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**Holista Colltech Limited**
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# Appendix 4C and Activities Report: Quarterly Sales Growth with Stronger YTD Revenue

**ASX Announcement**

**29 October 2021**

## Highlights

- **Group sales jumped 13% quarter-on-quarter (QoQ) to $1.9m in 3Q 2021 as total available cash came in at $1.8m**
- **Health Supplement sales was the standout with a 32% previous corresponding period (pcp) increase**
- **Total YTD customer receipts increased by 20% pcp across the group**
- **Increase in inventory purchases in anticipation of strong trading conditions detracted from 3Q 2021 operating cash flow not expected to continue to this quarter**
- **Positive outlook for all divisions from new product launches (e.g. nasal balm) and potential partnerships (e.g. Berjaya's Country Farm)**
- **Future expansion into China with the approval of Natshield™ for 10 years for all application with no further approvals**
- **Persistence test results received in the quarter showed Natshield™ sanitiser remained effective on skin and hard surfaces for up to 12 hours.**

**Holista Colltech Limited** (ASX: HCT, "Holista" or "the Company") is pleased to provide the following quarterly update and commentary on its Appendix 4C for the three months to 30 September 2021.

## Summary of cash position

The Company's cash and cash equivalent holdings at the end of the quarter was $1.5 million and it has access to a further $331,000 in unused debt facilities to take the total available cash to $1.8 million at the end of the September quarter.

A 13.3% increase in group sales to $1.9 million in the third quarter compared to the previous quarter contributed positively to its cash position, although that was offset

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by a material rise in purchases of inventory in anticipation of a strong Christmas and New Year sales period, as well launch of the Nasal Balm.

It is anticipated that Holista's cash position will benefit in the near-term from its ongoing efficiency drive and organic growth opportunities from its expanded product portfolio.

**Operating activities**

Holista's Health Supplements division was the standout in the September quarter with sales jumping 32.2% compared to previous corresponding period (pcp) in 2020 to just over $1.7 million. A rebound in retail spending as Malaysia eased COVID-19 restrictions bolstered demand for the Company's vitamins and supplements.

The material increase in supplement sales offset an easing in the Group's other divisions with revenue from Infection Control declining by $147,000 QoQ and Food Ingredients falling by $219,000 QoQ as orders from Costanzo's came in below expectations due to disruptions caused by the pandemic.

Costanzo's informed Holista that it is committed to meeting the target by hiring additional sales professionals to market and promote the low glycaemic index (low-GI) bread using Holista's GI-Lite™ to supermarket chains in the US. Costanzo's will also have an official launch and promotional campaign for its low-GI bread at end of this year.

The recently announced agreement between Holista and Berjaya's Country Farms has the potential to significantly increase sales of Holista's healthy food ingredients, while expanding the product offering to include test kits (pending special access approvals in Malaysia, UK and South America). The upcoming nasal balm is anticipated to contribute positively to the Infection Control business.

Holista's Ovine Collagen did not record any sales in 3Q 2021 due to a timing issue that pushed its sales into the current quarter.

Notwithstanding these issues, total sales for the September quarter increased by $229,000 compared to the June 2021 quarter and 2021 year-to-date customer receipts are 20% ahead of the pcp.

Holista recorded an operating cash outflow of $752,000 with product manufacturing and operating costs detracting from the result. These costs of $1.1 million relate in large part to the purchase of raw material and stock to meet the expected increase in sales of its fish oil supplements and COVID-19 test kits, as well as the upcoming launch of Holista's sanitising nasal balm.

**Investing and financing activities**

The $7,000 cash outflow from investing activities related to the purchase of fixed assets during the quarter.

Holista also received $1.1 million and repaid $993,000 in trade financing in the period.

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**Other significant events**

Holista continues to lay the foundations for significant growth during the previous quarter. Its success in securing a 10-year trademark with no further needed approvals for Natshield™ brand in China last month, opens a second avenue to expand sales into the large Asian market with an industrial HVAC sanitising solution.

This opportunity is on top of the current trials of Holista's unique ovine collagen product by Chinese State-Owned Enterprise, Guangzhou Sinbio Cosmetic Co Ltd.

More recently, Holista signed a non-binding collaboration term sheet with Country Farms that could see the Company's low-GI pre-mix, sugar reduction technology, plant-based meat products and dietary supplements, used at several leading franchise chains in Malaysia, including Starbucks and 7-Eleven.

Meanwhile, Holista is planning a near-term launch of Holista's sanitising nasal balm in Malaysia, United States and South America. The launch in United States will be via iGalen International Ltd. Holista recently introduced water soluble Vitamin D in Malaysia. The same Vitamin D will also be introduced in the United States and South America in this quarter.

All these are expected to contribute positively to the Group's financial performance.

Finally, Holista is pleased to announce the results for the persistence tests that was carried out on its all-natural sanitiser Natshield$^{TM}$. The tests, which was carried out by Chemlab and SGS, found that Natshield$^{TM}$ remained effective on skin and hard surfaces for up to 12 hours.

