

# COMMITMENT

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Constant currency information contained within this report is non-conforming financial information, as defined by the NZ FMA 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 14 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 2022 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

# commitment

/kə'mɪtm(ə)nt/

The state or quality of being  
dedicated to a cause or activity.



**HALF YEAR****Overview of key financial results****OPERATING REVENUE****\$690.6M**

▼ 23% | 1H FY22 (\$900.0M)

**NET PROFIT AFTER TAX****\$95.9M**

▼ 57% | 1H FY22 (\$221.8M)

**GROSS MARGIN****59.8%****INTERIM DIVIDEND  
FULLY IMPUTED****17.5CPS**

▲ 3% | 1H FY22 (17CPS)

**SPEND ON R&D****\$84.2M**

12% OF OPERATING REVENUE

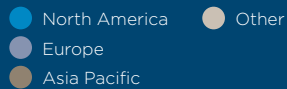
**HOSPITAL REVENUE****\$438.7M**

▼ 35% | 1H FY22 (670.2M)

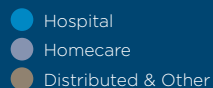
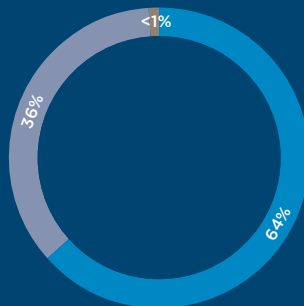
**OSA MASKS AND ACCESSORIES  
REVENUE GROWTH****↑10%**

(CONSTANT CURRENCY)

### REVENUE BY REGION 6 MONTHS TO 30 SEPTEMBER 2022



### REVENUE BY PRODUCT GROUP 6 MONTHS TO 30 SEPTEMBER 2022



## HALF YEAR business updates

**CONTINUED** to build out our anesthesia sales force in Europe and North America.

**ENTERED** into conditional agreement for land to construct our second New Zealand campus.

**ADVANCED** construction of our fifth facility at our existing New Zealand campus.

**COMPLETED** the construction of our third manufacturing facility in Tijuana.

**PROGRESSED** the roll-out of our new technology, including Airvo™ 3, Optiflow™ Switch and Evora™ Full.

**PRESENTED** with four social responsibly awards by the Association of Human Resources in Tijuana.

**APPOINTED** Cather Simpson to the Board of Directors.

## Product group overview

Our business is structured in two parts: Hospital and Homecare.

Our Hospital product group includes products used in invasive ventilation, noninvasive ventilation, nasal high flow, 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.

PRODUCT FEATURED:



## Hospital



# 64%

OF OPERATING REVENUE

OPERATING REVENUE

# \$438.7M

NEW APPLICATIONS CONSUMABLES AS A  
% OF HOSPITAL CONSUMABLES REVENUE

# 68%

The 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.

PRODUCT FEATURED:

**F&P** Evora Full



# Homecare

**36%**  
OF OPERATING REVENUE

OPERATING REVENUE

**\$249.9M**

OSA MASKS AND ACCESSORIES  
CONSTANT CURRENCY REVENUE

**↑10%**

# Half year review

The word 'commitment' has long held significant meaning for us. One of our five company values, it has resonated strongly in recent months as we reflect on the efforts required through the pandemic period. It resonates further still as we move forward, describing the focus on our long-term aims and the discipline required to achieve them.

Getting our life-preserving product out to patients was paramount during the peak of the pandemic – this came first, and everything else flowed from that. As we said back in May at our full-year result, we did not let these events divert us from our long-term course, and that is worth repeating now. We remain committed to sustainable, profitable growth, and our confidence in the future is unchanged. We are investing significantly in that future and, as we do so, our people are focused on identifying the right near-term actions that strengthen us for the long term.

## FINANCIAL RESULTS

As we said in our trading update in August, revenue was down on the prior period but elevated compared with pre-pandemic levels. For the six months ended 30 September 2022, total operating revenue was \$690.6 million, 23 per cent below the same period last year, or 27 per cent in constant currency. This represents a 21 per cent increase on the first half of the 2020 financial year (\$570.9 million). Net profit after tax was \$95.9 million, 57 per cent below the same period last year, or 65 per cent in constant currency.



