

Chair & Chief Executive Officer's Report

Year ended 30 June 2021 highlights

Operating revenue	\$32.2 million	+7%
EBITDA	\$7.6 million	+5%
Net earnings	\$3.3 million	+13%
Earnings per share	3.6 cents	+9%
Total assets	\$53.1 million	+62%
Share price	84 cents	+104%

The directors are pleased to report a further 13% increase in net earnings over the prior year, despite the significant challenges of the COVID-19 pandemic. A year ago, we advised that we expected a significant downturn in revenue, but as a result of foreshadowed acquisitions, we were able to increase operating revenue by 7%.

The increase in net earnings included an expense relating to acquisition costs of \$0.4 million.

The Cylinder Guy contributed \$0.35 million to earnings for the nine months and About Health \$0.19 million for the two months, being the part-periods of operation since acquisition.

Statement of Comprehensive Income highlights

	Current year \$000	Previous year \$000	% Change
Operating revenue	32,225	30,257	7%
EBITDA ¹	7,624	7,232	5%
Depreciation & amortisation	(2,410)	(2,576)	6%
EBIT ²	5,214	4,656	12%
Interest	(521)	(558)	7%
Net profit before tax	4,693	4,098	15%
Net profit after tax	3,300	2,931	13%
Gain on asset revaluation net of tax effect	1,030	484	113%
Derivates	(25)	(4)	(525%)
Total comprehensive income	4,305	3,411	26%

(1) EBITDA is non-GAAP measure and is defined as earnings before interest, tax, depreciation and amortisation.

(2) EBIT is a non-GAAP measure and is defined as earnings before interest and tax.

Statement of Financial Position highlights

Shareholder equity has significantly increased from \$17.7 million to \$25.6 million over the last year from the following:

- share issues net of costs (\$4.1 million)
- revaluation of land and buildings (\$1.0 million)
- earnings for the year (\$3.3 million)
- less dividends paid (\$1.9 million)
- dividend reinvestment (\$1.3 million)

The debt-to-equity ratio as at 30 June 2021 was 51:49 (2020: 46:54), as a result of the three acquisitions being financed principally by bank debt.

Free cash flow³ for the year was \$5.3 million, compared with \$3.9 million in 2020.

Capital raise

Coupled with the acquisition of the business of About Health, the Company undertook a capital raise amongst its current shareholders of 1 new share for every 14 shares held. Shareholders holding 91.7% of the Company participated, and \$4.12 million was raised

Mergers and acquisitions

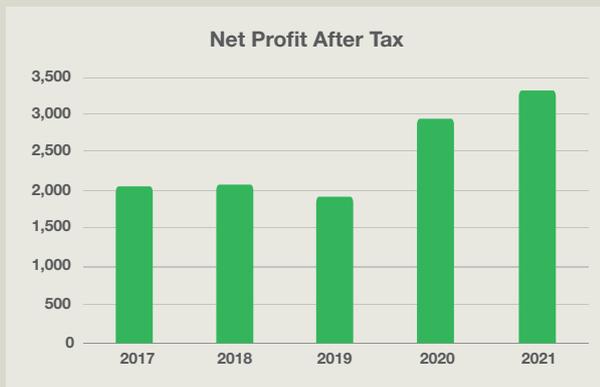
As advised 12 months ago, we felt we had a balance sheet that supported our plans for acquisitions and were able to complete the three debt funded acquisitions during the year. We subsequently raised just over \$4 million from shareholders in May 2021 to reduce that debt.

We will continue to seek out acquisitions during the current year, within our strategy of targeting businesses in the Healthy Living or Healthy Homes sectors. This will require the raising of further capital during the year.

Phil Norman
Chair



⁽³⁾ Free cash flow is a non-GAAP measurement. It is defined as net cash flow generated from operating activities less net capital expenditure and lease payments.



Shareholder dividend

The directors wish to advise that they are declaring a final dividend of 1.4 cents per share for the year ended 30 June 2021. The timing of the record date and payment date for the dividend is contingent upon the relaxation of the COVID-19 Alert Level lock downs and return to normal trading activities. An update in the prescribed form required by the NZX will be provided to the market as soon as the decision on timing has been finalised. The Harvard Group has advised that they will fully participate in the Dividend Reinvestment Plan for this dividend.

Climate change

The Company is committed to environmental sustainability in relation to its activities, operations, and buildings. Many measures to improve the Group’s environmental impact are already in place, however a more formal programme is planned during the coming year to achieve ‘carbon friendly’ status.

COVID-19 protocols

We have developed COVID-19 protocols to manage the operations of the Company in an efficient and cost effective manner depending on the current Alert Level required by the New Zealand Government.

Our team

The past year has brought out the best in our team members, and the Board and Executive Management Team are proud of their commitment. Just Life Group pays each team member on or above the Living Wage. This is the amount considered to be sufficient to provide workers and their families with basic necessities, and to live and participate as active citizens in society. The Living Wage is about 14% higher than the Minimum Wage.

The Board would like to convey their sincere appreciation to each and every one of the Company’s team members.

Phil Norman
Chair

Tony Falkenstein
Chief Executive

