HEALTHY HOMES

Just Life Group

INTERIM REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

HEALTHY LIVING

Contents

Our Brands

Healthy Living

Just Water.

about health

HERBAL IGNÍTE
NATURALLY, BY INTENZA

NaturalSolutions

Healthy Homes

THE CYLINDER GUY.CO.NZ
HOT WATER CYLINDER SPECIALIST
0800 234 800

hometech™
Better spaces. Better lives.

DESIGNER TANKS
[60% owned]

SOLATUBE
Innovation in Daylighting

unovent®

"Our Group mission is "enhancing lives", and we believe we do just that as we bring products to market that make the lives of Kiwis and international customers so much better."

Tony Falkenstein
Chief Executive Officer

Chair and Chief Executive Officer's Report

Half year ended 31 December 2022

Consolidated Statement of Comprehensive Income highlights

Just Life Group (JLG) today reports its financial results for the six months to 31 December 2022.

Group revenue of $18.8 million was 6% higher than the prior comparable period, with the Healthy Living segment up 8% and the Healthy Homes segment up 4%.

Although margin increased by almost $1 million, the decrease in government grants and increase in operating expenditure from both wage and external cost inflation experienced over the past twelve months and the appointment of additional members to the leadership team has resulted in earnings before income tax, depreciation and amortisation of $3.8 million (5% down on previous year).

Interest expense had a significant effect on earnings – a 67% increase in interest in total. Interest on external loans increased by $100,000 from higher interest rates, and interest on leases by $222,000 from the sale and leaseback of 103 Hugo Johnston Drive, and the renewal of our lease at 81 Hugo Johnston Drive. The sale and leaseback of 103 Hugo Johnston Drive during the period was timed well to enable the company to pay down debt and provide ongoing borrowing facility for future acquisitions and fund growth. Due to the lease accounting standard, lease costs are now split between depreciation and interest. Due to the increase in interest rates the portion allocated to interest has increased the interest expense relative to the prior year even though the net debt of JLG has reduced by 25% compared to the end of the same period in the prior year.

This resulted in a large fall in earnings of 27%, from $1.6 million to $1.1 million. This result was at the lower end of our published trading update on 17 November 2022. We believe the second half trading results will be similarly challenging as the first half trading results given the external economic environment and the disruptions experienced across New Zealand with recent weather events.

Consolidated Statement of Financial Position highlights

Shareholder equity increased from $26.8 million at 31 December 2021 to $27.5 million at 31 December 2022. (At 30 June 2022 shareholder equity was $27.8 million.)

Net debt reduced from $20.3 million at 31 December 2021 to $15.4 million at 31 December 2022, principally as a result of the sale of 103 Hugo Johnston Drive for $7.7 million, offset by the purchase of Natural Solutions for $1.7 million and an increase in inventory levels in our Hometech business to cover the ongoing lack of reliability in the global supply chain.

Cash flows from operating activities were $1.9 million for the six months to 31 December 2022 compared to $1.1 million for the six months to 31 December 2021.

Total assets were $56.9 million, an increase of 2% on the previous year.

Operating review

Healthy Living Segment – this incorporates About Health, Intenza and Natural Solutions.

> **About Health** includes known brands of dietary supplements such as Lester's Oil, Res-V Ultimate and Element 12 Magnesium.

Intenza includes the Herbal Ignite and Prostate Power Flow brands.

Natural Solutions holds some major international agencies including Imuno and Bravo Probiotic.

Although the revenue of this segment was up 8%, principally due to the acquisition of Natural Solutions in September 2022, there continues to be ongoing supply issues from New Zealand based contract manufacturers in this sector. Our preference remains continuing to base manufacturing in New Zealand to support the local industry however this is reviewed on a regular basis by the board.

Healthy Homes Segment – this incorporates Solatube, Hometech and The Cylinder Guy. As previously advised, revenue was affected by a noticeable slowdown in new build homes. Fortunately, the majority of our work is the refurbishment of older buildings and installations of Solatube skylights and hot water cylinders into existing homes. Although affected by the current economic conditions, the slowdown has been less than for new home builds.

