

# **EZZ Life Science Holdings Limited (formerly Eaoron Pty Ltd)**

**ACN: 608 363 604**

**Financial Statements**

**For the Year Ended 30 June 2019**

# EZZ Life Science Holdings Limited

ACN: 608 363 604

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For the Year Ended 30 June 2019

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# EZZ Life Science Holdings Limited

ACN: 608 363 604

## Directors' Report

30 June 2019

The directors present their report on EZZ Life Science Holdings Limited ("the Company") for the financial year ended 30 June 2019.

### 1. General information

#### Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Qizhou Qin (appointed 1 September 2019)

Fernando Rodriguez (appointed 9 July 2020)

Fei Wang (appointed 9 July 2020)

Jun Cui (resigned 1 September 2019)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### Principal activities and significant changes in nature of activities

The principal activities of the Company during the financial year were as a wholesale distributor of cosmetic products and health supplement. The Company's products include facial masks, facial creams and energizer formulas.

There were no significant changes in the nature of EZZ Life Science Holdings Limited's principal activities during the financial year.

### 2. Operating results and review of operations for the year

#### Operating results

The profit of the Company for the year amounted to \$823,810, after providing for income tax.

#### Review of operations

A review of the operations of the Company during the financial year and the results of those operations show the Company derived a profit before tax of \$1,177,397 on revenue of \$11,187,447. There were no operations in the Company in the prior year. This is attributable to the current business of the Company being transferred from a related entity during the year.

### 3. Other items

#### Significant changes in state of affairs

On 1 September 2018 the current business of the Company was transferred from a related entity, Australian Pharmaceuticals Pty Ltd, for no consideration as a common control transaction.

#### Events after the reporting date

The Directors are closely monitoring the Covid19 pandemic. The Company has been able to maintain sales and profitability during this period. Future earnings may be impacted if the pandemic further restricts people movement and if further health restrictions are imposed.

The Company continues expand its product range and distribution channels subsequent to year end.

On 16 April 2020 the Company changed its name from Eazon Pty Ltd to EZZ Life Science Holdings Pty Ltd and on 10 July 2020 changed status to a public company by the name of EZZ Life Science Holdings Limited.

# EZZ Life Science Holdings Limited

ACN: 608 363 604

## Directors' Report

30 June 2019

### 3. Other items (continued)

#### Events after the reporting date (continued)

No other 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 years.

#### Future developments and results

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 issues

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.

#### Indemnification and insurance of officers and auditors

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

#### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2019 has been received and can be found on page 3 of the financial report.

This director's report is signed in accordance with a resolution of the Director.

Director:  .....

Dated 26 August 2020

**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 2019, 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.



**Daniel Dalla**  
Director

Sydney, 26 August 2020

## EZZ Life Science Holdings Limited

ACN: 608 363 604

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	4	11,187,447	-
Cost of sales		(6,764,660)	-
Advertising and marketing expense		(1,969,015)	-
Depreciation and amortisation expense		(3,404)	-
Employee benefits expense		(58,610)	-
Occupancy expense		(96,120)	-
Service fees		(246,375)	-
Management fees		(653,766)	-
Other expenses		(218,100)	-
<b>Profit before income tax</b>		<b>1,177,397</b>	-
Income tax expense	5	(353,587)	-
<b>Profit for the year</b>		<b>823,810</b>	-
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>823,810</b>	-

The accompanying notes form part of these financial statements.

# EZZ Life Science Holdings Limited

ACN: 608 363 604

## Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	413,886	100
Trade and other receivables	8	2,410,441	-
<b>TOTAL CURRENT ASSETS</b>		<b>2,824,327</b>	<b>100</b>
NON-CURRENT ASSETS			
Plant and equipment	9	89,139	-
Deferred tax assets	11	1,143	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>90,282</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>2,914,609</b>	<b>100</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	10	1,732,158	-
Current tax liabilities	11	354,730	-
Employee entitlements	12	3,811	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,090,699</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>2,090,699</b>	<b>-</b>
<b>NET ASSETS</b>		<b>823,910</b>	<b>100</b>
<b>EQUITY</b>			
Issued capital	13	100	100
Retained earnings		823,810	-
<b>TOTAL EQUITY</b>		<b>823,910</b>	<b>100</b>

The accompanying notes form part of these financial statements.

