

News Release

STOCK EXCHANGE LISTINGS: NEW ZEALAND (FPH), AUSTRALIA (FPH)

Fisher & Paykel Healthcare announces its results for the 2023 financial year

Auckland, New Zealand, 26 May 2023 – Fisher & Paykel Healthcare Corporation Limited today announced its results for the full year ended 31 March 2023.

Total operating revenue for the 2023 financial year was \$1.58 billion, down 6% or 9% in constant currency from the 2022 financial year. Net profit after tax was \$250.3 million, a 34% decline from the 2022 financial year, or a 39% decline in constant currency.

For the second half, operating revenue grew 14% to \$890.5 million, or 12% growth in constant currency from the second half of 2022, driven by strong growth in Hospital new applications consumables and OSA masks revenue.

Managing Director and CEO Lewis Gradon said, “We are coming out of three financial years that were impacted by the COVID-19 pandemic, and our people, suppliers and customers have worked tirelessly to meet global demand surges. The second half result was encouraging as market conditions progressed towards more of a normal state and both our Hospital and Homecare product groups delivered good growth.”

Hospital product group revenue for the full year was \$1.02 billion, a 15% decrease compared to the previous year and an 18% decrease in constant currency. Hospital hardware sales were down 53% in constant currency compared to the 2022 financial year, a year that was more heavily impacted by global COVID-19 surges. During the 2023 financial year, hardware sales in countries or regions that did not experience COVID-19 surges were tracking somewhat close to pre-pandemic patterns.

Hospital new applications consumables revenue for the full year was down 6% from the prior year in constant currency, as hospital customers worked through their excess inventory. This trend abated throughout the year, and new applications consumables revenue for the second half of 2023 was up 13% in constant currency over the second half of 2022.

Homecare product group revenue for the full year was a record \$553.8 million, 18% higher than the previous year, and 13% higher in constant currency. The company saw strong growth in masks and accessories revenue, which in constant currency was up 17% for the full year, and up 24% for the second half.

“Our Evora Full mask for OSA launched in the United States in May 2022 and contributed significantly to the strong OSA masks revenue. It’s one of the most positive new mask launches we have ever experienced based on customer feedback and initial sales performance in the regions where it is available,” said Mr Gradon.

Gross margin for the year was 59.4%, a 369 basis point decrease in constant currency. Margin was impacted by continued elevated freight costs and manufacturing inefficiencies as the company rebalanced demand fluctuations with manufacturing throughput during the year.

Dividend and dividend reinvestment plan

Fisher & Paykel Healthcare’s board of directors approved a final dividend of 23.0 cents per share for the second half of the year. This brings the total dividend for the 2023 financial year to 40.5 cents per share, an increase of 3% over the 2022 financial year.

The final dividend, carrying full New Zealand imputation credit, will be paid on 7 July 2023 with a record date of 27 June 2023.

The dividend reinvestment plan, under which eligible shareholders can elect to reinvest all or part of their cash dividends in additional shares, will again be made available in respect of the 2023 final dividend. A 3% discount will be applied when determining the price per share in respect of the 2023 final dividend.

Product focus

New product launches remain a core part of Fisher & Paykel Healthcare's growth strategy. During the 2023 financial year the company invested \$174.3 million into research and development to progress its new products in the pipeline.

"In May last year we announced our new Airvo 3 device for delivering nasal high flow, and we have been pleased to see a very positive reception. We recently received 510(k) approval for the Airvo 3, which clears the way for its sale into the United States in the coming months," said Mr Gradon.

During the 2023 financial year, the company continued to add people to the global sales team, particularly in Anesthesia, reflecting the company's aspiration to accelerate the Anesthesia business into a substantial contributor to overall revenue growth.

Infrastructure

During the 2023 financial year, Fisher & Paykel Healthcare announced the acquisition of 105 hectares of land in Karaka, Auckland for a second New Zealand campus. A 10% deposit of the \$275 million purchase price was paid in September 2022, and a payment of \$189.5 million occurred on 11 May 2023. A further \$43 million will be paid in January 2026, and the final instalment of \$15 million will be paid in December 2026.

In the meantime, earthworks are continuing on the company's existing East Tāmaki campus to prepare for the construction of a fifth facility, which will complete the site.

Outlook for the 2024 financial year

At current exchange rates*, guidance assumptions for the 2024 financial year include no significant respiratory disease events, and result in full year operating revenue of approximately \$1.70 billion, with approximately similar revenue growth rates for both Hospital and Homecare product groups.

Capital expenditure for the 2024 financial year is expected to be approximately \$450 million as the company progresses its land and building programmes, and interest expense is expected to be approximately \$16 million. Operating expense growth is anticipated to be approximately 12% at current exchange rates, reflecting the company's investment in R&D and sales people during the 2023 financial year.

"Prior to the pandemic, we had a track record of incremental improvements in gross margin. During the last three years, our responsibility was to get as much product as possible into the hands of our customers. Now, as every team in our business turns back to efficiency gains, we are confident in our ability to return to our long-term target of 65% within three to four years. For the 2024 financial year, we anticipate a gross margin improvement of approximately 200 basis points in constant currency, or an improvement of approximately 100 basis points at current exchange rates," said Mr Gradon.

"It has been very positive to see our people, our clinical partners and our suppliers spend more time face-to-face over the past year. We look forward to this continuing in the year ahead. Connection is at the core of our business – the quality of our relationships and our interactions is a major determinant of our success," concluded Mr Gradon.

*At May 2023 exchange rates of NZD:USD 0.63, NZD:EUR 0.58, NZD:MXN 12.00.

Overview of key results for the second half of the 2023 financial year

- 14% growth in operating revenue to \$890.5 million, 12% growth in constant currency.
- Net profit after tax of \$154.4 million, a decline of 0.5% or 3% in constant currency.
- 9% growth in Hospital operating revenue to \$584.8 million, 7% growth in constant currency.
- 13% constant currency revenue growth for new applications consumables; i.e. products used in noninvasive ventilation, Optiflow nasal high flow therapy and surgical applications, accounting for 72% of Hospital consumables revenue.
- 25% growth in Homecare operating revenue to \$303.9 million, 22% growth in constant currency.
- 28% growth in OSA masks revenue, or 24% growth in constant currency.

Overview of key results for the 2023 financial year

- 34% decline in net profit after tax to \$250.3 million, 39% decline in constant currency.
- 6% decline in operating revenue to \$1.58 billion, 9% decline in constant currency.
- 15% decline in Hospital operating revenue to \$1.02 billion, 18% decline in constant currency.
- 6% constant currency revenue decline for new applications consumables.
- 18% growth in Homecare operating revenue to \$553.8 million, 13% growth in constant currency.
- Investment in R&D was 11% of revenue, or \$174.3 million.
- 2% increase in final dividend to 23.0 cps (2022: 22.5 cps).
- 3% increase in total dividends for the financial year to 40.5 cps (2022: 39.5 cps).

About Fisher & Paykel Healthcare

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. The company's products are sold in over 120 countries worldwide. For more information about the company, visit our website www.fphcare.com.

Ends

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Authorised by Fisher & Paykel Healthcare Corporation Limited's Board of Directors.

Accompanying Documents

Attached to this news release are the following additional documents:

- Results in Brief
- Annual Report 2023
- Investor Presentation 2023
- NZX Results Announcement
- NZX Distribution Notice

Full Year Results Conference Call

Fisher & Paykel Healthcare will host a conference call today to discuss the results for the 2023 financial year. The conference call is scheduled to begin at 10:00am NZST, 8:00am AEST Friday 26 May (5:00pm US EDT, Thursday 25 May) and will be broadcast simultaneously online.

To listen to the webcast, access the company's website at www.fphcare.com/investor. An online archive of the event will be available approximately two hours after the webcast and will remain on the site for two weeks.

To listen and participate in the conference call via phone, please register via 'GlobalMeet' by clicking this [link](#). Once registered, click 'Call Me' and you will receive a phone call connecting you through to the conference line.

2023 US / Mexico Investor Event

Fisher & Paykel Healthcare will hold an Investor Event on Thursday 14 September 2023 and Friday 15 September 2023 in Tijuana, Mexico and Irvine, California. The Investor Event will provide the opportunity for investors and analysts to visit our operations in Tijuana, Mexico and Irvine, California and meet leaders from our Mexico and US teams.

To register for the event, please visit <https://www.fphcare.com/nz/events/investor/investor-day/>.

Constant Currency Information

Constant currency information included within this news release is non-GAAP financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and track the company's comparative financial performance without the impacts of spot foreign currency fluctuations and hedging results and has been prepared on a consistent basis each year. A constant currency analysis is included on page 107 of the company's Annual Report 2023, and the company's constant currency framework can be found on the company's website at www.fphcare.com/ccf.

Results in Brief

	Year Ended 31 Mar 22 NZ\$M (except as otherwise stated)	Year Ended 31 Mar 23 NZ\$M (except as otherwise stated)	% Change (Reported)	% Change (Constant Currency ¹)
FINANCIAL PERFORMANCE				
Total operating revenue	1,681.7	1,581.1	-6%	-9%
Cost of sales	(629.0)	(642.7)	2%	0%
Gross profit	1,052.7	938.4	-11%	-14%
Gross margin	62.6%	59.4%	-325bps	-369bps
Selling, general and administrative expenses	(393.1)	(431.9)	+10%	+4%
Research and development expenses	(154.0)	(174.3)	+13%	+13%
R&D percentage of operating revenue	9.1%	11.0%	+187bps	+228bps
Total operating expenses	(547.1)	(606.2)	+11%	+7%
Operating profit before financing costs	505.6	332.2	-34%	-39%
Operating margin	30.1%	21.0%	-905bps	-944bps
Net financing income (expense)	(1.4)	(4.2)	+200%	+60%
Profit before tax	504.2	328.0	-35%	-40%
Tax expense	(127.3)	(77.7)	-39%	-42%
Profit after tax	376.9	250.3	-34%	-39%
Effective tax rate	25.2%	23.7%		
Effective tax rate excluding R&D tax credit	28.2%	28.5%		

Revenue by Region:

North America	665.1	683.8	3%
Europe	468.1	427.6	-9%
Asia Pacific	438.8	399.0	-9%
Other	109.7	70.7	-36%
Total	1,681.7	1,581.1	-6%

Revenue by Product Group:

Hospital	1,207.1	1,023.5	-15%
Homecare	469.5	553.8	+18%
Core products sub-total	1,676.6	1,577.3	-6%
Distributed and other	5.1	3.8	-25%
Total	1,681.7	1,581.1	-6%

FINANCIAL POSITION

	As at 31 Mar 22 NZ\$M (except as otherwise stated)	As at 31 Mar 23 NZ\$M (except as otherwise stated)	
Tangible assets	1,936.6	2,022.3	+4%
Intangible assets ²	170.4	182.2	+7%
Total assets	2,107.0	2,204.5	+5%
Total liabilities	(427.3)	(451.1)	+6%
Shareholders' equity	1,679.7	1,753.4	+4%
Gearing	-16.3%	-2.3%	+14%
Net tangible asset backing (cents per share)	261	272	+4%

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 impact from changes in foreign exchange rates. The company's constant currency framework can be found on the company's website at www.fphcare.com/ccf. The reconciliation to reported results is included within the Financial Commentary section of the Annual Report.

