

Green Cross Health Limited
Consolidated interim financial statements
Half year ended 30 September 2022

Contents

	Page
Half-year financial statements	
Consolidated interim statement of comprehensive income	2
Consolidated interim statement of changes in equity	3
Consolidated interim statement of financial position	4
Consolidated interim statement of cash flows	5
Notes to the financial statements	6
Company Directory	12

Green Cross Health Limited
Consolidated interim statement of comprehensive income
For the six months ended 30 September 2022

	Note	Six months ended 30 Sep 2022 (Unaudited) \$'000	Six months ended 30 Sep 2021 (Unaudited) \$'000
Operating revenue	3	<u>355,115</u>	<u>309,925</u>
Operating expenditure	4.2	<u>(319,348)</u>	<u>(278,746)</u>
Depreciation and amortisation		(3,456)	(3,781)
Depreciation - leases		(8,456)	(7,695)
Share of equity accounted net earnings		<u>815</u>	<u>759</u>
Operating profit before interest and tax		24,670	20,462
Interest income		353	16
Interest expenses		(643)	(315)
Interest expense - leases		<u>(3,126)</u>	<u>(2,469)</u>
Net interest expense		(3,416)	(2,768)
Profit before tax		21,254	17,694
Income tax expense		<u>(6,447)</u>	<u>(4,749)</u>
Profit after tax for the period		<u>14,807</u>	<u>12,945</u>
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		<u>14,807</u>	<u>12,945</u>
Attributable to:			
Shareholders of the Parent		11,359	9,662
Non-controlling interest		<u>3,448</u>	<u>3,283</u>
Attribution of profit and comprehensive income to shareholders and non controlling interest		<u>14,807</u>	<u>12,945</u>
Earnings per share:			
Basic earnings per share (cents)		7.93	6.75
Diluted earnings per share (cents)		7.90	6.75

The accompanying Notes to the Financial Statements on pages 6 to 11 form part of the consolidated interim financial statements.

Green Cross Health Limited
Consolidated interim statement of changes in equity
For the six months ended 30 September 2022

	Note	Share capital \$'000	Share based payment reserve \$'000	Retained earnings \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 April 2022 (Restated) (Audited)	5	90,610	-	65,243	14,485	170,338
Profit for the period		-	-	11,359	3,448	14,807
Total comprehensive income for the period		-	-	11,359	3,448	14,807
Transactions with owners, recorded directly to equity:						
Dividends to shareholders	8	-	-	(5,036)	-	(5,036)
Distributions to non-controlling interests		-	-	-	(4,954)	(4,954)
Impacts of other transactions with non- controlling interests		-	-	(606)	(445)	(1,051)
Performance share rights charged to SOCl		-	753	-	-	753
Performance share rights vested		150	(150)	-	-	-
Balance at 30 September 2022 (Unaudited)		90,760	603	70,960	12,534	174,857
Balance at 1 April 2021 (Restated) (Audited)	5	90,610	-	47,296	8,452	146,358
Profit for the period		-	-	9,662	3,283	12,945
Total comprehensive income for the period		-	-	9,662	3,283	12,945
Transactions with owners, recorded directly to equity:						
Distributions to non-controlling interests		-	-	-	(1,142)	(1,142)
Impacts of other transactions with non- controlling interests		-	-	(175)	(405)	(580)
Balance at 30 September 2021 (Restated) (Unaudited)		90,610	-	56,783	10,188	157,581

The accompanying Notes to the Financial Statements on pages 6 to 11 form part of the consolidated interim financial statements.

