

Appendix 4C and Activities Report

ASX Announcement

28 October 2022

Highlights

- Quarterly sales of \$2.2m is 12% over previous corresponding period (pcp) and YTD sales of \$6.7m is 21% over pcp
- Customer receipts continue to grow over pcp as operating cash outflow improved to \$237k vs. \$752k in pcp
- Food Ingredients division sales more than doubles as Ovine Collagen sales rebound in the quarter
- Health Supplements division sales dips slightly but YTD sales is still up 17% pcp
- Total available funds of \$1.2m (cash plus available debt facilities)
- Positive full year outlook with increased revenue and lower expenses as less raw materials will need to be pre ordered due to easing supply chain disruptions

Holista Colltech Limited (ASX: HCT, “**Holista**” or “the **Group**”) is pleased to provide the following quarterly update and commentary on its Appendix 4C for the nine months to 30 September 2022 (3QFY22).

Summary of cash position

Holista’s sales in the quarter continued to grow over the previous corresponding period (pcp) and 2022 full year sales is on track to exceed the previous year’s record revenue of \$8 million.

Holista’s total available funding at the end of the quarter was \$1.2 million, which is made up of cash and cash equivalent holdings of \$0.4 million and available but unused debt facility of \$814,000.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$114,000 in relation to overhead reimbursement costs, consulting fees and directors remuneration to its related parties and associates.

Operating activities

The Group’s operating cash outflow of \$237,000 in 3QFY22 is an improvement over the pcp when the outflow was \$752,000. While the outflow in the latest quarter was larger than 2QFY22 (\$117k), this is largely due to seasonal factors (receipts from customers tend to be lower in the September quarter) as operating expenses in 3QFY22 was 16% lower than the previous quarter.

Notwithstanding the seasonal fluctuations, receipts from customers has been consistently higher in 2022 when compared to the year before despite the larger than normal advance ordering of raw materials to meet forward orders amid the pandemic disruption.

To that end, Holista is pleased to note that supply chain constraints are easing, and the Group is anticipating an appreciable decline in product manufacturing costs in the coming quarters.



Subject to the final external audit, total sales across all Holista’s divisions came in at \$2.2 million in the September quarter, which represents an 11.6% increase over the pcp. This takes total sales in the first three quarters of 2022 to \$6.7 million, or 20.7% ahead of the same period last year.

This puts Holista in a good position to break its full-year record revenue of \$8 million that it achieved in 2021.

Major operating expenses for the period include \$1.1 million for product manufacturing and operating costs, \$675,000 in staff costs and \$349,000 for administration and corporate costs.

Divisional performance

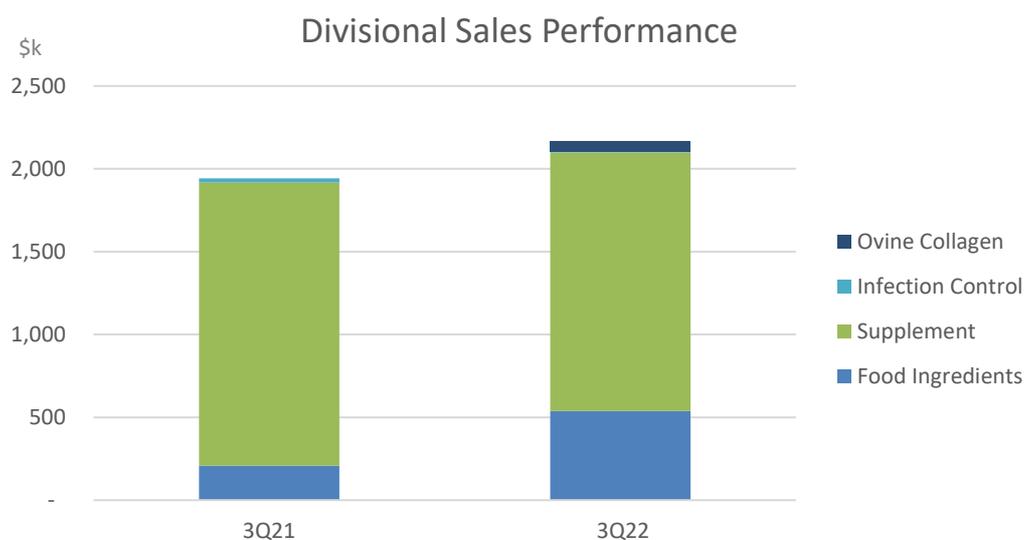
Holista’s Food Ingredients division was the standout in the quarter with sales more than doubling to \$539,000 in 3QFY22 versus \$208,000 in the pcp. A ramp up in orders for Holista’s innovative healthy food ingredients from US-based baked goods supplier Costanzo’s and HWH International, as well as Malaysian publicly listed beverage manufacturer Rex Industry contributed to the increase.

