

# FOUNDATIONS

# FOR FUTURE GROWTH.

A number of factors are converging to move us along our sustainable, profitable growth path.

Geographic expansion, a broad product pipeline, purposeful investment in R&D and infrastructure, growth in our sales teams, and an increasing body of clinical evidence – these are firm foundations for future growth.

### Our progress over the last four financial years (FY2019 TO FY2023)\*



COUNTRIES WITH F&P PEOPLE

↑ 39%

TO 53 COUNTRIES



PATIENTS TREATED WITH OPTIFLOW

↑ 100%

TO 6 MILLION



NASAL HIGH FLOW STUDIES PUBLISHED

↑ 250%

TO 865



PEOPLE IN R&D

↑ 46%

TO 846



PLANT AND EQUIPMENT CAPEX

↑ 141%

TO \$99M



ANESTHESIA SALES TEAM

↑ 246%

TO 69 PEOPLE

\* These figures are current as at the end of the 2023 financial year.

## CONTENTS

OVERVIEW OF KEY FINANCIAL RESULTS	4
HALF YEAR BUSINESS UPDATES	5
PRODUCT GROUP OVERVIEW	6
HALF YEAR REVIEW	8
FINANCIAL COMMENTARY	12
CONSOLIDATED FINANCIAL STATEMENTS	16
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	20
DIRECTORY	24

Constant currency information contained within this report is non-conforming financial information, as defined by the New Zealand Financial Markets Authority and has been provided to assist users of financial information to better understand and assess the company's financial performance without the impacts of spot financial currency fluctuations and hedging results, and has been prepared on a consistent basis each financial year. A reconciliation between reported results and constant currency results is available on page 15 of this report. The company's constant currency framework can be found on our website at [www.fphcare.com/ccf](http://www.fphcare.com/ccf).

This report is dated 28 November 2023 and is signed on behalf of Fisher & Paykel Healthcare Corporation Limited by Scott St John, Board Chair and Lewis Gradon, Managing Director and Chief Executive Officer.



SCOTT ST JOHN  
BOARD CHAIR



LEWIS GRADON  
MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER



## HALF YEAR OVERVIEW OF KEY FINANCIAL RESULTS

### OPERATING REVENUE

**\$803.7M**

▲ 16% | 1H FY23 (\$690.6M)

### NET PROFIT AFTER TAX

**\$107.3M**

▲ 12% | 1H FY23 (\$95.9M)

### GROSS MARGIN

**60.5%**

▲ 192 BPS (CONSTANT CURRENCY)

### INTERIM DIVIDEND FULLY IMPUTED

**18.0CPS**

▲ 3% | 1H FY23 (17.5CPS)

### SPEND ON R&D

**\$96.9M**

12% OF OPERATING REVENUE

### HOSPITAL REVENUE

**\$487.5M**

▲ 11% | 1H FY23 (\$438.7M)

### HEALTHCARE REVENUE

**\$314.4M**

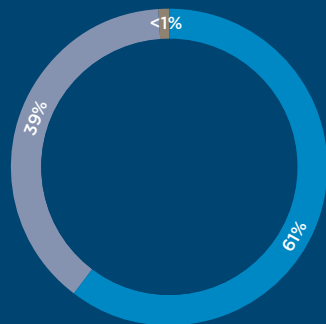
▲ 26% | 1H FY23 (\$249.9M)

**REVENUE BY REGION**  
6 MONTHS TO 30 SEPTEMBER 2023



- North America
- Europe
- Asia Pacific
- Other

**REVENUE BY PRODUCT GROUP**  
6 MONTHS TO 30 SEPTEMBER 2023



- Hospital
- Homecare
- Distributed & Other

**HALF YEAR  
BUSINESS UPDATES**



**LAUNCHED** our F&P Solo™ mask into New Zealand and Australia.



**SECURED** US 510(k) regulatory clearance for our 950 humidification system.



**EXPANDED** our anesthesia sales team to grow awareness of the benefit to patients.



**CELEBRATED** the formal opening of our third manufacturing facility in Tijuana.



**PROGRESSED** the development of our new manufacturing facility in China.



**WELCOMED** Graham McLean to the Board of Directors.

## PRODUCT GROUP OVERVIEW

OUR BUSINESS IS STRUCTURED IN TWO PARTS: HOSPITAL AND HOMECARE.



# Hospital

Our Hospital product group includes products used in invasive ventilation, noninvasive ventilation, nasal high flow therapy, anesthesia, and laparoscopic and open surgery. Not only do these products help healthcare providers improve patient outcomes, they often deliver economic benefits as well, by reducing the need to escalate care and shortening patient stays in hospital.



# 61%

OF OPERATING REVENUE

OPERATING REVENUE

▲ 11%

# \$487.5M

NEW APPLICATIONS CONSUMABLES REVENUE GROWTH (CONSTANT CURRENCY)

# ▲19%





F&P Solo

# Homecare

Our Homecare product group includes devices and systems used to treat obstructive sleep apnea (OSA) and provide respiratory support in the home. These include our CPAP therapy masks as well as flow generators, interfaces, and data management technologies.

# 39%

OF OPERATING REVENUE

OPERATING REVENUE

▲ 26%

# \$314.4M

OSA MASKS AND ACCESSORIES REVENUE  
GROWTH (CONSTANT CURRENCY)

# ▲ 28%

## HALF YEAR REVIEW

A number of factors are converging to move us along our sustainable, profitable growth path.

Geographic expansion, a broad product pipeline, purposeful investment in R&D and infrastructure, growth in our sales teams, and an increasing body of clinical evidence – these are firm foundations for future growth.

We are balancing this focus on the future with our near-term aims. As market conditions continue to stabilise, we have shifted from a supply-at-all costs mentality to our normal behaviours. This has seen us renew our focus on continuous improvement during the half. We acknowledge the efforts of our people and our customers, suppliers and clinical partners throughout this period.

### FINANCIAL RESULTS

Total operating revenue was \$803.7 million for the six months ended 30 September 2023, 16 per cent above the same period last year, and 16 per cent in constant currency. Net profit after tax was \$107.3 million, 12 per cent above the same period last year, or 22 per cent in constant currency.

