Third Age Health

INTERIM REPORT

For the six months ended 30 September 2022

On behalf of the Board and management of Third Age Health, I am pleased to present the Third Age Health Services Limited Interim Report for the six months ended 30 September 2022.

John Fernandes
Chairman

28 November 2022

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CHAIRMAN AND CEO REPORT

During the first half of the financial year, we were pleased to have been able to successfully execute on a growth strategy, while at the same time ensuring that our underlying work within the aged care sector has increased. The growth strategy has, however, come at a cost through the direct and indirect costs of both acquiring and consolidating business units, and this is acutely felt in the first half of this year.

Financial summary

Our core business of providing primary medical services into Aged Residential Care (ARC) settings saw strong organic growth with enrolled patients of 3,414, up 6.7% against the number of patients during the prior comparative period (pcp) as at 30 September 2021, and up 3.0% compared with the number of aged residential care patients enrolled with us at 31 March 2022. This increase drove organic revenue growth for the period of 16.7% on pcp to $2.8 million.

We have focussed on strengthening key relationships with our current and potential aged residential care customers and as a result we now have a large backlog of demand for our services. The future rate of growth is dependent on our ability to improve productivity and utilisation, and to recruit additional clinical practitioners.

General practices which we owned during the first half of the last financial year (1H22) experienced strong organic growth during the first half of this financial year (1H23) with enrolled patients at 30 September 2022 of 3,425 up 14.2% on pcp, and 7.2% compared to March 2022. General practice revenue in total of $1.8 million is up 304.3% on pcp and 137.0% against the 6-month period ended 31 March 2022. Organic revenue growth was 23.5% on pcp, with the remainder contributed by practices that were acquired. During 1H23 we completed the acquisition of an additional general practice in Auckland and partnered to commence a new green fields general practice in Christchurch.

While it has been pleasing to see the work of the team reflected in increased revenue as well as the improvements made to our systems and processes, it is a disappointment to not yet see these improvements reflected in net earnings. During this half our net earnings after tax decreased 51.8% on pcp to $0.3 million.

There were three key factors which lead to this decrease:

First, we needed to front load resources to bolster capabilities and infrastructure that was not previously in place but was needed to protect existing business and provide a platform from which to grow sustainably and profitably.

Second, the integration of the practices acquired this year was slower than planned which contributed to lower earnings. In addition, there were one off legal and acquisition related costs incurred of $50k.

The third factor is that reported net earnings were impacted by an increase in the amount of non-cash amortisation charges arising as a result of purchase accounting rules. Amortisation charges are taken to reflect the decrease in value of intangible assets recognised when new businesses are acquired. While appropriate in some cases, the concept of recognising these charges against intangibles such as patient relationships and funding agreements does not, in our opinion reflect economic reality. This amounted to a reduction in NPAT of a further $60K.

Shown below is Net Profit after tax adjusted for Amortisation (NPATA) which we believe better reflects underlying earnings.

	30 September 2022 (Unaudited) $000	**30 September 2021 (Unaudited) $000**
Net profit after tax	324	672
Add back amortisation of intangibles (net of 28% tax)*	60	19
Net profit after tax and before amortisation	**384**	**691**

*With the amortisation of intangibles of $84k for 1H23 ($27k for 1H22) there is a corresponding deferred tax credit calculated at 28%.

Challenging environment

Aged care is undergoing a challenging period over the short to medium term. The well-acknowledged health workforce crisis, which has been compounded by the slow border openings and immigration settings, combined with lower than needed funding outcomes for aged care providers, continues to impact the sector. We are acutely aware that the nursing workforce shortage has impacted some aged care clients, with several having to reduce bed numbers. In some instances, this has had a flow on impact for us with a slowing of patient enrolments from some facilities who are not able to operate at full capacity. While this causes some issues in respect to contract rates and medium-term patient numbers, it does need to be noted that all aged care providers must have a General Practitioner or Nurse Practitioner available to their residents.

The workforce crisis also extends to clinicians, and the shortage of clinicians has impacted our ability to grow in some regions where we have a backlog of demand.

