

Half Year Review to June 2024

Focus on Cost Management and Revenue Improvement

ASX Announcement

30 August 2024

Highlights

- **Sales Diversification:** Despite a challenging period, revenue from our Food Ingredients division increased to \$428k, reflecting strong market demand and the success of recent sales agreements.
- **Cost Management Success:** Effective cost control and the resolution of the ASIC legal case resulted in a 24% reduction in net loss before tax.
- **Strategic Partnerships:** A key sales agreement with Malaysian food and beverage maker Rex Industry Berhad was finalised, setting the stage for consistent future sales and market expansion.
- **Commitment to Innovation:** Continued focus on developing and patenting advanced technologies in the health and wellness industry, reinforcing our position as a leader in combining nature and science for better living.
- **Collagen Update:** With the expiry of the land lease in Collie, the Board has adopted a new approach to manufacturing that can better support ongoing innovations and business opportunities in nano and medical-grade collagen.

Financial Performance

Holista Colltech Limited (**Holista**, or the **Group**) is pleased to provide the following commentary on its audited first half FY2024 (**1H24**) results for the six months ended 30 June 2024.

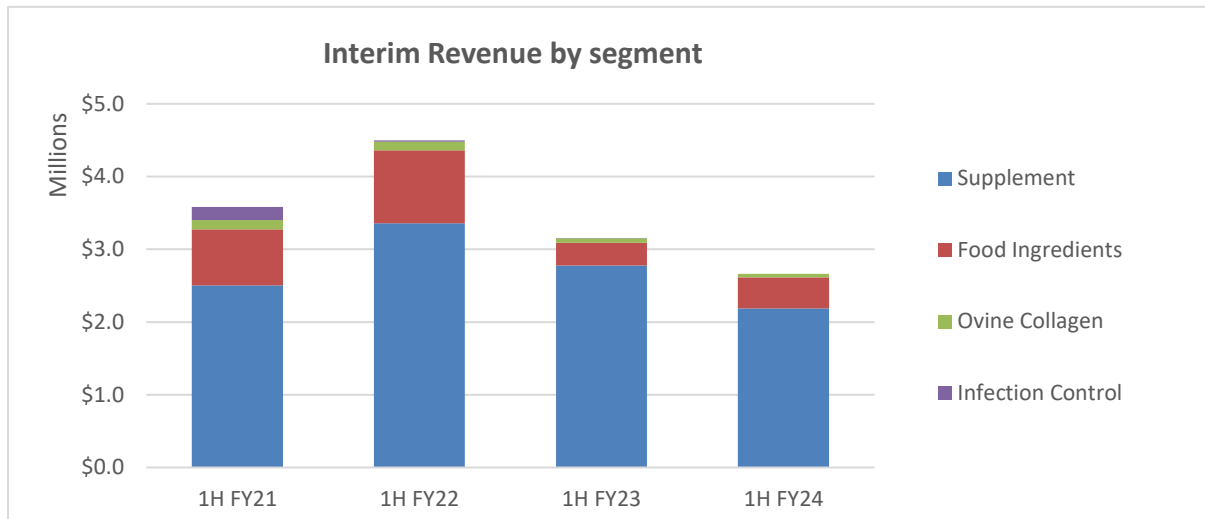
- **Revenue:** The Group's revenue declined by 15.6% to \$2.7 million compared to the previous corresponding period (**pcp**). Despite this, Holista recorded an interim net loss of \$907k, representing a 24% improvement compared to the net loss before tax of \$1,187k in 1H23. This improvement is largely attributable to the resolution of the ASIC legal case, which has reduced associated legal and professional costs and allowed management to refocus on its core businesses.

Divisional Performance

- **Dietary Supplements Division:** Sales amounted to \$2,187k for the period, representing a 21% decrease compared to 1H23. The decrease is attributed to a challenging business environment and rising inflation, which have affected consumer spending and increased costs. We are actively addressing these challenges to navigate through this period and position for future growth.
- **Food Ingredients Division:** This segment posted sales of \$428k, up from \$315k in 1H23, demonstrating moderate growth. The increase reflects the successful execution of our sales strategies, particularly the finalisation of a key sales agreement with Rex

Industry Berhad. We anticipate consistent and growing sales from this partnership in the upcoming quarters, along with additional industry contacts based on the success with Rex.