Hospital product group revenue was \$487.5 million, an 11 per cent increase on the first half of last year and 11 per cent in constant currency. We continued to see strong demand for hospital consumables across the product portfolio, and hardware demand was solid.



**SCOTT ST JOHN**  
Board Chair



**LEWIS GRADON**  
Managing Director and  
Chief Executive Officer

# FOUNDATIONS FOR FUTURE GROWTH

Homecare product group revenue was \$314.4 million, representing growth of 26 per cent on the first half of last year, and 25 per cent in constant currency. OSA masks and accessories revenue increased 28 per cent in constant currency as the Evora™ Full continued to experience impressive demand. We are set to build on this momentum with our revolutionary new F&P Solo™ mask.

Gross margin for the half was 60.5 per cent, a 192 basis-point increase from the prior corresponding period in constant currency. Headwinds such as freight rates and manufacturing inefficiencies continue to ease, while inflationary raw material and manufacturing costs remain a factor for our teams to work through. We expect that reverting to our normal focus on operational efficiencies will help us return to our long-term gross margin target of 65 per cent within the next three to four years.


We have a demonstrable history of margin improvements year-on-year. Continuous improvement plays an important role in this, and we have initiated more than 5,000 projects globally over the past year. Many seem small on the surface, but we expect that over time they will represent meaningful gains.

## STRATEGIC PROGRESS

We have reached several important milestones over the last six months. With respect to product, we received regulatory clearance from the United States FDA in June for our 950 humidification system. This follows the approval for the Airvo™ 3 earlier in the year – the latter is currently available in the US and the 950 will be available in the new year. On the Homecare side, we have commenced sales of our F&P Solo™ mask in New Zealand and Australia, with more markets to follow in due course. We believe our AutoFit™ technology represents a significant step forward in mask innovation, allowing patients to set themselves up without assistance and easily finetune the fit with a single touch.

We continue to invest in expanding our global sales team, most notably in anaesthesia. Our patent-protected Optiflow Switch™ and Trace™ products offer compelling patient and clinical benefits and we have a clear aspiration to build the anaesthesia business into a revenue growth driver.

We were pleased to receive approval from the New Zealand Overseas Investment Office (OIO) in April to move forward with our land purchase in Karaka, Auckland for a second New Zealand campus. We formally opened our third building in Tijuana, Mexico and we are nearing completion of our manufacturing facility in Guangzhou, China as our team secures the necessary regulatory approvals.



Our patent-protected Optiflow Switch™ and Trace™ products offer compelling patient and clinical benefits and we have a clear aspiration to build the anaesthesia business into a revenue growth driver.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY PROGRESS

Similar to our view on continuous improvement, there is no finish line when it comes to our environmental and social responsibility journey. We are making steady progress in areas such as sustainable procurement, modern slavery prevention and carbon reduction. There will be much more detail on these efforts provided at our full-year result, which will also include disclosure on our climate resilience in line with the External Reporting Board's new Aotearoa Climate Standards.

Similar to our view on continuous improvement, there is no finish line when it comes to our environmental and social responsibility journey.

## BOARD UPDATE

We welcomed Graham McLean onto the board last month as an independent director. Graham joins us following 16 years as a senior leader at Stryker, where he was most recently president of the company's Asia Pacific operations based in Hong Kong and Singapore. Now residing in Australia, Graham is a director of CleanSpace Holdings and Universal Biosensors, two ASX-listed healthcare companies. We believe his wealth of global medical device experience will be beneficial to your board.

Graham's appointment comes as Donal O'Dwyer prepares to depart the board after 11 years of service at the end of the calendar year. We speak on behalf of the wider board when we thank Donal for his enormous contribution to Fisher & Paykel Healthcare across multiple areas.

## DIVIDEND

The Board of Directors has approved an interim dividend of 18.0 cents per share for the six months to 30 September 2023, an increase of 3 per cent from the first half of the prior year. This will be paid on 18 December 2023 with a record date of 6 December 2023. We reactivated our dividend reinvestment plan last year and this remains available to eligible shareholders with a 3 per cent discount applying to this interim dividend.

## PROFIT SHARE

We have a history of providing a profit share at our half and full year results to ensure our people share in the success and profitability of F&P. To that end, the board has approved a profit-sharing payment of \$4 million for employees who have worked for the company for a qualifying period.

## THANK YOU

Our thanks go to the people of Fisher & Paykel Healthcare for your contribution to this first half result. And we remain grateful to our shareholders, customers, suppliers and clinical partners – your backing and belief is vital to what we do.



**SCOTT ST JOHN**  
Board Chair



**LEWIS GRADON**  
Managing Director and Chief Executive Officer

# Financial report

The background of the page is a light blue gradient with a series of concentric, overlapping circular patterns that create a sense of depth and movement. The circles are more prominent in the lower half of the page and fade into the background towards the top.

# Financial commentary

## INCOME STATEMENTS

For the six months ended 30 September	2022 NZ\$M	2023 NZ\$M	Change Reported %	Change CC' <sup>1</sup> %
<b>Operating revenue</b>	<b>690.6</b>	<b>803.7</b>	+16	+16
Gross profit	413.2	486.1	+18	+20
<b>Gross margin</b>	<b>59.8%</b>	<b>60.5%</b>	+65 bps	+192 bps
SG&A expenses	(202.3)	(236.6)	+17	+16
R&D expenses	(84.2)	(96.9)	+15	+15
Total operating expenses	(286.5)	(333.5)	+16	+16
<b>Operating profit</b>	<b>126.7</b>	<b>152.6</b>	+20	+32
<b>Operating margin</b>	<b>18.3%</b>	<b>19.0%</b>	+64 bps	+195 bps
Net financing (expense)	(12.4)	(12.0)	-3	N/A
<b>Profit before tax</b>	<b>114.3</b>	<b>140.6</b>	+23	+24
<b>Tax expense</b>	<b>(18.4)</b>	<b>(33.3)</b>	+81	+30
<b>Profit after tax</b>	<b>95.9</b>	<b>107.3</b>	+12	+22

<sup>1</sup> Constant currency (CC) removes the impact of exchange rate movements. This approach is used to assess the Group's underlying comparative financial performance without any impact from changes in foreign exchange rates. See further details on page 15.

