

Third Age Health Services Limited
Consolidated statement of comprehensive income
For the year ended 31 March 2023

	Notes	2023 \$000	2022 \$000
Revenue		11,467	5,900
Cost of services		(5,174)	(2,205)
Gross profit		6,293	3,695
Other income		35	31
Employees and contractors		(2,814)	(1,251)
Professional and consulting fees		(503)	(486)
Other expenses		(1,221)	(262)
Operational expenses		(4,538)	(1,999)
Loan impairment		(233)	-
EBITDA		1,557	1,726
Depreciation		(304)	(79)
Amortisation of intangibles		(240)	(63)
Finance costs		(286)	(23)
Profit before income tax		727	1,561
Income tax expense		(316)	(388)
Profit for the period		411	1,173
Other comprehensive income		-	-
Total comprehensive income for the period		411	1,173
Profit and total comprehensive income attributable to:			
Shareholders of the parent		438	-
Non-controlling interests		(27)	-
Profit for the year		411	1,173
Earnings per share			
Basic earnings per share (cents)		4.11	11.93
Diluted earnings per share (cents)		4.13	11.84

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited
Consolidated statement of change in equity
For the year ended 31 March 2023

	Notes	Share Capital \$000	Share Based Payments Reserve \$000	Retained earnings \$000	Non- controlling Interest \$000	Total \$000
Balance at 1 April 2021		173	607	1,196	-	1,976
Profit for the year		-	-	1,173	-	1,173
Total comprehensive income for the year		-	-	1,173	-	1,173
Shares issued		342	-	-	-	342
Dividend		-	-	(831)	-	(831)
Tax credit on share based payments		-	21	-	-	21
Deferred tax credit on share based payments		-	9	-	-	9
Share based payments		-	6	-	-	6
Balance at 31 March 2022		515	643	1,538	-	2,696
Balance at 1 April 2022		515	643	1,538	-	2,696
Profit for the year		-	-	438	(27)	411
Total comprehensive income for the year		-	-	438	(27)	411
Shares issued		81	-	-	-	81
Dividend		-	-	(647)	-	(647)
Tax credit on share based payments		-	4	-	-	4
Deferred tax credit on share based payments		-	(9)	-	-	(9)
Share based payments		-	8	-	-	8
Balance at 31 March 2023		596	646	1,329	(27)	2,544

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited
Consolidated statement of financial position
For the year ended 31 March 2023

Notes	2023 \$000	2022 \$000
Current assets		
Cash and cash equivalents	1,355	1,124
Trade and other receivables	1,117	386
Loan receivable	80	313
Total current assets	2,552	1,823
Non-current assets		
Property, plant and equipment	154	22
Right-of-use-assets	2,967	1,093
Intangible assets	4,351	1,902
Trade and other receivables	20	20
Deferred tax asset	-	-
Total non-current assets	7,492	3,037
Total assets	10,044	4,860
Current liabilities		
Trade and other payables	1,395	668
Current tax liabilities	94	55
Employee share purchase plan deposits	-	75
Bank Loan - current	281	-
Lease liabilities	283	111
Total current liabilities	2,053	909
Non current liabilities		
Trade and other payables	2	29
Lease liabilities	2,755	977
Deferred tax liability	630	249
Bank Loan	2,060	-
Total non current liabilities	5,447	1,255
Total liabilities	7,500	2,164
Net assets	2,544	2,696
Equity		
Share capital	596	515
Share based payment reserve	646	643
Retained earnings	1,302	1,538
Equity attributable to the Group	2,544	2,696
Shareholders of the parent	2,571	-
Non-Controlling Interests	(27)	-
Total Equity	2,544	2,696
Net tangible assets/(liability) (cents per share)	(11.7)	10.5

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes

Third Age Health Services Limited
Consolidated statement of cash flows
For the year ended 31 March 2023

	Notes	2023 \$000	2022 \$000
Cash flows from operating activities			
Receipts from operating activities		10,860	5,885
Payments to suppliers and employees		(9,289)	(4,147)
Interest received		7	16
Interest paid		(107)	(23)
Income taxes paid		(390)	(691)
Net cash flows from operating activities		1,081	1,040
Cash flows from investing activities			
Payments purchase for property, plant and equipment		(52)	(3)
Acquisition of general practices		(2,300)	(967)
Net cash flows used in investing activities		(2,353)	(970)
Cash flows from financing activities			
Deposits received under share purchase plan		1	72
Share purchase plan deposits applied to acquire shares		(76)	(342)
Proceeds from issuing shares		72	342
Principal elements of loan repayments		(37)	47
Payment of lease liabilities		(198)	(63)
Dividend paid		(638)	(831)
Bank Loan		2,378	-
Net cash flows from financing activities		1,502	(775)
Net increase in cash and cash equivalents		231	(705)
Cash and cash equivalents at the beginning of the period		1,124	1,829
Cash and cash equivalents at the end of the period		1,355	1,124

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited

Corporate directory

1. Reporting entity

These preliminary full year report announcement of Third Age Health Services Limited and its subsidiaries (the "Group") for the full year ended 31 March 2023 was authorised for issue in accordance with a resolution of the Directors. The Parent is incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The parent's shares are publicly traded on the New Zealand Stock Exchange (NZX) and are listed on the main board of the NZX. The principal trading activity of the Group is the provision of medical services to the aged care sector. Those companies included in the Group are disclosed in note 19.

2. Statement of accounting policies

Accounting policies remain consistent with the prior year ended 31 March 2022 financial statements.

3. Net tangible assets

The Group has net tangible liabilities as at 31 March 2023 of (11.7) cents per share (2022: net tangible assets 10.5). The movement in NTA is the result of changes in the Statement of Financial Position composition, substantially increased Intangibles and Bank Debt.

