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Constant currency information contained within this report is non-conforming financial information, as defined by the NZ FMA and has been provided to assist users of financial information to better understand and assess the company's financial performance without the impacts of spot financial currency fluctuations and hedging results, and has been prepared on a consistent basis each financial year. A reconciliation between reported results and constant currency results is available on page 15 of this report. The company's constant currency framework can be found on our website at www.fphcare.com/ccf.

This report is dated 24 November 2020 and is signed on behalf of Fisher & Paykel Healthcare Corporation Limited by Scott St John, Chairman and Lewis Gradon, Managing Director and Chief Executive Officer.



SCOTT ST JOHN, CHAIRMAN



LEWIS GRADON, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

ADAPTING AT PACE

Guided by a strong sense of purpose, we have adapted at pace to answer the global call. **ACCELERATING** the production of devices and systems that help patients breathe. **MAINTAINING** strong connections between our customers, distribution partners and sales representatives. **DEVELOPING** resources to maximise the impact of the life-sustaining products we design and manufacture. It's all about **CARING**, and it's what we do.

Half year financial highlights

OPERATING REVENUE

\$910.2M

▲ 59% | 1H FY20 \$570.9M

NET PROFIT AFTER TAX

\$225.5M

▲ 86% | 1H FY20 \$121.2M

GROSS MARGIN

61.7%

INTERIM DIVIDEND FULLY IMPUTED

16CPS

▲ 33% | 1H FY20 12CPS

SPEND ON R&D

\$64.6M

7% OF OPERATING REVENUE

HOSPITAL REVENUE

\$681.0M

▲ 93% | 1H FY20 \$353.6M

HOSPITAL HARDWARE REVENUE GROWTH

↑383%

(CONSTANT CURRENCY)

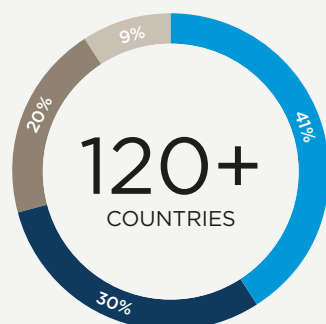
NEW APPLICATIONS CONSUMABLES REVENUE GROWTH

↑43%

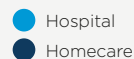
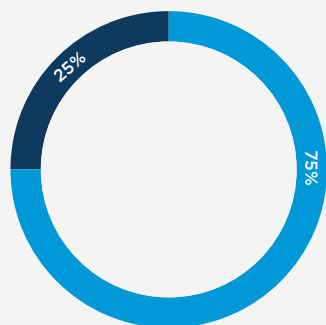
(CONSTANT CURRENCY)

Half year business updates

REVENUE BY REGION 6 MONTHS TO 30 SEPTEMBER 2020



REVENUE BY PRODUCT GROUP 6 MONTHS TO 30 SEPTEMBER 2020



+ CONTRIBUTED

to the global fight against COVID-19 by increasing manufacturing production on some hospital hardware devices by more than six times.

+ APPOINTED

Scott St John as chair of the Board, replacing director Tony Carter, who retired in August.

+ DEVELOPED

a new education website to provide training and support to clinicians treating patients with COVID-19.

+ LAUNCHED

F&P Evora™ compact nasal mask in the US, and a patient mask app in the US, Canada, Australia and UK.

+ PRESENTED

a virtual Nasal High Flow/ COVID-19 symposium for 900 attendees at the European Respiratory Society Congress 2020.

+ ACCELERATED

the installation of production lines in the Daniell Building, our fourth manufacturing facility in New Zealand.

+ COMMENCED

planning for a third manufacturing facility in Mexico to be completed in financial year 2023.

Product group overview

Our business is structured in two parts: Hospital and Homecare.

Hospital

Our Hospital product group includes products used in invasive ventilation, non-invasive ventilation, nasal high flow therapy, and laparoscopic and open surgery. Not only do these products help healthcare providers improve patient outcomes, they often deliver economic benefits as well, by reducing the need to escalate care and shortening patient stays in hospital.

75%

OF OPERATING REVENUE

OPERATING REVENUE
1H FY21 \$681.0M

↑93%

CONSTANT CURRENCY REVENUE FROM
NEW APPLICATIONS CONSUMABLES

↑43%

Homecare

The Homecare product group includes devices and systems used to treat obstructive sleep apnea (OSA) and provide respiratory support in the home. These include our CPAP therapy masks as well as flow generators, interfaces, and data management technologies.

25%

OF OPERATING REVENUE

OPERATING REVENUE
1H FY21 \$226.2M

↑ 5%

CONSTANT CURRENCY
REVENUE

↑ 6%

Half year review

We typically begin this letter by reflecting on our achievements over the past six months. As the world continues to grapple with a pandemic, we believe it is more fitting to start by expressing our thanks and admiration for our customers, the healthcare providers who have responded with care and courage.

We would also like to thank our own teams across the business for their contributions to ensuring that healthcare providers have the equipment they need to care for patients. Lifting production on our most-needed products has required an extraordinary effort from our people, as well as their partners and family members.

