

Appendix 4C and Activities Report: Rebounding Sales Across Key Businesses

ASX Announcement

31 October 2023

Highlights

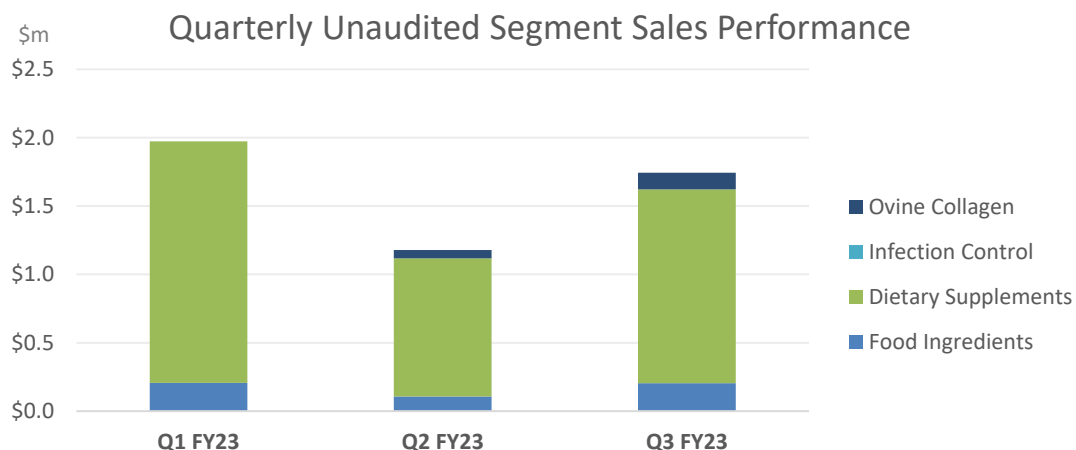
- Total quarterly unaudited sales jumps 48% quarter-on-quarter (QoQ) to >\$1.7M and sales have likely troughed in the previous quarter
- Three of Holista's four divisions recorded material improvements following the sales team restructure and increase in demand for its innovative products
- Successful Malaysian launch of Holista-Nugevity supplement using technology developed by NASA will contribute to Group sales from this quarter onwards
- A second Holista-Nugevity branded product and launch into Singapore expected to further support sales in 2024

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 30 September 2023 (3QFY23).

Summary of cash position and expenditure

The Group's total available funds at the end of the quarter was \$1.5 million, which is made up of \$100K in cash and cash equivalents and \$1.4 million in available but unused debt facilities.

Significantly, Holista recorded an increase in unaudited revenue in three of its four divisions during the quarter with total unaudited revenue jumping 48% Quarter-on-Quarter (QoQ) to just over \$1.7 million (see section below for more details).



The Group posted operating cash outflow of \$255K in 3QFY23 and the largest operating expenditure was product manufacturing and operating costs of \$618K, staff costs of \$532K and administration and corporate costs of \$377K.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$126k in relation to directors' remuneration and consulting fees to its related parties and associates.

Divisional performance

Sales across Holista's key divisions rebounded strongly in 3QFY23 following the restructure of its sales team and improved customer demand for its innovative health products. Holista believes that quarterly sales have troughed in 2QFY23 – barring any unexpected deterioration in the current volatile macroeconomic environment.

Holista's largest division, Dietary Supplements, delivered a 40.3% QoQ increase in unaudited sales to \$1.4 million in the period that is driven by its established brands and not new product launches. The Group has successfully launched the Holista-Nugevity supplement, which will start to contribute to Group sales in the current quarter (see next section for more information).

Meanwhile, Holista's Food Ingredients division posted a 90.9% QoQ uplift in unaudited sales to \$204K due to increase demand from food and beverage manufacturer, Rex Industry Berhad, while further sales to Behn Meyer Thailand helped Holista's Ovine Collagen division report a doubling in unaudited sales to \$121K when compared to the previous quarter.

The Group's smallest and newest division, Infection Control, did not report any sales in 3QFY23 as management refocuses the business on B2B opportunities in the post-COVID 19 environment. To that end, Holista's Chinese partner, Guangzhou Sinbio Cosmetic Co Ltd (**Sinbio**), continues to test market a range of products that utilises Holista's all-natural sanitiser solutions.

In any case, the Infection Control division is not considered instrumental to the growth of the Group but provides a low-cost optionality as it consumes little Company resources.

Other developments

Holista successfully launched a premium plant-based protein supplement in Malaysia this month that is based on technology co-developed by the United States National Aeronautics and Space Administration (NASA) for their astronauts.

