

Collagen Market Update

Holista Appoints Exclusive Distributor and Facilitates Regulatory Approvals for Cosmetic Collagen in China

ASX Announcement

13 May 2021

Holista Colltech Limited (ASX: HCT, “Holista” or “the Company”) is pleased to announce that its wholly-owned subsidiary, Holista Biotech Sdn Bhd, has signed an exclusive distribution agreement with Mutiara Seribumi Sdn Bhd (Mutiara) for the distribution of its ovine (sheep) collagen into China.

Malaysia-based Mutiara has over 20 years’ experience in supplying quality ingredients to Chinese cosmetics and food companies, especially state-owned enterprises (SOEs). The Chinese cosmetic manufacturers testing Holista’s collagen product are part of a SOE.

Mutiara believes there is strong demand for Holista’s cosmetic grade collagen after China banned the use and marketing of Epidermal Growth Factor (EGF) in cosmetic products since the start of the 2021 calendar year.

Potential orders for Holista’s ovine collagen

The agreement with Mutiara only comes into effect on a positive outcome for the trials and after Chinese regulatory approvals are granted. Mutiara is responsible for importing Holista’s collagen into China and for obtaining all necessary approvals.

The testing, validation and licencing processes in China are expected to take several months to be completed. Holista is not providing any financial support for the approvals process as the Chinese SOE will fund it.

Subject to a successful outcome of the trials and Chinese regulatory approvals, Mutiara will commit to purchasing the entire 48-ton annual production capacity of Holista’s existing Collie Plant in Western Australia, over the following 12-months.

The minimum annual order requirement for Mutiara to retain exclusivity in China over the five-year agreement increases to 144 tons in year two, 288 tons in year three and 576 tons in years four and five.

Mutiara will pay a 50% deposit upon placing an order and the balance before Holista facilitates delivery of the collagen.

The agreed price for Holista's collagen is \$75 per kilogram, Free On Board (FOB) Perth, Australia. Holista can increase the price of its product by providing a 90-day written notice to Mutiara.

The revenue Holista will receive under the agreement is sufficient to fund the expansion of the Collie Plant, which will only be undertaken from year two onwards.

Ovine collagen is an ideal replacement for EGF

Holista's ovine collagen is regarded as an ideal substitute for EGF, particularly because Australia is the only country in the world with sheep that are disease free. Further, there are no religious or cultural barriers to the use of sheep-derived products.

China, with a population of 1.4 billion, has a significant number of Buddhists and Muslims in its population who would shun products derived from bovine and porcine sources.

Holista uses a patented process and several proprietary technologies developed and refined over 15 years that allows it to make a premium product more efficiently.

The Company will provide further updates as the results of these trials are made available over the coming months.

This announcement has been approved by the Board of Directors.

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About Holista Colltech Limited

Holista Colltech Ltd ("Holista") is a natural wellness company with the following divisions:

- Dietary Supplements
- Healthy 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 disinfectant products under the NatShield™ brand.

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