

Appendix 4C and Activities Report: Strong Finish to the FY as All Divisions Recorded Growth in 4Q 2021

ASX Announcement

28 January 2022

Highlights

- **Significant improvement in Operating Cash Flow as Group sales jumped 27% previous corresponding period (pcp) to \$2.5m**
- **All Holista's divisions recorded sales increases during the quarter vs. pcp**
- **Health Supplement division continues to be a major driver for the improved performance as quarterly sales increased 31% pcp**
- **Food Ingredients sales grew 10% pcp, Ovine Collagen rose 19% pcp and Infection Control staged a 231% pcp turnaround from a low base**
- **Growth in 4Q 2021 puts Holista on track to deliver a strong full year result next month**
- **Positive outlook with multiple growth opportunities across all Holista's divisions in 2022**
- **All figures are subject to the final external audit**

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 December 2021.

Summary of cash position

The Company's cash and cash equivalent holdings at the end of the quarter was \$1.2 million and it has access to a further \$0.3 million in available and unused debt facilities to take the total available funds to just over \$1.5 million at the end of the December quarter.

A 25% increase in Receipts from Customers over the previous quarter and lower Administration and Corporate Costs from Holista's efficiency drive contributed to the Company's cash position.

Importantly, Holista recorded an increase in sales across all its divisions in the latest quarter compared to previous corresponding period (**pcp**) – meaning 4Q 2021 vs.4Q 2020.

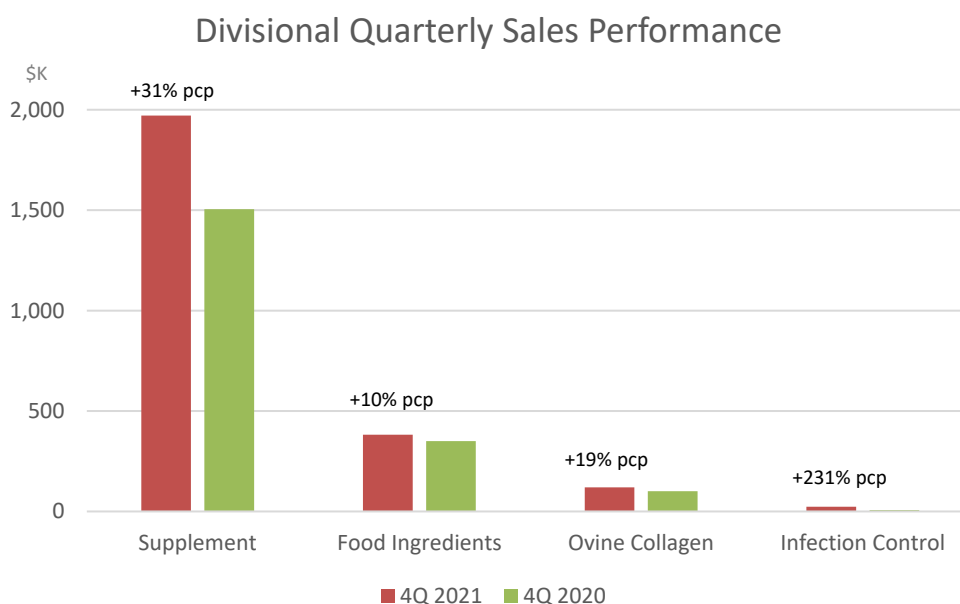
As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$112,000 in relation to overhead reimbursement costs, consulting fees and directors remuneration to its related parties and associates.

Operating activities

Subject to the final external audit, the total sales across all Holista’s divisions came in at \$2.5 million in the December quarter, which represents a 27.3% increase over the pcp. The improved performance in 4Q 2021 saw Operating Cash Outflow narrow significantly to under \$0.3 million from \$0.8 million in the September 2021 quarter, and this bodes well for the Company’s full year results, which will be released to the market next month.

Holista’s Health Supplements division contributed significantly to the strong December quarter performance. This division continued to grow with sales in the quarter jumping 31% over the pcp and 15.3% over 3Q 2021 to \$2 million.

The Company is seeing strong demand for its supplements and vitamins in light of the ongoing easing of COVID-19 social restrictions in Malaysia. The launch of Holista’s water soluble vitamin D product also contributed to the positive result.



The Company’s Food Ingredients division recorded a 10.0% uplift in sales vs. the pcp and 85.3% over the previous quarter to \$0.4 million. The improved results were driven by stronger orders from Costanzo’s Bakery, Inc. and HWH International.

Holista is currently working with Country Farms, a wholly owned subsidiary of Berjaya Corporation Berhad, to customise the ingredients in Holista’s products to meet the needs of all companies within Berjaya.

Additionally, Holista, which signed a term sheet with Berjaya’s Country Farms Sdn Bhd during the quarter, has completed the final testing of a healthier version of croissant that will be launched in 327 Starbuck stores across Malaysia.

Under the term sheet, Country Farms will become the Centre of Distribution for Holista's range of healthy food products for companies within the Berjaya group, which includes the franchises of Starbucks, 7-Eleven and Kenny Rogers Roasters, amongst others (Note 1).

Meanwhile, the Company's Ovine Collagen division reported an 18.8% pcp increase in revenue to just over \$0.1 million due to orders from a major cosmetics manufacturer in Thailand. In China, Holista secured the approval for its Material Safety Data Sheet (MSDS) for bulk ovine collagen from Chinese Customs. This will allow the shipping of bulk raw collagen for the final testing that is required to secure the necessary approvals in China.

