

## THIRD AGE HEALTH FY22 FINANCIAL RESULTS

Aged care medical services provider, Third Age Health Services (NZX: TAH), has today reported its results for the year ended 31 March 2022 (FY22), delivering a solid performance of Net Profit after Tax (NPAT) growing by 12.7% to \$1.2m, despite challenges and sector headwinds during the year.

Key highlights during the period include the appointment of Tony Wai as CEO from October 2021, the completion of an in-depth business review and reset, Board approval of a future-focused strategic plan and acquisition of two community General Practices that will support accelerated growth of our core aged care business. A growing number of clinical practitioners joined the group during the year and the company increased the number of partnerships it has with Aged Residential Care (ARC) providers.

The FY22 result reflects Third Age Health's first full year as a listed company and expenses associated with this, as well as investment into resources and capability building, a number of one-off expenses reflecting the business reset, and five months' contribution from Belmont Medical Centre, following its acquisition on 11 October 2021.

Total revenues have increased to \$5.9m (FY21: \$5.5m), an increase of 7.5% driven by the strategic acquisition of community General Practices, with 61% growth in GP revenues. Existing General Practice, Hawkes Bay Wellness Centre, recorded growth of 23.5%, with revenue for the year of \$0.9m (FY21: \$0.7m). New General Practice, Belmont Medical Centre Limited, acquired on 11 October 2021, contributed an additional \$0.3m revenue since acquisition. Revenue from services to Aged Residential Care facilities was in line with the prior year, with the decision of one client to move services in-house quickly offset by the addition of a number of new ARC partnerships in Taranaki, a new market for us.

Gross margin increased from 60% to 63%, benefiting from the expanded General Practice portfolio.

Total expenses grew in line with planned investment into the workforce and capability and also include a full year of listed and governance costs following listing in February 2021. The result also includes \$138,000 of non-recurring expenses, reflecting the business reset during the year.

The lower income tax expense for FY22 of \$0.4m (FY21: \$0.5), includes a one-off tax credit recognised from share based payments.

The business has a strong financial position generating net operating cashflow of \$1.0m. Cash and cash equivalents were \$1.1m as at 31 March 2022.

### **Dividend**

The Board has declared a final dividend for the year of 4.05 cents per share (cps). Including the interim dividend of 4.52 cps, the full year dividend for FY22 is 8.57 cps (FY21: 8.02 cps, excluding the special dividend), an increase of 6.9%.

### **Pathway for future growth**

Following the appointment of Tony Wai as CEO from October 2021, a review of Third Age Health's business model and strategy was taken.

A future-focused strategy has now been put in place, which revolves around providing a consistent primary health service as people move from community living into the aged care setting. Two pathways have been identified to drive growth. Firstly, to increase the number of partnerships with Aged Residential Care providers; and secondly, to expand Third Age Health's offer to older people living independently in retirement villages, and in the community.

In addition to a focus on delivering solid organic growth, opportunistic acquisitions of local GP clinics will continue to play a supporting role in this. The company was pleased to welcome Belmont Medical Centre and Ponsonby Medical Centre to the group during the year and, since year-end, has announced the acquisition of Devonport Family Medicine, further expanding its presence in the Auckland market.

The business model centres on four pillars – workforce and capability, clinical efficiency and quality, commercial sustainability and growth, and health innovation. Investment is being made into each of these areas and initiatives are being progressed, with benefits already being seen.

Chair of Third Age Health, Bevan Walsh, said: "We are committed to creating a sustainable business, one with a strong long-term outlook which provides high-quality services to our customers and creates value for shareholders. With New Zealand's rapidly aging population there is the potential to grow beyond aged residential care facilities to include those people who wish to age "in place". There is significant opportunity in the sector because of our aging population, and, with the right model in place and the innovation and capability to support it, Third Age Health is front footing to respond to the growing market need."

### **Capital Structure**

In May 2022, Third Age Health entered into a \$3 million loan facility with ANZ Bank Limited to support the company's acquisition strategy. A portion of the facility was drawn to fund the acquisition of Devonport Family Medicine and we intend to make use of it for future acquisitions. We have covenanted that Debt-to-EBITDA (based on 12 "months" results) is capped at two times, tested at each reporting date.

### **Outlook**

While Third Age Health's core focus remains on the provision and management of healthcare services to Aged Residential Care (ARC), private geriatric hospitals and secure dementia facilities, it is now looking to expand services to older people living in a wider range of settings. This includes those living independently or in serviced apartments in a retirement village, as well as those still at home in the community.

Over the next 12 to 18 months, the company will continue to build capability, reorient towards the new strategy and invest into the business and growth initiatives.

CEO of Third Age Health, Tony Wai, commented: "The FY23 year will be one of further momentum as we leverage the additional resources and capability we have invested into over the past few months and execute on our strategy. We have initiatives in place to expand our reach and are building strategies to attract and retain a highly valued workforce. Our ongoing investment in data and technology will help us streamline and optimise the delivery of care and will create the ability to scale our business efficiently. We will continue to identify general practices to either acquire or partner with, to further improve our national delivery of high quality care for older people.