Additionally, although we believe the business retains its longer-term pricing power it is not completely immune to the effects of high inflation in the near term.

Despite these short to medium term sector challenges, the longer-term outlook for the business remains positive as an aging population will continue to drive increased demand for quality primary care medical services. Our business is well positioned to capture additional market share due in part to the very strong relationships with existing clients, who themselves have significant growth plans. In addition, we are forging new client relationships in the sector.

Our people
Delivery of front-line clinical care during the pandemic was not easy and our team adapted well to the many challenges. We are grateful to have a high performing team with many long-standing practitioners who are dedicated to providing the best clinical care.

Our people are our greatest asset, and we are working to equip them with the tools to systematically focus on continuous improvement, customer satisfaction and profitable growth.

Performance improvement
While we have outlined a number of factors that have influenced the results for this half year, we do need to also state that we are not satisfied with the level of net earnings achieved and are expending every effort to see them returned to a proper level.

A focus on operational efficiencies in our newly acquired general practices is showing promising early results. Additionally, a plan to rebalance resources across the group will deliver a reduction in annualised costs of at least $150k p.a. from January 2023.

We have several new clinicians starting in the second half of this financial year which will enable us to increase patient numbers in general practice and share resources to fill unmet need with our aged care clients. Following further success in recruitment of clinicians we will be able to meet the strong pipeline of new business which is expected to deliver profitable growth.

We expect to achieve improved profit margins and net earnings in the second half of this financial year with both expected to be well ahead of those achieved in the first half.

We do not measure success by the overall size of your company, or the total reported profit. Our goal over the long term is to maximise both returns on capital and the average annual rate of increase in intrinsic value per share.

EastMed Doctors
The business acquired a majority share in EastMed Doctors, a key acquisition in St Heliers Auckland, which was settled after period end on 3 October 2022, and early results are in line with expectations.

EastMed Doctors is ideally located next to Ryman’s premium Grace Joel Retirement Village and in easy reach of eight aged care facilities, representing opportunity for growth.

CFO transition
The Board is pleased to announce that Denice Bennett has been appointed as the new Chief Financial Officer (CFO) and joins the company in January 2023. Neil Hopkins, who joined the business as Acting CFO in mid-2021 has indicated he plans to reduce his work commitments next year. The Board and management wish to thank Neil for his contribution in guiding and supporting the business following NZX listing and through our period of growth over the past twelve months.

The transition of the CFO will take place in the early part of 2023, with Neil's support. Denice is a Chartered Accountant with over 20 years' experience in a range of CFO and management roles and is currently Acquisitions and Integration Manager at Tāmaki Health.

Release of results
Going forward, to ensure all shareholders have adequate time to read and thoughtfully digest the progress of the company before the market opens, we plan to release half-year and full-year updates post market close on a Friday afternoon.

Dividend
In line with our dividend policy the Board has declared a fully imputed dividend of 2.45 cents per share.

John Fernandes	Tony Wai
Chairman	CEO

FINANCIAL STATEMENTS

Approval and issue of Condensed Consolidated Financial Statements

The Directors are pleased to present the Condensed Consolidated Financial Statements of Third Age Health Services Limited and its subsidiaries (the "Group') for the six-months ended 30 September 2022.

The Board of Directors of the Group authorised the Condensed Consolidated Financial Statements, set out on pages 9 to 24 for issue on 28 November 2022.

John Fernandes
Independent Chairman

Wayne Williams
Independent Director and Audit Committee Chair

Third Age Health Services Limited and subsidiaries
Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2022

	Notes	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Total revenues	3	**4,578**	**2,840**
Cost of services		(2,098)	(1,187)
Gross profit		**2,480**	**1,653**
Other income		8	18
Employees and contractors	5	(1,139)	(315)
Professional and consulting fees	6	(280)	(262)
Other expenses	7	(374)	(100)
Operational expenses		**(1,793)**	**(677)**
Earnings before interest, tax, depreciation and amortisation		**695**	**994**
Depreciation and amortisation	8	(182)	(56)
Finance costs	9	(48)	(4)
Profit before income tax		**465**	**934**
Income tax expense		(141)	(262)
Profit for the period		**324**	**672**
Total comprehensive income for the period		**324**	**672**
Earnings per share (note 11)			
From continuing operations:			
Basic earnings per share (cents per share)		3.26	6.89
Diluted earnings per share (cents per share)		3.24	6.84

