

EBOS GROUP LIMITED

INTERIM REPORT
FOR THE SIX MONTHS
ENDED 31 DECEMBER 2022

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EBOS GROUP LIMITED
INTERIM REPORT 2023
SUMMARY OF CONSOLIDATED FINANCIAL HIGHLIGHTS

	Six months 31 Dec 22 A\$'000 (unaudited)	Six months 31 Dec 21 A\$'000 (unaudited)	Year ended 30 Jun 22 A\$'000 (audited)
Revenue	6,145,722	5,250,860	10,734,119
Profit before depreciation, amortisation, net finance costs and tax expense (EBITDA)	289,180	199,881	405,810
Profit before net finance costs and tax expense (EBIT)	226,018	161,313	323,938
Profit before tax expense	192,627	147,513	295,253
Profit for the period	137,591	101,992	202,038
Profit for the period attributable to owners of the Company	132,198	101,866	202,605
Equity attributable to owners of the Company	2,374,403	2,078,208	2,264,812
Earnings per share	69.6c	61.4c	114.5c
Interim dividend per share (New Zealand dollars)	53.0c	47.0c	47.0c

SHAREHOLDER CALENDAR

Interim dividend record date	3 March 2023
Interim dividend payable	17 March 2023
Release of 2023 full year results	23 August 2023
Annual Meeting	24 October 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHAREHOLDERS OF EBOS GROUP LIMITED

Conclusion

We have reviewed the condensed consolidated interim financial statements ('interim financial statements') of EBOS Group Limited and its subsidiaries ('the Group') which comprise the condensed consolidated balance sheet as at 31 December 2022, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months ended on that date, and a summary of significant accounting policies and other explanatory information on pages 3 to 18.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2022 and its financial performance and cash flows for the six months ended on that date in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 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 Interim 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 requirements.

Our firm carries out other assignments for the Group in the area of taxation compliance services. These services have not impaired our independence as auditor of the Company. In addition to this, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. The firm has no other relationship with, or interest in, the Group.

Directors' responsibilities for the interim financial statements

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

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim 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 interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the interim 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 (New Zealand) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly we do not express an audit opinion on the interim financial statements.

Restriction on use

This report is made solely to the company's shareholders, as a body. Our review has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in a 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 company's shareholders as a body, for our engagement, for this report, or for the conclusions we have formed.

Deloitte Limited

Mike Hawken, Partner
for Deloitte Limited
Christchurch, New Zealand
21 February 2023

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2022

	Notes	Six months 31 Dec 22 A\$'000 (unaudited)	Six months 31 Dec 21 A\$'000 (unaudited)	Year ended 30 Jun 22 A\$'000 (audited)
Revenue	2(a)	6,145,722	5,250,860	10,734,119
Income from associates		5,428	4,088	9,749
Profit before depreciation, amortisation, net finance costs and tax expense (EBITDA)		289,180	199,881	405,810
Depreciation	2(b)	(43,437)	(32,199)	(67,534)
Amortisation of finite life intangibles	2(b)	(19,725)	(6,369)	(14,338)
Profit before net finance costs and tax expense (EBIT)		226,018	161,313	323,938
Finance income		4,257	758	2,762
Finance costs – borrowings		(32,373)	(10,416)	(22,943)
Finance costs – leases		(5,275)	(4,142)	(8,504)
Profit before tax expense		192,627	147,513	295,253
Income tax expense		(55,036)	(45,521)	(93,215)
Profit for the period		137,591	101,992	202,038
Profit for the period attributable to:				
Owners of the Company		132,198	101,866	202,605
Non-controlling interests		5,393	126	(567)
		137,591	101,992	202,038
Earnings per share				
Basic (cents per share)		69.6	61.4	114.5
Diluted (cents per share)		69.6	61.4	114.5

EBOS GROUP LIMITED**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 31 December 2022

	Six months 31 Dec 22 A\$'000 (unaudited)	Six months 31 Dec 21 A\$'000 (unaudited)	Year ended 30 Jun 22 A\$'000 (audited)
Profit for the period	137,591	101,992	202,038
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Movement in cash flow hedge reserve	1,599	4,340	10,341
Related income tax	32	(1,293)	(3,212)
Movement in foreign currency translation reserve	17,767	2,733	(15,937)
	19,398	5,780	(8,808)
Items that will not be reclassified subsequently to profit or loss:			
Movement on equity instruments fair valued through other comprehensive income	1,258	2,513	(3,441)
Total comprehensive income net of tax	158,247	110,285	189,789
Total comprehensive income for the period is attributable to:			
Owners of the Company	152,744	110,159	190,356
Non-controlling interests	5,503	126	(567)
	158,247	110,285	189,789

