

EBOS GROUP LIMITED

INTERIM REPORT
FOR THE SIX MONTHS
ENDED 31 DECEMBER 2020

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EBOS GROUP LIMITED
INTERIM REPORT 2021
SUMMARY OF CONSOLIDATED FINANCIAL HIGHLIGHTS

	Six months 31 Dec 20 A\$'000 (unaudited)	Six months 31 Dec 19 A\$'000 (unaudited)	Year ended 30 Jun 20 A\$'000 (audited)
Revenue	4,653,298	4,376,127	8,765,540
Profit before net finance costs, tax expense, depreciation and amortisation (EBITDA)	182,219	167,205	333,599
Earnings before interest and tax expense (EBIT)	145,910	131,355	260,453
Profit before income tax expense	131,859	115,928	230,057
Profit for the period	92,969	81,922	161,516
Profit for the period attributable to owners of the Company	92,865	81,680	162,518
Equity attributable to owners of the Company	1,380,890	1,284,757	1,314,947
Earnings per share	56.9c	50.6c	100.6c
Interim dividend per share (New Zealand dollars)	42.5c	37.5c	37.5c

SHAREHOLDER CALENDAR

Interim dividend record date	5 March 2021
Interim dividend payable	18 March 2021
Release of 2021 full year results	18 August 2021
Annual General Meeting	19 October 2021

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 2020, 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 19.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2020 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 condensed consolidated 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 condensed consolidated 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 condensed consolidated 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
16 February 2021

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2020

	Notes	Six months 31 Dec 20 A\$'000 (unaudited)	Six months 31 Dec 19 A\$'000 (unaudited)	Year ended 30 Jun 20 A\$'000 (audited)
Revenue	2(a)	4,653,298	4,376,127	8,765,540
Income from associates		2,855	1,632	3,355
Profit before net finance costs, tax expense, depreciation and amortisation (EBITDA)		182,219	167,205	333,599
Depreciation	2(b)	(30,262)	(27,619)	(56,870)
Amortisation of finite life intangibles	2(b)	(6,047)	(8,231)	(16,276)
Earnings before interest and tax expense (EBIT)		145,910	131,355	260,453
Finance income		292	761	1,387
Finance costs – borrowings		(10,456)	(12,291)	(23,657)
Finance costs – leases		(3,887)	(3,897)	(8,126)
Profit before income tax expense		131,859	115,928	230,057
Income tax expense		(38,890)	(34,006)	(68,541)
Profit for the period		92,969	81,922	161,516
Profit for the period attributable to:				
Owners of the Company		92,865	81,680	162,518
Non-controlling interests		104	242	(1,002)
		92,969	81,922	161,516
Earnings per share				
Basic (cents per share)		56.9	50.6	100.6
Diluted (cents per share)		56.9	50.6	100.6

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

For the six months ended 31 December 2020

	Six months 31 Dec 20 A\$'000 (unaudited)	Six months 31 Dec 19 A\$'000 (unaudited)	Year ended 30 Jun 20 A\$'000 (audited)
Profit for the period	92,969	81,922	161,516
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge (losses)	(539)	(218)	(2,414)
Related income tax	155	64	766
Movement in foreign currency translation reserve	(13)	3,031	(7,378)
	(397)	2,877	(9,026)
Items that will not be reclassified subsequently to profit or loss:			
Movement on equity instruments fair valued through other comprehensive income	(847)	(2,778)	926
Total comprehensive income net of tax	91,725	82,021	153,416
Total comprehensive income for the period is attributable to:			
Owners of the Company	91,621	81,779	154,418
Non-controlling interests	104	242	(1,002)
	91,725	82,021	153,416

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	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 2019 (unaudited):									
Opening balance		931,811	3,937	(10,792)	323,635	(1,054)	(5,206)	(3,071)	1,239,260
Profit for the period		-	-	-	81,680	-	-	242	81,922
Other comprehensive income for the period, net of tax		-	-	3,031	-	(2,778)	(154)	-	99
Payment of dividends	4	-	-	-	(56,378)	-	-	-	(56,378)
Share based payments		-	1,371	-	-	-	-	-	1,371
Dividends reinvested	3	9,301	-	-	-	-	-	-	9,301
Employee LTI shares exercised	3	6,353	-	-	-	-	-	-	6,353
Balance at 31 December 2019		947,465	5,308	(7,761)	348,937	(3,832)	(5,360)	(2,829)	1,281,928