These financial statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited and subsidiaries
Condensed Consolidated Statement of Financial Position
As at 30 September 2022

	Notes	30 September 2022 (Unaudited) $000	31 March 2022 (Audited) $000
Current assets			
Cash and cash equivalents		934	1,124
Trade and other receivables	12	837	386
Loan receivable	13	313	313
Total current assets		2,084	1,823
Non-current assets			
Property, plant and equipment		89	22
Right-of-use-assets	14	1,175	1,093
Intangible assets		2,276	1,902
Trade and other receivables		20	20
Total non-current assets		3,560	3,037
Total assets		5,644	4,860
Current liabilities			
Trade and other payables		839	668
Current tax liabilities		(40)	55
Employee share purchase plan deposits		75	75
Lease liabilities	14	143	111
Total current liabilities		1,017	909
Non current liabilities			
Trade and other payables		27	29
Lease liabilities	14	1,047	977
Deferred tax liability		334	249
Bank Loan	16	593	-
Total non current liabilities		2,001	1,255
Total liabilities		3,018	2,164
Net assets		2,626	2,696
Equity			
Share capital	17	519	515
Share based payments reserve		648	643
Retained earnings		1,459	1,538
Total equity		2,626	2,696

These financial statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited and subsidiaries
Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2022

	Notes	Share Capital $000	Share Based Payments Reserve $000	Retained earnings $000	Total $000
Balance at 1 April 2022 (Audited)		**515**	**643**	**1,538**	**2,696**
Profit for the period		-	-	324	324
Total comprehensive income for the period		**-**	**-**	**324**	**324**
Shares issued	17	4	-	-	4
Dividend	18	-	-	(403)	(403)
Share based payments		-	5	-	5
Balance at 30 September 2022 (unaudited)		**519**	**648**	**1,459**	**2,626**
Balance at 1 April 2021 (Audited)		**173**	**607**	**1,196**	**1,976**
Profit for the period		-	-	672	672
Total comprehensive income for the period		**-**	**-**	**672**	**672**
Dividend	18	-	-	(381)	**(381)**
Share based payments		-	-	-	**-**
Balance at 30 September 2021 (unaudited)		**173**	**607**	**1,487**	**2,267**

These financial statements are to be read in conjunction with the accompanying notes.

Third Age Health Services Limited and subsidiaries
Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2022

	Notes	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Cash flows from operating activities			
Receipts from operating activities		4,321	2,803
Payments to suppliers and employees		(3,721)	(1,921)
Interest received		-	7
Interest paid		(44)	(4)
Income taxes paid		(260)	(514)
Net cash flows from operating activities	10	**296**	**371**
Cash flows from investing activities			
Payments to purchase property, plant and equipment		(18)	(3)
Acquisition of general practices		(594)	-
Net cash flows used in investing activities		**(612)**	(3)
Cash flows from financing activities			
Proceeds from issuing shares	17	4	-
Deposits received under share purchase plan		-	19
Principal elements of loan repayments		-	21
Payment of principal portion of lease liabilities		(68)	(26)
Dividend paid	18	(403)	(381)
Cash received under ANZ debt facility	16	593	-
Net cash flows from financing activities		**126**	**(367)**
Net movement in cash and cash equivalents		**(190)**	**1**
Cash and cash equivalents at the beginning of the period		1,124	1,829
Cash and cash equivalents at the end of the period		**934**	**1,830**

These financial statements are to be read in conjunction with the accompanying notes.

1. Reporting Entity

The consolidated interim financial statements for Third Age Health Services Limited and its subsidiaries (the "Group") are for the economic entity comprising Third Age Health Services Limited (the "Company" or "Parent") and its subsidiaries. The Parent is incorporated and domiciled in New Zealand and registered under the Companies Act 1993 and is a Financial Market Conduct (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 each of these Acts. The Company is listed on the NZX Main Board ("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 15. These condensed consolidated interim financial statements are for the 6 months ended 30 September 2022. The Group's current operations do not follow a seasonal or cyclical pattern.