Moreover, we would like to thank our suppliers for going above and beyond to provide the raw materials, components and services required to answer the global call for our products.

For the first six months of the 2021 financial year, we are reporting strong financial performance. Operating revenue was

\$910.2 million, up 59 per cent over the previous financial year, or 61 per cent in constant currency. Net profit after tax was \$225.5 million, up 86 per cent, or 87 per cent in constant currency.

Growth continued to be driven by hospital hardware and consumables sales, most notably strong demand for our Optiflow and Airvo systems used for treating COVID-19 patients. This reflected a worldwide change in clinical practice. Informed by emerging studies and anecdotal evidence, respiratory specialists began leading with nasal high flow therapy before resorting to ventilators.

In our Hospital product group, revenue was \$681.0 million, which was a 93 per cent increase over the first half of the 2020 financial year, or 94 per cent in constant currency. Sales in hardware and consumables tracked the surges in COVID-19 globally, as the virus swept across Europe, North America, South America and South Asia.

In our Homecare product group, revenue for the first half was \$226.2 million, which was a 5 per cent increase over the first half of the 2020 financial year, or 6 per cent in constant currency. The first half was challenging for our sales team in obstructive sleep apnea products. Many sleep clinics were closed,



SCOTT ST JOHN
Chairman



LEWIS GRADON
Managing Director
and Chief Executive Officer

We are grateful to our people for responding to the global call with such commitment and dedication.

SCOTT ST JOHN
Chairman

resulting in a reduction in new patient diagnoses. Customers have responded positively to our F&P Evora™ and F&P Vitera™ masks for OSA, and we are confident these are great products that have yet to reach their full potential.

Throughout the pandemic, we have adapted to changing conditions and emerging challenges. We continue to put health and safety first, requiring the use of masks throughout our New Zealand and Mexico facilities and maintaining social distancing protocols.

Face-to-face meetings with customers have been limited, so we are using virtual tools to support our hospital customers, sleep clinics and distribution partners. Our sales representatives have been partnering with clinicians to host educational webinars, and our in-house product and clinical specialists have launched a website to provide urgently needed training and resources.

Key opinion leaders have become outspoken advocates for our products and therapies. One of our long-time collaborators, Dr Gerard Criner from Temple University, contributed to an important study (published in May) on using nasal high flow therapy to treat COVID-19 patients. The benefits of nasal high flow therapy are now mentioned daily in the media. The exposure clinicians have had

to our hardware bodes well for treating respiratory patients in hospitals for the long term.

New products and markets

While significantly increasing production on our humidification systems and products for nasal high flow therapy, we have continued to innovate and release products into new markets. We launched the F&P Nivairo™+ mask for noninvasive ventilation into several Asian countries and our vented Nivairo mask into the US. We also released our Optiflow 3S interface in the US. For patients using nasal high flow therapy in the home, we launched new myAirvo tube and chamber kits for adults and children, and home versions of Optiflow Junior interfaces for infants in Europe, Canada and Australia.

Facilities

We continue to plan ahead for our facilities needs and expand our manufacturing capacity. When COVID-19 restrictions were eased, we accelerated the opening of the Daniell Building, our fourth building in New Zealand. In addition to housing some of our research and development teams, the new space expands our manufacturing and distribution space, so we can rebuild stock to pre-COVID-19 inventory levels.

We have commenced planning on our third manufacturing facility in Tijuana, Mexico, and we expect it to be ready for occupancy in the 2023 financial year.

Dividend

The Board of Directors has approved a fully imputed interim dividend of 16 cents per share for the six months to 30 September 2020, which is an increase of 33 per cent on the first half of the prior year. The dividend will be paid on 16 December 2020.

Board and management

Director Scott St John took the helm as chair of the Board following Tony Carter's retirement in August, and Neville Mitchell was appointed chair of the Audit & Risk Committee.

On our executive management team, Nicola Talbot has been appointed VP Human Resources following Debra Lumsden's departure to pursue other opportunities. Nicola has more than 20 years of experience with Fisher & Paykel Healthcare. She has been involved in establishing our global offices, recruiting, developing and supporting our people in 39 countries.

An extraordinary effort

We believe it's important to recognise and reward our people across the company. Consistent with this belief, the Board has approved a profit-sharing bonus totalling \$12 million to everyone who has worked with us for a qualifying period.

As always, we are grateful to our shareholders for supporting us during this extraordinary year. At a time in history that defies expectations, we are still doing what we do best – designing, manufacturing and delivering products that improve care and outcomes for patients. Whatever the future holds, we will keep adapting at pace.



