Interim Report

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Contents

Healthy
Homes

OUR BRANDS

Healthy
Living

“Our Group mission is ‘enhancing lives’, and we believe we do just that by bringing 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 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

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 to 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 per share). 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 is 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.

Phil Norman
Chair

Tony Falkenstein
Chief Executive Officer

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2023

	Notes	Group for the six months ended 31 December 2023 (unaudited) $000	Group for the six months ended 31 December 2022 (unaudited) $000
Operating revenue	1	17,994	18,487
Government grants		1	13
Other income		61	169
Revenue		**18,056**	**18,669**
Employee costs		(5,286)	(5,206)
Finished goods and consumables used		(3,822)	(4,210)
Service contractors		(1,479)	(1,409)
Marketing expenses		(1,523)	(1,059)
Other operating expenses		(2,677)	(2,975)
Acquisition costs		-	(55)
Earnings before interest, tax, depreciation and amortisation	2	**3,269**	**3,755**
Depreciation		(640)	(651)
Amortisation of right of use assets		(301)	(280)
Amortisation of other intangible assets		(464)	(463)
Profit before interest and tax		**1,864**	**2,361**
Interest expense		(883)	(801)
Profit before tax		**981**	**1,560**
Income tax expense		(274)	(426)
Profit after tax for the period		**707**	**1,134**
Profit after tax is attributed to			
Shareholders of Just Life Group Limited		707	1,143
Non-controlling interests		-	(9)
Profit after tax for the period		**707**	**1,134**
Other comprehensive income			
Hedge reserve		57	(118)
Total comprehensive income		**764**	**1,016**
Total comprehensive income is attributed to			
Shareholders of Just Life Group Limited		764	1,025
Non-controlling interests		-	(9)
Total comprehensive income		**764**	**1,016**
Earnings per share for profit attributable to the shareholders of the Parent			
Basic and diluted earnings per share (cents)		0.7	1.2

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 2023

	Notes	Group as at 31 December 2023 (unaudited) $000	Group as at 31 December 2022 (unaudited and restated) $000	Group as at 30 June 2023 (audited) $000
CURRENT ASSETS				
Cash and cash equivalents		60	14	4
Trade and other receivables	3	3,667	3,763	3,652
Contract work in progress		288	253	298
Current tax receivables		11	-	-
Inventories		4,463	5,513	4,564
Derivative assets		67	15	10
Total current assets		**8,556**	**9,558**	**8,528**
NON-CURRENT ASSETS				
Property, plant and equipment		4,070	4,431	4,062
Right of use assets		6,438	6,763	6,725
Intangible assets		35,200	36,001	35,639
Contract assets		-	14	-
Total non-current assets		**45,708**	**47,209**	**46,426**
Total assets		**54,264**	**56,767**	**54,954**
CURRENT LIABILITIES				
Bank overdrafts		98	245	152
Interest-bearing loans and borrowings	4	1,615	1,595	1,590
Trade and other payables		3,769	4,458	3,497
Lease liabilities		350	284	330
Current tax liabilities		-	233	426
Contract liabilities		242	131	221
Total current liabilities		**6,074**	**6,946**	**6,216**
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings	4	11,017	13,510	11,343
Lease liabilities		6,725	6,837	6,902
Deferred tax liabilities		2,012	1,973	2,135
Total non-current liabilities		**19,754**	**22,320**	**20,380**
Total liabilities		**25,828**	**29,266**	**26,596**
Net assets		**28,436**	**27,501**	**28,358**
EQUITY				
Share capital		29,897	29,546	29,883
Retained losses		(1,566)	(2,096)	(1,570)
Share option reserve		36	32	33
Hedging reserve		69	17	12
Non-controlling interests		-	2	-
Total equity		**28,436**	**27,501**	**28,358**

