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Holista Colltech Appendix 4C and Quarterly Update

ASX Announcement

26 October 2020

Highlights

- **End of quarter cash holdings of $3.15m as net operating cash outflow improves significantly to $759,000**
- **Holista anticipates further improvement in net operating cash outflow in coming quarters following recent business process improvement that position the Company for growth**
- **Holista adequately funded to execute on its current growth plans with sufficient cash to operate beyond the next 12 months**
- **Company made significant advancements in preparing for its next phase of growth, which includes:**
    - **Partnership with a USA based agency to secure Government and corporate contracts**
    - **Joint venture with Global Infection Control Consultants LLC (GICC) to pursue opportunities for the M3® HVAC system using Natshield™ disinfectant solutions, outside of North America**
    - **Binding agreement with New York based Costanzo's to launch the world's lowest GI clean label white bread**
    - **Successful independent CDC-approved test Lab results showing Path-Away® kills 99.9% of the COVID-19 virus in the two minute test interval**

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 30 September 2020.

Summary of cash position

The Company's cash and cash equivalent holdings at the end of the quarter was $3.15 million as net operating cash outflow improved to $759,000 versus $1.86 million outflow in the previous quarter. Net operating cash outflow is expected to improve further over the coming quarters.

Based on the current run rate, 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 that are 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 $149,000 in relation to overhead reimbursement costs, consulting fees and directors remuneration to its related parties and associates.

Operating activities

The Dietary Supplements business remained Holista's primary income contributor and Product Manufacturing and Operating Costs of $1.08 million and Staff Costs of $686,000 were the largest expenses during the period.

The COVID-19 outbreak continued to impact on Holista's operations, although the Company believes the worst of the fallout from the pandemic has passed.

In spite of the impact from COVID-19, Holista made significant advances in the September quarter to lay the foundations for is next growth phase.

This includes appointing a USA-based Agency to secure Government and corporate contracts.

Additionally, Holista and Global Infection Control Consultants LLC (GICC) have agreed to form a joint venture to pursue opportunities for the M3® system outside of North America.

The M3® system works by dispensing Path-Away®, through heating, ventilation and air-conditioning ("HVAC") systems to treat harmful pathogens, including air borne viruses. A feasability study is planned to ensure all risks and opportunities are managed by the Board.

Subsequent to the end of the September quarter, Holista announced the successful testing of Path-Away® by Global Infection Control Consultants, LLC ("GICC") in a US government accredited facility with the results showing that Path-Away® kills 99.9% of the human COVID-19 virus within the required two minutes.

GICC believes Path-Away® is the only all-natural and alcohol-free solution in the world that has achieved such a result.

Path-Away® is the active ingredient used in Holista's NatShield™ and Protectene™ range of disinfectant products.

Also subsequent to the end of the September quarter, Holista signed a binding agreement with US bread supplier Costanzo's to launch the world's lowest GI white bread, made only using natural ingredients (clean label).

Investing and financing activities

The $23,000 expense under cash flows for investing activities relate to deposits paid for raw materials.

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

The Company confirms compliance with Listing Rule 3.1 and that it is not aware of any other information that has not already been released to the market.

This announcement have 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.

For further information, please contact:

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Appendix 4C

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

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Name of entity

HOLISTA COLLTECH LIMITED (ASX:HCT)

ABN	**Quarter ended ("current quarter")**
24 094 515 992	**30 September 2020**

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	1,091	4,402
1.2	Payments for		
	(a) research and development	(34)	(187)
	(b) product manufacturing and operating costs	(1,075)	(4,316)
	(c) advertising and marketing	(118)	(531)
	(d) leased assets	(45)	(63)
	(e) staff costs	(686)	(2,277)
	(f) administration and corporate costs	(116)	(612)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	4
1.5	Interest and other costs of finance paid	(13)	(52)
1.6	Income taxes paid	(12)	(33)
1.7	Government grants and tax incentives	249	249
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(759)**	**(3,416)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(0)	(9)
	(d) investments	(23)	(27)
	(e) intellectual property	-	(7)
	(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 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**	**(23)**	**(43)**

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	597	847
3.6	Repayment of borrowings	(499)	(836)
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**	**98**	**6,508**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,832	101
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(759)	(3,416)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(23)	(43)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	98	6,508

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Consolidated statement of cash flows		Current quarter $A'000	Year to date 9 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(1)	(3)
4.6	**Cash and cash equivalents at end of period**	**3,147**	**3,147**

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	547	1,232
5.2	Call deposits	2,600	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)**	**3,147**	**3,832**

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	149
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.

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7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	456	456
7.2	Credit standby arrangements	271	249
7.3	Other (please specify)		
7.4	**Total financing facilities**	727	705

7.5	**Unused financing facilities available at quarter end**	22

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 term loan is being refinanced by new term loan repayable over 240 monthly instalments (principal plus interest) commenced on 3 September 2020. The term loan bears interest rates ranging from 3.5% (2019: 5.77%) per annum is secured by the following:

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.

Credit standby arrangements

The bankers' acceptance bears interest of 4.0% (2019: 5.23%) and is secured by the following:

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)	(759)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,147
8.3	Unused finance facilities available at quarter end (item 7.5)	22
8.4	Total available funding (item 8.2 + item 8.3)	3,169

8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	4.2

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

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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: 26 October 2020

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.

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