SCOTT ST JOHN
CHAIRMAN



LEWIS GRADON
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER



Financial report

Financial commentary

INCOME STATEMENTS

For the six months ended 30 September	2019 NZ\$M	2020 NZ\$M	Change Reported %	Change CC (1) %
Operating revenue	570.9	910.2	+59	+61
Gross profit	382.9	561.9	+47	+51
Gross margin	67.1%	61.7%	-534 bps	-420 bps
SG&A expenses	(162.9)	(188.1)	+15	+16
R&D expenses	(54.0)	(64.6)	+20	+20
Total operating expenses	(216.9)	(252.7)	+17	+17
Operating profit	166.0	309.2	+86	+95
Operating margin	29.1%	34.0%	489 bps	610 bps
Financing income/(expenses) (net)	(6.3)	3.8	-	-
Profit before tax	159.7	313.0	+96	+94
Taxation	(38.5)	(87.5)	+127	+117
Profit after tax	121.2	225.5	+86	+87

¹ Constant currency (CC) removes the impact of exchange rate movements. This approach is used to assess the Group's underlying comparative financial performance without any distortion from changes in foreign exchange rates. A full reconciliation and basis of preparation is set out on page 15.

Total profit after tax for the period was up 86% to \$225.5 million (87% in constant currency).

Revenue

Operating revenue was \$910.2 million, 59% higher than the same period last year or 61% in constant currency. Hospital revenue grew 94% in constant currency driven by the demand for products used to treat COVID-19 patients. Homecare revenue increased 6% in constant currency.

Gross margin

Gross margin decreased by 420 basis points in constant currency due to additional air freight to expedite deliveries in response to COVID-19. Gross margin excluding additional freight was 65.9%, which was above our long term target of 65% and in line with last year in constant currency.

Operating expenses

Operating expenses increased 17% (17% in constant currency) to \$252.7 million, reflecting ongoing expenditure to support global sales growth and COVID-19 response operating costs. This more than offset lower travel and sales event-related activities in the current period following global COVID-19 travel restrictions.

Research & development (R&D) spend of \$64.6 million grew 20%. Over the long term we expect R&D spend to grow on average in line with constant currency revenue growth.

Financing expenses

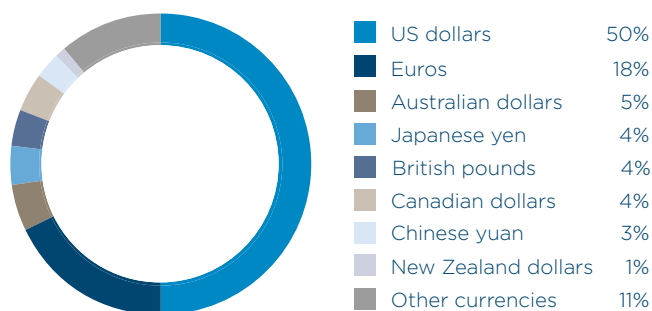
Total reported financing expenses decreased to be net income – driven, mainly by the gain on foreign currency interest-bearing liabilities, including lease liabilities. Excluding the impact of foreign currency movements, net financing expense increased by \$0.5M.

Tax

Our effective tax rate for the period was 28.0% up from 24.1% in the prior period. Excluding the benefit from the R&D tax credit, the effective tax rate was 30.0% for the period (2019: 28.2%), reflecting the effect of foreign currency translations. The R&D tax credit reported this year of \$6.4 million (2019: \$6.6 million) represents the estimated eligible R&D expenditure incurred during the period.

FOREIGN CURRENCY IMPACTS

The Group is exposed to movements in foreign exchange rates, with operating revenue generated in a wide range of currencies as shown below.



Approximately 61% of COGS and over 49% of operating expenses are in currencies other than NZD.

The volatility in foreign currency markets which saw the NZD/USD spot rate decline to below 0.60 prior to 31 March 2020 has eased, with the NZD/USD at 0.66 at 30 September 2020. This resulted in significant changes in the valuation of derivatives and other balances denominated in foreign currency, including foreign accounts receivable and foreign currency debt at 30 September 2020 compared to 31 March 2020. The effect of these balance sheet translations for the period decreased operating revenue by \$10.6 million (2019: \$8.5 million increase) and reduced profit after tax by \$3.6 million (2019: \$0.8 million increase). Foreign exchange hedging resulted in a pre-tax loss of \$1.4 million (2019: \$2.8 million loss).

The NZD strengthened over the six-month period from 31 March 2020. Compared to the prior period, both the average daily spot rate and the average conversion exchange rate (i.e. the accounting rate, incorporating the effect of foreign currency hedging in respect of the relevant financial period) decreased as set out in the table below.

Average daily spot and conversion rates for the period ended 30 September

Period ended 30 September	Average daily spot rate		Average conversion exchange rate	
	2019	2020	2019	2020
USD	0.6556	0.6403	0.6700	0.6551
EUR	0.5866	0.5639	0.5859	0.5559

Foreign exchange hedging position

The hedging position for our main currency exposures as at 13 November 2020 is:

Year to 31 March	2021	2022	2023	2024	2025	2026-27
USD % cover of expected exposure	95%	75%	40%	30%	30%	0%
USD average rate of cover	0.654	0.658	0.637	0.630	0.624	-
EUR % cover of expected exposure	95%	70%	55%	35%	35%	5%
EUR average rate of cover	0.554	0.538	0.521	0.509	0.502	0.470

Hedging cover has been rounded to the nearest 5%.

