Just Life Group Limited
Annual Report

YEAR ENDED 30 JUNE 2022

Just Life Group

Contents


Just Water.
DESIGNER TANKS
about health

Group

Our brands

Just Water.

Just Water is our hero brand, and the foundation of the company. The lockdown and the late return to city offices affected the result, although only by 2%, and it is still a significant contribution to the overall company result.

REVENUE
$15.1 million
2021
$15.4 million

about health · INTENZA · HERBAL IGNITE

This was the first full year of business for these brands, and they achieved pleasing results with revenues and profitability ahead of the previous 12 months. This online business is an excellent business model, and supports our overall vision of 'enhancing lives'.

* 2021 had 2 months of About Health ** 2022 had 12 months of About Health and 9 months of Intenza

REVENUE
$5.5 million
2021
$0.7 million

hometech™ Better spaces. Better lives. · unovent® · SOLATUBE Innovation in Daylighting

The Healthy Homes side of the business suffered from the disruptions of the pandemic, especially the 10 week Auckland lockdown. Directors were satisfied that this business segment achieved a result only 7% down on the previous year.

REVENUE
$11.4 million
2021
$12.4 million

This is an exciting business model, and although we have written down the value of the business in the financial statements, we have a process for replacing hot water cylinders which leads the market.

* 2021 had nine months of The Cylinder Guy.

REVENUE
$4.2 million
2021
$3.7 million

Overview

2022 Financial Results Summary

Figure	Measure	2021	Change
$36.2 million	Operating revenue	2021 $32.2 million	▲12%
$8.1 million	Operating EBITDA	2021 $7.6 million	▲6%
$2.2 million	Net earnings	2021 $3.3 million	▼32%
2.3 cents	Earnings per share	2021 3.6 cents	▼36%
$3.3 million	Adjusted net earnings*	2021 $3.3 million	▲1%
3.6 cents	Adjusted EPS*	2021 3.6 cents	▲0%
$59.0 million	Total assets	2021 $53.1 million	▲11%
2.4 cents	Dividend per share	2021 2.4 cents	▲0%

Just Life Group considers costs relating to non-cash adjustments, such as impairment and costs incurred for acquisitions that did not proceed, to be one off in nature. These have been excluded from the 2022 NPAT before impairment and costs for acquisition that did not proceed and a reconciliation is included below:

* Adjusted Net Earnings	2022	2021
Net profit after tax	2,228	3,300
Impairment of goodwill in The Cylinder Guy	800	-
Costs for acquisition that did not proceed	311	-
Profit/(loss) for the period before impairment and costs for acquisition that did not proceed	**3,339**	**3,300**

This is **Our Board**

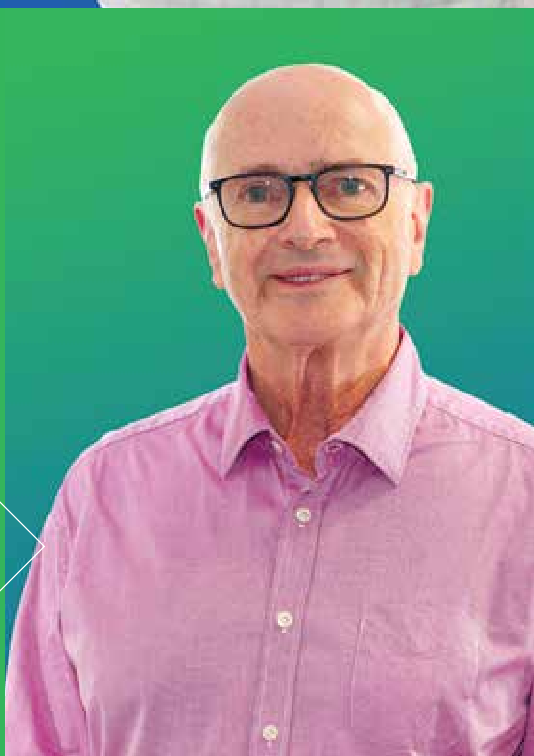
Phil Norman

Tony Falkenstein

Richard Carver

Lynne Jacobs

Ian Malcolm



This is Just Life Group...8 brands

DESIGNER TANKS

- Sole New Zealand distributor for Graf compact rainwater tanks. Just Life Group is now a 60% shareholder in Designer Tanks
- Harvest rainwater for homes
- Early-stage business in global trend to sustainability
- Helps mitigate drought conditions in cities
- Trend away from space consuming circular tanks

about health

- Online marketer of natural health supplements
- Large customer base built up over 15 years
- Both online channels and health supplement channels in growth mode
- Strong brand recognition of its products

HERBAL IGNITE

- Online erectile disfunction supplements
- Customer base built up over 20 years
- Strong brand recognition

Just Water.

- New Zealand's leading brand of water coolers
- Recurring income from a customer base built up over more than 30 years
- Global trend towards drinking water versus sugary drinks
- Trend towards drinking safe water is increasing

In all brands, we own the relationship with the customer.

unovent®

- Just Life Group's own patented product
- Disruptor in established home ventilation market
- Less expensive – no ducting required
- Less electricity cost to run – only $1 a month for an average home
- Low cost for filter change and easy as changing a light bulb

SOLATUBE

Innovation in Daylighting

- Just Life Group has been sole New Zealand distributor for 25 years
- Trained licensees throughout New Zealand
- Unique tubular skylight system
- Natural light into dark spaces
- Blocks UV rays and heat coming into the home
- The highest light output of all tubular skylight systems

- Known brand through TV and other advertising
- Customer focused – very efficient follow-up process
- Contractors throughout New Zealand
- Recession proof as the focus is on replacing existing systems

hometech™

Better spaces. Better lives.

- Trade supplier brand
- Contractors throughout New Zealand
- Trend towards installed solutions

Chair & Chief Executive Officer's Report

Welcome to the **Just Life Group Annual Report** for the year ended 30 June 2022.

New Zealand experienced another challenging year, with a ten-week lockdown in Auckland starting in August and inflationary conditions emerging in the second half.

In the circumstances, the directors are satisfied with the results, having fully integrated the most recent acquisitions and enlarged the Group's senior management team as the foundation for future growth.

The directors were pleased to see EBITDA (earnings before interest, tax, depreciation and amortisation) increase for the sixth consecutive year.

During the second half of the year, the company entered into a conditional agreement to acquire an Australian nationwide business, spending over $300,000 in due diligence before the directors terminated the discussions. These expenses have been fully written off in the current year.

Consolidated Statement of Comprehensive Income highlights

	Current year $000	Previous year $000	% Change
Operating revenue	36,218	32,225	12%
EBITDA[1]	8,071	7,624	6%
Depreciation, amortisation and impairment	(3,561)	(2,410)	(48%)
EBIT[2]	4,510	5,214	(14%)
Interest	(1,029)	(521)	(98%)
Net profit before tax	3,481	4,693	(26%)
Net profit after tax	2,228	3,300	(32%)
Gain on asset revaluation net of tax effect	1,276	1,030	(24%)
Derivatives	160	(25)	740%
Total comprehensive income	3,664	4,305	(15%)

(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.

Consolidated Statement of Financial Position highlights

Shareholder equity has increased from $25.6 million to $27.8 million over the year. The debt-to-equity ratio at 30 June 2022 was 53:47 (2021 52:48).

Free cash flow* for the year was $1.2 million, compared with $5.3 million in 2021.

Interest-bearing debt increased from $18.2 million to $20.5 million principally as a result of increased inventory and the acquisition of Intenza, offset by earnings.

The Cylinder Guy

As a result of cash flow modelling and the completion of an assessment in accordance with IAS36, the directors have determined that the carrying value of goodwill of The Cylinder Guy cash generating unit (CGU) should be impaired by $0.8 million.

The Cylinder Guy business generated 11% of revenue of Just Life Group Ltd for the year ended 30 June 2022.

Mergers and acquisitions

During the year we made one acquisition (Intenza) and we focused on one other major acquisition in Australia which didn't go ahead.

Post balance date, we entered into an agreement in August 2022 to acquire the business of Natural Solutions, to add to our About Health and Intenza portfolio.

We believe the current environment is an opportune time to seek out acquisitions and will continue to look at businesses that make sense to include in our product offering.

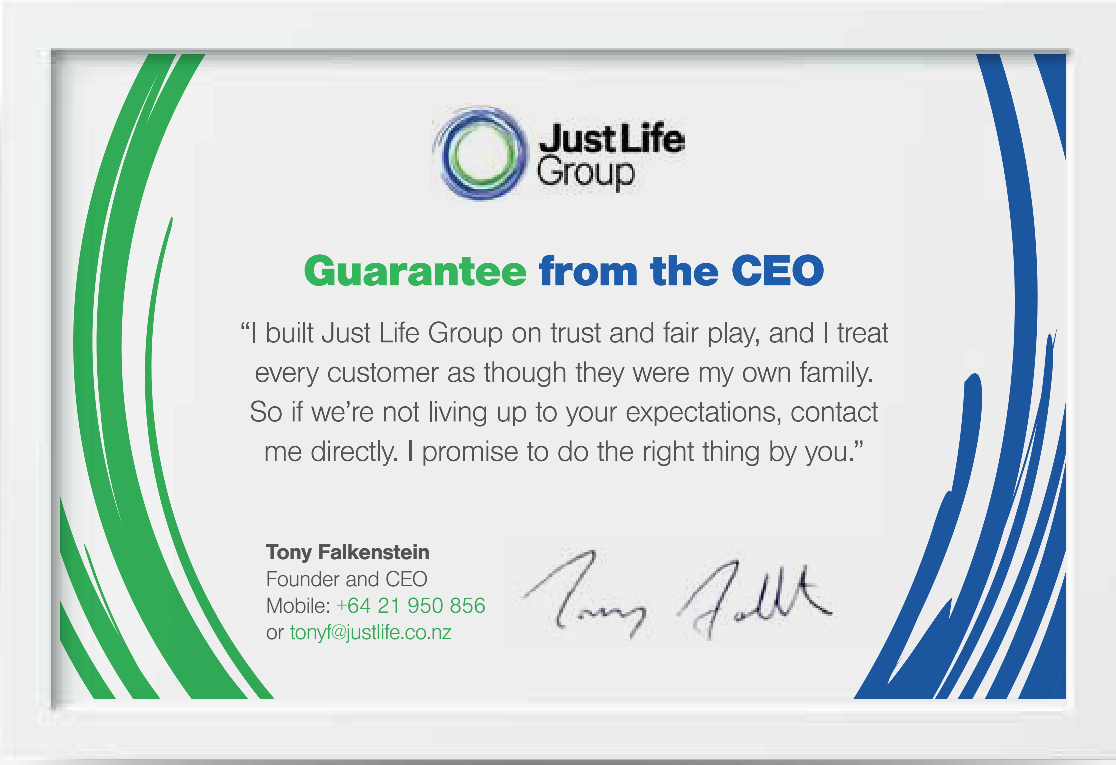
Sale of Head Office premises

In July 2022, the Head Office premises at 103 Hugo Johnston Drive, Penrose, was sold for $7.85 million. The directors believe that the timing was right to sell the building, reducing debt and allowing increased funding facility in the event of a further acquisition.

Shareholder dividend

The directors are pleased to recommend that a fully imputed final dividend of 1.4 cents per share be declared for the current year. This brings the total dividend for the year to 2.4 cents per share (2021: 2.4 cents per share). The record date for the dividend will be 14 September 2022 and the payment date will be 21 September 2022.

* 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.



Environment, Social and Governance Policy

An Environment, Social and Governance Policy considers the impact a company has on its employees, customers and the communities in which it operates.

- Environment – during the year the company had a third party assess our carbon footprint, achieving 'Carbon Footprint Certification'.
- Social – the Board has always acknowledged its social responsibilities, with special emphasis on Health and Safety, with a view to getting our employees home safely every day.
- Governance – the Board recognises the importance of good governance, particularly in delivering improved corporate performance and protecting the interests of stakeholders.

See page 83 for further information.

Our team

The Company has a committed team – never have we had a tougher two years for staff, and the directors are grateful for their desire to get the job done.

The appointment of three experienced leaders to the Executive Management Team has laid the foundation for the future.

The Board would like to express their sincere appreciation to all employees and their partners for their commitment and ongoing support during what has been another disrupted and challenging year.

Phil Norman
Chair

Tony Falkenstein
Chief Executive

Directors' Report

The Board of Directors present the consolidated financial statements of the Group for the year ended 30 June 2022 and the independent auditor's report thereon.

The directors are responsible, on behalf of the Company, for presenting these consolidated financial statements in accordance with applicable New Zealand legislation and generally acceptable accounting practices in New Zealand in order to present consolidated financial statements that present fairly, in all material respects, the financial position of the Group as at 30 June 2022 and the results of the Group's operations and cash flows for the year then ended.

For and on behalf of the Board of Directors who approved these consolidated financial statements for issue on 26 August 2022.

Phil Norman
Chair
26 August 2022

Tony Falkenstein
Chief Executive
26 August 2022

Financials


Just Water.
SOLATUBE
Innovation in Daylighting.
HERBAL IGNÍTE
hometech
Better spaces. Better lives.


about health
DESIGNER TANKS
THE CYLINDER GUY.co.nz
0800 234 800
unovent

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	30 June 2022 $000	30 June 2021 $000
Operating revenue	2.1	36,218	32,225
Government grants		226	-
Other income		165	291
Revenue		**36,609**	**32,516**
Employee costs	19.1	(9,767)	(8,209)
Finished goods and consumables used	7.3	(8,374)	(7,483)
Service contractors		(2,782)	(2,930)
Marketing expenses		(2,022)	(1,234)
Other operating expenses		(5,214)	(4,602)
Acquisition costs	19.1	(379)	(434)
Earnings before interest, tax, depreciation and amortisation	2.2	**8,071**	**7,624**
Depreciation	8	(1,387)	(1,357)
Impairment of goodwill	10.3	(800)	-
Amortisation of right of use assets	9	(471)	(517)
Amortisation of contract asset	10.2	(15)	(185)
Amortisation of other intangible assets	10.1	(888)	(351)
Profit before interest and tax		**4,510**	**5,214**
Interest expense		(1,029)	(521)
Profit before tax		**3,481**	**4,693**
Income tax expense	2.3	(1,253)	(1,393)
Profit after tax		**2,228**	**3,300**
Profit after tax is attributed to			
Shareholders of Just Life Group Limited		2,265	3,309
Non-controlling interests		(37)	(9)
Profit after tax		**2,228**	**3,300**
Other comprehensive income			
Gain on revaluation of land and buildings		863	1,176
Tax effect on gain from revaluation of land and buildings		413	(146)
Hedge reserve		160	(25)
Total comprehensive income		**3,664**	**4,305**
Total comprehensive income is attributed to			
Shareholders of Just Life Group Limited		3,701	4,314
Non-controlling interests		(37)	(9)
Total comprehensive income		**3,664**	**4,305**
Earnings per share for profit attributable to the shareholders of the Parent			
Basic earnings per share (cents)	6.2	2.3	3.6
Diluted earnings per share (cents)	6.2	2.3	3.6

The accompanying notes to the consolidated financial statements are an integral part of, and should be read in conjunction with, the above Consolidated Statement of Comprehensive Income of Just Life Group Limited.

