




Holista Signs Agreement with US Bread Supplier Costanzo's to Launch the World's Lowest Glycaemic Index Clean Label White Bread

 Holista Colltech  Bakery  November 23, 2020



Holista Colltech Limited (ASX: HCT, "Holista" or "the Company") and its United States subsidiary, Holista Foods Inc., have signed a binding agreement with Costanzo's Bakery, Inc. ("Costanzo's") to use Holista's GI Lite™ technology to manufacture the world's lowest Glycaemic Index (GI) clean label white bread using only all-natural ingredients.

Under the exclusive three-year Licence and Commercialisation agreement, Costanzo's will purchase 165 tons of GI Lite™ Bread Premix worth circa US\$1.9 million (~A\$2.7 million) in the first year of the contract.

The size of the annual orders may vary as they are subject to quarterly reviews and Holista can increase the price of GI Lite™ to compensate for commodity price changes from 1 January 2022 onwards. As such, investors should not treat the information as forecasts.

Costanzo's, which was founded 87 years ago, supplies bread products across the US and Canada to supermarkets and other retail outlets.

Other key contract details include:

- Costanzo's will have the exclusive right to use GI Lite™ in white bread sold in the U.S., Canada and Mexico.
- The term of the contract runs from 1 October 2020 to 30 September 2023.
- Costanzo's will manufacture and sell low GI white bread, rolls and buns using Holista's technology.
- There is a Minimum Annual Performance Requirement (MAPR) for Costanzo's to purchase 220 tons (US\$2.5 million) of GI Lite™ in each of the three years.
- The MAPR is subject to review depending on market conditions and Holista will update the market on any material changes.

- Both parties agree that for the first year, due to the difficulty in forecasting and in order to “normalise” the supply chain, the first three months of the term of this contract will be excluded from the MAPR and that the minimum requirement for the subsequent nine months will be equal to 75% of the MAPR, or 165 tons.
- Holista can change the price of its GI Lite™ Bread Premix after 1 January 2022 with written notice to accommodate for commodity price inflation. The unit price quoted is free on board (FOB) Toronto, Canada.
- Either party can terminate the agreement by serving a 90-day notice.

“There is a large and untapped market for clean-label, all natural, low-GI white bread and we are pleased to be able to offer our customers such a unique and healthy product,” said Costanzo’s chief executive officer, Angelo Costanzo III.

“We are confident in the success of the GI Lite™ breads due to its superior taste and mouthfeel, which cannot be matched by other low GI breads in the market as they use chemicals and other artificial ingredients.”

GI is a measure by which food products are ranked between 0-100 according to their impact on blood sugar levels. The lower the GI, the more time it takes for the glucose to be digested and absorbed into the blood stream. The higher the GI, the faster it digests, which causes a spike in blood sugar levels and is a known contributor to diabetes.

White bread has a high GI of over 70. Low glycaemic foods have a GI of 55 or less. Independent tests by the University of Sydney in July 2020 found that white bread made using GI Lite™ had a GI reading of 46, a significant reduction from the reading of 53 conducted in 2016. Holista believes this is the world’s lowest readings for clean label low-GI white breads sold around the world.

Dr Rajen Manicka, CEO of Holista, commented:

“This is a break through agreement for the North American market and we expect this to spur interest in other markets. We are excited to be bringing a healthier and better tasting white bread product to the world, and we are currently pursuing opportunities in other countries.”

GI Lite™ is made from a blend of okra, barley, lentils and fenugreek. It does not affect taste, mouthfeel or food production methods. When mixed with white flour, it lowers the GI reading of the final product without compromising taste or texture.

Holista Foods won the Award of Excellence under “Low Glycaemic Pasta” category for its spaghetti and linguine in the 2019 U.S.A. Taste Championships.

“Providing the world’s lowest low GI healthy clean label white bread has been our goal and vision,” said Nadja Piatka, CEO of Holista Foods. “Costanzo’s is a perfect partner to bring this important mission to fruition.”