Holista's Infection Control division recorded a 231.4% pcp improvement in sales, albeit it's coming off a low base, to reach \$23,000 in the latest quarter. The nasal balm was launched in Q4 2021 and is now available online (Note 2). The launch of this innovative product in the United States via iGalen is scheduled for the current quarter.

The registration of the previously announced SARS-CoV-2 rapid test kit branded as Gene Sign is pending final approval in Colombia and will have corresponding approvals in Brazil, Argentina and Mexico in a unique four-country arrangement. In North America, Gene Sign is undergoing approval under the Medical Device Single Audit Program (MDSAP) with the United States Food and Drug Administration (FDA).

Gene Sign's Reverse-Transcription Loop-mediated isothermal amplification (RT-LAMP) technology is undergoing final evaluation in the United Kingdom by the COVID Testing Devices Authorisation (CTDA). RT-LAMP technology is accepted by the US FDA as an alternative to Reverse Transcription Polymerase Chain Reaction (RT-PCR) as it is cheaper and more efficient (Note 3).

Just as importantly, there are multiple growth opportunities for all Holista's divisions in 2022 as outlined in the Company's previous announcements. These include new products, tailwinds from the pandemic that is driving demand for health and wellness solutions, expansion into new markets like China and further progression of key partnerships that Holista has announced to the market last year (Note 4).

Investing and financing activities

The \$17,000 cash outflow from investing activities is largely related to the purchase of fixed assets during the quarter.

Holista also recorded an \$8,000 outflow being the difference between what it received and what it repaid in trade financing during the period.

ASX Additional Information

Pursuant to ASX Listing Rule 4.7C.1, and outlined in the Appendix 4C, the Company advises it spent:

\$1.182 million on product manufacturing and operating costs, \$33k on research and development, \$99k on advertising and marketing, \$626k on staff costs and \$274k on administration and corporate costs.

Details of the business activities are found within this report.

Pursuant to ASX LR4.7C.3, the Company advises that payments of \$112k to related parties are to directors.

This announcement has been approved by the Board of Directors.

-ENDS-

Note 1: refer to ASX announcement of 12 October 2021. The term sheet is for the sales and marketing of Holista's low GI pre-mix flow products, sugar reduction technology, plant-based meat products and dietary supplements. The term sheet is not a purchase agreement and does not obligate Berjaya to buy Holista's products. Exclusive rights are subject to both parties reaching a formal agreement. At this stage it is too early to quantify any financial impact of the term sheet.

Note 2 : <https://alterni.com/product/natshield-nasal-protecting-balm/>

Note 3 : <https://www.fda.gov/medical-devices/coronavirus-disease-2019-covid-19-emergency-use-authorizations-medical-devices/in-vitro-diagnostics-euas-molecular-diagnostic-tests-sars-cov-2>

Note 4 : refer to ASX announcement of 12 November 2021, page 12.

About Holista Colltech Limited

Holista Colltech Ltd ("**Holista**" or "the **Company**") is an innovator in health and wellness solutions based in Perth, 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 so that people can 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 and 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 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,074	7,348
1.2 Payments for	-	-
(a) research and development	(33)	(188)
(b) product manufacturing and operating costs	(1,182)	(3,912)
(c) advertising and marketing	(99)	(574)
(d) leased assets	-	-
(e) staff costs	(626)	(2,812)
(f) administration and corporate costs	(274)	(1,435)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	10
1.5 Interest and other costs of finance paid	(14)	(47)
1.6 Income taxes paid	(112)	(170)
1.7 Government grants and tax incentives	-	89
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(266)	(1,691)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:	-	-
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(19)	(38)
(d) investments	-	-
(e) intellectual property	-	(3)
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	0
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	92
(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)	-	-
2.6 Net cash from / (used in) investing activities	(19)	51

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	976	2,698
3.6 Repayment of borrowings	(984)	(2,587)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(8)	111

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,482	2,725
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(266)	(1,691)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(19)	51
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(8)	111

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
4.5 Effect of movement in exchange rates on cash held	24	17
4.6 Cash and cash equivalents at end of period	1,213	1,213

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	513	470
5.2 Call deposits	700	1,012
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)	1,213	1,482

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	112
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	469	469
7.2 Credit standby arrangements	660	330
7.3 Other (please specify)		
7.4 Total financing facilities	1,129	799
7.5 Unused financing facilities available at quarter end		330
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 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 3.77% (2020: 3.77%) per annum and is secured by the following:</p> <ul style="list-style-type: none"> • First-party absolute assignment of all rights, interest, title and benefits in and to property beneficially owned by a Subsidiary Company; • Corporate Guarantee by subsidiary company; and • Personal Guarantee by a Director of the subsidiary company. <p>Credit standby arrangements The bankers' acceptance bears interest of 3.43% (2020: 3.70%) and is secured by the following:</p> <ul style="list-style-type: none"> • Pledge of fixed deposits with licensed banks; • Execution of a fresh letter of authorisation, memorandum of Deposit and letter of set off; • First-party assignment over the office lots of the Company; and • Joint and several guarantees from 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)		(266)
8.2 Cash and cash equivalents at quarter end (item 4.6)		1,213
8.3 Unused finance facilities available at quarter end (item 7.5)		330
8.4 Total available funding (item 8.2 + item 8.3)		1,543
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)		5.80
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

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.

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 Jan 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.