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Notes	Share capital A\$'000	Share based payments reserve A\$'000	Foreign currency translation reserve A\$'000	Retained earnings A\$'000	Equity instruments fair valued through other comprehensive income reserve A\$'000	Cash flow hedge reserve A\$'000	Non-controlling interests A\$'000	Total A\$'000
Six months ended 31 December 2021 (unaudited):									
Opening balance		993,616	10,350	(21,163)	433,453	(2,561)	(2,671)	(5,321)	1,405,703
Profit for the period		-	-	-	101,866	-	-	126	101,992
Other comprehensive income for the period, net of tax		-	-	2,733	-	2,513	3,047	-	8,293
Payment of dividends	4	-	-	-	(72,228)	-	-	-	(72,228)
Share-based payments		-	(2,210)	-	-	-	-	-	(2,210)
Share placement	3	638,155	-	-	-	-	-	-	638,155
Share placement costs	3	(9,828)	-	-	-	-	-	-	(9,828)
Employee LTI shares exercised	3	2,343	-	-	-	-	-	-	2,343
Employee share plan shares issued	3	841	-	-	-	-	-	-	841
Employee share issue costs	3	(48)	-	-	-	-	-	-	(48)
Balance at 31 December 2021		1,625,079	8,140	(18,430)	463,091	(48)	376	(5,195)	2,073,013

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 31 December 2022

	Notes	Share capital A\$'000	Share based payments reserve A\$'000	Foreign currency translation reserve A\$'000	Retained earnings A\$'000	Equity instruments fair valued through other comprehensive income reserve A\$'000	Cash flow hedge reserve A\$'000	Non-controlling interests A\$'000	Total A\$'000
Year ended 30 June 2022 (audited):									
Opening balance		993,616	10,350	(21,163)	433,453	(2,561)	(2,671)	(5,321)	1,405,703
Profit for the period		-	-	-	202,605	-	-	(567)	202,038
Other comprehensive income for the period, net of tax		-	-	(15,937)	-	(3,441)	7,129	-	(12,249)
Payment of dividends	4	-	-	-	(154,392)	-	-	-	(154,392)
Arising on acquisition of subsidiaries		-	-	-	-	-	-	29,632	29,632
Option over non-controlling interests		-	-	-	-	-	-	(137,000)	(137,000)
Share-based payments		-	878	-	-	-	-	-	878
Share placement	3	638,155	-	-	-	-	-	-	638,155
Retail offer		159,981	-	-	-	-	-	-	159,981
Script consideration		22,638	-	-	-	-	-	-	22,638
Share placement and retail offer issue costs	3	(10,769)	-	-	-	-	-	-	(10,769)
Tax on deductible issue costs		3,097	-	-	-	-	-	-	3,097
Employee LTI shares exercised	3	2,343	-	-	-	-	-	-	2,343
Employee share plan shares issued	3	1,617	-	-	-	-	-	-	1,617
Employee share issue costs	3	(116)	-	-	-	-	-	-	(116)
Balance at 30 June 2022		1,810,562	11,228	(37,100)	481,666	(6,002)	4,458	(113,256)	2,151,556

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 31 December 2022

	Notes	Share capital A\$'000	Share based payments reserve A\$'000	Foreign currency translation reserve A\$'000	Retained earnings A\$'000	Equity instruments fair valued through other comprehensive income reserve A\$'000	Cash flow hedge reserve A\$'000	Non-controlling interests A\$'000	Total A\$'000
Six months ended 31 December 2022 (unaudited):									
Opening balance		1,810,562	11,228	(37,100)	481,666	(6,002)	4,458	(113,256)	2,151,556
Profit for the period		-	-	-	132,198	-	-	5,393	137,591
Other comprehensive income for the period, net of tax		-	-	17,657	-	1,258	1,631	110	20,656
Payment of dividends	4	-	-	-	(83,001)	-	-	-	(83,001)
Share-based payments		-	55	-	-	-	-	-	55
Dividends reinvested	3	39,214	-	-	-	-	-	-	39,214
Share placement costs	3	(285)	-	-	-	-	-	-	(285)
Tax on deductible issue costs	3	85	-	-	-	-	-	-	85
Employee share plan shares issued	3	838	-	-	-	-	-	-	838
Employee share issue costs	3	(59)	-	-	-	-	-	-	(59)
Balance at 31 December 2022		1,850,355	11,283	(19,443)	530,863	(4,744)	6,089	(107,753)	2,266,650

