



ANNUAL REPORT 2021

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YEAR ENDED 31 DECEMBER 2021 7**



WE ACKNOWLEDGE OUR PARTNERS' GENEROUS SUPPORT IN 2021



BRONZE



Kerry Warn
General Manager



Sheryl Edmonds
Executive Assistant



Samantha Gray
Government Affairs Director



2021 ANNUAL REPORT FROM THE CHAIR OF NATURAL HEALTH PRODUCTS NZ

Dear Natural Health Products
NZ Member,

2021 was a robust year for the industry despite the ongoing Covid related and global supply chain challenges.

Natural Health Products NZ continued to maintain a healthy membership base and grow positive relationships with our export partners.

Through closer collaboration, Natural Health Products NZ continued pressure on the Government with the goal to provide a relevant, modern, fit for purpose regulatory system for natural health products.



PROGRESS ON THE AIMS OF NATURAL HEALTH PRODUCTS NZ

Our constitution sets out the following objectives:

United Industry

To foster commitment, involvement, mutual respect, effective communication and joint collaboration between all participants in New Zealand's natural and complementary health products and services.

Membership in 2021 grew marginally to 147 full and associate members, which translated to a slight decrease in membership revenue of 2%. Having a healthy membership base is core to the association's success and in turn our ability to provide value to members. We are fortunate to have the strong support

of around 80% of the industry, and new members often coming to us as a result of positive introductions from existing members.

Relationships with our partners have continued well and we value the generous support of our corporate partners: IMCD (Gold partners), aibGROUP Insurance, Forbes Packaging, New Wayz, and Scitex Recruitment (Bronze). Partnership provides an opportunity for companies to strongly align with Natural Health Products NZ and the sector. It also provides the association with an additional revenue stream, and we are very grateful for these generous contributions.

Summit 2021 was the first live event for the industry after a year of lockdowns and it was evident just how vital and appreciated the Summit is to our members and the wider sector. Blenheim and its stunning venues provided superb locations for over 200 attendees. 90% of survey respondents gave the Summit an overall rating of Very Good or Excellent. The Natural Health Products NZ Supreme Award was won by Vitaco Health NZ, who also took the trophies for Marketing Award (sales \$2m and over) and Highly Commended in the Business Resilience Award. This newly introduced award was won by Alaron Products Ltd. Alison Quesnel was recognised with the 2021 trophy for Outstanding Contribution to the Industry.

Suppliers' Day was held in Auckland on 17 August, the day the country went into lockdown due to community cases of the Delta variant. The presentation schedule was all but complete, but we were sadly forced to cancel the IMCD Networking Function. Suppliers' Day continues to grow and gain recognition across the industry. We had a record 161 delegates, up 24% from 2019.

The Lunchtime Webinars continued in 2021 providing resource and learnings for members on China Market Entry, Logistics and Supply Chain Management, and regulatory requirement changes for manufacturers exporting to China.



Representation

To be the pre-eminent body representing the natural and complementary health products and services industry in New Zealand.

Our connections with industry associates at relevant organisations within New Zealand and elsewhere remains strong: BioTech NZ, Cosmetics NZ, Medical Technology Association of New Zealand (MTANZ), Consumer Healthcare Products (CHPNZ), Complementary Medicines Australia (CMA), International Alliance of Dietary/Food Supplements Associations (IADSA), China Chamber of Commerce for Import & Export of Medicines and Health Products (CCCMHPIE), Association of Southeast Asian Nations NZ Business Council (ASEAN NZBC) and New Zealand China Trade Association (NZCTA).

Our relationship with NZ Trade & Enterprise is excellent and they provide support both to the association and individual members. We have collaborated on a number of activities through the year.

Advocacy

To influence local and international regulatory outcomes to achieve industry growth, a positive product environment, and low compliance costs.

In her first full year as Government Affairs Director, Samantha Gray has made a tremendous impact on our advocacy goals. Alongside government relations adviser Neale Jones, Samantha worked strategically and determinedly towards having the Government recognise the need for modern fit-for-purpose regulations.

