




**Third Age**  
**Health**

## **INTERIM REPORT**

**For the six months ended  
30 September 2021**







On behalf of the Board and management of Third Age Health, I am pleased to present the Third Age Health Services Limited Interim Report for the six months ended 30 September 2021.



**Bevan Walsh**  
Founder and Chairperson

22 November 2021

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# OUR BUSINESS

Third Age Health is the leader in providing primary health care services to older adults residing in Aged Residential Care facilities.

At the core of what we do is the provision and management of health care services to Aged Residential Care (ARC), Private Geriatric Hospitals and Secure Dementia facilities. Our team of health care professionals practice across New Zealand and we currently provide services to over 51 ARC facilities.



As at 30 September the company serviced 51 facilities in the following locations:

Auckland	21
Hamilton	6
Tauranga	9
Hawkes Bay	6
Hutt Valley	1
Christchurch	8





## 1H22 AT A GLANCE

- Focus on positioning the company for future growth
- Strengthened the leadership team with the appointment of Tony Wai as new Chief Executive Officer from 27 September 2021 and Neil Hopkins joining the company as Acting Chief Financial Officer in June 2021
- Refreshed the Board with appointment of two new directors - Wayne Williams as an Independent Director and Diane Budres as a non-Independent Director
- Continued to deliver quality patient care to aged care providers and patients across New Zealand. Our standard use of remote management and telehealth services have proved invaluable in the Covid-19 environment
- Growing number of clinical practitioners joining the group
- Signed agreement for the purchase of Belmont Medical Centre, which was settled on 11 October 2021, with earnings benefits expected from 2H22
- Strategic focus in 2H22 remains on growing Third Age Health's patient population through service contracts with aged care facilities; acquisition of primary care medical centres; and ongoing business improvement.

## FINANCIAL SNAPSHOT

Unaudited results for the six months ended 30 September 2021

Third Age Health delivered a solid six month performance as the company focused on building the leadership team and continuing to deliver quality patient care.

Revenue for the period was \$2.84m, up 3.0% on the prior comparative period (pcp), with net profit before tax growing by 12.1% to \$0.94m.

Profit growth was primarily driven by a higher margin revenue mix during the period, partially offset by increased corporate and governance costs as a result of being a listed company.

The business is in a solid financial position, with zero debt and cash and cash equivalents of \$1.8 million as at 30 September 2021.

REVENUE  
\$2.84M  
▲ 3.0%

NET PROFIT  
BEFORE TAX  
\$0.94M  
▲ 12.1%

NET PROFIT  
AFTER TAX  
\$0.67M  
▲ 12.5%

SOLID  
FINANCIAL  
POSITION WITH  
ZERO DEBT

CASH  
AS AT  
30 SEPT 21  
\$1.8M

DIVIDEND  
4.52 cps







“

Our strategic focus for the second half of the year remains on growing Third Age Health's patient population through service contracts with aged care facilities; acquisition of primary care medical centres; and ongoing business improvement.

”

# CHAIR'S REPORT

Following the listing to the NZX in February 2021, our focus for the six month period was on positioning the company for future growth, building our leadership team and continuing to deliver quality patient care.

## New Leadership

We were very pleased to welcome Tony Wai as our new CEO from 27 September 2021. Tony has a wealth of sector experience, having spent the last fourteen years in senior roles in major organisations within the health sector in New Zealand, as both CFO and most recently, as interim CEO at Procure (responsible for over 800,000 patients). His experience in health-system technology, operational management and acquisitions within the health sector provide our company with greater capability to achieve our strategies of growth.

Tony brings with him a vision for how we can better serve our clients and patients and, along with Acting Chief Financial Officer, Neil Hopkins, who was appointed in June 2021, he will provide strong leadership as we execute our strategy and deliver value for our patients, our people and our shareholders.

## Strategic Progress

Third Age Health offers a unique care services model for aged care providers and provides medical care for facilities across six DHB regions, including to some of the largest aged care facility operators in New Zealand. Meeting the needs of existing customers and diversifying the customer base by gaining new contracts is a key focus area. Enabling this is the recruitment of suitable medical practitioners, with a growing number of practitioners joining the group.