² Includes Intangible and deferred tax assets.

Results in Brief (continued)

	Year Ended 31 Mar 22 NZ\$M (except as otherwise stated)	Year Ended 31 Mar 23 NZ\$M (except as otherwise stated)	% Change
CASH FLOWS			
Net cash flow from operating activities	324.3	238.2	-27%
Net cash flow (used in) investing activities	(89.5)	(11.3)	-87%
Net cash flow (used in) financing activities	(235.8)	(197.1)	-16%
SHARES OUTSTANDING			
Weighted average basic shares outstanding	576,949,087	578,140,116	
Weighted average diluted shares outstanding	579,992,621	581,630,919	
Basic shares outstanding at period end	577,405,878	579,356,576	
DIVIDENDS AND EARNINGS PER SHARE			
Dividends per share (cents) – declared	39.5	40.5	+3%
Basic earnings per share (cents)	65.3	43.3	-34%

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• C O N N E C T I O N •

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Ours is a deeply human business –
CONNECTION is at our core.

Success depends on our teams, our clinical partners,
our suppliers and our customers coming together
to devise, design, manufacture and deliver our
products and therapies.

This year, more of these interactions have happened
face-to-face. This has proven a powerful catalyst for
strengthening relationships and deepening
our connection to our purpose.



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ABOUT THIS REPORT

Welcome to our 2023 Annual Report – *Connection*. This report highlights the work we have done this year to improve patient care and outcomes across the globe and the financial results we achieved while doing so.

Our people, investors and customers can also read about our track record with regard to non-financial matters, including environment, social and governance (ESG) topics. Our ESG commitments and metrics are contained in Section 3 of this report, called ‘Operating Sustainably’.

This report aligns with the 2021 GRI Core reporting option. We have also included data on our global carbon footprint and governance, climate and sustainability risks in line with the recommendations of the Taskforce for Climate Related Financial Disclosure (TCFD).

We welcome your feedback and suggestions for improvement. Please send any questions or comments to investor@fphcare.co.nz. A digital version of this report, along with all previous annual and interim reports are available at www.fphcare.com/investor-reports.

This report covers the financial year ended 31 March 2023 and is dated 25 May 2023. The report has been approved by the Board and is signed on behalf of Fisher & Paykel Healthcare Corporation Limited by Scott St John, Board Chair, and Lewis Gradon, Managing Director and Chief Executive Officer.


SCOTT ST JOHN
BOARD CHAIR


LEWIS GRADON
MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

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 107 of this report. The company’s constant currency framework can be found on our website at www.fphcare.com/ccf.

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THE BUSINESS YEAR

01

RESULTS AT A GLANCE

OPERATING REVENUE

\$1.58B

▼ 6% | 2022 \$1.68B

NET PROFIT AFTER TAX

\$250.3M

▼ 34% | 2022 \$376.9M

GROSS MARGIN

59.4%

325 BASIS POINTS DECREASE

TOTAL DIVIDEND FOR YEAR FULLY IMPUTED

40.5CPS

▲ 3% | 2022 39.5CPS

SPEND ON R&D

\$174.3M

11% OF OPERATING REVENUE

HOSPITAL REVENUE

\$1.0B

▼ 15% | 2022 \$1.2B

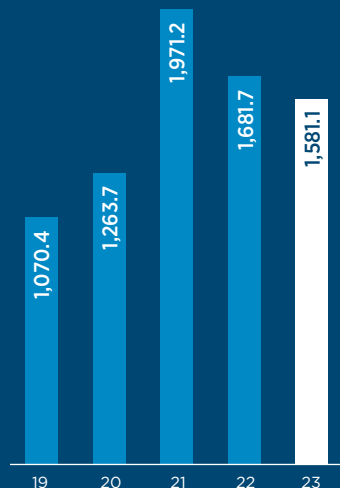
HEMOCARE REVENUE

\$553.8M

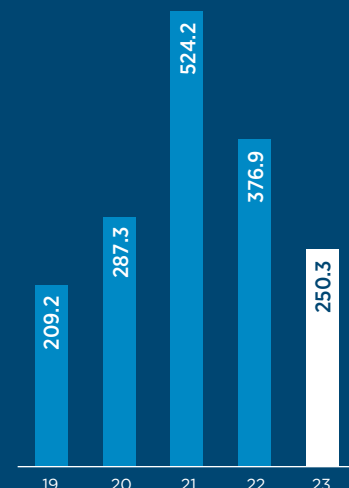
▲ 18% | 2022 \$469.5M

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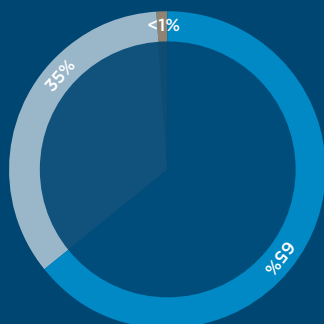
OPERATING REVENUE
NZ\$ MILLIONS



NET PROFIT AFTER TAX
NZ\$ MILLIONS

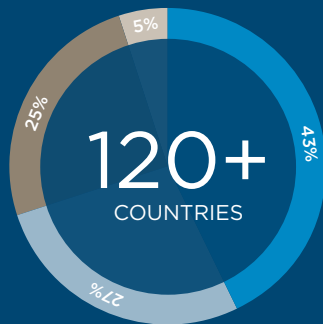


REVENUE BY PRODUCT GROUP
12 MONTHS TO 31 MARCH 2023



● Hospital
● Homecare
● Distributed & Other

REVENUE BY REGION
12 MONTHS TO 31 MARCH 2023



● North America ● Europe
● Asia Pacific ● Other

BUSINESS HIGHLIGHTS



IMPACTED

the lives of 20 million patients around the world.



SECURED

regulatory clearance in the United States for Airvo™ 3 and progressed product rollout.



LAUNCHED

our online Education Hub for clinicians in the United States.



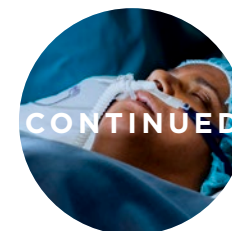
COMMENCED

development of our new manufacturing facility in China.



RECEIVED

Overseas Investment Office approval for the purchase of land at Karaka for our second New Zealand campus.



CONTINUED

expansion of our anesthesia sales team to grow awareness of the benefit to patients.

REPORT FROM THE CHAIR



SCOTT ST JOHN
Board Chair

Around the middle of the 2022 calendar year, we reached a turning point in the COVID-19 pandemic. All around the world, pandemic restrictions began to fall away, and people could once again organise travel, visit customers and gather in large groups. Across Fisher & Paykel Healthcare, the team breathed a collective sigh of relief. This is a business that values face-to-face interaction, so our people took advantage of the open borders to strengthen connections – with clinicians, with customers, and with each other.

Our sales teams in North America, Europe and other parts of the world gathered for their first annual conferences in several years, and they were able to share knowledge and get critical training on newly released products.

Our teams also reconnected with renowned clinicians and researchers at global knowledge-sharing forums. Those events provided opportunities to strengthen relationships with key opinion leaders and supported our engineers' close collaboration with the medical community. Most importantly, our people reconnected with customers and continued

to supply them with essential, life-preserving products for patients.

The company's success at meeting demand surges and progressing the release of new products resulted in another solid performance for the 2023 financial year. Full-year operating revenue was \$1.58 billion, and net profit after tax was \$250.3 million. The full-year result was impacted by some hospital customers working through excess inventory during the first half of the year – a trend which had largely abated during the second half.

INFRASTRUCTURE PLANNING

The 2023 financial year was a milestone year for Fisher & Paykel Healthcare's long-term infrastructure planning. In September we announced the company had entered into an agreement to acquire a 105-hectare (259-acre) site in Karaka, Auckland, for a second New Zealand campus. We are pleased to report the purchase was approved by the New Zealand Overseas Investment Office (OIO), and the transaction is moving forward. At two-and-a-half times the size of our current Auckland campus, the land offers much-needed space for expansion over the next 30 to 40 years. These plans reaffirm our confidence in our long-term opportunities and demonstrate our strong commitment to R&D and manufacturing in New Zealand.

In the meantime, earthworks are continuing at the existing East Tāmaki campus to prepare for the construction of a fifth facility which will complete the site.

Like the other four buildings on the campus, this building will provide additional space for research and development, as well as expanding the company's manufacturing footprint. During the year, we opened our third facility in Tijuana, Mexico, and we are making good progress on the development of a new manufacturing facility in Guangzhou, China.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY PRIORITIES

Last year, we highlighted the company's updated Environmental & Social Responsibility policy and a newly established governance group to provide strategic direction. This year, the group focused on embedding the updated policy across the business, beginning with more than 100 of our global senior leaders, and for the 2024 financial year, environmental and social responsibility goals and targets were added into our annual business plans.

While our response to the challenges of climate change is multi-faceted, managing carbon emissions remains a significant component of it. Fisher & Paykel Healthcare has been measuring its carbon footprint since 2012, and we set Science Based Targets for Scope 1 and 2 emissions back in 2020. We are investing time and energy to develop a long-term carbon reduction plan, aligned with net zero CO₂e by 2050, that is fit-for-purpose. 'Short-term-ism' does not feature in the way we craft our plans. In the meantime, we are continuing to progress ambitious initiatives that move us in the right direction. During the 2023 financial year, this

included trialling an internal carbon price and the ongoing installation of large-scale solar arrays to provide electricity at the Mexico manufacturing site.

BOARD

As we announced previously, Cather Simpson, PhD, joined the Board in June 2022 ahead of Geraldine McBride's retirement, and Tracey Barron was selected to participate in the Future Directors programme. Their perspectives and experience are proving valuable, and we are already benefitting from their contributions.

The Board has three permanent committees which support the Board – the Audit & Risk Committee; the Quality, Safety & Regulatory Committee; and the People & Remuneration Committee. With Board succession planning in mind, changes were made to the composition of the committees effective from January 2023. The current makeup of each committee is outlined in the Governance section of this report.

DIVIDEND

The Board of Directors has approved a dividend of 23.0 cents per share for the second half of the year. This takes the total dividend for the 2023 financial year to 40.5 cents per share, an increase of 3 per cent over the 2022 financial year. The dividend will be paid on 7 July 2023. During the year we reactivated our dividend reinvestment plan through which eligible shareholders can opt to invest all or part of their cash dividends in additional shares, with an applicable 3 per cent discount.

PROFIT SHARE

On behalf of the Board, I want to thank the people of Fisher & Paykel Healthcare for another strong performance. It is our custom to recognise our employees' efforts and share in the profit. For FY23, the Board approved a discretionary profit-sharing payment totalling \$10 million for employees who have worked for the company for a qualifying period.

CONFIDENCE

Last year approximately 20 million patients were treated with Fisher & Paykel Healthcare products. The number of patients who could potentially benefit from our products each year is more than ten times that. This market opportunity, combined with our people's expertise at changing clinical practice, inspire the Board with confidence for the future.

