

Date : 13 July 2020

Dale Allen
Principal Advisor, Listing Compliance
ASX Limited
Level 40 Central Park
152-158 St George Terrace
Perth WA 6000

Sent by email : dale.allen@asx.com.au
Copy to : listingscomplianceperth@asx.com.au

Dear Mr Dale Allen

Response to ASX Aware Query

I refer to your letter dated 9 July 2020 (ASX Aware Letter) to Holista Colltech Limited (HCT or the Company). The Company response to each of your queries is as follows:-

1. Does HCT consider:

1.1 the Actual Health Therapies Sales Revenue; or
1.2 the impact of the COVID Disruption on the targeted sales of Natshield by 30 June 2020 of A\$3,800,000 from Health Therapies LLC to be information that a reasonable person would expect to have a material effect on the price or value of its securities? Please address each separately.

1.1 Yes
1.2 Yes

2. If the answer to question 1 is “no” with respect to the Actual Health Therapies Sales Revenue and/or the COVID Disruption information, please advise the basis for that view (addressing each separately, where relevant).

2. Not applicable

3. When did HCT first become aware of the Actual Health Therapies Sales Revenue as set out in the Announcement?

3. Shortly after 30 June the Company finalised the half year Natshield sales results, and in the afternoon of 3 July 2020 the Board became aware of the total Natshield sales revenue including the actual Health Therapies Sales Revenue.

4. When did HCT first become aware of the impact of the COVID Disruption on the targeted sales of Natshield by 30 June 2020 of A\$3,800,000 from Health Therapies LLC, in particular:

- 4.1 the supply chain disruption;**
- 4.2 the disrupted availability of bottlers;**
- 4.3 the delay of retail listings; and**
- 4.4 listing restrictions?**

4.1 and 4.2.- Supply chain disruption and bottling availability were more of an issue in the early days of the Covid 19 pandemic in March/April, however as time went on these became less of a concern and were has less impact on the sales target.

4.3 Health Therapies LLC have been and remains in active negotiations with two large US retailers and five large US airports. The lock down and race related protest and riots have delayed the potential listing of Natshield in those distribution points. This was impactful on sales targets. We became aware of these delays in early June.

4.4 To prevent price gouging, major e-commerce platforms have either removed or severely restricted online sales and advertising of sanitisers. This restriction has affected Natshield™ online marketing quite significantly. Holista first became aware of this when Natshield was pulled from Amazon.com on 20 May 2020.

5. If HCT first became aware of the information in the Announcement, or any part thereof, before 9 July 2020, did HCT make any announcement prior to the 9 July 2020 which disclosed the information? If so, please provide details (addressing each part separately, where relevant). If not, please explain why the relevant information was not released to the market at an earlier time, commenting specifically on when you believe HCT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HCT took to ensure that the information was released promptly and without delay.

HCT did not make an announcement prior to 9 July 2020 which disclosed information it was aware of prior to 9 July 2020.

In early June the Company became concerned that sales were not closing so we actively engaged with, our USA distributor Health Therapies LLC. When queried, our distributor was insistent that the target of \$3.8m remained achievable, based on the ongoing negotiations with two large US retailers, five large US airports, and two multilevel companies. Health Therapies also engaged an ecommerce specialist to relist and promote Natshield into major online ecommerce platforms

On 27 June 2020, Health Therapies LLC acknowledged that they will not be able to achieve all of the A\$3.8 million sales target by end June 2020, however they remained active and confident in negotiations with the targets would produce a positive result imminently. These negotiations were incomplete and ongoing and the Board relied upon these positive affirmations from its distributor, Health Therapies LLC as regards to the proposed sales to be received. Furthermore, negotiations to close a large order with a US Retailer with over 4,500 stores continued until 6 July 2020 and still continues, and whilst the opportunity remains live, it became apparent that we would not be able to update the market with a firm commitment for Natshield sales, imminently. As such the Board released the announcement on the morning of 9 July 2020.

HCT believed that it was not obliged to disclose the information to the market until it had confidence in its actual sales and that the sales target could not be achieved.

HCT released the information as soon as it had agreement from its reconstituted Board that the announcement was complete, accurate and not misleading.

6. Please confirm that HCT is complying with the Listing Rules and, in particular, Listing Rule 3.1.

As a result of many factors, including current global, political and economic uncertainties, the Board of the Company has agreed to withdraw any and all forecasts or projections it has made previously to the market, including but not limited to commentary in relation to future sales, revenue expectations, purchase orders or sales commitments from third parties etc.

As sales are recorded, if material, they will be announced, otherwise the Company's sales and revenue results will be announced in the quarterly reports the Company releases to ASX as per normal market practice.

