

## Holista Sets Up US Subsidiary and Forms Strategic Partnership

**14 September 2020**

### **ASX Announcement**

#### **Highlights:**

- **Holista Sets Up North American operations and ends exclusive distribution agreement with Health Therapies LLC**
- **Holista secures new partnership with Eight Mercatus USA, which is led by Mr Poonacha Machaiah**
- **Mr Machaiah is the current CEO of The Chopra Foundation with long experience in the wellness space**
- **Eight Mercatus Pte Ltd and Eight Mercatus (USA) Pte Ltd (collectively known as “Eight Mercatus USA”) will be Holista’s strategic business and marketing partners for the North America (NA) markets**

**Holista Colltech Limited** (ASX: HCT, “Holista” or “the Company”) wishes to provide the following update regarding the restructuring of its North American operations, which includes the ending of its exclusive distribution agreement with Health Therapies LLC (HT). HT will be able to continue pursuing its current leads.

Holista will assume full control of that market and has signed a partnership agreement with Eight Mercatus USA, which is led by highly networked business leader, Mr Poonacha Machaiah.

It is too early to forecast the impact the partnership will have on Holista’s earnings, although the Company believes Eight Mercatus USA’s financial interests (outlined in the next section) are aligned with Holista’s interests.

Mr Machaiah is an expert in using technology to solve social and environmental problems and is currently the Chief Executive Officer of the world-renowned Chopra Foundation, which was founded by Dr Deepak Chopra to advance research and education on well-being and humanitarianism.

More details on Mr Machaiah can be found at the end of this announcement.

“Holista has built a strong portfolio of innovative wellness products that are much needed in the current climate to protect the wellbeing of our communities and support the reopening of the global economy,” said Mr Machaiah.

"I look forward to working closely with the Holista team to develop an effective go-to-market strategy across consumer, enterprise and local/state government channels."

Dr Rajen Manicka, Founder & CEO of Holista, commented:

"We are happy to be partnering with Eight Mercatus USA given Poonacha's leadership experience in Fortune 100 companies and his association with the Chopra Foundation. Holista's products are very much in-line with the organisation's goals and values, and its networks will be invaluable to our success in North America and beyond."

### **Details of Partnership Agreement**

Under the agreement, Eight Mercatus USA will act as Holista's strategic business and marketing partner for the North American market to redesign its branding strategy and develop key online and offline sales channels for the Natshield™ range of products, low Glycemic Index (GI) bread range and the water soluble supplements range.

Other salient features of the agreement are as follows:

- Mercatus USA is to provide go-to-market strategies, general marketing advisory and channel management services based on the Company's product requirements. Mercatus USA, under Mr Poonacha Machaiah's leadership, will spearhead Holista's sales and marketing efforts into the North American markets.
- The project scope and deliverables by Mercatus USA include setting up of Holista's wholly-owned subsidiary in the USA (called Holista Life LLC), hiring of key team members and resources, ensuring all brand assets (website, social media, marketing materials) are in place and updated, conducting market studies, surveys and product positioning, establishing distribution and sales channels as well as implementing appropriate "go-to-market" strategies.
- Mercatus USA and Mr Machaiah will also bring in key influencers and celebrity endorsements for Holista Life's range of products in the wellness space in North America.
- The term of the contract is fixed from 1 September 2020 to 31 August 2021 (12 months). Mercatus USA will be paid with a combination of fixed monthly retainer fee of USD 20,000, a percentage of commissions from online and offline sales and an issue of six (6) million stock options as noted below.
- Percentage commissions are 5% for offline (store) sales, up to 10% for online sales via common standard platforms and up to 20% for online sales via click funnels being developed. These will be negotiated on an ongoing basis depending on profitability.
- As per the partnership agreement, in the event where the above revenue sharing arrangements render the offline retail channel or Holista's ecommerce channels financially unviable, both parties will renegotiate and agree in advance an alternative revenue share model that is acceptable to all involved.