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	30 June 2022 $000	30 June 2021 $000
CURRENT ASSETS			
Cash and cash equivalents	4.1	10	201
Trade and other receivables	7.1	4,304	3,720
Contract work in progress	7.2	559	729
Inventories	7.3	4,626	1,572
Derivative assets	18	133	-
Assets held for sale	5	7,516	-
Total current assets		**17,148**	**6,222**
NON-CURRENT ASSETS			
Property, plant and equipment	8	4,187	11,092
Right of use assets	9	3,000	1,466
Intangible assets	10	34,680	34,298
Contract assets	10.2	14	34
Total non-current assets		**41,881**	**46,890**
Total assets		**59,029**	**53,112**
CURRENT LIABILITIES			
Bank overdrafts	4.1, 13	255	203
Interest-bearing loans and borrowings	13	1,847	1,689
Trade and other payables		4,260	3,888
Derivative liabilities	18	-	26
Lease liabilities	12.1	285	445
Current tax liabilities		560	639
Contract liabilities	16	573	509
Total current liabilities		**7,780**	**7,399**
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	13	18,421	16,518
Lease liabilities	12.1	2,812	1,100
Deferred tax liabilities	11	2,172	2,532
Total non-current liabilities		**23,405**	**20,150**
Total liabilities		**31,185**	**27,549**
Net assets		**27,844**	**25,563**
EQUITY			
Share capital	6.1	29,507	28,525
Retained losses		(5,782)	(5,677)
Share option reserve		36	31
Hedging reserve		135	(25)
Asset revaluation reserve		3,937	2,661
Non-controlling interests		11	48
Total equity		**27,844**	**25,563**

Phil Norman
Chair and Independent Director
26 August 2022

Richard Carver
Independent Director
26 August 2022

The accompanying notes to the consolidated financial statements are an integral part of, and should be read in conjunction with, the above Consolidated Statement of Financial Position of Just Life Group Limited.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	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 1 July 2020	**23,141**	**(7,089)**	**11**	**(4)**	**1,631**	**-**	**17,690**
Profit for the period	-	3,309	-	-	-	(9)	3,300
Other comprehensive income	-	-	-	-	1,030	-	1,030
Total comprehensive income for the year	**-**	**3,309**	**-**	**-**	**1,030**	**(9)**	**4,330**
Issue of ordinary shares in relation to the Dividend Reinvestment Plan	1,323	-	-	-	-	-	1,323
Dividends paid	-	(1,897)	-	-	-	-	(1,897)
Hedging reserve	-	-	-	(21)	-	-	(21)
Fair value of options issued	-	-	20	-	-	-	20
Issue of ordinary shares in relation to share options	247	-	-	-	-	-	247
Issue of ordinary shares in relation to capital raising net of costs	3,814	-	-	-	-	-	3,814
Non-controlling interest	-	-	-	-	-	57	57
Balance as at 30 June 2021	**28,525**	**(5,677)**	**31**	**(25)**	**2,661**	**48**	**25,563**
Profit for the period	-	2,265	-	-	-	-	2,265
Other comprehensive income	-	-	-	-	1,276	-	1,276
Total comprehensive income for the year	**-**	**2,265**	**-**	**-**	**1,276**	**-**	**3,541**
Issue of ordinary shares in relation to the Dividend Reinvestment Plan	982	-	-	-	-	-	982
Dividends paid	-	(2,370)	-	-	-	-	(2,370)
Hedging reserve	-	-	-	160	-	-	160
Fair value of options issued	-	-	5	-	-	-	5
Non-controlling interest	-	-	-	-	-	(37)	(37)
Balance at 30 June 2022	**29,507**	**(5,782)**	**36**	**135**	**3,937**	**11**	**27,844**

The accompanying notes to the consolidated financial statements are an integral part of, and should be read in conjunction with, the above Consolidated Statement of Changes in Equity of Just Life Group Limited.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	30 June 2022 $000	30 June 2021 $000
Cash flows from operating activities			
Receipts from customers		36,305	32,754
Government grant received		226	-
Payments to suppliers and employees		(31,121)	(24,338)
Interest paid		(889)	(438)
Income tax paid		(1,478)	(1,283)
Net cash flows from operating activities	4.2	**3,043**	**6,695**
Cash flows from investing activities			
Acquisition through business combination		(2,119)	(19,080)
Purchase of property, plant and equipment		(1,308)	(733)
Proceeds from sale of property, plant and equipment		29	65
Purchase of intangible assets		(21)	(187)
Net cash flows used in investing activities		**(3,419)**	**(19,935)**
Cash flows from financing activities			
Proceeds from borrowings		15,200	33,450
Repayment of borrowings		(13,139)	(22,813)
Dividends paid to Company's shareholders (net of dividend reinvestment plan)		(1,388)	(574)
Lease repayments		(540)	(569)
Issued shares		-	4,061
Net cash flows from financing activities		**133**	**13,555**
Net (decrease)/increase in cash and cash equivalents		(243)	315
Cash and cash equivalents at beginning of financial year		(2)	(317)
Cash and cash equivalents at 30 June		**(245)**	**(2)**
Cash and cash equivalents		10	201
Bank overdrafts		(255)	(203)
Total cash and cash equivalents		**(245)**	**(2)**

The accompanying notes to the consolidated financial statements are an integral part of, and should be read in conjunction with, the above Consolidated Statement of Cash Flows of Just Life Group Limited.

1

General Information

The following consolidated financial statements for Just Life Group Limited (the 'Company') and its subsidiaries, (collectively the 'Group') are for the year ended 30 June 2022 and represent the full 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 segment note 2.2 for further details).

The preparation of consolidated financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates and judgements concerning the future. The resulting estimates may not equal related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are identified below.

Note 3	Business combinations	Page 25	Assumptions used in applying NZIFRS 3
Note 5	Assets held for sale	Page 27	Assumptions used in revaluation of land and buildings
Notes 10.3 & 10.6	Intangible assets	Pages 38 & 41	Assumptions used in testing goodwill and intangibles
Note 11	Deferred tax	Page 42	Recognition of deferred tax asset
Note 12	Leases	Page 43	Assumptions used in applying NZ IFRS 16

Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out throughout the document where they are applicable. These policies have been consistently applied to all years presented, unless otherwise stated.

Critical judgements and estimates in applying the accounting policies

Further details of the nature of these critical judgements and estimates may be found throughout the financial statements as they are applicable.

The Group has considered the impact of climate change on the business and the valuation of its tangible and intangible assets. To date, we have made no explicit adjustments to valuations in respect of climate change matters. This is an evolving area where regulations are in their infancy and management is closely monitoring and assessing the potential impact, if any, in the future.

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 financial statements have been approved for issue by the Board of Directors on 26 August 2022.

General Information

Basis of preparation

Statutory base

Just Life Group Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The consolidated financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Act 2013 and the NZX Main Board Listing Rules.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as applicable for profit orientated entities. They comply with International Financial Reporting Standards (IFRS) and New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Going concern

The consolidated financial statements have been prepared on a going concern basis. As at 30 June 2022 the Group had working capital of $9.321m (2021: -$1.177m). The directors assessed the financial performance of the Group, including forecast cash flows and unutilised bank facilities, and are satisfied that the going concern assumption remains appropriate.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1

General Information

Foreign currency

Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in New Zealand dollars, which is the Group's presentation currency. All financial information is presented in New Zealand dollars, which is the Group's presentation currency, and has been rounded to the nearest thousand.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss component of the Consolidated Statement of Comprehensive Income.

Government grants

As part of its response to COVID-19, the New Zealand Government provided wage subsidies over a specific calendar period to eligible businesses to allow those businesses to retain employees when they are closed or suffering reduced trading due to COVID-19.

The Group have applied NZ IAS 20 Accounting for Government Grants and Disclosure of Government Assistance in accounting for the income received from the COVID-19 Wage Subsidy.

NZ IAS 20 provides the following key definitions:

- Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets.
- Grants related to income are government grants other than those related to assets.
- Based on those definitions, the wage subsidy is a government grant related to income.

Under NZ IAS 20, the wage subsidy is recognised as income in the same period as the wage and salary costs that are being subsidised are recognised. The Group received $0.226m during the year ended 30 June 2022 and recognised this as government grants.

Financial Performance

This section outlines further details of the Group's financial performance.

2.1 Revenue

Just Life Group recognises revenue when performance obligations have been settled. A performance obligation is settled when the customer has received all the benefits associated with the performance obligation. The following sections detail the type of revenue recognised within each category. Revenue is recognised as follows:

2.1.1 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.

2.1.2 Product revenue

Product revenue is recognised at the point in time when a Group entity delivers and installs (if applicable) the product to the customer.

2.1.3 Service revenue

Service revenue comprises amounts received and receivable by the Group for the provision of services on customer owned water coolers. Service revenue is recognised at the point the service is performed.

2.1.4 Supply and installation of products

The revenue derived from the supply and installation contract of Hometech products is recognised over the period of the performance obligation being performed. Revenue and expenses for contracts that straddle reporting dates are recognised using percentage of completion method. The percentage of work completed during the current period is compared to the forecast total revenue and expenditure to be incurred on the contract and the resulting percentage is used to recognise revenue and expenditure for that contract. Any anticipated losses on the contract are recognised immediately.

	30 June 2022 $000	30 June 2021 $000
Recognised over time		
Water solutions revenue	10,226	10,447
Supply and installation of products	3,554	4,423
Recognised at a point in time		
Product revenue	21,798	16,706
Service revenue	640	649
Operating revenue	36,218	32,225

2

Financial Performance

2.2 Operating segments

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. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The Group operates and sells products in New Zealand. It operates business related to 'healthy living' and 'healthy homes' to offer New Zealanders better choices. The eight major brands have been allocated to the following segments:

- Healthy Living - Just Water, About Health, Intenza
- Healthy Homes - Unovent, Solatube, Hometech, The Cylinder Guy, Designer Tanks

The CODM has determined that the Just Water; About Health; Hometech and The Cylinder Guy are the four cash generating units (CGUs) for the purposes of goodwill impairment testing as disclosed in Note 10.3. The Just Life Group Corporate segment includes the corporate overhead costs of the Group.

OPERATING SEGMENTS 30 June 2022	Note	Healthy Living $000	Healthy Homes $000	Just Life Group Corporate $000	Total Group $000
Over time		10,226	3,554	-	13,780
At a point in time		10,422	12,016	-	22,438
Revenue		**20,648**	**15,570**	**-**	**36,218**
Other income		231	160	-	391
Employee costs		(6,364)	(2,924)	(479)	(9,767)
Other trading expenses		(6,879)	(10,962)	(551)	(18,392)
Acquisition costs		-	-	(379)	(379)
EBITDA[1]	2.2	**7,636**	**1,844**	**(1,409)**	**8,071**
Depreciation		(1,167)	(85)	(135)	(1,387)
Impairment of goodwill		-	(800)	-	(800)
Amortisation of right of use assets		(164)	(307)	-	(471)
Amortisation of contract assets		(15)	-	-	(15)
Amortisation of other intangible assets		(716)	(172)	-	(888)
EBIT[2]	2.2	**5,574**	**480**	**(1,544)**	**4,510**
Interest expense		(67)	(18)	(944)	(1,029)
Profit/(loss) before income tax		**5,507**	**462**	**(2,488)**	**3,481**
Income tax expense		(1,631)	(374)	752	(1,253)
Profit/(loss) for the period		**3,876**	**88**	**(1,736)**	**2,228**
Total additions to non-current assets excluding financial instruments and deferred tax assets		(1,319)	(10)	-	(1,329)

(1) EBITDA is a non-GAAP measure and is defined as earnings before net finance costs, income tax, depreciation and amortisation, and impairment losses.

(2) EBIT is a non-GAAP measure and is defined as earnings before net finance costs, and income tax.

Financial Performance

OPERATING SEGMENTS 30 June 2021	Note	Healthy Living $000	Healthy Homes $000	Just Life Group Corporate $000	Total Group $000
Over time		10,447	4,423	-	14,870
At a point in time		5,659	11,696	-	17,355
Revenue		**16,106**	**16,119**	**-**	**32,225**
Other income		156	135	-	291
Employee costs		(5,603)	(2,272)	(334)	(8,209)
Other trading expenses		(4,373)	(11,304)	(572)	(16,249)
Acquisition costs		-	-	(434)	(434)
EBITDA		**6,286**	**2,678**	**(1,340)**	**7,624**
Depreciation		(1,120)	(98)	(139)	(1,357)
Amortisation of right of use assets		(128)	(389)	-	(517)
Amortisation of contract assets		(185)	-	-	(185)
Amortisation of other intangible assets		(180)	(171)	-	(351)
EBIT		**4,673**	**2,020**	**(1,479)**	**5,214**
Interest expense		(50)	(61)	(410)	(521)
Profit/(loss) before income tax		**4,623**	**1,959**	**(1,889)**	**4,693**
Income tax expense		(1,255)	(531)	393	(1,393)
Profit/(loss) for the period		**3,368**	**1,428**	**(1,496)**	**3,300**
Total additions to non-current assets excluding financial instruments and deferred tax assets		756	165	-	921

Just Life Group Limited uses several non-GAAP measures when discussing financial performance. These include EBITDA and 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.

2

Financial Performance

2.3 Income tax expense

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and to unused tax losses.

	30 June 2022 $000	30 June 2021 $000
Current tax	1,399	1,349
Deferred tax	(146)	44
Income tax expense from continuing operations	**1,253**	**1,393**

	30 June 2022 $000	30 June 2021 $000
Reconciliation of income tax expense to tax rate applicable to profits		
Accounting profit before tax from continuing operations	3,481	4,693
At statutory income tax rate of 28% (2021: 28%)	975	1,314
Prior period adjustments	(71)	(46)
Non-deductible expenses for tax purposes:		
Other non-deductible expenses	349	125
Income tax expense	**1,253**	**1,393**

2.4 Imputation credits

The table below represents the balance of the imputation account as at the end of the reporting period adjusted for:

- Imputation credits that will arise from the payment of the amount of the provision for income tax;
- Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

	2022 $000	2021 $000
The amount of imputation credits available for use in subsequent reporting periods	6,372	5,863

Business Combinations

Acquisitions in current year

Intenza New Zealand

On 7 October 2021, the Group acquired the online supplements business of Intenza New Zealand Limited. Intenza owns well-known brands including Herbal Ignite Max and Prostate Power Flow.

The Group acquired Intenza to enlarge the range of online supplements in the healthy living segment that can be offered to its customers to promote healthy living.

The fair values of the identifiable assets and liabilities of Intenza as at the date of acquisition were:

	30 June 2022 fair value recognised on acquisition $000
Assets	
Inventories	261
Property, plant and equipment	8
Trade marks	58
Customer relationships	303
Brands	407
	1,037
Liabilities	
Deferred tax liability	(199)
Total identifiable net assets at fair value	838
Goodwill arising on acquisition	1,281
Cash paid	**2,119**

The goodwill of $1,281,000 arising on the acquisition is attributed to the business know-how and the premium paid for a proven business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Intenza's contribution to the Group results for the year ended 30 June 2022 was revenue of $902,000 and operating profit before interest, tax, depreciation and amortisation of intangibles of $315,000, net of acquisition costs of $68,000.