CASH FLOWS

The full statement of cash flows is provided on page 19.

	2019 NZ\$M	2020 NZ\$M	Change NZ\$M
For the six months ended 30 September			
Operating profit before financing costs	166.0	309.2	143.2
Plus depreciation and amortisation (including leased assets)	28.5	37.0	8.5
Change in working capital and other	(21.2)	(45.5)	(24.3)
Net interest paid (including lease liabilities)	(1.7)	(1.9)	(0.2)
Net income tax paid	(58.1)	(80.7)	(22.6)
Operating cash flows	113.5	218.1	104.6
Lease repayments*	(4.3)	(5.3)	(1.0)
Purchase of land and buildings	(43.0)	(13.5)	29.5
Purchase of plant and equipment	(30.4)	(64.9)	(34.5)
Purchase of intangible assets	(13.2)	(16.1)	(2.9)
Free cash flows	22.6	118.3	95.7
Dividends paid	(77.5)	(89.1)	(11.6)

+ Free cash flows includes lease liability repayments following the adoption of NZ IFRS 16.

Operating cash flows

Cash flows from operations for the period increased 92% to \$218.1 million. Working capital was impacted by a significant increase in receivables from higher sales and higher inventory levels.

Capital expenditure

Property, plant and equipment purchases for the period were \$78.4 million, an increase from \$5.0 million from the prior period. Purchases this year primarily related to production tooling and equipment costs and finalisation of building projects in New Zealand.

BALANCE SHEET

	31 March 2020 NZ\$M	30 September 2020 NZ\$M	Change NZ\$M
As at			
Trade receivables	192.9	210.1	17.2
Inventories	146.5	233.6	87.1
Less trade and other payables*	(108.5)	(113.7)	(5.2)
Working capital	230.9	330.0	99.1
Property, plant and equipment**	735.3	777.0	41.7
Intangible assets	73.9	78.9	5.0
Other net assets/(liabilities)	(74.9)	(11.3)	63.6
Lease liabilities	(33.6)	(29.6)	4.0
Net cash/(debt)	42.2	78.1	35.9
Net assets	973.8	1,223.1	249.3

* Trade and other payables exclude all non-current payables and all employee entitlements and provisions

** Property, plant and equipment includes lease assets recognised

Our balance sheet remains strong with net cash of \$78.1 million.

Trade receivables have increased largely due to strong sales, offset by unfavourable foreign currency translation movements. Our debtors days are 44 days, a slight improvement from 45 days in the prior period. Higher inventories reflect a buildup in raw materials to enable us to meet potential heightened demand and increased finished goods following lower levels in March 2020.

The increase in property, plant and equipment includes recognition of capital investment of \$78.4 million of which \$64.9 million related to production tooling and equipment costs. These increases are offset by \$28.0 million of depreciation.

Construction work on the Daniell Building (our fourth building) was completed in June 2020 on our Auckland, New Zealand campus. Total spend on this project was \$146 million.

Intangible assets have increased by \$5.0 million including patent acquisition costs and ERP implementation costs.

Other net assets/liabilities movements included a significant increase in net derivative instrument assets of \$147.2 million, partially offset by the associated deferred tax movements of \$41.2 million. The NZD accelerated decline as the last financial year ended has now largely reversed. This resulted in the majority of currency derivatives that were in a liability position as at 31 March 2020 to now be in an asset position at 30 September 2020. All currency derivatives continued to be effective hedges. Other movements in net asset/liabilities include an increase in employee-related obligations and taxation payable.

Funding and short-term investments

As at	31 March 2020 NZ\$M	30 September 2020 NZ\$M	Change NZ\$M
Loans and borrowings			
– Current	(49.9)	(45.5)	4.4
– Non-current	(22.0)	(20.7)	1.3
Bank overdrafts	(30.7)	(14.0)	16.7
Total interest-bearing liabilities	(102.6)	(80.2)	22.4
Cash and cash equivalents	67.1	93.2	26.1
Short-term investments	77.7	65.1	(12.6)
Total cash and investments	144.8	158.3	13.5
Net cash (debt)	42.2	78.1	35.9
Gearing	-4.3%	-7.1%	-2.9%
Undrawn debt facilities	148.0	149.3	1.3

The average maturity of loans and borrowings of \$66.2 million at 30 September 2020 was 0.8 years and the currency split was 92% USD; 5% Australian dollars and 3% Canadian dollars (with no NZD denominated debt). Interest-bearing debt decreased by \$22.4 million including the impact of favourable currency revaluations.

Current loans and borrowings included a US\$30 million facility which expired on 1 November 2020 and has been replaced with two new NZ\$30 million multi-currency facilities commencing 14 October 2020 and expiring 30 September 2025.

We held cash balances and short-term investments, mainly in NZD, of \$158.3 million at the end of the period. This balance, and operating cash generated in the second half of FY2021, will fund the payment of the interim dividend, provisional tax and ongoing payments for capital expenditure.

