



ABN 46 139 461 733

13 October 2020

Chairman's Address

FY20 Result

The loss for FY20 of \$7.298 million compared to the FY19 \$583,000 loss is disappointing, with the bulk of the loss due to the requirement to write down our deferred tax asset and New Zealand Brand as a result of concerns raised by ASIC regarding the Company's ability to benefit from these assets in the future.

The outlook for FY21 continues to be an improvement on FY20, with the September quarter recording a 60% reduction in the loss before tax compared to the same corresponding period, based on unaudited management accounts.

I am pleased to report that we are determined to execute the transformation strategy of AstiVita's Board. Despite numerous setbacks and missteps, the significant learnings have been of value. We are now well placed to launch some 100 new products over the next 12-18 months, mainly focusing, but not limited to our suncare range and other cosmetic products, including oral hygiene products. These will be offered on Amazon EU, US, AU and NZ and the Walmart marketplace in the US.

Update on Strategic Initiatives for FY21

- The most significant focus for FY21 will be the expansion of the Dr ZinX brand.

The strategy includes:

- Developing a complete retail marketing strategy for sunscreens and Dr ZinX ranges and then expand this to other cosmetic products, including more oral hygiene products.
- The US launch of Dr ZinX oral hygiene mouth spray, which is anticipated for November 2020.



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- Eleven new Dr ZinX products are in development and are anticipated to be launched in the second half of FY21.
- Identifying and entering into arrangements with contract manufacturers for our products.
- The Company also plans to launch 8 suncare brands and release of up to 100 new products in the next 12-18 months subject to regulatory approvals (where required).
- We will continue to liquidate old stock using National Auction Houses. Some 30 pallets of stock have been sold since commencing this process in July 2020. A further 70 pallets are currently with Auction Houses. This will free up resources to concentrate on the approved strategy.

In order to carry out these strategies, we intend to establish subsidiaries in the US and EU that comply with all relevant tax and reporting requirements to trade on the Amazon platforms in those jurisdictions, and increase staffing levels to ensure we have the appropriate analytical and sales skills to make this business profitable.

We anticipate that the above strategic initiatives will positively impact FY21 revenues. In addition, an increase in our building product related sales to Tamawood Limited is expected, given its recently reported increase in building activity.

The Board has made a decision to appoint me as Executive Chairman to ensure the orderly implementation of the AstiVita Board's transformation strategy.

Please forward any questions to narellel@astivita.com.au

Authorised by:
Lev Mizikovsky
Executive Chairman