Total profit after tax for the period was \$107.3 million, a 12% increase from the same period last year, or 22% in constant currency.

### Revenue

Operating revenue was \$803.7 million, a 16% increase from the prior comparable period (PCP) or 16% in constant currency. Hospital revenue grew 11% in constant currency. Hospital consumables continued to see strong demand across the product portfolio, and hardware demand was solid. Homecare revenue grew 25% in constant currency with strong growth in masks and accessories of 28%.

### Gross margin

Gross margin at 60.5% improved by 192 basis points in constant currency from the same period last year and improved by 72 basis points in constant currency from the second half of last year. Headwinds such as freight rates and manufacturing inefficiencies continue to ease, while inflationary raw material and manufacturing costs remain key areas of focus.

### Operating expenses

Operating expenses increased 16% (16% in constant currency) to \$333.5 million, reflecting our investment in R&D and sales people during the 2023 financial year. This investment supports our global sales growth and development of our product pipeline.

We continue to plan for R&D spend to grow in line with constant currency revenue growth over the long-term.

### Financing expenses

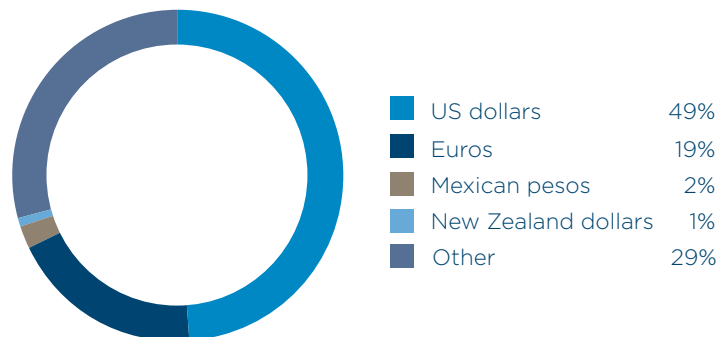
During the period, total borrowings have increased to fund the purchase of the Karaka site, with interest expenses increasing to \$8.7 million (Sep 2022: \$1.2 million). The net financing expense of \$12.0 million remains largely unchanged from the prior period, with lower exchange losses on foreign currency interest-bearing liabilities in the current period of \$4.7 million (Sep 2022: \$12.7 million) offsetting the increased interest costs.

### Tax

Our effective tax rate for the period was 23.7%, up from 16.1% as the non-taxable foreign currency translations were significantly lower than in the prior period. The R&D tax credit this period of \$8.8 million (Sep 2022: \$7.6 million) represents the estimated eligible R&D expenditure incurred during the period. Excluding the benefit of the R&D tax credit, the effective tax rate was 29.9% (Sep 2022: 22.7%).

## FOREIGN CURRENCY IMPACTS

The Group is exposed to movements in foreign exchange rates, with approximately 99% of operating revenue generated in currencies other than NZD as shown below.



Over 60% of COGS and 50% of operating expenses are in currencies other than NZD.

Net profit after tax was unfavourably impacted by \$4.8 million compared to the prior period due to foreign currency.

The effect of balance sheet translations for the period resulted in an increase in operating revenue of \$3.9 million (Sep 2022: \$18.6 million increase) and a decrease in net profit after tax of \$1.6 million (Sep 2022: \$0.8 million increase). The hedging programme contributed a pre-tax loss of \$2.8 million (Sep 2022: \$0.5 million gain).

The average daily spot rate and the average conversion exchange rate (the accounting rate, incorporating the benefit of forward exchange contracts in respect of the relevant financial year) of the main foreign currency exposures for the reported periods are set out in the table to the right.

Six months ended 30 September	Average daily spot rate		Average conversion exchange rate	
	2022	2023	2022	2023
USD	0.6312	0.6116	0.6700	0.6657
EUR	0.6095	0.5620	0.5445	0.5436
MXN	12.71	10.63	14.38	13.73

### Foreign exchange hedging position

In line with our hedging programme, additional hedges have been added for future years. The hedging position for our main currency exposures as at 20 November 2023 is:

Year to 31 March	FY24	FY25	FY26	FY27	FY28	FY29 – FY34*
USD % cover of expected exposure	85%	70%	60%	50%	40%	5%
USD average rate of cover	0.658	0.622	0.608	0.596	0.583	0.550
EUR % cover of expected exposure	85%	60%	55%	45%	35%	10%
EUR average rate of cover	0.540	0.524	0.529	0.524	0.524	0.474
MXN % cover of expected exposure	80%	40%	15%			
MXN average rate of cover	14.10	15.74	13.92			

\* 2029 – 2034 shows average % cover of expected exposure and rate of cover for the five-year period.

Hedging cover has been rounded to the nearest 5%.

## CASH FLOWS

The full statement of cash flows is provided on page 19.

	2022 NZ\$M	2023 NZ\$M	Change NZ\$M
<b>For the six months ended 30 September</b>			
Operating profit before financing costs	126.7	152.6	25.9
Plus depreciation and amortisation	50.5	54.4	3.9
Change in working capital and other	(97.2)	(14.4)	82.8
Net interest paid	(2.0)	(7.8)	(5.8)
Net income tax paid	(76.1)	(28.3)	47.8
<b>Operating cash flows</b>	<b>1.9</b>	<b>156.5</b>	<b>154.6</b>
Lease repayments	(6.7)	(8.5)	(1.8)
Purchase of land and buildings	(64.0)	(224.5)	(160.5)
Purchase of plant and equipment	(48.0)	(39.4)	8.6
Purchase of intangible assets	(12.8)	(11.6)	1.2
<b>Free cash flows*</b>	<b>(129.6)</b>	<b>(127.5)</b>	<b>2.1</b>
Dividends paid	(129.9)	(81.7)	48.2

\* Free cash flows include lease liability repayments following the adoption of NZ IFRS 16.

### Operating cash flows

Cash flows from operations for the period increased to \$156.5 million (Sep 2022: \$1.9 million). Operating cash flows were impacted by an increase in net profit before tax, a reduction in net working capital movements and a benefit from prepaid tax during the 2023 financial year, resulting in less tax paid during the period.

