

Chairman and CEO Address to Annual Meeting of Shareholders

18 November 2022

Chairman's Address

Let me start by saying 2022 was another very challenging year operating under COVID conditions. The ten-week lockdown in Auckland affected our results, in addition to which we experienced ongoing supplier shipping delays and an inability on the part of many suppliers to supply products when we needed them. Continuing price increases from our suppliers pushed all our costs up and, like many companies, we have faced difficulty in attracting and retaining staff.

We cannot see an end to these challenges in the near-term and are planning for ongoing cost increases across all our businesses in FY23. To counter this continuing cost pressure, we are very focused on growing sales from existing products and implementing operating efficiencies that will improve margins.

Results for the Year Ended 30 June 2022

Group Revenue increased by 12% over 2021 to \$36.2 million. This was satisfying achievement considering the COVID lockdown, and was boosted by the acquisition of supplements business, Intenza, in October 2021.

Although EBITDA showed an increase of 6% to \$8.1 million, Net Earnings After Tax were down 32% to \$2.2 million. Two major factors contributed to this decrease. Firstly, the Board determined that the carrying value of the Goodwill of The Cylinder Guy Limited should be impaired by \$0.8 million, and secondly, we spent over \$0.3 million undertaking due diligence on an Australian acquisition that did not go ahead.

As a result of the supply chain and logistics challenges I have already referred to, the Company made an additional investment in inventory during the year of approximately \$3.1 million. This was both a necessary and prudent decision, and we expect we should be able to progressively reduce inventory back to more normal levels towards the end of FY23.

As at Balance Date, the Company was carrying \$20.5 million in debt (including bank overdraft), a debt-to-equity ratio of 53%.

Mergers and Acquisitions

In October 2021, the Company acquired Intenza, a small specialty supplements business that had a business model very similar to About Health, which had been acquired in the previous year. As a result, we were able to absorb Intenza into our supplements operation quickly and easily.

During the year the Company also signed a conditional agreement to acquire a supplements business in Australia, but we withdrew from this agreement as our due diligence uncovered issues the Board could not get comfortable with. This due diligence effort consumed considerable Management time and our costs were significant, but this is always a risk with M&A activity.

After Balance Date, the Company acquired Natural Solutions – another small online supplements business, with a largely international customer base.

The Company will continue to seek acquisitions which match our Healthy Living and Healthy Homes business segments.

Governance Changes

As signaled in the Notice of Meeting, Mr. Ian Malcolm is not seeking re-election at this Annual Meeting. Ian was originally appointed to the Board in 2001 and has served as a Director of the Company for twenty years. He was part of the team that took the Company through its IPO in 2004 and has provided wise counsel to Tony and various management teams over a very long period. On behalf of the Board, I sincerely thank Ian for his years of service.

In order to fill the vacancy created through Ian's resignation, we are delighted to welcome Mr. Steve Bayliss as a nominated Independent Non-Executive Director, who will stand for election later today. Steve is a marketing expert and an experienced Director, and his skills will be highly relevant as we increase our focus on marketing across all areas of the business and, in particular, our digital activities.

On 1 July 2022, we appointed Ms. Lynne Jacobs as a Non-Independent Non-Executive Director. Lynne was until 30 June 2022 a member of the Company's Executive Leadership Team and upon retirement from her most recent role as Group General Manager was appointed to the Board. Lynne brings an in-depth knowledge of the Company's operations and is a very valuable addition to our Director ranks.

Lynne will be standing for election again later today in accordance with the NZX Listing Rules.

During the year, we also appointed Ms. Jacinta Taliauli as a Future Director. We are proud to be able to support the New Zealand Institute of Directors' Future Director programme, which aims to provide younger people with governance experience, and we are enjoying having Jacinta participate in our Board activities.

Sale of Head Office Building

In July 2022, after Balance Date, the Company sold its Head Office building located in Penrose, Auckland. The Board considers that the capital that was invested in the building can be used more efficiently in the Company's various businesses rather than being tied up in a fixed building asset. The net realisation from the sale of the building was \$7.7m (before repaying \$3.5m of debt). The Company has taken a ten-year lease on the building with the option to extend the lease for two further five-year terms.

Environment, Social and Governance Policy

In conjunction with management the Board has commenced developing an Environmental, Social and Governance (ESG) framework and the Company expects to make further progress in the 2023 financial year formalising this. The Company is conscious that it must comply with the proposed mandatory climate related disclosures from the start of FY24. The Company is also considering how it should address the compliance and disclosure recommendations included in the four pillars developed by the Task Force on Climate Change Related Financial Disclosures.

