

Appendix 4C and Activities Report: Significant Growth Momentum Continues into 2022

ASX Announcement

29 April 2022

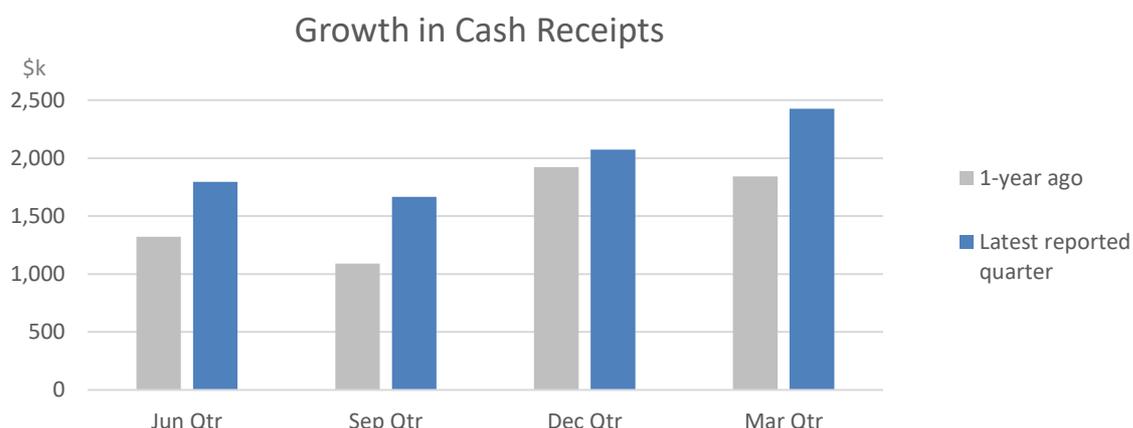
Highlights

- Record quarterly sales receipts of \$2.4m (+34% over 1QFY21)
- Significant increase in 1QFY22 sales across all four divisions
- Supplements division sales +31%, Food Ingredients +79%, Ovine Collagen +64% and Infection Control +164% vs. 1QFY21
- Significant investment in building inventory of raw materials during the quarter to manage inflation/supply chain risks and to meet strong forward customer orders
- Independent testing undertaken during the quarter show Holista's nano silver disinfectant kills 99.99% of human coronavirus strain within 30 minutes (results received post quarter end)
- Positive outlook as tailwinds behind record FY2021 revenue persists in 2022
- Multiple growth drivers including new product launches and further potential sales to Country Farms/Starbucks Malaysia
- Holista is preparing ecommerce platform for launching products into various markets in 2nd half of 2022

Holista Colltech Limited (ASX: HCT, "Holista" or "the Company") is pleased to provide the following quarterly update and commentary on its Appendix 4C for the three months to 31 March 2022 (Q1FY2022).

Summary of cash position

The Company's quarterly Receipts from Customers hit a record high of \$2.4 million as all of Holista's divisions recorded strong sales growth over the previous corresponding period (**pcp**), meaning Q1 FY2022 vs.Q1 FY2021.



The rise in the March quarter sales receipts represents a 34% increase over the pcp and a 17% quarter-on-quarter (**QoQ**) increase, meaning 1Q 2022 vs. 4Q 2021.

Holista's cash and cash equivalent holdings at the end of the quarter was \$1.2 million, which is a slight decline over 4QFY2021 due to larger-than-normal advance ordering of raw materials to fulfil strong and growing forward orders for its products and in response to supply chain disruptions.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$115,000 in relation to overhead reimbursement costs, consulting fees and directors remuneration to its related parties and associates.

Operating activities

Subject to the final external audit, total sales across all Holista's divisions came in at \$2.7 million in the March quarter, which represents a 42% increase over the pcp.