If the acquisition had occurred at the beginning of the year, the contribution to revenue and operating profit before interest, tax depreciation and amortisation of intangibles for the year would have been $1,234,000 and $524,000 (excluding acquisition costs of $68,000), respectively.

4

Cash and Short-term Deposits

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly-liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

4.1 Cash and cash equivalents

	Group as at 30 June 2022 $000	Group as at 30 June 2021 $000
Cash and cash equivalents include the following for the purposes of the cash flow statement:		
Cash at bank	10	201
Bank overdrafts	(255)	(203)
Cash and cash equivalents	**(245)**	**(2)**

4.2 Reconciliation of net profit after income tax to net cash inflow from operating activities

	30 June 2022 $000	30 June 2021 $000
Profit after tax for the year	**2,228**	**3,300**
Non-cash items:		
Depreciation of property, plant and equipment	1,387	1,357
Amortisation of right of use assets	471	517
Amortisation of intangible assets	904	536
Impairment of goodwill	800	-
Loss on disposal of property, plant and equipment	80	29
Amortisation of facility fees	51	-
Provision for doubtful debts	(108)	(236)
Provision for tax	(79)	67
Deferred tax	(146)	44
Share option expense	5	20
Lease liability interest	87	84
Net non-cash items	**3,452**	**2,418**
Change in working capital:		
Decrease/(increase) in inventories and work in progress	(2,560)	1,587
Decrease/(increase) in trade receivables	(619)	332
Decrease/(increase) in trade and other payables, contract liabilities	542	(942)
Net change in working capital	**(2,637)**	**977**
Net cash generated from operating activities	**3,043**	**6,695**

Assets Held for Sale

On 8 June 2022, the Group announced to staff the decision of the Board of Directors to sell the land and buildings owned by the Group at 103 Hugo Johnston Drive, Penrose. The sale of the land and buildings was completed on 19 August 2022 for a price of $7.85 million.

The Group classifies assets as held for sale if their carrying amounts will be recovered primarily through a sale transaction rather than continuous use. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset is currently available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale decision will be withdrawn. Management must commit to a plan to sell the asset and the sale must be expected to be completed within one year from the date of the classification. Assets classified as held for sale are presented separately as current items in the Consolidated Statement of Financial Position. Assets are not depreciated once classified as held for sale.

At 30 June 2022, the land and buildings at 103 Hugo Johnston Drive were classified as held for sale. At this date, the assets' fair value was $7,650,000. Costs to sell the assets were estimated at $134,000.

	30 June 2022 $000
Assets classified as held for sale	7,516
Total assets classified as held for sale	**7,516**

Land and buildings valuation

The external independent valuation of land and buildings was conducted by Seagar & Partners on 7 April 2022. Seagar & Partners valued the land and building at $7,650,000 in accordance with the Property Institute of New Zealand Valuation and Property Standards and the provisions of NZ IAS 16 Property, Plant and Equipment and NZ IFRS 13 Fair Value Measurement. The directors considered the core underlying assumptions used in the valuation and concluded that the valuation would be carried in the financial statements at 100% of the value assessed by Seagar & Partners.

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Assets Held for Sale

NZ IFRS 13 requires the disclosure of this fair value measurement by a level of fair value hierarchy. For valuation purposes, land and buildings are considered to be a level 3 asset (disclosure value inputs) within this fair value hierarchy.

The valuation utilised both the income capitalisation method and the discounted cash flow method. The observable inputs were the rental capitalisation rate as applied to estimated rental income and the value per square metre based on comparable sales as shown below:

Space	Area m^2	Rental rate m^2
Warehouse	1441.5	$135
Office amenities	575.7	$220

The market capitalisation rate is 4.25%.

Revaluation surplus

Any revaluation increasing the fair value of land and buildings is credited to asset revaluation reserve in equity and any revaluation that offsets previous increases of the same asset is charged to other comprehensive income and debited to the asset revaluation reserve in equity; all other decreases are charged to the profit or loss in the Consolidated Statement of Comprehensive Income. Upon disposal or de-recognition of an asset, any revaluation reserve relating to that particular asset is transferred directly to retained losses.

Capital Structure

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

	30 June 2022 $000	30 June 2021 $000
Ordinary shares, issued and fully-paid	98,557	97,369

All ordinary shares rank equally with one vote attached to each fully-paid ordinary share. Shares have no par value. Shares are listed on the NZX Main Board.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of ordinary shares held.

Every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

6.1 Contributed equity

Movements in ordinary share capital:	**Number of shares 000's**	**Share capital $000**
Ordinary shares on issue as at 30 June 2020	89,348	23,141
Shares issued under the Dividend Reinvestment Plan	1,635	1,323
Share options exercised	500	247
Shares issued from rights issue	5,886	4,120
Share issue costs	-	(306)
Ordinary shares on issue as at 30 June 2021	**97,369**	**28,525**
Shares issued under the Dividend Reinvestment Plan	1,188	982
Ordinary shares on issue as at 30 June 2022	**98,557**	**29,507**

Capital Structure

6.2 Earnings per share

Basic earnings per share are calculated by dividing the profit after tax attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	Year ended 30 June 2022 $000	Year ended 30 June 2021 $000
Profit attributable to ordinary equity holders of the parent for basic earnings	2,265	3,309
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating basic earnings per share	98,026	90,920
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	98,527	91,870

	Year ended 30 June 2022	Year ended 30 June 2021
Earnings per share for profit attributable to the shareholders of the parent		
Basic earnings per share (cents)	2.3	3.6
Diluted earnings per share (cents)	2.3	3.6

6.3 Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

Dividends were announced during the year ended 30 June 2022 of $2,370,000 (2021: $1,897,000). The cash portion of the dividend paid was $1,388,000 (2021: $574,000). The portion reinvested and linked to the Dividend Reinvestment Plan was $982,000 (2021: $1,322,000).

Capital Structure

6.4 Options on issue

The executive share option plan was designed to provide long-term incentives for senior managers and above (including executive directors) to provide long-term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights and expire five years after the offer date of the option.

On 12 March 2019 Just Life Group Limited granted Eldon Roberts (Chief Operating Officer) an option to purchase 500,000 fully paid ordinary shares in Just Life Group Limited. The exercise price for the granted option is $0.493 per share. The option is conditional on the employee remaining in the employment of the Group, and can be exercised any time after 24 months from the grant date. The fair value of the share option granted at grant date was $0.1029. These 500,000 options were exercised in cash on 3 May 2021, contributing $246,500 to equity.

On 22 June 2020, Just Life Group Limited granted Eldon Roberts (Chief Operating Officer) an option to purchase 250,000 fully paid ordinary shares in Just Life Group Limited and Lynne Jacobs (Group General Manager) an option to purchase 250,000 fully paid ordinary shares in Just Life Group Limited. The exercise price for the granted option is $0.492 per share. The option is conditional on the employee remaining in the employment of the Group, and can be exercised any time after 24 months from the grant date. The fair value of the share option granted at grant date was $0.0942.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

	Expiry date	Exercise price	30 June 2022	30 June 2021
Granted date			**Number outstanding**	**Number outstanding**
22 June 2020	19 June 2025	$.492	500,000	500,000
Total			**500,000**	**500,000**

The fair value of options granted is recognised as an expense in the Consolidated Statement of Comprehensive Income with a corresponding increase in the share option reserve. The fair value is measured at grant date and amortised over the vesting periods. Just Life Group Limited has recognised $5,000 of employee expenses during the year ended 30 June 2022 (2021: $20,000) related to two active members of the Executive Share Option scheme.

The fair value of the rights granted is measured using Just Life Group share price as at the grant date. When performance rights vest, the amount in the share option reserve relating to those rights is transferred to share capital. When any granted performance rights lapse upon participant termination, the amount in the share option reserve relating to the rights is transferred to retained earnings.

Operating Assets

7.1 Trade and other receivables

Trade 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 operating expenses of the Consolidated Statement of Comprehensive Income. Details about the Group's application of NZ IFRS 9 Financial Instruments are provided in Note 18.

	30 June 2022 $000	30 June 2021 $000
Trade receivables	3,454	3,329
Doubtful debts provision	(100)	(208)
Net trade receivables	**3,354**	**3,121**
Prepayments and other receivables	950	599
Trade and other receivables	**4,304**	**3,720**

	30 June 2022 $000	30 June 2021 $000
Movement in the provision for doubtful trade receivables is as follows:		
As at 1 July	208	444
Expected specific and expected credit losses recognised	123	(112)
Write-offs during year as uncollectable	(231)	(124)
As at 30 June	**100**	**208**

7.2 Contract work in progress

Contract work in progress is valued on a percentage of completion basis in accordance with accounting policy.

	30 June 2022 $000	30 June 2021 $000
Contract work in progress	559	729

Operating Assets

7.3 Inventories

Inventories consist of finished goods, and consumables. Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis for consumables and individual purchase cost basis for coolers.

	30 June 2022 $000	30 June 2021 $000
Finished goods	4,416	1,414
Consumables	210	158
Total inventories and work in progress	**4,626**	**1,572**

The cost of finished goods and consumables consumed recognised as an expense in the Consolidated Statement of Comprehensive Income is $8,374,000 (2021: $7,483,000) for the Group.

Write downs of inventories to net realisable value were recognised as an expense of $23,700 during 2022 compared to an expense in 2021 of $50,100. The net movement in provision has been included in 'Finished goods and consumables used' in the Consolidated Statement of Comprehensive Income.

The provision for inventory obsolescence was $329,000 at 30 June 2022 ($493,000 at 30 June 2021).

8 Operating Assets

8.1 Land and buildings

Land and buildings are measured at fair value based on periodic valuations by independent external valuers, less any impairment losses recognised after the date of valuation. Valuations are performed with sufficient regularity to ensure the carrying amount does not differ materially from fair value. At 30 June 2022, land and buildings were reclassified as assets held for sale (see note 5).

8.2 Other items

All other items of property, plant and equipment (PPE) are shown at cost less subsequent depreciation and impairment. The cost of purchased PPE is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use. Where parts of an item of PPE have different useful lives, they are accounted for as separate items of PPE.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss component of the Statements of Comprehensive Income during the financial period in which they are incurred.

With the exception of the Hometech CGU, depreciation on assets is calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful lives, as follows:

Leasehold improvements	5-15 Years
Rental equipment	2-8 years
Office equipment	3-11 years
Motor vehicles	4-5 years
Plant and machinery	4-10 years
Buildings	50 years

Hometech assets are depreciated using the diminishing value method to allocate their cost, net of their residual values over their estimated useful lives, as follows:

Leasehold improvements	10%-20%
Office equipment	8%-80%
Motor vehicles	18%-60%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the profit or loss component of the Consolidated Statement of Comprehensive Income. Work in progress is accounted for at cost and capitalised to PPE as projects are completed and become ready for use.

Operating Assets

	Leasehold improvements $000	Water solutions equipment $000	Motor vehicles $000	Plant and office equipment $000	Land $000	Buildings $000	Total $000
As at 30 June 2020							
Cost	1,273	10,592	2,341	3,322	2,300	2,763	22,591
Accumulated depreciation	(393)	(7,412)	(2,017)	(2,148)	-	(2)	(11,972)
Net book amount	**880**	**3,180**	**324**	**1,174**	**2,300**	**2,761**	**10,619**
Year ended 30 June 2021							
Opening net book amount	880	3,180	324	1,174	2,300	2,761	10,619
Additions	17	476	163	77	-	-	733
Acquisition through business combinations	-	-	-	13	-	-	13
Disposals/transfer	-	(75)	(15)	(3)	-	-	(93)
Revaluation adjustment	-	-	-	-	700	477	1,177
Depreciation charge for the year	(106)	(834)	(120)	(242)	-	(55)	(1,357)
Closing net book amount	**791**	**2,747**	**352**	**1,019**	**3,000**	**3,183**	**11,092**
As at 30 June 2021							
Cost	1,290	10,227	2,146	3,279	3,000	3,189	23,131
Accumulated depreciation	(499)	(7,480)	(1,794)	(2,260)		(6)	(12,039)
Net book amount	**791**	**2,747**	**352**	**1,019**	**3,000**	**3,183**	**11,092**
Year ended 30 June 2022							
Opening net book amount	791	2,747	352	1,019	3,000	3,183	11,092
Additions	2	1,150	59	97	-	-	1,308
Acquisition through business combinations	-	-	-	8	-	-	8
Disposals/transfer	-	(166)	(9)	(6)	-	-	(181)
Transfer to Assets held for sale	(528)	-	-	-	(3,750)	(3,372)	(7,650)
Revaluation adjustment	-	-	-	-	750	247	997
Depreciation charge for the year	(95)	(864)	(140)	(230)	-	(58)	(1,387)
At 30 June 2022	**170**	**2,867**	**262**	**888**	**-**	**-**	**4,187**
As at 30 June 2022							
Cost	1,292	11,377	2,205	3,384	3,750	3,372	25,380
Transfer to Assets held for sale	(528)	-	-	-	(3,750)	(3,372)	(7,650)
Accumulated depreciation	(594)	(8,510)	(1,943)	(2,496)	-	-	(13,543)
Closing net book amount	**170**	**2,867**	**262**	**888**	**-**	**-**	**4,187**

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Right of Use Assets

The following tables show the movements and analysis in relation to the right of use assets created on the adoption of NZ IFRS 16:

	Buildings $000	Equipment $000	Vehicles $000	Total $000
GROUP as at 30 June 2021				
Cost	2,134	68	70	2,272
Accumulated amortisation	(731)	(38)	(37)	(806)
Net book amount	**1,403**	**30**	**33**	**1,466**
Year ended 30 June 2022				
Opening net book amount	1,403	30	33	1,466
Additions	2,005	-	-	2,005
Amortisation charge for the year	(433)	(19)	(19)	(471)
Closing net book amount	**2,975**	**11**	**14**	**3,000**
As at 30 June 2022				
Cost	3,558	68	70	3,696
Accumulated amortisation	(583)	(57)	(56)	(696)
Net book amount	**2,975**	**11**	**14**	**3,000**

Intangible Assets

10.1 Intangible assets

	Software $000	Goodwill $000	Patents and trademarks $000	Customer relationships $000	Brands $000	Total $000
As at 1 July 2020						
Cost	3,035	11,824	587	1,055	-	16,501
Accumulated amortisation	(2,722)	-	(99)	(865)	-	(3,686)
Net book amount	**313**	**11,824**	**488**	**190**	**-**	**12,815**
Year ended 30 June 2021						
Opening net book amount	313	11,824	488	190	-	12,815
Additions	180	-	8	-	-	188
Acquisition through business combinations	150	11,414	31	7,589	2,462	21,646
Amortisation charge for the year charge for the year	(190)	-	(45)	(116)	-	(351)
Closing net book amount	**453**	**23,238**	**482**	**7,663**	**2,462**	**34,298**
As at 30 June 2021						
Cost	3,017	23,238	621	7,843	2,462	37,181
Accumulated amortisation	(2,564)	-	(139)	(180)	-	(2,883)
Carrying amount at 30 June 2021	**453**	**23,238**	**482**	**7,663**	**2,462**	**34,298**
Year ended 30 June 2022						
Opening net book amount	453	23,238	482	7,663	2,462	34,298
Additions	20	-	1	-	-	21
Acquisition through business combinations	-	1,281	58	303	407	2,049
Impairment	-	(800)	-	-	-	(800)
Amortisation charge for the year	(226)	-	(49)	(613)	-	(888)
Closing net book amount	**247**	**23,719**	**492**	**7,353**	**2,869**	**34,680**
As at 30 June 2022						
Cost	2,824	24,519	678	8,146	2,869	39,036
Accumulated amortisation and impairment	(2,577)	(800)	(186)	(793)	-	(4,356)
Carrying amount at 30 June 2022	**247**	**23,719**	**492**	**7,353**	**2,869**	**34,680**

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Intangible Assets

10.2 Contract assets

10.2.1 Capitalised contract acquisition costs

Schedule of capitalised contract acquisition costs	$000
As at 30 June 2021	
Cost	236
Accumulated amortisation	(221)
Net book amount	15
Year ended 30 June 2022	
Opening net book amount	15
Amortisation charge	(15)
Net book amount at 30 June 2022	-

10.2.2 Accrued revenue

Contract assets represent the accrued service revenue where performance obligation has been fulfilled but the invoice has not been raised at year end. The contract assets balance at year end is $14,300 (2021: $19,000). The balance from the previous financial year has been invoiced and is therefore released from contract assets during the year.