2. Significant Accounting Policies

2.1. Statement of compliance and reporting framework

These unaudited condensed consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalent to International Accounting Standard 34 ("NZ IAS 34") Interim Financial Reporting. For the purposes of complying with NZ GAAP, the Group is a for-profit entity.

The interim financial statements do not include all of the information required for full year financial statements and should be read in conjunction with the Company's annual financial report for the year ended 31 March 2022. Consistent accounting policies with the full financial statements for the year ended 31 March 2022 have been applied in preparation of these interim financial statements.

2.2. Basis of preparation

The financial statements for the six months ended 30 September 2022 and the comparative six months ended 30 September 2021 are unaudited. Remuneration of medical practitioners in general practice is now treated as part of the cost of services in the statement of comprehensive income. Previously it had been treated as an employee and contractor expense. This expense for the prior period ended 30 September 2021 has been reclassified as cost of services.

2.3. COVID-19

The Company continues to monitor the impact of COVID 19 both locally and globally as well as the recommendations from the New Zealand Government. The Group continues to operate through adoption of recommended safety measures and utilising core infrastructures such as virtual meetings and collaboration tools in place prior to the pandemic.

The Board note the level of business uncertainty that continues to exist in relation to the impacts of the COVID-19 pandemic including the possibility of business disruption, shortage of recruiting new medical clinicians and erosion of consumer spending. There are no provisions in these statements for the financial impacts of COVID-19.

3. Revenue

Revenues from agreements and contracts with customers and public health organisations (PHOs)

	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Capitation revenue		
Aged medical care services	884	765
General practice medical services	1,065	334
Consultation revenue		
Aged medical care services	1,800	1,576
General practice medical services	502	105
Other revenues		
Aged medical care services	119	60
General practice medical services	208	0
Total revenue from contracts with customers and PHOs	4,578	2,840

4. Segment Information

Products and services from which reportable segments derive their revenue

The Group's reportable segments are as follows:

- Aged medical care services: the provision of medical care services to the aged care sector,
- General practice medical services: the provision of general medical care services to the community.

Segment revenues and profit before tax

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

Segment revenue	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Aged medical care services	2,803	2,401
General practice medical services	1,775	439
Total for continuing operations	4,578	2,840

Segment profit before tax	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Aged medical care services	410	761
General practice medical services	55	173
Total for continuing operations	465	934

Segment profit before tax for the General practice medical services includes $17,595 of finance cost from the ANZ loan facility (note 16). This cost is allocated to this segment, as the loan facility was utilised to fund the acquisition of general practices.

Segment profit includes the following items:

For the period ended 30 September 2022	Aged care medical services (Unaudited) $000	General practice medical services (Unaudited) $000
Earnings before interest, tax, depreciation and amortisation	412	283
Depreciation & amortisation	(2)	(180)
Finance costs	-	(48)
Profit before tax	**410**	**55**
Income tax expense	(115)	(26)
Profit for the period	295	29

For the period ended 30 September 2021	Aged care medical services (Unaudited) $000	General practice medical services (Unaudited) $000
Earnings before interest, tax, depreciation and amortisation	761	233
Depreciation & amortisation	-	(56)
Finance costs	-	(4)
Profit before tax	761	173
Income tax expense	(214)	(48)
Profit for the period	547	125

Segment assets and liabilities

Segment assets	30 September 2022 (Unaudited) $000	31 March 2022 (Audited) $000
Aged medical care services New Zealand	1,898	1,513
General practice medical services	4,516	4,014
Total assets by segment	6,414	**5,527**
Intercompany elimination	(770)	(667)
Total assets	5,644	**4,860**

Segment liabilities	**30 September 2022 (Unaudited) $000**	**31 March 2022 (Audited) $000**
Aged medical care services New Zealand	1,471	922
General practice medical services	2,317	1,909
Total liabilities by segment	**3,788**	**2,831**
Intercompany elimination	(770)	(667)
Total liabilities	**3,018**	**2,164**

5. Employees and contractors

	30 September 2022 (Unaudited) $000	**30 September 2021 (Unaudited) $000**
Salaries and wages	991	147
Short term incentives	20	-
Defined contribution (KiwiSaver)	32	5
Share based payments expense	4	1
Employee benefit expense	1,047	153
Contractors	92	162
	1,139	315

Total employee costs are split between costs associated with operations that existed in the prior period and new acquisitions since October 2021.

