



Holista Colltech Limited
(ASX:HCT / ABN 24 094 515 992)
Level 5, 126 Phillip Street, Sydney NSW 2000, Australia
P: +61 8 63645028; F: +61 2 8072 1440
www.holistaco.com

Holista Delivers Resilient Full-Year Revenues and Positive Outlook for 2021

ASX Announcement

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Highlights

- **Full-year revenue steady at \$7.1m despite impact of the COVID-19 global crisis**
- **Strong sales growth in Healthy Food Ingredients and Infection Control Solutions offset weakness in other parts of the business affected by COVID-19**
- **Dietary Supplements and Ovine Collagen divisions detracted from results but are rebounding from 2020 lows**
- **Upcoming launch of GI Lite™ white bread through Costanzo's US partnership is expected to be a significant growth driver**
- **Demand for the Company's all-natural sanitisers forecast to accelerate further as it looks to launch sanitising nasal balm and M3 industrial solution**
- **Positive short- and long-term outlook with multiple growth opportunities expected to be realised in 2021**

Holista Colltech Limited (ASX: HCT, "Holista" or "the Company") is pleased to provide the following commentary in respect to its unaudited full year results with steady revenue despite the global crisis.

Holista posted group revenue of \$7.1 million for the 12-months ended 31 December 2020, which was 2.1% below that of 2019, as weakness in parts of its business due to the impact of COVID-19 was offset by strong growth in other divisions. The Company posted an adjusted pre-tax net loss of \$2.3 million for the year due largely to the impact of COVID-19.

Divisional Performance

Holista's Healthy Food Ingredients division was a standout with sales increasing by 525% to just over \$1 million in 2020. The growth is due to orders from Kawan Food Berhad, which has developed the world's first healthy low-Glycemic Index (GI) Asian flatbread using GI Lite™, and Rex Industry Berhad for Holista's proprietary 80Less™ (low-calorie and low-GI) sugar substitute for use in its drinks.

This division's strong growth was also bolstered by the expansion into the North American market with Costanzo's Bakery, Inc. signing a binding agreement to purchase around US\$2 million a year of Holista's GI Lite™ Bread Premix, for three years.

Holista's Infection Control Solutions business was another growth contributor as it achieved sales of \$665,000. This is the first year that this business contributed to Group revenue as COVID-19 drove demand for its NatShield™ range of products, which uses PathAway®. PathAway® is made from all-natural ingredients and independent tests have shown it to be 99.9% effective against the SARS-CoV-2 virus that causes COVID-19.

Other progress includes Holista commissioning a TGA application to classify its sanitisers as "Therapeutic Goods" and for labelling rights to claim their effectiveness against COVID-19, successfully demonstrating that Path-Away® can kill 99.9% of SARS-CoV-2 in an independent lab, and commencing testing of NatShield™ Nasal Balm ahead of its potential launch to the markets in the 2nd quarter of 2021.

The Company's Dietary Supplements division continued to be the largest income contributor to the group in 2020. Revenue from this business decreased by 21% to \$5.2 million due to COVID-19 restrictions and lockdowns in markets Holista operates in.

The Collagen Manufacturing business was also impacted by the fallout from the global pandemic with sales falling 62% to \$173,000 for 2020 compared to the year before. However, both these businesses are expected to recover in the current year.

Expenses and Profit

Holista posted an increase in adjusted pre-tax net loss to \$2.3 million (before one-off items) in 2020 compared with a \$1.2 million loss in the 2019 financial year, while statutory loss before tax came in at \$5.6 million.

An increase in expenses and the change in the sales mix between Holista's various businesses were the main drivers for the larger loss.

The Company's Dietary Supplements and Ovine Collagen divisions generated better margins as these are more established businesses, while the Healthy Food Ingredients and Infection Control Solutions divisions are expected to see improved margins as these businesses continue to scale up.

Further, many of the factors that contributed to the increase in expenses in 2020 are "one-off" events.

Outlook

While the volatility created by the global pandemic makes forecasting a bigger than normal challenge for the industry, Holista believes the short- and longer-term outlook is positive as the Company has laid the foundations for its next phase of growth.

The strong momentum achieved by the Healthy Food Ingredients business is expected to continue as Costanzo's launches a range of Low-GI white bread products using Holista's technology across North America in March. The healthier and better tasting white bread is expected to be a significant growth driver for Holista from 2021 onwards.

Additionally, orders from Kawan Foods and Rex Industry are anticipated to improve in 2021 as the disruptions from the pandemic in Malaysia and Singapore ease further.

Demand for sanitising solutions is also expected to persist in 2021 and beyond, even as a COVID-19 vaccine becomes available. The ongoing long-term use of sanitisers will prompt consumers to seek all-natural solutions like NatShield™ that are safe, efficacious and gentle on the skin compared to alcohol-based solutions.

Holista also plans to expand its infection control offering to include nasal balms and the M3 system that can be used against airborne viruses in buildings and for fogging applications.

Holista's Dietary Supplements and Collagen Manufacturing businesses are recovering from the coronavirus-stricken trading conditions in 2020. There has been a notable pick-up in orders for Holista's dietary supplements across all markets, while enquiry levels for its collagen product used in cosmetics have also increased.

Meanwhile, Holista has suspended payments to its US marketing partner, Eight Mercatus USA, since February 2021 as Eight Mercatus USA undertakes an internal review and formulates a new plan to address its disappointing performance in Natshield™ launching which was partly because of delay in N-listing of Path-Away®, launching of low Glycemic Index (GI) bread range and the water soluble supplements. Holista will consider resuming the partnership once Eight Mercatus USA presents a new credible plan to market and sell Holista's range of products and solutions in the US.

"We are off to a positive start in 2021 and this year should see growth across the Group. Not only are Holista's Healthy Food Ingredients and Infection Control divisions expected to maintain their strong growth momentum, our Dietary Supplements and Ovine Collagen businesses are expected to recover from the COVID-19 economic impact," said Dr Rajen Manicka, CEO of Holista Colltech.

"What's also pleasing is that enquiries we are getting for our collagen are coming from countries outside our traditional base of Thailand and Indonesia. Given the multiple growth opportunities for Holista, we should deliver an improved result in the 2021 financial year."

This announcement has been approved by the Board of Directors. All figures are unaudited and subject to change. The final audited figures will be included in Holista's Annual Report, which is being finalised.

-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.

For further information, please contact:

Corporate Matters: investor@holistaco.com

General Enquiries: enquiries@holistaco.com

Australia

Level 11, Brookfield Place
125 St Georges Terrace,
Perth WA 6000, Australia
P (08) 6364 5028

Malaysia

12th Floor, Amcorp Trade Centre, PJ Tower
No. 18, Persiaran Barat off Jalan Timur
46000, Petaling Jaya, Malaysia
P: +603 7965 2828 ; F: +603 7965 2777

Australia and New Zealand Investor relations and media enquiries:

Brendon Lau, Vantage Point Partners
E: brendon@vantagepointpartners.com.au
M: +61 409 341 613

Global Investor relations and media enquiries:

WeR1 Consultants Pte Ltd
E: holista@wer1.net
M: +65 6721 7161