

Me Today Limited

**Condensed Consolidated
Interim Financial Statements**

For the six months ended 30 September 2021

Me Today Limited
Interim Financial Statements
For the six months ended 30 September 2021

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Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2021

	Note		
		6 mths ended 30 Sep 2021 (unaudited)	6 mths ended 30 Sep 2020 (unaudited)
		NZ\$000	NZ\$000
Revenue before marketing services provided by a customer		2,582	580
Less marketing services provided by a customer		(167)	(156)
Revenue	4	2,415	424
Cost of sales		(1,550)	(152)
Selling and marketing expenses		(984)	(596)
Distribution expenses		(167)	(38)
Administrative expenses		(2,021)	(942)
Acquisition related costs	16.1	(364)	-
Finance expenses		(119)	(2)
Finance income		17	46
Loss before income tax	5	(2,773)	(1,260)
Income tax expense		-	-
Loss for the period attributable to owners of the company		(2,773)	(1,260)
Total comprehensive loss for the period attributable to owners of the company		(2,773)	(1,260)
Earnings (loss) per share:			
Basic and diluted loss per share (NZ\$)	7	(0.0049)	(0.0033)

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

Note	Share based payments reserve			Accumulated losses NZ\$000	Total equity NZ\$000
	Share capital NZ\$000				
Balance at 1 April 2020 (audited)	9,350		-	(5,027)	4,323
Total comprehensive income					
Loss attributable to owners of the company	-		-	(1,259)	(1,259)
Transactions with owners					
Shares issued during the period	15	4,500	-	-	4,500
Less: share issue costs		(181)	-	-	(181)
Share options issued		-	8	-	8
Balance at 30 September 2020 (unaudited)	13,669		8	(6,286)	7,391
Balance at 1 April 2021 (audited)	13,669		110	(7,887)	5,892
Total comprehensive income					
Loss attributable to owners of the company	-		-	(2,773)	(2,773)
Transactions with owners					
Shares issued during the period	15	15,890	(111)	-	15,779
Less: share issue costs		(813)	-	-	(813)
Shares issued on acquisition of subsidiaries	16	10,000	-	-	10,000
Shares bought back and cancelled	15	(2)			(2)
Share options issued		-	13	-	13
Other share based payments		-	56	-	56
Balance at 30 September 2021 (unaudited)	38,744		68	(10,660)	28,152

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

Consolidated Statement of Financial Position

As at 30 September 2021

	Note	30 Sep 2021	31 Mar 2021
		(unaudited)	(audited)
		NZ\$000	NZ\$000
ASSETS			
Current assets			
Cash and cash equivalents		2,293	1,195
Short term deposits		-	3,804
Trade and other receivables		1,919	418
Inventory	8	14,126	934
Biological work in progress	12	3,221	-
Taxation receivable		29	23
Total current assets		21,588	6,374
Non-current assets			
Property, plant and equipment	9	5,569	91
Right-of-use assets	10	2,257	176
Biological assets	11	3,283	-
Goodwill	16	13,415	-
Other intangible assets		74	73
Total non-current assets		24,598	340
Total assets		46,186	6,714
LIABILITIES			
Current liabilities			
Trade and other payables		2,485	629
Lease liabilities	13	835	79
Borrowings	14	1,655	-
Total current liabilities		4,975	708
Non-current liabilities			
Lease liabilities	13	1,562	114
Borrowings	14	11,497	-
Total non-current liabilities		13,059	114
Total liabilities		18,034	822
Net assets		28,152	5,892
EQUITY			
Share capital	15	38,744	13,669
Share based payments reserve		68	110
Accumulated losses		(10,660)	(7,887)
Total equity		28,152	5,892

For and on behalf of the Board on 28 November 2021:



Grant Baker



Michael Kerr

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Note	6 mths ended 30 Sep 2021 (unaudited)	6 mths ended 30 Sep 2020 (unaudited)
		NZ\$000	NZ\$000
Cash flows from operating activities			
Receipts from customers		1,428	508
Payments to suppliers and employees		(6,054)	(2,191)
Interest received		9	46
Income tax refunded (paid)		(5)	(3)
Net cash used in operating activities	19	(4,622)	(1,640)
Cash flows from investing activities			
Cash paid on acquisition of subsidiaries	16	(21,000)	-
Cash received on acquisition of subsidiaries	16	209	-
Investments in short term deposits		3,807	(4,800)
Payments for property, plant and equipment		(174)	(64)
Payments for intangibles		(4)	(39)
Net cash used in investing activities		(17,162)	(4,903)
Cash flows from financing activities			
Proceeds from issue of share capital		15,277	4,488
Share capital issue costs		(311)	(169)
Payments to buy back shares		(2)	-
Proceeds from bank borrowings		8,500	-
Repayment of principal on borrowings		(398)	-
Interest paid on borrowings		(69)	-
Payment of lease liabilities		(101)	(13)
Interest paid on lease liabilities		(14)	(2)
Net cash flows from financing activities		22,882	4,304
Net increase/(decrease) in cash and cash equivalents		1,098	(2,239)
Cash and cash equivalents at 1 April		1,195	4,168
Cash and cash equivalents at 30 September		2,293	1,929

These interim financial statements have not been audited, nor reviewed by the auditor. The accompanying notes form part of these interim financial statements and should be read in conjunction with them.

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2021

1. General information

Me Today Limited ('MTL' or 'the Company') is a limited liability company incorporated and domiciled in New Zealand. The address of the company's registered office is Level 1, 25 Broadway, Newmarket, Auckland 1141.

The financial statements presented are for Me Today Limited and its subsidiaries (together 'the Group'). Details of subsidiary companies and their principal activities are set out in note 17.

The Group produces, sells, and markets health and wellbeing products or act as an agent on behalf of other health and wellbeing suppliers. With the acquisition of King Honey Limited ('King Honey') on 30 June 2021 the Group also produces premium manuka honey.

2. Basis of preparation

These unaudited interim condensed consolidated financial statements for the six months ended 30 September 2021 have been prepared in accordance New Zealand Generally Accepted Accounting Practice ('NZ GAAP'), with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting ('NZ IAS 34') and with International Accounting Standard 34: Interim Financial Reporting ('IAS 34').

Me Today Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under the Financial Markets Conduct Act 2013. The Company is listed on the NZX Market. These financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

The interim condensed consolidated financial statements do not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the financial statements included in the annual report for the year ended 31 March 2021 which have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

The interim condensed consolidated financial statements are presented in New Zealand dollars which is the Company's functional and presentation currency, rounded to the nearest thousand dollars.

The interim condensed consolidated financial statements are unaudited. The comparative information as at 31 March 2021 is audited.

2.1. Basis of measurement

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for biological assets which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2. Impact of COVID-19 and going concern

The international impact of the COVID-19 pandemic, the extended lockdown of Auckland since 17 August 2021 and the various levels of lockdown across the rest of New Zealand since that date, have impacted the Group's performance during the interim period. While the Group has continued to make significant progress, the restrictions on pharmacies during lockdown and the lack of tourists to New Zealand have reduced domestic sales, and the ongoing closure of New Zealand's borders have slowed the Group's ability to develop international markets and interact with existing customers.

The COVID-19 pandemic has not had a material impact on trade receivables, impairment losses or inventory provisioning.

The directors have concluded that the Group will be able to continue operating for at least 12 months from the date of signing these financial statements. The Group incurred a loss of \$2.77 million in the six months to 30 September 2021 (six months to 30 September 2020: \$1.26 million loss). Forecast sales from the recently acquired King Honey are lower than anticipated, as previously notified to the NZX market.

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2021

Ongoing sales are anticipated to recover in the next financial year as King Honey's China distributor sells down its current inventory levels and once again increases its purchasing of King Honey products.

On 26 November 2021 the Group entered into a share placement subscription agreement (refer note 22.2) which, subject to shareholder approval, will provide the Group with an additional \$6 million in funding through the issue of share capital. This additional funding will assist the Group meet its operational and working capital funding requirements over the next 18 months while it focuses on growth.

The Board has concluded that, with this agreement for additional capital and given the anticipated trading outcome, the Group will be able to continue operating for at least 12 months from the date of signing these financial statements.

3. Changes in Significant Accounting Policies

The interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation detailed in the audited financial statements for the year ended 31 March 2021, except for the new additional accounting policies detailed below which have been implemented in response to the acquisition of King Honey. For details of the accounting policies for the year ended 31 March 2021 please refer to the 2021 Annual Report.