In terms of "Environmental" for the year ended 30th June 2022, we commenced a carbon audit programme and have received the final report on our emissions. Having undertaken this exercise, the Company has completed "Carbon Footprint Certification", which provides the "carbon footprint" baseline for the business.

With the baseline now established, our commitment is to develop a full programme specifically to address this challenge and we are already working on initiatives in most areas of the business. These include actively optimising the routes for water delivery, working with our key suppliers on environmentally friendly product options, including packaging, and constantly assessing fleet replacement options relative to the rapidly changing vehicle industry developments.

In terms of "Social" for the year ended 30th June 2022, naturally the Company has an absolute commitment to health and safety to ensure each team member returns home safely each night. We foster a culture that is focused on support for all our team members, their families, and their wellbeing in the workplace, and we celebrate our cultural diversity.

Social good programmes have been operated by the Company for a number of years and have formed part of the fabric of our culture right from the first day we were listed on the New Zealand Stock Exchange. Tony has very generously gifted shares to educational institutions for the advancement of learning and we have continued our commitment to these initiatives for the last 18 years. Some examples of our many current programmes to support our stakeholder community include free public transport for team members travelling to and from work, incentives to team members that smoke to stop doing so and financial support for nominated clubs and charities where our team members are actively participating as volunteers.

We currently have a near equal split of male and female team members and assessing remuneration across the whole team at Just Life Group, the median wage for females is 9%

more than our male employees. The Company also commits that no team member is paid less than the Living Wage.

In terms of “Governance”, the Company’s operations are underpinned by a vision of “enhancing lives through healthy living and healthy homes”.

The Board, together with management, undertakes an annual strategy review each May where the 3-year strategy is reviewed and “tested” against the Company’s overall vision. Current operations are then examined and plans for the coming financial year are developed and agreed, with performance parameters set.

Guidance

Given market circumstances, the Directors are satisfied with the past year’s results and are carefully watching the ongoing impact of rising costs, inventory supply issues, staff shortages and the overall economic conditions, including the slowdown in new build housing, that New Zealand is facing.

This difficult market environment will impact the Company’s trading performance for the Half-Year ending on the 31st of December 2022 and for that reason, the Company yesterday issued a trading update advising that JLG is expecting net profit from continuing operations to be between \$1.1 million and \$1.3 million compared with the net profit from continuing operations of \$1.575 million for last year’s corresponding period.

Thanks

On behalf of the Board, I would like to express my thanks to our leadership teams and staff for their resilience and hard work under trying conditions in 2022. I would also like to express my appreciation to shareholders, customers and partners for your continuing support.

Phil Norman

Chairman

CEO's Address

Good morning, everyone and welcome to our 18th Annual Shareholders' Meeting as a public company.

Overview

As advised in our Annual Report, 2022 was another active year, made difficult by the ongoing effects of COVID.

The key factors that impacted our reported results were:

1. COVID had the largest impact, not just from the lockdowns, especially in Auckland, but also as a result of short staffing, as employees, contractors and suppliers suffered from COVID.
2. Our biggest challenge was probably hiring new employees in a full employment economy, and that challenge is still with us today. To hire a person generally means taking them from another employer, and vice versa, and we have lost good employees to other businesses.
3. During the year, we carried out due diligence on a nationwide Australian supplements business – the acquisition did not go ahead and cost us over \$300,000 in due diligence costs.
4. At Balance date, the Directors elected to expense \$0.8 million as a Goodwill impairment related to The Cylinder Guy, a business the Company acquired in 2021.

Business Unit Performance

Within the Healthy Living and Healthy Homes sectors, JLG is comprised of four business units. These are Just Water, Health Supplements, Hometech and The Cylinder Guy. My comments on each follow:

Just Water

This is the business on which the Company was founded, and we continue to be a key player in this bottled water market. With revenue of \$15.1 million, this is a similar result to the previous year. Just Water is basically a subscription business, contracting customers to a monthly rental for bottled water that is home delivered. Directors were pleased with this revenue result, considering the challenges encountered during the year.