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2022

	Notes	31 Dec 22 A\$'000 (unaudited)	31 Dec 21 A\$'000 (unaudited)	30 Jun 22 A\$'000 (audited)
Current assets				
Cash and cash equivalents		222,922	493,974	517,316
Trade and other receivables		1,510,497	1,276,408	1,374,731
Prepayments		46,668	23,983	32,514
Inventories		1,193,949	874,395	1,107,736
Current tax refundable		4,757	3,034	127
Other financial assets – derivatives	8	20,044	840	19,722
Total current assets		2,998,837	2,672,634	3,052,146
Non-current assets				
Property, plant and equipment		309,443	177,283	302,389
Capital work in progress		34,378	89,742	24,992
Prepayments		1,659	564	1,360
Deferred tax assets		214,335	147,703	186,204
Goodwill	10	1,955,588	1,129,099	1,925,968
Indefinite life intangibles		171,961	119,246	170,405
Finite life intangibles		355,662	39,114	373,319
Right of use assets		291,375	237,367	249,596
Investment in associates		46,185	46,294	45,912
Other financial assets		16,443	10,638	13,485
Total non-current assets		3,397,029	1,997,050	3,293,630
Total assets		6,395,866	4,669,684	6,345,776
Current liabilities				
Trade and other payables		2,239,184	1,830,068	2,022,084
Bank loans	7	30,942	-	331,517
Lease liabilities		48,548	40,451	42,627
Current tax payable		25,638	31,686	40,395
Employee benefits		68,270	56,883	75,880
Other financial liabilities – derivatives	8, 10	137,611	3,087	-
Total current liabilities		2,550,193	1,962,175	2,512,503
Non-current liabilities				
Bank loans	7	1,029,496	267,977	1,046,259
Lease liabilities		263,562	216,266	227,203
Trade and other payables		12,687	14,100	21,283
Deferred tax liabilities		263,629	126,935	240,943
Employee benefits		9,649	9,218	9,029
Other financial liabilities – derivatives	8, 10	-	-	137,000
Total non-current liabilities		1,579,023	634,496	1,681,717
Total liabilities		4,129,216	2,596,671	4,194,220
Net assets		2,266,650	2,073,013	2,151,556
Equity				
Share capital	3	1,850,355	1,625,079	1,810,562
Share based payments reserve		11,283	8,140	11,228
Foreign currency translation reserve		(19,443)	(18,430)	(37,100)
Retained earnings		530,863	463,091	481,666
Equity instruments fair valued through other comprehensive income		(4,744)	(48)	(6,002)
Cash flow hedge reserve		6,089	376	4,458
Equity attributable to owners of the company		2,374,403	2,078,208	2,264,812
Non-controlling interests		(107,753)	(5,195)	(113,256)
Total equity		2,266,650	2,073,013	2,151,556

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2022

Notes	Six months 31 Dec 22 A\$'000 (unaudited)	Six months 31 Dec 21 A\$'000 (unaudited)	Year ended 30 Jun 22 A\$'000 (audited)
Cash flows from operating activities			
	6,021,329	5,148,372	10,599,165
	4,257	758	2,762
	8,824	6,091	10,607
	(5,757,173)	(4,967,076)	(10,217,016)
	(78,524)	(66,806)	(115,335)
	(37,648)	(14,558)	(31,447)
Net cash inflow from operating activities	161,065	106,781	248,736
Cash flows from investing activities			
	249	916	453
	(24,787)	(10,954)	(27,567)
	(9,933)	(31,666)	(54,205)
	(891)	(1,588)	(7,862)
	(36,928)	(106,739)	(1,299,120)
	(2,182)	-	-
	(574)	(253)	(7,896)
Net cash (outflow) from investing activities	(75,046)	(150,284)	(1,396,197)
Cash flows from financing activities			
	39,793	631,463	791,211
	6,205	44,371	1,160,888
	(325,575)	(216,640)	(255,427)
	(23,951)	(19,498)	(40,941)
	(81,565)	(71,964)	(154,110)
Net cash (outflow)/inflow from financing activities	(385,093)	367,732	1,501,621
	(299,074)	324,229	354,160
	4,680	792	(5,797)
	517,316	168,953	168,953
Net cash and cash equivalents at end of period	222,922	493,974	517,316

EBOS GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2022

1. FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZGAAP") as appropriate for condensed interim financial statements. They comply with the New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34) *Interim Financial Reporting* and International Accounting Standard IAS 34.

