

Appendix 4C and Activities Report: Third-party Toll Manufacturing for Nano Collagen. Focus on Cost Improvement and Debt Recovery

ASX Announcement

30 October 2024

Highlights

- **Recovery in Dietary Supplement:** The division achieved \$1.4 million in sales, marking a 30% QoQ increase.
- **Positive Momentum in Ovine Collagen:** Sales for this segment increased \$38k QoQ. We have gained significant momentum for higher-value nano collagen project, having commenced toll manufacturing and secured a new global customer.
- **Nano Collagen Produced with First Sales:** First batch of nano collagen produced via third-party toll manufacturing out of India was completed, with a maiden sales purchase order received for one kilogram.
- **Total Recovery of Loan and Trade Receivable from Related Party:** Full payback of \$560K from Galen Biomedical and achieved partially recovery of \$314K from Trade Receivable.
- **Prudent Financial Management:** With the recovery, Holista's total available funds increased to \$1.5 million, including unused debt facilities, bolstering financial stability.
- **Preparations for the Initial Penalty Payment:** A fund is being allocated separately to cover the first ASIC penalty payment of \$900K due 18th November 2024. The final payment of same amount is due 18th March 2025.

Quarterly Update and Commentary

Holista Colltech Limited (ASX: HCT, “**Holista**” or the “**Group**”) presents the following quarterly update to accompany its Appendix 4C for the three months to 30 September 2024 (**3QFY24**).

More than six months since the Court order on the ASIC matter, the Group is making steady progress towards corporate recovery. The company is confident to meet the upcoming ASIC payment due on 18th November 2024.

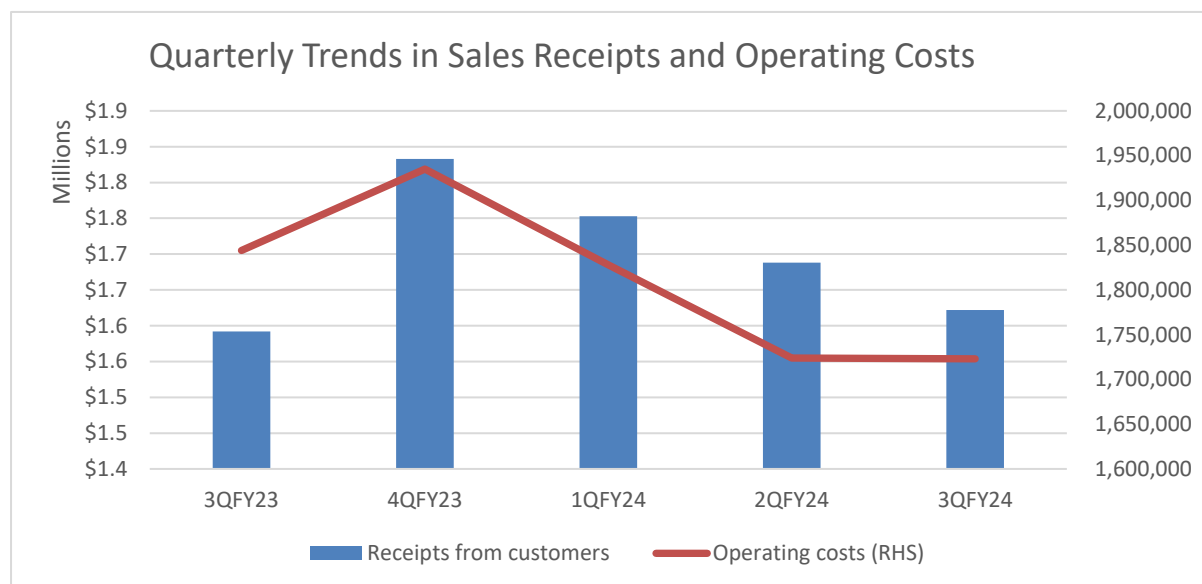
Management has sharpened focus on improving cost efficiencies and implemented other strategies that are likely to contribute to better operating margins in the coming quarters.

Supporting these efforts and contributing to financial stability, Holista was successful in recovering debt of \$560K from a related party and achieved partially recovery of \$314K from Trade Receivable.