Regulation

The Ministry of Health announced the intention for Natural Health Products regulation to be included

within its own section of the Therapeutic Products Bill and have indicated that the Natural Health Products Bill that was withdrawn in 2017 will form the basis for this. Natural Health Products NZ identified that the Ministry's intention to restrict claims to health benefit claims only was outside of global best practice and we continue to lobby for the full range of health and therapeutic claims to be permitted within the Therapeutic Products Bill as a top priority. A further important goal is to achieve an export-only exemption for dietary supplements in the short term to enable export growth in multiple overseas markets. These specific work programmes as well as advocacy for all industry requirements within the new Bill is being undertaken by regular engagement with officials and ministers and a supporting media programme.

As well as this work we have made multiple submissions to Select and other government committees and agencies on industry related matters and have participated in cross-agency and external stakeholder meetings, and we continue to support and develop our relationships within the wider domestic and international industry community.

Media

Over the past year it has been pleasing to see various news media outlets contacting us for comment on a range of natural health product related matters, thus demonstrating that with the news media we are achieving our Advocacy strategic pillar of being the influential and trusted voice of the industry.

In tandem, we have also had good pickup on media releases that we have pro-actively issued, particularly in relation to our ongoing regulatory outcome goals. Examples include significant articles in Stuff, NZ Herald, Newsroom and Radio NZ.

We thank Anna Radford of Radford Communications and our PR Sub-Committee for their assistance.



Business Support

To provide and communicate information (including market research) to members (by way of publications, forums, commissioning research, etc.) that will support members in their businesses domestically and/or internationally.

Summit 2021 provided delegates with an exceptional line-up of informative and inspiring speakers. The Alaron Products Welcome Function and GMP Pharmaceuticals Gala Dinner and Awards Night proved once again just how important in-person networking functions are.

Suppliers' Day 2021, although cut short by a Level 4 lockdown, delivered a day of thought-provoking presentations on innovations and new developments within the sector.

Our one-hour lunchtime webinars were well-attended and valuable for members and non-members. Topics included, China Market Entry, where we partnered with our colleagues at China Chamber for the Import and Export of Medicines and Health Products CCCMHPIE, NZTE and Acestra; Kuehne + Nagel's MD Simon Dedman provided important insight into Logistics and Supply Chain Management; and we collaborated with MPI to update members on the changing requirements for manufacturers exporting to China.

Our regular newsletter goes to a database of nearly 480 subscribers. Engagement remains very high, with 65% often opening or clicking on our emails (Source: MailChimp Report).

In addition, members are kept up to date with Regulatory Alerts and Updates as required.

Export Development

To be New Zealand's key Natural Product export promotion body and to engage in activities that grow the New Zealand Natural Product export sector.

Travel restrictions have hampered our ability to fully engage in Export Development. However, the important work that is being done towards achieving export exemption certification will have a considerable positive impact for exporters when realised. The ability to make health claims that are compliant with the importing nations' regulations will put New Zealand products back on an even standing with competitors, and open markets that have otherwise been impossible to export to.

Financial Results

The financial statements have been independently audited by Crowe and received a positive clean audit report.

2021 saw an increase in investment in Professional Services to support our regulatory objectives. Expenses for Lobbying, Government Affairs Consultancy and Legal Fees all increased. A return to in-person events also saw a YOY increase in Summit and Suppliers' Day Revenue. The overall result was a deficit of \$7,774.

Personnel

2021 has been a stable year for personnel.

In her position of General Manager, I would like to acknowledge Kerry Warn for her continued dedication and her outstanding contribution that she has given to the industry. Kerry's professionalism has been demonstrated throughout the year, where she has focused on the key strategic focuses for Natural Health Products NZ. She planned and executed one of the industry's most successful ever annual Summits in 2021.



Samantha Gray completed her first full year as Government Affairs Director. Her knowledge, determination and dedication is making a very positive impact on the progression of our regulatory goals.

Sheryl Edmonds as Executive Assistant has provided valuable organisational skills and support for the Board, General Manager, and members. Sheryl's competence and contribution continues to grow.

