

## Green Cross Health (NZX: GXH)

### Full Year Result Announcement for the audited twelve months ended 31 March 2024

#### GREEN CROSS HEALTH REPORTS FULL-YEAR PROFIT OF \$12.0M

**30 May 2024, AUCKLAND, NZ:** Listed primary healthcare provider Green Cross Health, the Group behind Unichem, Life Pharmacy and The Doctors, reported Net Profit After Tax Attributable to Shareholders of \$12.0m<sup>1</sup>.

#### Result Summary

- Operating Revenue<sup>1</sup> of \$503.9m, up 2%
- Operating Profit (EBIT)<sup>1</sup> of \$31.8m, down 7% due to inflationary pressures, lower retail spending and reduced higher margin COVID-19 activity
- Net Profit After Tax Attributable to Shareholders<sup>1</sup> down 20% to \$12.0m
- Pharmacy Operating Revenue up 1% and Operating Profit down 8% to \$19.3m
- Medical Operating Revenue up 5% and Operating Profit down 8% to \$15.0m
- Investment in growth of \$17.9m, including seven new medical centres and one pharmacy
- 2.0cps dividend declared, to be paid on 21 June 2024.

#### Group Commentary

Green Cross Health Group CEO Rachael Newfield, commented, “It has been a challenging twelve months as the Group has navigated significant headwinds relating to workforce shortages and inflationary pressures impacting consumer spending and profit margins. Funding levels have not kept pace with cost increases and our teams in both Pharmacy and Medical are adapting operations to improve performance.

“Pharmacy saw strong performance in dispensary and vaccination services, supported by the company’s on-going investment in expert care and advice. Seven investments in medical centres were completed in the year to take the general practice network to 423,000 enrolled patients across 66 medical centres, representing New Zealand’s largest general practice enrolled patient base.”

Green Cross Health Chair Kim Ellis added, “The Company’s strong financial position and narrowed focus following the sale of the Community Health division ensure the Group is well positioned to deliver on its strategy of organic and acquisitive growth in medical and pharmacy.”

#### Pharmacy Division

Revenue in Pharmacy increased 1% to \$363.6m while Operating Profit for the period decreased by \$1.8m to \$19.3m due to labour cost pressures and inflation impacting margins. Dispensary

<sup>1</sup> From continuing operations (the Community Health division was divested on 28 February 2023)

continued to grow with initial prescriptions up 7% for same stores, with growth accelerated by the Government removing the standard pharmacy co-payment on 1 July 2023, a change which Green Cross Health has lobbied over many years to ensure equitable access to healthcare.

Vaccination activity also remained strong throughout the period; Unichem and Life pharmacies administered over 320,000 vaccinations, a 5% growth over the prior year's record result. While flu vaccinations accounted for the majority of vaccinations, the increased reliance on pharmacies as accessible primary health providers led to a significant year-on-year rise in other vaccinations (excluding flu).

Same store retail sales were down 3% compared to prior year. Store optimisation led to two stores relocating, three stores merging and two closing during the period. The division continues to selectively invest in new pharmacies with one investment completed during the year, bringing the number of pharmacies in which the division holds an equity interest to 84. Investment in differentiated products remains a priority.

The Living Rewards programme once again grew and membership surpassed the two million mark during the year. The programme was rebranded to refresh and modernise interactions with existing members and to attract new members given members spend 50% more than non-Living Rewards members. Additional investment was made in the systems supporting the programme including introducing further technology to assist targeting of retail offers through audience profiles, along with giving the company the ability to engage with customers about key health services and vaccinations as they become due, aligned to the division's care and advice strategy.

### **Medical Division**

Medical Revenue increased 5% to \$140.3m, with Operating Profit down \$1.2m to \$15.0m. A reduction in higher margin COVID-19 activity and labour cost pressures impacted profitability, particularly in the first half of the year. As a result, restructuring of the cost base was completed in the second half of the year, contributing to a lift in performance.

The Medical division continued to expand. The portfolio's national footprint grew to 66 centres following investment in seven medical centres. Enrolled patients as at 31 March 2024 totalled 423,000, an increase of 37,000 (+9%) since 31 March 2023. Three practices underwent refurbishments during the year to enhance the patient environment and increase efficiencies in the delivery of patient care. Further investment was made in the rebranding programme, with 44 centres now operating under The Doctors brand.

Investment in technology was an area of focus throughout the year with the roll-out of a standardised practice management system now complete at 53 medical centres. An integrated invoice payment solution was implemented at 33 medical centres, improving the ease with which patients can make payments. The implementation of The Doctors App progressed, with 30 medical centres onboarded and additional centres planned for FY25 launch.

Green Cross Health is funded by 12 different Primary Health Organisations (PHOs) for its 66 medical centres. During the year approval was received to migrate 28 centres to National Hauora Coalition (NHC) PHO on or before 1 July 2024, of which two were completed by 31 March 2024. The transition is on track and the company continues to advocate for further simplification of funding arrangements, to achieve efficiencies and maximise time spent on patient care.

### **Outlook and Dividend**

The Board expects macro-economic challenges, particularly workforce shortages, inflationary pressures and tightening of consumer spending, to remain in the new financial year. The company will focus on improving labour efficiency and cost management, utilising technology to support change. In-store execution, extension of product range and expansion of service offerings are a priority. Green Cross Health urges the Government to address funding levels to primary healthcare to ensure services remain accessible to those most in need in communities across New Zealand.

The Board has declared a final dividend of 2.0 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 330 Unichem and Life Pharmacies covering almost every New Zealand community, as well as 66 medical centres caring for 423,000 enrolled patients.