**SCOTT ST JOHN**  
Board Chair



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



Our Hospital product group comprised 64 per cent of revenue at \$438.7 million, representing a 35 per cent decline on the prior year, or 37 per cent in constant currency. This marks a 24 per cent increase compared to the comparable pre-pandemic period, being the first half of the 2020 year (\$353.6 million). Hospital consumables sales in constant currency were down 19 per cent on the prior year, but up 25 per cent on the first half of 2020. We believe customer stock levels have been elevated during the first half, reflecting hospital purchases of considerable amounts of product in preparation for an Omicron wave which, for the most part, proved less severe than originally anticipated. Ultimately, we see these stocking dynamics as short-term, and the fundamentals of our sales strategy remain the same. Our teams are committed to helping improve clinical practice and ensuring the hardware our customers have purchased is used to benefit a broader range of patients requiring respiratory support.

Our Homecare product group delivered revenue of \$249.9 million, representing growth of 10 per cent on the first half last year or 4 per cent in constant currency. Pleasingly, our OSA masks and accessories revenue increased 10 per cent in constant currency. The early reception to our new Evora™ Full mask has been very favourable. We received 510(k) approval in the United States in April and have since seen strong sales volumes and positive user feedback. This adds to the momentum for our OSA team who are working hard on a robust product pipeline.



### UNLOCKING FUTURE GROWTH: Our proposed Karaka campus

We have repeatedly signalled the importance of long-term infrastructure planning to help us deliver on our sustainable, profitable growth strategy and our aspirations of doubling constant currency revenue every five to six years. To take advantage of the opportunities ahead of us, we need more space, and we took an important step in securing this during the first half.

In September, we entered into a conditional agreement, subject to approval by the Overseas Investment Office, to purchase a 105-hectare site for an additional New Zealand campus in Karaka, Auckland.

At more than double the size of our current site, the Karaka campus would afford us with significant room to grow. Should we be successful with our OIO application, development of the new campus will occur gradually over a 20 to 30-year period, with a focus on earthworks and core infrastructure over the next five years.

These plans reaffirm our confidence in our long-term opportunities and demonstrate our strong commitment to R&D and manufacturing in New Zealand.

Gross margin for the half was 59.8 per cent, down from 63.1 per cent in the prior period and below our long-term target of 65 per cent. Elevated freight rates remain a factor – major global routes are seeing prices soften, though legs in and out of New Zealand remain behind this curve, with prices taking longer to normalise. The half has also seen us manage through manufacturing inefficiencies, as we have been carefully balancing demand fluctuations with manufacturing throughput and higher rates of absenteeism in our manufacturing workforce due to sickness.

#### STRATEGIC PROGRESS

In May, we introduced our latest anesthesia products – Optiflow Switch™ and Optiflow Trace™ – which provide even more compelling reasons to use F&P's Optiflow technology during general anesthesia and procedural sedation. Adding to our anesthesia salesforce has been a clear priority in the months since and will remain so going forward. Feedback from anesthesiologists continues to be positive and gives us confidence in both the benefit to patients and the size of the market opportunity.

We are continuing with a controlled market release of our new Airvo™ 3 nasal high flow device in Australasia while seeking regulatory clearances further afield. We believe the new device is an attractive proposition, with a closed loop system for targeted oxygen delivery and an integrated battery to allow for more portability through the hospital.

At our first half result last year, we signalled plans to continue to invest in our infrastructure to support growth. We have made significant strides since, including our announcement in September that we have entered into a conditional agreement to purchase a 105-hectare site for an additional New Zealand campus in Karaka, Auckland. This acquisition is subject to Overseas Investment Office (OIO) approval, and we expect a response from the agency in the first half of 2023. If successful, development of this new campus will occur over a 20 to 30-year period.

Elsewhere, we saw the completion of our third building in Tijuana, which adds an additional 50 per cent of space to our manufacturing footprint in Mexico. We are also continuing with earthworks for the fifth building on our existing New Zealand campus in addition to a multi-storey carpark.

We also indicated that we were investigating options for an additional offshore manufacturing location, and we can now report that we have entered into a lease agreement for a facility in Guangzhou, China. Our presence in the city dates back almost 20 years, where we have a well-entrenched sales operation serving the mainland. The new facility is aligned with our distributed manufacturing strategy, and our intent is to manufacture a select range of products to service local markets.

In May, we introduced our latest anesthesia products – Optiflow Switch™ and Optiflow Trace™ – which provide even more compelling reasons to use F&P's Optiflow technology during general anesthesia and procedural sedation.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Earlier this year we articulated our intentions in the form of a new Environmental and Social Responsibility policy, making it clear that our aim is to have a lasting positive impact on society and the environment. This statement of intent guides our newly formed governance group, which is comprised of subject matter experts from around the business working together to identify improvements and step-changes we can make as a business globally. It is good to see this group build momentum.