“Our focus remains on our key drivers – organically increasing patient enrolments in contracted aged care facilities and in our family of general practices; and ongoing business improvements that enable us to better serve our customers and unlock value for shareholders.

“Our team are working hard to realise the growth potential for our company, and we will be innovative and resourceful as we pursue the opportunities ahead of us to create value. “

ENDS

For more information, visit [www.thirdagehealth.co.nz](http://www.thirdagehealth.co.nz) or contact:

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### **About Third Age Health**

Third Age Health is the leader in providing quality health care services for older people including those living in retirement villages, private hospitals, secure dementia units as well as in communities across New Zealand. A dedicated Third Age Health clinical team provides onsite clinics, rostered rounds and after hours on-call healthcare services aimed at supporting the health and wellbeing of older people to improve quality of life. As well as providing clinical services for over 50 aged care facilities throughout New Zealand, Third Age Health owns several general practices providing primary healthcare to their local community.

[www.thirdagehealth.co.nz](http://www.thirdagehealth.co.nz)



NEW ZEALAND'S EXCHANGE  
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## Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Third Age Health Services Limited	
Reporting Period	12 months to 31 March 2022	
Previous Reporting Period	12 months to 31 March 2021	
Currency	New Zealand Dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$5.900	7.5%
Total Revenue	\$5,900	7.5%
Net profit/(loss) from continuing operations	\$1,173	12.7%
Total net profit/(loss)	\$1,173	12.7%
Final Dividend		
Amount per Quoted Equity Security	\$0.04049994	
Imputed amount per Quoted Equity Security	\$0.01574998	
Record Date	8 June 2022	
Dividend Payment Date	20 June 2022	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$10.5	\$13.1
A brief explanation of any of the figures above necessary to enable the figures to be understood	Please refer to the accompanying market announcement and unaudited summary financial statements	
Authority for this announcement		
Name of person authorised to make this announcement	Tony Wai	
Contact person for this announcement	Tony Wai	
Contact phone number	+64 21 739 199	
Contact email address	tonyw@thirdagehealth.co.nz	
Date of release through MAP	30 May 2022	

Third Age Health Services Limited  
Consolidated statement of comprehensive income  
For the year ended 31 March 2022

	<b>Unaudited Group 2022 \$000</b>	<b>Audited Group 2021 \$000</b>
Revenue	5,900	5,490
Cost of Sales	(2,205)	(2,169)
Gross Profit	3,695	3,321
Other Income	31	52
Employees and contractors	(1,251)	(1,086)
Professional and consulting fees	(486)	(349)
Other expenses	(263)	(228)
Depreciation & amortisation	(142)	(114)
Finance Costs	(23)	(43)
<b>Profit before Income Tax</b>	<b>1,561</b>	<b>1,553</b>
Income Tax Expense	(388)	(512)
<b>Profit after income tax</b>	<b>1,173</b>	<b>1,041</b>
<b>Other Comprehensive Income for the year, net of tax</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive income for the year</b>	<b>1,173</b>	<b>1,041</b>
<b>Earnings per share</b>		
Basic earnings per share (cents per share)	11.9	11.1
Diluted earnings per share (cents per share)	11.8	11.0

These financial statements are to be read in conjunction with the accompanying other selected financial information

Third Age Health Services Limited  
Consolidated statement of changes in equity  
For the year ended 31 March 2022

	Share Capital	Share Based Payments Reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000
<b>Balance at 1 April 2020 (Audited)</b>	<b>(1,300)</b>	<b>607</b>	<b>1,555</b>	<b>862</b>
Profit for the year	-	-	1,041	1,041
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,041</b>	<b>1,041</b>
Shares issued	1,531	-	-	<b>1,531</b>
Dividend	-	-	(1,400)	<b>(1,400)</b>
Transaction costs arising on issue of shares	(58)	-	-	<b>(58)</b>
<b>Balance at 31 March 2021 (Audited)</b>	<b>173</b>	<b>607</b>	<b>1,196</b>	<b>1,976</b>
Profit for the year	-	-	1,173	1,173
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,173</b>	<b>1,173</b>
Shares issued	342	-	-	<b>342</b>
Dividend	-	-	(831)	<b>(831)</b>
Tax credit on share based payments	-	30	-	<b>30</b>
Share based payments	-	6	-	<b>6</b>
<b>Balance at 31 March 2022 (Unaudited)</b>	<b>515</b>	<b>643</b>	<b>1,538</b>	<b>2,696</b>

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Third Age Health Services Limited  
Consolidated statement of financial position  
For the year ended 31 March 2022

