

Chair & Chief Executive Officer's Report

Welcome to the **Just Life Group Annual Report** for the year ended 30 June 2022.

New Zealand experienced another challenging year, with a ten-week lockdown in Auckland starting in August and inflationary conditions emerging in the second half.

In the circumstances, the directors are satisfied with the results, having fully integrated the most recent acquisitions and enlarged the Group's senior management team as the foundation for future growth.

The directors were pleased to see EBITDA (earnings before interest, tax, depreciation and amortisation) increase for the sixth consecutive year.

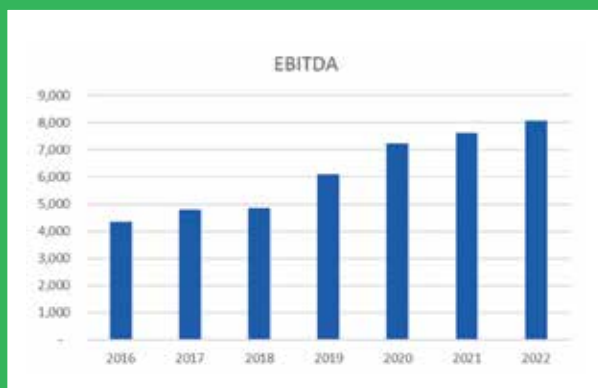
During the second half of the year, the company entered into a conditional agreement to acquire an Australian nationwide business, spending over \$300,000 in due diligence before the directors terminated the discussions. These expenses have been fully written off in the current year.

Consolidated Statement of Comprehensive Income highlights

	Current year \$000	Previous year \$000	% Change
Operating revenue	36,218	32,225	12%
EBITDA ¹	8,071	7,624	6%
Depreciation, amortisation and impairment	(3,561)	(2,410)	(48%)
EBIT ²	4,510	5,214	(14%)
Interest	(1,029)	(521)	(98%)
Net profit before tax	3,481	4,693	(26%)
Net profit after tax	2,228	3,300	(32%)
Gain on asset revaluation net of tax effect	1,276	1,030	(24%)
Derivatives	160	(25)	740%
Total comprehensive income	3,664	4,305	(15%)

(1) EBITDA is non-GAAP measure and is defined as earnings before interest, tax, depreciation and amortisation.

(2) EBIT is a non-GAAP measure and is defined as earnings before interest and tax.



Consolidated Statement of Financial Position highlights

Shareholder equity has increased from \$25.6 million to \$27.8 million over the year. The debt-to-equity ratio at 30 June 2022 was 53:47 (2021 52:48).

Free cash flow* for the year was \$1.2 million, compared with \$5.3 million in 2021.

Interest-bearing debt increased from \$18.2 million to \$20.5 million principally as a result of increased inventory and the acquisition of Intenza, offset by earnings.

The Cylinder Guy

As a result of cash flow modelling and the completion of an assessment in accordance with IAS36, the directors have determined that the carrying value of goodwill of The Cylinder Guy cash generating unit (CGU) should be impaired by \$0.8 million.

The Cylinder Guy business generated 11% of revenue of Just Life Group Ltd for the year ended 30 June 2022.

Mergers and acquisitions

During the year we made one acquisition (Intenza) and we focused on one other major acquisition in Australia which didn't go ahead.

Post balance date, we entered into an agreement in August 2022 to acquire the business of Natural Solutions, to add to our About Health and Intenza portfolio.

We believe the current environment is an opportune time to seek out acquisitions and will continue to look at businesses that make sense to include in our product offering.

Sale of Head Office premises

In July 2022, the Head Office premises at 103 Hugo Johnston Drive, Penrose, was sold for \$7.85 million. The directors believe that the timing was right to sell the building, reducing debt and allowing increased funding facility in the event of a further acquisition.

Shareholder dividend

The directors are pleased to recommend that a fully imputed final dividend of 1.4 cents per share be declared for the current year. This brings the total dividend for the year to 2.4 cents per share (2021: 2.4 cents per share). The record date for the dividend will be 14 September 2022 and the payment date will be 21 September 2022.

* Free cash flow is a non-GAAP measurement. It is defined as net cash flow generated from operating activities less net capital expenditure and lease payments.



Phil Norman
Chair



Environment, Social and Governance Policy

An Environment, Social and Governance Policy considers the impact a company has on its employees, customers and the communities in which it operates.

- **Environment** – during the year the company had a third party assess our carbon footprint, achieving ‘Carbon Footprint Certification’.
- **Social** – the Board has always acknowledged its social responsibilities, with special emphasis on Health and Safety, with a view to getting our employees home safely every day.
- **Governance** – the Board recognises the importance of good governance, particularly in delivering improved corporate performance and protecting the interests of stakeholders.

See page 83 for further information.

Our team

The Company has a committed team – never have we had a tougher two years for staff, and the directors are grateful for their desire to get the job done.

The appointment of three experienced leaders to the Executive Management Team has laid the foundation for the future.

The Board would like to express their sincere appreciation to all employees and their partners for their commitment and ongoing support during what has been another disrupted and challenging year.

Phil Norman
Chair

Tony Falkenstein
Chief Executive



Tony Falkenstein
FOUNDER AND CEO