

Green Cross Health Limited
Consolidated interim financial statements
Half year ended 30 September 2023

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Green Cross Health Limited
Consolidated interim statement of comprehensive income
For the six months ended 30 September 2023

	Note	Six months ended 30 Sep 2023 (Unaudited) \$'000	Six months ended 30 Sep 2022* (Unaudited) \$'000
Operating revenue	4	<u>250,179</u>	<u>247,937</u>
Operating expenditure	5.2	<u>(226,270)</u>	<u>(219,646)</u>
Depreciation and amortisation		(2,704)	(3,314)
Depreciation - leases		(7,000)	(7,723)
Share of equity accounted net earnings		<u>728</u>	<u>815</u>
Operating profit before interest and tax		14,933	18,069
Interest income		357	277
Interest expense		(1,176)	(643)
Interest expense - leases		<u>(3,597)</u>	<u>(2,935)</u>
Net interest expense		<u>(4,416)</u>	<u>(3,301)</u>
Profit before tax		10,517	14,768
Income tax expense		<u>(2,848)</u>	<u>(4,244)</u>
Profit from continuing operations		7,669	10,524
Discontinued operation			
Profit from discontinued operation, net of tax	3	<u>-</u>	<u>4,283</u>
Profit for the half-year		<u>7,669</u>	<u>14,807</u>
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>7,669</u>	<u>14,807</u>
Attributable to:			
Shareholders of the Parent		5,607	11,359
Non-controlling interest		<u>2,062</u>	<u>3,448</u>
Attribution of profit and comprehensive income to shareholders and non controlling interest		<u>7,669</u>	<u>14,807</u>
Earnings per share:			
Basic earnings per share (cents)		3.91	7.93
Diluted earnings per share (cents)		3.90	7.90
Earnings per share - continuing operations:			
Basic earnings per share (cents)		3.91	4.94
Diluted earnings per share (cents)		3.90	4.92

*Comparative information includes re-presentations for consistency with the current period, refer Note 3.

The accompanying Notes to the Financial Statements on pages 6 to 12 form part of the consolidated interim financial statements.

Green Cross Health Limited
Consolidated interim statement of changes in equity
For the six months ended 30 September 2023

	Note	Share capital \$'000	Share based payment reserve \$'000	Retained earnings \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 April 2022 (Restated) (Audited)	11	90,610	-	66,071	14,485	171,166
Profit for the period		-	-	11,359	3,448	14,807
Total comprehensive income for the period		-	-	11,359	3,448	14,807
Transactions with owners, recorded directly to equity:						
Dividends to shareholders	9	-	-	(5,036)	-	(5,036)
Distributions to non-controlling interests		-	-	-	(4,954)	(4,954)
Impacts of other transactions with non- controlling interests		-	-	(606)	(445)	(1,051)
Performance share rights charged to SOCI		-	753	-	-	753
Performance share rights vested		150	(150)	-	-	-
Balance at 30 September 2022 (Unaudited)		90,760	603	71,788	12,534	175,685
Balance at 1 April 2023 (Audited)		90,760	583	100,065	10,597	202,005
Profit for the period		-	-	5,607	2,062	7,669
Total comprehensive income for the period		-	-	5,607	2,062	7,669
Transactions with owners, recorded directly to equity:						
Dividends to shareholders	9	-	-	(45,296)	-	(45,296)
Distributions to non-controlling interests		-	-	-	(1,991)	(1,991)
Impacts of other transactions with non- controlling interests		-	-	129	71	200
Performance share rights charged to SOCI		-	50	-	-	50
Performance share rights vested		183	(183)	-	-	-
Balance at 30 September 2023 (Unaudited)		90,943	450	60,505	10,739	162,637

The accompanying Notes to the Financial Statements on pages 6 to 12 form part of the consolidated interim financial statements.