10.3 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets.

Goodwill has been allocated to the following four CGUs:

	30 June 2022 $000	30 June 2021 $000
Goodwill		
Just Water	5,374	5,374
Hometech	6,450	6,450
The Cylinder Guy	667	1,467
Health Supplements	11,228	9,947
Net book amount	**23,719**	**23,238**

Intangible Assets

10.3.1 Impairment testing

Intangible and tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, which has an indefinite useful life, is not subject to amortisation and is tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The carrying amount includes all intangible assets, including goodwill, brands and customer relationships where applicable. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

A value in use method is used in determining the recoverable amount of the Just Water CGU. Fair value less cost of disposal method is used to determine the recoverable amount of the remaining three CGUs. In addition, management also utilised value in use methodology to determine the recoverable amount of The Cylinder Guy CGU. Determination of appropriate pre-tax cash flows, terminal growth rates and discount rates for the calculation of the recoverable amount is subjective and requires a number of assumptions to be made, including growth rate in revenue and net profit, timing and quantum of future capital expenditure, working capital, long-term growth and the selection of discount rates to reflect the risks involved.

In assessing the recoverable amount the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the CGU.

The values assigned to the key assumptions represent management's assessment of future trends and are based on both external and internal sources.

The Group has carried out an annual impairment review of goodwill allocated to each CGU. Cash flows were projected based on a 5-year business model for each CGU. For the Just Water CGU, management's goodwill impairment assessment is based on the approved budgeted cash flows and projected revenue using the average growth rates shown in the below table. For the remaining three CGUs, management has projected the cash flows based on the historical revenue performance and considering the current economic outlook.

For the purposes of impairment testing a terminal growth rate has been used for all CGUs based on the long term average. Management used 2.0% as the baseline assumption for the impairment testing models, apart from Just Water where 1% has been used.

Management believes that revenue growth numbers are realistic and reflect the current economic forecasts. The economic forecasts are future estimates and likely to change on an ongoing basis.

Other factors considered when testing goodwill for impairment include:

- Market competition factors;
- Actual financial performance against budgeted financial performance; and
- Any material unfavourable operational and regulatory factors.

10 Intangible Assets

The key assumptions used in the valuation calculations are as follows:

	Terminal growth rate	Discount rate - pre-tax	Average revenue growth rate per annum between FY23 to FY27
30 June 2022			
Just Water	1.0%	13.2%	(2.1%)
Hometech	2.0%	19.5%	3.4%
The Cylinder Guy	2.0%	19.5%	1.8%
Health Supplements	2.0%	17.5%	5.4%
30 June 2021			
Just Water	1.0%	13.2%	(4.0%)
Hometech	2.0%	19.5%	6.7%
The Cylinder Guy	2.0%	19.5%	11.4%
About Health	2.0%	17.5%	5.0%

Management's impairment testing has shown that the carrying value of the The Cylinder Guy CGU exceeds its recoverable amount by $800,000, and as a result has recorded an impairment.

Sensitivity to changes in assumptions

With regard to the assessment of the recoverable value for Just Water and Hometech and Health Supplements, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed the recoverable amount.

As The Cylinder Guy has already been impaired, a reasonable change in any of the above key assumptions will cause the carrying value to materially exceed the recoverable amount even further. Detailed below is the further impairment amount that would result from a change in one of these assumptions in the fair value assessment of the The Cylinder Guy CGU:

- WACC discount rate: 1% increase, $0.1 million
- Revenue growth: 1% reduction, $0.2 million
- Terminal growth: 1% reduction, $0.1 million

10.4 Customer relationships

Customer relationships acquired are amortised over the period of expected future benefit on a straight-line basis. Customer relationships acquired from acquisitions of About Health and Intenza are amortised over between 3 and 15 years.

Intangible Assets

10.5 Brands

Brand names are considered to have indefinite useful lives as the Group has rights to these names in perpetuity.

10.6 Assets: Intangible assets other than goodwill

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised other intangible assets is capitalised only when they increase the future economic benefits embodied in the specific asset to which it related. All other expenditure is expensed as incurred.

Amortisation is charged to the profit or loss component of the Consolidated Statement of Comprehensive Income over the estimated useful lives of intangible assets unless such lives are indefinite.

Software assets and licenses are recorded as intangible assets unless they are directly related to a specific item of hardware and recorded as property, plant and equipment and amortised over a period of three to four years. Software assets and licenses relate to items where the Group hosts the software and/or owns the source code.

With the exception of Hometech software/licences, amortisation on assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

	2022	2021
Software/licences	3-4 years	3-4 years
Patents and trademarks	20 years	20 years

Hometech amortisation on assets is calculated using the diminishing-value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

	2022	2021
Software/licences	50%	50%

11 Deferred Tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current tax assets of one entity in the Group are offset against a current tax liability of another entity in the Group if, and only if, the entities concerned have a legally enforceable right to make or receive a single net payment and the entities intend to make or receive such a net payment or to recover the asset and settle the liability simultaneously.

The utilisation of the deferred tax asset relating to temporary differences is dependent on future tax profits in excess of the profits arising from the reversal of existing taxable temporary differences. If it is not probable they will be utilised, the losses are de-recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements on the deferred income tax account are as follows:

	30 June 2022 $000	30 June 2021 $000
As at 1 July 2021	(2,532)	474
Deferred tax	146	(44)
Deferred taxes acquired in business combinations	(199)	(2,814)
Revaluation of property	413	(148)
As at 30 June 2022	**(2,172)**	**(2,532)**

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdiction, is as follows:

Deferred tax assets/(Deferred tax liabilities)	Accruals $000	Property plant and equipment $000	Customer contracts $000	Total $000
At 30 June 2020	483	45	(54)	474
Business combinations	-	-	(2,814)	(2,814)
Equity	-	(148)	-	(148)
Profit or (loss)	(10)	(68)	34	(44)
As at 30 June 2021	**473**	**(171)**	**(2,834)**	**(2,532)**
Business combinations	-	-	(199)	(199)
Equity	-	413	-	413
Profit or (loss)	(31)	6	171	146
At 30 June 2022	**442**	**248**	**(2,862)**	**(2,172)**

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

12.1 Lease liabilities

	30 June 2022 $000	30 June 2021 $000
Lease liabilities		
Current	285	445
Non-current	2,812	1,100
	3,097	**1,545**
Depreciation charge of right of use assets		
Buildings	433	474
Equipment	19	19
Vehicles	19	24
	471	517
Interest expense (included in finance costs)	87	83
Short-term leases and expense relating to leases of low-value assets	1	7
Lease payments NZ IFRS 16 (included in financing activities of the Consolidated Statement of Cash Flows)	537	569
	625	**659**

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period. The lease asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

13 Interest-bearing Liabilities

Interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Interest-bearing liabilities are subsequently restated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss component of the Consolidated Statement of Comprehensive Income over the period of the interest-bearing liabilities using the effective interest method. Interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

	30 June 2022 $000	30 June 2021 $000
Current interest-bearing loans and borrowings		
Bank overdrafts	255	203
Short-term borrowings	-	-
Bank Loans	1,847	1,689
Total current interest-bearing liabilities	**2,102**	**1,892**
Non-current interest-bearing loans and borrowings		
Bank loans	18,421	16,518
Total non-current interest-bearing loans and borrowings	**18,421**	**16,518**
Total interest-bearing loans and borrowings	**20,523**	**18,410**

The movement of financing activities, excluding bank overdraft, is detailed below:

	30 June 2022 $000	30 June 2021 $000
Balance at beginning of year	18,207	7,570
Proceeds from borrowings	15,200	33,450
Repayment of borrowings	(13,139)	(22,813)
Total liabilities from financing activities	**20,268**	**18,207**

The Group is subject to a number of covenants under its banking agreements. During the year the Group complied with all of the required covenants.

The net bank facility drawn as at year end was $20,615,000 (2021: $18,553,000); the undrawn banking facility at year end was $3,846,000 (2021: $5,647,000).

Interest-bearing Liabilities

The bank facility agreements are as follows:

	Maturity date	30 June $000
Facility Agreement A	30 April 2024	6,721
Facility Agreement B	30 April 2024	3,540
Facility Agreement D	30 April 2024	13,200
Just Life Group facility - loan and overdraft	On demand	1,000
		24,461

Facility agreements A and B have monthly repayments commenced in August 2021 totalling $158,000.

The bank loans and overdrafts are secured by a floating debenture over the Group assets and cross guarantees between the entities.

The effective interest rates at the balance date were as follows:

	Group as at 30 June 2022	Group as at 30 June 2021
Bank overdraft	7.23%	4.62%
Bank loans	4.10%-5.82%	3.55%-5.05%

14 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid at year end. The amounts are unsecured and are generally paid within normal terms of trade. Trade payables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

	30 June 2022 $000	30 June 2021 $000
Trade payables	3,249	2,853
Related-party payables	10	7
Accrued expenses	1,001	1,028
Total trade and other payables	**4,260**	**3,888**

Related Parties Transactions

Key management personnel include Just Life Group's Board of Directors (executive and non-executive) and senior management.

Senior management is defined as the CEO and personnel that report directly to the CEO. Senior management personnel include 5 key senior management in 2022 (2021: 3 key senior management).

	30 June 2022 $000	30 June 2021 $000
Short-term employee benefits	981	873
Long-term benefits	4	2
Directors' fees	175	161
Total compensation paid to key management personnel	**1,160**	**1,036**

Outstanding balance of senior management personnel entitlements as at 30 June 2022 was $83,100 (2021: $143,100). Balances are settled in cash.

Related parties transactions included in trade and other payables

The Group's ultimate parent is The Harvard Group Limited, which owns or has voting entitlements for 80.83% of the Company's shares. The remaining 19.17% is widely held. The Group's ultimate controlling parties are Ian Malcolm and Tony Falkenstein.

Pure SEO Limited, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, provided internet search engine optimisation services to the Group during the financial year to the value of $81,000 (2021: $68,200). As at balance date the Group had a trade payable balance of nil (2021: $2,100).

Advisory Works Limited, a company of which Ian Malcolm is a director and shareholder, provided consulting services to the Group during the financial year to the value of $8,600 (2021: $17,500). As at balance date the Group had a trade payable balance of nil (2021: nil).

Carver Management Limited, a company of which Richard Carver is a director, provided services to the Group during the financial year to the value of $300 (2021: $600). As at balance date the Group had a trade payable balance of $300 (2021: $100).

Dialhog Limited, a company of which Ian Malcolm is a shareholder, provided services to the Group during the financial year to the value of $46,400 (2021: $49,000). As at balance date the Group had a trade payable balance of $3,900 (2021: $4,100).

Milestone Group Limited, a company of which Richard Carver is a director, provided services to the Group during the financial year to the value of $1,500 (2021: $800). As at balance date the Group had a trade payable balance of $400 (2021: $600).

Jennian Holdings Ltd, a company of which Richard Carver is a director, provided services to the Group during the financial year to the value of $3,700 (2021: $5,600). At balance date the Group had $300 (2021: $100) balances payable in respect of this related party.

16 Contract Liabilities

Contract liabilities represent the deferred water solution revenue, Hometech revenue and The Cylinder Guy revenue where an invoice has been raised but performance obligation has not been fulfilled at year end.

The contract liabilities balance at year end is $573,000 (2021: $509,000). The balance from the previous financial year has been recognised as revenue during the current year when the performance obligation had been fulfilled.

Employee Benefit Payables and Accruals

17.1 Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of balance date, are recognised in other payables in respect of employees' services up to the balance date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

17.2 Short-term employee benefits

Employee entitlements to salary and wages, annual leave and sick leave to be settled within 12 months of the balance date, represent present obligations resulting from employees' services provided up to the balance date, calculated at undiscounted amounts based on remuneration rates that the Group expects to pay.

17.3 Kiwisaver

KiwiSaver is a voluntary savings initiative administrated by the Inland Revenue Department. Just Life Group make contributions to eligible employees at the compulsory rate of 3% of eligible employee's gross salary or wages as required by the KiwiSaver Act 2006.

Deductions for enrolled members to the KiwiSaver scheme are made from the employees gross salary or wages. Employer contributions and employee deductions are paid to the Inland Revenue with PAYE payments.

18 Financial Risk Management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

	Exposure arising from	Measurement	Management
Market risk - foreign exchange	Future commercial transaction not domiciled in NZD. Recognised financial assets and liabilities not denominated in NZD	Cash flow forecasting Sensitivity analysis	Foreign currency forward contracts
Market risk - interest rates	Long - term borrowings at variable rates	Sensitivity analysis	Fixed rate loans
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits and use of stop credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Group's risk management is predominantly controlled by the corporate (parent) function under policies approved by the Board of Directors. Group corporate identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, guidance covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

18.1 Derivatives

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans and inventory at the fixed foreign currency rate for the hedged purchases. Fair value of the derivatives at year end was disclosed in the Consolidated Statement of Financial Position.

Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Financial Risk Management

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item. The Group does not hedge 100% of forecast foreign currency purchases therefore the Group performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of New Zealand or the derivative counterparty.

18.2 Market risk

Foreign exchange risk

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	30 June 2022			30 June 2021		
	USD $000	**AUD $000**	**EUR €000**	**USD $000**	**AUD $000**	**EUR €000**
Pre-payments	7	-	1	4	-	1
Trade payables	233	297	2	136	171	-
Foreign currency forward contracts						
Cash flow hedges	1,413	847	20	1,232	821	91

Financial Risk Management

Instruments used by the Group

The Group use international suppliers and is exposed to foreign exchange risk, primarily USD and AUD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The risk is measured through a forecast of highly probable expenditures in foreign currency. The risk is hedged with the objective of minimising the volatility of the New Zealand currency cost of highly probable forecast inventory purchases.