Gearing¹

At 30 September 2020 the group had net cash of \$78.1 million and gearing of -7.1%. Gearing is outside the lower band of the target range of -5% to +5%. Gearing will return to the target range post the dividend payment in December and is projected to remain within the target range for the balance of the financial year.

NOTES – CONSTANT CURRENCY

Constant currency analysis is non-Generally Accepted Accounting Practice (GAAP) financial information that is not prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). Constant currency information has been provided to assist users of financial information to better understand and assess the Group's financial performance without the impacts of foreign currency fluctuations, including hedging results.

Constant currency financial information is prepared each month to enable the Board and management to monitor and assess the Group's underlying comparative financial performance without any distortion from changes in foreign exchange rates. Constant currency information is prepared on a consistent basis for reported periods restated into NZD based on "constant" exchange rates, typically the budgeted exchange rates for the current year. This information excludes the impact of movements in foreign exchange rates, hedging results and balance sheet translations.

The Group's constant currency framework can be found on the company's website at www.fphcare.com/ccf. PwC perform assurance procedures over the constant currency information.

RECONCILIATION OF CONSTANT CURRENCY TO REPORTED PROFIT AFTER TAX

	2019 NZ\$M	2020 NZ\$M	Change NZ\$M
For the six months ended 30 September			
Profit after tax (constant currency)	125.4	234.6	109.2
Spot exchange rate effect	(3.0)	(4.5)	(1.5)
Foreign exchange hedging result	(2.0)	(1.0)	1.0
Balance sheet revaluation	0.8	(3.6)	(4.4)
Profit after tax (reported)	121.2	225.5	104.3

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the year ending 31 March 2021, are USD 0.64, EUR 0.57, AUD 0.96, GBP 0.49, CAD 0.84, JPY 69 and MXN 12.30.

1. Net interest-bearing debt (debt less cash and cash equivalents and short-term investments) to net interest-bearing debt and equity (less hedging reserves). Net debt excludes all lease liabilities recognised on the adoption of IFRS 16 – Leases.

Financial statements

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2020

	Notes	Unaudited 2019 NZ\$M	Unaudited 2020 NZ\$M
Operating revenue	3	570.9	910.2
Cost of sales		(188.0)	(348.3)
Gross profit		382.9	561.9
Selling, general and administrative expenses		(162.9)	(188.1)
Research and development expenses		(54.0)	(64.6)
Total operating expenses		(216.9)	(252.7)
Operating profit before financing costs		166.0	309.2
Financing income		1.3	0.9
Financing expense		(1.9)	(2.4)
Exchange gain/(loss) on foreign currency interest-bearing liabilities		(5.7)	5.3
Net financing expense		(6.3)	3.8
Profit before tax	4	159.7	313.0
Tax expense		(38.5)	(87.5)
Profit after tax		121.2	225.5
Basic earnings per share		21.1 cps	39.2 cps
Diluted earnings per share		20.9 cps	38.9 cps

The accompanying Notes form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Unaudited 2019 NZ\$M	Unaudited 2020 NZ\$M
Profit after tax	121.2	225.5
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Foreign currency translation reserve		
Exchange differences on translation of foreign operations	2.2	(4.4)
Hedging reserves		
Changes in fair value in hedging reserves	(50.8)	143.8
Transfers to profit before tax from cash flow hedge reserve	(6.6)	2.3
Tax on above reserve movements	16.1	(40.9)
Other comprehensive income, net of tax	(39.1)	100.8
Total comprehensive income	82.1	326.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Notes	Share capital NZ\$M	Retained earnings NZ\$M	Reserves NZ\$M	Total equity NZ\$M
Balance at 31 March 2019 (audited)		219.2	549.2	144.8	913.2
Adjustment on adoption of NZ IFRS 16 (net of tax)		–	(3.4)	–	(3.4)
Balance at 1 April 2019 (unaudited)		219.2	545.8	144.8	909.8
Total comprehensive income		–	121.2	(39.1)	82.1
Dividends paid	9	–	(77.5)	–	(77.5)
Movement in share based payments reserve		2.2	–	2.1	4.3
Balance at 30 September 2019 (unaudited)		221.4	589.5	107.8	918.7
Balance at 31 March 2020 (audited)		225.4	686.3	62.1	973.8
Total comprehensive income		–	225.5	100.8	326.3
Dividends paid	9	–	(89.1)	–	(89.1)
Issue of share capital under employee share plans		18.1	–	–	18.1
Movement in treasury shares		1.3	–	–	1.3
Movement in share based payments reserve		–	–	(7.3)	(7.3)
Balance at 30 September 2020 (unaudited)		244.8	822.7	155.6	1,223.1

The accompanying Notes form an integral part of the Financial Statements.