Supporting this strategy is the acquisition of medical centres in the right location, which provide both general care to their existing communities and also expand our pool of practitioners to assist with the provision of medical care to local aged care facilities. During the six months, we were pleased to announce the acquisition of Belmont Medical on Auckland's North Shore, which settled post-period end on 11 October 2021. This is in line with our stated growth strategy and we continue to identify and assess potential acquisition opportunities.

## Our People

While the latest Covid-restrictions have changed how medical services are provided, particularly in the aged care environment, our team have adapted and gone to extraordinary lengths to continue delivering quality care, while maintaining strict infection control measures. Our standard use of remote management and telehealth services have proved invaluable in this environment. The Board acknowledges and thanks the team for their service and commitment during the period.

To support our growth aspirations, we have a need for high quality practitioners. We will continue to actively recruit high quality practitioners and provide them with career advancement opportunities.

## Governance

We were pleased to announce the addition of two new directors to the Board - Wayne Williams and Diane Budres - increasing the number of directors to five.

Wayne is formerly a Partner of KPMG and has close to 30 years' experience within the health sector. He has worked in line management and consulting roles within primary care, DHBs

and the Ministry of Health, is currently CEO of Alliance Health Plus Trust and is also on the board of Bay of Plenty DHB.

Based in North America, Diane holds qualifications in education, public health and human ecology. She is the founder and a director of The Budres Foundation, a scholarship program based on learning by doing. Diane has previously held directorships with First National Bank, Apple Bank and Nelson Properties, DBS.

### Outlook

The opportunity for revenue growth remains positive, with a growing market segment that places a high value on a traditional patient care model and the reassurance of having a familiar face as their primary care provider. With a proven care model that delivers value for patients and providers, Third Age Health remains well positioned to grow market share.

The strategic focus in 2H22 remains on growing Third Age Health's patient population through service contracts with aged care facilities; acquisition of primary care medical centres which can support the service delivery of our core business; and ongoing business improvement.

In particular, over the next six months, the new leadership team will be developing a business investment plan to build capability and scale up Third Age Health's infrastructure, systems and resources to enable future growth.

We look forward to building out our business and thank shareholders for their support.

**Bevan Walsh**  
Founder and Chairperson

We are positioning ourselves to take advantage of the growing demand in the sector and building our footprint around delivering an integrated and innovative model of care in the aged care sector. We are not afraid of disrupting traditional models to improve quality and sustainability and are actively seeking new ways to deliver positive healthcare outcomes for patients, improved working conditions for our clinicians and better use of healthcare resources and funding. - **Tony Wai, CEO**







# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended  
30 September 2021

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## APPROVAL AND ISSUE OF FINANCIAL STATEMENTS

The Directors are pleased to present the condensed consolidated interim financial statements of Third Age Health Services Limited and subsidiaries (the 'Group') for the six month period ended 30 September 2021.

The Board of Directors of the Group authorised the financial statements set out on pages 15 to 26 for Issue on 22 November 2021.

For and on behalf of the Board:



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**Bevan Walsh**  
Founder and Chairperson



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**John Fernandes**  
Independent Director, Chair Audit Committee



Third Age Health Services Limited and subsidiaries  
Condensed Consolidated Statement of Comprehensive Income  
For the six months ended 30 September 2021

		<b>Group</b> <b>30 September 2021</b> <b>(Unaudited)</b> <b>NZ\$</b>	<b>Group</b> <b>30 September 2020</b> <b>(Unaudited)</b> <b>NZ\$</b>
	<b>Notes</b>		
Service revenue	4	2,839,727	2,757,521
Cost of sales		(1,068,208)	(1,096,636)
<b>Gross profit</b>		<b>1,771,519</b>	<b>1,660,885</b>
Other income		18,552	14,293
Employees and contractors		(439,857)	(572,925)
Other expenses		(92,444)	(127,095)
Finance costs		(4,344)	(26,800)
Share based payments expense	12	(1,095)	-
Professional and consulting fees	5	(262,382)	(59,034)
Depreciation & amortisation		(56,337)	(56,766)
<b>Profit before income tax</b>	<b>6</b>	<b>933,612</b>	<b>832,558</b>
Income tax expense		(261,573)	(235,452)
		<b>672,039</b>	<b>597,106</b>
<b>Profit for the period</b>		<b>672,039</b>	<b>597,106</b>
<b>Total comprehensive income for the period</b>		<b>672,039</b>	<b>597,106</b>
<b>Earnings per share (note 7)</b>			
From continuing operations:			
Basic earnings per share (cents per share)		6.89	6.58
Diluted earnings per share (cents per share)		6.84	6.53