- **Ovine Collagen Division:** Sales in this division reached \$46k in 1H24, compared to \$60k in the previous period. We expect sales to rebound in the second half of the year due to contract fulfilment with Behn Meyer Thailand and the sales of newly developed nano collagen.
- **Infection Control Division:** While no sales were recorded in this division for the quarter, we are actively exploring opportunities to revitalise this segment and capitalise on our all-natural, non-toxic infection control solutions.



Outlook and New Product Development

Despite lower sales, we anticipate more growth in food ingredients due to the Malaysian government's strong push to reduce sugar consumption. The Group is also emphasising branding and online commerce in the supplements business.

We believe the outlook for the Group is positive due to several factors:

- The decline in sales has been arrested with the strengthening of the Malaysian Ringgit versus United States and Australian dollars.
- Stronger cost control and the easing of supply chain disruptions are expected to continue supporting Holista's recovery in 2024 compared to the same period last year.
- Holista is preparing to launch a new range of innovative product offerings which is expected to contribute to revenue recovery and growth in the second half of 2024.

Dietary Supplements

We are focusing on branding and e-commerce, creating direct-to-consumer channels, and launching an exclusive Holista range. Additionally, Holista has developed a fish oil supplement called Pristin Pro, with significantly improved absorption capacity scheduled for launch in 2025.

Healthy Food Ingredients

Holista has developed a "sugar-free" premix for 3-in-1 beverage drinks (milk tea, coffee, and cocoa) that contain less than 0.5 gram of sugar per serving, thereby providing a healthier alternative to consumers by reducing blood sugar spikes, energy crashes, and weight gain. The new product line will also allow food and drink manufacturers to cut input costs while enabling them to achieve 'sugar free' labelling that is in line with national health policies of more and more countries.

Important Collagen Update

- **Collie Land Lease:** Our 20-year land lease located in Collie, Western Australia ended in August 2024. Demolition works and rehabilitation works have commenced, and we will return the land to its owner in November.
- **Buffer Stocks:** We have produced 5 tons of stock, based on annual usage, to last one year during the expected shutdown. These stocks will be shipped to Malaysia for more cost-effective storage and faster shipping within Asia.
- **New Manufacturing Facility:** The board has decided to relocate to a modular sea container-based production facility. This approach will break away from traditional manufacturing methods, offering a faster, more cost-effective solution that is not location-dependent. This re-designed facility will have a much smaller footprint and requirements for water and waste management which can facilitate the application for and receipt of the necessary approval for water and effluent disposal.
- **Grants:** We are applying for a grant from Australian authorities to support this effort. Additionally, we are working on another grant from the Malaysian Ministry of Science and Technology.
- **Nano Collagen:** Our patent application, filed in May 2023, has passed preliminary inspection without query from patent offices, and our patent attorneys expect it to be granted in the coming year. We have developed a nano collagen product based on this patent, which has been verified by TÜV Rheinland of Germany to be of a size of 50-100 nanometres and shown to be safe on the skin. Our first commercial product is now available, with a proposed selling price of \$40,000 per kilogram, significantly higher than the \$6,000 to \$10,000 per kilogram price range of our current Ovicoll range.
- **Nano/Medical Manufacturing:** We have begun initial discussions with a state government in Malaysia to develop a "halal" nano and medical facility for biologics. This effort is gaining traction as Malaysia and the Group is seeking to establish itself as a key player in the "halal" space.

This announcement has been approved by the Board of Directors.

-ENDS-

About Holista Colltech Limited

Holista Colltech Ltd ("**Holista**" or the "**Group**") 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, all-natural and non-toxic effective sanitisers for consumers and industrial applications.

Over the years, the Group 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.

For further information, please contact:

Our Investor Mailing list: investors@holistaco.com

General Enquiries: enquiries@holistaco.com

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Australia
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Malaysia

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P: +603 7965 2828 ; F: +603 7965 2777

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Holista Colltech Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Holista Colltech Limited
ABN: 24 094 515 992
Reporting period: For the half-year ended 30 June 2024
Previous period: For the half-year ended 30 June 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	15.55% to	2,661,376
Loss from ordinary activities after tax attributable to the owners of Holista Colltech Limited	down	14.72% to	(979,482)
Loss for the half-year attributable to the owners of Holista Colltech Limited	down	14.72% to	(979,482)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$979,482 (30 June 2023: \$1,148,615).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(1.57)</u>	<u>(1.23)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been reviewed by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Holista Colltech Limited for the half-year ended 30 June 2024 is attached.