We have again achieved inclusion in the Dow Jones Sustainability Indices for Asia Pacific and Australia in addition to the FTSE4Good Index, and were recently nominated as a finalist in the Sustainable Business Leadership category as part of the Deloitte Top 200 awards, which celebrate outstanding performance among New Zealand's largest companies.

## BOARD UPDATE

We were pleased to welcome Cather Simpson, PhD, as a non-executive director in June, bringing our board up to full strength in advance of Geraldine McBride's farewell at the close of our Annual Shareholders' Meeting in August. Cather is a valuable addition, bringing extensive experience commercialising scientific research.

## DIVIDEND

The Board of Directors has approved an interim dividend of 17.5 cents per share for the six months to 30 September 2022, marking an increase of 3 per cent from the first half of the prior financial year. The dividend will be paid on 21 December 2022 with a record date of 9 December. This year, we are re-activating our dividend reinvestment plan through which eligible shareholders can opt to invest all or part of their cash dividends in additional shares, with an applicable 3 per cent discount. Details of this plan are available on our website.

## PROFIT SHARE

Our people remain our strength and have once again responded admirably during a challenging year. To recognise their efforts, the Board has approved a discretionary profit-sharing payment of \$4 million for employees who have worked for the company for a qualifying period.

## THANK YOU

Again, we want to recognise the ongoing efforts of those right across the healthcare sector. While it has been pleasing to see a normalisation of sorts after the peak pandemic period, we acknowledge conditions remain challenging. With travel restrictions relaxing, our global teams have relished re-connecting with our customers, suppliers and clinical partners at events and healthcare facilities throughout the world. This has reinforced how our business is a relational one, and we look forward to more of this.

We also wish to acknowledge the unique challenges over the last six months for our people as a combination of seasonal illnesses and COVID-19 have meant extended periods of home isolation and continued disruption to work environments for many. Thanks to all of you for your work in oftentimes trying circumstances. And a final word of thanks to our shareholders: your continued support makes all this possible.



**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 faint, out-of-focus image of laboratory glassware, including several Erlenmeyer flasks and beakers, suggesting a scientific or healthcare context.

# Financial commentary

## INCOME STATEMENTS

For the six months ended 30 September	2021 NZ\$M	2022 NZ\$M	Change Reported %	Change CC <sup>1</sup> %
<b>Operating revenue</b>	<b>900.0</b>	<b>690.6</b>	-23	-27
Gross profit	567.7	413.2	-27	-33
<b>Gross margin</b>	<b>63.1%</b>	<b>59.8%</b>	-325bps	-533bps
SG&A expenses	(189.6)	(202.3)	+7	-
R&D expenses	(75.7)	(84.2)	+11	+11
Total operating expenses	(265.3)	(286.5)	+8	+3
<b>Operating profit</b>	<b>302.4</b>	<b>126.7</b>	-58	-67
<b>Operating margin</b>	<b>33.6%</b>	<b>18.3%</b>	-1,526bps	-1,770bps
Net financing (expense)	(1.3)	(12.4)	+854	-125
<b>Profit before tax</b>	<b>301.1</b>	<b>114.3</b>	-62	-67
<b>Tax expense</b>	<b>(79.3)</b>	<b>(18.4)</b>	-77	-74
<b>Profit after tax</b>	<b>221.8</b>	<b>95.9</b>	-57	-65

<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 14.

Total profit after tax for the period was \$95.9 million, a 57% decline from the same period last year, or 65% in constant currency.

### Revenue

Operating revenue was \$690.6 million, a 23% decline from the prior comparable period (PCP) or 27% in constant currency. Hospital revenue decreased 37% in constant currency as we lapped significant COVID-19 driven demand last year and apparent elevated customer inventory levels during this period. Homecare revenue grew 4% in constant currency.

### Gross margin

Gross margin at 59.8% decreased by 533 basis points in constant currency from the same period last year. Continued elevated freight costs and air freight utilisation this period impacted constant currency gross margin by approximately 290 basis points compared to pre-COVID-19 rates. Manufacturing inefficiencies were also experienced this year as we balance demand fluctuations with manufacturing throughput.

### Operating expenses

Operating expenses increased 8% (3% in constant currency) to \$286.5 million, reflecting ongoing expenditure to support global sales growth and development of our product pipeline.

R&D spend of \$84.2 million grew 11% reflecting underlying growth and the timing of R&D and clinical projects. Over the long term we plan for R&D spend to grow in line with constant currency revenue growth.