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

Third Age Health Services Limited and subsidiaries  
Condensed Consolidated Statement of Financial Position  
As at 30 September 2021

	Notes	Group 30 September 2021 (Unaudited) NZ\$	Group 30 March 2021 (Audited) NZ\$
<b>Current assets</b>			
Cash and cash equivalents		1,830,105	1,829,181
Trade and other receivables		380,928	344,656
Loan receivable	8	65,452	59,066
<b>Total current assets</b>		<b>2,276,485</b>	<b>2,232,903</b>
<b>Non-current assets</b>			
Property, plant and equipment		13,320	11,452
Right-of-use-assets	10	532,864	227,174
Intangible assets		755,154	781,869
Loan receivable	8	273,715	297,317
Deferred tax asset		25,530	19,757
<b>Total non-current assets</b>		<b>1,600,583</b>	<b>1,337,569</b>
<b>Total assets</b>		<b>3,877,068</b>	<b>3,570,472</b>
<b>Current liabilities</b>			
Trade and other payables		527,277	592,374
Current tax liabilities		79,387	319,109
Employee share purchase plan deposits	11	364,733	345,170
Lease liabilities	10	49,318	52,986
<b>Total current liabilities</b>		<b>1,020,715</b>	<b>1,309,639</b>
<b>Non-current liabilities</b>			
Lease liabilities	10	491,596	180,071
Deferred tax liability		97,247	104,728
<b>Total non-current liabilities</b>		<b>588,843</b>	<b>284,799</b>
<b>Total liabilities</b>		<b>1,609,558</b>	<b>1,594,438</b>
<b>Net assets</b>		<b>2,267,510</b>	<b>1,976,034</b>
<b>Equity</b>			
Share capital		173,127	173,127
Share based payment reserve		607,421	606,879
Retained earnings		1,486,962	1,196,028
<b>Total equity</b>		<b>2,267,510</b>	<b>1,976,034</b>

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

Third Age Health Services Limited and subsidiaries  
Condensed Consolidated Statement of Changes in Equity  
For the six months ended 30 September 2021

		Share Capital	Share Based Payment Reserve	Retained earnings	Total
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Notes	NZ\$	NZ\$	NZ\$	NZ\$
<b>Balance at 1 April 2020 (audited)</b>		<b>(1,300,455)</b>	<b>606,879</b>	<b>1,554,555</b>	<b>860,979</b>
Profit for the period		-	-	672,039	672,039
<b>Total comprehensive income for the period</b>		-	-	<b>672,039</b>	<b>672,039</b>
Shares issued		236,790	-	-	236,790
<b>Balance at 30 September 2020</b>		<b>(1,063,665)</b>	<b>606,879</b>	<b>2,226,594</b>	<b>1,769,808</b>
<b>Balance at 1 April 2021 (audited)</b>		<b>173,127</b>	<b>606,879</b>	<b>1,196,028</b>	<b>1,976,034</b>
Profit for the period		-	-	672,039	672,039
<b>Total comprehensive income for the period</b>		-	-	<b>672,039</b>	<b>672,039</b>
Dividend	13	-	-	(381,105)	(381,105)
Share option expense	12	-	542	-	542
<b>Balance at 30 September 2021</b>		<b>173,127</b>	<b>607,421</b>	<b>1,486,962</b>	<b>2,267,510</b>

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



Third Age Health Services Limited and subsidiaries  
Condensed Consolidated Statement of Cash Flows  
For the six months ended 30 September 2021