On the basis of the above disclosure, the Company confirms it is in compliance with the Listing Rules and in particular Listing Rule 3.1.

7. Please confirm that HCT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of HCT with delegated authority from the board to respond to ASX on disclosure matters.

Yes.

Should you require any further information or clarification, please do not hesitate to contact the undersigned.

Yours sincerely for and on behalf
Holista Colltech Limited



Mr Rajen Manicka
CEO



9 July 2020

Reference: 20317

Mr Stuart Usher
Company Secretary
Holista Colltech Limited

By email: stuardt@theagencygroup.com.au

Dear Mr Usher

Holista Colltech Limited ('HCT'): General – Aware Query

ASX refers to the following:

- A. HCT's announcement entitled "Update on Sales and Distribution Agreements for Natshield Sanitiser" released on the ASX Market Announcements Platform at 10:40 AM AEST on 9 July 2020 (the 'Announcement'), which includes an update on sales of the Natshield™ Hand Sanitizer ("Natshield") and provides the following information:
 - (i) on 9 April 2020, HCT announced targeted sales of Natshield by 30 June 2020 of A\$3,800,000 from Health Therapies LLC ("Health Therapies Sales Target");
 - (ii) HCT now expects Health Therapies LLC sales of Natshield for the 6 months ended 30 June 2020 to be approximately one third of A\$0.5 million. ("Actual Health Therapies Sales Revenue"); and
 - (iii) HCT's explanation that the Health Therapies Sales Target will not be met owing to the following:

'As a result of the "lockdown", travel restrictions and race related unrest in the United States supply chains have been disrupted including the availability of bottlers, retail listings have been delayed and to prevent price gouging major e-commerce platforms have imposed listing restrictions (especially in relation to new brands).'

("COVID-19 Disruption").
- B. The change in price of HCT's securities from a high of \$0.14 on Wednesday, 8 July 2020, to a low of \$0.082 at the time of writing, today Thursday, 9 July 2020, following the release of the Announcement.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."
- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
 - 3.1A *Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
 - 3.1A.1 *One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - *The information is generated for the internal management purposes of the entity; or*
 - *The information is a trade secret; and*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 *A reasonable person would not expect the information to be disclosed.”*

F. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

G. ASX's Listed @ASX Compliance Update released on 31 March 2020, which acknowledged the challenges faced by listed entities from the uncertainties surrounding the coronavirus pandemic ("Compliance Update"). The Compliance Update stated the following with respect to earnings guidance:

"Many listed entities that issued earnings guidance prior to the outbreak of COVID-19 have taken the opportunity to withdraw that guidance. That is both acceptable and understandable in the circumstances.

Entities that have not reviewed their published guidance in light of COVID-19 are strongly encouraged to do so and, if it is no longer current, to update it, or, perhaps more sensibly for most entities in the current highly uncertain climate, to simply withdraw it."

Request for information

Having regard to the above, ASX asks HCT to respond separately to each of the following questions and requests for information:

1. Does HCT consider:
 - 1.1 the Actual Health Therapies Sales Revenue; or
 - 1.2 the impact of the COVID Disruption on the targeted sales of Natshield by 30 June 2020 of A\$3,800,000 from Health Therapies LLCto be information that a reasonable person would expect to have a material effect on the price or value of its securities? Please address each separately.
2. If the answer to question 1 is "no" with respect to the Actual Health Therapies Sales Revenue and/or the COVID Disruption information, please advise the basis for that view (addressing each separately, where relevant).
3. When did HCT first become aware of the Actual Health Therapies Sales Revenue as set out in the Announcement?

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4. When did HCT first become aware of the impact of the COVID Disruption on the targeted sales of Natshield by 30 June 2020 of A\$3,800,000 from Health Therapies LLC, in particular:
 - 4.1 the supply chain disruption;
 - 4.2 the disrupted availability of bottlers;
 - 4.3 the delay of retail listings; and
 - 4.4 listing restrictions?
 5. If HCT first became aware of the information in the Announcement, or any part thereof, before 9 July 2020, did HCT make any announcement prior to the 9 July 2020 which disclosed the information? If so, please provide details (addressing each part separately, where relevant). If not, please explain why the relevant information was not released to the market at an earlier time, commenting specifically on when you believe HCT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HCT took to ensure that the information was released promptly and without delay.
 6. Please confirm that HCT is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 7. Please confirm that HCT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of HCT with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than 3:00 PM AWST Tuesday, 14 July 2020. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, HCT's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require HCT to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in HCT's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in HCT's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to HCT's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that HCT's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

Dale Allen
Principal Adviser, Listings Compliance (Perth)