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Holista Colltech Limited

ABN 24 094 515 992

Interim Report - 30 June 2024

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Holista Colltech Limited
Corporate directory
30 June 2024

Directors

Mr David Deloub
Mrs Loren King
Mr Lai Kwok Kin

Company secretary

Mr Jay Stephenson

Registered office and Principal
place of business

Australia:
283 Rokeby Road
Subiaco, WA 6008

Malaysia:
Unit 1201, 12th Floor,
Amcorp Trade Centre, PJ Tower
No. 18, Persiaran Barat
46000 Petaling Jaya, Malaysia
Telephone: +603 7965 2828
Facsimile: +603 7965 2777
Email: enquiries@holistaco.com
Website: www.holistaco.com

Share register

Computershare Investor Services Pty Limited
Level 17, 221 St Georges Terrace
Perth WA 6000
Telephone: 1300 850 505 (investors within Australia)
Telephone: +61 (0)3 9415 4000
Email: web.queries@computershare.com.au
Website: www.investorcentre.com

Auditor

Stantons
Level 2, 40 Kings Park Road
West Perth WA 6005, Australia
Telephone: +61(0)8 9481 3188
Facsimile: +61(0)8 9321 1204

Solicitors

Edwards Mac Scovell
Level 1/8, St.Georges Terrace
Perth WA 6005, Australia
Telephone: +61(0)8 6245 0222

Bankers

National Australian Bank

Stock exchange listing

Holista Colltech Limited shares are listed on the Australian Securities Exchange (ASX code: HCT).

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Holista Colltech Limited
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Holista Colltech Limited (referred to hereafter as 'Holista', the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2024.

Directors

The following persons were directors of Holista Colltech Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr David Deloub	Non-Executive Chairman
Mrs Loren King	Non-Executive Director
Mr Lai Kwok Kin	Non-Executive Director (Appointed 19 March 2024)
Dr Rajen Manicka	Non-Executive Director (Resigned 19 March 2024)

Principal activities

The principal activities of the Group are the manufacture and sale of health-style products, focusing on the following core areas:

- Dietary Supplements
- Healthy Food Ingredients
- Ovine Collagen
- Infection Control Solutions

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Operating and financial review

Holista posted a significantly improved result for the six months to 30 June 2024, compared to first half FY2023 (1H2023) as losses have decreased for the six months to 30 June 2024 compared to first half FY2023. 3 of the Group's 4 divisions have posted weaker sales revenue and one segment has posted stronger sales revenue.

Total interim Group revenue decreased by 15.6% to \$2.7 million, while the loss for the Group after providing for income tax and non-controlling interest decreased to \$979,482 (30 June 2023: \$1,148,615).

During the interim financial period, the Group focused on:

- Dietary Supplements
- Food Ingredients
- Ovine Collagen
- Infection Control Solutions

Dietary Supplements

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Food Ingredients

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Infection Control Solutions

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Holista Colltech Limited
Directors' report
30 June 2024

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Future Developments, Prospects and Business Strategies

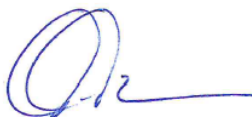
There are no other likely developments, future prospects and business strategies not included in this Directors' report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



David Deloub
Non-Executive Chairman

30 August 2024

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30 August 2024

Board of Directors
Holista Colltech Limited
283 Rokeby Road,
Subiaco, WA 6008

Dear Directors

RE: HOLISTA COLLTECH LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Holista Colltech Limited.

As Audit Director for the review of the financial statements of Holista Colltech Limited for the half-year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

A handwritten signature in black ink, appearing to read "Sam Tirodkar", written over a faint, light-colored signature line.

Sam Tirodkar
Director

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Holista Colltech Limited

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30 June 2024

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General information

The financial statements cover Holista Colltech Limited as a Group consisting of Holista Colltech Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Holista Colltech Limited's functional and presentation currency.

Holista Colltech Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

283 Rokeby Road
Subiaco
WA 6008
Australia

Principal place of business

Unit 1201, 12th Floor,
Amcorp Trade Centre, PJ Tower
No 18, Persiaran Barat,
46000 Petaling Jaya, Malaysia

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2024.