EBOS Group Limited ('the Company') is a profit-oriented company incorporated in New Zealand, registered under the Companies Act 1993 and dual listed on both the New Zealand Stock Exchange and the Australian Securities Exchange.

The Company is a Tier 1 for-profit entity in terms of the New Zealand External Reporting Board Standard A1.

The Company is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013, and its financial statements comply with this Act.

These financial statements should be read in conjunction with the financial statements and related notes included in the Group's Annual Report for the year ended 30 June 2022.

The Condensed Consolidated Balance Sheet as at 30 June 2022 presented within this report has been updated to reflect the fair value adjustments attributable to the acquisition of LifeHealthcare Group. There is no impact to the 30 June 2022 Statement of Comprehensive Income. Please refer to Note 10 of this report for further details.

The accounting policies and methods of computation are consistent with those of the previous year.

The information is presented in thousands of Australian dollars unless otherwise stated.

2. PROFIT FROM OPERATIONS

	Six months 31 Dec 22 A\$'000 (unaudited)	Six months 31 Dec 21 A\$'000 (unaudited)	Year ended 30 Jun 22 A\$'000 (audited)
(a) Revenue			
Community Pharmacy	3,731,388	3,152,813	6,441,693
Institutional Healthcare	1,759,978	1,474,345	3,069,546
Contract Logistics Services	71,902	58,019	123,240
Contract Logistics Sales	387,360	391,994	762,222
Interdivisional eliminations	(96,067)	(100,290)	(203,923)
Healthcare	5,854,561	4,976,881	10,192,778
Animal Care	291,161	273,979	541,341
	6,145,722	5,250,860	10,734,119

EBOS GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2022

2. PROFIT FROM OPERATIONS (Continued)

	Six months 31 Dec 22 A\$'000 (unaudited)	Six months 31 Dec 21 A\$'000 (unaudited)	Year ended 30 Jun 22 A\$'000 (audited)
(b) Profit before net finance costs and tax expense			
Profit before net finance costs and tax expense has been arrived at after charging the following expenses by nature:			
One-off items ⁽¹⁾	-	(7,771)	(31,038)
Cost of sales	(5,365,508)	(4,670,448)	(9,488,854)
Write-down of inventory	(1,943)	(5,439)	(11,438)
Impairment loss on trade and other receivables	(600)	(28)	(1,683)
Depreciation of property, plant and equipment	(17,297)	(10,697)	(22,557)
Depreciation on right of use assets	(26,140)	(21,502)	(44,977)
Amortisation of finite life intangibles attributable to fair value adjustments for the LifeHealthcare Group acquisition	(13,469)	-	(1,451)
Amortisation of other finite life intangibles	(6,256)	(6,369)	(12,887)
Short-term and low value asset leases	(4,461)	(3,966)	(7,423)
Donations	(24)	(27)	(514)
Employee benefit expense	(244,673)	(187,633)	(392,479)
Defined contribution plan expense	(14,438)	(10,283)	(21,335)
Other expenses	(230,323)	(169,472)	(383,294)
	<u>(5,925,132)</u>	<u>(5,093,635)</u>	<u>(10,419,930)</u>

(1) One-off items comprise transaction costs incurred in relation to acquisitions undertaken during the period.

3. SHARE CAPITAL

	No. '000	Six months 31 Dec 22 A\$'000 (unaudited)	No. '000	Six months 31 Dec 21 A\$'000 (unaudited)	No. '000	Year ended 30 Jun 22 A\$'000 (audited)
Fully paid ordinary shares						
Balance at beginning of period	189,383	1,810,562	164,164	993,616	164,164	993,616
Dividend reinvested	1,185	39,214	-	-	-	-
Performance rights	46	-	-	-	-	-
Share placement – December 2021	-	-	19,526	638,155	19,526	638,155
Retail offer – January 2022	-	-	-	-	4,955	159,981
Script consideration	-	-	-	-	691	22,638
Share placement and retail offer issue costs	-	(285)	-	(9,828)	-	(10,769)
Tax on deductible issue costs	-	85	-	-	-	3,097
Issue of shares to staff under employee share plan	24	838	26	841	47	1,617
Employee share issue costs	-	(59)	-	(48)	-	(116)
Shares vested under the long term executive incentive scheme	-	-	-	2,343	-	2,343
	<u>190,638</u>	<u>1,850,355</u>	<u>183,716</u>	<u>1,625,079</u>	<u>189,383</u>	<u>1,810,562</u>