4. Segment information

4.1. Products and services from which reportable segments derive their revenue

The Group's reportable segments are as follows:

- Aged medical residential care services, being the provision of medical care services to the aged care sector.
- General practice medical services

4.2. Segment revenues and results

The following is an analysis of the Group's revenue and results from operations by reportable segment:

Segment revenue	2023	2022
	\$000	\$000
Aged medical care services	5,948	4,712
General practice medical services	5,519	1,188
Total for continuing operations	11,467	5,900

Segment profit before tax	2023	2022
	\$000	\$000
Aged medical care services	567	1,340
General practice medical services	160	221
Total for continuing operations	727	1,561

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Segment profit includes the following items:

Segment profit includes the following items:

For the year ended 31 March 2023

	Aged care medical services	General practice medical services
	\$000	\$000
EBITDA	713	844
Depreciation	(4)	(300)
Amortisation of intangibles	-	(240)
Interest expense on leases	-	(99)
Interest on ANZ Loan	-	(144)
Interest on Loss on modification of borrowings	-	(43)
Profit before tax	709	18
Add back: Loan impairment	233	-
Profit before tax from underlying core operations	942	18
Income tax expense	(270)	(46)
Profit for the period	439	(28)

For the year ended 31 March 2022

	Aged care medical services	General practice medical services
	\$000	\$000
EBITDA	1,321	385
Depreciation	(1)	(78)
Amortisation of intangibles	-	(63)
Interest expense on leases	-	(23)
Interest income	20	-
Profit before tax	1,340	221
Income tax expense	(326)	(62)
Profit for the period	1,014	159

EBITDA represents profit before tax excluding amounts for depreciation and amortisation expenses, interest expenses and interest income.

4.3. Segment assets and liabilities

Segment assets	2023	2022
	\$000	\$000
Aged medical care services incl support functions	2,446	1,513
General practice medical services	8,784	4,014
Total segment assets	11,230	5,527
Intercompany elimination	(1,185)	(667)
Total segment assets	10,045	4,860

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Segment liabilities	2023	2022
	\$000	\$000
Aged medical care services incl support functions	1,048	922
General practice medical services	7,637	1,909
Total segment liabilities	8,685	2,831
Intercompany elimination	(1,185)	(667)
Total segment liabilities	7,500	2,164

5. Costs of employees, contractors, and directors includes:

		2023	2022
	Note	\$000	\$000
Salaries and wages		2,334	916
Short term incentives		40	20
Defined contribution (KiwiSaver)		132	20
Share based payments expense	24.3	8	13
Employee benefit expense		2,514	969
Contractors		300	305
Former CEO Incentives		-	(23)
		2,814	1,274

Costs of employees has increased during the year due to the addition of three new practices adding \$972k salaries and wages and \$38k Kiwisaver combined with investment in new support office positions to enhance infrastructure growth.

6. Finance costs

	2023	2022
	\$000	\$000
Interest expense on leases	144	23
Interest on ANZ Loan	99	-
Interest on Loss on modification of borrowings	43	-
	286	23

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7. Share Capital

Ordinary shares

All ordinary shares rank equally with one vote attached to each fully paid share. Total issued share capital is 10,004,149 ordinary shares (2022: 10,000,000). At 1 April 2021 there were 250,000 shares held for specific participants of the Third Age Employee Share Purchase Plan Trust (“Trust”). During the year ended 31 March 2022, 200,000 shares were issued and the remaining 50,000 shares were issued during the year ended 31 March 2023. As at 31 March 2023, of the total number of issued shares, nil (2022: 50,000) were held in trust for specific participants under the Employee Share Purchase Plan (ESPP, note 24.1).

	Note	Issued Share Capital \$0	Treasury shares and shares held in Trust \$0	Total \$0	Authorised issued and fully paid shares 000's
Balance at 1 April 2022		592	(76)	516	10,000
Shares issued	24.1	9	76	84	4
Share issue transaction costs		(4)	-	(4)	-
Balance at 31 March 2023		596	(0)	596	10,004
Balance at 1 April 2021		592	(418)	173	10,000
Shares issued		-	342	342	-
Balance at 31 March 2022		592	(76)	515	10,000

8. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Group by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Reconciliation of earnings used in calculating earnings per share

	2023 \$000	2022 \$000
Net profit attributable to the ordinary shareholders of the Group	436	1,173
Earnings used in the calculation of basic earnings per share	436	1,173

Weighted average number of shares used as the denominator

2023 Shares	2022 Shares
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	000's	000's
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	9,993	9,832
Adjustments for calculation of diluted earnings per share:		
Employee share options	(29)	74
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	9,964	9,906

9. Dividends

Dividends declared and paid during the year ended 31 March 2023:	Cents per share	\$000
Interim dividend	2.45	244
Final dividend for the year ended 31 March 2022	4.05	403
		647
Dividends declared and paid during the year ended 31 March 2022:	Cents per share	\$000
Interim dividend	4.52	450
Final dividend for the year ended 31 March 2021	3.91	381
		831

10. Loan receivable

	2023	2022
	\$000	\$000
Current	80	313
	80	313

Following the failure of TADH to maintain monthly repayments of the loan, the Company sought to have TADH placed in liquidation during the period, and liquidators were appointed.

While the loan to TADH is unsecured, the Board of TADH provided a written 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, both also major shareholders of the Company.

The liquidators have made an interim distribution of \$80,000 to the Company after balance date. As it has been over a year since this issue first arose and since the liquidators have not yet recovered the full amount and may need to engage in a court process to do so, given the uncertainty around that process the Company has conservatively taken a provision of \$233k for the remaining balance of the loan.