Green Cross Health Limited
Consolidated interim statement of financial position
For the six months ended 30 September 2023

	Note	As at 30 Sep 2023 (Unaudited) \$'000	As at 30 Sep 2022 (Restated)* (Unaudited) \$'000	As at 31 Mar 2023 (Audited) \$'000
ASSETS				
Current assets				
Cash and cash equivalents		18,450	43,648	58,215
Trade and other receivables		17,705	33,629	15,039
Contract assets		11,880	14,435	11,457
Inventories		32,777	32,414	31,961
Income taxes refundable		1,193	503	-
Total current assets		82,005	124,629	116,672
Non-current assets				
Other receivables		2,553	2,210	2,421
Property, plant and equipment		20,182	19,864	19,248
Right-of-use assets		91,582	85,833	88,798
Intangible assets		159,809	162,185	155,030
Deferred tax assets		11,984	14,870	11,691
Equity accounted group investments		6,823	5,742	7,147
Total non-current assets		292,933	290,704	284,335
Total assets		374,938	415,333	401,007
LIABILITIES				
Current liabilities				
Payables and accruals	6	70,320	106,820	66,653
Contract liabilities		8,173	12,349	8,003
Income taxes payable		-	-	1,531
Borrowings		1,878	1,758	1,903
Lease liability		12,796	18,407	13,025
Total current liabilities		93,167	139,334	91,115
Non-current liabilities				
Borrowings		29,501	23,008	21,634
Lease liability		89,633	77,306	86,253
Total non-current liabilities		119,134	100,314	107,887
Total liabilities		212,301	239,648	199,002
Net assets		162,637	175,685	202,005
EQUITY				
Share capital	8	90,943	90,760	90,760
Share based payment reserve		450	603	583
Retained earnings		60,505	71,788	100,065
Total equity attributable to shareholders of the Parent		151,898	163,151	191,408
Non-controlling interest		10,739	12,534	10,597
Total equity		162,637	175,685	202,005

*Comparative information has been restated, refer Note 11.

The accompanying Notes to the Financial Statements on pages 6 to 12 form part of the consolidated interim financial statements.

Green Cross Health Limited
Consolidated interim statement of cash flows
For the six months ended 30 September 2023

	Note	Six months ended 30 Sep 2023 (Unaudited) \$'000	Six months ended 30 Sep 2022 (Unaudited) \$'000
Cash flows from operating activities			
Dividends received		888	787
Receipts from customers		247,513	352,672
Interest received		225	353
Payments to suppliers and employees		(223,455)	(314,452)
Income taxes paid		(6,419)	(10,500)
Net cash inflow from operating activities	7	18,752	28,860
Cash flows from investing activities			
Purchases of property, plant and equipment and software intangibles		(3,184)	(3,027)
Acquisition of interests in equity accounted investments		(233)	(993)
Acquisition of interests in subsidiaries and non-controlling interests		(4,439)	(3,038)
Net cash outflow from investing activities		(7,856)	(7,058)
Cash flows from financing activities			
Proceeds from borrowings		11,100	2,376
Repayment of borrowings		(3,258)	(1,644)
Payment of lease liabilities		(6,181)	(7,940)
Interest expense		(1,184)	(643)
Interest expense - leases		(3,597)	(3,126)
Distribution and loans to non-controlling interests		(2,245)	(7,295)
Dividend paid		(45,296)	(5,036)
Net cash outflow from financing activities		(50,661)	(23,308)
Net decrease in cash and cash equivalents		(39,765)	(1,506)
Add opening cash and cash equivalents		58,215	45,154
Closing cash and cash equivalents		18,450	43,648
Reconciliation of closing cash and cash equivalents to the consolidated interim statement of financial position:			
Cash and cash equivalents		18,450	43,648
Closing cash and cash equivalents		18,450	43,648

The accompanying Notes to the Financial Statements on pages 6 to 12 form part of the consolidated interim financial statements.

1 Reporting Entity

Green Cross Health Limited (the "Parent" or the "Company") is a New Zealand company registered under the Companies Act 1993 and is an FMC entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. The Financial Statements have been prepared in accordance with these Acts. The Company is listed on the NZX Main Board ("NZX").

The consolidated interim financial statements of Green Cross Health Limited comprise the Parent, its subsidiaries, and its interest in associates and joint ventures (together referred to as the "Group").

2 Basis of preparation of financial statements

(a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), NZ IAS 34 Interim Financial Reporting, and other applicable Financial Reporting Standards as appropriate for profit oriented entities. These consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2023.

The consolidated interim financial statements for the six months ended 30 September 2023 and the comparative information for the six months ended 30 September 2022 are unaudited.

These financial statements have been approved for issue by the Board of Directors on 28 November 2023.