Financial Overview

While sales receipts dropped, this was partially offset by cost-saving initiatives implemented over the past quarter. These initiatives will increase over the next quarter due to the lag effect associated with notice periods.

Excluding the one-off \$29K Collie demolition cost, the cost improvements would have been even greater.



**All sales figures are subject to audit.*

Total available funds at the end of the quarter were \$1.5 million, including \$304K in cash and cash equivalents and approximately \$1.2 million in unused debt facilities.

Directors' remuneration amounted to \$66K, paid to related parties and associates, as detailed in Item 6.1 of Appendix 4C.

Divisional Performance

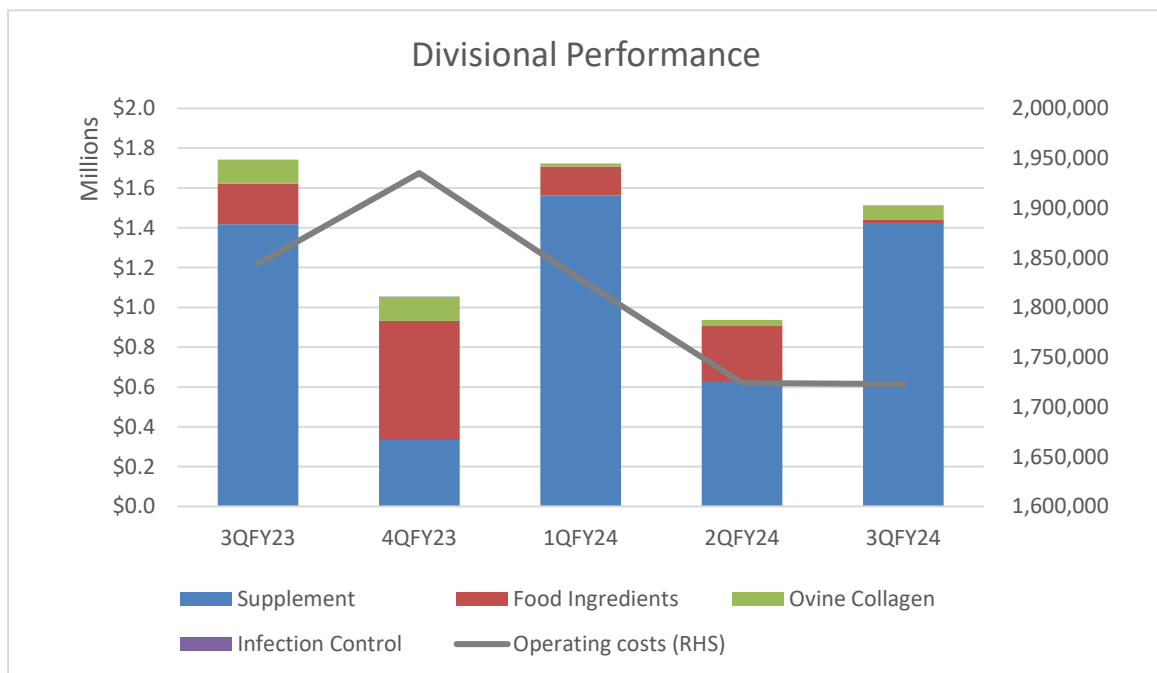
Holista recorded Group sales of \$1.5 mil in 3QF24, reflecting a 61% QoQ increase. Despite these challenges, we saw growth in our largest income-contributing segment.

- **Dietary Supplements Division:** The Supplement segment saw a 127% increase in sales over previous quarter. However, when adjusting for audit-related entries impacting Q2, the underlying growth in sales was approximately 30%. This increase was primarily driven by the recovery following lower sales in 2QFY24.
- **Food Ingredients Division:** The Food Ingredients segment experienced a downturn in the 3QFY24 due to delay in orders from a leading customer. Sales declined 92% to \$22K QoQ and 89.2% YoY. However, this customer will increase orders in 4QFY24 to compensate for the delay. We anticipate that strategic initiatives will drive recovery for this segment in the upcoming periods given the Malaysian Government's emphasis on reducing sugar consumption, as announced in the national Budget 2025 on 18th October.
- **Ovine Collagen Division:** Sales for Ovine Collagen segment increased to \$69K in 3QFY24, an improvement of \$38K compared to the previous quarter. This was attributed to seasonally higher demand during the second half of the year.