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 2023

	Notes	Issued capital $000	Retained earnings / (losses) $000	Share option reserve $000	Hedge reserve $000	Asset revaluation reserve $000	Non-controlling interests $000	Total equity $000
Balance as 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
Other comprehensive income		-	-	-	(118)	-	-	(118)
Total comprehensive income for the period		**-**	**1,143**	**-**	**(118)**	**-**	**(9)**	**1,016**
Issue of ordinary shares in relation to the Dividend Reinvestment Plan		39	-	-	-	-	-	39
Dividends paid	7	-	(1,394)	-	-	-	-	(1,394)
Movement in share option reserve		-	-	(4)	-	-	-	(4)
Transferred to retained earnings on disposal		-	3,937	-	-	(3,937)	-	-
Balance as at 31 December 2022 (unaudited)		**29,546**	**(2,096)**	**32**	**17**	**-**	**2**	**27,501**
Profit for the period		-	1,025	-	-	-	-	1,025
Other comprehensive income		-	-	-	(5)	-	(2)	(7)
Total comprehensive income for the period		**-**	**1,025**	**-**	**(5)**	**-**	**(2)**	**1,018**
Issue of ordinary shares in relation to the Dividend Reinvestment Plan		337	-	-	-	-	-	337
Dividends paid		-	(499)	-	-	-	-	(499)
Movement in share option reserve		-	-	1	-	-	-	1
Balance at 30 June 2023 (audited)		**29,883**	**(1,570)**	**33**	**12**	**-**	**-**	**28,358**
Profit for the period		-	707	-	-	-	-	707
Other comprehensive income		-	-	-	57	-	-	57
Total comprehensive income for the year		**-**	**707**	**-**	**57**	**-**	**-**	**764**
Issue of ordinary shares in relation to the Dividend Reinvestment Plan		14	-	-	-	-	-	14
Dividends paid	7	-	(703)	-	-	-	-	(703)
Movement in share option reserve		-	-	3	-	-	-	3
Balance at 31 December 2023 (unaudited)		**29,897**	**(1,566)**	**36**	**69**	**-**	**-**	**28,436**

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 2023

	Notes	31 December 2023 (unaudited) $000	31 December 2022 (unaudited and restated) $000
Cash flows from operating activities			
Receipts from customers		18,017	19,320
Government grant received		1	13
Payments to suppliers and employees		(14,528)	(15,940)
Interest paid		(858)	(507)
Income tax paid		(833)	(1,266)
Net goods and services tax		188	216
Net cash flows from operating activities		1,987	1,836
Cash flows from investing activities			
Acquisition through business combination		-	(1,728)
Purchase of property, plant and equipment		(676)	(977)
Proceeds from sale of property, plant and equipment	5	5	3,545
Purchases of intangible assets		(24)	-
Net cash flows from/(used in) investing activities		(695)	840
Cash flows from financing activities			
Issued shares		14	-
Proceeds from borrowings		6,440	5,250
Repayment of borrowings		(6,766)	(10,438)
Proceeds from sale and leaseback transaction	5	-	4,163
Dividends paid to Company's shareholders (net of dividend reinvestment plan)		(703)	(1,355)
Lease repayment		(167)	(282)
Net cash flows from/(used in) financing activities		**(1,182)**	**(2,662)**
Net increase in cash and cash equivalents		110	14
Cash and cash equivalents at beginning of financial year		(148)	(245)
Cash and cash equivalents at 31 December		**(38)**	**(231)**
Cash and cash equivalents		60	14
Bank overdrafts		(98)	(245)
Total cash and cash equivalents		**(38)**	**(231)**

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 2023 and represent the half year result for the Group.

The Group's vision is to enhance lives providing premium products and services focused on the healthy living and healthy homes market sectors (see Note 2 for further details). Within the healthy living market sector, it provides filtered water solutions through Just Water and natural health supplements through About Health and Herbal Ignite. The Group provides solutions to healthier homes through its premium Solatube daylighting products, the provision of hot water solutions through The Cylinder Guy, and ventilation solutions through Hometech.

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 22 February 2024.

Basis of preparation

Statement of compliance

The consolidated interim financial statements have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and 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 2023.

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 financial statements contained in the Annual Report for the financial year ended 30 June 2023.

These consolidated interim financial statements are not audited.