### Financing expenses

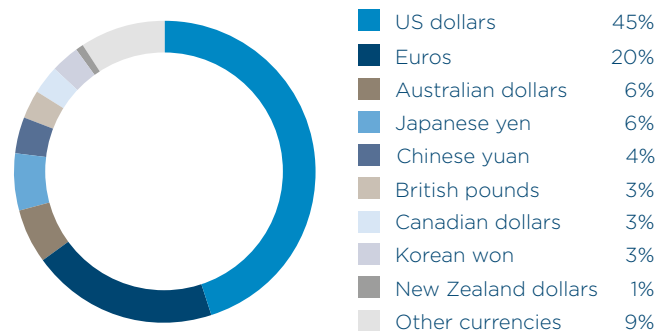
The net financing expense increase reflects the exchange losses on the revaluation of foreign currency interest bearing liabilities. Excluding the impact of foreign currency revaluations, net financing expense was in line with the prior period.

### Tax

Our effective tax rate for the period was 16.1%, down from 26.3% in the prior period reflecting foreign currency translation gains that are non-taxable. The R&D tax credit this period of \$7.6 million (Sep 2021: \$7.4 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 22.7% (Sep 2021: 28.8%).

## 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.



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

Net profit after tax was increased by \$6.1 million compared to the prior period due to the impact of foreign currency. During the period since 31 March 2022, the NZD weakened significantly against major currencies.

The effect of balance sheet translations for the period resulted in an increase in operating revenue of \$18.6 million (Sep 2021: \$2.5 million increase) and an increase in profit after tax of \$0.8 million (Sep 2021: \$2.4 million increase). The hedging programme contributed a pre-tax gain of \$0.5 million (Sep 2021: \$21.1 million gain).

The average daily spot rate and the average conversion exchange rate (i.e. 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 below.

Six months ended 30 September	Average daily spot rate		Average conversion exchange rate	
	2021	2022	2021	2022
USD	0.7077	0.6312	0.6769	0.6700
EUR	0.5938	0.6095	0.5594	0.5445

### Foreign exchange hedging position

In line with our hedging programme, additional hedges have been added for future years, in particular for financial years 2025 to 2031. The hedging position for our main currency exposures as at 10 November 2022 is:

Year to 31 March	2023	2024	2025	2026	2027	2028	2029 - 2031*
USD % cover of expected exposure	90%	80%	65%	55%	50%	25%	5%
USD average rate of cover	0.667	0.658	0.622	0.608	0.596	0.585	0.526
EUR % cover of expected exposure	85%	60%	50%	30%	20%	10%	-
EUR average rate of cover	0.542	0.536	0.521	0.529	0.517	0.521	-

\* 2029 - 2031 shows average % cover of expected exposure and rate of cover for the three-year period

Hedging cover has been rounded to the nearest 5%.

## CASH FLOWS

The full statement of cash flows is provided on page 18.

For the six months ended 30 September	2021 NZ\$M	2022 NZ\$M	Change NZ\$M
Operating profit before financing costs	302.4	126.7	(175.7)
Plus depreciation and amortisation	46.0	50.5	4.5
Change in working capital and other	(31.2)	(97.2)	(66.0)
Net interest paid	(1.7)	(2.0)	(0.3)
Net income tax paid	(188.0)	(76.1)	111.9
<b>Operating cash flows</b>	<b>127.5</b>	<b>1.9</b>	<b>(125.6)</b>
Lease repayments	(6.6)	(6.7)	(0.1)
Purchase of land and buildings	(14.7)	(64.0)	(49.3)
Purchase of plant and equipment	(50.1)	(48.0)	2.1
Purchase of intangible assets	(16.5)	(12.8)	3.7
<b>Free cash flows<sup>+</sup></b>	<b>39.6</b>	<b>(129.6)</b>	<b>(169.2)</b>
Dividends paid	(126.8)	(129.9)	(3.1)

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

### Operating cash flows

Cash flows from operations for the period decreased to \$1.9 million (Sep 2021: \$127.5 million). Working capital continued to be impacted by increases in raw materials and finished goods inventories. We have been working to balance demand fluctuations with manufacturing throughput and continuing supply chain disruption.

### Capital expenditure

During the period, \$124.8 million was spent on capital expenditure (excluding leased assets), including earthworks and constructions costs across the East Tamaki and Tijuana campuses. Spending also includes a \$27.5 million deposit to acquire land for a second New Zealand campus. This purchase is contingent on receiving Overseas Investment Office (OIO) consent on terms and conditions acceptable to the Company and is recorded in other receivables on the balance sheet. We continue to invest in production tooling and equipment additions.