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

For the six months ended 31 December 2020

	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 2020 (audited):									
Opening balance		931,811	3,937	(10,792)	323,635	(1,054)	(5,206)	(3,071)	1,239,260
Profit for the period		-	-	-	162,518	-	-	(1,002)	161,516
Other comprehensive income for the period, net of tax		-	-	(7,378)	-	926	(1,648)	-	(8,100)
Payment of dividends	4	-	-	-	(114,141)	-	-	-	(114,141)
Share based payments		-	2,664	-	-	-	-	-	2,664
Dividends reinvested	3	23,032	-	-	-	-	-	-	23,032
Employee LTI shares exercised	3	6,353	-	-	-	-	-	-	6,353
Employee share plan shares issued	3	358	-	-	-	-	-	-	358
Employee share issue costs	3	(68)	-	-	-	-	-	-	(68)
Balance at 30 June 2020		961,486	6,601	(18,170)	372,012	(128)	(6,854)	(4,073)	1,310,874

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

For the six months ended 31 December 2020

	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 2020 (unaudited):									
Opening balance		961,486	6,601	(18,170)	372,012	(128)	(6,854)	(4,073)	1,310,874
Profit for the period		-	-	-	92,865	-	-	104	92,969
Other comprehensive income for the period, net of tax		-	-	(13)	-	(847)	(384)	-	(1,244)
Payment of dividends	4	-	-	-	(59,225)	-	-	-	(59,225)
Share based payments		-	2,183	-	-	-	-	-	2,183
Dividends reinvested	3	27,553	-	-	-	-	-	-	27,553
Employee LTI shares exercised	3	3,056	-	-	-	-	-	-	3,056
Employee share plan shares issued	3	825	-	-	-	-	-	-	825
Employee share issue costs	3	(70)	-	-	-	-	-	-	(70)
Balance at 31 December 2020		992,850	8,784	(18,183)	405,652	(975)	(7,238)	(3,969)	1,376,921

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2020

	Notes	31 Dec 20 A\$'000 (unaudited)	31 Dec 19 A\$'000 (unaudited)	30 Jun 20 A\$'000 (audited)
Current assets				
Cash and cash equivalents		294,076	274,420	244,778
Trade and other receivables		1,098,930	1,107,458	1,022,587
Prepayments		18,832	12,496	12,484
Inventories		759,360	728,726	737,699
Current tax refundable		1,574	13,774	2,177
Other financial assets – derivatives	8	-	-	109
Total current assets		2,172,772	2,136,874	2,019,834
Non-current assets				
Property, plant and equipment		169,049	172,992	173,704
Capital work in progress		5,930	12,343	5,783
Prepayments		160	517	327
Deferred tax assets		131,025	125,712	131,039
Goodwill	10	993,941	966,763	969,623
Indefinite life intangibles		122,716	123,856	122,500
Finite life intangibles		42,145	41,870	43,792
Right of use assets		210,156	228,408	222,931
Investment in associates		44,229	42,607	46,679
Other financial assets		10,266	7,008	10,578
Total non-current assets		1,729,617	1,722,076	1,726,956
Total assets		3,902,389	3,858,950	3,746,790
Current liabilities				
Trade and other payables		1,481,764	1,458,159	1,413,914
Bank loans	7	327,856	202,189	246,921
Lease liabilities		35,324	34,737	33,846
Current tax payable		22,357	20,375	17,505
Employee benefits		45,275	35,071	42,774
Other financial liabilities – derivatives	8	13,059	10,324	12,629
Total current liabilities		1,925,635	1,760,855	1,767,589
Non-current liabilities				
Bank loans	7	275,000	464,209	324,916
Lease liabilities		191,197	205,999	203,300
Trade and other payables		3,315	3,355	3,988
Deferred tax liabilities		122,611	135,715	128,825
Employee benefits		7,710	6,889	7,298
Total non-current liabilities		599,833	816,167	668,327
Total liabilities		2,525,468	2,577,022	2,435,916
Net assets		1,376,921	1,281,928	1,310,874
Equity				
Share capital	3	992,850	947,465	961,486
Share based payments reserve		8,784	5,308	6,601
Foreign currency translation reserve		(18,183)	(7,761)	(18,170)
Retained earnings		405,652	348,937	372,012
Equity instruments fair valued through other comprehensive income		(975)	(3,832)	(128)
Cash flow hedge reserve		(7,238)	(5,360)	(6,854)
Equity attributable to owners of the company		1,380,890	1,284,757	1,314,947
Non-controlling interests		(3,969)	(2,829)	(4,073)
Total equity		1,376,921	1,281,928	1,310,874