## EZZ Life Science Holdings Limited

ACN: 608 363 604

### Statement of Changes in Equity For the Year Ended 30 June 2019

#### 2019

	Issued Capital \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2018</b>	<b>100</b>	-	<b>100</b>
Profit for the year	-	<b>823,810</b>	<b>823,810</b>
Transactions with owners in their capacity as owners	-	-	-
<b>Balance at 30 June 2019</b>	<b>100</b>	<b>823,810</b>	<b>823,910</b>

#### 2018

	Issued Capital \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2017</b>	100	-	100
Transactions with owners in their capacity as owners	-	-	-
<b>Balance at 30 June 2018</b>	100	-	100

The accompanying notes form part of these financial statements.

## EZZ Life Science Holdings Limited

ACN: 608 363 604

### Statement of Cash Flows For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	9,681,808	-
Payments to suppliers and employees	(9,265,479)	-
Net cash provided by/(used in) operating activities	21 <u>416,329</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of plant and equipment	<u>(2,543)</u>	-
Net cash provided by/(used in) investing activities	<u>(2,543)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net cash provided by/(used in) financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	413,786	-
Cash and cash equivalents at beginning of year	<u>100</u>	100
Cash and cash equivalents at end of financial year	7 <u><u>413,886</u></u>	<u>100</u>

The accompanying notes form part of these financial statements.

# EZZ Life Science Holdings Limited

ACN: 608 363 604

## Notes to the Financial Statements For the Year Ended 30 June 2019

The financial report covers EZZ Life Science Holdings Limited 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 26 August 2020.

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 and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### 2 Summary of Significant Accounting Policies

#### (a) Business combinations

Business combinations are accounted for by applying the acquisition method, unless it is a combination involving a business under common control, which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

#### *Common Control Transaction "Pooling of Interests" Method*

A business combination between entities ultimately controlled by the same parties is considered to be a "common control" transaction, outside the scope of AASB 3 *Business Combinations*. Such a transaction is accounted for using the "pooling of interests" method resulting in the continuation of existing accounting values that would have occurred if the assets and liabilities had already been part of that entity.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(a) Business combinations (continued)**

It has been determined that the group reorganisation resulting in the acquisition of the business by the Company from a related entity, Australian United Pharmaceuticals Pty Ltd, is a common control transaction as both the Company and Australian United Pharmaceuticals Pty Ltd are controlled by the same parties. As a result, the accounting treatment under the "pooling of interest method" has been applied as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No "new" goodwill or other intangible assets are recognised as a result of the combination; and
- The profit or loss reflects the results from the date of the business combination.

##### **(b) 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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(c) Income Tax**

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

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

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

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

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

##### **(d) 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.

##### **(e) 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 revaluation model.

###### **Depreciation**

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

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(e) Plant and equipment (continued)**

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

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Motor Vehicles	25%
Computer Equipment	67%

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.

##### **(f) 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 (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification*

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 that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(f) Financial instruments (continued)**

###### **Financial assets (continued)**

###### *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 significant 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 assets 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 with the loss being recognised in finance expense. 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 significant increase in credit risk then the lifetime losses are estimated and recognised.

**Notes to the Financial Statements**  
**For the Year Ended 30 June 2019**

**2 Summary of Significant Accounting Policies (continued)**

**(f) Financial instruments (continued)**

**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.

**(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) 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.

**(i) Leases**

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(j) Employee entitlements**

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

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

##### **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.

##### **(k) 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.

##### **(l) 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.

##### **(m) Adoption of new and revised accounting standards**

The Company has adopted all standards which became effective for the first time at 30 June 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(n) New Accounting Standards and Interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

<b>Standard Name</b>	<b>Effective date for entity</b>	<b>Requirements</b>
AASB 16 Leases	1 July 2019 (30 June 2020 financial year end)	<p>AASB 16 requires a lessee to recognise a right of use asset representing its right to use the underlying leased asset and a lease liability representing the present value of its obligation to make lease payments. Rental expense will be replaced by depreciation on the right of use asset and interest expense on the lease liability.</p> <p>On implementation of AASB 16 a right of use asset and a lease liability of \$153,970 will be recognised. For the year ending 30 June 2020 there is expected to be an immaterial impact on profit or loss. There will be no impact to profit or loss over the life of a lease under AASB 16.</p>

#### **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 entire balance is not considered collectible. The impairment allowance is based on the best information at the reporting date.

## EZZ Life Science Holdings Limited

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### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 4 Revenue and Other Income

	2019	2018
	\$	\$
Revenue		
- sale of goods	11,187,447	-
	<u>11,187,447</u>	<u>-</u>

#### 5 Income Tax Expense

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

	2019	2018
	\$	\$
Current tax expense	354,730	-
Deferred tax expense	(1,143)	-
<b>Total income tax expense</b>	<u>353,587</u>	<u>-</u>

(b) Reconciliation of income tax to accounting profit:

	2019	2018
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2018: 30%)	353,219	-
Tax effect of:		
- non-deductible depreciation and amortisation	368	-
Income tax expense	<u>353,587</u>	<u>-</u>

#### 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 at the Company level. Accordingly, the Company is treated as one operating segment.