EBOS GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2022

4. DIVIDENDS

	AUD Cents per share	Six months 31 Dec 22 A\$'000 (unaudited)	AUD Cents per share	Six months 31 Dec 21 A\$'000 (unaudited)	AUD Cents per share	Year ended 30 Jun 22 A\$'000 (audited)
Recognised amounts						
Fully paid ordinary shares						
Final – prior year	43.9	83,001	44.1	72,228	44.1	72,228
Interim – current year	-	-	-	-	43.7	82,164
	43.9	83,001	44.1	72,228	87.8	154,392
Unrecognised amounts						
Final dividend	-	-	-	-	44.3	83,806
Interim dividend	48.4	94,631	44.3	81,347	-	-
	48.4	94,631	44.3	81,347	44.3	83,806

Dividends are approved by the Board in New Zealand dollars. Dividends recognised in the Statement of Changes in Equity are converted from New Zealand dollars to Australian Dollars at the exchange rate applicable on the date the dividend was approved. Unrecognised dividends are converted at the exchange rate applicable on the reporting date. The Board approved an interim dividend of 53.0 New Zealand cents per share on 21 February 2023. The record date for the dividend is 3 March 2023 and the dividend will be paid on 17 March 2023.

The following table shows dividends approved in New Zealand dollars:

	Six months 31 Dec 22 NZD Cents per share	Six months 31 Dec 21 NZD Cents per share	Year ended 30 Jun 22 NZD Cents per share
Recognised amounts			
Fully paid ordinary shares			
Final – prior year	49.0	46.0	46.0
Interim – current year	-	-	47.0
	49.0	46.0	93.0
Unrecognised amounts			
Final dividend	-	-	49.0
Interim dividend	53.0	47.0	-
	53.0	47.0	49.0

New Zealand dollar dividends paid to equity holders of the parent are translated into Australian dollars and disclosed in the cash flow statement at the foreign currency exchange rate applicable on the date they are paid.

EBOS GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2022

5. NOTES TO THE CASH FLOW STATEMENT

	Six months 31 Dec 22 A\$'000 (unaudited)	Six months 31 Dec 21 A\$'000 (unaudited)	Year ended 30 Jun 22 A\$'000 (audited)
Reconciliation of profit for the period with cash flows from operating activities			
Profit for the period	137,591	101,992	202,038
Add/(less) non-cash items:			
Depreciation of property, plant and equipment	17,297	10,697	22,557
Depreciation on right of use assets	26,140	21,502	44,977
Amortisation of finite life intangibles attributable to fair value adjustments for the LifeHealthcare Group acquisition	13,469	-	1,451
Amortisation of other finite life intangibles	6,256	6,369	12,887
(Gain)/loss on sale of property, plant and equipment	(249)	7	434
Share of profit from associates	(5,428)	(4,088)	(9,749)
Expense recognised in respect of share-based payments	4,029	3,128	6,266
Deferred tax	(7,712)	(5,433)	(16,426)
	<u>53,802</u>	<u>32,182</u>	<u>62,397</u>
Movements in working capital:			
Trade and other receivables	(135,766)	(119,909)	(218,232)
Prepayments	(14,453)	(10,406)	(19,733)
Inventories	(86,213)	(89,634)	(322,975)
Current tax refundable/payable	(19,387)	(6,670)	4,946
Trade and other payables	208,504	216,647	415,846
Employee benefits	(6,990)	(450)	18,358
Foreign currency translation of working capital balances	3,056	(228)	15
	<u>(51,249)</u>	<u>(10,650)</u>	<u>(121,775)</u>
Balances classified as investing activities	24,639	(24,307)	(30,883)
Working capital items acquired (including fair value adjustments)	(3,718)	7,564	136,959
	<u>161,065</u>	<u>106,781</u>	<u>248,736</u>
Net cash inflow from operating activities	<u>161,065</u>	<u>106,781</u>	<u>248,736</u>

For the six months ended 31 December 2022

6. SEGMENT INFORMATION
(a) Products and services from which reportable segments derive their revenues

 The Group's reportable segments under NZ IFRS 8 *Operating Segments* are as follows:

Healthcare: Incorporates the sale of healthcare products in a range of sectors, including distribution of medical devices and medical consumables, own brands, retail healthcare, pharmacy and logistic services and wholesale activities.