Holista Colltech Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2024

	Note	Consolidated 30 June 2024 \$	30 June 2023 \$
Revenue			
Revenue		2,661,376	3,151,414
Other income	3	21,861	-
Expenses			
Change in inventories of finished goods and work in progress		53,603	(405,986)
Raw materials and consumables used		(1,386,572)	(867,650)
Distribution costs and other costs of sales		(223,633)	(218,259)
Advertising and promotion		(201,799)	(241,380)
Consultancy and professional fees		(174,355)	(472,903)
Depreciation and amortisation		(68,528)	(124,441)
Employment costs		(1,134,480)	(1,251,362)
Finance costs		(57,140)	(40,471)
Foreign exchange loss		(40,542)	(38,096)
Impairment	4	(17,995)	(82,806)
Research and development		(66,899)	(60,912)
Other expenses	4	(272,038)	(533,938)
Loss before income tax benefit		(907,141)	(1,186,790)
Income tax (expense)/benefit		(74,427)	(70,695)
Loss after income tax benefit for the half-year		(981,568)	(1,257,485)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		8,788	(36,487)
Other comprehensive income for the half-year, net of tax		8,788	(36,487)
Total comprehensive income for the half-year		<u>(972,780)</u>	<u>(1,293,972)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		(2,086)	(108,870)
Owners of Holista Colltech Limited		(979,482)	(1,148,615)
		<u>(981,568)</u>	<u>(1,257,485)</u>
Continuing operations		(963,627)	(1,257,485)
Discontinued operations		(15,855)	-
		<u>(979,482)</u>	<u>(1,257,485)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(315,306)	(190,431)
Owners of Holista Colltech Limited		(657,474)	(1,103,541)
		<u>(972,780)</u>	<u>(1,293,972)</u>
		Cents	Cents
Basic loss per share	23	(0.35)	(0.41)
Diluted loss per share	23	(0.35)	(0.41)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Holista Colltech Limited
Consolidated statement of financial position
As at 30 June 2024

		Consolidated	
	Note	30 June 2024 \$	31 December 2023 \$
Assets			
Current assets			
Cash and cash equivalents		29,185	59,767
Trade and other receivables	5	721,124	1,047,928
Inventories		714,902	658,168
Income tax recoverable		156,992	91,735
Other current assets	6	547,616	450,225
Total current assets		<u>2,169,819</u>	<u>2,307,823</u>
Non-current assets			
Property, plant, and equipment		690,732	716,972
Right-of-use assets		218,897	254,178
Intangible assets		9,097	7,443
Deferred tax assets		-	64,554
Total non-current assets		<u>918,726</u>	<u>1,043,147</u>
Total assets		<u>3,088,545</u>	<u>3,350,970</u>
Liabilities			
Current liabilities			
Trade and other payables	7	5,223,359	4,724,872
Contract liabilities		63,719	59,867
Borrowings	8	1,182,270	929,789
Lease Liability		90,998	32,668
Provisions		387,490	51,146
Total current liabilities		<u>6,947,836</u>	<u>5,798,342</u>
Non-current liabilities			
Borrowings	8	381,663	408,073
Provisions		-	333,819
Lease liabilities		119,839	196,895
Total non-current liabilities		<u>501,502</u>	<u>938,787</u>
Total liabilities		<u>7,449,338</u>	<u>6,737,129</u>
Net assets/(liabilities)		<u>(4,360,793)</u>	<u>(3,386,159)</u>
Equity			
Issued capital	9	21,785,623	21,787,478
Reserves		226,449	(95,559)
Accumulated losses		(24,643,479)	(23,663,997)
Equity attributable to the owners of Holista Colltech Limited		(2,631,407)	(1,972,078)
Non-controlling interest		(1,729,386)	(1,414,081)
Total equity		<u>(4,360,793)</u>	<u>(3,386,159)</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Holista Colltech Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2024

Consolidated	Issued capital \$	Foreign exchange translation reserve \$	Accumulated Losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 January 2023	21,787,478	(99,952)	(18,858,234)	(1,272,718)	1,556,574
Loss after income tax benefit for the year	-	-	(1,148,615)	(108,870)	(1,257,485)
Other comprehensive income for the year, net of tax	-	45,074	-	(81,561)	(36,487)
Total comprehensive income for the year	-	45,074	(1,148,615)	(190,431)	(1,293,972)
Balance at 30 June 2023	<u>21,787,478</u>	<u>(54,878)</u>	<u>(20,006,849)</u>	<u>(1,463,149)</u>	<u>262,602</u>
Consolidated	Issued capital \$	Foreign exchange translation reserve \$	Accumulated Losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 January 2024	21,787,478	(95,559)	(23,663,997)	(1,414,081)	(3,386,159)
Loss after income tax expense for the half-year	-	-	(979,482)	(2,086)	(981,568)
Other comprehensive income for the half-year, net of tax	-	322,008	-	(313,219)	8,789
Total comprehensive income for the half-year	-	322,008	(979,482)	(315,305)	(972,779)
Proceeds/(reversal) from issue of shares	(1,855)	-	-	-	(1,855)
Balance at 30 June 2024	<u>21,785,623</u>	<u>226,449</u>	<u>(24,643,479)</u>	<u>(1,729,386)</u>	<u>(4,360,793)</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Holista Colltech Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2024