(b) Basis of measurement

The financial statements of the Group are prepared under the historical cost basis unless otherwise noted within the specific accounting policies below.

(c) Changes in accounting policy

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2023.

(d) Comparatives

Comparative information has been represented in respect of the disposal of the Community Health division (refer Note 3) and restated for the prior period in relation to Employee Entitlements (refer Note 11).

(e) Significant estimates and judgments

In authorising the consolidated interim financial statements for the six months ended 30 September 2023, the Directors have ensured that the specific accounting policies necessary for the proper understanding of the financial statements have been disclosed, and that all accounting policies adopted are appropriate for the Group's circumstances and have been consistently applied throughout the period for all Group entities for the purposes of preparing the consolidated interim financial statements.

Inherent in the application of certain accounting policies, judgments and estimates are required. The Directors note that the actual results may differ from the judgments and estimates made.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3 Discontinued operation

The Community Health division was sold on 28 February 2023 with effect from 1 March 2023 and is reported in the prior period as a discontinued operation. Financial information relating to the discontinued operation for the prior period is set out below.

Financial performance information

	Six months ended 30 Sep 2023 (Unaudited) \$'000	Six months ended 30 Sep 2022 (Unaudited) \$'000
Discontinued operation		
Revenue	-	107,178
Expenses	-	(100,691)
Results from operating activities	-	6,487
Income tax expense	-	(2,204)
Profit from discontinued operation, net of tax	-	4,283
	As at 30 Sep 2023 (Unaudited) \$'000	As at 30 Sep 2022 (Unaudited) \$'000
Effect of discontinued operation on segment reporting		
Reportable segment assets	-	56,023
Reportable segment liabilities	-	42,813

4 Segment reporting

Segment information provided in this note reflects the Group's performance from continuing operations only. The Community Health business is considered a discontinued operation and has been excluded from the disclosure in this note for the prior period.

The Group has two reportable segments: pharmacy services and medical services. The pharmacy services segment provides retail and dispensary services and the medical services segment provides GP, nursing and urgent care services.

The pharmacy services segment includes consolidated stores, equity accounted investments and franchise stores. The medical services segment includes fully owned and equity accounted medical centres, and support services provided to these medical centres, as well as medical centres outside the Group.

Operating segments

Information about reportable segments from continued operations

September 2023 (Unaudited)	Note	Pharmacy services \$'000	Medical services \$'000	Corporate \$'000	Total \$'000
30 September 2023					
External revenues	5.1	181,469	68,627	-	250,096
Other income		69	14	-	83
Cost of products sold		(106,030)	(149)	-	(106,179)
Employee benefit expense		(40,577)	(49,183)	-	(89,760)
Lease expenses		(2,511)	(194)	-	(2,705)
Other expenses		(18,047)	(8,530)	(1,049)	(27,626)
Depreciation and amortisation		(1,756)	(948)	-	(2,704)
Depreciation - leases		(4,314)	(2,686)	-	(7,000)
Share of equity accounted net earnings		349	379	-	728
Segment Profit		<u>8,652</u>	<u>7,330</u>	<u>(1,049)</u>	<u>14,933</u>
Interest income					357
Interest expense					(1,176)
Interest expense - leases					(3,597)
Profit before tax					<u>10,517</u>
Tax expense					(2,848)
Profit after tax					<u>7,669</u>
Non-controlling interest					(2,062)
Net Profit attributable to the shareholders of the parent					<u>5,607</u>
Reportable segment assets		259,641	126,375	(11,078)	374,938
Reportable segment liabilities		132,361	91,018	(11,078)*	212,301