- The Company will issue a total of six (6) million stock options to the appointed nominees of Mercatus USA on completion of the first year of service as at 31 August 2021. The options would be subject to management recommendation based on agreed performance criteria being met but will be subject to shareholder approval. The options will be at an exercise price of a 20% premium added to the Volume Weighted Average Price of the preceding 60 days. The expiry date for these options is 31 August 2022.

There are no other conditions precedent that need to be satisfied for the agreement.

### **Restructure of Holista's North American operations**

The partnership with Eight Mercatus USA is part of Holista's restructuring of its North American operations.

Holista wishes to advise that the exclusive distribution agreement with HT for the sales and distribution of NatShield™ (announced on 9<sup>th</sup> April 2020) has been terminated effective 9<sup>th</sup> September 2020.

In the past six months, sales from HT amounted to \$467,000 (US\$338,000), which is below HT's \$3 million minimum sales target. There is no compensation payable to HT for the termination, although HT may continue to pursue existing opportunities on a non-exclusive basis.

Separately, Holista will set up a wholly-owned subsidiary called Holista Life LLC to work with Eight Mercatus USA and manage sales and distribution for the Company's products in North America.

This announcement has been approved for release by all members of the Holista Board.

-Ends-

### **About Holista Colltech Limited**

Holista CollTech Ltd("Holista") is a natural wellness company, that has the following main divisions:

- Dietary supplements
- Food Ingredients
- Ovine collagen
- Infection Control Solutions

Holista has a global collaboration with Global Infection Control Consultants LLC to use Path-Away®, a plant-based solution that is proven to kill a broad spectrum of microbes. The all-natural alcohol-free active ingredient is used in Holista's range of sanitising products under the NatShield™ brand.

Listed on the Australian Securities Exchange ("ASX"), Holista researches, develops, manufactures and markets health style products. Holista's suite of ingredients

includes low GI baked products, reduced sodium salts, low fat fried foods and low calorie sugar without compromising taste, odour and mouthfeel. Holista also produces sheep (ovine) collagen using patented extraction methods.

### **About Poonacha Machaiah**

Poonacha Machaiah is a global leader among a new breed of social entrepreneurs, having chosen to apply his corporate expertise from 25 years as a business executive in multiple Fortune 100 companies and entrepreneurial initiatives to addressing societal and wellbeing challenges.

Poonacha is the CEO of The Chopra Foundation, a 501 (c) (3) organization dedicated to improving health and well-being, cultivating spiritual knowledge, expanding consciousness, and promoting world peace. He is the co-founder of the Never Alone Movement for Suicide Prevention and Mental Health along with both world-renowned mind-body medicine pioneer and New York Times best-selling author Deepak Chopra, M.D, and actress and humanitarian Gabriella Wright.

Poonacha has launched the Warrior Monk™ brand targeted at creating a positive societal shift through the compassionate transformation of humankind. Poonacha is the founder of Wellbeing Tech, a leading technology innovation company that has deployed transformative wellbeing solutions such as the hyper-local neighborhood app i.e. GABL and Remote Assistance Management platform for providing assisted reality with Glass Enterprise edition.

As a serial entrepreneur, he has co-founded startups such as Jiyo, Deepak Chopra InnerSpace, and Qyuki. He has also held senior management positions at Nortel, Iridium, Motorola and Sasken. He holds an MBA from the College of William and Mary, and a Bachelor of Science in Computer Science and Engineering from the B.M.S. College of Engineering.

### **About Eight Mercatus**

Eight Mercatus is a venture builder group based in Singapore. The company provides a complete growth platform that connects investors, corporates to the startups and scaleups community. Their services include fundraising and strategic advisory in areas such as deep tech development, patent, legal, mentorship, leadership, creative marketing and go to market strategies. Eight Mercatus is backed by an experienced team of entrepreneurs who have been through the journey of building successful businesses, and are execution focused. They have a strong network of partners in Asia Pacific, Europe and USA. Eight Meractus has recently been appointed by Enterprise SG as an Accredited Mentor Partner for its SG Startup Founder Program in Singapore.

**For further information, please contact:**

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