### Dividends

Dividends paid of \$129.9 million were 2% higher than the prior period.

## BALANCE SHEET

As at	31 March 2022 NZ\$M	30 September 2022 NZ\$M	Change NZ\$M
Trade receivables	142.8	153.8	11.0
Inventories	358.9	398.4	39.5
Less trade and other payables*	(132.4)	(103.2)	29.2
<b>Working capital</b>	<b>369.3</b>	<b>449.0</b>	<b>79.7</b>
Property, plant and equipment**	957.8	1,044.8	87.0
Intangible assets	86.8	88.3	1.5
Lease liabilities	(36.0)	(55.3)	(19.3)
Other net assets (liabilities)	80.2	(5.8)	(86.0)
Net cash (debt)	221.6	(42.6)	(264.2)
<b>Net assets</b>	<b>1,679.7</b>	<b>1,478.4</b>	<b>(201.3)</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 increase to 30 September 2022 reflects balance sheet translation of foreign currency receivable balances. Our debtor days were within the normal range at 42 days (March 2022: 41 days). Inventories balances have increased both in raw materials and finished goods. Trade and other payables reduction includes timing associated with key capital projects and payment of suppliers.

Property, plant and equipment increased by \$87.0 million in the period. Additions of \$105.2 million and foreign currency translations were offset by \$39.2 million of depreciation. Intangible assets increased by \$1.5 million, primarily due to patent acquisition costs. Included in intangible assets is ERP system capital spending with our global SAP rollout continuing over the next two to three years.

Other net assets/liabilities movements included a change in derivative financial instruments from a net asset of \$140.7 million at 31 March 2022 to a net liability of \$110.8 million at 30 September 2022. This is due to the currency volatility during the period, with the corresponding offset in the cash flow hedge reserve. All currency derivatives continued to be effective hedges. Net tax assets increased by \$127.1 million during the period, primarily reflecting the change in the net derivative financial instruments balances.

**Net cash and debt facilities**

As at	31 March 2022 NZ\$M	30 September 2022 NZ\$M	Change NZ\$M
Loans and borrowings			
– Current	–	(33.4)	(33.4)
– Non Current	(63.0)	(70.0)	(7.0)
Bank overdrafts	(5.3)	(9.0)	(3.7)
<b>Total interest-bearing liabilities*</b>	<b>(68.3)</b>	<b>(112.4)</b>	<b>(44.1)</b>
Cash and cash equivalents	89.9	69.8	(20.1)
Short-term investments	200.0	–	(200.0)
<b>Total cash and investments</b>	<b>289.9</b>	<b>69.8</b>	<b>(220.1)</b>
<b>Net cash (debt)</b>	<b>221.6</b>	<b>(42.6)</b>	<b>(264.2)</b>
Gearing	-16.3%	2.7%	19.0%
Undrawn committed debt facilities	184.5	156.6	(27.9)
Undrawn uncommitted debt and overdraft facilities	38.3	85.5	47.2

\* Excluding lease liabilities

The average maturity of loans and borrowings of \$103.4 million was 1.5 years and the currency split was 68% USD; 27% NZD; 3% Australian dollars; and 2% Canadian dollars.

Within the next 12 months, two facilities totalling \$70 million will expire. The Company is in the process of negotiating additional committed borrowing facilities, to be in place prior to 31 March 2023.

Cash and cash equivalents, were \$69.8 million at 30 September 2022. This balance, operating cash generated in the second half of FY23 and additional borrowings, will fund the payment of the interim dividend, ongoing capital expenditure including building projects in East Tamaki and the purchase of land for a second NZ Campus, if OIO consent is granted on terms and conditions acceptable to the Company.

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

At 30 September 2022 the Group had gearing of 2.7%. Gearing was inside the target range of -5% to +5%.

**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 perform assurance procedures over the constant currency information.

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

	2021 NZ\$M	2022 NZ\$M	Change NZ\$M
<b>For the six months ended 30 September</b>			
<b>Profit after tax (constant currency)</b>	<b>204.1</b>	<b>72.1</b>	<b>(132.0)</b>
Spot exchange rate effect	0.1	22.6	22.5
Foreign exchange hedging result	15.2	0.4	(14.8)
Balance sheet revaluation	2.4	0.8	(1.6)
<b>Profit after tax (reported)</b>	<b>221.8</b>	<b>95.9</b>	<b>(125.9)</b>

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the year ended 31 March 2023, are USD 0.69, EUR 0.61, AUD 0.93, GBP 0.51, CAD 0.86, JPY 79, MXN 14.0, CNY 4.3, KRW 820, SEK 6.6 and INR 51.

