

## Green Cross Health (NZX: GXH)

Half-Year Result Announcement for the unaudited six months ended 30 September 2024

### GREEN CROSS HEALTH REPORTS HALF-YEAR PROFIT OF \$5.6M

**28 November 2024, AUCKLAND, NZ:** Listed primary healthcare provider Green Cross Health, the Group behind Unichem, Life Pharmacy and The Doctors, reported Operating Revenue of \$259.9m for the six months to 30 September 2024 and Net Profit After Tax Attributable to Shareholders of \$5.6m.

#### Result Summary:

- Operating Revenue of \$259.9m, up 4%
- Operating Profit (EBIT) of \$16.1m, up 8%
- Net Profit After Tax Attributable to Shareholders of \$5.6m, up 1%
- Pharmacy Operating Revenue flat with Operating Profit up 3% to \$8.9m
- Medical Operating Revenue up 13% with Operating Profit up 12% to \$8.2m
- Investment in growth of \$3.7m
- 2.5cps interim dividend declared, to be paid on 18 December 2024.

#### Group Commentary

Green Cross Health Group CEO Rachael Newfield, commented, “The company expanded its national primary care footprint, adding one pharmacy and one medical centre to its portfolio. During the period our team members have shown resilience navigating through workforce challenges in the sector and embracing change to prioritise customer needs and patient care.

“The company urges Government action to address key issues in primary healthcare. Annual funding increases have not kept pace with cost pressures and, at a time when the country’s health system is under significant pressure, there are further opportunities to extend services pharmacies and medical centres can provide within communities across New Zealand.”

## Pharmacy Division

Revenue in Pharmacy was flat at \$182.2m, while Operating Profit for the period increased 3% to \$8.9m. Same store prescriptions grew 7% on prior period, buoyed by nationwide free prescriptions which concluded on 30 June 2024. The retail environment remains challenging and economic uncertainty continues to affect consumer spending. A number of strategic and tactical initiatives were deployed in the period including additional promotional activity to drive store footfall, data-driven space allocation to maximise returns on floor space and new product ranges, particularly in the beauty category to broaden the customer demographic.

The Life Pharmacy ecommerce platform was upgraded in August 2024 to enhance the customer omnichannel experience by enabling click & collect and displaying in-store stock availability. A strategic partnership with Uber Eats was formed to allow on-demand delivery of pharmacy products with 91 pharmacies across the network onboarded and 9,000 orders fulfilled since launch. Living Rewards membership grew 4% compared to 30 September 2023 with the programme fundamental to increasing customer loyalty and engagement through personalised product and service offers.

One equity investment was completed in the period with ongoing store optimisation resulting in one relocation, one merger and one store closure while the licensee network ended the period at a net increase of two stores. Additional investment in dispensing robotics was completed at six pharmacies, reducing labour costs and providing additional dispensing capacity. To drive growth, pharmacy clinical services are being expanded with customers making 52,000 online bookings during the period.

## Medical Division

Medical Revenue grew 13% to \$77.7m, with Operating Profit up 12% to \$8.2m driven by organic and acquisitive growth. Enrolled patients at 30 September 2024 totalled 423,000, an increase of 24,000 since 30 September 2023, representing the largest patient base of any general practice group in New Zealand.

The migration of 26 medical centres to the National Hauora Coalition Primary Health Organisation was completed as planned, supporting efficiencies and maximising time spent on patient care. Investment in one centre and the merger of two centres saw the national footprint at 65 centres. A review of urgent care performance was completed, resulting in one medical centre ceasing to provide urgent care and being repositioned to focus solely on general practice services.

Like many sectors, Medical is experiencing workforce challenges. To meet patient needs, the division is evolving the operating model through recruitment of new roles including enhanced care paramedics, health improvement practitioners and health coaches, along with the use of nurse-led clinics and virtual GPs. Investment in growing digital services continued with over 110,000 active users on The Doctors App, enabling improved patient engagement and service efficiency.

## **Outlook and Dividend**

Financial commentators expect a gradual recovery next year following largely stagnant economic performance over the second half of calendar 2024. The company will focus on expanding pharmacy services through the launch of instore Care & Advice Health Hubs across the Life and Unichem network along with enhanced retail execution and new product ranges to meet customer demand. Cost control and investment in technology are a priority to support labour efficiencies and improved patient care. Acquisitive growth remains a strategic focus and is expected to lift as the economy improves.

The Board has declared an interim dividend of 2.5 cents per share.

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### **About Green Cross Health**

Green Cross Health (NZX: GXH) is a trusted New Zealand primary healthcare provider with multidisciplinary healthcare teams with the purpose of working together to support healthier communities. Green Cross Health is focused on creating sustainable healthcare solutions with positive outcomes and experiences.

New Zealand owned and operated, Green Cross Health operates under branded groups Unichem, Life Pharmacy and The Doctors medical centres, to provide support, care and advice to diverse New Zealand communities.

Green Cross Health provides convenient access to professional healthcare with 331 Unichem and Life Pharmacies covering almost every New Zealand community, as well as 65 medical centres caring for 423,000 enrolled patients.