

8 November 2018

Chairman's Address

Strategic Initiatives Update

The Board has had mixed success in the implementation of its strategic initiatives in FY18.

- We have successfully launched a number of new products during FY18.
- Our Amazon strategy is generating sales with some products rated in the top 10 in their categories. Further growth is expected in FY19 as we utilize Amazon's fulfillment capabilities in Australia.
- The logistics, administration and accounting support for Advance NanoTek Limited will increase as Advance NanoTek's sales continue to grow.
- We finally resolved issues with most of our aging stock.

Unfortunately, there have been some disappointments

- The New Zealand website had some minor defects which meant the website was poorly rated. This had a negative impact on web sales and also our Australian website was affected. This has now been rectified and we anticipate growth in sales from both websites in FY19.
- The Customer Reward Program did not deliver the benefits expected and has been suspended. All costs of the program were expensed in FY18.
- Tamawood Limited sales growth was impacted by a number of issues including delays in commencements and signing of contracts. We expect sales will improve in FY19 as a result of Tamawood Limited changing to a 5k/w PV system in FY19 (2018:1.5k/w) for the majority of their houses.

Update on Strategic Initiatives FY19

- The current year to date result based on unaudited management accounts is a loss of \$280,000 compared to \$178,000 for the same period in FY18, mainly as a result of two of our suppliers going out of business.
- Have secured a 3 year exclusive distribution rights for Australia and New Zealand for two new products from the US.
- Will be launching the sale of AstiVita ZinXation SPF50+ sunscreen in Australia and US in January 2019. Further products are being developed and will be sold in 2019.
- Rationalisation of the entire range of products to focus only in products that achieve consistent margins.
- We have been invited to become an Australian Amazon affiliate due to the growth in our sales through Amazon and are working through this process.

Panel Claim

Subsequent to the release of our annual report, AstiVita has a potential claim of \$300,000 for panels where STCs may not be claimed because the panel supplier is insolvent and the CEC have removed them from the approved panel list. AstiVita has been attempting to use the grandfather provisions and has engaged the CSIRO to conduct test reports on the panels and is working with its insurers to mitigate the loss. We will keep the market informed as the claim progresses.

Lev Mizikovsky
Chairman