<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.



# Financial statements

## CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2022

	Notes	Unaudited 2021 NZ\$M	Unaudited 2022 NZ\$M
Operating revenue	3	900.0	690.6
Cost of sales		(332.3)	(277.4)
<b>Gross profit</b>		<b>567.7</b>	<b>413.2</b>
Selling, general and administrative expenses		(189.6)	(202.3)
Research and development expenses		(75.7)	(84.2)
<b>Total operating expenses</b>		<b>(265.3)</b>	<b>(286.5)</b>
<b>Operating profit</b>		<b>302.4</b>	<b>126.7</b>
Financing income		1.2	1.5
Financing expense		(2.4)	(1.2)
Exchange gain / (loss) on foreign currency interest-bearing liabilities		(0.1)	(12.7)
<b>Net financing income / (expense)</b>		<b>(1.3)</b>	<b>(12.4)</b>
Profit before tax	4	301.1	114.3
Tax expense		(79.3)	(18.4)
<b>Profit after tax</b>		<b>221.8</b>	<b>95.9</b>
Basic earnings per share		38.5 cps	16.6 cps
Diluted earnings per share		38.3 cps	16.5 cps

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Unaudited 2021 NZ\$M	Unaudited 2022 NZ\$M
<b>Profit after tax</b>	<b>221.8</b>	<b>95.9</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	1.2	8.8
<b>Hedging reserves</b>		
Changes in fair value in hedging reserves	(22.2)	(248.6)
Transfers to profit before tax from cash flow hedge reserve	(21.0)	(0.6)
Tax on above reserve movements	12.1	69.8
<b>Other comprehensive income, net of tax</b>	<b>(29.9)</b>	<b>(170.6)</b>
<b>Total comprehensive income</b>	<b>191.9</b>	<b>(74.7)</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2022

	Notes	Share capital NZ\$M	Retained earnings NZ\$M	Reserves NZ\$M	Total equity NZ\$M
<b>Balance at 31 March 2021 (audited)</b>		<b>249.1</b>	<b>1,029.2</b>	<b>242.6</b>	<b>1,520.9</b>
<b>Total comprehensive income</b>		-	<b>221.8</b>	<b>(29.9)</b>	<b>191.9</b>
Dividends paid	9	-	(126.8)	-	(126.8)
Issue of share capital under employee share plans		6.4	-	-	6.4
Movement in share based payments reserve		-	-	(1.6)	(1.6)
<b>Balance at 30 September 2021 (unaudited)</b>		<b>255.5</b>	<b>1,124.2</b>	<b>211.1</b>	<b>1,590.8</b>
<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>

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

**CONSOLIDATED BALANCE SHEET**

As at 30 September 2022

	Notes	Audited 31 March 2022 NZ\$M	Unaudited 30 September 2022 NZ\$M
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		89.9	69.8
Short-term investments		200.0	-
Trade and other receivables		174.4	198.2
Inventories		358.9	398.4
Derivative financial instruments	5	56.4	33.0
Tax receivable		8.3	24.4
<b>Total current assets</b>		<b>887.9</b>	<b>723.8</b>
<b>Non-current assets</b>			
Derivative financial instruments	5	87.7	39.7
Other receivables		3.2	29.5
Property, plant and equipment		957.8	1,044.8
Intangible assets		86.8	88.3
Deferred tax assets		83.6	168.4
<b>Total assets</b>		<b>2,107.0</b>	<b>2,094.5</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings		5.3	42.4
Lease liabilities		11.7	14.9
Trade and other payables		226.2	204.6
Provisions		26.3	25.3
Tax payable		31.9	5.7
Derivative financial instruments	5	2.5	75.7
<b>Total current liabilities</b>		<b>303.9</b>	<b>368.6</b>

	Notes	Audited 31 March 2022 NZ\$M	Unaudited 30 September 2022 NZ\$M
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		63.0	70.0
Lease liabilities		24.3	40.4
Provisions		11.1	7.7
Other payables		24.1	21.6
Derivative financial instruments	5	0.9	107.8
<b>Total liabilities</b>		<b>427.3</b>	<b>616.1</b>
<b>EQUITY</b>			
Share capital		261.2	264.9
Retained earnings		1,181.2	1,147.2
Reserves		237.3	66.3
<b>Total equity</b>		<b>1,679.7</b>	<b>1,478.4</b>
<b>Total liabilities and equity</b>		<b>2,107.0</b>	<b>2,094.5</b>

