

Holista Delivers Improved Interim Revenue and Profit

ASX Announcement

27 August 2021

Highlights

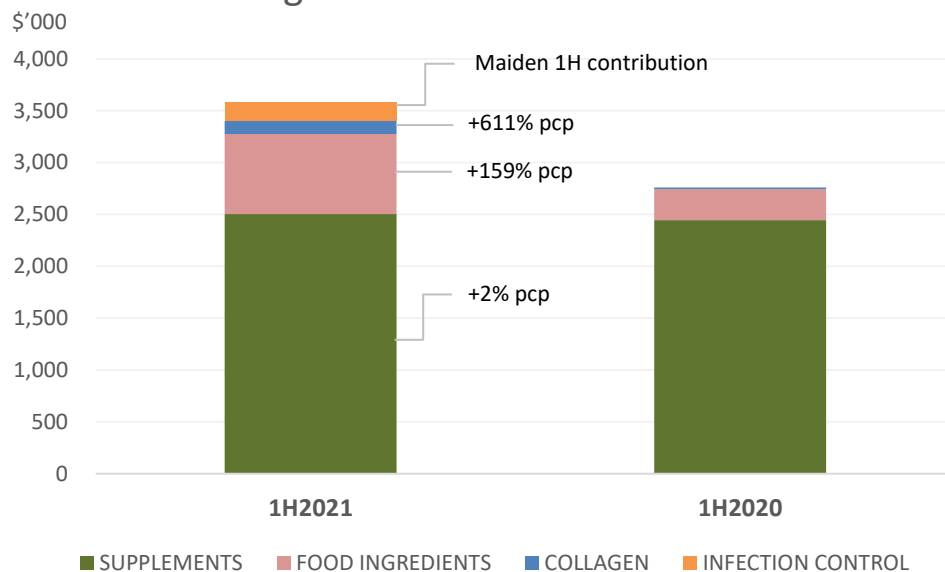
- Interim revenue increased by 30% to three-year high of \$3.6m as net loss narrows significantly to \$629K from 1H FY20 loss of \$4.9m
- Positive growth in all key divisions contributed to the stronger first half result
- Healthy Food division boosted by launch of GI Lite™ bread in US supermarkets by Costanzo's
- Dietary Supplements and Ovine Collagen businesses benefit from easing COVID-19 headwinds
- Successful restructure of iGalen and expansion into rapid COVID-19 test kits lifts Infection Control revenue
- Positive outlook with growth momentum expected to persist for all divisions
- Potential step change for Ovine Collagen business from current trials with Chinese conglomerate

Holista Colltech Limited (ASX: HCT, "Holista" or "the Company") is pleased to announce a good turnaround in revenue and profit for the six months ended 30 June, 2021.

Total interim Group revenue increased by 30% to \$3.6 million – the highest in three-years – while net loss for the period narrowed significantly to \$629,052 from \$4.9 million in 1H 2020 as all of Holista's four divisions delivered a stronger result.

The section below summarises the performance of each of the divisions.

Segment Revenue Performance



Divisional Performance

Dietary Supplements: Sales from this division increased by \$57,000 to \$2.5 million in 1H 2021 and continued to be the Group's largest revenue contributor, accounting for 70% of total revenue for the period.

The improved performance was partly due to easing COVID-19 disruptions that impacted on Holista's sales channels and supply chains in 2020. Further, Holista successfully capitalised on its market leading brands, LACTO-5® and Pristin®, at a time of growing consumer awareness and demand for vitamins to boost immunity and overall health during the pandemic.

Additionally, the global market for health supplements continues to grow with Holista well positioned to benefit from the trend as it is one of the largest supplement suppliers in Malaysia.

Healthy Food Ingredients: The division recorded a \$474,000 increase in revenue to \$771,000 in the first half of 2021.

The division's sales are driven by Holista's patented GI Lite™ premix and 80Less™ sugar substitute. US-based Costanzo's Bakery, Inc. Costanzo's signed a three-year agreement to purchase GI Lite™ for use in its new range of low Glycaemic Index (GI) white breads. Costanzo's started supplying the breads to several US supermarket chains from April this year.

Meanwhile, Holista's unique 80Less™ offering is sold to a handful of food and beverage companies, including Bursa Malaysia-listed Rex Industries.

Ovine Collagen: An improvement in COVID-19 trading conditions helped the division deliver a good rebound in 1H 2021 revenue to \$128,000 from just \$18,000 in the same period in the previous year.

The increase in sales is driven by additional orders placed by Behn Meyer Thailand for Holista's unique cosmetic ingredient as demand for cosmetics in Thailand recovered following the initial shock of the pandemic in 2020.

Infection Control Solutions: This is a new division that posted its maiden first half revenue of \$179,000. The sales are mainly from sales of Holista's NatShield™ sanitisers and rapid COVID-19 test kits.

Sales of NatShield™ are growing following the successful restructure of Holista's global distribution partner, iGalen; while Holista's decision to expand its suite of products to include the COVID test kits will contribute to the growth momentum for this business.

Positive Outlook to Continue Through FY2021

The ongoing impact from COVID-19 will continue to create challenges for Holista, but the Group is in a good position to build on the growth momentum it achieved across all key areas of its business in the first half of 2021.

The good traction achieved by Holista's Healthy Food Ingredients division is expected to persist due to its unique value proposition to food and beverage manufacturers looking to offer healthy alternatives. Costanzo's has only recently started selling its low GI white bread using GI Lite™ to major US supermarkets, which leaves the product room to grow over the short to long-term.

The upcoming introduction of Holista's new cocoa milk powder product and Ready-to-Drink cocoa formulation also provides another avenue for the division to expand sales and profits.

Meanwhile, the outlook for the Dietary Supplements division is expected to be underpinned by organic growth, strong market position and the addition of new dietary supplement water-soluble vitamin D and the launch of nasal balm in pharmacy stalls in Malaysia as well as online platforms.

Additionally, the global market for health supplements continues to grow with Holista well positioned to benefit from the trend as it is one of the largest supplement suppliers in Malaysia.

The outlook for the Infection Control Solutions division is also positive as the pandemic will drive demand for all-natural sanitisers that are gentle on the skin despite repeated use. Further, the ongoing recovery in iGalen is expected to contribute to ongoing sales growth as the Company explores further opportunities for its COVID-19 test kits.

Finally, Behn Meyer Thailand is expected to continue purchasing Holista's ovine collagen through 2021, although the biggest growth driver for this division could come from China.

The Ovine Collagen division could experience a significant step-change over the coming months following Holista's agreement with Mutiara Seribumi Sdn Bhd to allow Guangzhou Sinbio Cosmetic Co Ltd to undertake trials of the Company's ovine collagen.

Guangzhou Sinbio is a Chinese state-owned enterprise that exclusively represents leading cosmetic brands like Ceeture, Estee Lauder and SK-II in China. It sells cosmetics via a network of 45,000 direct-owned stores.

If the trials are successful and if regulatory approvals in China are granted, Guangzhou Sinbio will purchase Holista's entire production capacity of 48 tonnes for \$75 a kilogram in the first year (approximate revenue is \$3.6 million).

The Chinese conglomerate will increase annual purchases to 144 tonnes in year two, 288 tonnes in year three and 576 tonnes in years four and five.

Holista believes it will be informed about the outcome of the trials expected by end of 2021 and will provide updates to the market as necessary.

This announcement has 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
- Healthy 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.

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