An encouraging development sees the company producing small batches of nano collagen through third-party toll manufacture out of India and has secured a new global customer for this higher-value product. Negotiations are in place to have this customer sign a yearly contract.

- **Infection Control Division:** The Infection Control segment remained relatively flat, with minimal sales activity. While there has been little movement of late, management continues to evaluate opportunities.

Overall, the Group's sales improved compared to the previous quarter. We are actively addressing these challenges through our new e-commerce initiatives which recorded \$24K in first sales for the quarter. New products under the Holista brand are set to launch in December 2024 which should increase the brand reach and see increases in new sales channels



**All sales figures are subject to audit.*

Investing and Financing Activities

During the quarter, Holista managed its investing and financing activities with a focus on prudent management:

- **Settlement of Debt:** A debt of \$560K has been fully settled from Galen Biomedical, a related party.
- **Investing Activities:** The Group recorded a \$10K cash outflow, primarily attributable to a fixed deposit linked to our banking facilities. We also disposed a depreciating asset, generating \$135K in cash.
- **Financing Activities:** Holista recorded a cash outflow of \$293K, with a portion allocated to terminating a hire purchase agreement after disposing a motor vehicle.
- **Collie Plant:** We are currently handing over the existing plant to the owner and have applied for grants from Collie Futures. This funding will support the development of our planned new facility when required.

This announcement has been approved by the Board of Directors.

-ENDS-

About Holista Colltech Limited

Holista Colltech Ltd (“**Holista**”, or the “**Group**”) 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, and all-natural and non-toxic effective sanitisers for consumers and industrial applications.

Over the years, the Group has successfully developed and patented outstanding technologies in the field of Global Health and Wellness.

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 2024

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	1,622	5,063
1.2	Payments for:		
	(a) research and development	(5)	(59)
	(b) product manufacturing and operating costs	(723)	(1,952)
	(c) advertising and marketing	(254)	(925)
	(d) leased assets	-	-
	(e) staff costs	(503)	(1,669)
	(f) administration and corporate costs	(238)	(651)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(25)	(82)
1.6	Income taxes paid	(13)	(87)
1.7	Government grants and tax incentives	-	15
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(139)	(346)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(2)
	(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	135	135
	(d) Investments		
	(e) intellectual property	560	560
	(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	685	663

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	(2)
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	1,221	4,209
3.6	Repayment of borrowings	(1,514)	(4,302)
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	(293)	(95)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	30	60
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(139)	(346)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	685	663
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(293)	(95)
4.5	Effect of movement in exchange rates on cash held	21	22
4.6	Cash and cash equivalents at end of period	304	304

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	304	30
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)	304	30

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	66
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p> <p>Fees include Salaries, Director Fees and Consulting Fees to Executive Director and Non-Executive Directors</p>		

<p>7. Financing facilities <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></p>	<p>Total facility amount at quarter end \$A'000</p>	<p>Amount drawn at quarter end \$A'000</p>
7.1 Loan facilities	464	464
7.2 Credit standby arrangements	2,284	1,072
7.3 Other (please specify)		
7.4 Total financing facilities	2,748	1,536
7.5 Unused financing facilities available at quarter end		1,212
<p>7.6 Include in the box below a summary of each finance 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>		
<p>Summary of Banking Facilities:</p>		
<p><u>Bank Loan Facility 1:</u> Parties: CIMB Islamic Bank Berhad Malaysia (Banker), and Holista Biotech Sdn Bhd (100% subsidiary of Holista Collect Ltd) (Borrower). i) Loan Facility 1 Term Loan Principal Amount: MYR 1.4M / approximately A\$492k Remaining Payable as at 30 September 2024: MYR 1.2M / approximately A\$419k Term: Commencing on 1 October 2020 and repayable over 240 monthly instalments (principal plus interest) of \$3,111 (2023: \$2,896) and ending in 200 months on 4 October 2040. Interest Rate: 3.74% per annum (2023: 3.74%). ii) Credit Standby Arrangement 1 Trade Financing and Banker Acceptances bears interest of 5.09% per annum (2023: 5.12%). Total Amount at Quarter End: MYR 2.0M / Approximately A\$703k Total Utilised at Quarter End: MYR 1.6M / Approximately A\$545k Bank Loan Facility 1 is secured by the following: <ul style="list-style-type: none"> • Fixed deposit with a licensed bank 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. Bank Loan Facility 1 is not a revolving credit facility that can be used for any purpose, with terms providing that the facility may only be drawn down by the Borrower for the following purposes: <ul style="list-style-type: none"> • "Accepted Bills-i", to facilitate local and export sales of the Borrower; • "Multi Currency Trade Financing-i", to facilitate local and export sales of the Borrower; and • "Bank Guarantee", for issuance of financial, performance and security bonds to government and private entities, in relation to business. </p>		