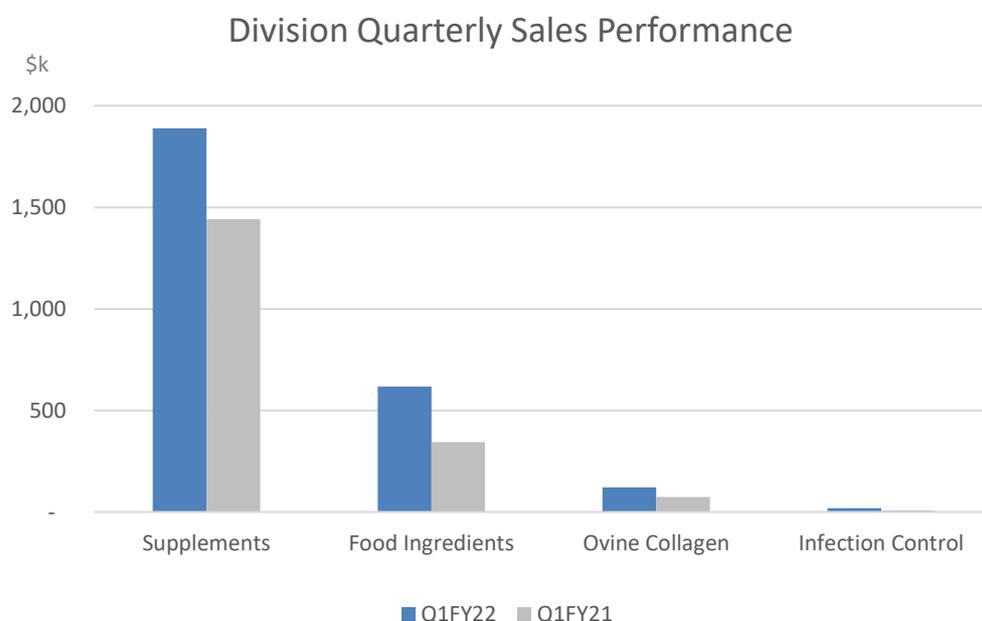
Importantly, all of Holista's four divisions contributed to the growth in sales and this momentum is continuing into 2022.

To ensure that the Company can meet future demand for its products, and to overcome the rising costs and supply chain challenges, Holista made a significantly large order of raw materials in the quarter.

As a result, product manufacturing and operating costs increased by \$600,000 in Q1FY22 vs. the pcp and by 21% QoQ to \$1.4 million. This caused the Company to post an operating cash outflow of \$354,000.

Other major expenses include \$719,000 in staff costs, \$319,000 for administration and corporate costs and \$219,000 for advertising and marketing.

Strong Increase In Sales Across Divisions



Health Supplements Division

This was the biggest contributor to total revenue in the quarter. Sales of Holista's market-leading supplements and vitamins grew 31% pcp to \$1.9 million as the Company continues to receive strong demand for these products as consumers become more health conscious following the pandemic.

Following the successful launch of new products, such as the water-soluble vitamin D, Holista plans to introduce a natural sugar and starch blocker, called In2Bloc, in the current quarter to further bolster sales of its Health Supplements division.

Food Ingredients Division

This also performed strongly in the period. Sales grew by 79% pcp to \$617,000 in the quarter that is driven by increased demand for its unique GI Lite™ and 80Less™ products from Holista's US bread distributor Costanzo's and Malaysian-listed drinks manufacturer Rex Industry Berhad.

Ovine Collagen Division

This division recorded a 64% pcp jump in sales to \$122,000 that is driven by increased orders from cosmetic manufacturer Behn Meyer. We continue to develop further testing data for later exporting into China.

Infection Control Division

The sales reported more than doubling in pcp sales to \$18,000 coming off a low base, the turnaround is particularly pleasing as it reflects the successful launch of the Company's all-natural Super Bio Nano Silver disinfectant. Holista has been working on this proprietary technology since June 2021. During the quarter, the product has been independently tested by SGS (Malaysia) and found to kill 99.99% of the human coronavirus (ATCC VR-740) strain after 30 minutes at a concentration of 150 parts per million (ppm). A copy of the test report is available at the Holista's corporate website ^{Note 1}. This will allow the product to be used for hard surface mass sanitisation. This product is being sold by a Malaysian distributor called Bamboo Earth Sdn Bhd in Malaysia and currently is in discussion for region market distribution.

Investing and financing activities

The \$15,000 net cash outflow from Investing Activities is related to the purchase of office equipment and vehicle during the quarter.

Holista also recorded a \$326,000 net inflow from Financing Activities being the difference between what it received and what it repaid in trade financing during the period.

Outlook

The latest quarterly results show that the positive tailwinds that helped Holista deliver record sales in FY2021 (for the year ended 31 December 2021) continues to carry through into 2022.