	Unaudited Group 2022 \$000	Audited Group 2021 \$000
<b>Current assets</b>		
Cash and cash equivalents	1,124	1,829
Trade and other receivables	386	325
Loan receivable	313	59
<b>Total current assets</b>	<b>1,823</b>	<b>2,213</b>
<b>Non-current assets</b>		
Property, plant and equipment	22	11
Right-of-use-assets	1,093	227
Intangible assets	1,902	782
Trade and other receivables	20	20
Loan receivable	-	297
Deferred tax asset	57	20
<b>Total non-current assets</b>	<b>3,094</b>	<b>1,357</b>
<b>Total assets</b>	<b>4,917</b>	<b>3,570</b>
<b>Current liabilities</b>		
Trade and other payables	669	592
Current tax liabilities	55	319
Employee share purchase plan deposits	75	345
Lease liabilities	111	53
<b>Total current liabilities</b>	<b>910</b>	<b>1,309</b>
<b>Non-current liabilities</b>		
Trade and other payables	29	-
Lease liabilities	976	180
Deferred tax liability	306	105
<b>Total non-current liabilities</b>	<b>1,311</b>	<b>285</b>
<b>Total liabilities</b>	<b>2,221</b>	<b>1,594</b>
<b>Net assets</b>	<b>2,696</b>	<b>1,976</b>
<b>Equity</b>		
Share capital	515	173
Share based payments reserve	643	607
Retained earnings	1,538	1,196
<b>Total equity</b>	<b>2,696</b>	<b>1,976</b>
Net tangible assets (cents per share)	10.5	13.1

These financial statements are to be read in conjunction with the accompanying other selected financial information

Third Age Health Services Limited  
Consolidated statement of cash flows  
For the year ended 31 March 2022

	Unaudited Group 2022 \$000	Audited Group 2021 \$000
<b>Cash flows from operating activities</b>		
Receipts from other operating activities	5,885	5,473
Payments to suppliers and employees	(4,147)	(3,512)
Interest received	16	30
Interest paid	-	(32)
Income taxes paid	(691)	(399)
<b>Net cash flows from operating activities</b>	<b>1,063</b>	<b>1,560</b>
<b>Cash flows from investing activities</b>		
Payments to purchase property, plant and equipment	(3)	-
Acquisition of general practices	(971)	-
Cash acquired through acquisition of general practices	4	-
<b>Net cash flows used in investing activities</b>	<b>(970)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Deposits received under share purchase plan	72	308
Share purchase plan deposits applied to acquire shares	(342)	-
Proceeds from issuing shares	342	1,266
Payments for costs of issuing shares	-	(57)
Principal elements of loan repayments	47	-
Repayments of borrowings	-	(673)
Payment of lease liabilities (principal)	(63)	(51)
Payment of lease liabilities (interest)	(23)	(10)
Dividend paid	(831)	(1,400)
<b>Net cash flows from financing activities</b>	<b>(798)</b>	<b>(617)</b>
Net increase in cash and cash equivalents	<b>(705)</b>	<b>943</b>
Cash and cash equivalents at the beginning of the period	1,829	886
Cash and cash equivalents at the end of the period	<b>1,124</b>	<b>1,829</b>

These financial statements are to be read in conjunction with the accompanying other selected financial information



Third Age Health Services Limited  
Other selected financial information  
For the year ended 31 March 2022

**1. LOAN RECEIVABLE**

	Unaudited 2022 \$000	Audited 2021 \$000
<b>Current</b>		
Third Age Digital Health Limited loan note	313	59
<b>Non-current:</b>		
Third Age Digital Health Limited loan note	-	297
	<b>313</b>	<b>356</b>

Interest has been charged at rates between 5.73% - 6.54% for the year ended 31 March 2022 (2021:6.35%) and the Group has recognised interest income of \$19,332 (2021: \$21,010).

In May 2021 monthly principal repayments commenced in line with the loan agreement with a total \$62,414 paid during the year. Repayments were ceased by Third Age Digital Health Limited (TADH) in March 2022 in a breach of the loan agreement.

The loan was set up to be repaid through monthly instalments by 31 March 2026 with early repayment permitted. Following failure of TADH to maintain the monthly payments the Company is now seeking full settlement, so the loan is considered to be current.

While the loan to TADH is unsecured, the Board of TADH provided the Company with a warranty that it had received legally binding assurances of financial support from its major shareholders such that in the borrower's opinion (acting reasonably and in good faith) TADH would make all repayments.

Michael Haskell is the Director of TADH, and its major shareholders are Michael Haskell & Associates Limited and Bevan Walsh.

The Independent Directors of the Company are seeking to enforce the warranties provided by TADH including the potential appointment of a liquidator to TADH, and therefore remain of the view that the loan will be recovered in full.

**2. DIVIDENDS DECLARED**

<b>Dividends declared for year ended 31 March 2022:</b>	<b>Cents per share</b>	<b>\$000</b>
Interim dividend	4.52	450
Final dividend <sup>1</sup>	4.05	403
	8.57	<b>853</b>
<b>Dividends declared for year ended 31 March 2021:</b>	<b>Cents per share</b>	<b>\$000</b>
Interim dividend	4.12	400
Final dividend (paid June 2021)	3.90	381
	8.02	781
Special dividend	10.26	1,000
		<b>1,781</b>

1. The final dividend for the year ended 31 March 2022 was declared on 30 May 2022 therefore it is treated as a non-adjusting post balance date event for financial reporting purposes.