### Capital expenditure

During the period, \$275.5 million was spent on capital expenditure (excluding leased assets), including \$189.5 million relating to the purchase of 105 hectares of land in Karaka for a second New Zealand campus. Spending also included progressing our East Tāmaki campus development including earthworks for our fifth building. We continue to invest in production tooling and equipment additions.

### Dividends

Dividends paid of \$81.7 million were 37% lower than the prior period due to the reintroduction of the Dividend Reinvestment Plan (DRP) commencing with the interim dividend for the 2023 financial year, paid in December 2022. Under the DRP, \$51.6 million of dividends were reinvested as new shares this period related to the 2023 final dividend declared, reducing the cash paid by the same amount.

## BALANCE SHEET

	31 March 2023 NZ\$M	30 September 2023 NZ\$M	Change NZ\$M
<b>As at</b>			
Trade receivables	179.6	189.2	9.6
Inventories	365.8	360.1	(5.7)
Less trade and other payables*	(125.2)	(103.8)	21.4
<b>Working capital</b>	<b>420.2</b>	<b>445.5</b>	<b>25.3</b>
Property, plant and equipment**	1,148.2	1,419.4	271.2
Intangible assets	85.6	85.5	(0.1)
Lease liabilities	(62.5)	(80.2)	(17.7)
Other net assets (liabilities)	124.2	54.3	(69.9)
Net cash (debt)	37.7	(172.7)	(210.4)
<b>Net assets</b>	<b>1,753.4</b>	<b>1,751.8</b>	<b>(1.6)</b>

\* Trade and other payables exclude all non-current payables and all employee entitlements and provisions

\*\* Property, plant and equipment includes lease assets recognised.

Trade receivables have increased to 30 September 2023 reflecting revenue growth. Our debtor days were within the normal range at 41 days (Mar 2023: 40 days). Inventories balances have decreased with continuing focus on balancing demand fluctuations approaching the northern hemisphere winter with manufacturing throughput. Inventories have decreased by \$38.3 million since September 2022. Trade and other payables reduction includes timing associated with key capital infrastructure projects and payment of suppliers.

Property, plant and equipment (excluding leased assets) increased by \$255.0 million in the period. Additions of \$282.0 million, including the Karaka land acquisition were offset by \$32.3 million of depreciation. Intangible assets decreased by \$0.1 million, with amortisation tracking slightly above total expenditure. Included in intangible assets is ERP system capital spending with our global SAP rollout continuing over the next one to two years.

Other net assets/liabilities movements included a reduction in derivative financial instruments from net assets of \$77.1 million at 31 March 2023 to \$33.1 million at 30 September 2023. This is primarily due to the change in exchange rates at 30 September 2023 compared to 31 March 2023, with the corresponding offset in the cash flow hedge reserve. All currency derivatives continued to be effective hedges. Non-current other receivables decreased due to the deposit for the second New Zealand campus being reclassified to property, plant and equipment on receipt of Overseas Investment Office (OIO) approval this period.



**Net cash and debt facilities**

As at	31 March 2023 NZ\$M	30 September 2023 NZ\$M	Change NZ\$M
Loans and borrowings			
– Current	–	–	–
– Non-current	(79.1)	(237.3)	(158.2)
Bank overdrafts	(4.2)	(5.9)	(1.7)
<b>Total interest-bearing liabilities*</b>	<b>(83.3)</b>	<b>(243.2)</b>	<b>(159.9)</b>
Cash and cash equivalents	121.0	70.5	(50.5)
<b>Total cash and investments</b>	<b>121.0</b>	<b>70.5</b>	<b>(50.5)</b>
<b>Net cash (debt)</b>	<b>37.7</b>	<b>(172.7)</b>	<b>(210.4)</b>
Gearing	-2.3%	9.1%	11.4%
Undrawn committed debt facilities	624.5	469.3	(155.2)
Undrawn uncommitted debt and overdraft facilities	90.0	87.8	(2.2)

\* Excluding lease liabilities

During the period, the Group borrowed \$210.0 million from available facilities primarily to fund the payment of \$189.5 million for the purchase of the land in Karaka.

As at 30 September 2023, the average maturity of loans and borrowings of \$237.3 million was 2.7 years. The currency split for loans and borrowings was 70% NZD; 28% USD; 1% Australian dollars; and 1% Canadian dollars. Within the next 12 months, one facility for \$60.0 million will expire and upon expiry will not be renewed.

Cash and cash equivalents were \$70.5 million at 30 September 2023. This balance, as well as operating cash generated in the second half of the 2024 financial year and additional borrowings, will fund the payment of the interim dividend, and ongoing capital expenditure including building projects in East Tāmaki.

**Gearing<sup>1</sup>**

At 30 September 2023 the Group had gearing of 9.1%. Gearing was outside the target range due to funding for the Karaka land acquisition.

<sup>1</sup> Net interest-bearing debt (debt less cash and cash equivalents and short-term investments) to net interest-bearing debt and equity (less hedging reserves). Net interest-bearing debt excludes lease liabilities.

**NOTES – CONSTANT CURRENCY**

Constant currency analysis is non-Generally Accepted Accounting Practice (GAAP) financial information, that is not prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). Constant currency information has been provided to assist users of financial information to better understand and assess the Group's financial performance without the impacts of foreign currency fluctuations, including hedging results.

Constant currency financial information is prepared each month to enable the Board and management to monitor and assess the Group's underlying comparative financial performance without any distortion from changes in foreign exchange rates. Constant currency information is prepared on a consistent basis for reported periods restated into NZD based on "constant" exchange rates, typically the budgeted exchange rates for the current year. This information excludes the impact of movements in foreign exchange rates, hedging results and balance sheet translations.

The Group's constant currency framework can be found on the company's website at [www.fphcare.com/ccf](http://www.fphcare.com/ccf). PwC performs assurance procedures over the constant currency information.

