

## Appendix 4C and Activities Report: Holista ends Year with Record High Customer Receipts for 2022

### ASX Announcement

31 January 2023

### Highlights

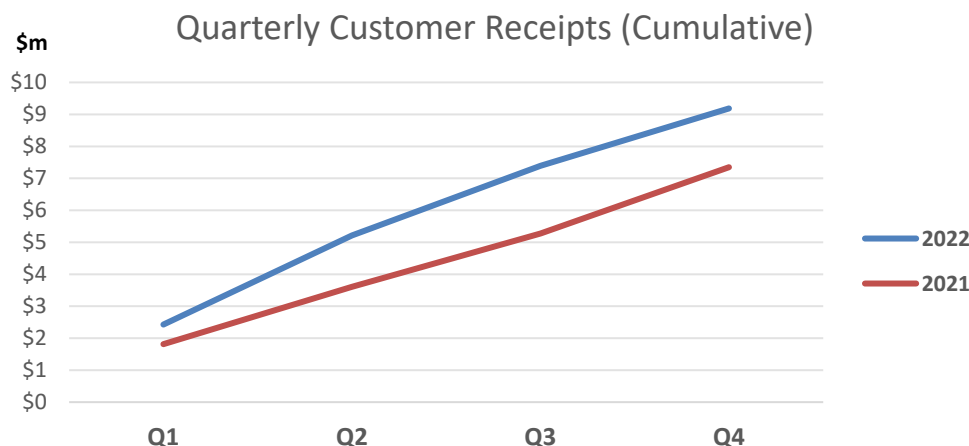
- Customer receipts hit record high for the full 2022 financial year with 4QFY22 receipts coming in at \$1.8m
- Holista expecting to deliver growth in full year revenue despite economic uncertainty weighing on its 4QFY22 performance
- Sales of several of its key products have started to rebound in January
- Positive outlook for its two largest divisions, Health Supplements and Food Ingredients, due to the growing market for these offerings
- Encouraging progress in China as the “Zero Covid” policy ends

**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 three months to 31 December 2022 (4QFY22).

### Summary of cash position

The Group has delivered record customer receipts of \$9.2 million for the full financial year (FY22) as receipts for the quarter came in at \$1.8 million vs. \$2.1m in the previous corresponding period (pcp), meaning 4QFY21.

While there was a softening in trading conditions in 4QFY22 due to a slowing global economy that’s triggered by rising interest rates, this will not prevent Holista from delivering revenue growth for 2022 when compared to the previous year\*.



\* FY22 sales/revenue figures are subject to audit

Further, the economic headwinds appear to be abating with Holista noting a strong rebound in sales across several of its key products since the start of the new year.

Holista's total available funding at the end of the quarter was \$0.9 million, which is made up of cash and cash equivalent holdings of \$118K and available but unused debt facility of \$736K.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$116K in relation to consulting fees and directors' remuneration to its related parties and associates.

### Operating activities

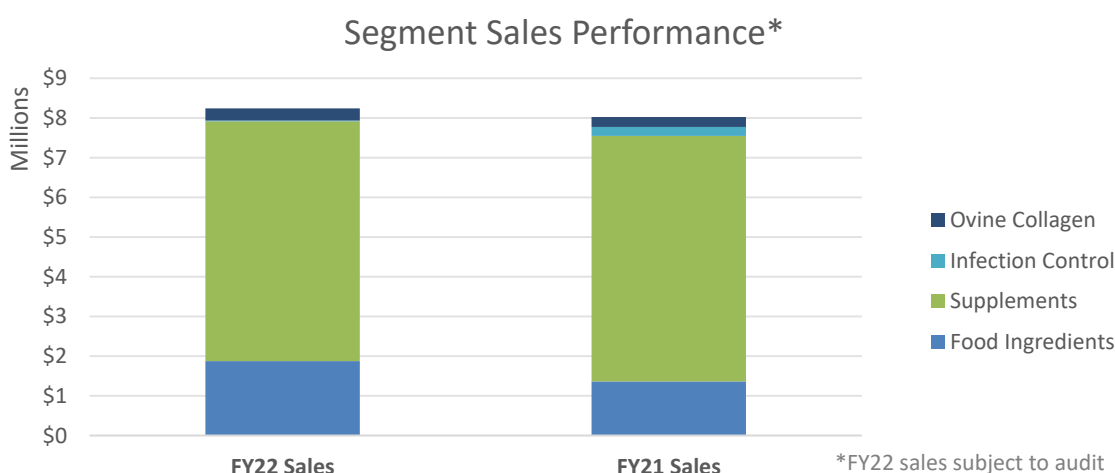
The Group's operating cash outflow was \$406K in the latest quarter compared with an outflow of \$237K in the previous quarter, but operating expenses (excluding tax payments) decreased by 13.2% in 4QFY22 vs. 3QFY22.