Animal Care: Incorporates the sale of animal care products in a range of sectors, own brands, retail and wholesale activities.

Corporate: Includes net funding costs and central administration expenses that have not been allocated to the Healthcare or Animal Care segments.

(b) Segment revenues and results

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

	Healthcare A\$'000	Animal Care A\$'000	Corporate A\$'000	Group A\$'000
Six months ended 31 December 2022 (unaudited):				
Revenue from external customers	5,854,561	291,161	-	6,145,722
EBITDA	254,952	50,965	(16,737)	289,180
Depreciation of property, plant and equipment	(15,171)	(2,126)	-	(17,297)
Depreciation on right of use assets	(22,755)	(2,835)	(550)	(26,140)
Amortisation of finite life intangibles attributable to fair value adjustments for the LifeHealthcare Group acquisition	(13,469)	-	-	(13,469)
Amortisation of other finite life intangibles	(5,858)	(398)	-	(6,256)
EBIT	197,699	45,606	(17,287)	226,018
Net finance costs	-	-	(33,391)	(33,391)
Tax (expense)/benefit	(55,440)	(12,206)	12,610	(55,036)
Profit for the period	142,259	33,400	(38,068)	137,591
Non-controlling interests	(5,393)	-	-	(5,393)
Profit for the period attributable to owners of the Company	136,866	33,400	(38,068)	132,198
Six months ended 31 December 2021 (unaudited):				
Revenue from external customers	4,976,881	273,979	-	5,250,860
EBITDA	177,472	38,768	(16,359)	199,881
Depreciation of property, plant and equipment	(10,206)	(491)	-	(10,697)
Depreciation on right of use assets	(18,108)	(2,844)	(550)	(21,502)
Amortisation of finite life intangibles	(6,255)	(114)	-	(6,369)
EBIT	142,903	35,319	(16,909)	161,313
Net finance costs	-	-	(13,800)	(13,800)
Tax (expense)/benefit	(44,759)	(9,897)	9,135	(45,521)
Profit for the period	98,144	25,422	(21,574)	101,992
Non-controlling interests	(126)	-	-	(126)
Profit for the period attributable to owners of the Company	98,018	25,422	(21,574)	101,866

EBOS GROUP LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2022

6. SEGMENT INFORMATION (Continued)

	Healthcare A\$'000	Animal Care A\$'000	Corporate A\$'000	Group A\$'000
Year ended 30 June 2022 (audited):				
Revenue from external customers	10,192,778	541,341	-	10,734,119
EBITDA	358,517	79,961	(32,668)	405,810
Depreciation of property, plant and equipment	(21,029)	(1,528)	-	(22,557)
Depreciation on right of use assets	(38,275)	(5,602)	(1,100)	(44,977)
Amortisation of finite life intangibles attributable to fair value adjustments for the LifeHealthcare Group acquisition	(1,451)	-	-	(1,451)
Amortisation of other finite life intangibles	(12,638)	(249)	-	(12,887)
EBIT	285,124	72,582	(33,768)	323,938
Net finance costs	-	-	(28,685)	(28,685)
Tax (expense)/benefit	(89,323)	(19,392)	15,500	(93,215)
Profit for the period	195,801	53,190	(46,953)	202,038
Non-controlling interests	567	-	-	567
Profit for the period attributable to owners of the Company	196,368	53,190	(46,953)	202,605

The accounting policies of the reportable segments are consistent with the Group's accounting policies. Segment result represents profit before depreciation, amortisation, net finance costs and tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(c) Segment assets

Assets are not allocated to operating segments as they are not reported to the chief operating decision-maker at segment level.

(d) Revenues from major products and services

The Group's major products and services are transacted the same as its reportable segments i.e. Healthcare, Animal Care and Corporate.

(e) Geographical information

The Group operates in two principal geographical areas: (1) Australia and (2) New Zealand and South East Asia (country of domicile).