3.1. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities, and liabilities related to employee benefit arrangements, are recognised and measured in accordance with NZ IAS 12 *Income Taxes* and NZ IAS 19 *Employee Benefits* respectively.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3.2. Goodwill

Goodwill that arises on the acquisition of subsidiaries and other business combinations is measured at cost less accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2021

3.3. Inventories

The deemed cost for the Group's agricultural produce (honey) inventory is fair value at harvest date less estimated point-of-sale costs. Fair value is determined by reference to market prices for honey. Point-of-sale costs include all costs that would be necessary to sell the assets.

3.4. Biological assets

Biological assets consist of bees (including queens).

Biological assets are measured at fair value less point-of-sale costs, with any change therein recognised in the profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets. The fair value of biological assets is assessed on an annual basis post-harvest, which involves reviewing the number of operational hives in use and referencing market prices for hives.

3.5. Biological work in progress

Biological work in progress consists of unharvested honey.

Biological assets are measured at fair value less point-of-sale costs, with any change therein recognised in the profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets.

The growth in the biological work in progress in the period from harvest to 30 September 2021 cannot be reliably measured at fair value due to the variables in hive growth and honey production between 1 April 2021 and reporting date. Therefore, as required under NZ IAS 41, the cost of agricultural activity (beekeeping costs) in the period to 30 September has been capitalised as biological work in progress to account for this growth.

Agricultural produce (honey) from biological assets is transferred to inventory at fair value, by reference to market prices for honey less estimated point-of-sale costs, at the date of harvest. The biological work in progress is transferred to inventory as part of this fair value recognition at each harvest, which occurs at least annually.

3.6. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values, over their useful lives using the diminishing value method. The following depreciation rates are used in the calculation:

Plant, vehicles and equipment	6% - 67%
Office equipment and furniture	10% - 50%
Leasehold improvements	6% - 25%

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2021

4. Revenue

	6 mths ended 30 Sep 2021 (unaudited)	6 mths ended 30 Sep 2020 (unaudited)
	NZ\$000	NZ\$000
Revenue from sale of health and wellbeing products before marketing services provided by customers	1,128	314
Less marketing services provided by customers	(167)	(156)
Revenue from sale of health and wellbeing products	961	158
Revenue from sale of honey products	1,251	-
Revenue from agency services	203	266
Total revenue	2,415	424

The details above disaggregate the Group's revenue from contracts with customers into primary markets, and major product and service lines. All revenue is generated in New Zealand.

5. Expenses

The loss for the period includes the following expenses.

	6 mths ended 30 Sep 2021 (unaudited)	6 mths ended 30 Sep 2020 (unaudited)
	NZ\$000	NZ\$000
Salaries	(1,936)	(505)
Employer kiwisaver contributions	(44)	(14)
Directors' fees	(198)	(132)
Depreciation of property, plant and equipment	(241)	(9)
Depreciation of right of use assets	(216)	(13)
Amortisation of intangible assets	(2)	(7)
 Finance expenses:		
Interest on lease liabilities	(23)	(2)
Interest on borrowings	(119)	-
	<hr/>	<hr/>
	(142)	(2)
 Fees paid to the auditor:		
For the current year audit	(29)	(26)
For tax services and accounting advisory services	(28)	(11)
Total fees paid to the auditor	<hr/>	<hr/>
	(57)	(37)

6. Segment information

The Group has identified its operating segments based on the internal reports reviewed and used by the Chief Operating Decision Maker ('CODM'), being the Board of Directors, in assessing the Group's performance and in determining the allocation of resources.

The Group produces, sells, and markets health and wellbeing products ('sale of goods' segment) or acts as an agent on behalf of other health and wellbeing suppliers ('agency services' segment). With the acquisition of King Honey Limited ('King Honey') on 30 June 2021 the Group also produces and sells premium manuka honey ('honey' segment).

Unallocated operating expenses include head office costs and costs related to the NZX listing.

All operations are carried out in New Zealand.