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

On behalf of the Board  
28 November 2022



**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 2022

	Unaudited 2021 NZ\$M	Unaudited 2022 NZ\$M
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	883.1	675.4
Interest received	1.0	2.0
Payments to suppliers and employees	(565.9)	(595.4)
Tax paid	(188.0)	(76.1)
Interest paid	(1.9)	(2.9)
Lease interest paid	(0.8)	(1.1)
<b>Net cash flows from operating activities</b>	<b>127.5</b>	<b>1.9</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net short-term investments	95.1	200.0
Purchases of property, plant and equipment	(64.8)	(112.0)
Purchases of intangible assets	(16.5)	(12.8)
<b>Net cash flows from investing activities</b>	<b>13.8</b>	<b>75.2</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of share capital under employee share plans	1.5	1.6
New borrowings	-	27.5
Lease liability payments	(6.6)	(6.7)
Dividends paid	(126.8)	(129.9)
<b>Net cash flows from financing activities</b>	<b>(131.9)</b>	<b>(107.5)</b>
Net increase / (decrease) in cash	9.4	(30.4)
Opening cash	85.4	84.6
Effect of foreign exchange rates	(0.4)	6.6
<b>Closing cash</b>	<b>94.4</b>	<b>60.8</b>
<b>RECONCILIATION OF CLOSING CASH</b>		
Cash and cash equivalents	103.2	69.8
Bank overdrafts	(8.8)	(9.0)
<b>Closing cash</b>	<b>94.4</b>	<b>60.8</b>

	Unaudited 2021 NZ\$M	Unaudited 2022 NZ\$M
<b>CASH FLOW RECONCILIATION</b>		
<b>Profit after tax</b>	<b>221.8</b>	<b>95.9</b>
Add (deduct) non-cash items:		
Depreciation - right-of-use assets	6.7	7.7
Depreciation and amortisation - other assets	39.3	42.8
Share based payments	3.7	4.3
Movement in provisions	10.4	(4.4)
Movement in deferred tax assets / liabilities	(11.7)	(17.5)
Movement in net tax payables	(107.2)	(41.9)
Foreign currency translation	1.0	1.2
Other non-cash items	(0.3)	(1.9)
	(58.1)	(9.7)
Net working capital movements:		
Trade and other receivables	(8.4)	(22.5)
Inventories	(21.3)	(39.5)
Trade and other payables	(6.5)	(22.3)
	(36.2)	(84.3)
<b>Net cash flows from operating activities</b>	<b>127.5</b>	<b>1.9</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

### 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.

#### 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 2022 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 2022.

#### 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 2022.

### 2. SIGNIFICANT TRANSACTIONS AND EVENTS FOR THE CURRENT PERIOD

The following significant transactions and events affected the financial performance and financial position of the Group for the six month period ended 30 September 2022:

#### COVID-19

In March 2020, the World Health Organisation declared the outbreak of COVID-19 as a pandemic. Since the outbreak of COVID-19, the Company’s focus has been on manufacturing and supplying products that are directly involved in treating patients with COVID-19. The Company has experienced significant volatility in demand for its products over the last few years.

Management have assessed the impact of COVID-19 on all aspects of the balance sheet. Specifically, the carrying value of receivables, inventory and warranty exposure were considered, with provisioning reflecting management’s best estimate of the impact based on information available at the time of preparing these financial statements. There has been no material impact on the balance sheet.

#### Foreign currency

As a result of currency volatility during this period, the liability relating to the Group’s portfolio of derivatives has increased, with the corresponding offset in the cash flow hedge reserve.

#### Capital expenditure

During the period, a member of the Group, Fisher & Paykel Healthcare Properties Limited (**FPH Properties**), entered into a conditional agreement to purchase 105 hectares of land in Karaka for a second New Zealand campus for \$275 million. The purchase is conditional on Overseas Investment Office (OIO) consent being granted on terms and conditions that are satisfactory to FPH Properties. A deposit of \$27.5 million was paid in September 2022 and recognised in other receivables. Subject to OIO consent being granted on terms and conditions that are satisfactory to FPH Properties, \$189.5 million is expected to be paid in the first half of FY24. An additional \$43 million and \$15 million will be payable in FY26 and FY27 respectively. Additional borrowings will be used to fund the purchase.

In June 2022, a building construction contract was signed for a car park building on our East Tamaki, New Zealand campus. Capital commitments at 30 September 2022 include \$63.9 million related to this project. To date, spending on this project totals \$9.4 million. The car park is expected to be operational in 2024.

Earthworks continue for the construction of a fifth building on our East Tamaki site. To date, spending on this project totals \$17.3 million.