	Consolidated	30 June 2023
	\$	\$
Cash flows from operating activities		
Receipts from customers	3,441,465	3,542,917
Payments to suppliers (inclusive of GST) and employees	(3,531,758)	(3,430,647)
Interest received	566	-
Finance costs	(57,140)	(40,471)
Net Income tax paid	(74,407)	(96,586)
Grant received	14,795	-
	<u>(206,479)</u>	<u>(24,787)</u>
Net cash (used in) operating activities		
Cash flows from investing activities		
Purchase of property, plant, and equipment	(1,694)	(4,569)
Increase of deposits/investments	(19,836)	(19,896)
	<u>(21,530)</u>	<u>(24,465)</u>
Net cash (used in) investing activities		
Cash flows from financing activities		
Proceeds/(reversal) from Issue of Shares	(1,855)	1,113
Proceeds from borrowings	2,988,427	1,993,235
Repayment of borrowings	(2,767,993)	(1,988,872)
Repayment of lease liabilities	(19,537)	(21,524)
	<u>199,042</u>	<u>(16,048)</u>
Net cash (used)/ from financing activities		
Net decrease in cash and cash equivalents	(28,967)	(65,300)
Cash and cash equivalents at the beginning of the financial half-year	59,767	117,528
Change in foreign currency held	(1,615)	2,014
	<u>29,185</u>	<u>54,242</u>
Cash and cash equivalents at the end of the financial half-year		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

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Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the six months ending 30 June 2024 the Group incurred a loss after tax of \$981,568 (30 June 2023: \$1,257,485) and a net cash outflows from operating activities of \$206,479 (30 June 2023: \$24,787). At 30 June 2024, the Group had current assets of \$2,169,819 (31 December 2023: \$2,307,823), current liabilities of \$6,947,836 (31 December 2023: \$5,798,342) and cash and cash equivalents balance as at 30 June 2024 of \$29,185 (31 December 2023: \$59,767). As at 30 June 2024, the Group has generated working capital deficiency of \$4,778,017 (31 December 2023: \$3,490,519 working capital deficiency).

On 19 March 2024, the Federal Court has delivered the judgement in the matter between the Company and the Australian Securities and Investments Commission (ASIC) in relation to ASIC's civil penalty proceedings (Order). Pursuant to s1317G(1) of the *Corporations Act 2001* (the Act), the Company will pay to the Commonwealth of Australia a pecuniary penalty in the amount of \$1,800,000 in respect of the contraventions of s674(2) and 1041H of the Act. The Company is also liable to pay ASIC legal proceeding costs in so far as they exceed \$200,000 to be taxed. On 17 May 2024, the Federal Court issued an order of payment terms for the penalty. The penalty is to be paid in two equal instalments of \$900,000 on 18 November 2024 and 18 March 2025. No interest is applied on the penalties if paid on time.

The directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will continue to raise further funds by generating sufficient positive cash flows and/or obtain funding as and when required to meet its commitments, including the payments of the penalties on the due dates.

In the event that Group is unable to obtain sufficient funding for ongoing operating requirements and for the penalty, there is a material uncertainty that may cast significant doubt as to whether the Group will continue as a going concern and therefore proceed with realising its assets and discharging its liabilities in the normal course of business at the amounts stated in the financial report. The financial report does not include any adjustment relating to the recoverability or classification of recorded assets amounts or to the amounts or classification of liabilities that may be necessary should the Group not be able to continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors (the Board) on a monthly basis and in determining the allocation of resources. Management has identified the operating segments based on the principal activities – Supplements; Ovine Collagen; Infection Control Solutions; Food Ingredients; and Corporate.