	Six months ended 30 September 2021					Six months ended 30 September 2020				
	Sale of goods	Agency services	Honey	Other / unallocated	Total	Sale of goods	Agency services	Honey	Other / unallocated	Total
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Revenue before marketing services provided by a customer	1,128	203	1,251	-	2,582	314	266	-	-	580
Less marketing services provided by a customer	(167)	-	-	-	(167)	(156)	-	-	-	(156)
Total external revenue	961	203	1,251	-	2,415	158	266	-	-	424
Total inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Total EBITDA	(812)	(164)	(296)	(553)	(1,825)	(798)	(30)	(442)	(1,270)	
Finance income	-	-	0	17	17	-	-	-	46	46
Finance expenses	-	-	(138)	(4)	(142)	-	-	-	(2)	(2)
Depreciation and amortisation	(8)	(3)	(400)	(48)	(459)	(27)	(3)	-	(4)	(34)
Acquisition expenses	-	-	-	(364)	(364)	-	-	-	-	-
Net loss before taxation	(820)	(167)	(834)	(952)	(2,773)	(825)	(33)	-	(402)	(1,260)
Income tax expense	-	-	-	-	-	-	-	-	-	-
Net loss for the year	(820)	(167)	(834)	(952)	(2,773)	(825)	(33)	-	(402)	(1,260)
As at 30 September 2021										
	Sale of goods	Agency services	Honey	Other / unallocated	Total	Sale of goods	Agency services	Honey	Other / unallocated	Total
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Segment assets	2,173	120	39,594	4,299	46,186	1,334	128	-	5,252	6,714
Segment liabilities	713	75	16,879	367	18,034	401	63	-	358	822
As at 31 March 2021										
	Sale of goods	Agency services	Honey	Other / unallocated	Total	Sale of goods	Agency services	Honey	Other / unallocated	Total
	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Segment assets	2,173	120	39,594	4,299	46,186	1,334	128	-	5,252	6,714
Segment liabilities	713	75	16,879	367	18,034	401	63	-	358	822

6.1. Seasonal and cyclical influences

The Group's honey production operations have seasonal influences. Over winter, hives are downsized and operating costs are primarily spent on maintaining hives and operations. Honey production occurs from early spring to late summer with the majority of honey harvest occurring from January to April. Operating costs increase during the honey production and harvest months. Beekeeping costs are deferred and recognised as biological work in progress up until harvest, at which point they are transferred to inventory. Sales of honey occur throughout the year and the cost of honey sold is recognised at the same time.

There are no seasonal or cyclical influences on the sale of goods or agency services operations.

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2021

7. Earnings per share

	6 mths ended 30 Sep 2021 (unaudited)	6 mths ended 30 Sep 2020 (unaudited)
Basic earnings/(loss) per share (NZ\$)	(0.0049)	(0.0033)
Diluted earnings/(loss) per share (NZ\$)	(0.0049)	(0.0033)

The losses and weighted average number of ordinary shares used in the calculation of loss per share are as follows:

	6 mths ended 30 Sep 2021 (unaudited)	6 mths ended 30 Sep 2020 (unaudited)
Loss from continuing operations (NZ\$000)	(2,773)	(1,260)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share ('000)	561,004	386,314

At 30 September 2021, there were no financial instruments that carried any shareholder dilution rights that were considered to be dilutive (2020: none). The 3,000,000 share options on issue were not considered to be dilutive due to the Group's loss.

8. Inventory

	30 Sep 2021 (unaudited)	31 Mar 2020 (audited)
	NZ\$000	NZ\$000
Raw materials	10,283	-
Finished goods	2,869	647
Packaging materials	974	287
	14,126	934

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2021

9. Property, plant and equipment

	Plant, vehicles and equipment	Office equipment and furniture	Leasehold improvements	Total
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Cost:				
Balance at 1 April 2020	10	28	-	38
Additions	-	56	31	87
Balance at 30 September 2020	10	84	31	125
Additions	-	11	-	11
Balance at 31 March 2021	10	95	31	136
Additions	145	30	1	176
Acquisition of subsidiary	5,146	62	335	5,543
Balance at 30 September 2021	5,301	187	367	5,855
Accumulated depreciation:				
Balance at 1 April 2020	(2)	(13)	-	(15)
Depreciation expense	(1)	(7)	(1)	(9)
Balance at 30 September 2020	(3)	(20)	(1)	(24)
Depreciation expense	(1)	(15)	(5)	(21)
Disposals	-	-	-	-
Balance at 31 March 2021	(4)	(35)	(6)	(45)
Depreciation expense	(206)	(21)	(14)	(241)
Balance at 30 September 2021	(210)	(56)	(20)	(286)
	Plant, vehicles and equipment	Office equipment and furniture	Leasehold improvements	Total
	NZ\$000	NZ\$000	NZ\$000	NZ\$000
Carrying Amounts:				
30 September 2020				
Cost	10	84	31	125
Accumulated depreciation	(3)	(20)	(1)	(24)
Carrying amounts	7	64	30	101
31 March 2021				
Cost	10	95	31	136
Accumulated depreciation	(4)	(35)	(6)	(45)
Carrying amounts	6	60	25	91
30 September 2021				
Cost	5,301	187	367	5,855
Accumulated depreciation	(210)	(56)	(20)	(286)
Carrying amounts	5,091	131	347	5,569