EBOS GROUP LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2020

Notes	Six months 31 Dec 20 A\$'000 (unaudited)	Six months 31 Dec 19 A\$'000 (unaudited)	Year ended 30 Jun 20 A\$'000 (audited)
Cash flows from operating activities			
	4,649,732	4,204,450	8,725,652
	292	761	1,387
	5,477	315	630
	(4,501,207)	(4,082,531)	(8,397,655)
	(41,205)	(32,579)	(69,037)
	(14,343)	(16,188)	(31,785)
5	98,746	74,228	229,192
Cash flows from investing activities			
	77	346	369
	(6,191)	(5,429)	(18,310)
	(1,720)	(6,018)	(5,918)
	(2,312)	(2,583)	(5,053)
	-	-	(3,694)
10	(22,936)	(30,261)	(40,868)
	(497)	-	143
	(33,579)	(43,945)	(73,331)
Cash flows from financing activities			
3	31,364	15,654	29,675
	62,420	132,972	40,630
	(31,740)	-	(1,236)
	(17,424)	(15,451)	(31,957)
	(61,147)	(55,508)	(111,834)
	(16,527)	77,667	(74,722)
	48,640	107,950	81,139
	658	(150)	(2,981)
	244,778	166,620	166,620
	294,076	274,420	244,778

EBOS GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2020

1. FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZGAAP"). 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 2020.

The accounting policies adopted 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 20 A\$'000 (unaudited)	Six months 31 Dec 19 A\$'000 (unaudited)	Year ended 30 Jun 20 A\$'000 (audited)
(a) Revenue			
Community Pharmacy	2,683,823	2,561,903	5,090,153
Institutional Healthcare	1,360,648	1,252,258	2,565,111
Contract Logistics Services	42,886	36,225	74,107
Contract Logistics Sales	354,384	310,148	638,149
Consumer Products	52,062	57,905	115,438
Interdivisional eliminations	(84,284)	(52,935)	(142,530)
Healthcare	4,409,519	4,165,504	8,340,428
Animal Care	243,779	210,623	425,112
	4,653,298	4,376,127	8,765,540

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

For the six months ended 31 December 2020

2. PROFIT FROM OPERATIONS (Continued)

	Six months 31 Dec 20 A\$'000 (unaudited)	Six months 31 Dec 19 A\$'000 (unaudited)	Year ended 30 Jun 20 A\$'000 (audited)
(b) Profit before income tax expense			
Profit before income tax has been arrived at after charging the following expenses by nature:			
One-off items (1)	(1,921)	(1,240)	(2,600)
Cost of sales	(4,160,581)	(3,924,743)	(7,843,282)
Write-down of inventory	(4,157)	(1,976)	(4,450)
Impairment loss on trade and other receivables	(412)	(617)	(1,095)
Depreciation of property, plant and equipment	(10,387)	(9,480)	(19,523)
Depreciation on right of use assets	(19,875)	(18,139)	(37,347)
Amortisation of finite life intangibles	(6,047)	(8,231)	(16,276)
Operating lease and rental expenses	(2,278)	(2,515)	(5,091)
Donations	(48)	(45)	(419)
Employee benefit expense	(163,075)	(145,443)	(302,535)
Defined contribution plan expense	(9,013)	(8,578)	(17,222)
Other expenses	(132,449)	(125,397)	(258,602)
Total expenses	(4,510,243)	(4,246,404)	(8,508,442)

(1) One-off items comprise merger and acquisition costs.