Holista Colltech Limited
Notes to the consolidated financial statements
30 June 2024

Note 2. Operating segments (continued)

Segment Performance

	Supplements \$	Ovine Collagen \$	Food ingredients \$	Infection Control Solutions \$	Corporate \$	Total \$
Half-year ended 30 June 2024						
Revenue						
External sales	2,186,532	46,540	428,292	12	-	2,661,376
Other revenue	-	-	-	-	21,861	21,861
	<u>2,186,532</u>	<u>46,540</u>	<u>428,292</u>	<u>12</u>	<u>21,861</u>	<u>2,683,237</u>
Reconciliation of segment revenue to group revenue:						
Total group revenue and other income						<u>2,683,237</u>
Segment Profit/(Loss) from continuing operations before tax						
(Loss) before income tax expense	(86,443)	(193,437)	(186,393)	(3,499)	(437,369)	(907,141)
	<u>(86,443)</u>	<u>(193,437)</u>	<u>(186,393)</u>	<u>(3,499)</u>	<u>(437,369)</u>	<u>(907,141)</u>
	Supplements \$	Ovine Collagen \$	Food Ingredients \$	Infection Control Solutions \$	Corporate \$	Total
Half-Year ended 30 June 2023						
Revenue						
External sales	2,776,782	60,000	314,590	42	-	3,151,414
Other revenue	-	-	-	-	-	-
Total segment revenue	<u>2,776,782</u>	<u>60,000</u>	<u>314,590</u>	<u>42</u>	<u>-</u>	<u>3,151,414</u>
Reconciliation of segment revenue to group revenue:						
Total group revenue and other income						<u>3,151,414</u>
Segment (Loss) from continuing operations before tax	248,544	(298,875)	(379,886)	(48,918)	(707,655)	(1,186,790)
(Loss) before income tax expense	-	-	-	-	-	(1,186,790)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,186,790)</u>

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Holista Colltech Limited
Notes to the consolidated financial statements
30 June 2024

Note 2. Operating segments (continued)

Segment Financial Position

	Supplements \$	Ovine Collagen \$	Food Ingredients \$	Infection Control Solutions \$	Corporate \$	Total \$
As at 30 June 2024						
Segment Assets	1,948,421	2,878,890	776,140	75	-	5,603,526
Intra-segment eliminations	-	-	-	-	(2,514,981)	(2,514,981)
Total assets	<u>1,948,421</u>	<u>2,878,890</u>	<u>776,140</u>	<u>75</u>	<u>(2,514,981)</u>	<u>3,088,545</u>
Segment liabilities	(2,990,105)	(6,529,612)	(3,178,115)	(361,114)	-	(13,058,946)
Intra-segment eliminations	-	-	-	-	5,609,608	5,609,608
Total liabilities	<u>(2,990,105)</u>	<u>(6,529,612)</u>	<u>(3,178,115)</u>	<u>(361,114)</u>	<u>5,609,608</u>	<u>(7,449,338)</u>
Total net assets/(liabilities)	<u>(1,041,684)</u>	<u>(3,650,722)</u>	<u>(2,401,975)</u>	<u>(361,039)</u>	<u>3,094,627</u>	<u>(4,360,793)</u>
	Supplements \$	Ovine Collagen \$	Food Ingredients \$	Infection Control Solutions \$	Corporate \$	Total \$
As at 31 December 2023						
Segment Assets	2,222,102	4,921,621	1,997,219	2,328	70,648	9,213,918
Intra-segment eliminations	-	-	(651,755)	-	(5,211,193)	(5,862,948)
Total assets	<u>2,222,102</u>	<u>4,921,621</u>	<u>1,345,464</u>	<u>2,328</u>	<u>(5,140,545)</u>	<u>3,350,970</u>
Segment Liabilities	(2,069,756)	(4,090,336)	(4,086,696)	(364,219)	(98,015)	(10,709,022)
Intra-segment eliminations	-	-	287,258	-	3,684,635	3,971,893
Total liabilities	<u>(2,069,756)</u>	<u>(4,090,336)</u>	<u>(3,799,438)</u>	<u>(364,219)</u>	<u>3,586,620</u>	<u>(6,737,129)</u>
Total net assets/(liabilities)	<u>152,346</u>	<u>831,285</u>	<u>(2,453,974)</u>	<u>(361,891)</u>	<u>(1,553,925)</u>	<u>(3,386,159)</u>

Note 3. Other income

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Government grant – Research & Development	14,795	-
Disposal of miscellaneous equipment	6,500	-
Interest income	566	-
Other income	<u>21,861</u>	<u>-</u>