Green Cross Health Limited
Consolidated interim statement of financial position
As at 30 September 2022

	Note	As at 30 Sep 2022 (Unaudited) \$'000	As at 30 Sep 2021 (Restated) (Unaudited) \$'000	As at 31 Mar 2022 (Restated) (Audited) \$'000
ASSETS				
Current assets				
Cash and cash equivalents		43,648	32,214	45,154
Trade and other receivables		33,629	33,108	31,186
Contract assets		14,435	15,058	16,124
Inventories		32,414	32,512	32,165
Income taxes refundable		688	1,179	-
Total current assets		124,814	114,071	124,629
Non-current assets				
Other receivables		2,210	-	2,127
Property, plant and equipment		19,864	19,610	19,729
Right-of-use assets		85,833	72,742	84,045
Intangible assets		162,185	147,200	159,806
Deferred tax assets		13,857	12,129	13,719
Equity accounted group investments		5,742	8,093	4,720
Total non-current assets		289,691	259,774	284,146
Total assets		414,505	373,845	408,775
LIABILITIES				
Current liabilities				
Payables and accruals	5	106,820	97,598	106,134
Contract liabilities		12,349	10,894	10,786
Income taxes payable		-	-	4,076
Borrowings		1,758	2,116	1,908
Lease liability		18,407	11,949	14,291
Total current liabilities		139,334	122,557	137,195
Non-current liabilities				
Borrowings		23,008	24,189	22,126
Lease liability		77,306	69,518	79,116
Total non-current liabilities		100,314	93,707	101,242
Total liabilities		239,648	216,264	238,437
Net assets		174,857	157,581	170,338
EQUITY				
Share capital	7	90,760	90,610	90,610
Share based payment reserve		603	-	-
Retained earnings		70,960	56,783	65,243
Total equity attributable to shareholders of the Parent		162,323	147,393	155,853
Non-controlling interest		12,534	10,188	14,485
Total equity		174,857	157,581	170,338

The accompanying Notes to the Financial Statements on pages 6 to 11 form part of the consolidated interim financial statements.

Green Cross Health Limited
Consolidated interim statement of cash flows
For the six months ended 30 September 2022

	Note	Six months ended 30 Sep 2022 (Unaudited) \$'000	Six months ended 30 Sep 2021 (Unaudited) \$'000
Cash flows from operating activities			
Dividends received		787	499
Receipts from customers		352,672	294,069
Interest received		353	16
Payments to suppliers and employees		(314,452)	(271,633)
Income taxes paid		(10,500)	(5,189)
Net cash inflow from operating activities	6	<u>28,860</u>	<u>17,762</u>
Cash flows from investing activities			
Purchases of property, plant and equipment and software intangibles		(3,027)	(2,095)
Acquisition of interests in equity accounted investments		(993)	(725)
Acquisition of interests in subsidiaries and non-controlling interests		(3,038)	(6,528)
Net cash outflow from investing activities		<u>(7,058)</u>	<u>(9,348)</u>
Cash flows from financing activities			
Proceeds from borrowings		2,376	5,314
Repayment of borrowings		(1,644)	(3,328)
Payment of lease liabilities		(7,940)	(7,299)
Interest expense		(643)	(315)
Interest expense - leases		(3,126)	(2,469)
Distribution and loans to non-controlling interests		(7,295)	(5,405)
Dividend paid		(5,036)	-
Net cash outflow from financing activities		<u>(23,308)</u>	<u>(13,502)</u>
Net increase / (decrease) in cash and cash equivalents		(1,506)	(5,088)
Add opening cash and cash equivalents		<u>45,154</u>	<u>37,302</u>
Closing cash and cash equivalents		<u>43,648</u>	<u>32,214</u>
Reconciliation of closing cash and cash equivalents to the consolidated interim statement of financial position:			
Cash and cash equivalents		<u>43,648</u>	<u>32,214</u>
Closing cash and cash equivalents		<u>43,648</u>	<u>32,214</u>

The accompanying Notes to the Financial Statements on pages 6 to 11 form part of the consolidated interim financial statements.

1 Reporting Entity

Green Cross Health Limited (the "Parent" or the "Company") is a New Zealand company registered under the Companies Act 1993 and is an FMC entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. The Financial Statements have been prepared in accordance with these Acts. The Company is listed on the NZX Main Board ("NZX").