This announcement has been approved by the Board of Directors.

-Ends-

**About Holista Colltech Limited**

Holista Colltech Ltd ("Holista") is an innovator in health and wellness solutions based in Perth, 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 is to address the evolving needs so that people can 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 and ovine collagen, all-natural, non-toxic and 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 to combine economic success with enriching lives for a sustainable future.

**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 2021 |

| 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 | 1,665 | 5,274 |
| 1.2 Payments for | - | - |
| (a) research and development | (76) | (156) |
| (b) product manufacturing and operating costs | (1,096) | (2,731) |
| (c) advertising and marketing | (61) | (474) |
| (d) leased assets | - | - |
| (e) staff costs | (676) | (2,187) |
| (f) administration and corporate costs | (503) | (1,162) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 3 | 10 |
| 1.5 Interest and other costs of finance paid | (27) | (32) |
| 1.6 Income taxes paid | (33) | (58) |
| 1.7 Government grants and tax incentives | 52 | 89 |
| 1.8 Other (provide details if material) | - | - |
| **1.9 Net cash from / (used in) operating activities** | **(752)** | **(1,427)** |

*Note: The Year to date (9 months) of Cash Flows from Operating Activities includes a reclassification of $286k being the withdrawal of terms deposits to Section 2.2 (d) and Section 3.6 previously included in Section 1.2 (b).*

| | | |
|---|---|---|
| **2. Cash flows from investing activities** | | |
| 2.1 Payments to acquire: | - | - |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (7) | (19) |
| (d) investments | - | - |
| (e) Purchase or development of intangible assets | (3) | (3) |
| (f) other non-current assets | - | - |



+ See chapter 19 of the ASX Listing Rules for defined terms.

| 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 | - | 92 |
| (e) Purchase or development of intangible assets | - | - |
| (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)** | **70** |

*Note: The Year to date (9 months) of Cash Flows from Investing Activities includes a reclassification of $92k being the withdrawal of terms deposits to Section 2.2 (d) previously included in Section 1.2 (b).*

| **3. Cash flows from financing activities** | | |
|---|---|---|
| 3.1 Proceeds from issues of shares (Net of issuance costs) | - | - |
| 3.2 Proceeds from issue of convertible notes (Net of issuance costs) | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 Proceeds from borrowings | 1,111 | 1,723 |
| 3.6 Repayment of borrowings | (993) | (1,603) |
| 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** | **118** | **120** |

*Note: The Year to date (9 months) of Cash Flows from Financing Activities includes a reclassification of $194k being the withdrawal of terms deposits to offset Section 3.6 Repayment of borrowings previously included in Section 1.2 (b).*

| **4. Net increase / (decrease) in cash and cash equivalents for the period** | | |
|---|---|---|
| 4.1 Cash and cash equivalents at beginning of period | 2,116 | 2,725 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (752) | (1,427) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (10) | 70 |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 118 | 120 |

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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 | 10 | (6) |
| **4.6 Cash and cash equivalents at end of period** | **1,482** | **1,482** |

| **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 | 470 | 305 |
| 5.2 Call deposits | 1,012 | 1,811 |
| 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)** | **1,482** | **2,116** |

| **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 | 111 |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 | - |

*Note: Includes Director fees in the amount of $86k during the quarter. Payments to related parties in the amount of $25k for consultancy and legal services. No other related party payments were made.*

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| 7. Financing facilities<br>Note: the term "facility' includes all forms of financing arrangements available to the entity.<br>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 | 460 | 460 |
| 7.2 Credit standby arrangements | 663 | 331 |
| 7.3 Other (please specify) | | |
| 7.4 **Total financing facilities** | **1,123** | **792** |

| | |
|---|---|
| 7.5 **Unused financing facilities available at quarter end** | **331** |

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 repayable over 240 monthly instalments (principal plus interest) of $2,866 (2019: $5,119) which commenced on 1 October 2020. The term loan bears interest rates of 3.77% (2019: 5.77%) per annum and is secured by the following:

- First-party absolute assignment of all rights, interest, title and benefits in and to property beneficially owned by a Subsidiary Company;
- Corporate Guarantee by subsidiary company; and
- Personal Guarantee by a Director of the subsidiary company.

**Credit standby arrangements**
The bankers' acceptance bears interest of 3.7% (2019: 5.23%) and is secured by the following:

- Pledge of fixed deposits with licensed banks;
- Execution of a fresh letter of authorisation, memorandum of Deposit and letter of set off;
- First-party assignment over the office lots of the Company; and
- 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) | (752) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 1,482 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | 331 |
| 8.4 Total available funding (item 8.2 + item 8.3) | **1,814** |
| 8.5 **Estimated quarters of funding available (item 8.4 divided by item 8.1)** | **2.41** |

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 |
| | Answer:<br>N/A |
| | 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to |
| | Answer:<br>N/A |
| | 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives |
| | Answer:<br>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: .. 29 October 2021.....

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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