

Vita Life Sciences Limited – 2020 Annual General Meeting

Address by the Managing Director – 23rd of July 2020

Thank You Henry.

Managing Director review

Thank you all for joining us today at the Company's Annual General Meeting.

Obviously, the forum for today's meeting is a little different due to the current restrictions in place for Covid-19. These restrictions pushed our normal timings out for the AGM, so presenting last year's result, does feel somewhat dated.

That said, it is important that management provides an update for all shareholders on the Groups FY2019 performance, however, most importantly it's an opportunity to outline our activities and key priorities, as we head towards the midpoint of the 2020 financial year.

Slide 4: Business overview

In terms of the Groups current footprint, Vita Life Sciences (VLS) maintains distribution coverage across 7 countries. The core markets in which VLS operates includes Australia, Malaysia, and Singapore. The remaining countries being Thailand, China, Vietnam, and Indonesia rounds out our market presence.

- We have 3 major consumer brands
- 750 registered products
- Over 400 employees and growing

Slides 5/ 6: Financial charts and Group summary

Turning to the results for FY2019.

The Group delivered a record revenue performance of \$42.4M. Reported EBIT of \$4.4M, compared to the PCP of \$6.2M (before a non-cash fair value adjustment on land and building of \$1.8M).

Group sales of \$42.4m is up 3% on the prior corresponding period (PCP). This performance reflects the strategy set for the business to build on our base, whilst generating revenues from new retail channels across our core markets.

Pleasingly, the group also returned \$2.7M to shareholders through dividends and share buyback scheme in FY 2019.

Based on sustained margins and EBITDA performance of the Group, a total dividend payment 3.75 cents per share was declared: unchanged from FY2019.

Slide 7: 2019 Geographical contributions

In terms of geographical market contributions, the FY 2019 revenue geographical mix has remained relatively unchanged from FY 2018: with Australia continuing to be the single largest market.

The Asia pacific region, which represents 59% of the group's revenue, remains a significant strategic pillar for the company. Our core markets are Malaysia and Singapore and the remaining markets broadens out our reach within the region. Vietnam continues to emerge as our strong performing market, as we continue to increase our investment in both human capital and new product development launches in 2019.

Slide 8: Australian snapshot

Australia's revenue of \$16.7M was sustained in a very competitive market. Revenue from traditional Health Food channel grew marginally, including increased contributions from the Pharmacy and Export channels. The conversion of new Pharmacy accounts ranging Herbs of Gold is now above 300 active trading accounts in 2019. Ongoing interest from major Pharmacy banners continues and remains a key focus for the business leading into 2020.

Formal distribution agreements with mainland China and Vietnam distributors were signed in QTR 4 of 2019. Revenues and activities from the agreements are expected to be realised in 2020. Management remains very encouraged thus far, in terms of sales performance in the first half of 2020.

The Australian EBIT contribution was \$1.3M. One off marketing investment costs of \$0.9M was expensed to fund a 6-months national marketing campaign. This marketing costs was a significant investment and much higher than PCP's advertising and marketing costs. The campaign itself achieved its objectives and was a contributing factor in many new Pharmacies ranging the Herbs of Gold brand.

Slide 9: Malaysia snapshot

Revenue and operational EBIT increased by 3.9% and 8.0% respectively on PCP (before fair value adjustment). The performance was influenced by broader ranging of the VitaHealth brand through major Pharmacy chains, combined with increased consumer lead trade promotions. Market conditions and consumer sentiment is flat for VitaHealth, however contributions from modern trade Pharmacies helped offset the weakness from traditional channels.

The Herbs of Gold brand, which is sold exclusively through the Caring Pharmacy Group in Malaysia, performed strongly with revenues increasing by 20%.

Overall, the Malaysian result is satisfactory given the challenging economic conditions in FY2019.

Slide 10: Singapore snapshot

Singapore

Singapore generated sales of \$5.9M a reduction of \$1.0M on PCP.

The Singaporean market has presented plenty of challenges to the business over the past 12 months. Lower consumer sentiment combined with lower economic activity across all traditional bricks and mortar outlets have influenced the performance.

Consumer buying behaviours are changing in Singapore. There is a genuine shift towards online e-commerce trading from consumers. This shift requires a more aggressive strategy to maximise future market opportunities within the e-commerce channel, however this does require higher and ongoing brand investment costs moving forward.

Slide 11: Other Asia

Revenue in the Group's other markets, namely Thailand, Indonesia and Vietnam increased to \$4.3M in FY2019, or by 49% when compared to (PCP). Contributions from these markets were higher, particularly in Vietnam.

Vietnam was a standout performer and the Group remains encouraged by its future growth prospects, which appears to be strong and sustainable in the medium term.

The Group has evaluated our Thailand and Indonesia businesses and whilst the performance was below expectation, a shift in their "go to market" models will be implemented in 2020, with the view of stimulating their ongoing contributions.

Slides 12/ 13: Strategic priorities and outlook

The Board has set a clear strategy which continues to be implemented by Management.

The key strategic priorities include:

- Continued expansion of the Herbs of Gold brand across domestic and export markets
- Stronger penetration of e-commerce platforms across South East Asia
- Reinvigorate new product development programme, whilst leveraging scale across the supply chain
- Accelerate training and education programmes for retailer partners across all markets
- Employment of Mr Shaun Rutherford, as the Group's Global Head of Sales, effective January 2020.

The impact of Covid-19 continues to be an evolving situation, which has the potential to disrupt traditional selling channels. That said, the Group has seen a lift in demand for immunity protection products during this period. This demand has provided a solid platform for our first half FY 2020 performance.

The Company's first half FY 2020 guidance are as follows:

First Half FY 2020 sales of around \$21.5M-\$22.0M, which is higher than PCP. Higher sales contribution from core markets, including export channel underpins this result.

First Half FY 2020 EBIT of around \$3.7M-\$4.1M, which is higher the PCP. Higher sales combined with lower marketing and operational expenses against PCP underpins this result.

Due to ongoing complexities regarding Covid-19, we are not in a position to provide guidance for the full year.

Managing Director closing comments

In closing, I would like to thank all the hard-working staff of Vita Life Sciences. The Group continues to be well positioned to leverage market opportunities across the region

I would like to thank all shareholders and look forward to your ongoing support.

Thank you for your attention

Andrew O'Keefe
Managing Director
23 July 2020