Natural Health Products NZ Board Members

The elected Board of 2021 was:

Chair: Lorraine Moser, Vitaco Health (NZ) Ltd

Rod Claycomb, Quantec Ltd

Samantha Gray, BioEquitas Ltd (re-elected 2021 AGM)

Jackie Herbert, NZ Health Manufacturing Ltd

Chris Johnson, Anagenix Ltd

Ravinesh Kumaran, GMP Pharmaceuticals
(elected 2021 AGM)

Peter Lehrke, PharmaNZ Ltd

Claire Quin, Alaron Products Ltd

Phil Rasmussen, Phytomed Medicinal Herbs Ltd

We thank the board for their support.

In Closing...

This has been another challenging year for the industry, with the incremental operational demands on businesses due to the Covid related events and global supply pressures. It has also been a year full of opportunities with growing consumer interest and the robustness of our industry.

The depth and breadth of knowledge and the excellent cross representation of our Board from the

industry was a tremendous platform to advance our strategic goals. Together with Kerry's experience and professionalism, Natural Health Products NZ has strongly driven forward in fulfilling the strategic goals.

At the end of this term, Jackie Herbert is standing down from the board and on behalf of the board I would like to thank her for her active involvement and invaluable contribution.

Natural Health Products NZ exists to represent the vision and to further the objectives of the natural health products sector in New Zealand. We are an open, consultative group funded primarily by the membership fees, contributions of our members and corporate sponsors and events. The Board thanks the members for their support, constructive feedback, input and suggestions provided in the last year.

As an industry we have reached and exceeded \$2 billion in revenues, and the rate of R&D in the natural products sector is 4x higher than the NZ average. We need to continue to think globally, and act locally to meet changing global standards. Exports remain the greatest opportunity for Brand New Zealand and we all must do everything we can to support, protect and preserve this – this is up to every one of us who participate in the sector.

On behalf of the Management and Board of Natural Health Products NZ:



Lorraine Moser

**CHAIR – NATURAL HEALTH PRODUCTS
NEW ZEALAND INC**

NATURAL HEALTH PRODUCTS NEW ZEALAND INC

FINANCIAL STATEMENTS

For the year ended 31 December 2021

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Statement of Financial Performance

Natural Health Products NZ Inc For the year ended 31 December 2021

| | NOTES | 2021 | 2020 |
|--|-------|----------------|-----------------|
| Revenue | | | |
| Membership Fees | | 241,803 | 246,874 |
| Projects/Events | | 244,547 | 51,107 |
| Interest Income | | 366 | 4,077 |
| Other Income | | 435 | - |
| COVID 19 Wages Subsidy | | - | 23,432 |
| Total Revenue | | 487,151 | 325,490 |
| Gross Profit | | 487,151 | 325,490 |
| Expenses | | | |
| Personnel | | 144,339 | 146,935 |
| Marketing & Projects/Events | | 172,615 | 40,769 |
| Professional Services | | 148,728 | 119,315 |
| Travel and Accommodation | | 4,753 | 940 |
| Rent, Rates & Charges | | 16,439 | 19,130 |
| Communications | | 5,212 | 4,862 |
| Miscellaneous Expenses | | 2,409 | 2,992 |
| Depreciation on Fixed Assets | | 431 | 934 |
| Total Expenses | | 494,925 | 335,877 |
| Net Surplus (Deficit) Before Tax for the Year | | (7,774) | (10,387) |
| Net Surplus (Deficit) After Tax for the Year | | (7,774) | (10,387) |

Statement of Movements in Members Funds

Natural Health Products NZ Inc For the year ended 31 December 2021

| | 2021 | 2020 |
|-------------------------------------|----------------|----------------|
| MEMBERS FUNDS | | |
| Opening Balance | 122,444 | 132,832 |
| Net Surplus (Deficit) for the year | (7,774) | (10,387) |
| MEMBERS FUNDS AT END OF YEAR | 114,671 | 122,444 |

This statement is to be read in conjunction with the Notes to the Financial Statements and the accompanying Auditors Report.