	30 September 2022 (Unaudited) $000	**30 September 2021 (Unaudited) $000**
Existing operations	908	315
New acquired subsidiaries	231	-
	1,139	315

The increase in costs in existing operations arises from increased general and clinical staff and management, to support the growth in the business since listing and to enable the execution of strategy.

6. Professional and consulting fees

	30 September 2022 (Unaudited) $000	**30 September 2021 (Unaudited) $000**
Fees paid to auditor	46	23
Accounting and taxation services	22	84
Legal expenses	74	26
Directors' fees	78	63
Listing and share registry costs	26	19
CEO Recruitment	-	6
Other consultancy costs	34	41
	280	262

Legal fees include $49,900 (2021: $10,010) of fees in respect of work undertaken on acquisitions including the acquisition of EastMed settled after period end.

7. Other expenses

	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Computer/IT infrastructure	167	43
Practice medical supplies	61	8
Professional operational services	43	21
Travel	27	6
Office and general	76	24
	374	102

Total other expenses are split between costs associated with operations that existed in the prior period and new acquisitions since October 2021.

	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Existing operations	240	102
New acquired subsidiaries	134	-
	374	102

The increase in costs for existing operations is due to essential upgrades to computer and IT platforms, travel to support the nationwide growth of ARC and costs associated with recruitment of clinical resources.

8. Depreciation and amortisation

	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Depreciation of right-of-use assets	88	28
Amortisation of Intangibles	84	27
Depreciation of property plant and equipment	10	1
	182	56

The increase in depreciation of right of use assets and amortisation of intangibles arise from the acquisitions of new subsidiaries since October 2022 (see note 15).

9. Finance costs

	Notes	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Interest expense on leases	14	30	4
Fees and Interest on ANZ loan facility	16	18	-
		48	4

10. Reconciliation of profit before tax to net cash from operating activities

	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Profit before income tax	465	934
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and other amortisation	182	56
Share based payments expense	4	1
Interest charged on loan receivable	-	(3)
Working capital adjustments:		
Trade and other receivables	(261)	(37)
Trade and other payables	166	(66)
	556	885
Income tax paid	(260)	(514)
Net cash from operating activities	296	371

11. Earnings per share

Basic and diluted earnings per share

	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Net profit attributable to the ordinary shareholders of the Group	324	672
Earnings used in the calculation of basic earnings per share from continuing operations	324	672

Weighted average number of shares used as the denominator

	Shares 000's	Shares 000's
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	9,952	9,750
Adjustments for calculation of diluted earnings per share:		
Employee share options	34	72
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	9,985	9,822

From continuing operations:	Cents per share	Cents per share
Basic earnings per share	3.26	6.89
Diluted earnings per share	3.24	6.84

Number of ordinary shares excludes shares held by the Third Age Employee Purchase Plan.

12. Trade and other receivables

Trade and other receivables

	Note	30 September 2022 (Unaudited) $000	31 March 2022 (Audited) $000
Trade receivables		440	330
Purchase deposit for acquisition	20	193	0
Prepayments and other receivables		124	42
Accrued revenue		80	14
		837	**386**

Trade and other receivables (non-current)

	30 September 2022 (Unaudited) $000	31 March 2022 (Audited) $000
Deposit with NZX	20	20
	20	**20**

13. Loan receivable

The loan receivable is due from Third Age Digital Health Limited (TADH), a separate entity that does not provide any services to the Company. While it has a few common shareholders, and owes the Company, it is not related in any other way.

	30 September 2022 (Unaudited) $000	31 March 2022 (Audited) $000
Current	313	313
	313	**313**

Following the failure of TADH to maintain monthly repayments of the loan, during the period the Company sought application to have TADH placed in liquidation and liquidators were appointed. The independent directors continue to work with the liquidators to seek full recovery.