3. SHARE CAPITAL

	No. '000	Six months 31 Dec 20 A\$'000 (unaudited)	No. '000	Six months 31 Dec 19 A\$'000 (unaudited)	No. '000	Year ended 30 Jun 20 A\$'000 (audited)
Fully paid ordinary shares						
Balance at beginning of period	162,864	961,486	161,708	931,811	161,708	931,811
Dividend reinvested – April	-	-	-	-	724	13,731
October	1,233	27,553	415	9,301	415	9,301
Issue of shares to staff under employee share plan	37	825	-	-	17	358
Employee share issue costs	-	(70)	-	-	-	(68)
Shares vested under the long term executive incentive scheme	-	3,056	-	6,353	-	6,353
	164,134	992,850	162,123	947,465	162,864	961,486

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

For the six months ended 31 December 2020

4. DIVIDENDS

	AUD Cents per share	Six months 31 Dec 20 A\$'000 (unaudited)	AUD Cents per share	Six months 31 Dec 19 A\$'000 (unaudited)	AUD Cents per share	Year ended 30 Jun 20 A\$'000 (audited)
Recognised amounts						
Fully paid ordinary shares						
Final – prior year	36.5	59,225	35.0	56,378	35.0	56,378
Interim – current year	-	-	-	-	35.9	57,763
	36.5	59,225	35.0	56,378	70.9	114,141
Unrecognised amounts						
Final dividend	-	-	-	-	37.4	60,846
Interim dividend	39.9	65,460	36.1	58,468	-	-
	39.9	65,460	36.1	58,468	37.4	60,846

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 42.5 New Zealand cents per share on 16 February 2021. The record date for the dividend is 12 March 2021 and the dividend will be paid on 1 April 2021.

The following table shows dividends approved in New Zealand dollars:

	Six months 31 Dec 20 NZD Cents per share	Six months 31 Dec 2019 NZD Cents per share	Year ended 30 Jun 20 NZD Cents per share
Recognised amounts			
Fully paid ordinary shares			
Final – prior year	40.0	37.0	37.0
Interim – current year	-	-	37.5
	40.0	37.0	74.5
Unrecognised amounts			
Final dividend	-	-	40.0
Interim dividend	42.5	37.5	-
	42.5	37.5	40.0

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 2020

5. NOTES TO THE CASH FLOW STATEMENT

	Six months 31 Dec 20 A\$'000 (unaudited)	Six months 31 Dec 19 A\$'000 (unaudited)	Year ended 30 Jun 20 A\$'000 (audited)
Reconciliation of profit for the period with cash flows from operating activities			
Profit for the period	92,969	81,922	161,516
Add/(less) non-cash items:			
Depreciation of property, plant and equipment	10,387	9,480	19,523
Depreciation on right of use assets	19,875	18,139	37,347
Amortisation of finite life intangibles	6,047	8,231	16,276
(Gain)/loss on sale of property, plant and equipment	(70)	51	88
Share of profits from associates, net of dividends received	(2,855)	(1,632)	(3,355)
Expense recognised in respect of share based payments	2,183	1,371	2,664
Deferred tax	(5,158)	8,227	(3,253)
	<u>30,409</u>	<u>43,867</u>	<u>69,290</u>
Movements in working capital:			
Trade and other receivables	(76,343)	(209,662)	(124,791)
Prepayments	(6,181)	(2,760)	(2,558)
Inventories	(21,661)	(5,209)	(14,182)
Current tax refundable/payable	5,455	(6,199)	2,528
Trade and other payables	67,177	159,254	115,642
Employee benefits	2,913	(5,457)	2,655
Foreign currency translation of working capital balances	387	158	210
	<u>(28,253)</u>	<u>(69,875)</u>	<u>(20,496)</u>
Balances classified as investing activities	(3,784)	9,610	10,092
Working capital items acquired on acquisition	7,405	8,704	8,790
Net cash inflow from operating activities	<u>98,746</u>	<u>74,228</u>	<u>229,192</u>