Holista believes that the outlook is positive, and this is based on the following factors:

- **Commercial order from Country Farms/Starbucks:** The Company received an initial order for its GI Lite™ for Starbucks Malaysia and 80Less™ for Country Farms, as announced to the market this month. A long-term contract is being negotiated. Country Farms and Starbucks Malaysia are part of the Berjaya Corporation, which also owns a range of other franchises in Malaysia. The development of plant based meat equivalents – tuna, eggs, mayonnaise, milk – continues with the Country Farms / Starbucks teams.
- **New products:** The recent introduction of new products to boost immunity, and the upcoming launch of other innovations, are expected to further bolster sales in the Company's Supplements and Infection Control divisions in 2nd half of 2022. Malaysian pharmacy business is upbeat following the relaxation of pandemic controls.
- **Positive Tailwinds:** Global trends towards online commerce, healthy living and the increased focus on sanitation are expected to benefit Holista over the short and long-term. The Company's patented innovations are also regarded as staples and are

therefore more resilient to economic cycles during these volatile times.

Note 1: Refer to SGS Test Report No. : CPSA/220484116-CA87921 page 3. A copy is available at <https://www.holistaco.com/pdf/products/nano-silver/nano-silver-test-report.pdf>

- **Effective cost controls:** The significant investment to build inventory of raw materials made in the March quarter, and other cost control measures implemented by management over the past several months, put Holista in a strong position to manage global inflationary pressures and supply chain disruptions.

This announcement has been approved by the Board of Directors.

-ENDS-

About Holista Colltech Limited

Holista Colltech Ltd ("**Holista**" or "the **Company**") is an innovator in health and wellness solutions based in Perth, Western Australia. It is listed on the Australian Securities Exchange (ASX:HCT).

Holista's core business divisions are Dietary Supplements, Healthy Food Ingredients, Ovine Collagen and Infection Control Solutions. The suite of health and food related solutions, combines the best of nature and science to address evolving needs in order that people may live better and healthier lives.

Key products include one of the market-leading and best-selling health supplements, low-GI food ingredients used by leading food manufacturers, disease-free ovine collagen, all-natural and non-toxic effective sanitisers for consumers and industrial applications.

Over the years, the company has successfully developed and patented world-leading technologies in the field of Global Health and Wellness Industry.

Holista is passionate about combining economic success with enriching lives for a sustainable future.

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Appendix 4C

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

Name of entity

HOLISTA COLLTECH LIMITED (ASX: HCT)

ABN

24 094 515 992

Quarter ended ("current quarter")

31 March 2022

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	2,427	2,427
1.2 Payments for	-	-
(a) research and development	(27)	(27)
(b) product manufacturing and operating costs	(1,433)	(1,433)
(c) advertising and marketing	(219)	(219)
(d) leased assets	-	-
(e) staff costs	(719)	(719)
(f) administration and corporate costs	(319)	(319)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid	(17)	(17)
1.6 Income taxes paid	(47)	(47)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	0	0
1.9 Net cash from / (used in) operating activities	(354)	(354)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:	-	-
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(46)	(46)
(d) investments	(0)	(0)
(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:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	31	31
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	0	0
2.6 Net cash from / (used in) investing activities	(15)	(15)

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 share options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	988	988
3.6 Repayment of borrowings	(662)	(662)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	0	0
3.10 Net cash from / (used in) financing activities	326	326

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,213	1,213
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(354)	(354)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(15)	(15)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	326	326

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
4.5 Effect of movement in exchange rates on cash held	(21)	(21)
4.6 Cash and cash equivalents at end of period	1,149	1,149

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	649	513
5.2 Call deposits	500	700
5.3 Bank overdrafts	-	-
5.4 Other (Restricted cash)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,149	1,213

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	115
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		
7.1 Loan facilities	420	420
7.2 Credit standby arrangements	636	636
7.3 Other (please specify)		
7.4 Total financing facilities	1,055	1,055
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.		
<p>Loan facilities The bankers' acceptance bears interest of 3.43% (2020: 3.70%). The term loan is repayable over 240 monthly instalments (principal plus interest) of \$2,923 (2020: \$2,866) which commenced on 1 October 2020. The term loan bears interest rates of 3.50% (2020: 3.77%) per annum. Both facilities are secured by the following:</p> <ul style="list-style-type: none"> •Fixed deposits with licensed banks of the Group and the Company; •Facility agreement •First party assignment over the office lots of the Company; •Deed of assignment of rental proceeds; •Executed fresh letter of authorisation, memorandum of deposit and letter of off-set;and •Guarantee by a director of the Company 		
8. Estimated cash available for future operating activities	\$A'000	
8.1 Net cash from / (used in) operating activities (item 1.9)	(354)	
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,149	
8.3 Unused finance facilities available at quarter end (item 7.5)	-	
8.4 Total available funding (item 8.2 + item 8.3)	1,149	
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.24	
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.		

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
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
Answer:	N/A
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives
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: 28 April 2022

Authorised by: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.