Michael Haskell is the Director of TADH, and its major shareholders are Michael Haskell & Associates Limited and Bevan Walsh, both major shareholders of the Company. As such the loan is considered a related party loan (note 19).

14. Right of use assets and leases liabilities

The following tables show the movement in right of use assets and lease liabilities which reflects an additional lease arising from the acquisition of Devonport Family Medicine during the period (see note 15).

Movements in the amounts recognised in the statement of financial position as at 30 September 2022 and the prior corresponding period

Right-of-use-asset

	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Opening balance at beginning of period (Audited)	**1,093**	**227**
Additions and reassessments	170	334
Depreciation	(88)	(28)
Closing balance	**1,175**	**533**

Lease liabilities

	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Balance at beginning of period (Audited)	**1,088**	**233**
Additions and reassessments	170	334
Interest	30	4
Repayments	(98)	(30)
Closing balance	**1,190**	**541**
Current	143	49
Non-current	1,047	492
	1,190	**541**

Amounts recognised in the statement of profit or loss

	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Depreciation of right-of-use assets property	88	28
Interest expense (included in finance cost)	30	4

The total cash outflow for leases in the 6-month period ended September 2022 was $98,017 (2021: $30,571).

15. Business combinations

Group composition

The parent entity is Third Age Health Services Limited, a company incorporated in New Zealand. The Group had the following subsidiaries as of 30 September 2022. The current reporting period includes results from three new subsidiaries that were not part of the group for the same period last year.

Subsidiary name	Country of incorporation	30 September 2022 Ownership	31 March 2022 Ownership
Hawkes Bay Wellness Centre Limited	New Zealand	100%	100%
Belmont Medical Centre Limited (acquired 11 October 2021)	New Zealand	100%	100%
Ponsonby Medical (Third Age Health) Limited (acquired 31 March 2022)	New Zealand	100%	100%
Devonport Family Medicine (Third Age Health) Limited (acquired 2 May 2022)	New Zealand	100%	-
Third Age Employee Share Purchase Plan Trust	New Zealand	100%	100%
Phoenix Health Hub Limited	New Zealand	10%	-

Phoenix Health Hub Limited (Phoenix) is an investment by the Company in a Christchurch based clinic to realise a new integrated general practice and allied health clinic to support unmet health needs. The Company holds a 10% share in Phoenix and is treated as an investment, recorded at cost. As of 30 September 2022, the cost was nil.

On 3 October 2022 the Company settled the acquisition of a 66.6% share of EastMed St Heliers Limited, a company incorporated in New Zealand (note 20).

Acquisition of Devonport Family Medicine (Third Age Health) Limited

During the period ended 30 September 2022 the Company completed the acquisition of a general practice, Devonport Family Medicine (DFM), to support the Group's future growth strategy around providing a consistent primary health service as people move from community living into the aged care setting.

The Group acquired the assets and business of Devonport Family Medicine on 2 May 2022, through a new wholly owned Group entity. The results of the practice since acquisition are included in these Consolidated Financial Statements for the period ended 30 September 2022, contributing $337,548 to Group revenues and $11,684 to Group EBITDA.

Details of the fair value of identifiable assets and liabilities, acquired purchase consideration and goodwill are as follows:

	$000
Cash	401
Total consideration transferred	**401**
Non-current assets	
Property, plant and equipment	59
Right of use asset	170
Intangible Assets	416
Total assets acquired	645
Non-current liability	
Lease Liability	(170)
Non-current liability	
Deferred tax liability	(117)
Total net assets acquired	**358**
Goodwill	**43**

Given the short timeframe since acquisition date and the complexity involved, the accounting for the business combination under NZ IFRS 3 Business Combinations has not been finalised as at the date of this report.

16. Bank loan

The Company entered into a $3 million debt facility with ANZ Bank New Zealand Limited to provide capital to support the Group's planned acquisition strategy. The term is for two years with a covenant requiring Debt-to-EBITDA ratio (based on 12 "months" results) capped at two times, tested at each reporting date. As at 30 September 2022, the Debt to EBITDA ratio was 0.356. Security for the loan is a first ranking security over the Company and the Group which includes cross guarantees and indemnity of debt.