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2021

10. Right-of-use asset

The Group leases warehouse and administration premises, and land used for hive placements.

	Premises	Hive placements	Total
	NZ\$000	NZ\$000	NZ\$000
Cost:			
Balance at 1 April 2020	-	-	-
Additions	226	-	226
Balance at 30 September 2020	226	-	226
Additions	-	-	-
Balance at 31 March 2021	226	-	226
Additions	296	313	609
Acquisition of subsidiary	933	755	1,688
Balance at 30 September 2021	1,455	1,068	2,523
Accumulated amortisation:			
Balance at 1 April 2020	-	-	-
Depreciation expense	(13)	-	(13)
Balance at 30 September 2020	(13)	-	(13)
Depreciation expense	(37)	-	(37)
Balance at 31 March 2021	(50)	-	(50)
Depreciation expense	(107)	(109)	(216)
Balance at 30 September 2021	(157)	(109)	(266)
	Premises	Hive placements	Total
	NZ\$000	NZ\$000	NZ\$000
Carrying Amounts:			
30 September 2020			
Cost	226	-	226
Accumulated amortisation	(13)	-	(13)
Carrying amounts	213	-	213
31 March 2021			
Cost	226	-	226
Accumulated amortisation	(50)	-	(50)
Carrying amounts	176	-	176
30 September 2021			
Cost	1,455	1,068	2,523
Accumulated depreciation	(157)	(109)	(266)
Carrying amounts	1,298	959	2,257

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2021

11. Biological assets

	30 Sep 2021 (unaudited)	31 Mar 2021 (audited)
	NZ\$000	NZ\$000
Bees:		
Balance at 1 April	-	-
Acquisition of subsidiary	3,283	-
Balance at reporting date	3,283	-

The Group has 15,595 operational hives and 3,660 nucs.

The Group is exposed to some risks related to owning bees, primarily the risk of damage from climatic changes and diseases. The Group has processes in place aimed at monitoring and mitigating those risks, through hiring of experienced beekeepers, the intensive maintenance of beehives and disease prevention programmes.

Fair value hierarchy

The Group's bees are level 3 on the fair value hierarchy, being calculations for which inputs are not based on observable market data (unobservable inputs).

The Group has valued the biological assets based on market sales price information and the Group's own sales of hives and queens.

12. Biological work in progress

	30 Sep 2021 (unaudited)	31 Mar 2021 (audited)
	NZ\$000	NZ\$000
Beekeeping costs relating to next harvest	3,221	-

13. Lease liability

	30 Sep 2021 (unaudited)	31 Mar 2021 (audited)
	NZ\$000	NZ\$000
Maturity analysis - contractual undiscounted cash flows		
Up to one year	940	86
One to two years	621	88
Two to five years	877	29
More than five years	138	-
Total undiscounted lease liabilities at period end	2,576	203

Lease liabilities included in the statement of financial position at balance date

Current	835	79
Non-current	1,562	114
	2,397	193

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2021

14. Borrowings

	30 Sep 2021 (unaudited)	31 Mar 2021 (audited)
	NZ\$'000	NZ\$'000
Banks loans	8,102	-
Subordinated note	5,050	-
	13,152	-
Current	1,655	-
Non-current	11,497	-
	13,152	-

The Group has two bank loans from the Bank of New Zealand. A customised average rate loan facility (CARL) of \$3,339,000 (31 March 2021: \$nil) and a fixed rate loan of \$4,763,000 (31 March 2021: \$nil). The loans were taken out on 30 June 2021 and are for five years, ending 29 June 2026. The loans are secured over all property of Me Today Manuka Honey Limited, the parent company of King Honey Limited and a subsidiary of Me Today Limited.

