

## **Record Interim Revenue and Improved Earnings with Momentum Expected to Persist Through 2022**

### **ASX Announcement**

**30 August 2022**

### **Highlights**

- **Interim revenue increases by 26% to record a high of \$4.5m as 1H22 net loss improves**
- **Double-digit growth in the Group's two largest divisions, Supplements and Food Ingredients, were the primary drivers for this result**
- **Continued recovery from the 2020 pandemic expected to carry through to the rest of the year**
- **1H22 growth would have been stronger if not for higher costs and global supply chain disruptions**
- **Several growth drivers and easing macroeconomic headwinds place Holista in a strong position to deliver improved FY22 results over FY21, which was a good year for revenue**

**Holista Colltech Limited** (ASX: HCT, “**Holista**” or “the **Group**”) is pleased to provide the following commentary in respect to its audited first half FY2022 (1H22) results for the six months ended 30 June 2022.

The encouraging rebound from the impact of COVID-19 on Group performance has persisted with total interim revenue increasing 25.6% compared to the previous corresponding period (pcp) to a high of \$4.5 million.

As a result, Holista's pre-tax net loss improved by 33.4% vs. the pcp to \$430,274 and net loss after tax narrowed 13.9% vs. the pcp to \$550,230 as the Group's two largest divisions delivered double-digit growth in sales.

The recovery is consistent with Holista's quarterly updates even though the results were delivered against a challenging backdrop. Holista's revenue and earnings would have been stronger if not for volatile raw material prices and logistical challenges due to the fallout from the global pandemic.

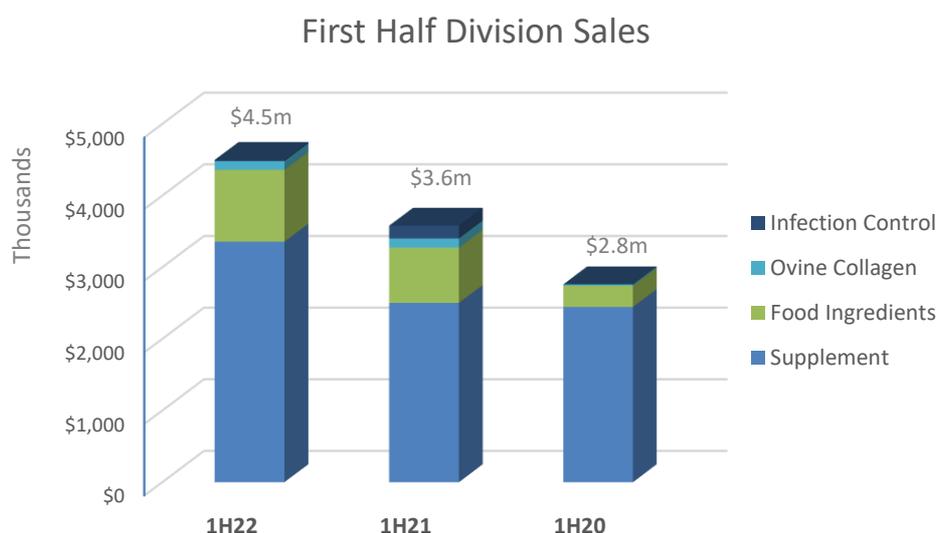
These macroeconomic issues prompted Holista to invest more heavily in inventory to ensure it can meet the growing demand for its innovative health and wellness solutions from its customers in the United States, Asia and Australia.

Importantly, the momentum from the first half of the financial year is expected to continue in to the second half, as detailed in the outlook section below.

## Divisional Performance

Holista's Dietary Supplement division was the standout in 1H22 as sales increased 34% to \$3.4 million. Easing social restrictions in Malaysia, the increased focus by consumers on boosting their health and immunity through supplements and Holista's brand leadership position in this market have contributed to the division's good performance.

Further, the recent launch of the Group's water-soluble vitamin D product, Hydro D, contributed to the growth of the division and Holista is planning on launching new innovative supplements over the coming months.



Holista's Healthy Food Ingredients division also contributed strongly to the 1H22 result even though delays in shipments to the US weighed on the result. Revenue from the sale of its low glycaemic index (GI) premix, GI Lite™, and its sugar substitute, 80Less™, increased by 30% vs. the pcp to just over \$1 million during the period.

Another growth contributor to this division in 1H22 was the receipt of an initial order for GI Lite™ and 80Less™ from Country Farms Sdn Bhd, which is owned by Malaysian conglomerate Berjaya Corporation Berhad, in April this year. While the first order was modest, there are opportunities for Holista to expand its relationship with Berjaya, which owns several international franchises in Malaysia, including Starbucks and 7-Eleven.