Shareholder interim dividend

The directors considered the payment of an interim dividend, something they have done for the last six years. As a result of the decreased earnings and the pessimistic economic outlook, they decided to take a cautious approach and reduced the interim dividend to 0.5 cents per share (2021: 1 cent per share). The current dividend is covered 2.4 times by first half earnings.

The future

The directors continue to monitor the trend in economic conditions, and are looking at innovative opportunities within the Group's business to ensure the growth of the company continues.

In terms of priorities, management are focused on improving gross margin, reduction of inventory built up as a buffer against the international supply chain constraints, cash flow management and reducing operating expenses.

Thank you

Our Group mission is to enhance lives, and we believe we are doing just that as we bring products to market that make the lives of Kiwis and international customers so much better.

The Board would like to thank our Just Life team for their overwhelming support. We are all excited about the infrastructure that has been established and progress that has been made.

We would also like to thank our shareholders for their continued support.

Phil Norman
Chair

Tony Falkenstein
Chief Executive Officer

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2022

	Notes	Group for the six months ended 31 December 2022 (unaudited) $000	Group for the six months ended 31 December 2021 (unaudited) $000
Operating revenue		18,487	17,447
Government grants		13	204
Other income		169	100
Revenue		**18,669**	**17,751**
Employee costs		(5,206)	(4,883)
Finished goods and consumables used		(4,210)	(4,052)
Service contractors		(1,409)	(1,508)
Marketing expenses		(1,059)	(895)
Other operating expenses		(2,975)	(2,379)
Acquisition costs		(55)	(69)
Earnings before interest, tax, depreciation and amortisation	1	**3,755**	**3,965**
Depreciation		(651)	(695)
Amortisation of intangible assets		(463)	(444)
Amortisation of right of use assets		(280)	(233)
Profit before interest and tax		**2,361**	**2,593**
Interest expense		(801)	(479)
Profit before income tax		**1,560**	**2,114**
Income tax expense		(426)	(555)
Profit after tax for the period		**1,134**	**1,559**
Profit after tax is attributed to			
Shareholders of Just Life Group Limited		1,143	1,575
Non-controlling interests		(9)	(16)
Profit after tax for the period		**1,134**	**1,559**
Other comprehensive income			
Hedging reserve		(118)	59
Total comprehensive income		**1,016**	**1,618**
Total comprehensive income is attributed to			
Shareholders of Just Life Group Limited		1,025	1,634
Non-controlling interests		(9)	(16)
Total comprehensive income		**1,016**	**1,618**
Earnings per share for profit attributable to the shareholders of the parent			
Basic and diluted earnings per share (cents)		1.2	1.6

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	Group as at 31 December 2022 (unaudited) $000	Group as at 31 December 2021 (unaudited) $000	Group as at 30 June 2022 (audited) $000
CURRENT ASSETS				
Cash and cash equivalents		14	34	10
Trade and other receivables	4	3,763	3,800	4,304
Contract work in progress		404	509	559
Inventories		5,513	3,339	4,626
Assets held for sale		-	-	7,516
Derivative assets		15	32	133
Total current assets		**9,709**	**7,714**	**17,148**
NON-CURRENT ASSETS				
Property, plant and equipment		4,431	10,911	4,187
Right of use assets		6,763	1,244	3,000
Intangible assets		36,001	35,942	34,680
Contract assets		14	9	14
Total non-current assets		**47,209**	**48,106**	**41,881**
Total assets		**56,918**	**55,820**	**59,029**
CURRENT LIABILITIES				
Bank overdrafts		245	421	255
Interest-bearing loans and borrowings	3	1,595	1,847	1,847
Trade and other payables		4,458	4,058	4,260
Lease liabilities		284	331	285
Contract liabilities		282	399	573
Current tax liabilities		233	267	560
Total current liabilities		**7,097**	**7,323**	**7,780**
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	3	13,510	18,045	18,421
Lease liabilities		6,837	1,000	2,812
Deferred tax liabilities		1,973	2,689	2,172
Total non-current liabilities		**22,320**	**21,734**	**23,405**
Total liabilities		**29,417**	**29,057**	**31,185**
Net assets		**27,501**	**26,763**	**27,844**
EQUITY				
Share capital		29,546	29,481	29,507
Retained losses		(2,096)	(5,478)	(5,782)
Share option reserve		32	33	36
Hedging reserve		17	34	135
Asset revaluation reserve		-	2,661	3,937
Non-controlling interests		2	32	11
Total equity		**27,501**	**26,763**	**27,844**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022