In closing, I would like to thank you, our shareholders, for your confidence in Fisher & Paykel Healthcare. Your continued support will help the company put innovative products in the hands of healthcare providers for generations to come.



Scott St John
Board Chair

REPORT FROM THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER



LEWIS GRADON
Managing Director and Chief Executive Officer

As a supplier of frontline therapies during the pandemic, we felt a duty of care to get as much product as possible into the hands of customers. With the exception of keeping our people safe and well, the other considerations we ordinarily juggle as a business became secondary. Fundamentally, it was about doing the right thing and putting the patient first.

With demand patterns and market conditions progressing towards more of a normal state, we are returning to our normal behaviours as a business, keeping the patient first, and ensuring we do that efficiently in a sustainable, profitable way. Our focus is now on ensuring we have the discipline to capture the long-term opportunities in front of us.

2023 FINANCIAL RESULT

Looking back at the 2023 financial year, operating revenue came in at \$1.58 billion, 6 per cent lower than the previous financial year, or 9 per cent lower in constant currency. Net profit after tax in 2023 was \$250.3 million, 34 per cent lower than the previous year, or 39 per cent lower in constant currency. We were again lapping a year which saw a significant COVID-19-related impact on sales.

Our result in the second half was particularly encouraging, with operating revenue of \$890.5 million, up 14 per cent on the second half in 2022, or 12 per cent in constant currency. This was driven by Hospital new applications consumables revenue growing by 14 per cent and OSA masks revenue increasing by 28 per cent on the prior corresponding period.

Hospital product group revenue for the full year was \$1.02 billion, a 15 per cent decrease compared to the previous year and 18 per cent lower in constant currency. Hospital hardware sales were down 53 per cent in constant currency compared to the 2022 financial year, with hardware sales in countries or regions that did not experience COVID-19 surges tracking somewhat close to pre-pandemic patterns.

Hospital new applications consumables revenue was down 6 per cent on the prior year in constant currency, though we saw a strong performance in the second half with revenue up 13 per cent on 2022's second half.

Homecare product group revenue was \$554 million, 18 per cent higher than the previous year, and 13 per cent higher in constant currency. Growth in masks and accessories revenue was especially pleasing, up 17 per cent in constant currency on the prior year. Our Evora™ Full mask has maintained momentum since its launch last year, and our team remains hard at work on more great additions to our product range – we are looking forward to sharing more on this later in the year.

Gross margin for the year was 59.4 per cent, a 369 basis point decrease in constant currency. Headwinds such as elevated freight rates and manufacturing inefficiencies are beginning to ease, though we are absorbing inflationary raw material and manufacturing costs. Prior to the pandemic, we had a track record of incremental improvements in gross margin each year, and we expect that returning to our normal focus on operational efficiencies rather than a supply-at-all-costs approach will return us to our long-term target of 65 per cent within the next three to four years.

We have talked at length in prior announcements about how the amount of hardware placed through the pandemic prompted us to accelerate our investment in our salesforce and the development of new products. This is evident in our people numbers over the past year – we added more than 80 R&D roles and almost 100 sales, marketing and distribution positions. As we move forward, it's important that our investment growth aligns with our revenue growth over the longer term.

What's also important is our progress on building out our infrastructure. We have repeatedly signalled the importance of long-term infrastructure planning to help us deliver on our aspirations. A large degree of this commitment is front-loaded over the near term, both in terms of the upcoming spend required on our fifth building at our East Tāmaki campus and the completion of the land purchase for our second New Zealand campus at Karaka. Scott has already mentioned our receipt of OIO approval for the latter – we are pleased to move this project into the next phase. This investment in our long-term infrastructure will see us moving into a net debt position and incurring higher interest expense over the coming few years.



We have repeatedly signaled the importance of long-term infrastructure planning to help us deliver on our aspirations.



New product launches remain a core part of our growth strategy. We announced our new Airvo 3 device last May and we have released it to a positive reception in Australia, New Zealand, Canada and Europe.

REACHING OUR MARKETS

We continued to build out our anesthesia sales team which is focused on educating clinicians on the benefits of our Optiflow Switch™ and Optiflow Trace™ technology. This reflects our aspiration to grow this business into a substantial contributor to overall revenue.

New product launches remain a core part of our growth strategy. We announced our new Airvo™ 3 device last May and we have released it to a positive reception in Australia, New Zealand, Canada and parts of Europe. We welcomed the receipt of 510(k) approval for the Airvo 3 base model, which clears the way for sale into the United States in the coming months. Our teams are working hard on additional regulatory clearances and new product launches in the year to come and we look forward to providing updates in due course.

OPERATING SUSTAINABLY

As Scott has covered in his report, environmental and social responsibility remains a priority. Multiple teams across the business are working hard to embed our intent of creating a lasting, positive impact on society and the environment into our way of operating. The 'Operating Sustainably' portion of this report outlines our progress in a range of areas over the past year.

One particular highlight for us was our Mexico team receiving a Human Rights – Committed Company Distinction award from the Baja California State Human Rights Commission in March 2023. This is great recognition for the work that our team is doing to ensure our people are valued and well-treated. This is in addition to the impressive strides being made on the environmental front in Tijuana – the team last year commissioned a new solar array to provide a significant portion of the site's electricity and has recently activated a water re-use plant to substantially reduce our water footprint.

LOOKING AHEAD

The opportunities before us are compelling and we are well-placed to capitalise on them. There is a unique pattern of alignment for our business – we have geographic growth, we have infrastructure expansion underway, we have a growing body of clinical evidence, and we have underpenetrated markets. It's also hard to remember a time when we had a more promising pipeline of products.

All of these factors are working in our favour. In the near term, it is paramount that we continue to manage the transition from a supply-at-all-costs mindset to supplying in a sustainable, profitable manner. Given our long-term track record, I am confident in our ability to do so.

THANK YOU

Connection is at our core as a business – the quality of our relationships and our interactions are a major determinant of our success. To that end, it has been very positive to see our people, our clinical partners and our suppliers spend more time face-to-face over the past year. There is plenty more of this to come in the year ahead.

I would like to thank everyone involved in these interactions, both internal and external, for their efforts to improve patient care and outcomes. As always, my thanks also go to our shareholders for your continued support.



Lewis Gradon
Managing Director and
Chief Executive Officer

PRODUCT GROUP OVERVIEW

OUR BUSINESS IS STRUCTURED IN TWO PARTS: HOSPITAL AND HOMECARE.

Hospital

Our Hospital product group includes products used in invasive ventilation, noninvasive ventilation, nasal high flow therapy, anesthesia, 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.

F&P Airvo 3



65%

OF OPERATING REVENUE

OPERATING REVENUE
▼ 15%

\$1.0B

CONSTANT CURRENCY REVENUE FROM
NEW APPLICATIONS CONSUMABLES

↓ 6%

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Homecare

Our 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.



F&P Evora Full

35%

OF OPERATING REVENUE

OPERATING REVENUE
▲ 18%

\$553.8M

CONSTANT CURRENCY REVENUE
FROM OSA MASKS

↑ **17%**

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THE COMPANY

02

WHO WE ARE

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. Our medical devices and technologies help clinicians deliver the best possible patient care. They enable patients to transition into less-acute care settings, recover more quickly and avoid more serious conditions.

Because of our products and therapies, many patients can be treated in the comfort of their own homes instead of in the hospital. Not only does this make life better for the patient, it reduces costs for the world's healthcare systems.

Product innovation has been the cornerstone of our success since 1969, when the first prototype respiratory humidifier was developed. Today, we are still striving to lead the way in the development of medical devices and technologies by continuously improving our products, pioneering new therapies, and changing clinical practice.



WHERE WE OPERATE

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- Direct sales offices
- Distribution centres
- Manufacturing facilities



53

Countries with
F&P people

2,147

People in North America,
including Mexico

379

People in Europe

3,538

People in New Zealand

500

People in the
rest of the world

Note: people numbers are represented as full-time equivalents.

HOW OUR BUSINESS WORKS

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RESEARCH & DEVELOPMENT

Our R&D is based in New Zealand. The team works extensively in hospitals, and with patients and clinicians, in order to develop better technology that enhances patient care.

PATIENTS

Each year millions of patients are treated with our products in over 120 countries. Seeking to understand our patients' needs is what drives our R&D programme.

CUSTOMERS

We work with thousands of healthcare professionals, including doctors, clinicians and nurses, providing them the products and tools to deliver the best possible care. Our products are sold either direct to customers or through distributors. Our largest markets by revenue are North America, Europe and Asia Pacific.



THERAPIES

The majority of our operating revenue is from products and systems used in hospitals in invasive ventilation, noninvasive ventilation, nasal high flow therapy and surgery. The remainder is from products used in home environments to treat patients suffering from obstructive sleep apnea and those in need of respiratory support.

MANUFACTURING

We manufacture our products in New Zealand and North America. The co-location of engineering, quality, manufacturing, marketing and clinical teams facilitates collaboration and an awareness of the medical device process from concept and design right through to how our products are used by patients.

SUPPLY CHAIN

We have distribution centres located around the world and a network of distributors. We use air, sea, road and rail freight, with a focus on sustainable and cost-effective methods of transportation. We source materials from all over the world and look for socially responsible partners to support our growth.

The needs of our customers and their patients drive everything we do. We call this **Care by Design**.

HOW WE DELIVER VALUE

SUSTAINABLE, PROFITABLE GROWTH

We aim to grow our business in a way that is sustainable and profitable over the long term.

OUR INPUTS



GLOBAL REACH
Increase our presence around the world

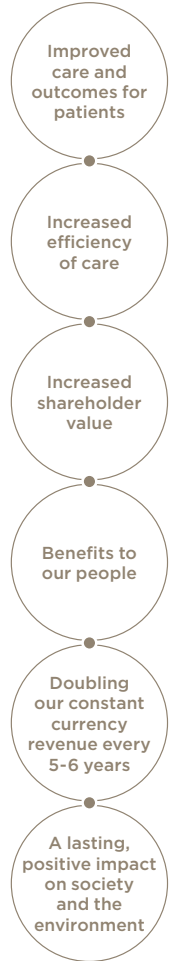


OUR PURPOSE:
Improving care and outcomes through inspired and world-leading healthcare solutions.

CHANGE CLINICAL PRACTICE
Utilise our expertise to develop new therapies and reduce costs to healthcare systems

Continuously strive to improve our products
BETTER PRODUCTS

OUR OUTPUTS



MARKET CONTEXT

Ageing population | Technology advancement | Healthcare costs increasing | Other external factors

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OUR CULTURE, VALUES AND BELIEFS

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We have a culture of Care by Design, which is a simple way of expressing the care and intentionality we put into everything we do – our relationships, our decisions and our daily interactions with customers. We believe that if we focus on delivering what is best for the patient, we will be successful.

OUR VALUES



Life

We relentlessly focus on improving patients' lives and strive to provide a high quality of life for our employees.



Relationships

We care for our patients, customers, suppliers, shareholders, the environment and each other.



