

Appendix 4C and Activities Report: Further Signs of Recovery as Holista Resets the Business

ASX Announcement

30 April 2024

Highlights

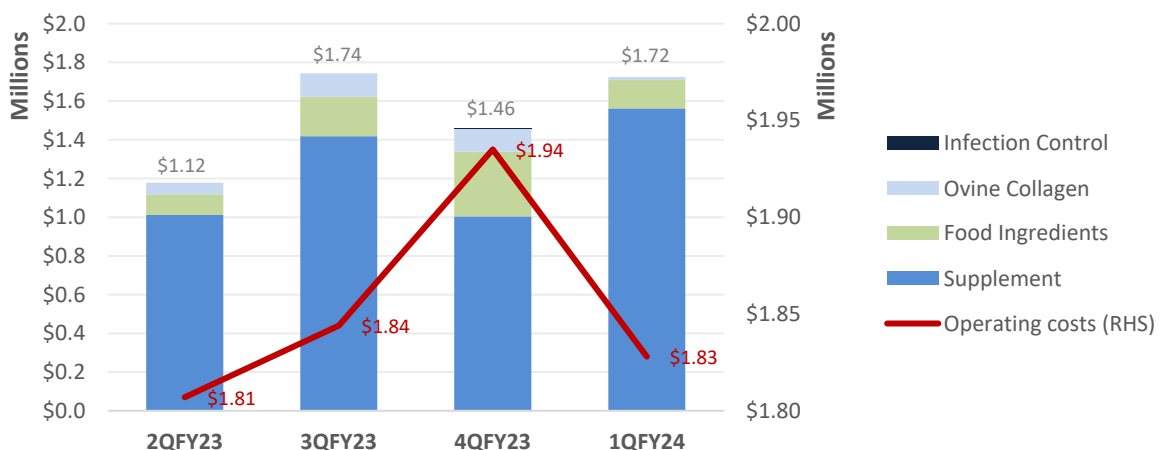
- Total sales rose 18% Quarter-on-Quarter (QoQ) to \$1.7M in 1QFY24.
- Operating costs fell by 6% QoQ due to good cost control and easing of inflationary pressures.
- Holista's largest division, Dietary Supplements, was the key growth driver with sales increasing 56% QoQ to \$1.6M.
- Sales from Food Ingredients and Ovine Collagen divisions expected to recover after falling in the latest quarter.
- Following the Federal Court's decision on 19 March 2024, the Group will refocus on stabilising and growing the core business.

Holista Colltech Limited (ASX: HCT, "Holista" or the "Company"), and its subsidiaries (the "Group"), provides the following quarterly update and commentary to accompany its Appendix 4C for the three months to 31 March 2024 (1QFY24) with sales in the quarter continuing to recover from its low in 2QFY23 amid a challenging period for the Group as it undertakes a business reset.

Summary of cash position and expenditure

Total sales in the quarter increased by 18.3% Quarter-on-Quarter (QoQ) to \$1.7 million, while operating costs declined 5.5% QoQ to \$1.8 million due to improved cost control and the easing of inflationary pressures.

Op Costs Declines as Sales Continue to Recover from 2QFY23 Low



Operating costs would have been even lower if not for the increase in promotional spend relating to the newly launched Holista-Nugevity plant-based protein supplement.

The Group posted operating cash outflow of \$122K in 1QFY24, a 16% improvement from the previous quarter. The largest operating expenditure were product manufacturing and operating costs of \$625K, staff costs of \$614K, advertising and marketing costs of \$303K and administrative and corporate costs of \$257K.

“We have achieved a credible result in what can only be described as a very difficult backdrop. Economic headwinds and industry-wide cost pressures have impacted Group performance at a time when ASIC legal matter consumed substantial resources. With the Court’s decision, our full attention and resources will now be channelled to resetting the business and returning our Company to growth”, said Holista’s Non-Executive Chair, Mr David Deloub.

The Group’s total available funds at the end of the quarter was \$1.1 million, which is made up of \$49K in cash and cash equivalents and \$1.051 million in available but unused trade credit facilities.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$106K in relation to directors’ remuneration and consulting fees to its related parties and associates.

Divisional performance

Holista recorded unaudited Group sales of \$1.7 million in 1QFY24 – an 18.3% QoQ increase and a 12.6% decline against 1QFY23. Consistent with Holista’s past commentaries, the Group continues to deliver stepped improvements since sales hit a low in 2QFY23, a period that was marred by the restructure of the sales team and multiple economic headwinds.

Nonetheless, Holista believes it is well placed to deliver improved results in the current year as these headwinds are abating.

The Group’s Dietary Supplements division – Holista’s largest division by revenue – was the main growth driver for the quarter with unaudited revenue of \$1.6 million – up 55.5% QoQ. The recently launched Holista-Nugevity supplement and stronger sales of existing products contributed to the growth as consumer sentiment in Malaysia improved.

Holista is planning to launch other new innovations that will further bolster future sales in the Supplements division.

Meanwhile, the Food Ingredients business posted sales of \$146K versus \$334K in the December quarter. Holista has finalised a sales agreement with Malaysian food and beverage maker, Rex Industry Berhad, and expects sales will come in the following months.