	Notes	Issued capital $000	Retained earnings / (losses) $000	Share option reserve $000	Hedging reserve $000	Asset revaluation reserve $000	Non-controlling interest $000	Total equity $000
Balance as at 30 June 2021 (audited)		**28,525**	**(5,677)**	**31**	**(25)**	**2,661**	**48**	**25,563**
Profit for the period		-	1,575	-	-	-	(16)	1,559
Hedging reserve		-	-	-	59	-	-	59
Dividends paid	7	-	(1,376)	-	-	-	-	(1,376)
Issue of ordinary shares in relation to the Dividend Reinvestment Plan		956	-	-	-	-	-	956
Fair value of options issued		-	-	2	-	-	-	2
Balance as at 31 December 2021 (unaudited)		**29,481**	**(5,478)**	**33**	**34**	**2,661**	**32**	**26,763**
Profit for the period		-	691	-	-	-	(21)	670
Asset revaluation		-	-	-	-	1,276	-	1,276
Hedging reserve		-	-	-	101	-	-	101
Dividends paid		-	(995)	-	-	-	-	(995)
Issue of ordinary shares in relation to the Dividend Reinvestment Plan		26	-	-	-	-	-	26
Fair value of options issued		-	-	3	-	-	-	3
Balance at 30 June 2022 (audited)		**29,507**	**(5,782)**	**36**	**135**	**3,937**	**11**	**27,844**
Profit for the period		-	1,143	-	-	-	(9)	1,134
Asset revaluation		-	3,937	-	-	(3,937)	-	-
Hedging reserve		-	-	-	(118)	-	-	(118)
Dividends paid	7	-	(1,394)	-	-	-	-	(1,394)
Issue of ordinary shares in relation to the Dividend Reinvestment Plan		39	-	-	-	-	-	39
Fair value of options issued		-	-	(4)	-	-	-	(4)
Balance at 31 December 2022 (unaudited)		**29,546**	**(2,096)**	**32**	**17**	**-**	**2**	**27,501**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2022

	Notes	31 December 2022 (unaudited) $000	31 December 2021 (unaudited) $000
Cash flows from operating activities			
Receipts from customers		19,446	18,203
Government grant received		13	204
Payments to suppliers and employees		(15,850)	(15,855)
Interest paid		(507)	(439)
Income tax paid		(1,266)	(969)
Net cash flows from operating activities		**1,836**	**1,144**
Cash flows from investing activities			
Acquisition through business combination	2	(1,728)	(2,119)
Purchase of property, plant and equipment		(977)	(584)
Proceeds from sale of property, plant and equipment		7,708	52
Purchases of intangible assets		-	(20)
Net cash flows from investing activities		**5,003**	**(2,671)**
Cash flows from financing activities			
Proceeds from borrowings		5,250	1,828
Repayment of borrowings		(10,438)	-
Dividends paid to Company's shareholders (net of dividend reinvestment plan)		(1,355)	(421)
Lease repayment		(282)	(265)
Net cash flows from financing activities		**(6,825)**	**1,142**
Net increase/(decrease) in cash and cash equivalents		14	(385)
Cash and cash equivalents at beginning of financial year		(245)	(2)
Cash and cash equivalents at 31 December		**(231)**	**(387)**
Cash and cash equivalents		14	34
Bank overdrafts		(245)	(421)
Total cash and cash equivalents		**(231)**	**(387)**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

General information

The following consolidated interim financial statements for Just Life Group Limited ('the Company') and its subsidiaries (collectively 'the Group') are for the six months ended 31 December 2022 and represent the half year result for the Group.