Internationalism

We are global in people, in thinking and in behaviours.



Commitment

We value people who are self-motivated and have a desire to make a real contribution.



Originality

We encourage original thinking which leads to the innovative solutions required to create better products, processes and practices.

OUR BELIEFS



We believe in doing what is best for the patient.



We believe the commitment to doing the right thing is what our customers will find compelling.



We believe that empathy, effectiveness and efficiency are essential to our success.



We believe our people are our strength.



We believe lessons learned are the cornerstones of innovation.



We believe in the need to be relentless in the pursuit of healthcare innovation.

WHAT MATTERS MOST

Investors and other stakeholders are increasingly using non-financial information on other material topics to make decisions. Those include trends and risks that could affect a company's long-term value, such as climate change, as well as the economic and social impacts of doing business.

We worked with an independent consultant, thinkstep-anz, to obtain feedback from multiple stakeholders. The result is an updated materiality assessment informed by the principles of the 2021 GRI Sustainability Reporting Standards. We intend to update our materiality assessment within the coming financial year. Within this framework, 'materiality' differs from financial and audit interpretations and NZX/ASX definitions of material information.

As we identified material issues, we also considered our unique business risks, the United Nations Sustainable Development Goals, and feedback we receive through regular interactions with customers, clinicians, suppliers and investors. For more information on the Sustainable Development Goals that we contribute towards, please refer to Section 3 of this report, Operating Sustainably.

OUR STAKEHOLDERS



EMPLOYEES



CUSTOMERS



INVESTORS



CLINICIANS



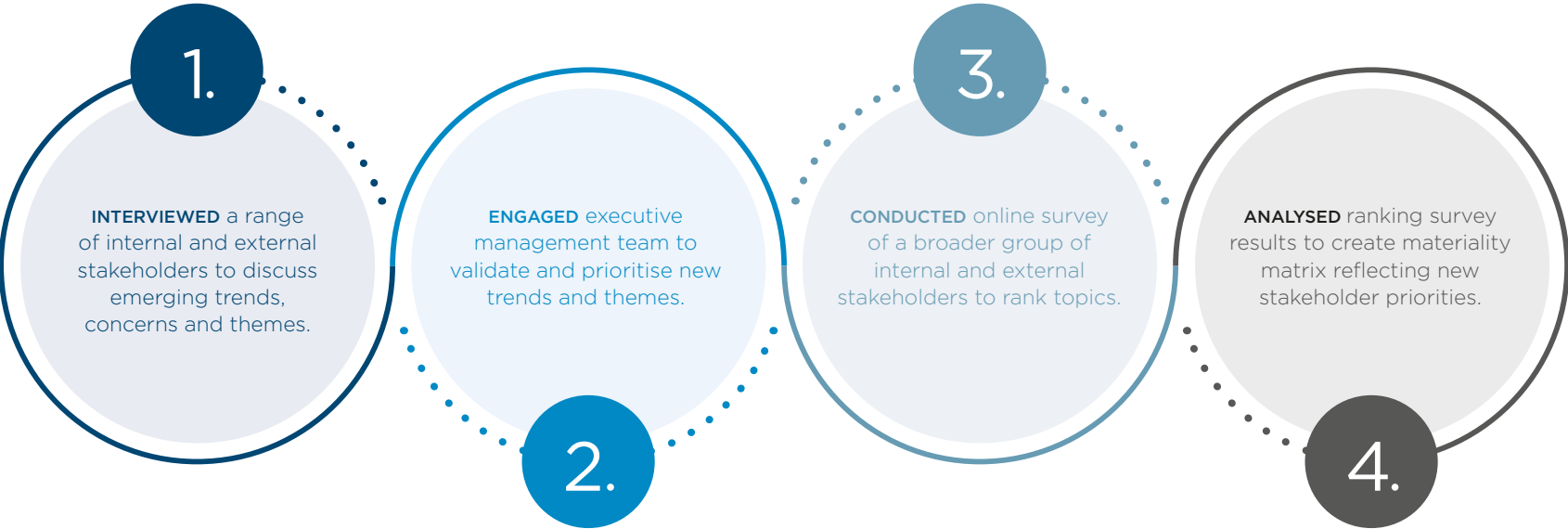
SUPPLIERS



COMMUNITIES

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OUR PROCESS



RESULTS OF MATERIALITY ASSESSMENT

Patient safety, product quality and the health, safety and wellbeing of our people are the top three topics of interest to our stakeholders, as shown in our materiality matrix on the following page. We have grouped these and the remaining top eight material matters into four areas of focus.

HEALTHCARE OUTCOMES	STRATEGY AND GROWTH	PEOPLE AND CULTURE	BUSINESS OPERATIONS
• Patient safety • Product quality	• Innovation • Customer experience • Intellectual property • Market access	• Health, safety and wellbeing • Employee attraction, development and retention • Nurturing our culture	• Sustainable financial performance • Resilient and ethical supply chain

MATERIALITY MATRIX: OUR PROCESS



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OUR BOARD



Scott St John

Chair and non-executive director

TERM OF OFFICE:

Appointed October 2015, last re-elected 18 August 2021. Appointed Chair on 21 August 2020.

Scott is director of ANZ New Zealand Bank Limited, Mercury, the NEXT Foundation and Fonterra Cooperative Group. Scott was Chief Executive Officer of First NZ Capital from 2002 to 2017. He is a member of Chartered Accountants Australia and New Zealand, a fellow of the Institute of Finance Professionals of New Zealand and a Chartered Member of the Institute of Directors.

Bachelor of Commerce, Diploma in Business

COMMITTEE RESPONSIBILITIES:

Member Audit & Risk Committee.

Member People & Remuneration Committee.

Member Quality, Safety & Regulatory Committee.



Lewis Gradon

Managing Director and Chief Executive Officer

TERM OF OFFICE:

Appointed 1 April 2016, last re-elected 24 August 2022.

Lewis became Managing Director & Chief Executive Officer in April 2016. Prior to that, he spent 15 years as Senior Vice President – Products & Technology, and six years as General Manager – Research and Development. During his 40-year tenure with Fisher & Paykel Healthcare he has held various engineering positions overseeing the development of our range of products as well the development of our manufacturing, quality, intellectual property, supply chain and clinical research functions.

Bachelor of Science – Physics



Sir Michael Daniell

Non-executive director

TERM OF OFFICE:

Appointed November 2001, last re-elected 18 August 2021.

Mike was Managing Director and Chief Executive Officer of Fisher & Paykel Healthcare from November 2001 to March 2016. He was General Manager of Fisher & Paykel's medical division from 1990 to 2001 and previously held various technical management and product design roles within the company. Mike is a director of Cochlear Limited, Tait International Limited, the Medical Research Commercialisation Fund, and Chair of Te Titoki Mataora – MedTech Research Translator. Michael was named a Knight Companion of the New Zealand Order of Merit in June 2021.

Bachelor of Engineering (Hons)

COMMITTEE RESPONSIBILITIES:

Chair Quality, Safety & Regulatory Committee.

Member People & Remuneration Committee.



Pip Greenwood

Non-executive director

TERM OF OFFICE:

Appointed June 2017, last re-elected 21 August 2020.

Pip is chair of Westpac New Zealand, chair-elect of The a2 Milk Company Limited, a current trustee of the Auckland Writers Festival and served as a member of the New Zealand Takeovers Panel from 2007 to 2011. Pip was a partner at Russell McVeagh between 2001 and 2019 and previously served as the firm's Board Chair. She has advised on many market-leading transactions.

Bachelor of Laws

COMMITTEE RESPONSIBILITIES:

Member Audit & Risk Committee.

Member People & Remuneration Committee.



Dr Lisa McIntyre

Non-executive director

TERM OF OFFICE:

Appointed October 2021, elected 24 August 2022.

Lisa is a director of HCF Group, The University of Sydney, Studiosity, and Nanosonics. In addition to her current directorships, Lisa has previously been a director of a range of health entities, including those in healthcare insurance, clinical service delivery and medical research and innovation. Lisa spent 20 years as a senior strategy partner with LEK Consulting providing advice to companies in North America, Asia and Australia.

PhD Physical Chemistry, Bachelor of Science – Biochemistry and Pure Maths

COMMITTEE RESPONSIBILITIES:

Chair People & Remuneration Committee.

Member Audit & Risk Committee.



Neville Mitchell

Non-executive director

TERM OF OFFICE:

Appointed November 2018, last re-elected 24 August 2022.

Neville was Chief Financial Officer and Company Secretary of Cochlear between 1995 and 2017. He is a non-executive director of Sonic Healthcare, Sigma Healthcare and Q'Biotics Group, and is a former director of The Board of Tax, South East Sydney Local Health District, Osprey Medical and Sirtex. Previously, he served on the New South Wales Medical Devices Fund, was Chairman of the Group of 100, and Chairman, Standing Committee (Accounting and Auditing), for the Australian Securities and Investments Commission.

Bachelor of Commerce

COMMITTEE RESPONSIBILITIES:

Chair Audit & Risk Committee.

Member Quality, Safety & Regulatory Committee.



Donal O'Dwyer

Non-executive director

TERM OF OFFICE:

Appointed December 2012, last re-elected 24 August 2022.

Donal is a director of nib Holdings Limited. From 1996 to 2003, he was with Cordis Cardiology (a division of Johnson & Johnson), initially as its president (Europe) and from 2000 to 2003 as its worldwide president. Prior to joining Cordis, Donal worked for 12 years with Baxter Healthcare, rising from plant manager in Ireland to president of the Cardiovascular Group, Europe, now Edwards Lifesciences.

Bachelor of Engineering, Master of Business Administration

COMMITTEE RESPONSIBILITIES:

Member People & Remuneration Committee.

Member Quality, Safety & Regulatory Committee.



Dr Cather Simpson

Non-executive director

TERM OF OFFICE:

Appointed June 2022, elected 24 August 2022.

Cather is a Professor of Physics and Chemical Sciences at the University of Auckland and a Partner at Pacific Channel, with expertise in lasers and photonics. She is a Director of the International Society for Optics & Photonics (SPIE) and Founder/Director for Orbis Diagnostics. In 2010, Dr Simpson founded and directed The Photon Factory at the University of Auckland. She is a founder of three hard-tech start-ups, including Engender Technologies, where she served as Chief Science Officer from 2011 to 2021.

PhD Medical Sciences, Bachelor of Arts – Interdisciplinary Studies

COMMITTEE RESPONSIBILITIES:

Member Quality, Safety & Regulatory Committee.

OUR EXECUTIVE MANAGEMENT TEAM



Lewis Gradon

Managing Director &
Chief Executive Officer

Lewis became Managing Director & Chief Executive Officer in April 2016. Prior to that, he spent 15 years as Senior Vice President – Products & Technology, and six years as General Manager – Research and Development. During his 40-year tenure with Fisher & Paykel Healthcare he has held various engineering positions overseeing the development of our range of products as well as the development of our manufacturing, quality, intellectual property, supply chain and clinical research functions.