Holista Colltech Limited
Notes to the consolidated financial statements
30 June 2024

Note 4. Loss before income tax

Consolidated
30 June 2024 30 June 2023
\$ \$

Loss before income tax includes the following specific expenses:

Impairment

Impairment on credit losses

17,995 82,806

Other expenses

Compliance and regulatory costs

71,859 83,946

Insurance

31,615 41,857

Other expenses

(5,686) 10,253

Stock written off

- 181,927

Collie factory maintenance costs

40,929 58,186

Audit fees

44,144 52,102

Office rental expense and occupancy costs

89,177 105,667

272,038 533,938

Note 5. Trade and other receivables

Consolidated
30 June 31 December
2024 2023
\$ \$

Current assets

Trade receivables

2,710,358 3,032,562

Less: Allowance for expected credit losses

(2,073,447) (2,062,598)

636,911 969,964

Other receivables

24,768 20,397

Amounts advanced to a third party

475,157 475,157

Less: allowance for expected credit losses

(475,157) (475,157)

Interest receivable

59,445 57,567

721,124 1,047,928

The average credit period on sales of goods ranges from 30 to 240 days. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction.

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Holista Colltech Limited
Notes to the consolidated financial statements
30 June 2024

Note 6. Other current assets

	Consolidated	
	30 June 2024	31 December 2023
	\$	\$
<i>Current assets</i>		
Prepayments	197,870	160,927
Security deposits	151,324	130,971
Other deposits	21,469	21,371
Right of return assets	176,953	136,956
	<u>547,616</u>	<u>450,225</u>

Included in prepayment is an amount of \$428,052 for deposit and advances previously made to Proimmune Company LLC for supply contract. As disclosed in 31 December 2020 annual report, Proimmune Company LLC filed for purported breached of supply contracts by the Company in February 2020. As it is not practical to estimate when the decision of the court will be made, the prepayments has been fully impaired.

Security deposits are restricted cash. In order to obtain various financing facilities, banks in Malaysia require cash to be deposited if other collateral is not available. These deposits are interest bearing and the interest is compounded and added to the principal.

Note 7. Trade and other payables

	Consolidated	
	30 June 2024	31 December 2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	4,054,958	3,256,524
Accruals	459,757	839,689
Dividends payable	25,998	25,177
Refund liability	580,870	495,902
Other payables - current	101,776	107,580
	<u>5,223,359</u>	<u>4,724,872</u>

Note 8. Borrowings

	Consolidated	
	30 June 2024	31 December 2023
	\$	\$
<i>Current liabilities</i>		
Term Loan	47,320	32,513
Banker's acceptance	1,119,212	882,035
Loan from related parties	15,738	15,241
	<u>1,182,270</u>	<u>929,789</u>
<i>Non-current liabilities</i>		
Term loan	<u>381,663</u>	<u>408,073</u>

Holista Colltech Limited
Notes to the consolidated financial statements
30 June 2024

Note 8. Borrowings (continued)

Land and buildings with a carrying amount of \$629,155 (2023: \$635,618) are subject to a first charge to secure a loan from CIMB Bank, Malaysia.

Note 9. Issued capital

	Consolidated		Consolidated	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	Shares	Shares	\$	\$
Fully paid ordinary shares	<u>278,800,067</u>	<u>278,800,067</u>	<u>21,785,623</u>	<u>21,787,478</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Note 10. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 11. Contingent liabilities

Prolimmune Company LLC ("Pro immune")

The present lawsuit involves four claims brought by Proimmune against the Company for breach of four distinct contracts which seeks total damages of USD 2 million. The Company has completed the discovery phase of the litigation where after attempting to seek dismissal of the claims brought against it, the Company has answered the complaint of Prolimmune Company LLC and asserted its own counterclaims against Prolimmune for breach of contract as well as one claim for breach of express warranty, both of which seeking monetary damages in excess of USD300,000 plus interest.

With the completion of the discovery phase of the litigation, both sides have filed respectively their own motions for summary judgment in September 2021, which effectively seeks a judgment without trial on either sides' respective claims and/or defences. The court granted partial summary judgment on the issue of liability in favour of Prolimmune, however failed to award any damages until it received further legal briefing on whether or not (a) Prolimmune had a duty to mitigate its damages (in which case it could likely be awarded nothing or an amount to be determined) and (b) whether the last contract entered into by the parties was still in full force and effect.