As such, Holista expects the sales of the Food Ingredients division to recover from the current quarter.

The Ovine Collagen division generated sales of \$16K from other cosmetic manufacturers in 1QFY24 compared to \$120K in the previous quarter. Holista is renegotiating the renewal of its sales contract with Behn Meyer which expired at the end of December.

There were no sales from Holista’s Infection Control division in the quarter.

Changes to the Board of Directors

Following the conclusion of ASIC’s legal proceedings, Holista is pleased to announce that Mr Lai Kwok Kin, a Singaporean who specialises in investor relations and crisis communications, was appointed as an Independent Director on 19 March 2024. As announced on 21 March 2024, following the Federal Court’s decision, Dr Rajen Marnickavasagar has been disqualified

from managing a corporation for a period of 4 years, from the date of the Order. Accordingly, he has stepped down as Chief Executive Office and as a Director of the Company.

Since the Court's decision, the Board has been engaging management on a proposal to settle the pecuniary penalty and to restructure the leadership of the Company to ensure continuity.

Pending the outcome of the Annual General Meeting to be held on 31 May 2024 – when current directors will be due for election – the Board will review the composition of the respective Board committees and announce changes to the management.

“We have started a new chapter for Holista. The changes we are making will allow us to renew and redouble our efforts to pursue multiple growth opportunities. These include the development and launch of new products, re-branding of product lines and expansion of our online sales and marketing programs”, added Mr Deloub.

Investing and financing activities

The Group recorded a \$11K cash outflow from its Investing Activities, which was due to a fixed deposit linked to its banking facility and the purchase of equipment.

Holista recorded a cash inflow of \$124K from Trade Financing Activities. The cash movement reflects the difference between what it received and what it repaid in trade financing during the period.

ASX Additional Information

Pursuant to ASX Listing Rule 4.7C.1, and as outlined in the Appendix 4C, the Company advises it spent \$625,000 on product manufacturing and operating costs, \$257,000 on administration and corporate costs, \$614,000 on staff costs, and \$303,000 on advertising and marketing. Details of the business activities are found within this report.

Pursuant to ASX LR4.7C.3, the Company advises that payments of \$106,000 were made to Executive and Non-Executive Directors as Salaries and Consulting Fees.

This announcement has been approved by the Board of Directors.

-ENDS-

About Holista Colltech Limited

Holista Colltech Ltd ("**Holista**" or the "**Company**") 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 Company has successfully developed and patented outstanding technologies in the field of Global Health and Wellness Industry.

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")

31 March 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,753	1,753
1.2	Payments for:		
	(a) research and development	(29)	(29)
	(b) product manufacturing and operating costs	(625)	(625)
	(c) advertising and marketing	(303)	(303)
	(d) leased assets	-	-
	(e) staff costs	(614)	(614)
	(f) administration and corporate costs	(257)	(257)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(26)	(26)
1.6	Income taxes paid	(36)	(36)
1.7	Government grants and tax incentives	15	15
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(122)	(122)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(1)	(1)
	(d) investments	(10)	(10)
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the 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	(11)	(11)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	1,347	1,347
3.6	Repayment of borrowings	(1,223)	(1,223)
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	124	124

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	60	60
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(122)	(122)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(11)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	124	124
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	Cash and cash equivalents at end of period	49	49

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	49	59
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)	49	59

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	106
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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> Fees include Salaries, Director Fees and Consulting Fees to Executive Director and Non-Executive Directors		

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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	441	441
7.2	Credit standby arrangements	2,102	1,034
7.3	Other (please specify)		
7.4	Total financing facilities	2,543	1,475
7.5	Unused financing facilities available at quarter end		1,067
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. Summary of Banking Facilities: <u>Bank Loan Facility 1:</u> Parties: CIMB Islamic Bank Berhad Malaysia (Banker), and Holista Biotech Sdn Bhd (100% subsidiary of Holista Colltech Ltd) (Borrower). i) Loan Facility 1 Term Loan Principal Amount: MYR 1.4M / approximately A\$446k Remaining Payable as at 31 March 2024: MYR 1.2M / approximately A\$394k Term: Commencing on 1 October 2020 and repayable over 240 monthly instalments (principal plus interest) of \$2,848 (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\$647k Total Utilised at Quarter End : MYR 1,699k / Approximately A\$549k Bank Loan Facility 1 is secured by the following: • 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: • "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.		

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\$63K.

Amount Remaining as at 31 March 2024: MYR 147k / approximately A\$47k

Term: Commencing on 28 September 2022 and repayable over 60 monthly instalments (principal plus interest) of \$1,263 (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\$485k

Total Utilised at Quarter End : MYR 1.5M / Approximately A\$485k

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\$970k

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)	(122)
8.2	Cash and cash equivalents at quarter end (item 4.6)	49
8.3	Unused finance facilities available at quarter end (item 7.5)	1,067
8.4	Total available funding (item 8.2 + item 8.3)	1,116
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	9.15
<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?	
	Answer: N/A	
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	
<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 April 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.