Lyndal York

Chief Financial Officer

Lyndal was appointed Chief Financial Officer in March 2019. Before joining Fisher & Paykel Healthcare, Lyndal was CFO at Asaleo Care and prior to this held Head of Group Finance and Group Financial Controller roles at Cochlear in Australia over an 11-year period. She has also spent time in the US, as VP Corporate Accounting and Reporting at Edwards Lifesciences. Lyndal is a member of Chartered Accountants Australia and New Zealand, a graduate of the Australian Institute of Company Directors, and received her Bachelor of Economics from Macquarie University and Masters in Business Administration from Pepperdine University.



Paul Shearer

Senior Vice President
– Sales & Marketing

Paul was appointed Senior Vice President – Sales & Marketing in 2001. Paul previously served as the General Manager – Sales and Marketing of Fisher & Paykel's healthcare business from 1996. From 1990 to 1998, Paul held several roles in the business and established our sales operations in the UK and US. He has held various positions with Computercorp Ltd, a computer systems integrator, and ICL Ltd., a multinational computer systems company. Paul received his Bachelor of Commerce degree in marketing from the University of Canterbury, New Zealand.



Dr Andrew Somervell

Vice President
– Products & Technology

Andrew was appointed Vice President – Products & Technology in April 2016. Since joining Fisher & Paykel Healthcare in 2006, he has held various product development and operations management roles, and most recently was General Manager – Product Groups. He has overseen the development of the OSA product range and managed research and development, marketing, clinical, manufacturing, and aspects of the supply chain. Before joining Fisher & Paykel Healthcare, Andrew was a Research Fellow at the University of Auckland, New Zealand, and holds a doctorate in physics from the same university.



Winston Fong

Vice President
– Surgical Technologies

Winston was appointed Vice President – Surgical Technologies in February 2017. Winston previously served as Vice President – Information & Communication Technology from 2010 and has held various IT management, product and software development, and systems engineering roles in the business since 1999. Winston received his Bachelor of Engineering degree with honours in Electronics & Computer Engineering from Manukau Institute of Technology and Master of Business Administration from the University of Auckland, New Zealand.



Brian Schultz

Vice President
- Quality & Regulatory Affairs

Brian was appointed Vice President - Quality & Regulatory Affairs in 2015. Brian previously served as Quality Manager for New Zealand Manufacturing since joining the company in 2011. Prior to joining Fisher & Paykel Healthcare, Brian held quality management positions within the medical device and pharmaceutical industries in Australia, Switzerland, United Kingdom and the United States. He received his Bachelor of Science degree from Grand Valley State University, Michigan, United States.



Nicholas Fourie

Vice President - Information & Communication Technology

Nicholas Fourie was appointed Vice President - Information & Communication Technology in February 2017. Nicholas has been with Fisher & Paykel Healthcare since 2007, and in that time has held various systems engineering and IT management roles, including his most recent position as ICT Manager - Development & Engineering. Prior to joining Fisher & Paykel Healthcare, he worked for the South African division of BHP Billiton. Nicholas holds a Diploma in Computer Engineering from Damelin School of Information Technology in South Africa.



Jonti Rhodes

Vice President - Supply Chain, Facilities & Sustainability

Jonti was appointed Vice President - Supply Chain, Facilities & Sustainability in April 2022, having served on the Executive Management team since 2015. Jonti joined Fisher & Paykel Healthcare in 2007 as a product design engineer, and since that time has held several roles, both in New Zealand and the United States. He holds a Bachelor of Engineering (Mechanical) from Auckland University of Technology and a Master of Business Administration from the University of Auckland.



Marcus Driller

Vice President - Corporate

Marcus was appointed Vice President - Corporate in February 2019. Marcus joined Fisher & Paykel Healthcare in 2009 as an in-house lawyer and since that time has held several roles in legal, investor relations and communications and most recently as General Manager - Corporate. Prior to joining the company, he worked for New Zealand law firm Russell McVeagh where he specialised in corporate and commercial law. Marcus received his Bachelor of Commerce and Bachelor of Laws from the University of Auckland.



Nicola Talbot

Vice President
- Human Resources

Nicola was appointed Vice President - Human Resources in October 2020. She has more than 20 years of experience with Fisher & Paykel Healthcare. She worked with our International Sales team for 14 years and was appointed to the role of General Manager - Human Resources (International Sales) in 2017. She holds a Bachelor of Management Studies with Honours in Human Resources and Marketing from the University of Waikato.



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OPERATING SUSTAINABLY

03

PEOPLE

Creating an environment where our people feel a deep connection with our business is something we strongly believe in. Our intention is to have good people who contribute the most they can over the long term and to create a positive lasting impact on society.

LEARNING AND DEVELOPMENT

Our approach to employee development has three elements: experiential learning through daily tasks and projects, coaching, and formal training that includes e-learning, in-person sessions and self-paced content.

This year there was a real focus on developing our people in operations and designing our approach to coaching.

For salaried workers in New Zealand, our people undertook an average of 16 training hours during the financial year.



Coaching

We believe that coaching is provided by anyone, for everyone, in the moment to help people reach their full potential, find fulfilment and contribute to F&P over the long term. These moments have the potential to unlock solutions, embed our culture and ways of working, and help our people understand our purpose.

Throughout the financial year, a cross-functional group of senior leaders defined our coaching ethos and its purpose to ensure we can embed and sustain it globally. The next steps are to identify priorities and continuing to develop our coaching strategy.

Workplace Education Programme

During the 2023 financial year we sponsored a 12-week bespoke workplace education programme to upskill employees in New Zealand manufacturing.

The programme featured a mix of workshops and in-person learning sessions on numeracy, literacy, communications and continuous improvement. Participants earned New Zealand Qualifications Authority (NZQA) qualifications in workplace communication, problem-solving and writing in plain English.

Participants said they enjoyed being connected with other areas of the business most, while understanding and communicating with other cultures better was their biggest learning.

Mentoring and skills development

This year we provided eight learners the chance to complete their New Zealand Certificate in Plastic Processing / Plastics Engineering Level 3. This learning opportunity was a way to consolidate skills and standards in plastics across the business and show our people another career pathway here. Like a mini-apprenticeship, learners in the cohort were assigned a mentor to help keep them on track, explain concepts, and submit assignments. The mentors also developed their skills alongside mentees in their own specific workshops. The successful cohort is now on track to complete their Level 4 certificate.



Recipients of the Success in Plastics Processing and Plastics Engineering Level 3 Certificate: Deepak Sidhu, Param Singh, Paul Mikaele, Ishan Dhand, Rajeneel Kumar, Longtime Ngau, Hinano Kauvai and Sam Bracey.

PEOPLE – CONTINUED

Leadership training

F&P Mexico Women in Leadership

Empowerment, communication and leadership were the focus areas of F&P Mexico's Women in Leadership Programme implemented this year. Aimed at improving female representation in senior roles in Mexico, the programme was also designed to increase engagement and wellbeing for women at work and at home.

Twelve women in a range of operational roles took part as "first generation" participants. A further 11 women have been identified for the next programme.

Māori and Pasifika Leadership Development

A second cohort completed the Manaaki Leadership Programme during the 2023 financial year, and the opportunity was extended to people with Pasifika heritage as well as Māori. The five-month course includes wānanga (learning sessions) and one-on-one coaching, culminating in the development of projects that aim to solve a business issue.

With 18 participants, the second cohort completed four continuous improvement projects: a mental health champions network, recruitment and development programmes for operations employees, and a cultural hub.



Māori leadership programme graduates Nese Dhiman (Samoa), Leah Noble-Campbell (Ngāpuhi), Nikita Brown (Ngāpuhi) and Jordon Maynard-Rippingale (Ngāti Kahungunu ki Wairarapa) who developed a mental health champions network as their business project.

A third cohort started the programme in March 2023. Their projects will look at increasing representation of Māori and Pasifika candidates in recruitment and showcasing Māori and Pasifika cultures.

Former participants cited a wish to understand more about their cultural heritage as the top reason for applying. They said their confidence and psychological safety increased considerably after participating.

TALENT ATTRACTION AND RETENTION

Attracting talent

Hiring good people who will grow, develop and contribute over the long-term continues to be a top priority. We continue to apply a continuous improvement lens to our large and complex recruitment and selection process.

This year a multidisciplinary team in New Zealand mapped out the hiring process and identified improvements to ensure we remain competitive and recruit the best possible candidates in the fastest possible time. As a result, we are implementing some new recruiting methods and taking steps to build our employer brand. Our programmes for interns and graduates continue to be highly successful. In the 2023 financial year 142 interns and 110 recent university graduates joined the company in many different business areas. We also launched a new specialist programme for marketing graduates to deepen their knowledge and encourage meaningful connections with our experienced marketing managers from across the business.



Our cohort of New Zealand marketing graduates with some of our senior marketing leaders from across the business.

Retaining talent

We believe that nurturing a culture where teamwork, flexibility and diversity are valued will create an environment that will retain our people. We understand that people's needs and goals can be different, and we consider retention activities specific to the needs of our people and in line with our culture.

To recognise our people and their effort, Fisher & Paykel Healthcare provides a discretionary profit share scheme payable every six months.

During the 2023 financial year, the total profit share pool amounted to \$10 million and a share was paid to employees who met the qualifying criteria.

In New Zealand, Australia, the United States and Canada, we also offer a way for our people to be part-owners in the company through employee share schemes. Under these schemes, employees may purchase shares in the company at a discounted price.

PEOPLE – CONTINUED

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DIVERSITY, EQUITY AND INCLUSION (DEI)

To achieve our company purpose, we nurture a culture that is collaborative, open, diverse, honest and inclusive. To develop this environment, we are committed to embedding Diversity, Equity and Inclusion in everything we do. We think this approach is key to achieving long-term, sustainable improvement.

We recognise that the work we do in the diversity, equity and inclusion space requires long-term thinking and innovative solutions to complex challenges. We all have a part to play, and we know our words and actions today will impact future generations.

Our focus remains on embedding diversity, equity and inclusion into everything we do, as this is the key to sustainable change. We are not afraid to do things differently and take a considered approach to ensure our solutions will address our unique diversity, equity and inclusion opportunities and challenges.

Engagement from leaders within our business, combined with employee-led projects and external partnerships have resulted in some key achievements this year.

Global Women Champions for Change

In the 2023 financial year, Fisher & Paykel Healthcare became a support partner of New Zealand’s Global Women organisation and its Champions for Change group. Our Board Chair, Scott St John, will participate alongside over 80 senior business leaders who are

committed to achieving four drivers of inclusive and diverse workplaces: increasing gender diversity, increasing Māori and ethnic diversity, leading inclusive cultures, and influencing the outside world. We are looking forward to listening and contributing to conversations that will positively impact future generations.

IDEA Council (Inclusion, Diversity, Equity and Awareness Council)

The IDEA Council acts as trusted advisors to the executive leadership team and Board and ensure sustainable, equitable outcomes from diversity and inclusion initiatives.

With the demands of the pandemic easing, the council was able to concentrate on measures to include employees from manufacturing and operations teams to participate in DEI projects. After an intensive awareness and recruitment campaign that included focus groups across three shifts, we welcomed three new members from New Zealand manufacturing to ensure a more representative voice in the council.