**RECONCILIATION OF CONSTANT CURRENCY TO REPORTED PROFIT AFTER TAX**

For the six months ended 30 September	2022 NZ\$M	2023 NZ\$M	Change NZ\$M
<b>Profit after tax (constant currency)</b>	<b>73.9</b>	<b>90.1</b>	<b>16.2</b>
Spot exchange rate effect	20.8	20.8	–
Foreign exchange hedging result	0.4	(2.0)	(2.4)
Balance sheet revaluation	0.8	(1.6)	(2.4)
<b>Total impact of foreign exchange</b>	<b>22.0</b>	<b>17.2</b>	<b>(4.8)</b>
<b>Profit after tax (reported)</b>	<b>95.9</b>	<b>107.3</b>	<b>11.4</b>

**RECONCILIATION OF CONSTANT CURRENCY TO REPORTED REVENUE**

For the six months ended 30 September	2022 NZ\$M	2023 NZ\$M	Change NZ\$M
<b>Operating revenue (constant currency)</b>	<b>657.9</b>	<b>763.1</b>	<b>105.2</b>
Spot exchange rate effect	18.0	48.8	30.8
Foreign exchange hedging result	(3.9)	(12.1)	(8.2)
Balance sheet revaluation	18.6	3.9	(14.7)
<b>Total impact of foreign exchange</b>	<b>32.7</b>	<b>40.6</b>	<b>7.9</b>
<b>Operating revenue (reported)</b>	<b>690.6</b>	<b>803.7</b>	<b>113.1</b>

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the year ended 31 March 2024, are USD 0.66, EUR 0.61, AUD 0.93, GBP 0.52, CAD 0.86, JPY 85, MXN 12.0, CNY 4.3, KRW 820, SEK 6.6 and INR 51.

# Consolidated financial statements

## CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2023

	Notes	Unaudited 2022 NZ\$M	Unaudited 2023 NZ\$M
Operating revenue	3	690.6	803.7
Cost of sales		(277.4)	(317.6)
<b>Gross profit</b>		<b>413.2</b>	<b>486.1</b>
Selling, general and administrative expenses		(202.3)	(236.6)
Research and development expenses		(84.2)	(96.9)
<b>Total operating expenses</b>		<b>(286.5)</b>	<b>(333.5)</b>
<b>Operating profit</b>		<b>126.7</b>	<b>152.6</b>
Financing income		1.5	1.4
Financing expense		(1.2)	(8.7)
Exchange (loss) on foreign currency interest-bearing liabilities		(12.7)	(4.7)
<b>Net financing (expense)</b>		<b>(12.4)</b>	<b>(12.0)</b>
Profit before tax	4	114.3	140.6
Tax expense		(18.4)	(33.3)
<b>Profit after tax</b>		<b>95.9</b>	<b>107.3</b>
Basic earnings per share		16.6 cps	18.5 cps
Diluted earnings per share		16.5 cps	18.4 cps

The accompanying notes form an integral part of the consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Unaudited 2022 NZ\$M	Unaudited 2023 NZ\$M
<b>Profit after tax</b>	<b>95.9</b>	<b>107.3</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
<b>Foreign currency translation reserve</b>		
Exchange differences on translation of foreign operations	8.8	1.8
<b>Hedging reserves</b>		
Changes in fair value in hedging reserves	(248.6)	(46.9)
Transfers to profit before tax from cash flow hedge reserve	(0.6)	1.7
Tax on above reserve movements	69.8	12.7
<b>Other comprehensive income, net of tax</b>	<b>(170.6)</b>	<b>(30.7)</b>
<b>Total comprehensive income</b>	<b>(74.7)</b>	<b>76.6</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2023

	Notes	Share capital NZ\$M	Retained earnings NZ\$M	Reserves NZ\$M	Total equity NZ\$M
<b>Balance at 31 March 2022 (audited)</b>		<b>261.2</b>	<b>1,181.2</b>	<b>237.3</b>	<b>1,679.7</b>
<b>Total comprehensive income</b>		-	<b>95.9</b>	<b>(170.6)</b>	<b>(74.7)</b>
Dividends paid	9	-	(129.9)	-	(129.9)
Issue of share capital under employee share plans		3.7	-	-	3.7
Movement in share based payments reserve		-	-	(0.4)	(0.4)
<b>Balance at 30 September 2022 (unaudited)</b>		<b>264.9</b>	<b>1,147.2</b>	<b>66.3</b>	<b>1,478.4</b>
<b>Balance at 31 March 2023 (audited)</b>		<b>303.7</b>	<b>1,200.5</b>	<b>249.2</b>	<b>1,753.4</b>
<b>Total comprehensive income</b>		-	<b>107.3</b>	<b>(30.7)</b>	<b>76.6</b>
Dividends paid	9	-	(133.3)	-	(133.3)
Issue of share capital under dividend reinvestment plan		51.6	-	-	51.6
Issue of share capital under employee share plans		4.8	-	-	4.8
Movement in share based payments reserve		-	-	(1.4)	(1.4)
Movement in treasury shares		0.1	-	-	0.1
<b>Balance at 30 September 2023 (unaudited)</b>		<b>360.2</b>	<b>1,174.5</b>	<b>217.1</b>	<b>1,751.8</b>

The accompanying notes form an integral part of the consolidated financial statements.

**CONSOLIDATED BALANCE SHEET**

As at 30 September 2023

Notes	Audited 31 March 2023 NZ\$M	Unaudited 30 September 2023 NZ\$M
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	121.0	70.5
Trade and other receivables	218.5	233.2
Inventories	365.8	360.1
Derivative financial instruments	5 33.2	36.7
Tax receivable	35.7	28.7
<b>Total current assets</b>	<b>774.2</b>	<b>729.2</b>
<b>Non-current assets</b>		
Derivative financial instruments	5 70.0	46.4
Other receivables	29.9	0.5
Property, plant and equipment	1,148.2	1,419.4
Intangible assets	85.6	85.5
Deferred tax assets	96.6	108.8
<b>Total assets</b>	<b>2,204.5</b>	<b>2,389.8</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Borrowings	4.2	5.9
Lease liabilities	17.1	17.9
Trade and other payables	219.7	212.7
Provisions	20.9	18.0
Tax payable	6.6	4.6
Derivative financial instruments	5 21.3	27.7
<b>Total current liabilities</b>	<b>289.8</b>	<b>286.8</b>

Notes	Audited 31 March 2023 NZ\$M	Unaudited 30 September 2023 NZ\$M
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	79.1	237.3
Lease liabilities	45.4	62.3
Provisions	7.3	6.2
Other payables	21.6	19.3
Derivative financial instruments	5 4.8	22.3
Deferred tax liabilities	3.1	3.8
<b>Total liabilities</b>	<b>451.1</b>	<b>638.0</b>
<b>EQUITY</b>		
Share capital	303.7	360.2
Retained earnings	1,200.5	1,174.5
Reserves	249.2	217.1
<b>Total equity</b>	<b>1,753.4</b>	<b>1,751.8</b>
<b>Total liabilities and equity</b>	<b>2,204.5</b>	<b>2,389.8</b>

The accompanying notes form an integral part of the consolidated financial statements.