CONSOLIDATED BALANCE SHEET

As at 30 September 2020

	Notes	Audited 31 March 2020 NZ\$M	Unaudited 30 September 2020 NZ\$M
ASSETS			
Current assets			
Cash and cash equivalents		67.1	93.2
Short-term investments		77.7	65.1
Trade and other receivables		222.7	238.2
Inventories		146.5	233.6
Derivative financial instruments	5	4.1	11.5
Tax receivable		0.6	1.5
Total current assets		518.7	643.1
Non-current assets			
Derivative financial instruments	5	14.1	65.3
Other receivables		2.3	0.8
Property, plant and equipment		735.3	777.0
Intangible assets		73.9	78.9
Deferred tax assets		90.7	66.6
Total assets		1,435.0	1,631.7
LIABILITIES			
Current liabilities			
Interest-bearing liabilities		80.6	59.5
Lease liabilities		11.6	10.3
Trade and other payables		165.6	196.7
Provisions		5.0	7.4
Tax payable		35.4	56.7
Derivative financial instruments	5	36.4	5.5
Total current liabilities		334.6	336.1

	Notes	Audited 31 March 2020 NZ\$M	Unaudited 30 September 2020 NZ\$M
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities		22.0	20.7
Lease liabilities		22.0	19.3
Provisions		1.5	6.9
Other payables		19.8	22.0
Derivative financial instruments	5	61.3	3.6
Total liabilities		461.2	408.6
EQUITY			
Share capital		225.4	244.8
Retained earnings		686.3	822.7
Reserves		62.1	155.6
Total equity		973.8	1,223.1
Total liabilities and equity		1,435.0	1,631.7

The accompanying Notes form an integral part of the Financial Statements.

On behalf of the Board
24 November 2020

Scott St John
Chairman

Lewis Graddon
Managing Director and Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Unaudited 2019 NZ\$M	Unaudited 2020 NZ\$M
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	563.8	884.0
Grants received	1.6	–
Interest received	1.6	0.8
Payments to suppliers and employees	(392.1)	(583.3)
Tax paid	(58.1)	(80.7)
Interest paid	(2.4)	(1.9)
Lease interest paid	(0.9)	(0.8)
Net cash flows from operating activities	113.5	218.1
CASH FLOWS FROM INVESTING ACTIVITIES		
Net short-term investments	47.5	12.6
Purchases of property, plant and equipment	(73.4)	(78.4)
Purchases of intangible assets	(13.2)	(16.1)
Net cash flows from investing activities	(39.1)	(81.9)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of share capital under employee share plans	1.2	1.5
New borrowings	15.0	–
Repayment of borrowings	(15.0)	–
Lease liability payments	(4.3)	(5.3)
Dividends paid	(77.5)	(89.1)
Net cash flows from financing activities	(80.6)	(92.9)
Net increase (decrease) in cash	(6.2)	43.3
Opening cash	30.9	36.4
Effect of foreign exchange rates	(0.4)	(0.5)
Closing cash	24.3	79.2
RECONCILIATION OF CLOSING CASH		
Cash and cash equivalents	48.4	93.2
Bank overdrafts	(24.1)	(14.0)
Closing cash	24.3	79.2

	Unaudited 2019 NZ\$M	Unaudited 2020 NZ\$M
CASH FLOW RECONCILIATION		
Profit after tax	121.2	225.5
Add (deduct) non-cash items:		
Depreciation – right-of-use assets	4.7	5.0
Depreciation and amortisation – other assets	23.8	32.0
Share based payments	2.9	3.7
Movement in provisions	(1.4)	7.8
Movement in deferred tax assets / liabilities	(8.4)	(21.4)
Movement in net tax payables	(10.4)	32.0
Foreign currency translation	2.3	(7.4)
Other non-cash items	(2.1)	3.8
	11.4	55.5
Net working capital movements:		
Trade and other receivables	(7.4)	(14.1)
Inventories	(10.2)	(87.1)
Trade and other payables	(1.5)	38.3
	(19.1)	(62.9)
Net cash flows from operating activities	113.5	218.1

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL INFORMATION

Reporting entity

Fisher & Paykel Healthcare Corporation Limited (the "Company" or "Parent") together with its subsidiaries (the "Group") is a leading designer, manufacturer and marketer of medical device products and systems for use in both hospital and homecare settings. Products are sold in over 120 countries worldwide. The Company is a limited liability company incorporated and domiciled in New Zealand.

Statement of compliance

The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The Company is also listed on the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX).

Basis of preparation

These consolidated financial statements for the six months ended 30 September 2020 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting (NZ IAS 34) and International Accounting Standard 34: Interim Financial Reporting (IAS 34). The Company and Group are designated as profit-oriented entities for financial reporting purposes.

These consolidated financial statements do not include all of the notes normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2020.

Presentation currency

These consolidated financial statements are presented in New Zealand dollars (NZD) to the nearest hundred thousand dollars unless otherwise stated.

Accounting policies

All accounting policies have been applied on a basis consistent with those used and described in the audited consolidated financial statements for the year ended 31 March 2020.