The Group's vision is to enhance lives by delivering exceptional products and services that support healthy living and healthy homes. Within the healthy living market sector, it provides filtered water solutions through Just Water and natural health supplements through About Health, Intenza and Natural Solutions. The Group provides solutions to healthier homes through its premium Solatube daylighting products, patented Unovent home ventilation systems, the provision of hot water solutions through The Cylinder Guy, ventilation solutions through Hometech, and rainwater harvesting through Designer Tanks.

Just Life Group Limited is a limited liability company which is domiciled and incorporated in New Zealand, and whose shares are publicly traded on the New Zealand Stock Exchange (NZX).

These consolidated interim financial statements have been approved for issue by the Board of Directors on 21 February 2023.

Basis of preparation

Statement of compliance

The consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as applicable for profit-orientated entities. They comply with IAS 34 Interim Financial Reporting. The Interim Report does not include all the information normally included in the Annual Report. Accordingly, these Group consolidated interim financial statements should be read in conjunction with the Annual Report for the year ended 30 June 2022.

The accounting policies and methods of computation and presentation adopted in the consolidated interim financial statements are consistent with those described and applied in the Annual Report for the financial year ended 30 June 2022.

These consolidated interim financial statements are not audited.

Going concern

The consolidated interim financial statements have been prepared on a going concern basis. As at 31 December 2022 the Group had a working capital balance of $2.61 million (2021: $0.4 million). The Group trades profitably and has positive operating cash flows. The directors have assessed the financial performance of the Group, including forecasted cash flows, and are satisfied that the going concern assumption remains appropriate.

Notes to the Consolidated Financial Statements

1. Operating segment performance

An operating segment is a component of an entity that engages in business activities, which earns revenue and incurs expenses, and for which the chief operating decision maker (CODM) reviews the operating results on a regular basis and makes decisions on resource allocation. The Group has determined its CODM to be the Chief Executive Officer and Board of Directors on the basis that it is this group which determines the allocation of resources to segments and assesses their performance.

The Group operates and sells products in New Zealand and overseas. It operates business related to 'healthy living' and 'healthy homes' to offer New Zealanders better choices. The nine major brands have been allocated to the following segments:

Healthy Living – Just Water, About Health, Intenza, Natural Solutions

Healthy Homes – Unovent, Solatube, Hometech, The Cylinder Guy, Designer Tanks

The Just Life Group Corporate segment includes the corporate overhead costs of the Group.

For the six month period ended 31 December 2022 (unaudited)	Healthy Living (unaudited) $000	Healthy Homes (unaudited) $000	Just Life Group Corporate (unaudited) $000	Total Group (unaudited) $000
Over time	5,188	1,739	-	6,927
At a point in time	5,516	6,044	-	11,560
Revenue	**10,704**	**7,783**	**-**	**18,487**
Other income	145	31	6	182
Employee costs	(3,386)	(1,549)	(271)	(5,206)
Other trading expenses	(4,043)	(5,282)	(328)	(9,653)
Acquisition costs	-	-	(55)	(55)
Earnings before interest, tax, depreciation and amortisation	**3,420**	**983**	**(648)**	**3,755**
Depreciation	(609)	(42)	-	(651)
Amortisation of intangible assets	(400)	(63)	-	(463)
Amortisation of right of use assets	(114)	(166)	-	(280)
Profit before interest and tax	**2,297**	**712**	**(648)**	**2,361**
Interest expense	-	-	(801)	(801)
Profit/(loss) before income tax	**2,297**	**712**	**(1,449)**	**1,560**
Income tax expense	(627)	(192)	393	(426)
Profit/(loss) for the period	**1,670**	**520**	**(1,056)**	**1,134**