Bank Loan Facility 2:

Parties: CIMB Islamic Bank Berhad (**Banker**), and Total Health Concepts Sdn Bhd (100% subsidiary of Holista Biotech Sdn Bhd) (**Borrower**).

i) Loan Facility 2

Term Loan

Principal Amount: MYR 200K / approximately A\$70K.

Amount Remaining as at 30 September 2024: MYR 128k / approximately A\$45k

Term: Commencing on 28 September 2022 and repayable over 60 monthly instalments (principal plus interest) of \$1,380 (2023: \$1,302) and ending in 44 months on 4 November 2027.

Interest Rate: 6.60% per annum (2023: 6.60%).

ii) Credit Standby Arrangement 2

Trade Financing and Banker Acceptance bears interest of 5.09% per annum (2023: 5.12%).

Total Amount at Quarter End : MYR 1.5M / Approximately A\$527k

Total Utilised at Quarter End : MYR 1.5M / Approximately A\$527k

Bank Loan Facility 2 is secured by the following:

- Fixed deposit with a licensed bank of the Group and the Company;
- Assignment of director insurance;
- Corporate guarantee; and
- Guarantee by a director of the Company.

Bank Loan Facility 2 is not a revolving credit facility that can be used for any purpose, with terms providing that the facility may only be drawn down by the Borrower for the following purposes:

- “Accepted Bills-i”, to facilitate local and export sales of the Borrower;
- “Multi Currency Trade Financing-i”, to facilitate local and export sales of the Borrower;
- “Documentary Credit-i”, to facilitate local and import purchases of the Borrower;
- “Accepted Bills-i 2”, to facilitate local and import purchases of the Borrower; and
- “Multi Currency Trade Financing-i 2”, to facilitate local and import purchases of the Borrower.

Bank Loan Facility 3:

Parties: CIMB Islamic Bank Berhad (**Banker**), and Total Health Concepts Sdn Bhd (100% subsidiary of Holista Biotech Sdn Bhd) (**Borrower**).

i) Credit Standby Arrangement 3

Trade Financing and Banker Acceptance bears interest of 5.09% per annum.

Total Amount at Quarter End : MYR 3.0M / Approximately A\$1,054k

Total Utilised at Quarter End : MYR nil / Approximately A\$ nil

Bank Loan Facility 3 is secured by the following:

- Fixed deposit with a licensed bank of the Group and the Company.

Bank Loan Facility 3 is not a revolving credit facility that can be used for any purpose, with terms providing that the facility may only be drawn down by the Borrower for the following purposes:

- “Accepted Bills-i”, to facilitate local and export sales of the Borrower;
- “Multi-Currency Trade Financing-i”, to facilitate local and export sales of the Borrower;
- “Documentary Credit-i”, to facilitate local and import purchases of the Borrower;
- “Accepted Bills-i 2”, to facilitate local and import purchases of the Borrower; and
- “Multi-Currency Trade Financing-i 2”, to facilitate local and import purchases of the Borrower.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(139)
8.2	Cash and cash equivalents at quarter end (item 4.6)	304
8.3	Unused finance facilities available at quarter end (item 7.5)	1,212
8.4	Total available funding (item 8.2 + item 8.3)	1,516
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	10.91
<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?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: N/A </div>	
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?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: N/A </div>	
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?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;"> Answer: N/A </div>	
<i>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.</i>		

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:30 Oct 2024.....

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.