During the period, the loan was drawn to fund the acquisition of Devonport Family Medicine and a deposit payment for the acquisition of EastMed (note 20). Total fees and interest charged on the loan in the period was $17,595.

Subsequent to period end the facility has been restructured, see note 20.

17. Share capital

Share capital increased by $3,821 during the period as a result of the issue of 1,363 ordinary shares to shareholders who opted to join the Dividend Reinvestment Plan, established on 19 May 2022. The shares were issued at a price of $2.7805.

18. Dividend paid during the period

Dividends paid during the period ended 30 September 2022:	Cents per share	$000
Final dividend for the year ended 31 March 2022	4.05	**403**

Dividends paid during the period ended 30 September 2021:	Cents per share	$000
Final dividend for the year ended 31 March 2021	3.91	**381**

19. Related party transactions

Transactions with related parties

Name of related party	Nature of relationship	Transaction	30 September 2022 (Unaudited) $000	30 September 2021 (Unaudited) $000
Bevan Walsh	Director & Shareholder	Director fees	12	18
John Fernandes	Director & Shareholder	Director fees	26	18
Norah Barlow	Director & Shareholder	Director fees	19	18
Wayne Williams	Director	Director fees	21	9
Diane Budres (resigned 19 July 2022)	Director & Shareholder	Director fees	1	1
Michael Haskell, CEO (resigned 30 September 2021)	Shareholder	Contractor fee	-	132
		Bonus accruals	-	(23)

Directors' fees for John Fernandes, Norah Barlow and Wayne Williams for the period ended 30 September 2022 also include fees as members of the Audit Committee. For the period, Wayne Williams (Chairman effective 1 July 2022), received a fee of $3,125, Norah Barlow received a fee of $1,250 and John Fernandes a fee of $1,875 (including fees as committee Chairman effective to 30 June 2022).

Loan receivable from Third Age Digital Health Limited (TADH) (note 13)

Bevan Walsh (Director and Company shareholder), Michael Haskell (former CEO, resigned 30 September 2021 and Company shareholder) and Diane Budres (former Director who resigned 19 July 2022 and Company shareholder) are all shareholders of TADH which has a loan due to Company. Michael Haskell is also a Director of TADH. Bevan Walsh resigned as a director of TADH on 20 December 2021.

20. Subsequent event

Purchase of EastMed

On 3 October 2022 settled the acquisition of a majority share of EastMed St Heliers Limited ("EastMed") for $1.9 million fully funded through the ANZ loan facility (Note 16).

Given the short timeframe since acquisition date and the complexity involved, the accounting for the business combination under NZ IFRS 3 Business Combinations has not been finalised as at the date of this report. The Company will report the impact of the acquisition on the Group in the annual consolidated financial statements for the year ending 31 March 2023.

The EastMed acquisition has no impact on the performance of the Group for the period ended 30 September 2021 given the acquisition occurred after the end of the reporting period. A deposit of the acquisition price was paid on in September 2022, funded through the ANZ loan facility (note 16).

Interim dividend declared

Subsequent to the period end, the Board have declared a fully imputed interim dividend of 2.45 cents per share.

Variation and restructure of the ANZ debt facility

Subsequent to period end, on 24 November 2022 the Company completed a restructuring of the $3 million ANZ loan facility in to 3 loan tranches each $750,000, on the following terms and conditions.

1. $750,000 term loan, fixed at a rate of 9.1% for one year on a term of two years with a 15-year amortisation payment period of principal and interest.
2. $750,000 term loan, fixed at a rate of 9.36% for two years on a loan term of two years and a 15-year amortisation payment period of principal and interest.
3. $750,000 term loan, fixed at a rate of 9.55% for three years, on a loan term of three years and a 15-year amortisation payment period of principal and interest.

The balance ($750,000) will remain under the current facility arrangement (see note 16). At the time of the restructure the Company had drawn down $2,329,719 of the facility to fund the acquisitions of Devonport Family Medicine and EastMed.

Third Age Health

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