2. SIGNIFICANT TRANSACTIONS AND EVENTS FOR THE CURRENT PERIOD

The following significant transactions and events affected the financial performance and financial position of the Group for the six month period ended 30 September 2020:

Share capital

During the six months ended 30 September 2020, the Group issued 1,553,005 shares on exercise of employee share options and performance share rights.

Funding and short-term investments

The Company had total available committed debt funding of NZ\$215 million as at 30 September 2020, of which approximately NZ\$149 million was undrawn. As at 30 September 2020, the weighted average maturity of borrowing facilities was 1.9 years.

As at 30 September 2020, the Group has invested available cash on hand of \$65 million in short-term investments. These investments have maturities between 91 and 122 days with banking institutions that have a long term credit rating of Standard & Poors' A- and above and are invested at average interest rates of 1.2%.

COVID-19

In March 2020, the World Health Organisation declared the outbreak of COVID-19 as a pandemic. Since the outbreak of COVID-19, the Company's focus has been on manufacturing and supplying products that are directly involved in treating patients with COVID-19.

Management have assessed the impact of COVID-19 on all aspects of the balance sheet. Specifically, the carrying value of receivables, inventory and warranty exposure were considered, with provisioning reflecting management's best estimate of the impact based on information available at the time of preparing these financial statements. The carrying value of land held at fair value has been assessed for appropriateness. There has been no material impact on the balance sheet.

As a result of currency volatility during this period, the Group's portfolio of derivatives has changed from being a net liability to a net asset, with the corresponding offset in the cash flow hedge reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. OPERATING REVENUE AND SEGMENTAL INFORMATION

	Unaudited 2019 NZ\$M	Unaudited 2020 NZ\$M
For the six months ended 30 September		
Sales Revenue	574.3	910.6
Foreign exchange loss on hedged sales	(3.4)	(0.4)
Total operating revenue	570.9	910.2
Revenue by product group		
Hospital products	353.6	681.0
Homecare products	214.7	226.2
	568.3	907.2
Distributed and other products	2.6	3.0
Total operating revenue	570.9	910.2
Revenue after hedging by geographical location of customer:		
North America	259.6	373.9
Europe	158.3	269.9
Asia Pacific	126.5	184.4
Other	26.5	82.0
Total operating revenue	570.9	910.2

4. OPERATING EXPENSES

	Unaudited 2019 NZ\$M	Unaudited 2020 NZ\$M
For the six months ended 30 September		
Profit before tax includes the following expenses:		
Depreciation - right-of-use assets	4.7	5.0
Depreciation and amortisation - other assets	23.8	32.0
Employee benefits expense	201.7	287.8

5. DERIVATIVE FINANCIAL INSTRUMENTS

Financial instruments are either carried at amortised cost, less any provision for impairment, or fair value. The carrying value of all financial assets and liabilities approximates fair value.

There have been no changes to the Group's hedging policy during the period. The Group enters into foreign currency option contracts or forward foreign currency contracts within policy parameters to manage the net risk associated with anticipated sales or costs. The Group generally applies hedge accounting to all derivative financial instruments.

All derivative financial instruments continue to be re-measured to their fair value. Derivative financial instruments continue to be classified as being within Level 2 of the fair value hierarchy and there were no changes in valuation techniques during the period.

Contractual amounts of derivative financial instruments were as follows:

	Audited 31 March 2020 NZ\$M	Unaudited 30 September 2020 NZ\$M
Foreign currency forward contracts and options		
Sale commitments forward exchange contracts	1,873.2	1,698.4
Purchase commitments forward exchange contracts	86.8	75.6
Foreign currency borrowing forward exchange contracts	16.9	17.7
NZD call option contracts purchased	38.0	19.0
Collar option contracts - NZD call options purchased (i)	70.9	45.9
Collar option contracts - NZD put options sold (i)	76.6	49.2
Interest rate derivatives		
Interest rate swaps	52.1	45.8
Interest rate options	12.5	11.4

(i) Foreign currency contractual amounts of put and call options are equal.

Undiscounted foreign currency contractual amounts for outstanding hedges were as follows:

	Audited 31 March 2020 M	Unaudited 30 September 2020 M
Sale Commitments		
United States dollars	US\$659.3	US\$569.5
European Union euros	€322.3	€295.0
Japanese yen	¥11,075.0	¥9,725.0
Purchase Commitments		
Mexican pesos	MEX\$1,285.5	MEX\$1,146.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. COMMITMENTS

	Audited 31 March 2020 NZ\$M	Unaudited 30 September 2020 NZ\$M
Capital expenditure commitments contracted for but not recognised as at the reporting date:		
Within one year	31.2	34.1
Between one and two years	0.3	–
Between two and five years	–	–
	31.5	34.1

7. CONTINGENT LIABILITIES

Periodically the Group is party to litigation including product liability and patent claims.

The Directors are unaware of the existence of any claim or contingencies that would have a material impact on the operations of the Group.

8. RELATED PARTY TRANSACTIONS

During the period the Group has not entered into any material contracts involving related parties or directors' interests. No amounts owed by related parties have been written off or forgiven during the period. Apart from directors' fees, key executive remuneration and dividends paid by the Group to its directors as shareholders of the company, there have been no related party transactions.