		Group 30 September 2021 (Unaudited) NZ\$	Group 30 September 2020 (Unaudited) NZ\$
	Notes		
<b>Cash flows from operating activities</b>			
Receipts from other operating activities		2,803,455	2,706,780
Interest received		7,009	14,293
Interest paid		(4,344)	(26,800)
Income taxes paid		(514,549)	(48,609)
Payments to suppliers and employees		(1,920,874)	(1,614,083)
<b>Net cash from operating activities</b>	6	<b>370,697</b>	<b>1,031,581</b>
<b>Cash flows from investing activities</b>			
Payments to purchase property, plant and equipment		(3,000)	-
<b>Net cash flows used in investing activities</b>		<b>(3,000)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Deposits received under share purchase plan		19,563	81,672
Principle elements of loan repayments	9	20,998	-
Proceeds from issuing shares		-	8,385
Principle elements of lease payments	10	(26,229)	(25,202)
Dividend paid	13	(381,105)	-
Repayment of borrowings		-	(673,000)
<b>Net cash flows from financing activities</b>		<b>(366,773)</b>	<b>(608,145)</b>
<b>Net increase in cash and cash equivalents</b>		<b>924</b>	<b>423,436</b>
Cash and cash equivalents at the beginning of the period		1,829,181	885,681
<b>Cash and cash equivalents at the end of the period</b>		<b>1,830,105</b>	<b>1,309,117</b>

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

## 1. Reporting Entity

The consolidated interim financial statements for Third Age Health Services Limited and its subsidiaries (the "Group") are for the economic entity comprising Third Age Health Services Limited (the "Company" or "Parent") and its subsidiaries. The Parent is incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The principal trading activity of the Group is the provision of medical services to the aged care sector. These condensed consolidated interim financial statements are for the 6 months ended 30 September 2021.

The Group's current operations do not follow a seasonal or cyclical pattern.

## 2. Significant Accounting Policies

### 2.1. Statement of compliance and reporting framework

These unaudited condensed consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalent to International Accounting Standard 34 ("NZ IAS 34") Interim Financial Reporting. The Company is registered under the New Zealand Companies Act 1993, listed on the New Zealand Stock Exchange (NZX: TAH) and is required to be treated as an FMC Reporting Entity under the Financial Market Conducts Act 2013 and Financial Reporting Act 2013.

The interim financial statements do not include all of the information required for full year financial statements and should be read in conjunction with the Company's annual financial report for the year ended 31 March 2021.

Consistent accounting policies with the full financial statements for the year ended 31 March 2021 have been applied in preparation of these interim financial statements.

### 2.2. Basis of preparation

The financial statements for the six months ended 30 September 2021 and the comparative six months ended 30 September 2020 are unaudited. Directors' fees (\$24,000) classified as Employee and contractors' expenses for the 6 months ended 30 September 2020 have been reclassified as Professional and consulting fees.

### 2.3. COVID-19

COVID-19 (also known as Coronavirus) was declared a pandemic by the World Health Organisation on 11 March 2020. The Company continues to monitor the impact of COVID 19 both locally and globally as well as the recommendations from the New Zealand Government.

As an essential service all business units of the Group continue to operate through the periods of COVID-19 lockdown. Continuity of activities has been maintained through adoption of recommended safety measures and utilising core infrastructures such as virtual meetings and collaboration tools in place prior to the pandemic.

While uncertainty exists as to the impact COVID-19 will have on the economy and the demand for the Group's services in the future, based on the services provided and its current financial position, the Board have assessed there is unlikely to be any material impacts on the Group, resulting from the COVID-19 pandemic.

The Group has not made any claims under the New Zealand government COVID-19 financial support programmes during the period ended 30 September 2021.