The consolidated interim financial statements of Green Cross Health Limited comprise the Parent, its subsidiaries, and its interest in associates and joint ventures (together referred to as the "Group").

2 Basis of preparation of financial statements

(a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), NZ IAS 34 Interim Financial Reporting, and other applicable Financial Reporting Standards as appropriate for profit oriented entities. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2022.

The consolidated interim financial statements for the six months ended 30 September 2022 and the comparative information for the six months ended 30 September 2021 are unaudited.

These financial statements have been approved for issue by the Board of Directors on 25 November 2022.

(b) Basis of measurement

The financial statements of the Group are prepared under the historical cost basis unless otherwise noted within the specific accounting policies below.

(c) Changes in accounting policy

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2022.

(d) Significant estimates and judgments

In authorising the consolidated interim financial statements for the six months ended 30 September 2022, the Directors have ensured that the specific accounting policies necessary for the proper understanding of the financial statements have been disclosed, and that all accounting policies adopted are appropriate for the Group's circumstances and have been consistently applied throughout the period for all Group entities for the purposes of preparing the consolidated interim financial statements.

Inherent in the application of certain accounting policies, judgments and estimates are required. The Directors note that the actual results may differ from the judgments and estimates made.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3 Segment reporting

The Group has three reportable segments: pharmacy services, medical services and community health.

The Group's main operations are in the pharmacy industry providing pharmacy services through consolidated stores, equity accounted investments and franchise stores. The medical services segment includes fully owned and equity accounted medical centres, and support services provided to these medical centres, as well as medical centres outside the Group. The community health segment provides services direct to the community to support independent living.

Operating segments

Information about reportable segments

September 2022 (Unaudited)	Note	Pharmacy services \$'000	Medical services \$'000	Community Health \$'000	Corporate \$'000	Total \$'000
30 September 2022						
External revenues	4.1	179,489	68,206	106,455	-	354,150
Other income*		240	2	723	-	965
Cost of products sold		(102,925)	(134)	-	-	(103,059)
Employee benefit expense		(39,136)	(48,498)	(96,798)	-	(184,432)
Lease expenses		(1,462)	(136)	(104)	-	(1,702)
Other expenses		(16,834)	(7,754)	(2,800)	(2,767)	(30,155)
Depreciation and amortisation		(2,562)	(752)	(142)	-	(3,456)
Depreciation - leases		(5,295)	(2,428)	(733)	-	(8,456)
Share of equity accounted net earnings		69	746	-	-	815
Segment Profit		11,584	9,252	6,601	(2,767)	24,670
Interest income						353
Interest expense						(643)
Interest expense - leases						(3,126)
Profit before tax						21,254
Tax expense						(6,447)
Profit after tax						14,807
Non-controlling interest						(3,448)
Net Profit attributable to the shareholders of the parent						11,359
Reportable segment assets		267,726	102,662	55,195	(11,078)	414,505
Reportable segment liabilities		124,524	83,389	42,813	(11,078)**	239,648

*Other income includes New Zealand Government wage subsidies received of \$0.2m within Pharmacy services and \$0.7m within Community Health services under the Government's Covid-19 leave support scheme available to eligible businesses impacted by the Covid-19 pandemic.

**Intersegmental elimination

3 Segment reporting (continued)

September 2021 (Unaudited)	Note	Pharmacy services \$'000	Medical services \$'000	Community Health \$'000	Corporate \$'000	Total \$'000
30 September 2021						
External revenues	4.1	168,907	46,064	93,723	-	308,694
Other income*		1,002	6	223	-	1,231
Cost of products sold		(99,401)	-	-	-	(99,401)
Employee benefit expense		(32,431)	(32,738)	(87,330)	-	(152,499)
Lease expenses		(721)	(120)	(71)	-	(912)
Other expenses		(15,755)	(6,076)	(3,061)	(1,042)	(25,934)
Depreciation and amortisation		(3,035)	(549)	(197)	-	(3,781)
Depreciation - leases		(5,187)	(1,704)	(804)	-	(7,695)
Share of equity accounted net earnings		(38)	797	-	-	759
Segment Profit		13,341	5,680	2,483	(1,042)	20,462
Interest income						16
Interest expense						(315)
Interest expense - leases						(2,469)
Profit before tax						17,694
Tax expense						(4,749)
Profit after tax						12,945
Non-controlling interest						(3,283)
Net Profit attributable to the shareholders of the parent						9,662
Reportable segment assets		271,743	69,873	43,307	(11,078)	373,845
Reportable segment liabilities (Restated)		132,394	57,060	37,888	(11,078)**	216,264