The outlook for this division is bright as the Group is anticipating further good demand for its products from these key customers as Holista looks to expand its sales agreement with Berjaya Corporation to include a new range of vegan food offerings.

Meanwhile, the Group’s Health Supplements division recorded sales of \$1.6 million in the quarter. While that is modestly below the \$1.7m in the pcp, the division’s year-to-date sales of \$4.9 million is 16.8% above the first nine months of 2021.

Holista remains confident about the longer-term growth trajectory for this division due to its market leading brand position, new product launches and positive demand outlook for health

supplements in the wake of the resurgence in COVID-19 cases, which is prompting consumers to focus more on their health and immunity.



Sales from Holista’s Ovine Collagen division rebounded in the quarter to \$64,000 as Behn Meyer Thailand purchased the patent-protected product under a binding sales contract. The division did not record any sales in the pcq or the previous quarter.

The Infection Control division, which is the newest division under the Group, recorded sales of \$5,000 to a manufacturer following Holista’s decision to focus its sales efforts on the Business-to-Business (B2B) market instead of the consumer market.

Holista did not record any sales from this division in the previous quarter and management believes the sales momentum will accelerate as its new sales strategy gains traction.

Investing and financing activities

The Group recorded a \$49,000 cash outflow from its Investing Activities, which is a refundable deposit related to the new debt facility.

Holista also recorded a \$13,000 net outflow from Financing Activities that reflects the difference between what it received and what it repaid in trade financing during the period.

Outlook

The positive momentum from Holista’s 1HFY22 results is anticipated to carry through to the rest of the financial year, if not beyond.

The Group is expecting to set a new revenue record in 2022 that is primarily driven by its Health Supplements and Food Ingredients divisions. Reassuringly, the growth is not dependent on a rebound in the Infection Control business as it only accounted for less than 3% of Group revenue in 2021.

Additionally, the Group’s operating cash flow is forecast to improve due to the rise in sales and lower expenses as Holista believes it will not be required to invest as heavily in inventory as global supply chains, slowly but surely, return to some level of normality.

To put the costs of the supply chain disruptions in perspective, Holista spent over \$4 million on product manufacturing and operating costs since the start of 2022, which is 47% more than what it spent in the first nine months of 2021.

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")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,174	7,390
1.2 Payments for		
(a) research and development	(17)	(55)
(b) product manufacturing and operating costs	(1,092)	(4,014)
(c) advertising and marketing	(302)	(718)
(d) leased assets	-	-
(e) staff costs	(675)	(2,168)
(f) administration and corporate costs	(349)	(1,050)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(17)	(49)
1.6 Income taxes paid	-	(85)
1.7 Government grants and tax incentives	41	41
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(237)	(708)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(51)
(d) investments	(49)	(49)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	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)	-	-
2.6	Net cash from / (used in) investing activities	(49)	(69)

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	979	2,926
3.6	Repayment of borrowings	(992)	(2,963)
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	(13)	(37)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	699	1,213
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(237)	(708)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(49)	(69)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(13)	(37)
4.5	Effect of movement in exchange rates on cash held	(16)	(15)
4.6	Cash and cash equivalents at end of period	384	384

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

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	384	449
5.2 Call deposits	-	250
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)	384	699

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	114
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>	
Fees include Salaries, Director Fees and Consulting Fees to Executive Director and Non-Executive Directors	

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	426	426
7.2 Credit standby arrangements	1,161	332
7.3 Other (please specify)		
7.4 Total financing facilities	1,587	758
7.5 Unused financing facilities available at quarter end		829

- 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.

Banking facilities 1

The bankers' acceptance bears interest of 4.06% (2021: 3.43%).

The term loan is repayable over 240 monthly instalments (principal plus interest) of \$2,882 (2021: \$2,923) which commenced on 1 October 2020. The term loan bears interest rates of 4.25% (2021: 3.50%) per annum.

Both facilities are secured by the following:

- 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

Banking facilities 2

The bankers' acceptance bears interest of 4.06%.

The term loan is repayable over 60 monthly instalments (principal plus interest) of \$1,300 which commenced on 28 September 2022. The term loan bears interest rates of 6.35% per annum.

The facility is secured by the following:

- Fixed deposits with licensed banks of the Group and the Company;
- Assignment of director insurance;
- Corporate guarantee; 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)	(237)
8.2	Cash and cash equivalents at quarter end (item 4.6)	384
8.3	Unused finance facilities available at quarter end (item 7.5)	829
8.4	Total available funding (item 8.2 + item 8.3)	1,213
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.12
	<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:28 October 2022.....

Authorised 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.