Statement of Financial Position

Natural Health Products NZ Inc
As at 31 December 2021

| | NOTES | 31 DEC 2021 | 31 DEC 2020 |
|-----------------------------------|-------|----------------|----------------|
| Assets | | | |
| Current Assets | | | |
| ASB Cheque & Savings Accounts | | 151,158 | 74,380 |
| Trade Receivables | | 4 | 6,694 |
| Prepaid Expenses | | 4,986 | 17,713 |
| GST Receivable | | 11,841 | 9,895 |
| ASB Term Deposit | | - | 76,678 |
| Total Current Assets | | 167,988 | 185,360 |
| Total Assets | | 167,988 | 185,360 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade Creditors | | 29,402 | 15,199 |
| Sundry Creditors | | 285 | 1,426 |
| Income in Advance | | 6,744 | 26,672 |
| Accrued Expenses | | 4,200 | 7,667 |
| Provision for Holiday Pay | | 13,118 | 12,812 |
| Total Current Liabilities | | 53,748 | 63,777 |
| Total Liabilities | | 53,748 | 63,777 |
| Net Working Capital | | 114,240 | 121,583 |
| NON - CURRENT ASSETS | | | |
| Plant and Equipment | 6 | 431 | 862 |
| Total NON - CURRENT ASSETS | | 431 | 862 |
| Net Assets | | 114,671 | 122,444 |
| MEMBERS FUNDS | | | |
| Balance Brought Forward | | 122,444 | 132,832 |
| Current year earnings | | (7,774) | (10,387) |
| Total MEMBERS FUNDS | | 114,671 | 122,444 |

For and on behalf of the Members:

Chairperson 

Director 

Date 21 March 2022

This statement is to be read in conjunction with the Notes to the Financial Statements and the accompanying Auditors Report.



Depreciation Schedule

Natural Health Products NZ Inc For the year ended 31 December 2021

| NAME | COST | OPENING VALUE | PURCHASES | DISPOSALS | DEPRECIATION | CLOSING VALUE |
|---------------------------------|--------------|---------------|-----------|-----------|--------------|---------------|
| Computer Equipment | | | | | | |
| HP Probook 430 G5 | 1,133 | 177 | - | - | 89 | 89 |
| PB Tech Laptop | 1,428 | 684 | - | - | 342 | 342 |
| Total Computer Equipment | 2,561 | 862 | - | - | 431 | 431 |
| Total | 2,561 | 862 | - | - | 431 | 431 |



Statement of Accounting Policies

Natural Health Products NZ Inc

For the year ended 31 December 2021

REPORTING ENTITY

Natural Health Products New Zealand Inc is a society incorporated under the Incorporated Societies Act 1908.

The objectives of the society are to foster commitment, involvement, mutual respect, effective communication and joint collaboration between all participants in New Zealand's natural and complementary health products and services industry.

ACCOUNTING POLICIES

- Natural Health Products New Zealand Inc is not required to prepare financial statements that comply with generally accepted accounting practice and as a result has elected to prepare special purpose financial statements. These special purpose financial statements are intended for the Board of the Society to assist them to assess the financial position and results of operations of the Society. As a result the special purpose financial statements may not be suitable for another purpose.
- The measurement base adopted is historical cost.
- Accrual Accounting is used to match expenses and revenue.
- Going Concern. Reliance is placed on the assumption that the society will continue with its present operations.
- Periodic Reporting. These financial statements include transactions for the year ended 31st December 2021.
- Fixed Assets are recorded at original cost less accumulated depreciation. Depreciation is charged on a diminishing value basis at rates allowed by the Income Tax Act 2007. Depreciation rates used for office equipment are 50% DV.
- Goods & Services Tax. These financial statements are prepared exclusive of GST, except for accounts receivable and accounts payable which are recorded inclusive of GST.
- Income Tax. As a non-profit organisation Natural Health Products New Zealand Inc is only subject to income tax on income over \$1,000 derived from outside the circle of membership.
- Revenue is deferred and accounted for as income in advance until the entity has incurred the associated costs or discharged its contractual obligations.
- Operating Lease. Where the lessor effectively retains the risks and benefits of ownership of leased items, they are recognised in the Statement of Financial Performance on a straight-line basis.
- Sundry Debtors are recognised at estimated realisable value.
- There have been no changes in accounting policies during the year covered by these Financial Statements. All policies have been applied on bases consistent with the previous year.