Health Supplements

This business unit includes About Health and Intenza, a business we acquired in October 2021. The Health Supplements business is totally online, a business model we like, with cash up-front and insignificant warehousing required to house stock. Revenue was \$5.5 million, which was principally new revenue to the Group, and About Health was 9% above the previous twelve-month period under the former management. Overall, for the Health Supplements business, COVID was a bonus, with customers looking for ways to improve their immune system to counter the virus.

Hometech

With revenue of \$11.4 million, this was down on the previous year by about 8%. Hometech includes Unovent ventilation systems and Solatube daylighting solutions. Considering the ten-week lockdown in Auckland, the major market, the Directors considered this a satisfactory result.

The Cylinder Guy

With revenues of \$4.2 million, this was up 13% on the previous year (which only consisted of nine months ownership by JLG). With excellent branding as a result of several years of TV advertising, we attract a good number of incoming calls from customers with hot water cylinder issues. Although we impaired \$0.8 million of Goodwill from the original purchase price in 2021, we regard this business as holding a unique niche in the supply of hot water cylinders.

Dividend

Overall, the Directors were satisfied with the FY22 results and the consistently increasing EBITDA, and on that basis (for the sixth consecutive year) felt comfortable paying a fully imputed dividend. For an investor buying at yesterday's price the gross dividend yield would be 6.8%, which is a good return in this economy.

Acquisition of Natural Solutions

Two months ago, we acquired another supplements business, Natural Solutions, which is performing to plan. It has been absorbed under the Health Supplements banner.

Natural Solutions has the licence to supply a unique range of probiotic products branded Bravo, and sourced out of Switzerland, as well as a superior immune support product, Imuno. Virtually all the products are sold globally, with word of mouth being the biggest factor influencing revenue.

Customer Experience Improvements

Our COO, Eldon Roberts, has been working on improving the customer experience in all our brands, which will result in efficiencies and a much-improved experience for customers. For example, we have added additional customer relationship representatives to the About Health team and are winding down the services from the third party that previously handled customer calls and fulfilled our orders.

Board Changes

The Chair has already remarked on the retirement of our long-standing Director, Ian Malcolm, who, apart from a short period of absence, has been on the Board for about twenty years. Ian has been a good friend and confidante of mine and helped steer the Company through its IPO in 2004. His wise counsel will certainly be missed, and I would like to thank him very much for his help over all these years.

With Ian's resignation I am very pleased to be able to endorse the resolution to appoint Steve Bayliss to the Board as Ian's replacement. The Chair has already referred to his credentials, and I am delighted that we have an experienced Director of Steve's calibre making himself

available. Steve has already met with me and our marketing team and provided excellent input to our marketing strategies.

I would also like to endorse the resolution to appoint Lynne Jacobs to the Board. I have worked with Lynne since January 2019 in her roles as General Manager for Just Water and then Group General Manager for Just Life and welcome her expertise, experience, knowledge and passion for this business.

Approach to FY23

In the current year, we continue to manage the business cautiously and we will continue to look for both organic growth and acquisition opportunities (particularly supplements businesses) while also pursuing efficiency gains that will improve margins.

However, we are obviously operating in a period of economic uncertainty – we are being hit by high inflation, the falling exchange rate affecting imports, the rising costs of both product and operations, the rise in interest rates affecting not only the Company but also all our staff with mortgages, the full employment market making it difficult to get new staff and retain existing staff – we are therefore hoping for the best, but planning for the worst.

Conclusion

That concludes my address today. I would like to thank all our shareholders for your continued involvement and support. I would also like to thank our customers – without them, we wouldn't have a business. And a really big shout out to our team – all of you have worked tirelessly over this past year, and I wish to formally thank you for all your efforts.

To all of you who have dialed in today – thank you!

For those of you who live in Auckland, I hope some of you can visit our offices at 12:30 today. This will be an opportunity to speak with directors and senior staff, as well as enjoy a few sausage rolls and sandwiches.

One more item – remember as you get older you don't have the same ability to absorb vitamins and minerals as you did when you were younger – we will look after all shareholders with a permanent 50% discount on all About Health products. Go to the About Health website or call the amazing Customer Service staff whom I have boasted about, and they will lead you in the right direction.

Tony Falkenstein

CEO & Director

General Manager Presentations

Luan Howitt introduced himself and presented slides on the Healthy Homes segment. The slides have been added as a separate document to this announcement – see slides 2 to 5.

Katie Ludman introduced herself and presented slides on the Healthy Living segment. The slides have been added as a separate document to this announcement – see slides 6 to 9.