Comparatives

Presentation of some comparative information has been changed to ensure a more appropriate basis for comparison. This involves restating contract work in progress and contract liabilities, reclassifying proceeds from sales and leaseback from investing cash inflows to cash flows from financing activities, and moving the net goods and services tax from receipts from customers and payments to suppliers and employees to a new separate line under cash flows from operating activities.

Notes to the Consolidated Financial Statements

Prior period restatement in contract work in progress and contract liabilities

In line with the restatement made in the financial statements for the year ended 30 June 2023, the Group has taken note of adjustments needed in the presentation of contract work in progress and contract liabilities associated with customer contract revenues recognised over time. The adjustments are detailed as follows:

As at 31 December (unaudited)	2022 $000 Comparative
Contract work in progress - previously stated balance	404
Reduction in contract work in progress	(151)
Contract work in progress - restated balance	253
Contract liabilities - previously stated balance	(282)
Reduction in contract liabilities	151
Contract liabilities - restated balance	(131)

As the adjustment does not change the profit before tax, net assets, equity, or liquidity of the Group during this and the last reporting period, a third Consolidated Statement of Financial Position has not been presented in this interim report. Previously reported basic and diluted earnings per share also remain unchanged.

Prior period reclassification of the Consolidated Statement of Cash Flows

The Group has restated its Consolidated Statement of Cash Flows for the period ended 31 December 2022, due to the sale and leaseback transaction executed on 19 August 2022, related to the property located at 103 Hugo Johnston Drive, Penrose, Auckland (see Note 5 for further details). The cash proceeds from the sale of the property were originally treated as investing cash inflows in the Consolidated Statement of Cash Flows. However, they have now been appropriately reclassified to 'Cash Flows from Financing Activities' to reflect the nature of the sale and leaseback transaction.

As a result of this restatement, cash flows totalling $4,163,000 previously categorised under 'Cash Flows from Investing Activities' have been moved to 'Cash Flows from Financing Activities.' This adjustment includes repayments for additional borrowings of $57,000 and $4,106,000 relating to the lease.

This restatement has been made to provide a more accurate representation of the Group's cash flow activities and to align with accounting standards for sale and leaseback transactions.

Going concern

The consolidated interim financial statements have been prepared on a going concern basis. As at 31 December 2023 the Group has a working capital balance of $2.48 million (2022: $2.61 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 Revenue

The Group recognises revenue when the performance obligations have been fulfilled. The following subsections detail the type of revenue recognised within each category:

1.1 Water solutions revenue

Water solutions revenue relates to the provision of filtered water solutions to the customer. Water solutions income is recognised over the period of time the performance obligation is satisfied.

1.2 Product revenue

For sales of bottled water and revenue generated by The Cylinder Guy and health supplements, revenue is recognised at the point in time when the performance obligations are satisfied by transferring control of goods to the customer. Control over the products is transferred to the customer at the same time as the legal title is passed, which commonly takes place upon delivery.

1.3 Service revenue

Revenue on repairs and maintenance (service) provided on customer-owned water coolers is recognised at the point in time when the service has been performed.

1.4 Supply and installation revenue

The revenue derived from the supply and installation contracts for Hometech and Solatube products is recognised over time using the percentage of completion method using costs as input.

Transaction price for all revenue categories includes all amounts which the Group expects to be entitled to net of sales taxes and other indirect taxes, expected rebates and discounts.

	31 December 2023 (unaudited) $000	31 December 2022 (unaudited) $000
Recognised over time		
Water solutions revenue	5,213	5,188
Supply and installation of products	1,762	1,739
Recognised at a point in time		
Product revenue		
Just Water	2,220	2,261
Hometech	2,847	3,933
The Cylinder Guy	2,466	2,018
The Designer Tank	-	68
Health Supplements	3,213	2,996
Service revenue	273	284
Operating revenue	**17,994**	**18,487**

Notes to the Consolidated Financial Statements

2 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 six major brands have been allocated to the following segments:

Healthy Living – Just Water, About Health, Herbal Ignite

Healthy Homes – Solatube, Hometech, The Cylinder Guy

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

For the six month period ended 31 December 2023 (unaudited)	Notes	Healthy Living (unaudited) $000	Healthy Homes (unaudited) $000	Just Life Group Corporate (unaudited) $000	Total Group (unaudited) $000
Over time		5,213	1,762	-	6,975
At a point in time		5,706	5,313	-	11,019
Revenue	1	**10,919**	**7,075**	**-**	**17,994**
Other income and government grants		40	21	1	62
Employee costs		(3,484)	(1,476)	(326)	(5,286)
Other trading expenses		(3,993)	(5,034)	(474)	(9,501)
Earnings before interest, tax, depreciation and amortisation		**3,482**	**586**	**(799)**	**3,269**
Depreciation		(609)	(31)	-	(640)
Amortisation of right of use assets		(208)	(93)	-	(301)
Amortisation of other intangible assets		(415)	(49)	-	(464)
Profit before interest and tax		**2,250**	**413**	**(799)**	**1,864**
Interest expense		-	-	(883)	(883)
Profit/(loss) before income tax		**2,250**	**413**	**(1,682)**	**981**
Income tax expense		(629)	(116)	471	(274)
Profit/(loss) for the period		**1,621**	**297**	**(1,211)**	**707**

Notes to the Consolidated Financial Statements

For the six month period ended 31 December 2022 (unaudited)	Notes	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	1	**10,704**	**7,783**	**-**	**18,487**
Other income and government grants		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 right of use assets		(114)	(166)	-	(280)
Amortisation of other intangible assets		(400)	(63)	-	(463)
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**

Geographic information

	31 December 2023 (unaudited) $000	31 December 2022 (unaudited) $000
Total revenue by geographic area		
New Zealand	17,701	18,167
Overseas	293	320
Total	**17,994**	**18,487**

The revenue information above is based on customer location. Revenue from overseas customers amounted to $293,000 (2022: $320,000), arising from sales in the Healthy Living segment.

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.

Notes to the Consolidated Financial Statements

3 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.

	31 December 2023 (unaudited) $000	31 December 2022 (unaudited) $000
Trade receivables	2,574	2,704
Doubtful debts provision	(137)	(122)
Net trade receivables	**2,437**	**2,582**
Prepayments and other receivables	1,230	1,181
Total Trade and other receivables	**3,667**	**3,763**

	31 December 2023 (unaudited) $000	31 December 2022 (unaudited) $000
Movement in the provisions for doubtful trade receivables is as follows:		
Balance at the beginning of the year	126	100
Expected specific and expected credit losses recognised	68	140
Write-offs during year as uncollectable	(57)	(118)
Balance at end of period	**137**	**122**

4 Interest-bearing liabilities

	31 December 2023 (unaudited) $000	31 December 2022 (unaudited) $000
Current	1,615	1,595
Non-current	11,017	13,510
Total	**12,632**	**15,105**

The net bank facility drawn as at 31 December 2023 was $12.7 million (2022: $15.4 million), and the undrawn bank facility was $6.45 million (2022: $4.68 million).

Notes to the Consolidated Financial Statements

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. 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. $4,163,000 of the proceeds from the sale were treated as financing cash inflows, and $3,544,000 were treated as investing activities cash flows.

The associated assets were de-recognised from the Group's Consolidated Statement of Financial Position, within assets held for sale 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 total annual lease back payments as at 19 August 2022 was $4,163,000. This included repayments for the additional borrowing of $57,000 and $4,106,000 relating to the lease, which were treated as financing cash flows on the Consolidated Statement of Cash Flows.

As of 31 December 2023, there have been no significant changes in the terms and conditions of the sale and leaseback transaction. The Group continues to recognise lease payments and liabilities in accordance with the agreed-upon terms.

Movements in relation to lease and liabilities relating to the sale and leaseback transaction are presented below:

As at 31 December (unaudited)	Building leases with no purchase option (unaudited)
Carrying value as at 1 July 2023	4,158
Additions	-
Interest cost	198
Repayments	(203)
Carrying value as at 31 December 2023	**4,153**
Represented by:	
Current	20
Non-current	4,133
Carrying value as at 31 December 2023	**4,153**

Notes to the Consolidated Financial Statements

6 Financial Instruments

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At initial recognition, the Group measures financial assets at fair value, including transaction costs directly attributable to acquisition. Transaction costs of financial assets at fair value are expensed in the Statement of Comprehensive Income.

Purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

The Group's liabilities are classified by management at initial recognition. Financial liabilities are measured at fair value at this stage. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

All financial liabilities during the reporting periods covered by these financial statements are measured at amortised cost. These include non-derivative financial liabilities with fixed or determinable payments not quoted in an active market, such as trade and other payables, employee benefits, and related party loans and borrowings. The trade payable is effectively treated as a short-term liability, and the amortised cost method doesn't have a significant impact on the measurement due to the short duration.

De-recognition of financial liabilities occurs when the Group's specified contractual obligations expire, are discharged, or are 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.

Borrowings

Borrowings have fixed and floating interest rates. The fair values are not materially different to their carrying amounts, since the interest payable is either close to current market rates or the instruments are short-term in nature.

Notes to the Consolidated Financial Statements

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 Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory and from the provision of services
- contract work-in-progress assets relating to unbilled works in progress.

While cash and cash equivalents are also subject to the impairment requirements of NZ IFRS 9, the identified impairment loss was immaterial.

6.3 Financial assets measured at amortised cost

	31 December 2023 (unaudited) $000	31 December 2022 (unaudited) $000
Financial assets measured at amortised cost		
Cash and short-term deposits	60	14
Net trade receivables	2,437	2,582
Total financial assets measured at amortised cost	**2,497**	**2,596**

6.4 Financial liabilities measured at amortised cost

	31 December 2023 (unaudited) $000	31 December 2022 (unaudited) $000
Financial liabilities measured at amortised cost		
Bank overdraft	98	245
Bank borrowings and other loans	12,633	15,105
Trade and other payables	3,035	3,750
Total financial liabilities measured at amortised cost	**15,766**	**19,100**

Notes to the Consolidated Financial Statements

7 Dividends

During the period, the Group paid the final dividend relating to the 2023 financial year of $0.70 million (2022: $1.39 million).

8 Related party transactions

The Group's ultimate parent is the The Harvard Group Limited, which owns or has voting entitlements for 80.87% of the Company's shares. The remaining 19.13% 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 nil (2022: $28,000). At 31 December 2023 the Group had a trade payable balance of nil (2022: $3,800) 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 $600 (2022: $700). As at balance date the Group had a trade payable balance of $400 (2022: 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 $100 (2022: $200). As at balance date the Group had a trade payable balance of nil (2022: nil).

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 $1,800 (2022: $2,000). As at balance date the Group had a trade payable balance of $100 (2022: $400).

Compensation of key management personnel of the Group

	31 December 2023 (unaudited) $000	31 December 2022 (unaudited) $000
Short-term employee benefits	553	587
KiwiSaver	12	14
Directors' fees	124	113
Long-term benefits	3	1
Total compensation paid to key management personnel of the Group	**692**	**715**

9 Commitments

The Group has capital commitments of $319,000 (2022: $175,000). This is primarily attributed to advance orders for trucks and inventory placed with our overseas suppliers.

10 Contingent liabilities

There were no contingent liabilities for the Group at 31 December 2023.

11 Subsequent events

There were no other events subsequent to 31 December 2023.

Corporate Information

Directors

Phil Norman
Chair and
Independent Director

Tony Falkenstein
Chief Executive Officer
and Executive Director

Richard Carver
Independent Director

Steven Bayliss
Independent Director

Lynne Jacobs
Non-executive Director

Future Directors Programme

Melissa Crawford

Executive Management

Tony Falkenstein
Chief Executive Officer

Eldon Roberts
Chief Operating Officer
& Chief Financial Officer

Katie Ludman
General Manager – Healthy Living

Luan Howitt
General Manager – Healthy Homes

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Harmos Horton Lusk

Jackson Russell

Bankers

Bank of New Zealand

Auditors

PricewaterhouseCoopers

Share register

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www.abouthealth.co.nz
www.herbalignite.co.nz
www.naturalsolutions.nz

www.justlifegroup.co.nz