A tax payment of \$74K in 4QFY22 and the receipt of \$41K in government grants and tax incentives in 3QFY22 were some of the factors behind the difference.

Major operating expenses for the period include \$682K for product manufacturing and operating costs, \$641K for administration and corporate costs, and \$587K for staff costs.

### Divisional performance

Holista's Health Supplements division recorded sales of \$1.12 million in the period compared with \$1.97 million in the pcp. Economic uncertainty due to rising interest rates and the Malaysian elections weighed on consumer spending across the economy, although sales of the Group's leading supplements have started to rebound in January.



Sales from the Group's Food Ingredients division, which includes its innovative GI Lite™ premix and 80 Less™ sugar substitute, was \$333K vs. \$385K in the pcp. The strong growth in orders from food and beverage manufacturer Rex Industry Bhd was offset by slowing sales from other customers in 4QFY22.

Despite the recent slowdown, Holista believes the outlook for this division is bright. Food Ingredients is expected to deliver double-digit growth in FY22 compared to a year ago and channel checks undertaken by Holista, including in the US, confirms that interests remain strong for its healthy ingredients offering.

Meanwhile, sales from Holista's Ovine Collagen division nearly doubled from 3QFY22 to \$121K in 4QFY22. This is also slightly ahead of the \$120K in the pcp. Sales of the patented product is underpinned by a binding contract with Behn Meyer Thailand. The contract runs through to the end of 2023.

Holista's newest and smallest division, Infection Control, recorded modest sales of \$1K in the 4QFY22 as the Group continues to focus on long-lead time enterprise and government contracts. Management believes this is the right long-term strategy given the volatile consumer demand as the world learns to live with COVID-19.

### **China Progress**

With the Chinese economy reopening following the end of the government's "Zero Covid" policy, there has been encouraging progress with the following projects:

- **Collagen**

Activities with Guangzhou Sinbio Cosmetic Co Ltd, which is a Chinese State-Owned Enterprise (SOE), have now recommenced with the shipment of more collagen (now approved for import into China) for product development and testing. The next shipment will be from Perth as opposed to Kuala Lumpur, Malaysia.

- **Natshield™ / Protectene**

The products are currently being developed for the Chinese market and are pending registration with China's regulators. Holista's all-natural products can be used as sanitisers, nasal balms, and as a consumable in the M3 system, which is developed to disinfect quarantine centres, offices, homes, and cars (hardware prototypes are undergoing testing).

### **Investing and financing activities**

The Group recorded a \$37K cash outflow from its Investing Activities, which relates to the purchase of IT software and refundable deposits related to the new debt facility.

Holista also recorded a cash inflow of \$160K from Financing Activities. Proceeds from the issue of equity securities contributed to half of this amount, while the balance is due to the difference between what it received and what it repaid in trade financing during the period.

All sales and revenue figures for FY22 remain subject to audit review. 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 December 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,796	9,186
1.2 Payments for		
(a) research and development	(14)	(69)
(b) product manufacturing and operating costs	(682)	(4,696)
(c) advertising and marketing	(188)	(906)
(d) leased assets	-	-
(e) staff costs	(587)	(2,755)
(f) administration and corporate costs	(641)	(1,691)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(17)	(66)
1.6 Income taxes paid	(74)	(159)
1.7 Government grants and tax incentives	-	41
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(406)</b>	<b>(1,114)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(26)	(77)
(d) investments	(11)	(60)
(e) intellectual property	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(37)</b>	<b>(106)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	80	80
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	1,096	4,022
3.6	Repayment of borrowings	(1,016)	(3,979)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>160</b>	<b>123</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	384	1,213
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(406)	(1,114)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(37)	(106)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	160	123
4.5	Effect of movement in exchange rates on cash held	17	2
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>118</b>	<b>118</b>

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

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	118	384
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (Restricted Cash)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>118</b>	<b>384</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	116
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	

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	426	426
7.2 Credit standby arrangements	1,171	435
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>1,596</b>	<b>861</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>736</b>

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.

**Loan facilities 1:**

The bankers' acceptance bears interest of 4.58% (2021: 3.43%).

The term loan is repayable over 240 monthly instalments (principal plus interest) of \$2,840 (2021: \$2,923) which commenced on 1 October 2020. The term loan bears interest rates of 4.50% (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

**Loan facilities 2:**

The bankers' acceptance bears interest of 4.51%.

The term loan is repayable over 60 monthly instalments (principal plus interest) of \$1,292 which commenced on 28 September 2022. The term loan bears interest rates of 6.60% 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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(406)
8.2 Cash and cash equivalents at quarter end (item 4.6)	118
8.3 Unused finance facilities available at quarter end (item 7.5)	736
8.4 Total available funding (item 8.2 + item 8.3)	854
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.10

*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 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: .....31 January 2023.....

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.