Notes to the Consolidated Financial Statements

For the six month period ended 31 December 2021 (unaudited)	Healthy Living (unaudited) $000	Healthy Homes (unaudited) $000	Just Life Group Corporate (unaudited) $000	Total Group (unaudited) $000
Over time	5,036	1,653	-	6,689
At a point in time	4,914	5,844	-	10,758
Revenue	**9,950**	**7,497**	**-**	**17,447**
Other income	178	126	-	304
Employee costs	(3,165)	(1,496)	(222)	(4,883)
Other trading expenses	(3,140)	(5,436)	(258)	(8,834)
Acquisition costs	-	-	(69)	(69)
Earnings before interest, tax, depreciation and amortisation	**3,823**	**691**	**(549)**	**3,965**
Depreciation	(575)	(47)	(73)	(695)
Amortisation of intangible assets	(369)	(75)	-	(444)
Amortisation of right of use assets	(80)	(153)	-	(233)
Profit before interest and tax	**2,799**	**416**	**(622)**	**2,593**
Interest expense	-	-	(479)	(479)
Profit/(loss) before income tax	**2,799**	**416**	**(1,101)**	**2,114**
Income tax expense	(737)	(109)	291	(555)
Profit/(loss) for the period	**2,062**	**307**	**(810)**	**1,559**

Just Life Group Limited uses several non-GAAP measures when discussing financial performance. These include earnings before interest, tax, depreciation and amortisation (EBITDA) and earnings before interest and tax (EBIT) and may be used internally by management to evaluate performance, analyse trends and allocate resources. These non-GAAP measures do not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS.

2. Business combinations

Acquisitions in the current year

Natural Solutions NZ Limited
On 1 September 2022, the Group acquired the online supplements business of Natural Solutions NZ Limited. Natural Solutions has been operating since January 2015 and has held the distribution rights for products including imuno© and Bravo Probiotics. The Group acquired Natural Solutions to enlarge the range of online supplements in the healthy living segment that can be offered to its customers to promote healthy living.

The fair values of the identifiable assets and liabilities of Natural Solutions as at the date of acquisition are given below.

	Fair value recognised on acquisition (unaudited) $000
Assets	
Property, plant and equipment	6
Inventories	47
Customer relationships	294
Brands	96
	443
Liabilities	
Deferred tax liability	(109)
Total identifiable net assets at fair value	**334**
Goodwill arising on acquisition	1,394
Purchase consideration transferred	**1,728**

The goodwill of $1,394,000 arising on acquisition is attributed to the business know-how and the premium paid for a proven business. None of the goodwill recognised is expected to be deductible for income tax purposes.

The contribution to the Group results for the half year ended 31 December 2022 was revenue of $308,000 and operating profit before interest, tax, depreciation and amortisation of intangibles of $125,000, excluding acquisition costs of $55,000.

If the acquisition had occurred at the beginning of the year, the contribution to revenue and operating profit before interest, tax depreciation and amortisation of intangibles for the six months would have been $462,000 and $188,000 (excluding acquisition costs of $55,000), respectively.

3. Interest-bearing liabilities

	Group as at 31 December 2022 (unaudited) $000	Group as at 31 December 2021 (unaudited) $000
Current	1,595	1,847
Non-current	13,510	18,045
Total	**15,105**	**19,892**

The net bank facility drawn as at 31 December 2022 was $15.4 million (2021: $20.3 million), and the undrawn bank facility was $4.68 million (2021: $5.0 million). On 19 August 2022 $3.52 million was paid back, and borrowing facility reduced with the bank, after the sale and leaseback of 103 Hugo Johnston Drive.

4. Trade and other receivables

Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis.

Trade receivables which are known to be uncollectable are written off. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the movement in the provision is recognised in other expenses of the consolidated statement of comprehensive income.

	Group as at 31 December 2022 (unaudited) $000	Group as at 31 December 2021 (unaudited) $000
Trade receivables	2,704	2,857
Doubtful debts provision	(122)	(130)
Other receivables	265	295
Net trade receivables	**2,847**	**3,022**
Prepayments	916	778
Total trade and other receivables	**3,763**	**3,800**
Movement in the provisions for doubtful trade receivables is as follows:		
Balance at the beginning of the year	100	207
Expected specific and ECL recognised	140	58
Receivables written off during the year as uncollectable	(118)	(135)
Balance at end of period	**122**	**130**

5. Sale and leaseback transaction

A sale and leaseback transaction is where the Group sells an asset and immediately leases it back through a lease agreement from the buyer, regaining the use of the asset.