The Group's revenue from external customers by geographical location (of the reportable segment) and information about its segment assets (non-current assets excluding investments in associates and deferred tax assets) are detailed below:

	Six months 31 Dec 22 A\$'000 (unaudited)	Six months 31 Dec 21 A\$'000 (unaudited)	Year ended 30 Jun 22 A\$'000 (audited)
Revenue from external customers			
Australia	5,008,362	4,173,467	8,636,607
New Zealand and South East Asia	1,137,360	1,077,393	2,097,512
	6,145,722	5,250,860	10,734,119
Non-current assets			
Australia	2,673,704	1,418,856	2,618,871
New Zealand and South East Asia	462,805	384,197	442,643
	3,136,509	1,803,053	3,061,514

EBOS GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2022

7. BANK FACILITY AND BORROWINGS

The Group fully complies with and operates within the financial covenants under the arrangements with its bankers. During the period, the Group completed the refinance of a \$250.0 million facility due to mature in March 2023. The facility limit was increased to a \$400.0 million, 4 year facility, with a maturity date of November 2026. At 31 December 2022 the Group had unutilised term loan facilities of \$505.3 million (December 2021: \$522.1 million, June 2022: \$224.0 million).

The Group also has a secured trade debtor securitisation facility of which \$369.1 million was unutilised at 31 December 2022 (December 2021: \$400.0 million, June 2022: \$178.5 million). In addition, the Group has a \$75.0 million term debt facility secured by property, plant and equipment. All other debt is linked to a corporate guarantee structure established under bank financing arrangements.

As at 31 December 2022, the maturity profile of the Group's term debt and securitisation facilities was:

<u>Facility</u>	<u>Amount</u>	<u>Maturity</u>
Term debt facilities	\$226.9 million	1-2 years
Term debt facilities	\$563.0 million	2-3 years
Term debt facilities	\$745.0 million	3-4 years
Securitisation facility	\$400.0 million	2-3 years

8. FINANCIAL INSTRUMENTS

The Group enters into forward foreign currency exchange contracts to hedge trading transactions, including anticipated transactions, denominated in foreign currencies; and uses interest rate swaps and interest rate collars to manage cash flow interest rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as cash flow hedges of highly probable forecast transactions.

	Six months 31 Dec 22 A\$'000 (unaudited)	Six months 31 Dec 21 A\$'000 (unaudited)	Year ended 30 Jun 22 A\$'000 (audited)
Fair value of derivative financial instruments			
Other financial assets – derivatives (at fair value)			
Forward foreign exchange contracts	2,192	840	4,330
Interest rate swaps	555	-	392
Interest rate collars	17,297	-	15,000
	<u>20,044</u>	<u>840</u>	<u>19,722</u>
Other financial liabilities – derivatives (at fair value)			
Forward foreign exchange contracts	611	2	-
Interest rate swaps	-	3,085	-
Other financial liabilities – consideration for remaining non-controlling interests (Note 10)	137,000	-	137,000
	<u>137,611</u>	<u>3,087</u>	<u>137,000</u>

The Group has categorised these derivatives, both financial assets and financial liabilities, as Level 2 under the fair value hierarchy contained within NZ IFRS 13 Fair Value Measurement.

The fair value of foreign currency forward exchange contracts is determined using a discounted cash flow valuation. Key inputs include observable forward exchange rates, at the measurement date, with the resulting value discounted back to present values. Interest rate swaps and interest rate collars are valued using a discounted cash flow valuation. Key inputs for the valuation of interest rate swaps and interest rate collars are the estimated future cash flows based on observable yield curves at the end of the reporting period, discounted at a rate that reflects the credit risk of the various counterparties.

There have been no changes in valuation techniques used for either forward foreign currency exchange contracts, interest rate swaps or interest rate collars during the current reporting period.

EBOS GROUP LIMITED**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**

For the six months ended 31 December 2022

9. IMPACT OF NEW ACCOUNTING STANDARDS

In the current period the Group has adopted all mandatory new and amended standards and interpretations.

10. ACQUISITION INFORMATION**LifeHealthcare Group acquisition**

On 31 May 2022, the Group, through its subsidiary EBOS Medical Devices Pty Ltd, acquired 100% of equity interest in Pacific Health Supplies TopCo1 Pty Ltd and Pacific Health Supplies TopCo2 Pty Ltd (LifeHealthcare Group). Due to the proximity of the acquisition date to balance date 30 June 2022 and the material nature of the entities being acquired, the business combination accounting was considered provisional, and presented as such, in the Group's 30 June 2022 financial statements.