The Group treasury's risk management policy is to hedge between 70% and 80% of forecast foreign currency cash flows for inventory purchases up to one year in advance, subject to a review of the cost of implementing each hedge. For the year ended 30 June 2022, approximately 80% of inventory purchases were hedged in respect of foreign currency risk.

The Group uses foreign currency forward contracts to hedge its exposure to foreign currency risk. Under the Group's policy the critical terms of the forwards and options must align with the hedged items.

The Group only designates the spot component of foreign currency forward contracts in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. It is discounted, where material.

The changes in the forward element of the foreign currency forward contracts and the time value of the options that relate to hedged items are deferred in the hedging reserve.

	Group as at 30 June 2022	Group as at 30 June 2021
Weighted average hedged rate for the year (including forward points)		
USD	0.6609	0.6915
AUD	0.9154	0.9275
EUR	0.5771	0.5761

Sensitivity

The majority of the Group's forward currency hedges are domiciled in USD. This constituted 69% of all foreign currency hedges as at 30 June 2022.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

	Effect on profit before tax	Effect on equity
Year ended 30 June 2022		
USD/NZD exchange rate - cross rate decreases by 10%	9	-
USD/NZD exchange rate - cross rate increases by 10%	(9)	-
Year ended 30 June 2021		
USD/NZD exchange rate - cross rate decreases by 10%	41	-
USD/NZD exchange rate - cross rate increases by 10%	(34)	-

Financial Risk Management

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to assess the expected principal repayment profile of its borrowings and enter into fixed rate loans to achieve an interest rate profile that is acceptable to the directors, taking forecasts and economic projections into consideration. Generally, the Group enters into long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. The Group's borrowings are only denominated in New Zealand dollars.

The Group's borrowings and receivables are carried at amortised cost. The borrowings are periodically contractually repriced (see below) and to that extent are also exposed to the risk of future changes in market interest rates.

Bank loans currently in place have fixed and variable interest rates.

Of the total bank borrowings $2.0m is at a fixed interest rate of 4.10% for 1 year and 6 months and $4.0m is at a fixed interest rate of 4.29% for 1 year and 10 months (2021: 4.29%), after which the interest rates will be repriced (if applicable).

The remaining bank borrowings are at a variable rate of 1.25% above the 90-day bank bill rate (2021: 1.25%). The bank overdrafts are exposed to a floating interest rate.

Sensitivity

Profit or loss is sensitive to higher/lower interest charges on borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings and the fair value of debt investments at fair value through other comprehensive income.

	Impact on profit before tax		Impact on other components of equity	
Consolidated entity	**Group as at 30 June 2022 $000**	**Group as at 30 June 2021 $000**	**Group as at 30 June 2022 $000**	**Group as at 30 June 2021 $000**
Interest rates - increase by 100 basis points	206	186	-	-
Interest rates - decrease by 100 basis points	(206)	(186)	-	-

18.3 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

Risk management

Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating,

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Financial Risk Management

line management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by senior management. The compliance with credit limits by customers is regularly monitored by line management.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Security

For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

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.

Trade receivables and contract work in progress

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and work in progress.

To measure the expected credit losses, trade receivables and work in progress have been grouped based on shared credit risk characteristics and the days past due.

Unbilled work in progress has substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the work in progress.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 June 2022 and 30 June 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward- looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified construction industry volatility as a relevant factor and the COVID-19 pandemic disruption to businesses and thus having an effect on customers ability to make payments when due. The Group accordingly adjusts the historical loss rates based on expected changes in these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for both trade receivables and work in progress:

Financial Risk Management

	Healthy Living $000	Healthy Homes $000	Total $000
30 June 2022			
Gross carrying amount - trade receivables	1,578	1,871	3,449
Contract work in progress	-	559	559
Total financial assets	**1,578**	**2,430**	**4,008**
Loss allowance	14	-	14
Specific provision	33	53	86
Provision for loss receivables	**47**	**53**	**100**
Expected loss rate	0.8%	0.0%	0.3%
30 June 2021			
Gross carrying amount - trade receivables	1,678	1,651	3,329
Contract work in progress	-	729	729
Total financial assets	**1,678**	**2,380**	**4,058**
Loss allowance	47	13	60
Specific provision	128	20	148
Provision for loss receivables	**175**	**33**	**208**
Expected loss rate	2.8%	0.5%	1.5%

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

18.4 Significant estimates and judgements

Liquidity risk

Prudent liquidity risk management implies maintaining the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (Note 4) on the basis of expected cash flows.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period of $3,846,000 (2021: $5,647,000).

Financial Risk Management

(i) Financing arrangements

The amounts disclosed in the table are the contractual undiscounted cash flows:

	2022 $000	2021 $000
Expiring beyond one year (bank loans)	2,101	1,892

(ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity Groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table below are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 6 months $000	6-12 months $000	Between 1 and 2 years $000	Between 2 and 5 years $000	Total contractual cash flows $000
As at 30 June 2022					
NON-DERIVATIVES					
Trade payables	3,793	-	-	-	3,793
Borrowings (excluding short-term borrowings)	255	-	20,293	-	20,548
Lease liabilities	172	113	302	2,510	3,097
Short-term borrowings	923	924	-	-	1,847
Related parties	10	-	-	-	10
Total non-derivatives	5,153	1,037	20,595	2,510	29,295
DERIVATIVES					
Gross settled (foreign currency forward contracts - cash flow hedges)					
- Inflow	-	-	-	-	-
- Outflow	1,518	1,911	-	-	3,429
Total derivatives	1,518	1,911	-	-	3,429
As at 30 June 2021					
NON-DERIVATIVES					
Trade payables	3,471	-	-	-	3,471
Borrowings (excluding short-term borrowings)	203	-	2,087	16,209	18,499
Lease liabilities	228	217	218	882	1,545
Short-term borrowings	768	921	-	-	1,689
Related parties	7	-	-	-	7
Total non-derivatives	4,677	1,138	2,305	17,091	25,211
DERIVATIVES					
Gross settled (foreign currency forward contracts - cash flow hedges)					
- Inflow	-	-	-	-	-
- Outflow	1,565	1,262	-	-	2,827
Total derivatives	1,565	1,262	-	-	2,827

Other Information

19.1 Expenses

	30 June 2022 $000	30 June 2021 $000
Continuing Operations	28,538	24,892
Total expenses (excluding interest, tax, depreciation and amortisation)	**28,538**	**24,892**
INCLUDED IN OTHER EXPENSES		
Directors' fees	175	161
Donations	5	2
Loss on disposal of property, plant and equipment and intangibles	80	29
Operating lease payments	-	-
Total employee costs	9,767	8,209
ACQUISITION COSTS		
Acquisition costs in respect of the purchase of the business of The Cylinder Guy	-	33
Acquisition costs in respect of the purchase of the business of About Health	-	354
Acquisition costs in respect of the purchase of the business of Designer Tanks	-	47
Acquisition costs in respect of the purchase of Intenza	68	-
Acquisition costs in respect of potential acquisition	311	-
Total acquisition costs	**379**	**434**
AUDITOR'S FEES		
During the year the following fees were paid or payable for services provided by the Group's auditor, PwC		
Audit of the consolidated financial statements in 2022	306	283
Audit fee relating to 2021 recorded in 2022	90	-
Total assurance services	**396**	**283**
OTHER SERVICES		
Half-year review engagement	37	32
Tax compliance and consulting services	14	25
Total other services	**51**	**57**
Total remuneration to PwC	**447**	**340**

19.2 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.

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.

Other Information

19.3 Other disclosures

19.3.1 Good and Services Tax (GST)

The Statements of Comprehensive Income have been prepared so that all components are stated exclusive of GST. All items in the balance sheets are stated net of GST, with the exception of receivables and payables, which include GST invoiced. All items in the cash flow statements are stated exclusive of GST.

19.3.2 Contingent liabilities

There were no contingent liabilities for Just Life Group at 30 June 2022 (2021: $nil).

19.3.3 Commitments

The Group has capital commitments and capital expenditure contracted but not recognised as at year end; these are as below.

	30 June 2022 $000	30 June 2021 $000
Vehicles	-	59
Bottles	152	184
Water coolers	395	69
Total commitments	**547**	**312**

All capital commitments are payable within one year.

Other Information

19.3.4 Events after balance date

Acquisition of Natural Solutions NZ

On 15 August 2022 the Company entered into an agreement to acquire the online supplements business and assets of Natural Solutions NZ Limited for $1.78m. The acquisition is expected to contribute $1.0m per annum of revenue and $0.4m of operating profit before interest, tax, depreciation, and amortisation of intangible assets per annum.

Sale and leaseback of asset held for sale

On 19 August 2022 the Company settled on the sale of its asset held for sale for $7.85 million. The Company immediately entered a lease back of the head office building at 103 Hugo Johnstone Drive, Penrose, Auckland, for an initial term of 10 years with two rights of renewal of five years each.

Dividend

Subsequent to year end, the Board of Directors resolved to pay a fully imputed final dividend for the year ended 30 June 2022 of 1.4 cents per share payable to the shareholders to be recorded on the share register as at 14 September 2022. The dividend will be paid on 21 September 2022.

Other Information

19.3.5 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

		Country of incorporation	Class of shares	Equity holdings % 2022	Equity holdings % 2021
Trading					
HJD Properties Limited	Entity holding property	New Zealand	Ordinary	100	100
About Health Supplements Limited	Operating entity	New Zealand	Ordinary	100	100
Designer Tanks Limited	Operating entity	New Zealand	Ordinary	60	60
Intenza New Zealand Limited	Operating entity	New Zealand	Ordinary	100	100
Non-trading					
Hometech Limited (amalgamated with Just Life Group Limited)	Operating entity	New Zealand	Ordinary	100	-
Vitamist Limited (previously MBO Direct Limited)	Non-trading entity	New Zealand	Ordinary	100	100
Just Water Limited	Non-trading entity	New Zealand	Ordinary	100	100
Just Water New Zealand Limited	Non-trading entity	New Zealand	Ordinary	100	100
Just Water International Limited	Non-trading entity	New Zealand	Ordinary	100	100
MBO Partners Limited	Non-trading entity	New Zealand	Ordinary	100	100
The Cylinder Guy Limited (previously Just MBO Limited)	Non-trading entity	New Zealand	Ordinary	100	100
Sola-tube New Zealand Limited	Non-trading entity	New Zealand	Ordinary	100	100
Unovent Limited	Non-trading entity	New Zealand	Ordinary	100	100

Note: In most cases the above entities are incorporated for the purpose of name protection.

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Independent auditor's report

To the shareholders of Just Life Group Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Just Life Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 30 June 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance and consulting services. The provision of these other services have not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Description of the key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment As disclosed in note 10.3 of the consolidated financial statements the Group had goodwill of $23.7 million at 30 June 2022. Management has identified four cash generating units (CGUs) to which goodwill is allocated, being: ● Just Water ● Hometech, ● The Cylinder Guy; and ● Health Supplements Management performs an annual goodwill impairment assessment for each CGU, to determine if the carrying value of allocated goodwill is recoverable, which is approved by the Board. Management used a fair value less costs of disposal (FVLCD) methodology to determine the recoverable amount of each CGU using discounted cash flow projections except for the Just Water CGU where value in use methodology was utilised. For The Cylinder Guy CGU, management also utilised value in use methodology in addition to FVLCD. Key assumptions and estimates used in each of the CGUs impairment model include: ● average growth rate of revenue for the 5 year forecast period; ● terminal growth rate; and ● pre-tax discount rate. These estimates reflect risks specific to each CGU. The Company's impairment assessment resulted in an impairment being recognised in respect of The Cylinder Guy CGU of $0.80 million. No impairment was identified for the other CGUs. The goodwill impairment assessment is an area of focus for the audit and a key audit matter because the goodwill value is significant to the consolidated statement of financial position and there is significant judgement and estimation involved in assessing the recoverable amount of each CGU.	In addressing the judgement and estimation used in the management's fair value less costs of disposal and value in use models, our audit procedures included: ● gaining an understanding of the business process, control and methodologies applied by management in preparing the impairment assessments; ● considering the appropriate determination of each CGU and recalculating the carrying value of the CGU; ● considering the appropriateness of the methodologies applied; ● verifying the inputs and mathematical accuracy of management's impairment assessment models; ● engaging an auditor's expert to independently determine appropriate discount rates and terminal growth rates, and to assist us in challenging management's assumptions; ● assessing the appropriateness of key assumptions used by management to develop cash flow forecasts by: - reviewing historical forecasts to actual results to determine the reliability of management's forecasting process; - comparing growth rates used over the five year forecast period to historical growth rates and challenging whether the forecast growth rates are sustainable as the businesses mature; - obtaining and evaluating management's sensitivity analysis to ascertain the impact of reasonably possible changes in the key assumptions. - performing our own sensitivity analysis on the impact of changing key assumptions to consider whether any reasonably possible changes could result in the impairment of goodwill; and

The Group has disclosed the judgements and estimates used in management's key assumptions that could result in an impairment in note 10.3 to the consolidated financial statements.	● considering the performance of the recent acquisitions, Health Supplement CGU, prior to acquisition and gaining an understanding of strategic and operational initiatives being undertaken through discussions with management. We also reviewed the financial statements for appropriate identification and disclosure of key assumptions in compliance with the accounting standards.

Our audit approach

Overview

Overall group materiality: $214,000, which represents approximately 5% of profit before tax as adjusted for the impairment of goodwill, which we consider to be a non-recurring item that is not indicative of ongoing business performance.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

We performed a full scope audit over the consolidated financial information of the Group.

As reported above, we have a key audit matter, being Goodwill impairment assessment.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/
This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Leopino Foliaki.

For and on behalf of:

Chartered Accountants
Auckland, New Zealand
26 August 2022

PricewaterhouseCoopers

Corporate Governance Statement


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Corporate Governance Statement

The Governance section of the Company's website (www.justlifegroup.co.nz) includes copies of the following corporate governance documents referred to in this section:

- **Company Constitution**
- **NZX Corporate Governance Code**
- **Board Charter**
- **Audit and Risk Committee Charter**
- **People and Culture Committee Charter**
- **Code of Ethics Policy**
- **Security Trading Policy**
- **Director Appointment Policy**
- **External Audit Independence Policy**
- **Remuneration Policy**
- **Health and Safety Policy**
- **Diversity and Inclusion Policy**
- **Continuous Disclosure Policy**
- **Risk Management Framework & Policy**
- **Dividend Policy**
- **Privacy Policy**

The Board recognises the importance of good corporate governance, particularly its role in delivering improved corporate performance and protecting the interests of all stakeholders.

The Board is responsible for establishing and implementing the Company's corporate governance frameworks and is committed to fulfilling this role in accordance with best practice and observing applicable laws and the NZX Corporate Governance Code (NZX Recommendations).

The Company is listed on the NZX.

For the year ended 30 June 2022, the Company has prepared its corporate governance statement against the eight principles of the NZX Recommendations. During that year, the Company has complied with all the NZX Corporate Governance Code Recommendations except for Recommendations 2.8 and 3.6.