The CARL facility monthly repayments consist of a fixed principal repayment plus interest based on a floating rate that is adjusted monthly. The average interest on the CARL facility rate during the reporting period was 3.55%. Interest on the fixed rate loan is fixed at 2.51% and the loan is repaid by 60 monthly instalments over the term of the loan.

Under the terms of the sale and purchase agreement for the acquisition of King Honey it was agreed that \$5,000,000 of the purchase price would be left payable to the vendors as a subordinated note (refer note 16). The subordinated loan is repayable in three years from the acquisition date of 30 June 2021 with interest of 4% payable annually in arrears. The note is secured over all property of Me Today Manuka Honey Limited. This security interested ranks behind any security interest in favour of the Bank of New Zealand pursuant to the bank loan agreements noted above, but ahead of any other indebtedness of Me Today Manuka Honey Limited.

15. Share capital

	6 mths ended 30 Sep 2021 (unaudited)	6 mths ended 30 Sep 2020 (unaudited)
	'000	'000
Number of ordinary shares		
Ordinary shares as at 1 April	412,278	1,824,550
Share consolidation	-	(1,459,640)
Issue of shares on acquisition of subsidiary	113,636	-
Ordinary shares issued during the period	180,552	47,368
Share buy back and cancellation	(34)	-
Ordinary shares as at 30 September	706,432	412,278

On 14 June 2021 the Company issued 809,074 fully paid ordinary shares in the favour of BB Promotions Limited, Sarah Walker and independent directors. Shares issued to BB Promotions Limited and Sarah Walker are in accordance with the terms of the relevant agreements for promotional services.

On 29 June 2021 Me Today issued 178,977,270 fully paid ordinary shares under a wholesale and retail share offer to part fund the purchase of King Honey. On the same date a further 765,356 fully paid ordinary shares were issued in favour of BB Promotions Limited and Sarah Walker.

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For the six months ended 30 September 2021

On 30 June 2021 Me Today issued 113,638,364 fully paid ordinary shares to the vendors as part consideration for the acquisition of King Honey (refer note 16).

On 14 September 2021 the company bought back shares held in parcel sizes of less than 1,000 shares. The total number of shares acquired and cancelled were 34,414 from 1,302 shareholders.

On 3 April 2020 the Company undertook a one for five share consolidation.

On 10 July 2020 the company undertook a retail share issue of 42,105,263 shares.

On 31 July 2020 the company issued 5,263,167 shares to be allotted to a share purchase plan.

16. Acquisition of subsidiaries

On 30 June 2021 Me Today Manuka Honey Limited, a subsidiary of Me Today Limited, acquired 100% of the issued share capital of King Honey Limited ('King Honey') thereby obtaining control of King Honey and its subsidiaries, Pure Manuka NZ Limited, Bee Plus Manuka NZ Limited, Manuka Wellness Limited and King Honey Health Products Limited. King Honey is one of New Zealand's premium Manuka Honey producers. Its subsidiaries are all non-trading. The King Honey business complements the Me Today brand and the acquisition enables Me Today to expand its existing lifestyle, health and wellness businesses.

16.1. Assets acquired and liabilities assumed at the date of acquisition

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed as at the date of acquisition are as set out in the table below.

	30 Jun 2021 (unaudited)
	NZ\$000
Net assets / (liabilities) acquired:	
Cash	209
Receivables and prepayments	216
Inventory	13,612
Taxation receivable	95
Biological work in progress	1,456
Biological assets	3,283
Property, plant and equipment	5,543
Right of use assets	1,688
Trade and other payables	(1,829)
Lease liabilities	(1,688)
Net assets acquired	22,585
Goodwill	13,415
Total consideration	36,000
Satisfied by:	
Cash	21,000
Issues of shares (113,638,364 ordinary shares of Me Today Limited)	10,000
Subordinated loan	5,000
Total consideration transferred	36,000

Condensed Notes to the Interim Consolidated Financial Statements

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The fair value of the 113,636,364 ordinary shares issued as part of the consideration paid for King Honey (\$10 million) was determined on the basis of the agreement between the parties supported by an independent appraisal.

Acquisition related costs amount to \$0.36million.