On 19 August 2022, the Group sold the land and buildings owned by the Company at 103 Hugo Johnston Drive, Penrose, Auckland, to an unrelated party for $7,707,000 in cash, yielding gains of $62,000. Simultaneously, the Group entered into an agreement with the buyer-lessor for the right to use the buildings for 20 years, for an initial term of 10 years with two rights of renewal of five years each, with monthly payments payable at the beginning of each month and fixed 2.5% annual lease increase in every year on the anniversary of the commencement date. The transaction qualified as a sale and the Group classified the lease of the buildings as an operating lease.

The associated assets were derecognised from the Group's consolidated statement of financial position, within property, plant and equipment, net and recorded under right-of-use assets. The liabilities are recorded as current and non-current liabilities in the Group's consolidated financial statement of financial position based on the term of the lease. At the commencement date of 19 August 2022, the Group recognised the right-of-use asset resulting from the leaseback of the buildings at the proportion of the building's previous carrying value that relates to the right of use held by the Group, which is $4,034,000.The present value of the annual lease back payments is $4,163,000, This includes repayments for the additional borrowing of $57,000 and $4,106,000 relating to the lease. The cash proceeds were treated as investing cash inflows on the Consolidated Statement of Cash Flows.

Movements in lease liabilities are presented below.

	Building leases with no purchase option $000
2022	
Carrying value as at 1 July 2022	-
Additions	4,163
Interest cost	144
Repayments	(145)
Carrying value as at 31 December 2022	**4,162**
Represented by:	
Current	9
Non-current	4,153
Carrying value as at 31 December 2022	**4,162**

6. Financial instruments

Management determines the classification of the Group's liabilities at initial recognition. At initial recognition, the Group measures a financial liability at its fair value. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

The Group measures all financial liabilities at amortised cost in the periods covered by these financial statements. Financial liabilities measured at amortised costs are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Trade and other payables, employee benefits, related party loans and borrowings are classified as financial liabilities measured at amortised cost.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

6.1 Fair Value of financial assets and liabilities

The Group's financial assets and liabilities by category are summarised as follows:

Cash and short-term deposits
These are short-term in nature and their carrying value is equivalent to their fair value.

Trade, related party and other receivables
These assets are short-term in nature and are reviewed for impairment; the carrying value approximates their fair value.

Trade, related party and other payables
These liabilities are mainly short-term in nature with their carrying value approximating their fair value.

Related party loans
Fair value is estimated based on current market interest rates available for receivables of similar maturity and risk. The interest rate is used to discount future cash flows.

Borrowings
Borrowings have fixed and floating interest rates. Fair value is estimated using the discounted cash flow model based on current market interest rates for similar products; their carrying value approximates their fair value.

Fair values
The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels based on the degree to which the fair value is observable:

Level 1 – fair value measurements derived from quoted prices in active markets for identical assets.

Level 2 – fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – fair value measurements derived from valuation techniques that include inputs for the asset or liability which are not based on observable market data. Land and buildings previously recognised within Level 3 have been sold and leased back (see note 5). There are no remaining assets measured at Level 3.

There have been no transfers between levels or changes in the valuation methods used to determine the fair value of the Group's financial instruments during the period.

6.2 Financial assets measured at amortised cost

Financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are classified as non-current assets. Financial assets include cash and cash equivalents and receivables in the balance sheet.

Financial assets are carried at amortised cost using the effective interest method.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Prepayments and GST receivables do not meet the definition of a financial asset and have been excluded from the table below.

	Group as at 31 December 2022 (unaudited) $000	Group as at 31 December 2021 (unaudited) $000
Financial assets measured at amortised cost		
Cash and short-term deposits	14	34
Net trade receivables	2,582	2,727
Total financial assets measured at amortised cost	**2,596**	**2,761**

6.3 Financial liabilities measured at amortised cost

	Group as of 31 December 2022 (unaudited) $000	Group as of 31 December 2021 (unaudited) $000
Financial liabilities measured at amortised cost		
Bank overdraft	245	421
Bank borrowings and other loans	15,105	19,892
Trade and other payables	3,750	3,194
Total financial liabilities measured at amortised cost	**19,100**	**23,507**

7. Dividends

During the period, the Group paid the final dividend relating to the 2022 financial year of $1.39 million (2021: $1.37 million).