Code of Ethical Behaviour

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Recommendation 1.1 - The board should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere (a code of ethics).

The code of ethics and where to find it should be communicated to the issuer's employees. Training should be provided regularly. The standards may be contained in a single policy document or more than one policy.

The code of ethics should outline internal reporting procedures for any breach of ethics, and describe the issuer's expectations about behaviour, namely that every director and employee:

a) acts honestly and with personal integrity in all actions;

b) declares conflicts of interest and proactively advises of any potential conflicts;

c) undertakes proper receipt and use of corporate information, assets and property;

d) in the case of directors, gives proper attention to the matters before them;

e) acts honestly and in the best interests of the issuer, as required by law, and takes account of interests of shareholders and other stakeholders;

f) adheres to any procedures around giving and receiving gifts (for example, where gifts are given that are of value in order to influence employees and directors, such gifts should not be accepted);

g) adheres to any procedures about whistle blowing (for example, where actions of a whistle blower have complied with the issuer's procedures, an issuer should protect and support them, whether or not action is taken); and

h) manages breaches of the code.

The Board maintains high standards of ethical conduct and the Chief Executive Officer (CEO) is responsible for ensuring that high standards of ethical conduct are maintained by all the Company's staff.

Director responsibilities and expectations with regard to conflicts of interest are set out in the Company's Code of Ethics Policy. The Code of Ethics Policy is available on the Company's website.

Code of Ethical Behaviour

Code of Ethics

The Company has adopted a Code of Ethics Policy which plays a key role in establishing the framework by which the Company's employees are expected to conduct themselves.

The Code of Ethics Policy is not intended to prescribe an exhaustive list of acceptable and non-acceptable behaviour, rather it is intended to facilitate decisions that are consistent with the Company's values, business goals and legal and policy obligations, thereby enhancing performance outcomes.

Employees must familiarise themselves with the Company's values, because they govern their behaviour while they are employed by the Company.

The Code of Ethics Policy covers, among other things, conflicts of interest and behaviours.

The Code of Ethics Policy sets out:

- the practices necessary to maintain confidence in the Company's integrity.
- the practices necessary to consider the Company's legal obligations and the reasonable expectations of its stakeholders.
- the responsibility and accountability of individuals to report and investigate unethical practices.

Directors and management are expected to lead the Company according to the Code of Ethics Policy and to ensure that the standards set out in the Code of Ethics Policy are communicated to the people who report to the Directors and management.

Any person who becomes aware of a breach or suspected breach of the Code of Ethics Policy is required to report it immediately in accordance with the policy.

The Code of Ethics Policy is provided to new employees as part of their induction material and the current version is maintained on the Company's internal web portal for access by employees.

Conflicts of interest

The Code of Ethics Policy outlines the Board's policy on conflicts of interest. Where conflicts of interest do exist, Directors excuse themselves from discussions and do not exercise their right to vote in respect of such matters.

Recommendation 1.2 - An issuer should have a financial product dealing policy which applies to employees and directors.

All Directors and employees are required to comply with the Company's Security Trading Policy in undertaking any trading in the Company's shares. The Security Trading Policy is available on the Company's website and the Company's internal web portal for access by employees.

Board Composition & Performance

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Recommendation 2.1 - The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.

The Board is the overall and final body responsible for all decision making within the Company, having a core objective to effectively represent and promote the interests of its stakeholders with a view to adding long-term value to the Company.

The Board has developed and approved a Board Charter. The Board Charter is available on the Company's website.

The Board Charter describes the Board's role and responsibilities and regulates internal Board procedures. The Board has a responsibility to work to enhance the value of the Company in the interests of the Company and its stakeholders.

The Board

The Board is responsible for directing the Company and enhancing shareholder value in accordance with good corporate governance principles. Further, the Board has statutory responsibilities over the affairs and activities of the Company, with the power to delegate those responsibilities to the CEO and the senior executive team.

The main functions of the Board, the CEO and the senior executive team are set out in the Board Charter. There is a clear delineation between the Board's responsibility for the Company's strategy and activities, and the day-to-day management of operations conferred upon the CEO and senior leadership team.

The Board reserves certain functions to itself. These include:

- approving, and from time to time reviewing, the Company's corporate mission statement.
- selecting and (if necessary) replacing the CEO.
- ensuring that the Company has adequate management to achieve its objectives and to support the CEO so that a satisfactory plan for management succession is in place.
- reviewing and approving the strategic, business and financial plans prepared by management.
- reviewing and approving certain material transactions, and making certain investment and divestment decisions.

Board Composition & Performance

- approving and overseeing the administration of the Company's technology development strategy.
- monitoring the Company's performance against its approved strategic, business and financial plans and overseeing the Company's operating results.
- ensuring the Company, the Board and the executive team's behaviour is consistent with the Code of Ethics Policy, including compliance with the Company's Constitution, any relevant laws, listing rules and regulations and any relevant auditing and accounting principles.
- implementing, and from time to time reviewing, the Company's Code of Ethics Policy, to foster high standards of ethical conduct and personal behaviour, and hold accountable those Directors, managers or other employees who engage in unethical behaviour.
- ensuring the quality and independence of the Company's external audit process.
- assessing from time to time the Company's effectiveness in carrying out the functions listed above, and the other responsibilities of the Board.

Indemnities and insurance

In accordance with Section 162 of the Companies Act 1993 and the Company's Constitution, the Company indemnifies the Directors in relation to potential liabilities and costs they may incur for acts or omissions in their capacity as Directors. The Directors' and Officers' Liability insurance covers risks normally covered by such policies arising out of acts or omissions of Directors and employees in their capacity as such.

Board meetings

In the period from 1 July 2021 to 30 June 2022 the Board met formally ten times. At each scheduled meeting the Board considers key financial and operational information as well as matters of strategic importance. Directors who are not members of the Board Committees may still attend the Committees' meetings.

Refer below for additional information on the Board Committees.

Delegation

To enhance efficiency, the Board has delegated some of its powers to Board Committees and other powers to the CEO. The CEO's contract is not for a specific term. The day-to-day leadership and management of the Company is undertaken by the CEO and executive leadership team.

The CEO is responsible for:

- formulating the vision for the Company.
- recommending policy for, and the strategic direction of, the Company subject to approval by the Board.
- providing management of the day-to-day operations of the Company.
- acting as the spokesperson for the Company.

The terms of the delegation by the Board to the CEO are documented in the Company's Delegated Authority Policy which also establishes the authority levels for decision-making within the Company's wider management team.

The CEO has also formally delegated decision-making to the executive leadership team within their areas of responsibility, subject to quantitative limits to ensure consistent and efficient decision making across the Company.

Board Composition & Performance

Board Committees

The Board has established and adopted Charters for two Committees: The Audit and Risk Committee and the People and Culture Committee. The Committee Charters are available on the Company's website.

The membership of each Committee as at 30 June 2022 was:

- Audit and Risk Committee - Richard Carver (Chair), Phil Norman and Ian Malcolm.
- People and Culture Committee - Ian Malcolm (Chair), Richard Carver and Phil Norman.

Recommendation 2.2 - Every issuer should have a procedure for the nomination and appointment of directors to the board.

Nomination and appointment

The procedures for the appointment and removal of Directors are ultimately governed by the Company's Constitution. The Board has established a Director Appointment Policy administered by the People and Culture Committee which makes recommendations for Director Appointment to the Board.

The primary objectives of the People and Culture Committee in relation to the nomination and appointment of Directors are:

- to ensure that a formal and transparent method for the nomination and appointment of Directors exists.
- to recommend Director appointments to the Board.
- to regularly review the composition of the Board to ensure the appropriate composition of Directors is maintained.

The People and Culture Committee does this by:

- making recommendations to the Board as to its size.
- reviewing the composition of the Board to ensure the most appropriate balance of skills, qualifications and experience.
- reviewing Board succession plans to maintain an appropriate balance of skills, experience and expertise on the Board.
- reviewing criteria for determining suitability of potential Directors in terms of maintaining a balance of relevant skills between Board members to ensure the Board can meet the Company's objectives.
- identifying and maintaining a list of suitably qualified people who could be approached for future Board positions.
- ensuring there is an appropriate induction programme in place for all new Directors.
- making recommendations to the Board about the appointment and re-election of Directors.

When recommending to the Board suitable candidates for appointment as Directors, the People and Culture Committee will consider, among other things:

- the candidate's experience as a Director.
- the candidate's skills, expertise and competencies.
- the extent to which those skills complement the skills of existing Directors.

Board Composition & Performance

Composition of the Board

As at 30 June 2022, the Board comprised of the following four Directors:

- Tony Falkenstein - Executive Director
- Richard Carver - Independent Director
- Ian Malcolm - Non-Executive Director
- Phil Norman - Independent Director

Retirement and re-election

The Board acknowledges and observes the relevant Director rotation/retirement rules under the NZX Listing Rules.

- Richard Carver retired by rotation and re-elected to the Board at the Annual Shareholders Meeting in November 2021 and is scheduled to retire by rotation at the 2024 Annual Shareholders' Meeting.
- Tony Falkenstein and Ian Malcolm retired by rotation and were re-elected to the Board at the Annual Shareholders' Meeting in December 2019. Both Directors are scheduled to retire by rotation at the 2022 Annual Shareholders' Meeting.
- Phil Norman was elected to the Board at the Annual Shareholders' Meeting held in November 2020 and is scheduled to retire by rotation at the 2023 Annual Shareholders' Meeting.

The Board has a broad range of business leadership, financial, sale, construction industry and other skills and expertise necessary to meet its objectives. The Company's Constitution requires a minimum of three Directors.

The Board considers that it has an appropriate mix of skills, experience, and independence to ensure that the Company is governed in a manner that ensures that the interests of all stakeholders are represented and protected. The Board is also confident that proper processes are in place to address the needs and expectations of stakeholders with respect to independence in decision-making and the management of any conflicts of interest.

Recommendation 2.3 - An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.

New Directors are required to consent to act as a Director and receive a formal letter of appointment which sets out their duties, responsibilities, rights and remuneration entitlements.

The CEO and each senior executive are employed under an individual employment agreement which sets out the terms on which the executive is employed including details of the executive's duties, responsibilities, rights and remuneration entitlements. The employment agreement also sets out the circumstances in which employment may be terminated by either the Company or the executive.

Board Composition & Performance

Recommendation 2.4 - Every issuer should disclose information about each director in its annual report or on its website, including a profile of experience, length of service, independence and ownership interests and director attendance at board meetings.

Information about each Director including a profile of experience and independence is available on the Company's website.

Director independence

The NZX Listing Rules require a minimum of two Directors be 'independent'.

The Board considers the guidance provided under the NZX Listing Rules in determining the independence of Directors. Under those rules and recommendations, Directors are independent if they are non-executive and do not have an interest or relationship that could or could be perceived to unreasonably influence their decisions relating to the Company or interfere with their ability to act in the Company's best interests. The Board will review any determination it makes as to a Director's independence on becoming aware of any information that may have an impact on the independence of the Director. For this purpose, Directors are required to ensure that they immediately advise the Board of any relevant new or changed relationships to enable the Board to consider and determine the materiality of the relationships.

As of 30 June 2022, the Board considers that Richard Carver and Phil Norman are Independent Directors. As of 30 June 2022, the Board also determined that Tony Falkenstein and Ian Malcolm are not Independent Directors because of Tony Falkenstein's executive responsibilities and Tony Falkenstein and Ian Malcolm's association with the largest shareholder of the Company, with both being directors of The Harvard Group Limited.

Length of service of Directors

DIRECTOR	APPOINTED	CUMULATIVE LENGTH OF SERVICE TO 30 JUNE 2022
Tony Falkenstein	5 February 1990	32 years, 5 months
Ian Malcolm	15 December 2014*	19 years, 7 months
Richard Carver	1 March 2019	3 years, 4 months
Philip Norman	5 August 2020	1 year, 11 months

* Ian Malcolm was originally appointed to the Board on 8 October 2001, resigned from the Board on 24 October 2013 and was reappointed to the Board on the 15 December 2014.

Attendance at Board meetings

In the year ended 30 June 2022 there were a total of ten Board meetings. The number of meetings attended by each Board member is as follows:

DIRECTOR	NUMBER OF MEETINGS ATTENDED
Tony Falkenstein	10
Ian Malcolm	10
Richard Carver	10
Philip Norman	9

Board Composition & Performance

Attendance at Committee meetings

The Audit and Risk Committee met three times during the year ended 30 June 2022 . The auditors, PwC, attended two of the Audit and Risk Committee meetings. The meetings were attended by all members during their tenure on the Board.

The People and Culture Committee held four formal meetings during the year ended 30 June 2022. The four meetings were attended by Richard Carver and Ian Malcolm, while Philip Norman attended three.

Ownership interests

The table of Directors' shareholdings is included in the Disclosures section of this Annual Report set out on page 98.

Recommendation 2.5 - An issuer should have a written Diversity Policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.

Diversity Policy

The Company values and respects the contributions, ideas and experiences of people from all backgrounds and is proud to have a diverse company with staff from all around the world. The Company has a formal Diversity and Inclusion Policy, a copy of which is available on the Company's website and the Company's internal web portal for access by all employees. The Diversity and Inclusion Policy sets out the Company's commitment to achieving diversity in the attributes and experiences of the Board, management and staff across a broad range of criteria including gender, background, and education (amongst others). Under the policy measurable objectives are set for achieving diversity and progress is assessed annually.

The Board has concluded that the Company has complied with the Diversity and Inclusion Policy.

Gender diversity statistics

	Male		Female		
As at 30 June 2022	No.	%	No.	%	Total
Board	4	100%	0	0%	4
Senior Executive*	4	80%	1	20%	5
Total Group	**8**	**89%**	**1**	**11%**	**9**

	Male		Female		
As at 30 June 2021	No.	%	No.	%	Total
Board	4	100%	0	0%	4
Senior Executive*	2	67%	1	33%	3
Total Group	**6**	**86%**	**1**	**14%**	**7**

* * For the purposes of this annual report 'Senior Executive' means the senior executive team constituted in accordance with the Code, and who report directly to the Board or the CEO. The CEO is included in both the Board and Senior Executives statistics as the CEO is an Executive Director.

Board Composition & Performance

Recommendation 2.6 - Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.

All Directors are responsible for ensuring they remain current in understanding their duties as Directors.

To ensure ongoing education, Directors are regularly informed of developments that affect the Company's industry and business environment, as well as company and legal issues that impact the Directors themselves. Directors have access to management and any additional information they consider necessary for informed decision making.

Board access to information and advice

The Group COO, supported by external specialist legal advisors, is responsible for supporting the effectiveness of the Board by ensuring that policies and procedures are followed and coordinating the completion and dispatch of the Board agendas and papers. All Directors have access to the executive leadership team, including the Group General Manager, General Manager Healthy Homes, Group COO, Group CFO and the external legal advisors, to discuss issues or obtain information on specific areas in relation to items to be considered at Board meetings or other areas as they consider appropriate. Further, Directors have unrestricted access to the Company's records and information.

The Board, the Board Committees and each Director have the right, subject to the approval of the Chair of the Board, to seek independent professional advice at the Company's expense to assist them to carry out their responsibilities as a Director or Committee member. Further, the Board and Board Committee members have the authority to invite external advisors with relevant experience and expertise to attend Board or Board Committee meetings.