During the current period, the acquisition accounting adjustments have been updated to reflect independent valuations performed on the inventories and intangible assets recognised as part of the acquisition. The purchase price allocation as set out below is measured on a provisional basis and is subject to change pending finalisation of the valuation of the assets acquired and liabilities assumed, including the finalisation and lodgement of the company's tax returns in the second half of the financial year. The difference between the purchase price and fair values of the identifiable net assets has been provisionally recognised as goodwill.

If new information is obtained within the twelve months from acquisition date about facts and circumstances that existed at the acquisition date which identify adjustments to fair values; or any additional provisions that existed at the acquisition date; then the accounting for the acquisition, including the value of goodwill, will be revised.

The provisional fair values of the identifiable assets and liabilities acquired are as follows:

	Carrying value A\$'000 (audited)	Fair value adjustment A\$'000 (unaudited)	Fair value on acquisition A\$'000 (unaudited)
Current assets			
Cash and cash equivalents	19,042	-	19,042
Trade and other receivables	79,123	(11,061) ¹	68,062
Prepayments	6,086	(193) ²	5,893
Inventories	131,038	(12,317) ³	118,721
Other financial assets - derivatives	968	-	968
Non-current assets			
Property, plant and equipment	33,776	-	33,776
Indefinite life intangibles	-	52,973 ⁴	52,973
Finite life intangibles	91,466	249,437 ⁵	340,903
Deferred tax assets	-	7,859 ⁶	7,859
Right of use assets	16,072	-	16,072
Other financial assets	506	-	506
Current liabilities			
Trade and other payables	(58,288)	(872) ⁷	(59,160)
Bank loans	(5,768)	-	(5,768)
Lease liabilities	(2,721)	-	(2,721)
Current tax payable	(1,482)	-	(1,482)
Employee benefits	(11,445)	-	(11,445)
Non-current liabilities			
Trade and other payables	(676)	-	(676)
Bank loans	(26,417)	-	(26,417)
Lease liabilities	(13,351)	-	(13,351)
Deferred tax liabilities	(16,285)	(80,358) ⁸	(96,643)
Employee benefits	(401)	-	(401)
Net assets acquired	241,243	205,468	446,711
Goodwill on acquisition			776,042
Non-controlling interests arising on acquisition			(29,632)
Total consideration			1,193,121

For the six months ended 31 December 2022

10. ACQUISITION INFORMATION (Continued)

1. To recognise the fair value of trade and other receivables on acquisition. This adjustment was made in the previously reported 30 June 2022 acquisition balance sheet.
2. To recognise the fair value of prepayments on acquisition.
3. To recognise the fair value of inventories on acquisition.
4. To recognise the fair value of the LifeHealthcare and Transmedic brands on acquisition.
5. To recognise the fair value of exclusive supply contracts and other intangibles on acquisition.
6. To recognise deferred tax assets on acquisition.
7. To recognise the fair value of trade and other payables on acquisition.
8. To recognise deferred tax liabilities on acquisition.

Put option over non-controlling interests

The Group also entered into arrangements providing a pathway to 100% ownership of Transmedic (a subsidiary of LifeHealthcare Group), resulting in a financial liability – derivative of \$137.0m being recognised on the balance sheet as at 30 June 2022 and a corresponding adjustment to non-controlling interests.

During the period, the amount expected to be paid at the time of exercise was reassessed as the Group considered the key terms of the shareholders agreement and the business outlook. In the period, no material change to the estimate of the amount expected to be paid at the time of exercise was determined and a portion of the discount on the put option liability was unwound directly through equity within non-controlling interests. As at 31 December 2022, the carrying value of the put option liability was \$137.0m.

Other acquisitions

There were no material acquisitions of subsidiaries during the period. Combined details of acquisitions undertaken during the current period are as follows:

	A\$'000 (unaudited)
Net assets acquired	635
Goodwill on acquisition	16,276
Total consideration	16,911
Less deferred purchase consideration	(739)
Less cash and cash equivalents acquired	(6)
Plus deferred purchase consideration paid in relation to prior year acquisitions	20,762
Net cash outflow from acquisition	36,928

11. EVENTS AFTER BALANCE DATE

Subsequent to 31 December 2022, the Board approved an interim dividend to shareholders. For further details please refer to Note 4.

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Tracey Batten	Independent Director
Mark Bloom	Independent Director (appointed September 2022)
Stuart McGregor	Independent Director
Stuart McLauchlan	Independent Director
Sarah Ottrey	Independent Director
Peter Williams	Independent Director

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