only houses office space for staff and showroom spaces to display EZZ's diverse product range, but also bridges the gap between the offline and online worlds. It offers dedicated venue spaces for influencers and live streamers, including specialised livestream studios equipped with advanced lighting and streaming technology. EZZ's new headquarters also features a model laboratory and a replica 'pharmacy' set, providing environments where influencers can showcase EZZ's products to their online audiences in innovative ways.

In September, the Company announced a landmark three-year sponsorship with the Australian Open, which will commence in 2025. This global sporting event presents an exceptional opportunity for EZZ to elevate its brand visibility and engage with a broader audience across key international markets across Asia. As an official regional partner, EZZ aims to increase brand awareness for its health products, with a particular focus on China and Southeast Asia, where the Company sees substantial growth potential.

EZZ hosted a series of events in Sydney aimed at both the Chinese-Australian community and key stakeholders. These events included a concert, an e-commerce symposium with Douyin representatives, and a series of livestream shopping events that helped to boost awareness for both EAORON and EZZ products. This multi-faceted campaign has not only deepened engagement with existing consumers but has also attracted new buyers to the brand.

As of 30 September 2024, EZZ held a cash balance of \$18.2 million, with no debt (excluding lease liabilities). The reduction in the cash balance on the previous quarter is mainly due to the appreciation of the Australian dollar against the US dollar by the end of the quarter, which impacted the value of the Company's US dollar-denominated savings. This strong cash position provides the Company with the flexibility to continue its growth initiatives and execute on its long-term strategic plan, including further product development and market expansion into the United States and other targeted regions.

Looking ahead, EZZ remains focused on its US market expansion, following the recent FDA approval of nine EZZ-branded products in the food category. The Company's marketing strategies in the US will mirror those successfully deployed in other markets, with a particular emphasis on leveraging digital platforms and influencers to drive consumer demand for its healthcare products. The Company also continues to actively explore a number of acquisition opportunities to deliver further shareholder value.

Related party payments in the quarter related to:

a.	Purchase of inventory from Australian United Pharmaceuticals Pty Ltd	\$558,553
b.	1 months rent paid to MW Group Pty Ltd re Lidcombe office/showroom	\$34,558
c.	1 months rent paid to Parramatta Asset Management Pty Ltd re Silverwater office/warehouse	\$9,900
d.	Fees paid to Directors and CEO for the quarter	\$138,226
		\$741,237

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	324	Commenced
Experimental concept store	800	Nil	To commence
Cost of offer	768	747	Completed
Additional working capital	47	865	Commenced
Total	6,000	3,369	

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 Sept 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	15,382	15,382
1.2 Payments for		
(a) research and development	(13)	(13)
(b) product manufacturing and operating costs	(3,505)	(3,505)
(c) advertising and marketing	(10,284)	(10,284)
(d) leased assets	-	-
(e) staff costs	(510)	(510)
(f) administration and corporate costs	(681)	(681)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	104	104
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	(594)	(594)
1.7 Government grants and tax incentives	28	28
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(75)	(75)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(144)	(144)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	-	-
2.6	Net cash from / (used in) investing activities	(144)	(144)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(92)	(92)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	(7)	(7)
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(99)	(99)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	19,023	19,023
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(75)	(75)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(144)	(144)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(99)	(99)
4.5	Effect of movement in exchange rates on cash held	(457)	(457)
4.6	Cash and cash equivalents at end of period	18,248	18,248

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	18,248	19,023
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)	18,248	19,023

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	741
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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)	(75)
8.2 Cash and cash equivalents at quarter end (item 4.6)	18,248
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	18,248
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	243
<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:24 October 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.