Meanwhile, sales from the Group's Ovine Collagen division fell modestly by 5% to \$122,000 in the half year as its largest customer, Behn Meyer Thailand, delayed its orders in the June quarter.

However, Holista is confident that this division will stage a rebound in the current half as Behn Meyer is contractually obligated to purchase Holista's collagen product before the end of this calendar year.

In January this year, Guangzhou Sinbio Cosmetic Co Ltd (Sinbio) received the shipment of Holista's collagen following some regulatory delays by Chinese Customs. Sinbio has indicated to Holista that it is still intending to proceed with trials of the collagen for its cosmetics, although progress is slowed by China going in and out of lockdowns. The success of the trials is likely to lead to a sales agreement with Sinbio, but the timing and progress of this opportunity is largely outside the control of Holista.

Concurrently, Sinbio is in the process of developing a range of products using Holista's collagen as the base ingredient. They are also developing the shipping procedures for the collagen via cold chain across Chinese airports.

As the supplier of the collagen, Holista plays no part and has no control over the trials, product development or regulatory approvals process in China.

Guangzhou Sinbio is a Chinese state-owned enterprise that exclusively represents leading cosmetic brands like Ceeture, Estee Lauder and SK-II in China. It sells cosmetics via a network of 45,000 direct-owned stores.

Finally, Holista's newest and smallest division, Infection Control, posted interim sales of \$17,000 compared with sales of \$179,000 in the first half of last year. The decline in sales comes as Holista refocused its resources on securing commercial/industrial business to business (B2B) sales of its sanitising solutions, which requires a longer lead time due to the longer the sales cycle.

The replacement product for Natshield filed with Therapeutic Goods Administration (TGA) is a US Environmental Protection Agency "List N" disinfectant and is proven to kill SARS-CoV-2, the virus that causes COVID-19. This product was submitted to the TGA for approval in July 2021 and is now in the final stages of approval. Holista is waiting on the last revision from the TGA.

Holista takes a disciplined approach in pursuing growth opportunities. In regard to rapid COVID-19 test kits, the market for these kits is competitive and the resources required to secure overseas government approvals and channel partners mean it is often not financially viable for Holista to invest in many of these opportunities, especially when there are more compelling growth projects on the immediate horizon.

Another significant event in 1H22 was the results of independent tests undertaken by SGS (Malaysia) Sdn Bhd (SGS) confirming the efficacy of the Group's all-natural Super Bio Nano Silver disinfectant. SGS reported that Holista's solution killed 99.99% of the human coronavirus (ATCC VR-740) after 30 and 60 minutes, as announced to the ASX on 29 April 2022.

## **Encouraging Outlook for 2022**

The volatile and dynamic macroeconomic environment make forecasting a challenge for any company, including Holista. But the Group believes it is in a good position to continue delivering improved results in the current year even after it delivered a significantly improved bottom line in FY21.

Holista's confidence in its positive outlook stems from several factors, which are detailed below:

- **Continued momentum in Health Supplements:** Holista's largest division is expected to deliver consistent results as the Group is yet to see a drop-off in demand for its products.
- **Growth opportunities in Healthy Food Ingredients:** Demand from existing customers is also forecasted to remain robust in the current half. Further, Holista is working closely with Berjaya Group (the owner of Country Farms and several international franchise brands in Malaysia) to improve sales to the group following initial sales of GI Lite™ for Starbucks Malaysia and 80Less™ for Country Farms, as announced to the market in April this year.

- **New products:** The recent introduction of new products, such as the all-natural Nano Silver Disinfectant and water-soluble vitamin D, Hydro D, and the upcoming launch of other innovations, are expected to contribute positively to Holista's Supplements and Infection Control divisions.
- **Ramp-up in collagen sales:** Holista is expecting sales of its unique cosmetic grade ovine collagen product to Behn Meyer Thailand to increase in the second half of the year as the international chemicals group has a binding sales contract that has to be fulfilled by the end of 2022.
- **Easing headwinds:** While Holista is well placed to manage supply chain challenges, there are early signs that the inflationary pressure due to supply chain disruptions are easing. Group performance could be further bolstered if these positive macro trends continue.

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 improved and healthier lives.

Key products include one of the market-leaders and better selling health supplements, low-GI food ingredients used by respected food manufacturers, disease-free ovine collagen, all-natural and non-toxic 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 about combining economic success with enriching lives for a sustainable future.

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