**Intersegmental elimination*

4 Segment reporting (continued)

September 2022 (Unaudited)	Note	Pharmacy services \$'000	Medical services \$'000	Corporate \$'000	Total \$'000
30 September 2022					
External revenues	5.1	179,489	68,206	-	247,695
Other income		240	2	-	242
Cost of products sold		(102,925)	(134)	-	(103,059)
Employee benefit expense		(39,136)	(48,498)	-	(87,634)
Lease expenses		(1,462)	(136)	-	(1,598)
Other expenses		(16,834)	(7,754)	(2,767)	(27,355)
Depreciation and amortisation		(2,562)	(752)	-	(3,314)
Depreciation - leases		(5,295)	(2,428)	-	(7,723)
Share of equity accounted net earnings		69	746	-	815
Segment Profit		<u>11,584</u>	<u>9,252</u>	<u>(2,767)</u>	<u>18,069</u>
Interest income					277
Interest expense					(643)
Interest expense - leases					(2,935)
Profit before tax					<u>14,768</u>
Tax expense					(4,244)
Profit after tax					<u>10,524</u>
Profit from discontinued operation, net of tax					4,283
Non-controlling interest					(3,448)
Net Profit attributable to the shareholders of the parent					<u>11,359</u>
Reportable segment assets		267,726	102,662	(11,078)	359,310
Reportable segment liabilities		124,524	83,389	(11,078)*	196,835

*Intersegmental elimination

5 Operating performance

5.1 Revenue

The Group's operations and revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

	Six months ended 30 Sep 2023 (Unaudited) \$'000	Six months ended 30 Sep 2022* (Unaudited) \$'000
Revenue from contracts with customers		
Pharmacy retail and dispensary	160,743	159,525
Other pharmacy revenue	20,726	19,964
Medical fee income	<u>68,627</u>	<u>68,206</u>
	<u>250,096</u>	<u>247,695</u>

Disaggregation of contract revenue

	Reportable segments		
	Pharmacy services \$'000	Medical services \$'000	Total \$'000
Six months ended 30 September 2023 (Unaudited)			
Timing of revenue recognition			
Transferred at a point in time	175,890	30,684	206,574
Transferred over time	<u>5,579</u>	<u>37,943</u>	<u>43,522</u>
	<u>181,469</u>	<u>68,627</u>	<u>250,096</u>

Six months ended 30 September 2022 (Unaudited)*

	Pharmacy services \$'000	Medical services \$'000	Total \$'000
Timing of revenue recognition			
Transferred at a point in time	173,568	26,093	199,661
Transferred over time	<u>5,921</u>	<u>42,113</u>	<u>48,034</u>
	<u>179,489</u>	<u>68,206</u>	<u>247,695</u>

5.2 Operating expenditure

	Six months ended 30 Sep 2023 (Unaudited) \$'000	Six months ended 30 Sep 2022* (Unaudited) \$'000
Cost of products sold	106,179	103,059
Employee benefit expense	89,760	87,634
Lease expenses	2,705	1,598
Other expenses	<u>27,626</u>	<u>27,355</u>
	<u>226,270</u>	<u>219,646</u>

*Comparative information includes re-presentations for consistency with the current period.

6 Trade and other payables

	As at 30 Sep 2023 (Unaudited) \$'000	As at 30 Sep 2022 (Unaudited) \$'000	As at 31 Mar 2023 (Audited) \$'000
Trade payables	32,702	32,665	29,271
Payable to non-controlling interest	5,454	5,011	5,283
Accruals	21,609	33,511	22,549
Employee entitlements	10,555	35,633	9,550
	<u>70,320</u>	<u>106,820</u>	<u>66,653</u>

7 Operating cash flow reconciliation

	Six months ended 30 Sep 2023 (Unaudited) \$'000	Six months ended 30 Sep 2022 (Unaudited) \$'000
Profit for the period	7,669	14,807
Add/(deduct) non-cash items:		
Depreciation, amortisation and impairment	9,704	11,912
Other non-cash items	(113)	2,326
Add/(deduct) changes in working capital items:		
Receivable and accruals movement	(4,414)	(1,525)
Inventory	(816)	(249)
Payable and accruals movement	2,306	(1,827)
Add/(deduct) items classified as cash flows from financing activities:		
Interest expense	819	290
Interest expense - leases	3,597	3,126
Net cash inflow from operating activities	<u>18,752</u>	<u>28,860</u>

8 Shares on issue

	As at 30 Sep 2023 (Unaudited) '000	As at 30 Sep 2022 (Restated) (Unaudited) '000	As at 31 Mar 2023 (Audited) '000
Shares authorised and on issue			
Opening number of shares	143,285	143,153	143,153
Shares issued - fully paid	176	132	132
Shares issued - partly paid	-	-	-
Shares cancelled - partly paid	-	-	-
	<u>143,461</u>	<u>143,285</u>	<u>143,285</u>
Performance Share Rights	489	533	517
	<u>143,950</u>	<u>143,818</u>	<u>143,802</u>
Net tangible assets/(liabilities) per share (cents) [^]	(6.38)	(0.96)	24.63
Net assets per share (cents)*	113.37	122.61	140.98

[^]The calculation of Net tangible assets / (liabilities) per share is based on net assets less deferred tax and intangible assets and the closing number of ordinary shares.