16.2. Provisional accounting for the acquisition

The initial accounting for the acquisition of King Honey has only been provisionally determined at the end of the reporting period. The acquisition accounting is expected to be finalised by the next reporting date and this may impact the fair value of net assets acquired. Potentially of most impact is the recognition of identifiable intangible assets. For King Honey the most important customer relationship currently is the partnership relating to the BEE+ brand. This brand is well established in the Chinese market with an extensive reach created by the brand principal and distribution partner. In discussions with the BEE+ brand partner, Me Today has established that the distribution partner is holding a large amount of inventory of BEE+ products in market in China. The amount of inventory is more than Me Today expected as a result of enquiries through the due diligence carried out leading into the acquisition. Until further discussions and investigations are completed, Me Today is unable to determine the fair value of these distribution and customer agreements and accordingly is unable to recognise the related identifiable intangible assets at this time.

16.3. Trading transactions

During the period, and prior to acquisition, the Group had no transactions with King Honey. Following the acquisition of King Honey, transactions and balances due between companies in the Group have been eliminated on consolidation.

16.4. Impact of acquisition on the results of the Group

King Honey contributed \$1.25million revenue and \$0.7million to the Group's loss for the period between the date of acquisition and the reporting date.

16.5. Goodwill

	30 Sep 2021 (unaudited)	31 Mar 2021 (audited)
	NZ\$000	NZ\$000
Cost:		
Balance at 1 April	-	-
Recognised on acquisition of subsidiary	13,415	-
Balance at reporting date	13,415	-

The provisional goodwill of \$13.4million arising from the acquisition of King Honey consists of distribution rights, other recurring revenue streams and relationships, which at this time have not been fair valued and separately identified. The goodwill also relates to expected synergies, and the capability and expertise developed within the acquired business.

16.5.1. Impairment testing for cash-generating units containing goodwill ("CGU")

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. All goodwill is currently allocated to the Honey segment.

The King Honey business was only 90 days post acquisition on 30 September 2021 and is still being bedded in as the new honey harvest season starts and the sales strategy is executed. However, given the unexpected delay in sales orders from the BEE+ brand distribution partner (refer note 16.2), the Board has undertaken value in use impairment testing and reviewed sensitivity analysis relating to the carrying value of the goodwill. The Board has concluded that the value in use impairment testing does not result in the impairment of goodwill.

Condensed Notes to the Interim Consolidated Financial Statements

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Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and were based on the following key assumptions:

	30 Sep 2021 (unaudited)
Anticipated annual revenue growth included in the cash flow projections for the years 2022 to 2026	30% - 45%
Pre-tax discount rate	17%
Terminal growth rate applied beyond 2026	3%

Cash flows were projected on actual operating results, the 12 month budget, multi-year forecasts and business plan.

Sensitivity to changes in assumptions

A 5% reduction of total annual revenues across all years in the discounted cash flow analysis will lead to the consideration of an impairment charge against goodwill.

17. Subsidiaries

Name of subsidiary	Principal activity	Equity holding	
		30 Sep 2021	31 Mar 2021
The Good Brand Company Limited	Sale of health & wellbeing products	100%	100%
Me Today NZ Limited	Production & sale of health & wellbeing products	100%	100%
Today Limited	Non-trading entity	100%	100%
Me Today EU Limited	Sale of health & wellbeing products	100%	100%
Me Today Manuka Honey Limited	Investment in King Honey Limited	100%	-
King Honey Limited	Sale of manuka honey products	100%	-
Manuka Wellness Limited	Non-trading entity	100%	-
King Honey Health Products Limited	Non-trading entity	100%	-
Pure Manuka NZ Limited	Non-trading entity	100%	-
Bee Plus Manuka NZ Limited	Non-trading entity	100%	-

All subsidiaries are domiciled in New Zealand, with the exception of Me Today EU Limited, which is domiciled in Ireland. All subsidiaries have a balance date of 31 March.

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2021

18. Related parties

18.1. Directors

The names of persons who are directors of the Company are; Grant Baker (Chairman), Hannah Barrett, Roger Gower, Michael Kerr, Stephen Sinclair, and Antony Vriens.

18.2. Key management personnel compensation

Key management personnel compensation is set out below. The key management personnel are all the directors of the Company.