Notes to the Financial Statements

Natural Health Products NZ Inc For the year ended 31 December 2021

1. TAXATION

Taxation is payable on income earned from outside the circle of membership as follows:

| | 2021 | 2020 |
|---|-----------------|-----------------|
| Total Revenue | 487,151 | 325,490 |
| Less Membership Fees | (241,803) | (246,874) |
| Less 50% of COVID 19 Subsidy | - | (11,716) |
| Less Expenses attributable to income outside circle of membership | (237,370) | (101,244) |
| Net Taxable Income (Loss) | 7,979 | (34,344) |
| | | |
| Accumulated Taxable Losses | 2021 | 2020 |
| Loss brought forwards | (65,499) | (31,155) |
| Current year profit (loss) | 7,979 | (34,344) |
| Loss to carry forwards | (57,520) | (65,499) |

2. CAPITAL EXPENDITURE COMMITMENTS

At balance date there are no capital expenditure commitments (2020:nil).

3. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities. Natural Health Products New Zealand Inc has not granted any securities in respect of liabilities payable by any other party whatsoever. (2020: nil)

4. EVENTS SINCE BALANCE DATE

There were no events since balance date (2020:nil).

5. OPERATING LEASE COMMITMENTS

| | 2021 | 2020 |
|--------------|----------|--------------|
| Current | - | 3,113 |
| Non Current | - | - |
| Total | - | 3,113 |



| | 2021 | 2020 |
|---|------------|------------|
| 6. PLANT & EQUIPMENT | | |
| Office Equipment | | |
| Office Equipment at Cost | 2,561 | 2,561 |
| Accumulated depreciation - Office Equipment | (2,131) | (1,700) |
| Total Office Equipment | 431 | 862 |
| Total PLANT & EQUIPMENT | 431 | 862 |
| | 2021 | 2020 |

7. RELATED PARTIES

| | | |
|---|---------------|--------------|
| Board Member Samantha Gray | | |
| Govt Affairs Retainer | 23,415 | 1,667 |
| Govt Affairs - unpaid Annual Leave | - | 133 |
| Total Board Member Samantha Gray | 23,415 | 1,800 |

8. AUDIT FEES

Crowe New Zealand Audit Partnership completed the audit of the financial statements for Natural Health Products New Zealand Inc for the year ended 31st December 2021 for \$4,100 (2020: \$4,000).



Independent Auditor's Report

To the Members of Natural Health Products New Zealand Inc

Opinion

We have audited the financial statements of Natural Health Products New Zealand Inc ("the Society"), which comprise the statement of financial position as at 31 December 2021, statement of movements in members funds and the statement of financial performance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Natural Health Products New Zealand Inc for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the basis of accounting as described on Page 7 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of Natural Health Products New Zealand Inc in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to page 7 of the financial statements, which describes the basis of accounting. The financial statements are intended for the Board of Natural Health Products New Zealand Inc to assist them to assess the financial position and results of operations of the Society. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Natural Health Products New Zealand Inc and should not be distributed to parties other than the Society and its members. Our opinion is not modified in respect of this matter.