On behalf of the Board  
28 November 2023



**Scott St John**  
Board Chair



**Lewis Gradon**  
Managing Director and Chief Executive Officer

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 September 2023

	Unaudited 2022 NZ\$M	Unaudited 2023 NZ\$M
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	675.4	797.2
Interest received	2.0	2.3
Payments to suppliers and employees	(595.4)	(604.6)
Tax paid	(76.1)	(28.3)
Interest paid	(2.9)	(8.7)
Lease interest paid	(1.1)	(1.4)
<b>Net cash flows from operating activities</b>	<b>1.9</b>	<b>156.5</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net short-term investments	200.0	-
Purchases of property, plant and equipment	(112.0)	(263.9)
Purchases of intangible assets	(12.8)	(11.6)
<b>Net cash flows from investing activities</b>	<b>75.2</b>	<b>(275.5)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of share capital under employee share plans	1.6	1.2
New borrowings	27.5	210.0
Repayment of borrowings	-	(55.0)
Lease liability payments	(6.7)	(8.5)
Dividends paid	(129.9)	(81.7)
<b>Net cash flows from financing activities</b>	<b>(107.5)</b>	<b>66.0</b>
Net increase in cash	(30.4)	(53.0)
Opening cash	84.6	116.8
Effect of foreign exchange rates	6.6	0.8
<b>Closing cash</b>	<b>60.8</b>	<b>64.6</b>
<b>RECONCILIATION OF CLOSING CASH</b>		
Cash and cash equivalents	69.8	70.5
Bank overdrafts	(9.0)	(5.9)
<b>Closing cash</b>	<b>60.8</b>	<b>64.6</b>

	Unaudited 2022 NZ\$M	Unaudited 2023 NZ\$M
<b>CASH FLOW RECONCILIATION</b>		
<b>Profit after tax</b>	<b>95.9</b>	<b>107.3</b>
Add (deduct) non-cash items:		
Depreciation - right-of-use assets	7.7	8.6
Depreciation and amortisation - other assets	42.8	45.8
Share based payments	4.3	4.5
Movement in provisions	(4.4)	(4.0)
Movement in deferred tax assets / liabilities	(17.5)	(2.2)
Movement in net tax payables	(41.9)	6.3
Foreign currency translation	1.2	(1.0)
Other non-cash items	(1.9)	(2.0)
	(9.7)	56.0
Net working capital movements:		
Trade and other receivables	(22.5)	(12.7)
Inventories	(39.5)	5.7
Trade and other payables	(22.3)	0.2
	(84.3)	(6.8)
<b>Net cash flows from operating activities</b>	<b>1.9</b>	<b>156.5</b>

The accompanying notes form an integral part of the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

### 1. GENERAL INFORMATION

#### Reporting entity

Fisher & Paykel Healthcare Corporation Limited (the “Company” or “Parent”) together with its subsidiaries (the “Group”) is a leading designer, manufacturer and marketer of medical device products and systems for use in both hospital and homecare settings. Products are sold in over 120 countries worldwide. The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 15 Maurice Paykel Place, East Tāmaki, Auckland. These consolidated financial statements were approved for issue by the Board of Directors on 28 November 2023.

#### Statement of compliance

The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The Company is also listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX).

#### Basis of preparation

These consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting (NZ IAS 34) and International Accounting Standard 34: Interim Financial Reporting (IAS 34). The Company and Group are designated as profit-oriented entities for financial reporting purposes.

These consolidated financial statements do not include all of the notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2023.

#### Presentation currency

These consolidated financial statements are presented in New Zealand dollars (NZD) to the nearest hundred thousand dollars unless otherwise stated.

#### Accounting policies

All accounting policies have been applied on a basis consistent with those used and described in the audited consolidated financial statements for the year ended 31 March 2023.

### 2. SIGNIFICANT TRANSACTIONS AND EVENTS

The following significant transactions and events affected the financial performance and financial position of the Group for the six months ended 30 September 2023:

#### Property, plant and equipment

In September 2022, the Group announced that one of its members, Fisher & Paykel Healthcare Properties Limited (FPH Properties), had entered into an agreement to purchase 105 hectares of land for a second New Zealand campus in Karaka for \$275.0 million.

In April 2023, OIO consent was received with standard conditions and special conditions which require FPH Properties to obtain necessary planning consents, undertake initial development of the site and invest in capital expenditure in line with the Group strategy. \$217.0 million has been paid to date for approximately 80 hectares of land. A further \$43.0 million is to be paid in January 2026 and the final payment of \$15.0 million is due in December 2026 for the acquisition of the remaining parcels of land in Karaka.

During the period, construction work progressed on the car park building on our East Tāmaki, New Zealand campus and earthworks continue for the construction of a fifth building on our East Tāmaki site. Capital commitments at 30 September 2023 include \$41.5 million related to these projects. To date, spending on these projects totals \$72.4 million.

#### Borrowing facilities

During the period, the Group borrowed \$210.0 million from available facilities primarily to fund the payment of \$189.5 million for the purchase of land parcels in Karaka. Subsequently \$55.0 million has been repaid. The Company had total available committed external financing facilities of \$707.0 million as at 30 September 2023, of which approximately \$469.3 million was undrawn. As at 30 September 2023, the weighted average maturity of committed borrowing facilities was 2.9 years.

#### Share capital

During the period, the Group issued 471,793 shares on exercise of employee share options and performance share rights.

