

Holista Colltech Appendix 4C and Quarterly Update

ASX Announcement

27 January 2021

Highlights

- End of quarter cash holdings of \$2.73m as net operating cashflow continued to improve
- Receipts from customers increased 76.2% over the previous quarter to >\$1.9m
- Further improvements in net operating cash position expected in coming quarters as Holista is well placed for revenue growth.
- Adequately funded to execute on current growth plans with sufficient cash to operate beyond the next 12 months
- Key accomplishments during the December quarter included:
 - Receiving Costanzo's first order for world's lowest GI clean label white bread ingredients as per their binding ~US\$2m/year agreement with Holista
 - Launching US EPA's "List N" solution to disinfect buildings of coronavirus and for fogging
 - Commissioning TGA application to list Holista's sanitiser products as "Therapeutic Goods" that is effective against COVID-19
 - Validation that Path-Away® kills 99.9% of SARS-CoV-2 (virus that causes COVID-19) via independent TGA-approved testing

Holista Colltech Limited (ASX: HCT, "Holista" or "the Company") wishes to provide the following quarterly update and commentary on its Appendix 4C for the three months to 31 December 2020.

Summary of cash position

The Company's cash and cash equivalent holdings at the end of the quarter was \$2.73 million as net operating cash outflow improved to \$514,000 versus \$759,000 outflow in the previous quarter. Holista's net operating cash position is expected to improve further over the coming quarters.

Based on the current operations, Holista's cash holdings is sufficient to last for more than four quarters.

This means the Company is adequately funded to execute on its immediate global growth plans for its collagen business, its NatShield™ and Protectene™ range of disinfectant products using the all-natural and organic Path-Away® technology, its low glycaemic index (GI) food ingredients and the water-soluble supplements range.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$132,000 in relation to overhead reimbursement costs, consulting fees and directors remuneration to related parties and associates.

Operating activities

The Dietary Supplements business remained Holista's primary income contributor with receipts from customers increasing to \$1.92 million in the December quarter compared with \$1.09 million in the previous quarter.

Product Manufacturing and Operating Costs of \$1.18 million and Staff Costs of \$608,000 were the largest expenses during the period.

The improvement in Holista's net operating cash position was achieved despite the ongoing impact of COVID-19 and associated social restrictions and lockdowns in countries that Holista operates in.

While conditions around the world remain highly volatile, the medium- to longer-term outlook for Holista remains positive, particularly in light of the Company's achievements during the latest quarter.

This included Holista securing a circa US\$2 million a year binding contract and receiving its first order from Costanzo's for Holista's low GI white bread ingredient. Holista's technology allows the North American bread supplier to produce the world's lowest GI "clean label" white bread using only natural ingredients.

Holista also announced in the December quarter that it has launched a "List-N" solution to disinfect buildings of coronavirus through the central air conditioning/heating system. The solution can also be used for fogging.

Products that are listed on the U.S. Environmental Protection Agency's (EPA's) "List-N" are deemed by the EPA to kill SARS-CoV-2 the novel coronavirus that causes COVID-19.

Other significant events during the quarter included Holista commissioning a TGA application to classify its sanitisers as "Therapeutic Goods" and for labelling rights to claim their effectiveness against COVID-19, successfully demonstrating that Path-Away® can kill 99.9% of SARS-CoV-2 in an independent lab, and commencing testing of NatShield™ Nasal Sanitising Balm ahead of its potential launch in three markets in the current quarter.

Investing and financing activities

The \$30,000 expense listed under cash flows for investing activities relates to purchase of fixed assets (\$7,000), down payment for intellectual property applications (\$4,000) and deposits paid for raw materials (\$19,000).

The net cash change in the cash flows for financing activities reflects the refinancing of the Company's debt to lower interest rate facilities. Holista's term loan currently attracts a rate of 3.5% per annum compared to 5.77% in 2019 and its credit standby arrangements bear an interest rate of 4% a year versus 5.23% in 2019.

This announcement has been approved by the Board of Directors.

-Ends-

About Holista Colltech Limited

Holista Colltech Ltd ("Holista") is a natural wellness company with the following 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 disinfectant products under the NatShield™ brand.

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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 2020

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	1,922	6,324
1.2 Payments for		
(a) research and development	(94)	(281)
(b) product manufacturing and operating costs	(1,175)	(5,490)
(c) advertising and marketing	(299)	(829)
(d) leased assets	(2)	(65)
(e) staff costs	(608)	(2,885)
(f) administration and corporate costs	(236)	(850)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	23
1.5 Interest and other costs of finance paid	(17)	(69)
1.6 Income taxes paid	(44)	(77)
1.7 Government grants and tax incentives	20	269
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(514)	(3,930)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(7)	(16)
(d) investments	(19)	(46)
(e) intellectual property	(4)	(11)
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(30)	(73)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	6,527
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(30)
3.5	Proceeds from borrowings	331	1,178
3.6	Repayment of borrowings	(205)	(1,041)
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	126	6,634

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,147	101
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(514)	(3,930)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(30)	(73)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	126	6,634

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

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	(4)	(7)
4.6	Cash and cash equivalents at end of period	2,725	2,725

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	310	547
5.2	Call deposits	2,415	2,600
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,725	3,147

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	132
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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

7.	Financing facilities <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	460	460
7.2	Credit standby arrangements	647	359
7.3	Other (please specify)		
7.4	Total financing facilities	1,107	819
7.5	Unused financing facilities available at quarter end		288
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</p> <p>The term loan is being replaced by new term loan repayable over 240 monthly instalments (principal plus interest) commenced on 1 October 2020. The term loan bears interest rates ranging from 3.5% (2019: 5.77%) per annum is secured by the following:</p> <ol style="list-style-type: none"> i. First-party absolute assignment of all rights, interest, title and benefits in and to property beneficially owned by a Subsidiary Company; ii. Corporate Guarantee by subsidiary company; and iii. Personal Guarantee by a Director of the subsidiary company. <p>Credit standby arrangements</p> <p>The bankers' acceptance bears interest of 4.0% (2019: 5.23%) and is secured by the following:</p> <ol style="list-style-type: none"> i. Pledge of fixed deposits with licensed banks ii. Execution of a fresh letter of authorisation, memorandum of Deposit and letter of set off; iii. First-party assignment over the office lots of the Company; and iv. 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)	(514)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,725
8.3	Unused finance facilities available at quarter end (item 7.5)	288
8.4	Total available funding (item 8.2 + item 8.3)	2,499
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.7
	<i>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.</i>	
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 for the time being and, if not, why not?
	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 fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

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:.....27 January 2021.....

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.