8. Related party transactions

The Group's ultimate parent is the The Harvard Group Limited, which owns or has voting entitlements for 80.76% of the Company's shares. The remaining 19.24% is widely held. The Group's ultimate controlling parties are Tony Falkenstein and Ian Malcolm.

Pure SEO Limited, a company of which Tony Falkenstein is a director and an indirect shareholder, provided internet search engine optimisation services to the Group during the half year to the value of $28,000 (2021: $39,000). At 31 December 2022 the Group had a trade payable balance of $3,800 (2021: $8,000) in respect of this related party.

Carver Management Limited, a company of which Richard Carver is a director, provided services to the Group during the half year to the value of $700 (2021: nil). As at balance date the Group had a trade payable balance of nil (2021: nil).

Milestone Group Limited, a company of which Richard Carver is a director, provided services to the Group during the half year to the value of $200 (2021: $700).

Jennian Holdings Ltd, a company of which Richard Carver is a director, provided services to the Group during the half year to the value of $2,000 (2021: $2,000). As at balance date the Group had a trade payable balance of $400 (2021: nil).

Compensation of key management personnel of the Group

	Group as of 31 December 2022 (unaudited) $000	Group as of 31 December 2021 (unaudited) $000
Short-term employee benefits	587	508
Directors fees	113	87
Long-term benefits	1	2
Total compensation paid to key management personnel of the Group	**701**	**597**

These related party balances are materially consistent with those disclosed in the 2022 Annual Report.

9. Commitments

The Group has capital commitments of $175,000 (2021: $396,000). This is primarily due to the pre-ordering of inventory from overseas suppliers.

10. Contingent liabilities

There were no contingent liabilities for the Group at 31 December 2022.

11. Subsequent events

Subsequent to 31 December 2022 the Board of Directors resolved to pay a fully imputed interim dividend of 0.5 cents per share payable to shareholders recorded on the share register as at 17 March 2023. The dividend will be paid on 24 March 2023.

Subsequent to 31 December 2022 Auckland was impacted by a severe flooding event. No material damage or disruption to business has resulted from this event.

Corporate Information

Directors

Phil Norman
Chair and
Independent Director

Tony Falkenstein
Chief Executive Officer

Richard Carver
Independent Director

Steven Bayliss
Independent Director
(Appointed: 18 November 2022)

Lynne Jacobs
Non-independent Director,
Non-executive Director
(Appointed: 1 July 2022)

Future Directors Programme

Jacinta Taliauli

Executive Management

Tony Falkenstein
Chief Executive Officer

Eldon Roberts
Chief Operating Officer

Graeme Read
Chief Financial Officer

Katie Ludman
General Manager – Healthy Living

Luan Howitt
General Manager – Healthy Homes

Registered office and address for service

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Principal place of business

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New Zealand

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Postal address

Private Bag 92811
Penrose
Auckland 1642
New Zealand

Solicitors

Harmos Horton Lusk

Jackson Russell

Lane Neave

Bankers

Bank of New Zealand

Auditors

PricewaterhouseCoopers

Share register

Link Market Services
Level 11, Deloitte Centre
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Just Life Group on the web

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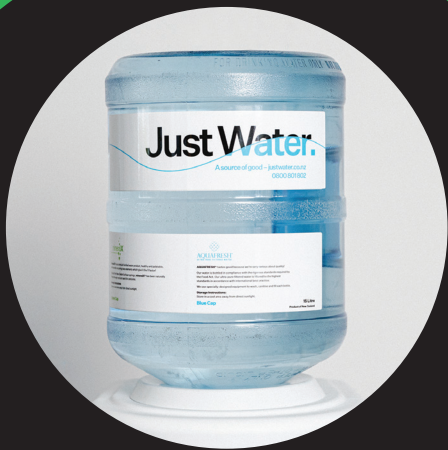
www.dolphinwater.co.nz
www.hometech.co.nz
www.solatube.co.nz
www.unovent.com
www.cylinderguy.co.nz
www.abouthealth.co.nz
www.designertanks.co.nz
www.herbalignite.co.nz
www.naturalsolutions.nz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