The launch of the Holista-Nugevity branded supplement follows the signing of an exclusive agreement between Holista and US-based Premium Vitamins and Supplements LLC (trading as Nugevity), to sell its popular supplements in Malaysia and Singapore.



Nugevity entered into Space Act Agreement with NASA to jointly develop nutritional technologies for space missions and was featured in NASA's prestigious publication, *SPINOFF*¹. Long-duration spaceflight has been associated with a number of health concerns and astronauts are subjected to some of the most stressful environments known to man, both during Earth-bound training as well as in space.

Holista will have exclusive access to the nutritional technologies and will supply the plant-based protein through one of nation's leading pharmacy chains with over 600 outlets across the country. The Group will launch a second product, the Holista-Nugevity keto brew, in early 2024, and will also launch both supplements in the Singapore market next year.

The vitamins and minerals market in Malaysia is estimated to be worth US\$143.9 million in 2023 and is forecast to grow at a compound annual growth rate of 7.44% to reach US\$206 million by 2028, according to Statista².

As announced on 22 September 2023, Holista has reached a settlement with the Australian Securities and Investments Commission (ASIC) in relation to ASIC's civil penalty proceedings in the Federal Court concerning allegedly misleading statements made with respect to Holista's sanitiser product in the period from January 2020 to July 2020.

As part of the settlement, Holista consents to certain declaratory relief sought by ASIC, a joint statement of agreed facts, and a hearing being held to determine whether the further relief sought by ASIC (including the payment of any pecuniary penalty by Holista) ought to be granted by the court.

The date for the further hearing has not yet been set but is expected to be 6 and 7 December 2023. Holista and ASIC have also agreed to attend a mediation in relation to the further relief sought by ASIC, prior to the further hearing, currently scheduled for 2 November 2023. The final settlement is subject to Federal Court approval and Holista will provide further updates in due course.

Investing and financing activities

The Group recorded a \$10K cash outflow from its Investing Activities, which was due to a fixed deposit linked to its banking facility.

Holista recorded a cash inflow of \$314K from Financing Activities. The cash movement reflects the difference between what it received and what it repaid in trade financing during the period.

This announcement has been approved by the Board of Directors.

-ENDS-

¹ https://spinoff.nasa.gov/Spinoff2012/hm_2.html

² <https://www.statista.com/outlook/hmo/otc-pharmaceuticals/vitamins-minerals/malaysia>

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 outstanding 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 Sep 2023

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	1,592	5,135
1.2 Payments for		
(a) research and development	(27)	(88)
(b) product manufacturing and operating costs	(618)	(1,752)
(c) advertising and marketing	(290)	(688)
(d) leased assets	-	-
(e) staff costs	(532)	(1,725)
(f) administration and corporate costs	(377)	(1,022)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(21)	(61)
1.6 Income taxes paid	18	(79)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(255)	(280)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(5)
(d) investments	(10)	(30)
(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	-	-
	(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	(10)	(35)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1
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	1,208	3,201
3.6	Repayment of borrowings	(894)	(2,904)
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	314	298

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	51	118
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(255)	(280)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(35)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	314	298
4.5	Effect of movement in exchange rates on cash held	-	(1)
4.6	Cash and cash equivalents at end of period	100	100

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	100	51
5.2 Call deposits	-	-
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)	100	51

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	126
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	463	463
7.2 Credit standby arrangements	2,147	776
7.3 Other (please specify)		
7.4 Total financing facilities	2,610	1,239
7.5 Unused financing facilities available at quarter end		1,371

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:

The bankers' acceptance bears interest of 5.18% (2022: 4.58%).

The term loan is repayable over 240 monthly instalments (principal plus interest) of \$2,896 (2021: \$2,882) which commenced on 1 October 2020. The term loan bears interest rates of 4.50% (2022: 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:

The bankers' acceptance bears interest of 4.53% (2022: 4.51%)

The term loan is repayable over 60 monthly instalments (principal plus interest) of \$1,302 (2022: \$1,300) 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

Loan facilities:

The bankers' acceptance bears interest of 4.91%

The facility is secured by the following:

- Fixed deposits with licensed banks of the Group and the Company

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(255)
8.2	Cash and cash equivalents at quarter end (item 4.6)	100
8.3	Unused finance facilities available at quarter end (item 7.5)	1,371
8.4	Total available funding (item 8.2 + item 8.3)	1,471
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.77

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 October 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.