A total of 2,184,251 new shares were issued in relation to the Dividend Reinvestment Plan during the period at an average price of \$23.5961 per share, totalling \$51.6 million.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. OPERATING REVENUE AND SEGMENTAL INFORMATION

	Unaudited 2022 NZ\$M	Unaudited 2023 NZ\$M
<b>For the six months ended 30 September</b>		
Sales Revenue	694.5	815.8
Foreign exchange (loss) on hedged sales	(3.9)	(12.1)
<b>Total operating revenue</b>	<b>690.6</b>	<b>803.7</b>
<b>Revenue by product group</b>		
Hospital products	438.7	487.5
Homecare products	249.9	314.4
	<b>688.6</b>	<b>801.9</b>
Distributed and other products	2.0	1.8
<b>Total operating revenue</b>	<b>690.6</b>	<b>803.7</b>
<b>Revenue after hedging by geographical location of customer:</b>		
North America	289.5	366.2
Europe	188.0	207.5
Asia Pacific	174.2	179.8
Other	38.9	50.2
<b>Total operating revenue</b>	<b>690.6</b>	<b>803.7</b>

### 4. OPERATING EXPENSES

	Unaudited 2022 NZ\$M	Unaudited 2023 NZ\$M
<b>For the six months ended 30 September</b>		
Profit before tax includes the following expenses:		
Depreciation - right-of-use assets	7.7	8.6
Depreciation and amortisation - other assets	42.8	45.8
Employee benefits expense	298.0	339.5

### 5. DERIVATIVE FINANCIAL INSTRUMENTS

Financial instruments are either carried at amortised cost, less any provision for impairment, or fair value. The carrying value of all financial assets and liabilities approximates fair value.

There have been no changes to the Group's hedging policy during the period. The Group enters into foreign currency option contracts or forward foreign currency contracts within policy parameters to manage the net risk associated with anticipated sales or costs. The Group generally applies hedge accounting to all derivative financial instruments.

All derivative financial instruments continue to be re-measured to their fair value. Derivative financial instruments continue to be classified as being within Level 2 of the fair value hierarchy and there were no changes in valuation techniques during the period.

Contractual amounts of derivative financial instruments were as follows:

	Audited 31 March 2023 NZ\$M	Unaudited 30 September 2023 NZ\$M
<b>Foreign currency forward contracts and options</b>		
Sale commitments forward exchange contracts	2,754.8	2,983.8
Purchase commitments forward exchange contracts	61.2	52.2
Foreign currency borrowing forward exchange contracts	117.9	146.3
<b>Interest rate derivatives</b>		
Interest rate swaps	31.9	2.5

Undiscounted foreign currency contractual amounts for outstanding hedges were as follows:

	Audited 31 March 2023 M	Unaudited 30 September 2023 M
<b>Sale Commitments</b>		
United States dollars	US\$1,060.0	US\$1,013.0
European Union euros	€289.5	€438.0
Japanese yen	¥11,980.0	¥10,250.0
<b>Purchase Commitments</b>		
Mexican pesos	MXN\$999.0	MXN\$813.0

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. COMMITMENTS

	Audited 31 March 2023 NZ\$M	Unaudited 30 September 2023 NZ\$M
Capital expenditure commitments contracted for but not recognised as at the reporting date:		
Within one year	58.4	45.9
Between one and two years	24.0	7.6
Between two and five years	-	58.0
	<b>82.4</b>	<b>111.5</b>

The commitments above include the commitment of \$58.0 million payable for the second New Zealand campus as set out in Note 2 (March 2023: nil).

### 7. CONTINGENT LIABILITIES

Periodically the Group is party to litigation including product liability and patent claims.

The Directors are unaware of the existence of any claim or contingencies that would have a material impact on the financial statements.

### 8. RELATED PARTY TRANSACTIONS

During the period the Group has not entered into any material contracts involving related parties or Directors' interests. No amounts owed by related parties have been written off or forgiven during the period. Apart from Directors' fees, key executive remuneration and dividends paid by the Group to its Directors and key executives as shareholders of the company, there have been no related party transactions.

### 9. DIVIDENDS

On 25 May 2023 the Directors approved the payment of a fully imputed 2023 final dividend of \$133.3 million (23.0 cents per share) which was paid on 7 July 2023, gross of DRP. A supplementary dividend of 4.0588 cents per share was also paid to eligible non-resident shareholders.

#### Subsequent event - dividend declared

On 28 November 2023 the Directors approved the payment of a fully imputed 2024 interim dividend of \$104.8 million (18.0 cents per share) to be paid on 18 December 2023. A supplementary dividend of 3.1765 cents per share was also approved for eligible non-resident shareholders.

### 10. SIGNIFICANT EVENTS AFTER BALANCE DATE

Other than the dividend disclosed in Note 9, there are no other significant events after balance date.





## INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders of Fisher & Paykel Healthcare Corporation Limited

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

#### OUR CONCLUSION

We have reviewed the consolidated financial statements of Fisher & Paykel Healthcare Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2023, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months period ended on that date, and notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2023, and its financial performance and cash flows for the six months period then ended on that date, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

#### BASIS FOR CONCLUSION

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in the areas of providing market survey data for executive remuneration, regulatory tax compliance procedures in Mexico, and other assurance services in relation to constant currency disclosures. The provision of these other services has not impaired our independence.

### RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these consolidated financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to express a conclusion on the consolidated financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of consolidated financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated financial statements.

#### WHO WE REPORT TO

This report is made solely to the Company's Shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review 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 Shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Indumin Senaratne (Indy Sena).