R&Diversity, an IDEA Council-led project aimed at improving low female representation in R&D at senior levels, completed three streams of work – Meetings, Role Models and Model Shops. The project has started to scope two projects: Visibility of Role models, R&Diversity and Women in Engineering (WiEng); and a Pilot Model Shop Training programme, as well as identifying five specific points to embed into existing company projects.



One of our DEI focus groups in action at our New Zealand campus.

FY23 DEI Objectives	Progress
Complete the gender representation diagnostic in our sales regions and Mexico manufacturing facilities (carried over from FY22).	Complete
Identify initiatives to improve gender representation in our global locations where required (carried over from FY22).	Complete
Complete implementation of two initiatives to improve female representation in the R&D function.	Complete
Identify and commence implementation of two initiatives to improve waged employee progression.	Complete

DEI Objectives – FY24

- Report our gender pay gap in New Zealand
- Identify and commence implementation of two initiatives to improve rainbow inclusion
- Review the effectiveness of current strategies to attract Māori and Pacific people to our intern and graduate roles
- Complete implementation of one gender representation initiative in each international region (four sales regions and our Mexico manufacturing facilities)
- Pilot embedding Diversity, Equity and Inclusion into two key company projects

We continue to support the growth and empowerment of our employee networks and the Spectra (rainbow), Manaaki (indigenous) and Women in Engineering communities are a part of key business projects to elevate inclusive solutions.

Women in Engineering (WiEng)

Our Women in Engineering group exists to support and empower a community of over 150 women in technical roles through personal and professional growth opportunities and offer mentoring to aspiring young engineers at high school and university.

During the 2023 financial year mentoring was a focus for the group. WiEng and our learning and development team created a three-part series of workshops that included the basics of mentoring, how to prepare for a good mentoring relationship, panels of experienced people-leaders from our research and development teams, and a speed networking session.

This year the group were finalists in the 2022 Diversity Works New Zealand Awards in the Inclusive Workplace category. We were delighted to have this work recognised and included amongst all the other finalists.



WiEng were finalists in the Inclusive Workplace category, Diversity Works New Zealand Awards 2022.

SUPPORTING WOMEN IN ENGINEERING

150+

WOMEN IN TECHNICAL ROLES SUPPORTED
WITH PERSONAL AND PROFESSIONAL
GROWTH OPPORTUNITIES

PEOPLE – CONTINUED

Spectra

During the financial year, Fisher & Paykel Healthcare partnered with Pride Pledge, a New Zealand-based organisation that supports over 250 organisations to increase the visibility, inclusion and safety for LGBTQTIA+ people in their workplaces and communities. This partnership is important for our rainbow inclusion work.

Spectra, our group for queer and gender diverse employees, was instrumental in developing this partnership and completing the Rainbow Inclusion Stocktake. The stocktake is a self-evaluation tool and will help us to understand where we are now and assist in creating a strategic path forward.

Connecting with others through Pride Month was a highlight for Spectra who organised a range of events including the first 'Rainbow Awareness 101' training by Pride Pledge, an ice cream fundraiser for Outline, an all-ages mental health organisation supporting the rainbow community, and a quiz and performance.



Our Spectra group in New Zealand during Pride Month.



Celebrating our Manaaki graduates.

Manaaki

'Creating a workplace where it is wonderful to be Māori' is Manaaki's vision, and the group continues to grow and support people with indigenous Māori heritage to develop their leadership skills and cultural connection.

This year Manaaki's activities included:

- Organising a range of activities to enable employees to learn more about the traditional customs of Matariki including a special 'Matariki at Dawn' breakfast celebration
- Supporting welcomes for the inaugural NRSnet event, and Dr Karaitiana Taiuru on behalf of F&P and the NZ Association of Clinical Research
- Coaching leaders to improve their own cultural intelligence

Māori Language Week

Over 60 new Māori language learners began their journey with renowned author and teacher Hēmi Kelly in FY23. Several learners noticed that some of the 145 meeting room signs with Māori names were incorrect. To remedy this, they worked with Manaaki to research the whakapapa (history) of each meeting room name, correct the spellings, and improve the signage. Hēmi provided voice coaching for the project team to record audio soundbites for our online building map. The project was launched as part of Te Wiki o Te Reo (Māori Language Week).



F&P Business Excellence Coach Dorcas Chan with teacher Hēmi Kelly.

Hei Oranga Hinengaro – Mental Wellbeing Champion Network

As a company built on care, we believe in creating an environment that supports our people's health and wellbeing. By empowering our people to help each other, we also believe it will have a flow-on effect and benefit our families and wider community.

A group from the Manaaki Leadership Programme identified an opportunity to create an employee wellbeing champion network to act as another layer of support.

The Hei Oranga Hinengaro Mental Wellbeing Champion Network is designed to be informal, authentic and accessible. The purpose of the network is to empower our people to help each other by enabling conversations about mental wellbeing and supporting them to find help. A pilot for the network has been set up in the New Zealand manufacturing area with 50 employees signed up for training.

Wellbeing

F&P Mexico offers a comprehensive wellbeing service to employees with programmes aimed at improving mental, clinical and nutritional health. Recognising mental health is an important part of overall health, over 300 employees took up psychology care services we made available, while 10 employees successfully lost a combined 122 kilograms through a weight loss programme. There were also over 100 instances where chronic degenerative diseases were brought under control.

Human Rights Distinction in Mexico

F&P Mexico received a Human Rights Committed Company Distinction from the Comisión Estatal De Los Derechos Humanos Baja California (Baja California State Human Rights Commission or CEDHBC) in March 2023. This recognition is a voluntary initiative to promote sustainable development and corporate citizenship through a commitment to human rights and a platform for learning and exchange of experiences.

Gaining this recognition was driven by desire to constantly improve the quality of life for our people in Mexico, building relationships based on trust, respect and acceptance, and to create safe spaces. There was also a commitment to continuously improving our practices – the CEDHBC recognition provides encouragement to our teams to continue making an effort in this area.



Ofelia Osiris Luna from our Mexico business receiving the Human Rights Distinction Award from the Baja California State Human Rights Commission.

PEOPLE – CONTINUED

Global Connection

Globally we are now more mobile and value spending time together face-to-face.

Area Managers Meeting in New Zealand

For the first time in almost four years, we hosted our global Area and Territory Managers at our New Zealand campus. Our offshore-based teams, who support our distributors worldwide, have expanded, and for some in the team, it was their first-time meeting colleagues face-to-face. It was a fantastic opportunity to rekindle old and develop new connections while experiencing our unique F&P culture.



JOHANNA HURTADO
Area Manager
Columbia RAC

“The company has grown and now, we can put a face to a name. There were some very difficult moments during the pandemic so being here and being alive is a gift. My team can have a real experience and understand what it means to be part of F&P, spending time here is amazing.”



ANDRES GARZON
Area Manager
Latin America

“Connecting means we can network, find out what’s going on around the world and match best practices to introduce into our regions. It also helps us to improve communication and drive the business.”



REBECCA ANNA LEE
Area Manager
Eastern Europe

“Being together face-to-face is important for alignment and for people to feel connected to the company. I’m from New Zealand but I’m only one person and our people represent the F&P culture in different ways. Having my team here means they can see different representations of the culture and find people they align with.”

North America reunites after three years

Employees in North America reunited in California for their first national sales meeting after almost three years of remote working. The event felt extra special as new and old friends across the business reconnected through training days, a new mask launch, Golden Kiwi Awards dinner, and a charity run for a children's hospital. For those who joined during the pandemic it was the first F&P sales meeting they had ever attended.



Winners of our Golden Kiwi staff awards at the 2022 National Sales Meeting for our United States sales team in California.

PEOPLE BY THE NUMBERS

TOTAL PEOPLE

The tables below show our total numbers of people by headcount as at 31 March 2023.

By region

Region	FY2022		FY2023	
	Permanent	Temporary	Permanent	Temporary
New Zealand	3,444	633	3,515	37
Mexico	2,190	88	1,686	83
Rest of World	1,173	11	1,248	15
Total	6,807	732	6,449	135

By gender

Gender	FY2022		FY2023	
	Permanent	Temporary	Permanent	Temporary
Women	3,578	550	3,308	84
Men	3,215	181	3,106	51
Gender diverse*	4	0	7	0
Not specified / Prefer not to say	10	1	28	0
Total	6,807	732	6,449	135

* Gender diverse is an umbrella term for a range of gender identities beyond the binary framework. We are working to improve the quality of this data—new employees specify this but our work to update data for existing employees is ongoing.

Full-time and part-time*

Gender	FY2022		FY2023	
	Full-time	Part-time	Full-time	Part-time
Women	3,552	26	3,272	36
Men	3,204	11	3,085	21
Gender diverse	4	0	7	0
Not specified / Prefer not to say	9	1	27	1
Total	6,769	38	6,391	58

* Does not include New Zealand temporary employees (casual, fixed-term, temporary, temporary part-time and contract temporary) due to the changing nature of their hours.



LEADERSHIP BY GENDER

The table below shows the ratio of women to men among our Board members, senior executives, management and all employees as at 31 March 2023.

	FY2022						FY2023					
	Women	Men	Gender diverse	Women %	Men %	Gender diverse	Women	Men	Gender diverse	Women %	Men %	Gender diverse
Board	3	5	–	37.5%	62.5%	–	3	5	–	37.5%	62.5%	–
Senior executives ¹	3	8	–	27.3%	72.7%	–	3	8	–	27.3%	72.7%	–
Management (VP-1) ²	20	47	–	29.9%	70.1%	–	17	45	–	27.4%	72.6%	–
All employees ³	3,578	3,215	4	52.6%	47.3%	0.05%	3,308	3,106	7	51.5%	48.4%	0.1%

¹ The term “senior executive” refers to the Chief Executive Officer, executives reporting directly to the Chief Executive Officer, and the General Counsel and Company Secretary who reports directly to the Board.

² Management (VP-1): This includes senior managers who report into the Executive Management Team.

³ Temporary staff are not included in the above numbers.

LEADERSHIP BY AGE

The table below shows the age ranges of our people among our Board members, senior executives and all employees as at 31 March 2023.

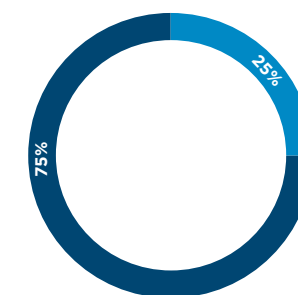
	FY2022			FY2023		
	Board	Senior executives ¹	All employees ²	Board	Senior executives	All employees
Under 30 years old	0	0	2,026	0	0	1,650
30 – 50 years old	0	8	3,735	0	7	3,660
Over 50 years old	8	3	1,046	8	4	1,139
% Under 30 years old	–	–	29.8%	–	–	25.6%
% 30 – 50 years old	–	72.7%	54.9%	–	63.6%	56.7%
% Over 50 years old	100%	27.3%	15.3%	100%	36.4%	17.7%

¹ The term “senior executive” refers to the Chief Executive Officer, executives reporting directly to the Chief Executive Officer, and the General Counsel and Company Secretary who reports directly to the Board.

