

22nd February 2024

Chair & CEO Report

Half Year ended 31 December 2023

Consolidated Statement of Comprehensive Income highlights

Just Life Group (JLG) reports its financial results for the 6 months to 31 December 2023.

Group revenue of \$18.1 million was 3% lower than the prior comparable period, with the Healthy Living division up 1% and the Healthy Homes division down 9%.

Although overall gross profit decreased by only \$0.3 million due to the change in the mix of revenue, the decrease in other income and increase in operating expenditure has resulted in earnings before interest, income tax, depreciation, and amortisation (EBITDA) of \$3.3 million (13% down on previous year).

The Company advised in a trading update on the 1 December 2023 that the half year net profit after tax may be in the range of \$650,000 to \$750,000. The actual result was \$707,000, which is down 38% on the previous year.

Consolidated Statement of Financial Position Highlights

Shareholder equity increased from \$27.5 million on 31 December 2022 to \$28.4 million on 31 December 2023. (On 30 June 2023 shareholder equity was \$28.4 million). Shareholder equity is relatively unchanged from 30 June 2023 due to the dividend paid in September 2023.

Net debt reduced from \$15.4 million on 31 December 2022 to \$12.7 million on 31 December 2023. (On 30 June 2023 net debt was \$13.1 million).

Total assets were \$54.3 million, a decrease of 4% on the previous year.

Consolidated Statement of Cash Flows Highlights

Free cash flow (being net cash flows from operating activities less investment in equipment and assets) was \$1.13 million for the six months to 31 December 2023 compared to \$0.69 million for the six months to 31 December 2022 (excluding the sale proceeds from the building at 103 Hugo Johnston Drive, Auckland).

Operating Review

Healthy Living Segment – this comprises the Just Water, About Health and Herbal Ignite brands.

- Just Water provides filtered water solutions to offices and homes. It is a relatively mature business that continues to generate strong cash flow.
- About Health is known by its product brands, in particular Lester’s Oil, Res-V and Element 12. Having been a solely online business for nearly 20 years, About Health has entered into the retail sector during the past year. This has added to revenue in the half year.
- Herbal Ignite was also solely direct-to-customer for nearly 30 years before being released into the retail market over the last year, with further expansion expected in this channel over the next year. The product is planned be launched into the US market at Natural Products Expo in March 2024. We are in the process of finalising the supply of Herbal Ignite in the USA via Amazon Online USA.

Healthy Homes Segment – this comprises the Solatube, Hometech and The Cylinder Guy brands.

- Solatube – the traditional market for this product has tended to be a retrofit, and although many customers prefer the product to the traditional skylight due to significantly lower installation cost and 10-year leakproof guarantee, the increase in interest rates and associated slowdown in building activity is having a negative effect on revenue.
- Hometech – this brand focuses on ventilation solutions, and with renovation and construction activity slowing dramatically, it has also had a negative effect on revenue.
- The Cylinder Guy – this brand continues to trade to expectations; however, we are noting a slowdown in non-urgent sales lead activity due to the slowdown in economic activity across all regions.

The directors are closely monitoring the ongoing trading results of the Hometech cash generating unit, particularly in respect of the carrying value of goodwill and will consider whether an impairment charge in respect of goodwill will be required at the end of the financial year.

Shareholder Interim Dividend

The directors considered the payment of an interim dividend. As a result of the decreased earnings and pessimistic economic outlook, they have decided to pay an interim dividend of 0.3 cents per share (2022: 0.5 cents) cents. This is covered 2.3 times by first half earnings.

The future

The directors are well aware of the effect that interest rates are having on the Company’s business, especially in the Healthy Homes sector.

In terms of priorities, management are focused on reducing debt, while continuing to look for innovative opportunities to grow the business.

Management is assessing replacement software for our enterprise resource planning system which would cost a minimum of \$1 million over the period of approximately two years. No contractual commitments have been entered into at this time.

Thank you

The directors would like to thank all team members for their contribution in this tough economic environment, and all shareholders for their continued support.



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