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

For the six months ended 31 December 2020

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, own brands, retail healthcare, pharmacy 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 2020 (unaudited):				
Revenue from external customers	4,409,519	243,779	-	4,653,298
EBITDA	159,427	33,924	(11,132)	182,219
Depreciation of property, plant and equipment	(9,964)	(423)	-	(10,387)
Depreciation on right of use assets	(16,635)	(2,668)	(572)	(19,875)
Amortisation of finite life intangibles	(5,951)	(96)	-	(6,047)
EBIT	126,877	30,737	(11,704)	145,910
Net finance costs	-	-	(14,051)	(14,051)
Income tax (expense)/credit	(37,141)	(8,467)	6,718	(38,890)
Profit for the period	89,736	22,270	(19,037)	92,969
Non-controlling interests	(104)	-	-	(104)
Profit for the period attributable to owners of the Company	89,632	22,270	(19,037)	92,865
Six months ended 31 December 2019 (unaudited):				
Revenue from external customers	4,165,504	210,623	-	4,376,127
EBITDA	145,833	28,490	(7,118)	167,205
Depreciation of property, plant and equipment	(9,081)	(399)	-	(9,480)
Depreciation on right of use assets	(14,956)	(2,611)	(572)	(18,139)
Amortisation of finite life intangibles	(7,224)	(1,007)	-	(8,231)
EBIT	114,572	24,473	(7,690)	131,355
Net finance costs	-	-	(15,427)	(15,427)
Income tax (expense)/credit	(33,710)	(6,789)	6,493	(34,006)
Profit for the period	80,862	17,684	(16,624)	81,922
Non-controlling interests	(242)	-	-	(242)
Profit for the period attributable to owners of the Company	80,620	17,684	(16,624)	81,680

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

For the six months ended 31 December 2020

6. SEGMENT INFORMATION (Continued)

	Healthcare A\$'000	Animal Care A\$'000	Corporate A\$'000	Group A\$'000
Year ended 30 June 2020 (audited):				
Revenue from external customers	8,340,428	425,112	-	8,765,540
EBITDA	290,408	57,658	(14,467)	333,599
Depreciation of property, plant and equipment	(18,724)	(799)	-	(19,523)
Depreciation on right of use assets	(31,012)	(5,193)	(1,142)	(37,347)
Amortisation of finite life intangibles	(14,416)	(1,860)	-	(16,276)
EBIT	226,256	49,806	(15,609)	260,453
Net finance costs	-	-	(30,396)	(30,396)
Income tax (expense)/credit	(64,769)	(13,864)	10,092	(68,541)
Profit for the year	161,487	35,942	(35,913)	161,516
Non-controlling interests	1,002	-	-	1,002
Profit for the year attributable to owners of the Company	162,489	35,942	(35,913)	162,518

For the six months ended 31 December 2020

6. SEGMENT INFORMATION (Continued)

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

The following balance sheet and cash flow items are not allocated to operating segments as they are not reported to the chief operating decision maker at a segment level:

- Assets
- Liabilities
- Capital expenditure

(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; New Zealand (country of domicile) and Australia.

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 20 A\$'000 (unaudited)	Six months 31 Dec 19 A\$'000 (unaudited)	Year ended 30 Jun 20 A\$'000 (audited)
Revenue from external customers			
New Zealand	927,077	861,857	1,720,144
Australia	3,726,221	3,514,270	7,045,396
	<u>4,653,298</u>	<u>4,376,127</u>	<u>8,765,540</u>
Non-current assets			
New Zealand	353,173	362,616	354,416
Australia	1,201,190	1,191,141	1,194,822
	<u>1,554,363</u>	<u>1,553,757</u>	<u>1,549,238</u>

(f) Information about major customers

No revenues from transactions that are with a single customer amount to 10% or more of EBOS' revenues for the period (December 2019: Nil, June 2020: Nil).

7. BANK FACILITY AND BORROWINGS

The Group fully complies with and operates within the financial covenants under the arrangements with its bankers. At 31 December 2020 the Group had unutilised term and working capital facilities of \$331.9m (December 2019: \$171.9m, June 2020: \$300.3m).

The Group also has a trade debtor securitisation facility of which \$158.2m was unutilised at 31 December 2020 (December 2019: \$198.0m, June 2020: \$220.6m).