*The calculation of net assets per share is based on net assets and the closing number of ordinary shares.

Performance share rights of 489,481 are on issue as at 30 September 2023. These were issued to senior executives on 28 June 2021, 27 June 2022 and 26 June 2023.

9 Distribution to owners

On 28 April 2023 Green Cross Health Limited paid a special dividend of 28 cents per qualifying ordinary share to shareholders, which was fully imputed at 28%.

On 23 June 2023 Green Cross Health Limited paid a final dividend for the March 2023 year of 3.5 cents per qualifying ordinary share to shareholders, which was fully imputed at 28%.

	Six months ended 30 Sep 2023 cents per share	Six months ended 30 Sep 2022 cents per share	Year ended 31 Mar 2023 cents per share
Dividends per share	<u>31.5</u>	<u>3.5</u>	<u>7.0</u>

10 Subsequent events

On 28 November 2023 Green Cross Health Limited declared an interim dividend of 2.5 cents per qualifying ordinary share amounting to \$3.6m, which will be fully imputed at 28%. The dividend record date is 6 December 2023 and payment will occur on 20 December 2023.

No adjustment is required to these consolidated interim financial statements in respect of this event.

11 Prior period restatement

As part of the sale of the Community Health division, a review was undertaken to ensure compliance with legislative requirements. As a result of this review, it was determined that the liability for Employee Entitlements had been understated. This resulted in a prior period restatement to adjust the provision for Employee Entitlements.

The following tables reconcile the impact on key line items in the Group's statement of financial position from restatements.

	As at 31 March 2022 Audited \$'000	Adjustments \$'000	As at 31 March 2022 Restated \$'000
Consolidated statement of financial position			
Deferred tax asset	13,719	1,013	14,732
Others	<u>395,055</u>	<u>-</u>	<u>395,055</u>
Total assets	<u>408,774</u>	<u>1,013</u>	<u>409,787</u>
Trade payables and accruals	113,302	3,619	116,921
Income taxes payable	4,076	184	4,260
Others	<u>117,440</u>	<u>-</u>	<u>117,440</u>
Total liabilities	<u>234,818</u>	<u>3,803</u>	<u>238,621</u>
Retained earnings	68,861	(2,790)	66,071
Others	<u>105,095</u>	<u>-</u>	<u>105,095</u>
Total equity	<u>173,956</u>	<u>(2,790)</u>	<u>171,166</u>

Green Cross Health Limited Company Directory

Board

K Ellis
Independent Chair

J A Bagnall
Non-Executive Director

J B Bolland
Non-Executive Director

C M Brockliss
Non-Executive Director

P M Merton
Non-Executive Director

K A Orr
Independent Director

C M Steele
Independent Director

Officers

Rachael Newfield
Group CEO

Ben Doshi
Group CFO/Company Secretary

Registered office

Green Cross Health Limited
Ground Floor, Building B
602 Great South Road
Ellerslie, Auckland 1051
Telephone: +64 9 571 9080

Share register

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622

Managing your shareholding online:
To change your address, update your payment instructions and to view your registered details including transactions, please visit:
www.investorcentre.com/nz

General enquiries can be directed to:
enquiry@computershare.co.nz
Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787

Please assist our registrar by quoting your CSN or shareholder number.

Auditor

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KPMG Centre
18 Viaduct Harbour Avenue
Auckland

Bankers

Bank of New Zealand
80 Queen Street
Auckland 1010

Investor relations

For investor relations enquiries:
Phone: 09 571 9088
Email: investorrelations@gxh.co.nz

**Green Cross Health Limited
Company Directory (continued)**

Websites

- www.greencrosshealth.co.nz
- www.housecall.co.nz
- www.lifepharmacy.co.nz
- www.livingrewards.co.nz
- www.pilldrop.co.nz
- www.thedoctors.co.nz
- www.unichem.co.nz