*Other income includes New Zealand Government wage subsidies received of \$1.0m within Pharmacy services and \$0.2m within Community Health services under the Government's wage subsidy scheme available to eligible businesses impacted by the Covid-19 pandemic.

**Intersegmental elimination

4 Operating performance

4.1 Revenue

The Group's operations and revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

Revenue from contracts with customers	Six months ended 30 Sep 2022 (Unaudited) \$'000	Six months ended 30 Sep 2021 (Unaudited) \$'000
Pharmacy retail and dispensary	159,525	151,433
Other pharmacy revenue	19,964	17,474
Medical fee income	68,206	46,064
Home care	<u>106,455</u>	<u>93,723</u>
	<u>354,150</u>	<u>308,694</u>

Disaggregation of contract revenue

	Reportable segments			Total \$'000
	Pharmacy services \$'000	Medical services \$'000	Community Health \$'000	
Six months ended 30 September 2022 (Unaudited)				
Timing of revenue recognition				
Transferred at a point in time	173,568	26,093	71,988	271,649
Transferred over time	<u>5,921</u>	<u>42,113</u>	<u>34,467</u>	<u>82,501</u>
	<u>179,489</u>	<u>68,206</u>	<u>106,455</u>	<u>354,150</u>
	Pharmacy services \$'000	Medical services \$'000	Community Health \$'000	Total \$'000
Six months ended 30 September 2021 (Unaudited)				
Timing of revenue recognition				
Transferred at a point in time	161,862	19,180	68,306	249,348
Transferred over time	<u>7,045</u>	<u>26,884</u>	<u>25,417</u>	<u>59,346</u>
	<u>168,907</u>	<u>46,064</u>	<u>93,723</u>	<u>308,694</u>

4 Operating performance (continued)

4.2 Operating expenditure

	Six months ended 30 Sep 2022 (Unaudited) \$'000	Six months ended 30 Sep 2021 (Unaudited) \$'000
Cost of products sold	103,059	99,401
Employee benefit expense	184,432	152,499
Lease expenses	1,702	912
Other expenses	30,155	25,934
	<u>319,348</u>	<u>278,746</u>

5 Trade and other payables

	As at 30 Sep 2022 (Unaudited) \$'000	As at 30 Sep 2021 (Restated) (Unaudited) \$'000	As at 31 Mar 2022 (Restated) (Audited) \$'000
Trade payables	32,665	29,929	34,399
Payable to non-controlling interest	5,011	7,679	7,399
Accruals	33,511	28,494	31,187
Employee entitlements	35,633	31,496	33,149
	<u>106,820</u>	<u>97,598</u>	<u>106,134</u>

Based on a review undertaken, a provision for Employee Entitlements has been accounted for as a prior period adjustment to correct historic leave liability amounts paid to employees and to adjust leave entitlement owing. These amendments have led to the restatement of Employee Entitlements and Retained Earnings in the Statement of Financial Position as at 30 September 2021 (provision of \$3.3m and retained earnings reduction of \$3.3m) and 31 March 2022 (provision of \$3.6m and retained earnings reduction of \$3.6m).