9. DIVIDENDS

On 26 June 2020 the Directors approved the payment of a fully imputed 2020 final dividend of \$89.1 million (15.5 cents per share) which was paid on 17 July 2020. A supplementary dividend of 2.7353 cents per share was also paid to eligible non-resident shareholders.

Subsequent event – dividend declared

On 24 November 2020 the Directors approved the payment of a fully imputed 2021 interim dividend of \$92.2 million (16 cents per share) to be paid on 16 December 2020. A supplementary dividend of 2.8236 cents per share was also approved for eligible non-resident shareholders.

10. SUBSEQUENT EVENTS

On 14 October 2020 the US\$30 million debt facility, which expired on 1 November 2020, was replaced with two new NZ\$30 million multi-currency facilities expiring 30 September 2025.

There are no other subsequent events other than the dividend as set out in Note 9.



INDEPENDENT REVIEW REPORT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Fisher & Paykel Healthcare Corporation Limited

OUR QUALIFIED CONCLUSION

We have reviewed the consolidated financial statements of Fisher & Paykel Healthcare Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 September 2020, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six month period ended on that date, and significant accounting policies and other explanatory information.

Except for the adjustments to the consolidated financial statements that we might have become aware of had it not been for the situation described in the Basis for qualified conclusion section of our report, based on our review nothing has come to our attention that causes us to believe that the consolidated financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2020, and its financial performance and its cash flows for the six months ended on that date, in accordance with IAS 34 and NZ IAS 34.

BASIS FOR QUALIFIED CONCLUSION

We conducted our review in accordance with the New Zealand Standard on Review Engagements 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 financial statements* section of our report.

Due to the COVID-19 pandemic, certain of the Group's annual finished products inventory counts and materials cycle counts planned to be held on or close to 31 March 2020 did not occur. As a result, we did not observe the counting of certain physical inventories at 31 March 2020 and were unable to satisfy ourselves sufficiently by alternative means as to the quantities and condition of inventory held at that date. We consequently qualified our audit opinion on the consolidated financial statements for the year ended 31 March 2020.

Since opening inventories enter into the determination of the financial performance for the current period, our review conclusion is modified as we were unable to determine whether adjustments might have been necessary in respect of the profit for the six months ended 30 September 2020 reported in the consolidated income statement and consolidated statement of comprehensive income, and the possible effect of this matter on the comparability of the current period's balance sheet and the corresponding figures.

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 ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in the areas of treasury related financial markets risk analysis and commentary, regulatory tax compliance in Mexico and other assurance services in relation to constant currency disclosures. The provision of these other services has not impaired our independence.

DIRECTORS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY FOR THE REVIEW OF THE FINANCIAL STATEMENTS

Our responsibility is to express a conclusion on the consolidated 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 consolidated financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. A review of consolidated 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 and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated financial statements.

WHO WE REPORT TO

This report is made solely to the Company's Shareholders, as a body. Our review work has been undertaken so that we might state to the Company's Shareholders those matters which we are required to state to them in our 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 Shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Keren Blakey.

For and on behalf of:



Chartered Accountants

24 November 2020

Auckland

Directory

DIRECTORS

Scott St John	Chairman, Non-Executive, Independent
Lewis Gradon	Managing Director and Chief Executive Officer
Michael Daniell	Non-Executive
Pip Greenwood	Non-Executive, Independent
Geraldine McBride	Non-Executive, Independent
Neville Mitchell	Non-Executive, Independent
Donal O'Dwyer	Non-Executive, Independent

EXECUTIVE MANAGEMENT TEAM

Lewis Gradon	Managing Director and Chief Executive Officer
Lyndal York	Chief Financial Officer
Paul Shearer	Senior Vice President – Sales & Marketing
Andrew Somervell	Vice President – Products & Technology
Winston Fong	Vice President – Surgical Technologies
Brian Schultz	Vice President – Quality & Regulatory
Nicola Talbot	Vice President – Human Resources
Nicholas Fourie	Vice President – Information & Communication Technology
Jonti Rhodes	General Manager – Supply Chain
Marcus Driller	Vice President – Corporate

REGISTERED OFFICES

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Australia:

Physical address:	19-31 King St, Nunawading, Melbourne, Victoria 3131, Australia
Telephone:	+61 3 9871 4900
Postal address:	PO Box 159, Mitcham Victoria 3132, Australia

STOCK EXCHANGES

The Company's ordinary shares are listed on the NZX Main Board and the ASX.

SHARE REGISTRAR

In New Zealand:

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Investor enquiries:	+64 9 375 5998
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Email:	enquiries@linkmarketservices.co.nz

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Link Market Services Limited

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Investor enquiries:	+61 2 8280 7111
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Email:	registrars@linkmarketservices.com.au

— Fisher & Paykel Healthcare is a leading designer, manufacturer and marketer of products and systems for use in acute and chronic respiratory care, surgery and the treatment of obstructive sleep apnea.