For and on behalf of:

Chartered Accountants  
Auckland, New Zealand

28 November 2023

# Directory

## DIRECTORS

Scott St John	Board Chair, Non-Executive, Independent
Lewis Gradon	Managing Director and Chief Executive Officer
Michael Daniell	Non-Executive
Pip Greenwood	Non-Executive, Independent
Lisa McIntyre	Non-Executive, Independent
Graham McLean	Non-Executive, Independent
Neville Mitchell	Non-Executive, Independent
Donal O'Dwyer	Non-Executive, Independent
Cather Simpson	Non-Executive, Independent

## EXECUTIVE MANAGEMENT TEAM

Lewis Gradon	Managing Director and Chief Executive Officer
Lyndal York	Chief Financial Officer
Paul Shearer	Senior Vice President – Sales & Marketing
Andrew Somervell	Vice President – Products & Technology
Winston Fong	Vice President – Surgical Technologies
Brian Schultz	Vice President – Quality & Regulatory Affairs
Nicholas Fourie	Vice President – Information & Communication Technology
Jonti Rhodes	Vice President – Supply Chain, Facilities & Sustainability
Marcus Driller	Vice President – Corporate
Nicola Talbot	Vice President – Human Resources

## REGISTERED OFFICES

### New Zealand:

Physical address:	15 Maurice Paykel Place, East Tāmaki, Auckland 2013, New Zealand
Telephone:	+64 9 574 0100
Postal address:	PO Box 14348, Panmure, Auckland 1741, New Zealand
Website:	<a href="http://www.fphcare.com">www.fphcare.com</a>
Email:	<a href="mailto:investor@fphcare.co.nz">investor@fphcare.co.nz</a>

### Australia:

Physical address:	19-31 King St, Nunawading, Melbourne, Victoria 3131, Australia
Telephone:	+61 3 9871 4900
Postal address:	PO Box 159, Mitcham Victoria 3132, Australia

## STOCK EXCHANGES

The Company's ordinary shares are listed on the NZX Main Board and the ASX.

## SHARE REGISTRAR

### In New Zealand:

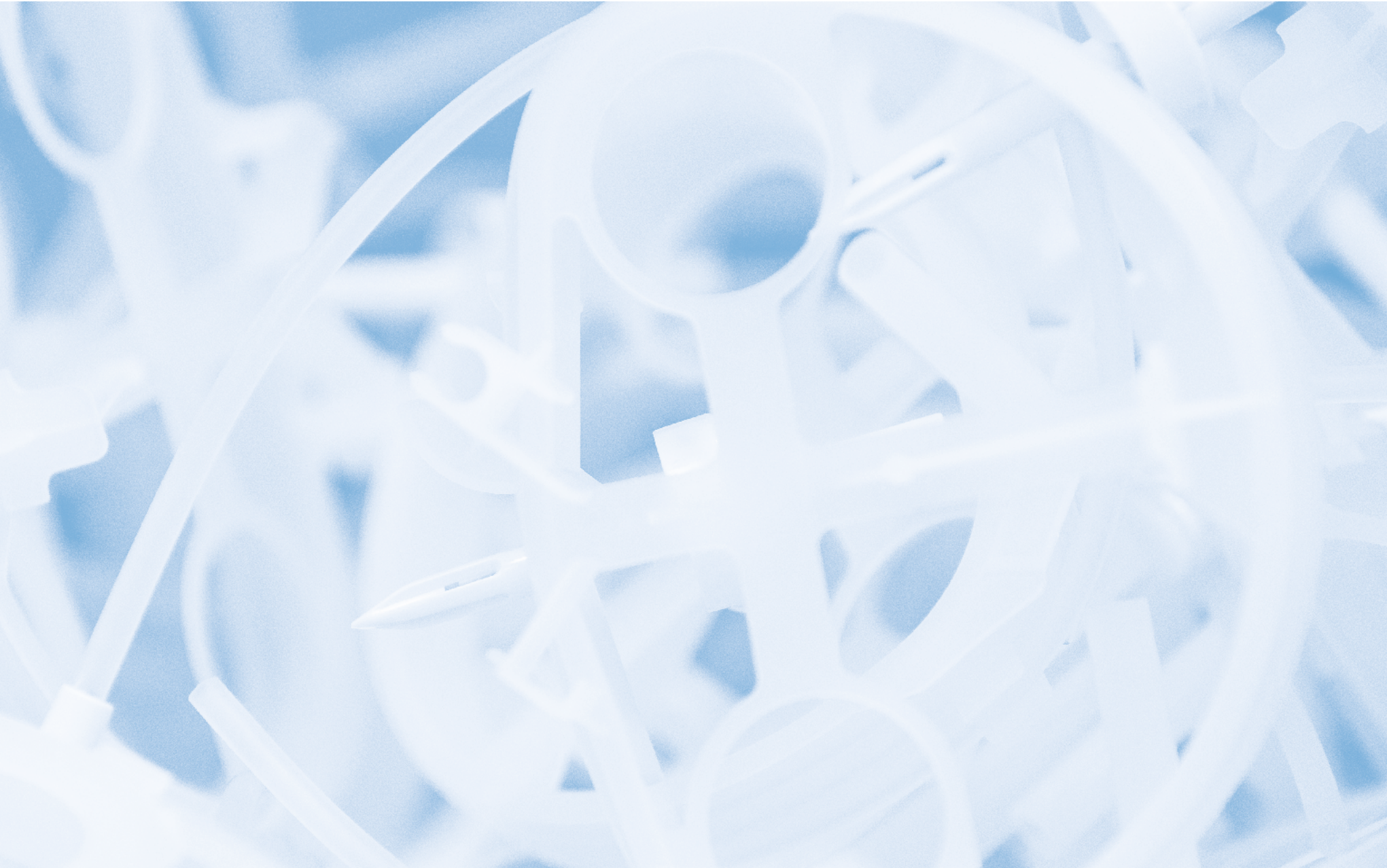
#### Link Market Services Limited

Physical address:	Level 30, PwC Commercial Bay, 15 Customs Street West, Auckland 1010, New Zealand
Postal address:	PO Box 91976, Auckland 1142, New Zealand
Facsimile:	+64 9 375 5990
Investor enquiries:	+64 9 375 5998
Website:	<a href="http://www.linkmarketservices.co.nz">www.linkmarketservices.co.nz</a>
Email:	<a href="mailto:enquiries@linkmarketservices.co.nz">enquiries@linkmarketservices.co.nz</a>

### In Australia:

#### Link Market Services Limited

Physical address:	Level 12, 680 George Street, Sydney, NSW 2000, Australia
Postal address:	Locked Bag A14, Sydney South, NSW 1235, Australia
Facsimile:	+61 2 9287 0303
Investor enquiries:	+61 2 8280 7111
Internet address:	<a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>
Email:	<a href="mailto:registrars@linkmarketservices.com.au">registrars@linkmarketservices.com.au</a>



— Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of products and systems for use in acute and chronic respiratory care, surgery and the treatment of obstructive sleep apnea.