The Court granted its summary judgement on the issue of liability including legal costs of approximately USD 2.06 million in favour of Prolimmune in January 2024. Based on the Company's legal advice, this is a non-final Judgement and the Judgement is pending appeal and to this extent there has been no meaningful settlement discussion that have taken place between the parties. The Company have filed an appeal on 4 March 2024 on this non final Judgement where it is expected briefing of the appeal will take place over the next 30 to 60 days thereof and it is expected that a decision on the appeal may be forthcoming no sooner than Q3 of 2024.

At the date of this report, pending the outcome of the appeal, it is premature to estimate any material contingent liabilities for this case.

Note 11. Contingent liabilities (continued)

The Australian Securities and Investments Commission (ASIC)

The Australian Securities and Investments Commission (ASIC) had commenced Federal Court proceedings against the Company on 5 August 2021.

The proceeding was held on 6 December 2023 with a new Judge and the matter was initially scheduled to take two full days, however the proceedings completed at the end of the first day. ASIC was seeking civil pecuniary penalties against the Company as a result of the alleged failures by the Company to update the market. ASIC was also seeking costs orders against the Company. Judgement was reserved following the conclusion of the hearing.

The Federal Court justice Sarah C Derrington delivered her judgement on 19 March 2024 where the Company is to pay a pecuniary penalty of \$1.8 million, Dr Marnicka shall be disqualified from managing a corporation for a period of 4 years and the Company is to pay ASIC legal proceeding costs in so far as they exceed \$200,000 to be taxed, if not agreed. Within 14 days of service of the Order, the Company and ASIC to file and serve written submissions as to whether the pecuniary penalty ordered to be paid by the Company should be paid in instalments.

In line with the judgement, the Company accounted the total penalty payable of \$1.8 million as trade and other payables at 31 December 2023. This penalty payable will be paid in two instalments: \$0.9 million in November 2024 and \$0.9 million in March 2025. There is no interest payable on the penalty if paid on time.

If the Company fails to pay the first instalment due in November 2024, the entire penalty becomes immediately due and payable and interest will be accrued on the entire penalty at the prescribed rate from the date of the original judgement. The prosecution commenced by ASIC in relation with Directors, Ex-Directors, and Ex-Company Secretaries is coverable by the insurer of Director and Officers insurance policy.

Note 12. Earnings per share

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Loss after income tax	(981,568)	(1,257,485)
Non-controlling interest	<u>2,086</u>	<u>108,870</u>
Loss after income tax attributable to the owners of Holista Colltech Limited	<u>(979,482)</u>	<u>(1,148,615)</u>
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	<u>278,800,067</u>	<u>278,800,067</u>
Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	<u>278,800,067</u>	<u>278,800,067</u>
	Cents	Cents
Basic (loss) per share	(0.35)	(0.41)
Diluted (loss) per share	(0.35)	(0.41)

There are no options and performance rights outstanding as at the end of the financial period.

Note 13. Events after the reporting date

The lease between Holista Colltec Limited (Lessee) and Western Power Corporation (Lessor) expires on 1 August 2024. The Lessor has given notice to the Lessee that the Lease is terminated effective on and from the end of 2 August 2024.

Holista Colltech Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



David Deloub
Non-Executive Chairman

30 August 2024

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
HOLISTA COLLTECH LIMITED**

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Holista Colltech Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Holista Colltech Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's *Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 30 August 2024.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the half-year financial report, which indicate that the Group incurred a loss after tax of \$981,568, a net cash outflow from operating activities of \$206,479 during the half-year ended 30 June 2024 and, as of that date, the Group has a working capital deficiency of \$4,778,017. As stated in Note 1, these events or conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists which casts significant doubt over the Group's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

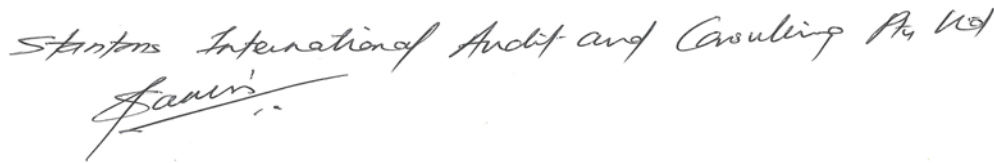
The directors of Holista Colltech Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)



Stantons International Audit and Consulting Pty Ltd
Samir

Samir Tirodkar
Director

West Perth, Western Australia
30 August 2024