### 3. Segment Information

#### Products and services from which reportable segments derive their revenue

The Group's reportable segments are as follows:

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

#### Segment revenues and results

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

	Segment revenue		Segment profit	
	30 September 2021 (Unaudited) NZ\$	30 September 2020 (Unaudited) NZ\$	30 September 2021 (Unaudited) NZ\$	30 September 2020 (Unaudited) NZ\$
Aged medical care services	2,401,186	2,387,058	760,345	741,025
General practice medical services	438,541	370,463	173,267	91,533
<b>Total for continuing operations</b>	<b>2,839,727</b>	<b>2,757,521</b>	<b>933,612</b>	<b>832,558</b>

Segment profit includes the following items:

	EBITDA	Depreciation & amortisation	Finance costs	Interest income	Income tax expense
	(Unaudited) NZ\$	(Unaudited) NZ\$	(Unaudited) NZ\$	(Unaudited) NZ\$	(Unaudited) NZ\$
<b>As at 30 September 2021</b>					
Aged medical care services	761,008	661	2	-	213,058
General practice medical services	233,285	55,676	4,342	-	48,515
<b>As at 30 September 2020</b>					
Aged medical care services	749,023	859	21,432	14,293	208,815
General practice medical services	152,808	55,907	5,368	-	26,637



## Segment assets and liabilities

Segment assets	30 September 2021 (Unaudited) NZ\$	30 March 2021 (Audited) NZ\$
Aged medical care services	2,438,844	2,870,345
General practice medical services	1,569,160	759,863
<b>Total segment assets</b>	<b>4,008,004</b>	<b>3,630,208</b>
Intercompany consolidation	(130,936)	(59,736)
<b>Total segment assets</b>	<b>3,877,068</b>	<b>3,570,472</b>

Segment liabilities	30 September 2021 (Unaudited) NZ\$	30 March 2021 (Audited) NZ\$
Aged medical care services	739,751	1,069,451
General practice medical services	1,000,743	584,723
<b>Total segment liabilities</b>	<b>1,740,494</b>	<b>1,654,174</b>
Intercompany consolidation	(130,936)	(59,736)
<b>Total segment liabilities</b>	<b>1,609,558</b>	<b>1,594,438</b>

## 4. Revenue

Revenues from agreements and contracts with customers and public health organisations

### Revenue from contracts with customers:

	30 September 2021 (Unaudited) NZ\$	30 September 2020 (Unaudited) NZ\$
Capitation revenue	1,099,299	1,031,367
Consultation revenue	1,680,169	1,563,016
Vaccination revenue	29,266	69,857
Other revenue	30,993	93,281
<b>Total revenue from contracts with customers</b>	<b>2,839,727</b>	<b>2,757,521</b>

## 5. Professional and consulting fees

During the period, the Company incurred professional and consulting fees of \$262,382 (2020: \$59,034). Fees for the current period include a number of one-off items such as external accounting fees incurred prior to the appointment of the Acting CFO in June 2021 and other one off fees.

The fees for the current period also reflect the additional ongoing costs associated with being a listed entity (since February 2021).

## 6. Reconciliation of profit for the period to net cash from operating activities

	30 September 2021 (Unaudited) NZ\$	30 September 2020 (Unaudited) NZ\$
Profit before income tax	933,612	832,558
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and other amortisation	56,337	56,766
Share based payments expense	1,095	149,600
Interest charged on loan	(3,782)	-
<b>Working capital adjustments:</b>		
Trade and other receivables	(36,272)	(50,744)
Trade and other payables	(65,744)	92,010
	885,246	1,080,190
Income tax paid	(514,549)	(48,609)
<b>Net cash from operating activities</b>	<b>370,697</b>	<b>1,031,581</b>

## 7. Earnings per share

### Basic and diluted earnings per share

	30 September 2021 (Unaudited) NZ\$	30 September 2020 (Unaudited) NZ\$
Net profit attributable to the ordinary shareholders of the Group, used in the calculation of basic earnings per share	672,039	597,106
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	9,750,000	9,078,542
Adjustments for calculation of diluted earnings per share	71,578	70,784
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	9,821,578	9,149,326

Number of ordinary shares excludes treasury stock and any shares held by the Third Age Employee Purchase Plan Share Trust (note 11) not held on behalf of SPP participants.

## 8. Loan receivable

	30 September 2021 (Unaudited) NZ\$	30 March 2021 (audited) NZ\$
<b>Current</b>		
Third Age Digital Health Limited loan note	65,452	59,066
<b>Non-current:</b>		
Third Age Digital Health Limited loan note	273,715	297,317
	<b>339,167</b>	<b>356,383</b>

Third Age Digital Health Limited (TADH) has a loan agreement with the Company. Up to 31 May 2021 interest was charged and paid at a rate of 6.35%. A variation to the agreement was signed during the period, applying a variable interest rate commencing June 2021 and requiring monthly repayments. Total interest charged on the loan for the 6 months to September 2021 was \$10,523 (2020: \$11,460). Total repayments during the period were \$27,738.