Recommendation 2.7 - The board should have a procedure to regularly assess director, board and committee performance.

Performance evaluation of the Board, its Committees and individual Directors

The Chair of the Board leads an annual process to evaluate the performance of the Board, Board Committees and individual Directors, and the Board's relationship with management. The review process may be by internal methods such as questionnaires or self-assessment or with external assistance, as may be considered appropriate by the Chair. The last review was undertaken in June 2022.

Further, the Board Committees undertake an annual self-review of their objectives and responsibilities. In addition, those objectives and responsibilities are also reviewed by the Board against the relevant Board Committee Charter.

Board Composition & Performance

Performance evaluation of senior executives

The Board is responsible for monitoring the performance of the CEO against the Board's requirements.

The People and Culture Committee is responsible for overseeing the CEO's evaluation of the executive leadership team that report directly to the CEO.

Recommendation 2.8 - A majority of the board should be independent directors.

As discussed under Recommendation 2.4, two of the four Directors as of 30 June 2022 are Independent Directors. Although this is only half of the Board and not a majority, this meets the requirement under NZX Listing Rule 2.1.1(c) of having a minimum of two Independent Directors.

Given the size of the Company the Board does not believe that there is a necessity to appoint another independent Board member to meet the requirements of Recommendation 2.8. This will be regularly reviewed on an annual basis. As of 30 June 2022, the Company did not comply with the requirements of Recommendation 2.8.

Recommendation 2.9 - An issuer should have an independent chair of the board. If the chair is not independent, the Chair and the CEO should be different people.

The Directors appointed Phil Norman, an Independent Director as Chair on 20 November 2020.

As of 30 June 2022 the Company complied with the requirements of Recommendation 2.9.

Board Committees

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

Recommendation 3.1 - An issuer's audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should be an independent director and not the chair of the board.

Audit and Risk Committee

The Board has an Audit and Risk Committee whose primary objective is to assist the Board in fulfilling its responsibilities, by:

- ensuring the quality and independence of the Company's external audit process.
- overseeing (among other things):
  - the integrity of external financial reporting,
  - application of accounting policies,
  - financial management, and
  - the risk management framework and monitoring compliance with that framework.
- providing a formal forum for communication between the Board and senior financial management.
- regularly reviewing the Company's internal controls and systems.
- undertaking an annual self-review of the Committee's objectives.
- regularly reporting to the Board on the operation of the Company's risk management and internal control processes.
- providing enough information to the Board to allow the Board to report annually to shareholders and stakeholders on risk identification and management procedures and relevant internal controls of the Company.

Charter

The Company's Audit and Risk Committee operates under a written Charter. A copy of the Charter is available on the Company's website.

Board Committees

Composition of the Audit and Risk Committee

A majority of the Committee members are Independent Directors, and all members are Non-Executive Directors. The Audit and Risk Committee is chaired by Richard Carver who is an Independent Director and not Chair of the Board.

The other members of the Audit and Risk Committee as of 30 June 2022 are Ian Malcolm and Phil Norman.

Recommendation 3.2 - Employees should only attend audit committee meetings at the invitation of the audit committee.

The Audit and Risk Committee Charter provides that employees and Directors who are not members of the Audit and Risk Committee can only attend Audit and Risk Committee meetings at the invitation of the Committee Chair.

The Audit and Risk Committee may invite such members of management and any other persons, including external advisors, as the Committee considers necessary to provide information and advice. All Directors are entitled to attend meetings of the Audit and Risk Committee by standing invitation provided that executive Directors shall not be entitled to attend meetings where they are conflicted for personal reasons.

Recommendation 3.3 - An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.

People and Culture Committee

The Board has a People and Culture Committee whose primary objective is to assist the Board in fulfilling its responsibilities, by:

- recommending to the Board the CEO's remuneration, and those roles that report to the CEO, and review the next layer down of senior management.
- ensuring that the Company has a formal and transparent method to recommend Director remuneration packages to shareholders.
- reviewing the Company's remuneration policy.
- being responsible for all other human resource related policies that guide the culture and people related practices and procedures of the Company and its subsidiaries.

The People and Culture Committee may invite such members of management and any other persons, including external advisors, as the Committee considers necessary to provide information and advice. All Directors are entitled to attend meetings of the People and Culture Committee by standing invitation provided that executive Directors shall not be entitled to attend meetings where they are conflicted for personal reasons.

Charter

The Company's People and Culture Committee operates under a written Charter. A copy of the Charter is available on the Company's website.

Board Committees

Composition of the People and Culture Committee

The members of the People and Culture Committee as of 30 June 2022 are Ian Malcolm (Chair), Richard Carver and Phil Norman. A majority of the members of the Committee are independent directors.

Recommendation 3.4 - An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.

The People and Culture Committee recommends Director appointments to the Board in accordance with the Director Appointment Policy.

Further information as to the primary objectives and processes of the People and Culture Committee in relation to the nomination and appointment of Directors is contained under Recommendation 2.2. The composition of the People and Culture Committee is described under Recommendation 3.3.

Recommendation 3.5 - An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.

Other Committees as considered necessary may be established from time to time.

Recommendation 3.6 - The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The Board should disclose the scope of independent advisory reports to shareholders.

These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.

In the event of a takeover offer, the Company would form an independent committee of the Board to oversee disclosure and response, engage expert legal and financial advisors to provide advice on procedure and the terms of the offer.

Given the composition of the Company's share register (which means that it is very unlikely that a takeover offer would be made for the Company without the bidder having obtained the support of The Harvard Group Limited, which holds 70.67% of Just Life Group shares on issue), the Directors do not believe it is necessary to establish takeover offer protocols ahead of any offer being made.

Reporting & Disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Recommendation 4.1 - An issuer's board should have a written continuous disclosure policy.

The Company is required to comply with the disclosure requirements of the NZX Listing Rules.

The Company is committed to notifying the market through full and fair disclosure to the NZX of any material information related to its business that is required to be disclosed by the NZX Listing Rules. The Company is mindful of the need to keep stakeholders informed through a timely, clear, and balanced approach which communicates both positive and negative news. These notifications are linked to the Company's website.

The Company is also required to comply with the periodic disclosure requirements under the NZX Listing Rules.

The Company has adopted a Continuous Disclosure Policy which establishes procedures that are aimed at ensuring that the Directors and all employees of the Company are aware of and fulfil their disclosure obligations under the NZX Listing Rules. A copy of the Company's Continuous Disclosure Policy is available on the Company's website.

The Continuous Disclosure Policy has been communicated internally and is available on the Company's internal web portal for access by all employees.

Recommendation 4.2 - An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.

The Governance section of the Company's website includes copies of the following corporate governance documents:

- Company Constitution
- NZX Corporate Governance Code
- Board Charter
- Audit and Risk Committee Charter
- People and Culture Committee Charter
- Code of Ethics Policy
- Security Trading Policy
- Director Appointment Policy
- External Audit Independence Policy
- Remuneration Policy
- Health and Safety Charter
- Diversity and Inclusion Policy
- Continuous Disclosure Policy
- Risk Management Framework & Policy
- Dividend Policy
- Privacy Policy

Reporting & Disclosure

Recommendation 4.3 - Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosure at least annually, including environmental, economic, and social sustainability factors and other practices. It should explain how operational or on-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the Board.

The Company provides commentary in financial reports which are intended to be balanced and provide an objective view on the performance of the Company.

Management have commenced developing an Environment, Social and Governance (ESG) framework and the Company expects to make further progress in the 2023 financial year by formalising this. The Company intends to monitor its compliance with the proposed mandatory climate related disclosures that are required to be adopted from 1 July 2023. The Company will also consider compliance and disclosure with the four pillars developed by the Task Force on Climate-Related Financial Disclosures (TCFD).

The four pillars of the TCFD Framework are Governance, Strategy, Risk Management, and Metrics & Targets.

In terms of the year ended 30 June 2022:

Environmental

As disclosed in the 2021 Annual Report, during 2022 the Company commenced a carbon audit programme and has received a draft report on its emissions, showing that the Company's carbon footprint is 685 GHG tCO2e (Green House Gas tonnes of carbon dioxide equivalent). Having undertaken this exercise, the Company has achieved 'Carbon Footprint Certification' through EKOS.

The Company is developing an active programme to reduce its carbon emissions over time.

Social

The Company has several initiatives that focus on doing social good for team members and communities. Initiatives include:

- Committed to paying team members at no lower than the Living Wage.
- Encouraging the use of public transport by employees by 100% reimbursing the cost of public transport to and from work.
- Subsidising gym memberships for employees.
- Providing incentives to team members to stop smoking.
- Shadow a Leader Program with AUT.
- $200 annual donation to any employee's charity/club that they are actively involved in.

Our CEO is on record stating that this business is based on trust and fair play to team members, shareholders and customers. The stakeholders in and around the Company are constantly at the forefront of all team members minds.

Governance

The Company has established governance frameworks and is committed to fulfilling requirements including transparency in accordance with best practice and observing applicable laws and the NZ Corporate Governance Code Recommendations. The company has complied with all the NZX Corporate Governance Code Recommendations except for 2.8 and 3.6.

Remuneration

"The remuneration of directors and executives should be transparent, fair and reasonable."

Recommendation 5.1 - An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report.

Shareholders have approved the Directors' fees in aggregate for all Directors at $200,000 per annum. The actual amount of fees paid in the past year was $175,000.

Full disclosure of Directors' remuneration is set out at page 95.

The Chair of the Board receives $75,000 per annum while other Independent and Non-Executive Directors receive $45,000 per annum each (a Chair of a Committee receives additional fees of $5,000 per annum).

The Executive Director receives remuneration from the Company and does not receive Directors' fees.

Directors are also entitled to be paid for reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings, or otherwise in connection with the Company's business.

Recommendation 5.2 - An issuer should have a remuneration policy for remuneration of directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.

The Company has adopted a Remuneration Policy, a copy of which is available on the Company's website. The Board recognises it is desirable that executives (including Executive Directors) remuneration should include an element dependent upon the performance of both the Company and the individual and should be clearly differentiated from Non-Executive Director remuneration.

Executive remuneration currently comprises of three components: fixed remuneration, short-term performance incentives (STI) and a long-term performance incentive (LTI). This is to ensure appropriate weighting of incentives between short and longer-term performance, and to align executive packages with longer-term shareholder value.

Remuneration

Fixed remuneration

Fixed remuneration consists of base salary and benefits.

Short-term performance incentives

The STI will be an annual 'at-risk' performance bonus which is either a specific percentage of each executive's base salary or a set value. The weightings of the STI in relation to fixed remuneration range from 10% to 20%. The STI is based on financial performance measures of the Company and the business unit the relevant executive manages. The executives' right to the STI is conditional on the performance of the individual and the Company and is assessed annually by the Board.

Executive long-term incentive plan

The Company has an LTI Plan for executives. The LTI Plan aims to align the interests of key staff with those of shareholders, by providing 'options to acquire a defined quantity of the Company shares at a fixed exercise price'.

Grants of options are offered to executives at the absolute discretion of the Board. To be eligible for a grant of options under the LTI Plan, an executive must be in continuous employment of the Company or its subsidiaries for a minimum of 2 years.

The options are conditional on the employee remaining in the employment of the Company and can be exercised any time after 2 years from the grant date with an expiry date of 5 years from the grant date.

Executive remuneration

In the year ended 30 June 2022, the Group COO received remuneration totalling $270,500. This amount included fixed remuneration of $268,000, no STI accrual and a LTI cost of $2,500. The Group General Manager received remuneration totalling $246,500. This amount included fixed remuneration of $244,000, no STI accrual and a LTI cost of $2,500. The Group CFO received remuneration totalling $76,000 consisting entirely of fixed remuneration. The General Manager – Healthy Homes received remuneration totalling $74,000 consisting entirely of fixed remuneration.

Recommendation 5.3 - An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short-term incentives and long-term incentives and the performance criteria used to determine performance based payments.

The remuneration of the CEO has been disclosed in the Annual Report on page 86. The CEO does not participate in either the STI or LTI.

Remuneration

The elements of the CEO's remuneration are set out below:

	2022	2021	2020	2019	2018
Remuneration					
Salary	268,000	238,700	233,500	220,000	240,000
Taxable benefits	-	-	-	-	-
Subtotal	268,000	238,700	233,500	220,000	240,000
PAY FOR PERFORMANCE					
Short-term incentives	-	-	-	-	-
Long-term incentives	-	-	-	-	-
Subtotal	-	-	-	-	-
Total remuneration	**268,000**	**235,500**	**220,000**	**240,000**	**240,000**

Pay gap

The pay gap represents the number of times greater the CEO remuneration is to the remuneration of an employee paid at the mean of all employees.

At 30 June 2022, the CEO's remuneration of $268,000 was 4.5 times that of the median employee at $60,000 per annum.

Risk Management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Recommendation 6.1 - An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports.

An issuer should report the material risks facing the business and how these are being managed.

Risk Management Framework and Policy

The identification and effective management of the Company's risks are a priority of the Board. The CEO is accountable for all operational and compliance risk across all of the Company's operations and businesses. The Group COO, Group CFO, Group General Manager and Group GM-Healthy Homes have the management accountability for the effective implementation of the Risk Framework (as defined below) across all the Company's businesses.

The Company has in place an overarching Risk Management Framework and Policy (Risk Framework) supported by operating risk and compliance policies that aim to ensure that the Company, its Directors and employees will comply with relevant regulatory requirements such as New Zealand laws, NZX Listing Rules, and relevant codes of practice.

The purpose of the Risk Framework is to ensure a consistent approach to operating and compliance risk across all the Company's businesses in all geographies where the Company operates. The Risk Framework sets out the specific areas for which the CEO, Group COO, Group General Manager and Group GM- Healthy Homes are accountable.

The Board has established an Audit and Risk Committee whose primary objective is to assist the Board in fulfilling its responsibilities. The Audit and Risk Committee's responsibilities are set out under Recommendation 3.1.

Recommendation 6.2 - An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.

The Company operates under a Health and Safety Charter. A report is provided regularly by senior management to the Board on benchmarks against the Health and Safety Policy issued by each trading subsidiary.

Auditors

"The board should ensure the quality and independence of the external audit process."

Recommendation 7.1 - The board should establish a framework for the issuer's relationship with its external auditors. This should include procedures:

((a) for sustaining communication with the issuer's external auditors.

(b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired.

(c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer.

(d) to provide for the monitoring and approval by the issuer's audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role.

The Board's framework for the Company's relationship with its external auditors is described in the External Audit Independence Policy, which is available on the Company's website. The External Audit Independence Policy covers matters relating to the appointment of auditors, the independence of auditors, transparent dialogue with auditors, rotation of the audit partner, reporting on audit fees and non-audit work.