Directors were paid directors' fees of \$190,000 (30 September 2020: \$132,000). \$28,000 was payable to directors at 30 September 2021 (31 March 2021: \$15,000). This amount is payable to the independent directors and is intended to be settled by the issue of shares in the Company. In the period to 30 September 2021 \$29,000 of the remuneration due to the independent directors was settled by the issue of 346,653 shares in the Company (30 September 2020: \$32,000 settled by issue of 332,139 shares).

Michael Kerr received total remuneration of \$112,500 in the current period in his role as CEO (2020: \$100,000).

A company owned by Stephen Sinclair received \$52,083 in consulting fees (2020: \$41,667).

18.3. Related entities

MTL Securities Limited is an entity owned and controlled by M & N Kerr Holdings, of which Michael Kerr is a director, and Velocity Capital, of which Grant Baker and Stephen Sinclair are directors. MTL Securities Limited owns 31.42% of Me Today Limited.

18.4. Related party transactions

In the 6 months to 30 September 2021, the Company issued 346,653 ordinary shares to Antony Vriens, Hannah Barrett and Roger Gower in part settlement of their directors' remuneration.

On 15 June 2020 the Company entered into an Ambassador Agreement with BB Promotions Limited for a term of three years. BB Promotions Limited is a related party to the Group, as the shareholder and director of BB Promotions Limited, B Barrett, is married to H Barrett, a director of MTL.

Under the terms of the agreement, BB Promotions Limited agreed to provide promotional services to the Company in exchange for the payment of \$50,000 per annum, the issue by the Company of ordinary shares to BB Promotions Limited to the value of \$100,000 per annum, and the granting of 3,000,000 options to purchase ordinary shares in the Company. Share based payments for promotion services in the period was \$100,000 (2020: \$100,000) in relation to the Ambassador Agreement with BB Promotions Limited.

Condensed Notes to the Interim Consolidated Financial Statements

For the six months ended 30 September 2021

19. Reconciliation of loss after taxation with cash flow from operating activities

	6 mths ended 30 Sep 2021 (unaudited)	6 mths ended 30 Sep 2020 (unaudited)
	NZ\$000	NZ\$000
Net loss after taxation	(2,773)	(1,260)
Adjustments for:		
Depreciation and amortisation	474	29
Share-based payments	68	8
Interest paid on lease liabilities	22	2
Interest paid on borrowings	119	-
Other non-cash based movements	(19)	-
Movements in working capital		
(Increase) / decrease in trade and other receivables	(1,501)	(269)
(Increase) / decrease in inventory	(13,192)	(489)
(Increase) / decrease in biological work in progress	(3,221)	-
Increase / (decrease) in trade and other payables	1,856	342
(Increase) / decrease in taxation receivable	(5)	(3)
Movement in working capital on acquisition of subsidiaries	13,550	-
Net cash outflows from operating activities	(4,622)	(1,640)

20. Contingent liabilities

There are no contingent liabilities as at 30 September 2021 (2020: nil).

21. Commitments

The Company had no commitments for future capital expenditure as at 30 September 2021 (2020: nil).

22. Events subsequent to reporting date**22.1. New subsidiary**

On 28 October 2021 the Group registered a 100% owned limited company in the United Kingdom, named Me Today UK Group Limited.

22.2. Share placement subscription agreement

On 26 November 2021, Me Today, the TW Jarvis (No. 1) Family Trust ("Jarvis Trust") and MTL Securities Limited ("MTL") entered into a share placement subscription agreement under which the Jarvis Trust and MTL agreed to invest additional cash of \$6 million through a share placement, conditional upon shareholder approval. The shares will be issued at 8.8 cents per share, the same issue price for capital raised as part of the King Honey acquisition and reflecting their respective shareholdings, MTL Securities has agreed to contribute \$3.75 million and Jarvis Trust \$2.25 million.

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The commitment to invest \$6 million by the major shareholders resolves the discussions between the Company and the Jarvis Trust relating to the level of pre-purchase BEE+ inventory in market in China.

Jarvis Trust is a substantial security holder in Me Today and is the previous vendor of King Honey Limited. MTL is a substantial security holder, and the largest shareholder, in Me Today. MTL is an entity owned and controlled by M & N Kerr Holdings, of which Michael Kerr is a director, and Velocity Capital, of which Grant Baker and Stephen Sinclair are directors.

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