Therefore, management identified the Company as having only one reportable segment. The financial results from this reportable segment are equivalent to the financial statements of the Company as a whole. Geographical sales information and customer concentration is disclosed below to assist in the understanding of the Company.

# EZZ Life Science Holdings Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 6 Operating Segments (continued)

#### (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.

#### (d) Segment liabilities

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

#### (e) Geographical information

In presenting information on the basis of geographical sales, revenue is allocated based on the geographical location of customers.

	2019	2018
	\$	\$
	Revenue	Revenue
Australia	8,509,211	-
China	2,678,236	-
	<u>11,187,447</u>	<u>-</u>

#### (f) Major customers

Revenues of approximately \$ 10,946,649 (2018: \$Nil) are derived from one customer. These revenues are split between Australian and China.

### 7 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and in hand	413,886	100
	<u>413,886</u>	<u>100</u>

# EZZ Life Science Holdings Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 8 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	2,301,986	-
Other receivables	108,455	-
	<u>2,410,441</u>	<u>-</u>

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

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

### 9 Plant and equipment

	2019	2018
	\$	\$
Motor vehicles		
At cost	90,000	-
Accumulated depreciation	(3,390)	-
Total motor vehicles	<u>86,610</u>	<u>-</u>
Computer equipment		
At cost	2,543	-
Accumulated depreciation	(14)	-
Total computer equipment	<u>2,529</u>	<u>-</u>
	<u>89,139</u>	<u>-</u>

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	Computer Equipment	Total
	\$	\$	\$
<b>Year ended 30 June 2019</b>			
Balance at the beginning of year	-	-	-
Additions	90,000	2,543	92,543
Depreciation	(3,390)	(14)	(3,404)
<b>Balance at the end of the year</b>	<u>86,610</u>	<u>2,529</u>	<u>89,139</u>

# EZZ Life Science Holdings Limited

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 10 Trade and Other Payables

	2019	2018
	\$	\$
CURRENT		
Trade payables	1,239,663	-
Payable to shareholder	91,000	-
Payable to related entity - Australian United Pharmaceuticals Pty Ltd	120,450	-
Payable to related entity - Australian Health Industry Co. Pty Ltd	150,563	-
Other payables	130,482	-
	<u>1,732,158</u>	<u>-</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

### 11 Tax assets and liabilities

	2019	2018
	\$	\$
Income tax payable	354,730	-
<b>Current tax liabilities</b>	<u>354,730</u>	<u>-</u>

	Opening Balance	Charged to Income	Closing Balance
	\$	\$	\$
<b>Deferred tax assets</b>			
Employee entitlements	-	1,143	1,143
<b>Balance at 30 June 2019</b>	<u>-</u>	<u>1,143</u>	<u>1,143</u>

### 12 Employee Entitlements

	2019	2018
	\$	\$
Current liabilities		
Annual leave	3,811	-
	<u>3,811</u>	<u>-</u>

## EZZ Life Science Holdings Limited

ACN: 608 363 604

### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 13 Issued Capital

	2019	2018
	\$	\$
100 (2018: 100) Ordinary shares at \$1 each	100	100
	<u>100</u>	<u>100</u>

##### (a) Ordinary shares

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

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

##### (b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

#### 14 Leasing Commitments

	2019	2018
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	128,160	-
- between one year and five years	32,040	-
	<u>160,200</u>	<u>-</u>

Operating leases are in place for the office premises and has a term of 2 years.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2019**

#### **15 Financial Risk Management**

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

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

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

##### **Specific risks**

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

##### **Financial instruments used**

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

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

##### **Objectives, policies and processes**

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

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and EZZ Life Science Holdings Limited'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:

## EZZ Life Science Holdings Limited

ACN: 608 363 604

# Notes to the Financial Statements

## For the Year Ended 30 June 2019

### 15 Financial Risk Management (continued)

#### Liquidity risk

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

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

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

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

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

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

#### Credit risk

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

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

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

#### *Trade receivables and contract assets*

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company is exposed to credit risk from one particular customer, representing approximately 97% of trade receivables at year end.

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 2019 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.

# EZZ Life Science Holdings Limited

ACN: 608 363 604

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 15 Financial Risk Management (continued)

#### Market risk

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

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

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

### 16 Dividends

No dividends were declared or paid during the year.