Responsibilities of the Board for the Financial Statements

The Board are responsible on behalf of the Society for the preparation of the financial statements in accordance with the basis of accounting as described on page 7 of the financial statements and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Society'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 Board either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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) 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 decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

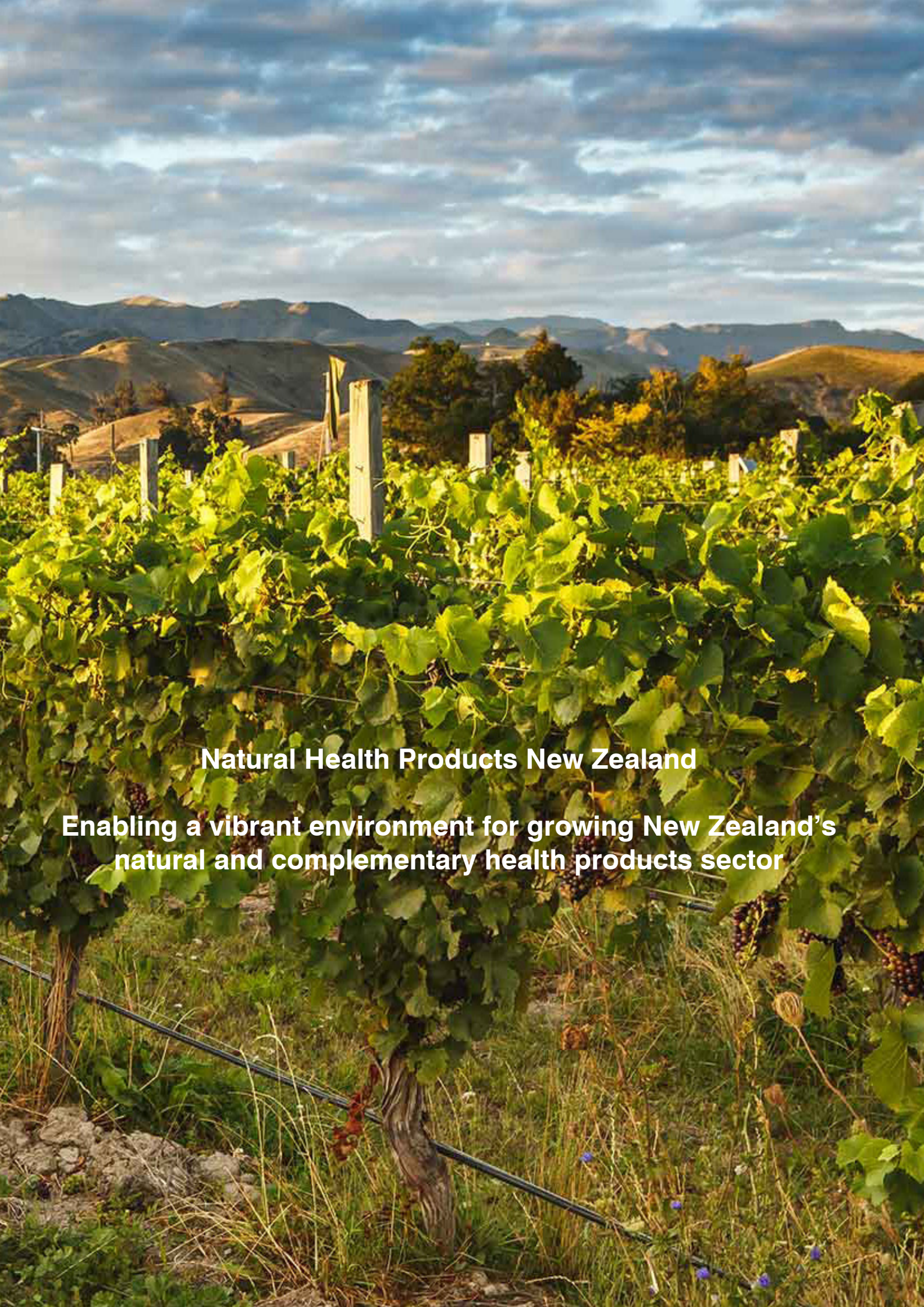
Restriction on Use

This report is made solely to the members of the Society, as a body. Our audit has been undertaken so that we might state to the members of the Society those matters 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 Society and the members of the Society as a body, for our audit work, for this report, or for the opinions we have formed.

The logo for Crowe, featuring the word "Crowe" in a stylized, handwritten-style blue font.

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Auckland this 22nd day of March 2022



Natural Health Products New Zealand

**Enabling a vibrant environment for growing New Zealand's
natural and complementary health products sector**



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