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

For the six months ended 31 December 2020

7. BANK FACILITY AND BORROWINGS (Continued)

As at 31 December 2020, the maturity profile of the Group's term debt and securitisation facilities was:

Facility	Amount	Maturity
Term debt facilities (i)	\$150.0m	Less than 1 year
Term debt facilities	\$543.0m	2-3 years
Securitisation facility	\$400.0m	2-3 years

- (i) Subsequent to 31 December 2020, the Group refinanced \$443.0m of bank term loans and working capital facilities. The limit was increased to \$465.0m and the maturity dates were extended to February 2024 for \$172.0m of debt facilities and May 2025 for \$293.0m of debt facilities.

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 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 20 A\$'000 (unaudited)	Six months 31 Dec 19 A\$'000 (unaudited)	Year ended 30 Jun 20 A\$'000 (audited)
Fair value of derivative financial instruments			
Other financial assets – derivatives (at fair value)			
Forward foreign exchange contracts	-	-	109
	-	-	109
Other financial liabilities – derivatives (at fair value)			
Forward foreign exchange contracts	(3,179)	(454)	(367)
Interest rate swaps	(9,880)	(9,870)	(12,262)
	(13,059)	(10,324)	(12,629)

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 are valued using a discounted cash flow valuation. Key inputs for the valuation of interest rate swaps 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 or interest rate swaps during the current reporting period.

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

For the six months ended 31 December 2020

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

The following acquisitions of subsidiaries took place during the period.

Name of business acquired	Principal activities	Date of acquisition	Cost of acquisition A\$'000
2021:			
100% of the assets and liabilities of Cryomed (Cryomed)	Healthcare	October 2020	22,028
100% of the assets of CH2 Vet	Animal Care	November 2020	9,242
			31,270

Combined details of acquisitions undertaken during the current period are as follows:

	Carrying value A\$'000 (unaudited)	Fair value adjustment A\$'000 (unaudited)	Fair value on acquisition A\$'000 (unaudited)
Current assets			
Trade and other receivables	2,528	(103) ¹	2,425
Prepayments	8	-	8
Inventories	7,627	(1,499) ²	6,128
Non-current assets			
Deferred tax assets	-	570 ³	570
Current liabilities			
Trade and other payables	(789)	(294) ⁴	(1,083)
Employee benefits	(73)	-	(73)
Net assets acquired			
	9,301	(1,326)	7,975
Goodwill on acquisition			23,295
Total consideration			31,270
Less deferred purchase consideration			(8,334)
Net cash outflow from acquisition			22,936

1. To recognise the fair value of trade and other receivables on acquisition.
2. To recognise the fair value of inventories on acquisition.
3. To recognise deferred tax assets on acquisition.
4. To recognise the fair value of trade and other payables on acquisition.

Due to the timing of the acquisitions the above figures have not yet been finalised and are currently considered provisional.

EBOS GROUP LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 31 December 2020

10. ACQUISITION INFORMATION (Continued)

Goodwill arose on the acquisition of the business operations of Cryomed and CH2 Vet because the cost of acquisition included a control premium paid. In addition, goodwill resulted from the consideration paid for the benefit of future expected cash flows above the current fair value of the assets acquired and the expected synergies and future market benefits expected to be obtained. These benefits are not recognised separately from goodwill as the expected future economic benefits arising cannot be reliably measured and they do not meet the definition of identifiable intangible assets.

Cryomed was acquired as it is a profitable Australasian medical device business which the Group believes fits strategically with its Australasian healthcare business assets.

CH2 Vet was acquired as it is a profitable Australian animal care business which the Group believes fits strategically with its Australian animal care business assets.

Deferred consideration of \$8.3m has been recognised as future EBITDA earn out targets of the businesses acquired, on which the consideration is payable, are expected to be achieved.

The impact of the acquisitions on the results of the Group are not considered material and are therefore not disclosed in the Interim Report.

11. EVENTS AFTER BALANCE DATE

Subsequent to 31 December 2020, the Board approved an interim dividend to shareholders. For further details please refer to Note 4.

Subsequent to 31 December 2020, the Group refinanced \$443.0m of bank term loans and working capital facilities. For further details please refer to Note 7.

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