



CEO's address

Good morning shareholders, directors, and team members.

Firstly, I am going to briefly run through the 2023 financials although obviously it is almost 6 months since we achieved those results, and then I would like to introduce our Executive Leadership Team and they will each give a brief presentation on their key areas of responsibility.

Our year ended 30 June 2023:

Revenue of \$36 million remained virtually the same as the previous year with the economic environment not being conducive to spectacular growth. I believe reaching the previous year's revenue was some achievement.

Earnings before interest, tax, depreciation and amortisation showed a decline by 7% to \$7.5 million. This was because of budgeted increased costs throughout the business including the decision to expand our Executive Leadership Team, appointing General Managers to operate the Healthy Living and Healthy Homes business segments. We believe these appointments pave the way for future success as the economic environment improves.

In terms of the financial position, the directors are comfortable with the level of debt, with debt levels being 48% of total assets.

However, with the high interest rates and flat profitability the directors took a cautious approach to dividends. The first half dividend was halved to 0.5 cents per share, and similarly the second half dividend reduced to 0.7 cents. The total dividend was 1.2 cents and was covered 1.8 times by earnings. We appreciate shareholders do look forward to a regular dividend stream, but as directors we believe it was prudent to reduce the level of the dividend in times of economic uncertainty. Our priority in these times of high interest rates is to reduce debt.

Trading Update:

We have seen consumer confidence remaining at low levels with the increase in living costs and mortgage payments as a percentage of disposable income. Although it is our policy not to provide forecasts to the market it is prudent to advise that we are experiencing reduced revenue in our Healthy Homes business segment which may result in our half year NPAT being in the range of \$650,000 to \$750,000. Whilst this is a reduction on last year's result, we are expecting to see some recovery in the second half.

Whilst the Healthy Homes segment has experienced a drop in revenue, we note that the new Government has committed to an ongoing social housing build programme, and we believe that the new build housing and renovation building sectors will return to a growth phase within the next 18 months. There will be ongoing pressure from a high level of immigration, particularly into Auckland with a resulting potential increase in house prices and consumer confidence.

The Healthy Living business segment continues to show growth in the supplements business, and we continue to see this as a key opportunity for organic growth going forward.

In March 2024 we will be launching the Herbal ignite range at the largest natural products show in the world in Los Angeles, and prior to that we will be selling the product on Amazon USA. We believe that there is a niche in that market, but there are always risks which we will need to manage. This will possibly affect the second half results, but we believe the potential is high, that it is worth making an investment in this market.

We firmly believe healthy living decisions and maintaining a healthy home are key lifestyle decisions that are top of mind for New Zealanders and will provide us growth opportunities through both organic growth and future acquisitions.

Presentations by the Executive Leadership Team

At this time, I would like to introduce our Executive Leadership Team. I have to say from my perspective I believe we have the best Executive Leadership Team that any company could have, and believe that once consumer confidence returns, the advantage of a top performing team will enable us to return to historic levels of profitability. I will leave it to them to say what is happening in their areas.

Katie Ludman, General Manager of Healthy Living to speak [Slides included in the slide deck]

Luan Howitt, General Manager of Healthy Homes to speak [Slides included in the slide deck]

Eldon Roberts, COO/CFO to speak [No accompanying slides]

In summary, between Katie, Luan, Eldon and myself, we operate as the Executive Leadership Team. The different skill sets we each bring to the table ensure more considered decisions regarding all aspects of the company.

Before I conclude, I am delighted to introduce you to our new Future Director, Melissa Crawford. Melissa takes over from Jacinta, and will attend all board Meetings, under this IOD programme.

Melissa Crawford to speak [No accompanying slides]

I would like to thank all shareholders, especially those who do attend this meeting each year. This is your meeting and an opportunity to ask questions and meet all the directors and enhance your knowledge of your company's operations and strategic direction.

And I reiterate the Chair's comment that as shareholders you do receive substantial discounts on our products, so please do avail yourselves of the opportunity.

Thank you again for your attendance.

Tony Falkenstein

CEO