Former CEO, Michael Haskell (resigned 30 September 2021) and Director Bevan Walsh are both directors and shareholders of TADH. Both are able to exert significant influence over TADH due to the size of their respective shareholdings in TADH.

The TADH loan note is unsecured and is repayable by 31 March 2026 with early repayment permitted.

## 9. Related party transactions

Name of related party	Nature of relationship	Transaction	30 September 2021 (Unaudited) NZ\$	30 September 2020 (Unaudited) NZ\$
Michael Haskell, CEO (resigned 30 September 2021)	Shareholder	Contractor fee	132,500	97,882
		Bonus		
		accruals	(22,727)	64,091
		Shares	-	100,000
Bevan Walsh	Director & Shareholder	Director fees	17,500	6,000
John Fernandes	Director & Shareholder	Director fees	17,500	6,000
Norah Barlow	Director & Shareholder	Director fees	17,500	6,000
Wayne Williams (appointed 10 June 2021)	Director	Director fees	9,333	-
Diane Budres (appointed 14 September 2021)	Director & Shareholder	Director fees	1,000	-
David Kerr (resigned 29 October 2020)	Director & Shareholder	Director fees	-	6,000

## Transactions with related parties

Michael Haskell (CEO until the appointment of new CEO, Tony Wai on 27 September 2021) resigned effective 30 September 2021. Retentions bonuses accrued at 31 March 2021, of \$22,727. payable on the provision of services to 1 April 2022 were reversed following his departure.

Directors' fees for Bevan Walsh and Diane Budres include an accrual for a performance fee payable should the Company achieve agreed net profits growth targets.

Monthly repayments of the loan receivable (note 8) were made from Concierge Medical Services Limited, a company in which TADH has a substantial shareholding.

Services provided by former CEO Michael Haskell were contracted through an overseas resident entity and were paid gross. During financial years ended 31 March 2018 to 2020, the CEO was resident overseas, visiting New Zealand periodically on business for the Company. The Company has identified that gross payments made during those financial years, while working in New Zealand, were subject to non-resident withholding tax (NRWT). Accordingly, the Company has made payment and submitted a voluntary disclosure to the Inland Revenue (IRD) for the NRWT due. The former CEO has paid the Company the NRWT submitted to the IRD and has also provided an indemnity to the Company for any penalties or further taxes that may be incurred.

## 10. Leases

Hawkes Bay Wellness Centre Limited, a subsidiary of the Company, lease the premises at 536 Kennedy Road, Napier, New Zealand. The lease is for a term of 5 years with one right of renewal of 5 years and a final expiry date of 31 March 2030. Initially, the 5-year right of renewal was excluded from the lease term on the basis it was not reasonably certain to be exercised. As at reporting date the Group are now reasonably certain to exercise the right of renewal given substantial renovations have been carried out on the premises in the last 6 months. As a result, the Group have reassessed the lease liability as at the reporting date. The reassessment has resulted in an increase to the right-of-use asset and lease liability of \$334,087.

### Movements in the amounts recognised in the balance sheet

#### Right-of-use-asset

	30 September 2021 (Unaudited) NZ\$	30 September 2020 (Unaudited) NZ\$
<b>Opening balance</b>	<b>227,174</b>	-
Additions and reassessments	334,087	283,968
Depreciation	(28,397)	(28,397)
<b>Closing balance</b>	<b>532,864</b>	<b>255,571</b>

#### Lease liabilities

	30 September 2021 (Unaudited) NZ\$	30 September 2020 (Unaudited) NZ\$
<b>Opening balance</b>	<b>233,057</b>	-
Additions and reassessments	334,087	283,968
Interest	4,341	5,369
Repayments	(30,571)	(30,571)
<b>Closing balance</b>	<b>540,914</b>	<b>258,766</b>



Third Age Health Services Limited and subsidiaries  
Notes to the condensed consolidated financial statements  
For the six months ended 30 September 2021