² Temporary staff are not included in the above numbers.

COLLECTIVE BARGAINING AGREEMENTS

Of all permanent employees globally, 25% were covered by collective bargaining agreements in the 2023 financial year.



- Collective bargaining agreement
- No collective bargaining agreement

PEOPLE BY THE NUMBERS – CONTINUED

HIRE RATES

The tables below show our hire rates for the financial year ended 31 March 2023. Hire rate is the number of permanent employees hired divided by headcount in each region or category.

By region

Region	FY2022		FY2023	
	New employees	Hire rate	New employees	Hire rate
New Zealand	837	39%	530	15%
Mexico	717	19%	327	19%
Rest of World	81	8%	256	21%
Total	1,635	24%	1,113	17%

By gender

Gender	FY2022		FY2023	
	New employees	Hire rate	New employees	Hire rate
Women	939	26%	561	17%
Men	689	21%	526	17%
Gender diverse	1	–	3	–
Not specified / Prefer not to say	6	–	23	–
Total	1,635	24%	1,113	17%

By age group

Age group	FY2022		FY2023	
	New employees	Hire rate	New employees	Hire rate
Under 30 years old	653	19%	520	31%
30 – 50 years old	735	34%	522	14%
Over 50 years old	247	21%	71	6%
Total	1,635	24%	1,113	17%



EMPLOYEE TURNOVER

The tables below show employee turnover rates for the financial year ended 31 March 2023.

By region

Region	FY2022		FY2023	
	Number of leavers	Turnover rate	Number of leavers	Turnover rate
New Zealand	346	10%	448	13%
Mexico*	617	28%	748	44%
Rest of World	178	15%	188	15%
Total	1,141	17%	1,384	21%

* Turnover in Mexico was higher in the first half of FY2023 due to a decrease in production volumes and changes to working patterns.

By gender

Gender	FY2022		FY2023	
	Number of leavers	Turnover rate	Number of leavers	Turnover rate
Female	595	16%	778	24%
Male	545	17%	601	19%
Gender diverse	-	-	-	-
Not specified / Prefer not to say	1	-	5	-
Total	1,141	17%	1,384	21%

By age group

Age group	FY2022		FY2023	
	Number of leavers	Turnover rate	Number of leavers	Turnover rate
Under 30 years old	532	25%	615	37%
30 – 50 years old	526	14%	677	19%
Over 50 years old	83	8%	92	8%
Total	1,141	17%	1,384	21%

GENDER PAY RATIO

The table below shows our gender pay ratio, calculated within salary bands and functions using the average pay ratio between females and males as at 31 March 2023.

	FY2022	FY2023
New Zealand (salaried and waged)	99.7%	99.2%
Outside of New Zealand (salaried only)	96.0%	96.6%
Total	98.5%	98.4%

COMMUNITY

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FISHER & PAYKEL HEALTHCARE FOUNDATION

The Fisher & Paykel Foundation, a registered charitable entity, was established in March 2021. The Foundation's purpose is supporting healthier communities and it aims to achieve that by focusing on three key areas – health, education and environment – supporting people and organisations that help those who are underserved and underrepresented.

FIRST FUNDING ROUND

The Foundation is committed to providing its partners with the security and sustainability they need to reach their full potential. During the 2023 financial year, the Foundation provided funding of \$924,000 to organisations working in local communities. Fisher & Paykel Healthcare employees nominated local groups whom they knew were doing excellent work in the community and additional applications were accepted through the Foundation website. Foundation Lead Neerali Parbhu then met with leaders of 32 organisations face-to-face to understand what they do in the community first-hand and evaluate their needs.

SELECTED PARTNERS

Bluespur Charitable Trust

Supporting the delivery of the Pacific Settlement Service aimed at creating successful newcomers from the Pacific Islands that contribute positively to the wellbeing of Aotearoa New Zealand.

Cure Kids

Supporting the pilot Asthma Project aimed at reducing childhood mortality resulting from severe asthma in Māori and Pasifika children.

Fibre Fale

Supporting initiatives in South Auckland aimed at enabling digital equity for Pasifika people and encouragement to enter the digital tech industry.

First Foundation

Providing scholarships and internships to bright young people whose circumstances make it harder to attend university.

Garden to Table

Supporting the development of cultural resources for schools to improve the engagement of children with their environment, enabling facilitators to spend more time in South Auckland schools, and providing cultural professional development.

Kidz First/Ko Awatea

Supporting Kidz First's Māori Child Health Research Collaborative that runs a broad range of projects to address inequities including training for Māori doctors, implicit bias, ADHD treatment and a new model of care in the community: lungs4life.

Supporting Ko Awatea to provide research funding for two projects: one that addresses care pathways for injured young people in South Auckland, and another that explores new techniques to understand diabetic kidney disease.

Kiwibots

Supporting Kiwibots' national robotics competitions and providing robotics kits to enable more females and South Auckland schools with high Māori and Pasifika representation to participate.

Kura Cares Charity

Supporting the Whānau Hotaka Programme for families in Papakura, South Auckland which provides financial literacy and mentoring workshops to help families out of the poverty cycle.

Pūhoro STEM Academy

Supporting rangatahi Māori (young people) who are transitioning between tertiary STEM (science, technology, engineering, maths and mātauranga Māori) studies to employment. Pūhoro also explores the barriers for rangatahi in South Auckland to remain in education.

University of Auckland – Faculty of Engineering

Supporting the faculty's Māori and Pacific Pathways and Women in Engineering Programmes, aimed at increasing the representation of Māori, Pasifika and female students choosing to study engineering.

In the coming year, the Foundation will begin exploring opportunities to partner with groups who are making a difference in the Tijuana community in the areas of health, education and the environment.

PUTTING 'KIDZ FIRST' FOR CHRISTMAS

For some families, Christmas may be spent at hospital – especially if a child or children are chronically ill. The combined power of the Foundation and Fisher & Paykel Healthcare employees was put into full effect for children and their families who are under the care

of Kidz First Children's Hospital in South Auckland.

Fisher & Paykel Healthcare employees raised just over \$10,000 to provide food boxes to 40 Kidz First families, while the Foundation donated \$15,000 to provide a further 60 food boxes.

The Foundation also contributed \$5,000 for a special event for 250 families hosted by the Middlemore Foundation and BBM (Buttabean Motivation) where they received food boxes and gifts. A 25-strong team of employees from Fisher & Paykel Healthcare also volunteered their time to this event, hosting the free sausage stall and gift tables all day.



Foundation and F&P team members supporting the Kidz First Christmas food box drive.

WELCOME TO NEW FOUNDATION CHAIR - TONI MOYES

The Foundation welcomed Toni Moyes to the position of Chair, taking over from Lindsay Gillanders who retired as a trustee in February 2023.

Toni is an independent trustee of the Foundation and the Chief Commercial and Financial Officer of wealth development platform Sharesies. Toni has represented New Zealand on the APEC Business Advisory Council and co-chaired the Councils' Digital Working Group, co-founded a peer mentoring group for women in leadership, has been part of the selection team for the Edmund Hillary Fellowship, and is a member of the college of assessors for government scientific research funding.

The Foundation is grateful to Lindsay for sharing his time and experience to help set up this important organisation.



TONI MOYES
New Foundation Chair

COMMUNITY – CONTINUED

Foundation Trustees



TONI MOYES
Independent Chair



DR DAVID GALLER
Independent Trustee



MARCUS DRILLER
VP Corporate,
Fisher & Paykel Healthcare



KIRI HENARE
GM HR NZ,
Fisher & Paykel Healthcare



KEVIN PEARSON
GM Product Group Operations,
Fisher & Paykel Healthcare



JAMES TUCK
GM International Sales Operations,
Fisher & Paykel Healthcare

FIRST FOUNDATION SCHOLARSHIPS BEGIN

First Foundation supports bright young Kiwis whose circumstances make it difficult to attend university – giving them financial assistance, paid work experience and a dedicated mentor.

This year the Foundation provided scholarships to two South Auckland students: Tevita Bloomfield from De La Salle College and Helen Thai from Aorere College who both aspire to work in the medical field after university. They spent three weeks at Fisher & Paykel Healthcare's Auckland campus, spending time with a variety of mentors and teams, gaining exposure to many areas of the business. They left inspired by the range of work and areas of healthcare they could work in one day.



Our First Foundation students: Helen Thai from Aorere College and Tevita Bloomfield from De La Salle College.

FLOODS AND CYCLONE RELIEF

In January and February 2023, many communities in New Zealand were hit hard by flooding and Cyclone Gabrielle. The Foundation moved quickly to provide \$10,000 to BBM to support the immediate needs of families in South Auckland.

The Foundation continued to look for ways to make a long-term impact to restore livelihoods and provided \$90,000 to Habitat for Humanity to assist with its home-repair schemes for those affected by flooding and cyclone damage in South Auckland and in Wairoa, Hawke's Bay.

DEVELOPING PARTNERSHIPS WITH TĀNGATA WHENUA (MĀORI)

Our intention is to create a positive lasting impact on society and the environment, and we believe this is in line with the aspirations and values of tāngata whenua (New Zealand's indigenous people).

We acknowledge the unique perspective of tāngata whenua and the spiritual, ancestral, cultural, customary and historical knowledge and expertise built over time has the potential to bring significant benefits to all of New Zealand when aligned with commercial enterprise in trusted, long-term relationships.

Developing the East Tāmaki campus has given us an opportunity to build partnerships with tāngata whenua over the past twenty years. Throughout the year, special attention has been paid in the design of our fifth facility to ensure that the area's rich cultural history is reflected throughout the building and its surrounding areas. A heritage walkway, with replanted native trees and cultural artforms, has been co-developed with local iwi Ngāi Tai Ki Tāmaki, as well as storytelling in interior design and signage.

For our planned future campus in Karaka, community involvement and engagement will form a significant part of the early stages of the development, and we are excited to end the financial year by beginning new partnership journeys with local iwi in that area: Ngāti Tamaoho and Ngāti Te Ata. A working group of F&P employees (including those with Māori heritage), who deeply understand our company's 'DNA' and our long-term aspirations, are leading work in this space, each of whom are developing their cultural capability and understanding with external mentoring and guidance.

GLOBAL INITIATIVES

In addition to the Foundation-led initiatives in New Zealand, our teams across our global sites select and sponsor community initiatives which connect to our purpose. In North America, Europe and Australia, our people have again participated in a range of fundraising activities and made donations to support charitable organisations. This included raising money for sleep health and chronic obstructive pulmonary disease charities.

SUSTAINABLE TAX STRATEGY

Collecting and paying tax is an important contribution to the communities in which we operate. In support of our overall business strategy and objectives, we pursue a tax strategy that is principled, transparent and sustainable in the long term.

Our Group's tax contribution includes paying corporate income taxes, employment-related taxes and other taxes that we pay or collect on behalf of governments. We support the OECD Business and Industry Advisory Committee (BIAC) Statement of Tax Principles for International Business and have endorsed these principles in our published Group Tax Strategy, which was reviewed and approved by our Board in November 2022.