#### Share capital

During the six months ended 30 September 2022, the Group issued 257,786 shares under employee equity plans.

#### Funding

The Company had total available committed debt funding of \$260 million as at 30 September 2022, of which approximately \$157 million was undrawn. As at 30 September 2022, the weighted average maturity of committed borrowing facilities was 1.6 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. OPERATING REVENUE AND SEGMENTAL INFORMATION

	Unaudited 2021 NZ\$M	Unaudited 2022 NZ\$M
<b>For the six months ended 30 September</b>		
Sales Revenue	879.6	694.5
Foreign exchange (loss) / gain on hedged sales	20.4	(3.9)
<b>Total operating revenue</b>	<b>900.0</b>	<b>690.6</b>
<b>Revenue by product group</b>		
Hospital products	670.2	438.7
Homecare products	226.9	249.9
	<b>897.1</b>	<b>688.6</b>
Distributed and other products	2.9	2.0
<b>Total operating revenue</b>	<b>900.0</b>	<b>690.6</b>
<b>Revenue after hedging by geographical location of customer:</b>		
North America	329.8	289.5
Europe	232.0	188.0
Asia Pacific	267.2	174.2
Other	71.0	38.9
<b>Total operating revenue</b>	<b>900.0</b>	<b>690.6</b>

### 4. OPERATING EXPENSES

	Unaudited 2021 NZ\$M	Unaudited 2022 NZ\$M
<b>For the six months ended 30 September</b>		
Profit before tax includes the following expenses:		
Depreciation - right-of-use assets	6.7	7.7
Depreciation and amortisation - other assets	39.3	42.8
Employee benefits expense	296.3	298.0

### 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 2022 NZ\$M	Unaudited 30 September 2022 NZ\$M
<b>Foreign currency forward contracts and options</b>		
Sale commitments forward exchange contracts	1,860.5	2,791.3
Purchase commitments forward exchange contracts	97.5	77.6
Foreign currency borrowing forward exchange contracts	49.7	115.1
NZD call option contracts purchased	5.9	-
Collar option contracts - NZD call options purchased (i)	18.2	4.6
Collar option contracts - NZD put options sold (i)	19.4	4.8
<b>Interest rate derivatives</b>		
Interest rate swaps	32.7	39.3

(i) Foreign currency contractual amounts of put and call options are equal.

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

	Audited 31 March 2022 M	Unaudited 30 September 2022 M
<b>Sale Commitments</b>		
United States dollars	US\$663.3	US\$1,169.5
European Union euros	€318.2	€317.3
Japanese yen	¥9,945.0	¥8,080.0
<b>Purchase Commitments</b>		
Mexican pesos	MXN\$1,577.0	MXN\$1,282.5

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. COMMITMENTS

	Audited 31 March 2022 NZ\$M	Unaudited 30 September 2022 NZ\$M
Capital expenditure commitments contracted for but not recognised as at the reporting date:		
Within one year	56.9	86.6
Between one and two years	6.1	22.3
Between two and five years	-	-
	<b>63.0</b>	<b>108.9</b>

The commitments above exclude the conditional commitment of \$247.5 million payable for the second New Zealand campus as set out in note 2.

### 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 operations of the Group.

### 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 as shareholders of the company, there have been no related party transactions.

### 9. DIVIDENDS

On 24 May 2022 the Directors approved the payment of a fully imputed 2022 final dividend of \$129.9 million (22.5 cents per share) which was paid on 6 July 2022. A supplementary dividend of 3.9706 cents per share was also paid to eligible non-resident shareholders.

#### Subsequent event - dividend declared

On 28 November 2022 the Directors approved the payment of a fully imputed 2023 interim dividend of \$101.1 million (17.5 cents per share) to be paid on 21 December 2022. A supplementary dividend of 3.09 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 2022, 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 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 2022, 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 executive remuneration benchmarking and providing market survey data, 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.



## INDEPENDENT AUDITOR'S REVIEW REPORT

### 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 Keren Blakey.

For and on behalf of:



Chartered Accountants

28 November 2022

Auckland, New Zealand

# 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
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 Tamaki, Auckland 2013, New Zealand
Telephone:	+64 9 574 0100
Postal address:	PO Box 14348, Panmure, Auckland 1741, New Zealand
Website:	www.fphcare.com
Email:	investor@fphcare.co.nz

### 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:	www.linkmarketservices.co.nz
Email:	enquiries@linkmarketservices.co.nz

### 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
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Email:	registrars@linkmarketservices.com.au





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.