	30 September 2021 (Unaudited) NZ\$	30 September 2020 (Unaudited) NZ\$
Current	49,318	51,938
Non-current	491,596	206,828
	<b>540,914</b>	<b>258,766</b>

**Amounts recognised in the statement of profit or loss**

	30 September 2021 (Unaudited) NZ\$	30 September 2020 (Unaudited) NZ\$
Depreciation of right-of-use assets	28,397	0
Interest expense (included in finance cost)	4,341	5,368

The total cash outflow for leases in the 6 month period ended September 2021 was \$30,571 (2020: \$30,571).

## 11. Third Age Employee Share Purchase Plan

The Company operates a share purchase plan ('SPP') for certain employees and contractors ('participants'). Under the SPP, participants are provided with a "loan" to purchase an agreed number of shares in the Company at a share price established by the Board. The share price is estimated by the Board based on their assessment of the fair value of the Company at the time. The loans are typically for a 36 or 60 month term, interest free with monthly repayments and are repayable at any time.

The Company has established a Share Trust, the Third Age Employee Share Purchase Plan Trust ('Share Trust'). The Share Trust holds shares in the Company either on Trust for participants in the SPP or as a pool. The Share Trust is controlled by the Company and is therefore consolidated. Any shares held by the Share Trust are treated as treasury stock and not included within the Group number of shares on issue.

As at 30 September there were 250,000 (March 2021: 250,000) shares held by the Share Trust. Of these shares, 250,000 (March 2021:250,000) were held on behalf of SPP participants.

Subsequent to the end of the period one participant settled their loan in respect of 200,000 shares, which will be transferred to the participant.

## 12. Employee Share Option Plan

On the 4 September 2021 (grant date) the Board approved the offer of 300,000 options under a Company Employee Share Option Plan (ESOP) to the CEO, Tony Wai on the following terms:

- The options were issued at an exercise price of \$2.3623, being the Volume Weighted Average Price (WVAP) for the Company's shares on the NZX for the 20 Business Days prior to the issue date
- The Options will vest in three tranches on 27 September 2024, 27 September 2025, and 27 September 2026. Vesting is subject to continued employment and achievement of agreed performance targets at each vesting date

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- A portion of the options may be settled in cash to offset any income tax liability arising for the employee on exercise of the options
- The options expire one year after the date of vesting

The Group considers this arrangement to be a compound financial instrument under NZ IFRS 2 *Share-based payment* given the arrangement allows a portion of the options to be settled in cash at the request of the option holder. The Group accounts for the equity settled portion and the cash settled portion of the arrangement in accordance with the respective requirements for equity and cash settled share based payments under NZ IFRS 2.

The Group recognised a total expense of \$1,095 in relation to the arrangement during the period ending 30 September 2021, with the equity settled portion recognised in the share based payment reserve and the cash settled portion recognised in trade and other payables. The arrangement did not have a material impact on the amounts recognised in the financial statements for the period ended 30 September 2021.

### 13. Dividend paid during the period

	30 September 2021 (Unaudited)		30 September 2020 (Unaudited)	
	Cent per share	NZ\$	Cent per share	NZ\$
Final dividend for year ended 31 March 2021	3.909	381,105	-	-
		<b>381,105</b>	-	-

### 14. Subsequent events

#### Purchase of Belmont Medical Centre

On 11 October 2021 the Company acquired 100% of the shares in Belmont Medical Centre Limited (BMC) for cash consideration of \$170,564 and was acquired as a continuation of the Group's growth strategy and to provide additional medical resource to service the Group's current aged residential care practice.

Given the short timeframe since acquisition date and the complexity involved, the accounting for the business combination under NZ IFRS 3 *Business Combinations* has not been finalised as at the date of this report. The Company will report the impact of the acquisition on the Group in the annual consolidated financial statements for the year ending 31 March 2022.

The acquisition of BMC has no impact on the results presented in the condensed consolidated financial statements for the period ended 30 September 2021 given the acquisition occurred after the end of the reporting period.

#### Interim dividend

The Board have declared a fully imputed interim dividend of 4.52 cents per share.



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