6 Operating cash flow reconciliation

	Six months ended 30 Sep 2022 (Unaudited) \$'000	Six months ended 30 Sep 2021 (Unaudited) \$'000
Profit for the period	14,807	12,945
Add/(deduct) non-cash items:		
Depreciation, amortisation and impairment	11,912	11,476
Other non-cash items	2,326	1,342
Add/(deduct) changes in working capital items:		
Receivable and accruals movement	(1,525)	(7,671)
Inventory	(249)	(2,124)
Payable and accruals movement	(1,827)	(974)
Add/(deduct) items classified as cash flows from financing activities:		
Interest expense	290	299
Interest expense - leases	3,126	2,469
Net cash inflow from operating activities	<u>28,860</u>	<u>17,762</u>

7 Shares on issue

	As at 30 Sep 2022 (Unaudited) '000	As at 30 Sep 2021 (Restated) (Unaudited) '000	As at 31 Mar 2022 (Restated) (Audited) '000
Shares authorised and on issue			
Opening number of shares	143,153	143,303	143,303
Shares issued - fully paid	132	-	-
Shares issued - partly paid	-	-	-
Shares cancelled - partly paid	-	(150)	(150)
	<u>143,285</u>	<u>143,153</u>	<u>143,153</u>
Performance Share Rights	533	-	497
	<u>143,818</u>	<u>143,153</u>	<u>143,650</u>
Net tangible assets per share (cents) [^]	(0.83)	(1.22)	(2.23)
Net assets per share (cents)*	122.03	110.08	118.99

[^]The calculation of Net tangible assets / (liabilities) per share is based on net assets less deferred tax and intangible assets and the closing number of ordinary shares.

*The calculation of net assets per share is based on net assets and the closing number of ordinary shares.

Performance share rights of 532,710 are on issue as at 30 September 2022. These were issued to senior executives on 23 October 2020, 28 June 2021 and 27 June 2022.

8 Distribution to owners

On 9 June 2022 Green Cross Health Limited paid a final dividend for the March 2022 year of 3.5 cents per qualifying ordinary share to shareholders, which was fully imputed at 28%.

	30 September 2022 cents per share	30 September 2021 cents per share	31 March 2022 cents per share
Dividends per share	<u>3.5</u>	<u>-</u>	<u>3.0</u>

9 Subsequent events

On 25 November 2022 Green Cross Health Limited declared an interim dividend of 3.5 cents per qualifying ordinary share amounting to \$5.0m, which will be fully imputed at 28%. The dividend record date is 2 December 2022 and payment will occur on 16 December 2022.

No adjustment is required to these consolidated interim financial statements in respect of this event.

Green Cross Health Limited Company Directory

Board

K Ellis
Independent Chair

J A Bagnall
Non-Executive Director

J B Bolland
Non-Executive Director

C M Brockliss
Non-Executive Director

P M Merton
Non-Executive Director

K A Orr
Independent Director

C M Steele
Independent Director

Officers

Rachael Newfield
Group CEO

Ben Doshi
Group CFO/Company Secretary

Registered office

Green Cross Health Limited
Ground Floor, Building B
602 Great South Road
Ellerslie, Auckland 1051
Telephone: +64 9 571 9080

Share register

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622

Managing your shareholding online:
To change your address, update your payment instructions and to view your registered details including transactions, please visit:
www.investorcentre.com/nz

General enquiries can be directed to:
enquiry@computershare.co.nz
Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787

Please assist our registrar by quoting your CSN or shareholder number.

Auditor

KPMG
KPMG Centre
18 Viaduct Harbour Avenue
Auckland

Bankers

Bank of New Zealand
80 Queen Street
Auckland 1010

Investor relations

For investor relations enquiries:
Phone: 09 571 9088
Email: investorrelations@gxh.co.nz

**Green Cross Health Limited
Company Directory (continued)**

Websites

www.greencrosshealth.co.nz
www.access.org.nz
www.housecall.co.nz
www.lifepharmacy.co.nz
www.livingrewards.co.nz
www.pilldrop.co.nz
www.thedoctors.co.nz
www.unichem.co.nz