The Audit and Risk Committee assists the Board in fulfilling its responsibility to ensure the quality and independence of the Company's external audit process. Pursuant to the Audit and Risk Committee Charter, the Board has delegated the Audit and Risk Committee the responsibility to monitor all aspects of the external audit of the Company's affairs including:

- considering the appointment of auditors, audit fees and any issues on an auditor's resignation or dismissal.
- discussing with auditors, before the commencement of each audit, the nature and scope of their audit.
- reviewing auditors' service delivery plan.
- reviewing the Company's letter of representation to auditors.
- discussing with auditors any problems, reservations, or issues arising from the audit and referring matters of a material or serious nature to the Board.

Auditors

Recommendation 7.2 - The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.

The external auditor attends the Annual Shareholders' Meeting.

Shareholders are given an opportunity at the meeting to directly ask the external auditor questions relevant to the conduct of the audit, the audit report, the Company's accounting policies and the independence of the auditor.

Recommendation 7.3 - Internal audit functions should be disclosed.

The CEO is accountable for all operational and compliance risks across all the Company's operations and businesses. The Group COO, Group CFO, Group General Manager and Group GM - Healthy Homes are accountable for the effective implementation of the Risk Framework across all the Company's businesses.

The Company has appointed HLB Mann Judd Limited as an independent external consultant to undertake reviews of internal processes and adherence to internal controls on a rotational basis and provide reports on weaknesses and recommendations on where improvements can be made.

Shareholder Rights & Relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Recommendation 8.1 - An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.

The Investors' Information section of the Company's website provides information to shareholders and investors about the Company. The website includes copies of past annual reports, links to results announcements, media releases and general Company information.

The Governance section of the website provides copies of relevant policies and of the corporate governance documents referred to under Recommendation 4.2.

Recommendation 8.2 - An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.

Although the Company does not have a formal shareholder communications policy, it does take appropriate steps to keep shareholders informed about its activities and to listen to issues or concerns raised by shareholders.

Fundamental to the Company's provision of information to shareholders is the management of its continuous disclosure obligations which ensures all shareholders have access to material Company information.

In addition to lodging this Company information with the NZX, the Company uses its website to make available to shareholders information about the Company and its activities. All Shareholder Newsletters are available on the Company's website.

Shareholders have the option of electing to receive all shareholder communications, including dividend statements, by email. Shareholders are advised that the Annual Report is available on the Company's website in accordance with the requirements of the Companies Act 1993, the Financial Markets Conduct

Act 2013 and associated regulations. The Company provides a printed copy of the Annual Report only to shareholders who have specifically elected to receive a printed copy.

All announcements made to the NZX are available to shareholders by email notification where a shareholder has provided the Company's Share Registry with an email address and elects to be notified of all such announcements.

Shareholder Rights & Relations

The Company's Share Register is managed and maintained by Link Market Services Limited.

Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by contacting Link Market Services Limited.

The CEO provides both his email and mobile contact details on the Company's website and shareholders are encouraged to contact him directly if they have any questions about the Group.

Recommendation 8.3 - Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested.

The Company complies with its obligations under the Companies Act 1993 to obtain shareholder approval under a special resolution for any major transactions. The Company also complies with NZX Listing Rule requirements to obtain shareholder approval for transactions, or a series of transactions, that would change the essential nature of the business.

Recommendation 8.4 - If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.

The Company undertook no equity capital raisings in the financial year ended 30 June 2022.

Recommendation 8.5 - The Board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.

Once the date of the Annual Shareholders' Meeting is confirmed, the Company notifies the market by providing disclosure to the NZX.

This notification is available on the Company's website. The Company provides notice of the Annual Shareholders' Meeting to shareholders in accordance with the requirements of the Companies Act 1993 and the NZX Listing Rules. The notice is sent to shareholders, notified to the market by providing disclosure to the NZX and made available on the Company's website at least 20 working days prior to the date of the meeting.

Statutory
Information

unovent

hometech
Better spaces. Better lives.

SOLATUBE
Innovation in Daylighting

Just Water.

DESIGNER TANKS

about health

THE CYLINDER GUY.co.nz

HERBAL IGNITE

Business activities

The Group's business activities are focused on enhancing lives providing premium products and services focused on the healthy living and healthy homes market sectors. Within the healthy living market segment, it provides filtered water solutions through Just Water and natural health supplements through About Health and Intenza. The Group provides solutions to healthier homes through its premium Solatube daylighting products, patented Unovent home ventilation systems, the provision of hot water solutions through The Cylinder Guy, ventilation solutions through Hometech, and rainwater harvesting through Designer Tanks.

Dividend

The total dividend for the year ended 30 June 2022 was 2.4 cents per share (2021: 2.4 cents per share).

Donations

During the year ended 30 June 2022 the Group made donations totalling $4,856, which included $909 to the Cancer Society Waikato BOP to support cancer patients, $3,322 to Movember to improve mental health and reduce suicide rates, $174 to Shane Madgwick Racing Cars, $200 to the Highfield School Fair, $51 to Mental Health Foundation and $200 to the Bike Library.

Stock exchange listing

The shares of Just Life Group Limited are listed on the NZX Main Board. The ticker code is JLG.

Directors

The persons holding office as Directors of the Company as at 30 June 2022 were as follows:

Ian Malcolm CA, MInstD

Tony Falkenstein ONZM

Richard Carver CMInstD

Phil Norman MBA, CMInstD

Remuneration of Directors

Executive Directors do not receive directors' fees. Directors' remuneration paid during the year as follows:

		2022 $000	2021 $000
Board of Directors	A.E. Falkenstein	-	-
	P. Norman (Chair)	75	55
	I.D. Malcolm	50	52
	R. Carver	50	49
Audit and Risk Committee	R. Carver	See above	See above
	I.D. Malcolm	See above	See above
	P. Norman	See above	See above
People and Culture Committee	I.D. Malcolm	See above	See above
	R. Carver	See above	See above
	P. Norman	See above	See above

Other remuneration of directors

	2022 $000	2021 $000
A. E. Falkenstein (CEO remuneration)	268	239

Remuneration of employees

The number of Group employees or former employees or (not including Directors) whose remuneration during the financial year exceeded $100,000 was as follows:

	GROUP	
$000	**2022**	**2021**
100-110	4	2
111-120	1	1
121-130	2	2
131-140	1	2
230-240	-	1
241-250	1	-
260-270	2	-
271-280	-	1
330-340	-	1

Auditor's remuneration

In accordance with Section 211(1) of the Companies Act 1993, the auditors, PricewaterhouseCoopers, continue in office. Their audit remuneration and fees paid for other services are detailed in note 19.1 of the notes to the consolidated financial statements.

Interests register

The following are transactions recorded in the interests register for the year.

During the year ended 30 June 2022 the Group transacted with organisations in which a director has an interest. These transactions have been carried out on a commercial arms-length basis and are as follows:

- Pure SEO Limited, a company of which Tony Falkenstein and Ian Malcolm are directors and indirect shareholders, provided internet search engine optimisation services to the Group during the financial year to the value of $81,000 (2021: $68,200).
- Advisory Works Limited, a company of which Ian Malcolm is a director and shareholder, provided consulting services to the Group during the financial year to the value of $8,600 (2021: $17,500).
- Carver Management Limited, a company of which Richard Carver is a director provided services to the Group during the financial year to the value of $300(2021: $600).
- Dialhog Limited, a company of which Ian Malcolm is a shareholder provided services to the Group during the financial year to the value of $46,400 (2021: $49,000).
- Milestone Group Limited, a company of which Richard Carver is a director, provided services to the Group during the financial year to the value of $$1,500 (2021: $800).
- Jennian Holdings Ltd, a company of which Richard Carver is a director, provided services to the Group during the financial year to the value of $3,700 (2021: $5,600).

Share dealings of Directors

There were no share dealings of Directors for the year ended 30 June 2022.

Directors' loans

There were no loans by the Group to any Directors during the 2022 financial year or at balance date.

Directors' insurance

The Group has arranged policies for Directors' liability insurance which, with a Deed of Indemnity, ensures that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors. Certain actions are specifically excluded; for example, the incurring of penalties and fines that might be imposed in respect of breaches of the law.

Waivers

The Group did not apply for, or did it have granted, nor did it rely on any waivers from the NZX during the 2022 financial year.

Subsidiary company directors

The following people held office as directors of subsidiary companies as at 30 June 2022:

Anthony Edwin Falkenstein: Vitamist Limited, Just Water Limited, Just Water New Zealand Limited, MBO Partners Limited, Just Water International Limited, The Cylinder Guy Limited, HJD Properties Limited, Unovent Limited, Sola-tube New Zealand Limited, Designer Tanks Limited, About Health Supplements Limited, Intenza New Zealand Limited.

Ian Donald Malcolm: Vitamist Limited, Just Water Limited, Just Water New Zealand Limited, MBO Partners Limited, Just Water International Limited, The Cylinder Guy Limited, HJD Properties Limited, Unovent Limited, Sola-tube New Zealand Limited, About Health Supplements Limited, Intenza New Zealand Limited.

Eldon David Roberts: Intenza New Zealand Limited, Designer Tanks Limited.

Lynne Jacobs: Designer Tanks Limited.

Chloe Barrott: Designer Tanks Limited.

Ingrid Kathryn Cook: Designer Tanks Limited.

None of the above directors receive any remuneration or other benefits for their role as directors of the above subsidiary companies.

Use of Company information by Directors

Pursuant to Section 145 of the Companies Act 1993, there were no recorded notices from directors requesting to use Company information received in their capacity as directors that would not otherwise have been available to them.

Annual Meeting

The Company's Annual General Meeting will be held in Auckland on 18 November 2022 at 11:00a.m. A notice of Annual Meeting and Proxy Form will be circulated to shareholders at least 20 working days before the meeting.

Exercise of NZX disciplinary powers

NZX did not exercise any of its powers under NZX Listing Rule 9.9.3 in relation to the Company during the 2022 financial year.

Credit rating

The Company has no credit rating.

Director equity securities holdings as at 30 June 2022

In accordance with NZX Listing Rule 3.7.1(d) the following table identifies the equity securities in which each Director has a relevant interest as at 30 June 2022.

Director	Beneficial Interest	Non-beneficial Interest	Total of shares in which relevant interest held
A. E. Falkenstein	73,312,458	6,350,481	79,662,939
I. D. Malcolm	-	74,571,634	74,571,634

Statutory disclosures in relation to shareholders

Top 20 Largest Holdings List as at 8 July 2022

Rank	Shareholder name	Number of shares	%
1	The Harvard Group Limited	69,646,279	70.67%
2	Springfresh Marketing Pty Limited	5,277,938	5.42%
3	Anthony Edwin Falkenstein & Ian Donald Malcolm	3,458,894	3.51%
4	Anthony Edwin Falkenstein & Christopher Roy Saunders	2,116,827	2.15%
5	Anthony Edwin Falkenstein & Jayne Maree Godfrey	2,116,827	2.15%
6	Eldon David Roberts & Sheena Meryl Roberts	2,033,500	2.06%
7	Ace Finance Limited	1,378,341	1.40%
8	Custodial Services Limited	1,370,691	1.39%
9	Heather Jeanette Falkenstein & Ian Donald Malcolm	1,342,068	1.36%
10	Anthony Edwin Falkenstein	831,190	0.84%
11	Brent Hayden Roberts	704,636	0.71%
12	FNZ Custodians Limited	546,349	0.55%
13	Clyde Christopher Cooper & Farida Clyde Cooper	535,715	0.54%
14	Brian Arthur Kelly & Roxanne Elizabeth Marie Kelly & Jason	440,425	0.45%
15	Maurice William O`Reilly & Anne Therese O`Reilly	424,779	0.43%
16	New Zealand Depository Nominee	357,730	0.36%
17	Daniel Walter Keller	342,897	0.35%
18	Brian Kelly Limited	302,791	0.31%
19	Colin Glenn Giffney	296,550	0.30%
20	Jeffrey Horn & Bernadette McCarthy	252,557	0.26%

Holding range as at 08 July 2022

Range of equity holdings	Number of holders	Issued capital	%
1-1,000	249	52,398	0.05%
1,001-5,000	155	398,216	0.40%
5,001-10,000	55	390,680	0.40%
10,001-50,000	77	1,500,138	1.52%
50,001-100,000	13	959,567	0.97%
Greater than 100,000	30	95,256,291	96.65%
Total	**579**	**98,557,290**	**100.00%**

Substantial product holders

Section 293 of the Financial Markets Conduct Act 2013 requires disclosure of the substantial product holders in Just Life Group Limited. As at 30 June 2022, the substantial product holders of the Company and their relevant interests in the Company shares were as follows:

Substantial product holders	Date of notice	Number of shares held	%
The Harvard Group Limited	15 December 2021	69,646,279	70.67%
Anthony Edwin Falkenstein	15 December 2021	831,190	0.84%
Anthony Edwin Falkenstein and Ian Donald Malcolm as trustees of the Edwin Trust	15 December 2021	1,342,067	1.36%
Anthony Edwin Falkenstein and Ian Donald Malcolm as trustees of the Edwin Trust as bare trustee for The Harvard Group Limited	15 December 2021	124,393	0.13%
Heather Jeanette Falkenstein and Ian Donald Malcolm as trustees of the Jeanette Trust	15 December 2021	1,342,068	1.36%
Anthony Edwin Falkenstein Heather Jeanette Falkenstein and Mairangi 2008 Limited as trustees of the Mairangi Trust	15 December 2021	26,461	0.03%
Anthony Edwin Falkenstein and Jayne Maree Godfrey as trustees of the Falkenstein University of Auckland Business School Charitable Trust	15 December 2021	2,116,827	2.15%
Anthony Edwin Falkenstein and Christopher Roy Saunders as trustees of the Falkenstein Onehunga Business School Charitable Trust	15 December 2021	2,116,827	2.15%
Anthony Edwin Falkenstein and Ian Donald Malcolm as trustees of the Edwin Trust as bare trustee for Anthony Edwin Falkenstein and Leon Fourie as trustees of the Falkenstein Unitec Business School Charitable Trust	15 December 2021	2,116,827	2.15%
Springfresh Marketing Pty Limited	28 September 2010	5,277,938	5.36%

Directors

Phil Norman
Chair and Independent Director

Tony Falkenstein
Chief Executive Director

Richard Carver
Independent Director

Ian Malcolm
Non-executive Director

Future Directors Programme
Jacinta Taliauli

Executive Management

Tony Falkenstein
Chief Executive Officer

Eldon Roberts
Chief Operating Officer

Lynne Jacobs
Group General Manager

Graeme Read
Chief Financial Officer

Luan Howitt
General Manager –
Healthy Homes

Share Registry

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New Zealand

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Auckland 1142
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Fax +64 9 375 5990

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Just Life Group Limited

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Auckland 1061
New Zealand

Tel + 64 9 630 1300

Postal Address

Private Bag 92811
Penrose
Auckland 1642
New Zealand

Auditors

PricewaterhouseCoopers

Bankers

Bank of New Zealand

Solicitors

Harmos Horton Lusk

Jackson Russell

Lane Neave

Just Life Group on the Web

www.justlifegroup.co.nz

www.justwater.co.nz

www.justwaterfilters.co.nz

www.dolphinwater.co.nz

www.hometech.co.nz

www.solatube.co.nz

www.unovent.com

www.herbalignite.com

www.cylinderguy.co.nz

www.abouthealth.co.nz

www.designertanks.co.nz


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