#### Franking account

	2019	2018
	\$	\$
The franking credits available for subsequent financial years at a tax rate of 30%	<u>428,643</u>	<u>-</u>

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

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

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

### 17 Key Management Personnel Remuneration

No remuneration was paid to the key management personnel of the Company during the year. Key management personnel are remunerated by a related entity, Australian United Pharmaceuticals Pty Ltd.

# EZZ Life Science Holdings Limited

ACN: 608 363 604

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 18 Related Parties

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

Key management personnel - refer to Note 17.

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**

A former director and current shareholder is owed \$91,001 by the Company. The amount payable is interest free and has no fixed repayment date. The amount was used for the following purposes:

- \$90,000 to acquire a motor vehicle; and
- \$1,001 for the Company's working capital.

The motor vehicle was acquired by the former director at a cost of \$116,595 on 23 June 2018 and was acquired by the Company for \$90,000 on 7 May 2019. Subsequent to year end the amount outstanding has been repaid.

The Company purchases its inventory from a related entity, Australian United Pharmaceuticals Pty Ltd. Purchases during the year totalled \$6,750,911. These purchases included a profit margin to Australian United Pharmaceuticals Pty Ltd. There are no amounts payable to Australian United Pharmaceuticals Pty Ltd in respect of inventory purchases at 30 June 2019.

During the year the Company purchased inventory elated entity, PPY Australia Pty Ltd. Purchases during the year totalled \$13,748. There are no amounts payable to PPY Australia Pty Ltd at 30 June 2019.

During the year the Company entered into a service arrangement with related entities Australian United Pharmaceuticals Pty Ltd and Australian Health Industry Co. Pty Ltd. The amount payable at 30 June 2019 to these entities is \$120,450 and \$150,563 respectively. The total amount of the services during the year totalled \$246,375.

The Company has subleased its premises from a related party, Australian Health Industry Co. Pty Ltd. Australian Health Industry Co. Pty Ltd is party to the master lease with the landlord. The amount paid by the Company under the its sublease is based on the same square metre rate of the master lease multiplied by the portion of the premises occupied by the Company. The total rent paid or payable during the year is \$96,120.

### 19 Auditors' Remuneration

	2019	2018
	\$	\$
Remuneration of the auditor Rothsay Audit & Assurance Pty Ltd, for:		
- auditing or reviewing the financial statements	20,000	-
- other assurance services	10,000	-
<b>Total</b>	<b>30,000</b>	<b>-</b>

## EZZ Life Science Holdings Limited

ACN: 608 363 604

### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018: None).

#### 21 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:

	2019	2018
	\$	\$
Profit for the year	823,810	-
Non-cash flows in profit:		
- depreciation	3,404	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(2,410,441)	-
- increase/(decrease) in trade and other payables	1,642,158	-
- increase/(decrease) in income taxes	353,587	-
- increase/(decrease) in employee entitlements	3,811	-
Cashflows from operations	<u>416,329</u>	<u>-</u>

#### 22 Events Occurring After the Reporting Date

The financial report was authorised for issue on 26 August 2020 by the board of directors.

The Directors are closely monitoring the Covid19 pandemic. The Company has been able to maintain sales and profitability during this period. Future earnings may be impacted if the pandemic further restricts people movement and if further health restrictions are imposed.

The Company continues expand its product range and distribution channels subsequent to year end.

On 16 April 2020 the Company changed its name from Eaaron Pty Ltd to EZZ Life Science Holdings Pty Ltd and on 10 July 2020 changed status to a public company by the name of EZZ Life Science Holdings Limited.

Except for the above, no other 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 years.

#### 23 Statutory Information

The registered office and principal place of business of the company is:

EZZ Life Science Holdings Limited  
36 Romney Road  
St Ives Chase NSW 2075

## EZZ Life Science Holdings Limited

ACN: 608 363 604

### Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2019 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.

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

Director .....

Dated 26 August 2020

## 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 2019, 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 director's 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 2019 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* ("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 director of the Company, would be in the same terms if given to the director 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.

#### Other Information

The director is responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, 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.



## EZZ LIFE SCIENCE HOLDINGS LIMITED

### INDEPENDENT AUDITOR'S REPORT (continued)

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.

#### **Director's Responsibility for the Financial Report**

The director of the Company is 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 director determines 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 director is 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 director either intends 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 director.



**EZZ LIFE SCIENCE HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT (continued)**

- Conclude on the appropriateness of the director's 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 director 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.

**Rothsay Audit & Assurance Pty Ltd**

A handwritten signature in dark ink, appearing to read 'Dalla', written in a cursive style.

Daniel Dalla

Director

Sydney, 26 August 2020