

Chair and Chief Executive Officer's Report

Half year ended 31 December 2021

		% Change
Total revenue	\$17.8 million	+16.9%
EBITDA	\$4.0 million	+7.8%
Net profit after tax	\$1.6 million	-4.6%
Total assets	\$55.8 million	+68.4%
Equity	\$26.8 million	+41.5%

The directors report only a small decrease in net earnings over the prior year, despite the significant challenges of the COVID-19 pandemic including the extended lockdown of our largest market Auckland.

The directors are pleased to advise that the acquisitions of About Health, Intenza and The Cylinder Guy offset to some extent the impact of reduced trading volumes in Healthy Homes product sales and installations and Just Water bottle deliveries due to the pandemic. Overall this resulted in the profitability being below that of the previous year.

Statement of Comprehensive Income highlights

	Current \$000	Previous \$000	% change
Total revenue	17,751	15,189	+16.9%
Profit before interest and tax	2,593	2,473	+4.9%
Net profit after tax	1,559	1,634	-4.6%



Operating review

The Healthy Living segment of the business was the star of the first half year. Just Water benefited from the early warm summer weather which increased the demand for bottled water.

About Health, which was acquired in May 2021 and has increased its revenue by 12.7% in the half year over the prior period when it was under the previous ownership. This business has strong positive cash flow.

Intenza, which was acquired in October 2021, assimilated well within the business, and back end systems have already started being incorporated as part of the About Health business. This business unit also enjoys strong positive cash flow

The Healthy Homes segment was hit hard by the lockdowns, and it was only in the last two months of the half year that it started recovering. The directors consider that the reduced trading was as a direct result of the COVID-19 lockdowns, and subsequent supply chain issues significantly affecting the timing of the completion of building projects.

For the three months ending 31 January 2022, the Company ran a promotion for customers to go into a draw for a Tesla Model 3. This attracted new customers to the various businesses and was drawn on 1 February.

Given the ongoing expansion of the Group and recent business acquisitions, the directors are pleased to advise that the Executive Leadership Team has been expanded to include a dedicated role of Chief Financial Officer. Graeme Read is warmly welcomed to that position. Eldon Roberts continues with the Group as Chief Operating Officer. A General Manager – Healthy Homes position has also been created, with Luan Howitt commencing in that role on 28 February 2022. Lynne Jacobs continues as Group General Manager.



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(Continued)

Statement of Financial Position highlights

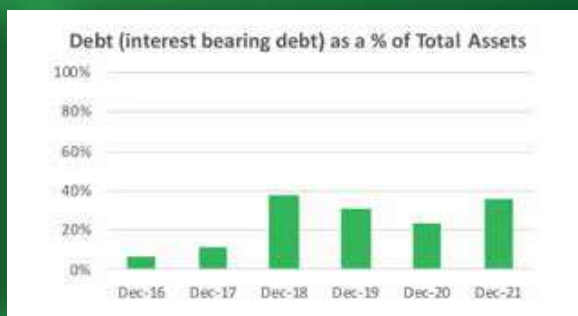
Shareholder equity increased from \$18.9 million at 31 December 2020 to \$26.8 million at 31 December 2021. (At 30 June 2021 shareholder equity was \$25.6 million.)

During the past year the interest-bearing debt levels of the Group relative to its total assets increased from 23% of total assets to 36% at 31 December 2021. The increase in debt levels occurred due to the acquisitions of About Health and Intenza during the past 12 months.

Cash flows from operating activities were \$1.1 million for the six months to 31 December 2021 compared to \$3.3 million for the six months to 31 December 2020. Management made the intentional decision to further invest working capital in inventory prior to the lockdowns as a result of the worldwide logistic constraints. As a result, inventory increased by \$1.6 million over the period.

Shareholder interim dividend

The directors have again declared an interim dividend of 1.0 cent per share, with a record date of 17 March 2022 and a payment date of 24 March 2022.



The future

The future continues to be uncertain with the COVID-19 pandemic still in everybody's line of vision. The directors believe that consumers are more focused on their health and wellbeing in this time of uncertainty.

Our intention remains to offer both growth and dividend yield to our investors, and we will continue to do so through both organic growth and acquisitions.

We are always looking at opportunities that make sense to explore within our two strategic segments, Healthy Living and Healthy Homes.

Thank you

It has been another challenging period for our team, our customers, our suppliers and our shareholders. We have again come through positively, and we thank you for your support and loyalty.



Phil Norman
Chair



Tony Falkenstein
Chief Executive Officer