Our tax strategy sets out our approach to tax governance and tax management and is aligned to our conservative approach towards tax risk. Its primary purpose is to ensure that we comply with all of our tax obligations, undertake all transactions with a business purpose considering all of our stakeholders, and have an open and transparent relationship with tax authorities.

Our business model is centred in New Zealand, and the majority of our taxes are paid in New Zealand. Most of our manufacturing activities and tangible assets are located in Auckland. All of our R&D is performed in New Zealand, and the associated intellectual property is owned in New Zealand as well.

ENVIRONMENT

Our environment refers to the natural resources required to design, produce, distribute and use products and therapies. Our intention is to create a positive lasting impact on society and the environment.

We recognise we have a responsibility to care for the natural environment while we pursue our business goals. Climate change is also a growing concern among our customers, investors, and our own people. Furthermore, environmental legislation is emerging in countries where we manufacture and sell our products, so it is important that we strive for continuous improvement in this area, like in all areas of our business.

Our approach is to operate our business efficiently and responsibly while improving care and outcomes for patients. We measure key environmental metrics, including carbon emissions, waste management, recycling and water usage, and publicly report on these metrics. As part of our eco-efficiency strategy, we have established collaborative teams to work on a range of topics, including ecodesign, sustainable packaging, biobased and circular materials, and environmental life cycle assessment. We believe that by investing in these initiatives, we can be more innovative and successful in the long term.



CDP SCORES¹

Providing transparent sustainability disclosures is important to Fisher & Paykel Healthcare. We have been submitting to CDP (formerly known as the Carbon Disclosure Project) since 2010 – this framework is considered by many to be the leading global standard in environmental disclosures.

CDP Program	FY21	FY22	FY23
Climate	A-	B	A-
Supplier engagement ²	A-	A	B
Water	B	B	C
Forests	C	C	C

1 The required level of disclosure for CDP again increased for the 2023 financial year. We continue to mature our approach in the above areas and our work to improve our performance is ongoing. Since the FY23 scores were awarded, we have publicly disclosed our procedures on Water and Forests on the Corporate Governance Policies section of our website.

2 Supplier Engagement relates to the CDP Climate Program.

KEY GREENHOUSE GAS (GHG) EMISSIONS

GHG emissions (tonnes CO ₂ e) ¹	FY21	FY22	FY23	Change (%)
Total: Scope 1 & location-based Scope 2	16,007	15,671	16,816	7%
– Scope 1	1,465	1,777	2,287	29%
– Scope 2 (location-based) ²	14,542	13,894	14,529	5%
Total: Scope 3	718,991	457,112	328,313	-28%
Total: Scope 1, location-based Scope 2 & Scope 3 emissions (tonnes CO ₂ e)	734,998	472,783	345,129	-27%

1 GHG emissions have been measured in accordance with ISO 14064-1:2018 and consolidated using the operational control approach. Emissions factors and Global Warming Potentials (GWP) are provided by the Toitū carbonreduce Programme.

2 The Greenhouse Gas Protocol defines location-based emissions as a method that calculates emissions from electricity use based on the average emission intensity of the power grid used in the location where the company operates. Previously only market-based GHG emissions were disclosed (see data table and definitions below). Location-based emissions are now disclosed in alignment with NZ CS1 (from the External Reporting Board's New Zealand Climate Standards).

Market-based ³ GHG emissions (tonnes CO ₂ e)	FY21 ⁴	FY22 ⁴	FY23	Change (%)
Scope 2 (market based)	11,045	10,344	11,105	7%
Total: Scope 1 & market-based Scope 2	12,515	12,086	13,392	11%

3 The Greenhouse Gas Protocol defines market-based emissions as a method that calculates emissions from electricity purchased by the company (which accounts for renewable energy certificates).

4 We have restated our FY2021 and FY2022 Scope 2 emissions to account for the Ministry for the Environment's (New Zealand) latest Measuring Emissions Guide (16 August 2022) which includes revised electricity emissions factors.

ENVIRONMENT – CONTINUED

Reasonable assurance over Scope 1 and 2 emissions and a review of Scope 3 emissions (with reasonable assurance/validation provided for certain Scope 3 categories) has been performed by Toitū Envirocare. A copy of the Toitū Envirocare inventory report is available on the sustainability section of our website.

OTHER KEY ENVIRONMENTAL METRICS

Topic	FY21	FY22	FY23
Water usage (cubic metres)	134,900	184,171	133,517
Landfill waste diverted (cubic metres)	1,630	2,035	1,727
NZ recycling efficiency (percentage of waste diverted from landfill)	62%	68%	62%
Global recycling efficiency (percentage of waste diverted from landfill)	29%	52%	54%

CARBON COMMITMENTS

In New Zealand, we have been measuring our carbon footprint since 2012, and each year we engage Toitū Envirocare to conduct third-party carbon footprint audits. In 2019, we set science-based targets for Scope 1 and 2 carbon emissions, which are within our operational control, along with a Scope 3 supplier engagement target. Those targets were approved by the Science Based Targets Initiative as consistent with levels required to meet the goals of the Paris Agreement. Our target is to achieve a 67 per cent reduction in our Scope 1 and 2 emissions by 2034 from a 2019 baseline. During the 2023 financial year, we confirmed that 22 suppliers have also set Science Based Targets or equivalent targets for carbon reduction.

Looking further ahead, we are developing a carbon reduction long-term plan for our global business, which identifies a pathway to net zero CO₂e by 2050. This plan is currently in draft and is undergoing extensive review with both Executive Management and the Board. We wish to make sure it is fit-for-purpose and apply the necessary rigour and analysis of our scenarios, including those that relate to the use-phase of our product lifecycle before we release this externally.



Scope 1 and 2 carbon targets in tonnes of CO ₂ equivalent	FY2019 Baseline	FY2024 Target	FY2029 Target	FY2034 Target
Direct emissions – fuels, refrigerants, electricity and heat	11,115	8,846	6,494	4,143

CARBON EMISSIONS

Our carbon audit for the 2023 financial year shows a carbon footprint of 345,129 of CO₂e, representing a 27 per cent reduction on the prior financial year. Both Scope 1 and 2 emissions increased during the year, while our Scope 3 emissions decreased due to a reduction of use-phase emissions as hospital hardware sales were lower than the prior year which included a significant COVID-19-related impact.

CARBON FOOTPRINT 2023

345,129 of CO₂e

↓27%

ON THE PRIOR FINANCIAL YEAR

Scope 1 and 2

Scope 1 emissions were elevated in the 2023 financial year compared to 2022 amid a heavier travel footprint for our sales teams with COVID-19 travel restrictions continuing to ease and hospital access improving. As has been made clear throughout this report, connecting with customers and clinicians after limited time spent face-to-face during the pandemic has been a priority through the year. Scope 2 emissions saw a slight increase on the back of a higher proportion of production occurring in Mexico compared to prior years, coupled with an expanded sales team and less time spent working from home. The installation of the first phase of our Mexico solar array has partially mitigated this increase. In the long term, we remain committed to decoupling carbon emissions from production levels. We have been continuing to pilot an internal carbon price during the 2023 financial year to factor carbon impact into our business decisions.

Scope 3

Scope 3 emissions declined year-on-year, largely driven by a reduction in use-phase emissions amid lower hospital hardware sales compared to prior years. Airfreight as a proportion of our overall freight was also reduced compared to the 2022 financial year.

We remain committed to educating our suppliers about their responsibility to reduce carbon emissions and to set their own Science Based Targets. As mentioned earlier, we confirmed during the 2023 financial year that 22 suppliers have also set Science Based Targets or equivalent targets for carbon reduction.

ENVIRONMENT – CONTINUED

WATER USAGE

We have established an absolute water reduction target of 2 per cent per year. We exceeded this target during the 2023 financial year, achieving a 28 per cent reduction. The year's improvement was largely a result of reduced shift patterns at our Mexico facilities and an improvement in the accuracy of data we source from our global sales offices. The water re-use plant (detailed later in this section) was operational for the final month of the financial year, providing a slight additional improvement. The plant is currently delivering a 50 per cent reduction in water use for our second building and we anticipate this will climb to 80 per cent in the coming years. Of our total water use, New Zealand accounts for 63 per cent, Mexico accounts for 32 per cent and our global sales offices account for 5 per cent.

OUR NEW WATER RE-USE PLANT IN MEXICO

Our facilities in Tijuana are situated in a water-scarce area, relying on water being piped in from a neighbouring state, which in turn relies on the stressed Colorado River basin catchment. In a telling display of the effects of climate change, the river no longer regularly reaches the Gulf of Mexico.

Our team identified a solution to treat and re-use water that is deployed for cooling systems, cafeterias, bathrooms and other sanitation uses. Our team of engineers developed a tertiary treatment system that degrades and filters waste and biosolids, complete with a drying and vermicomposting bed.

The treatment plant became operational in March 2023 and is currently saving

approximately 50 per cent of water for our second building. Our next goal is to lift this to an 80 per cent reduction. The plant has the capacity to process enough water to fill an Olympic swimming pool in three days.

This is aligned with Proyecto Morado (Project Purple), a plan by the Tijuana government to promote the re-use of treated water in irrigation, manufacturing and construction. It is another important step in making our site more climate-resilient and sustainable.

The project is another positive addition to our second Tijuana campus following the completion the first phase of our solar installation project which saw 1,300 solar panels installed on the roof of our second building. Once the entire array is operational, we expect this will fulfil 40 per cent of the overall site's electricity requirements.



Our Mexico team celebrates the completion of our water re-use plant in March 2023.



Taking care of our New Zealand campus – some of our New Zealand team hard at work during a tree-planting day.

GREEN TEAM

Our employee-led Green Team now includes more than 500 people promoting environmental sustainability on our East Tāmaki campus and in the community. Our annual Sustainability Week in November was again a highlight this past year, featuring a bioeconomies speaker event, a Green Awards celebration with a new Ecodesign Trophy awarded, and a sustainable transport showcase providing information on cycling, electric vehicles and public transport options. Approximately 150 team members participated in the Aotearoa Bike Challenge to promote sustainable commuting and the Green Team also co-ordinated tree plantings and estuary clean ups as part of Keep New Zealand Beautiful Clean Up Week. Further afield, highlights included several events for Sustainability Week in the UK, and a large turnout for a beach clean-up event run by our Mexico team.



Our Mexico team with a strong turnout to our beach clean-up event in September 2022.

ISCC PLUS CERTIFICATION

In October 2021 Fisher & Paykel Healthcare became International Sustainability and Carbon Certification (ISCC) PLUS certified in New Zealand for the first time. ISCC provides certification solutions for supply chain traceability and sustainability. ISCC PLUS is a sustainability certification that allows us to source and trial a range of sustainable materials (bio-based or bio-circular) that are ISCC PLUS certified. In May 2023, the first components using this certification were released to market as part of our SleepStyle product. This is an important milestone for our Ecodesign program.

MEMBERSHIPS

Fisher & Paykel Healthcare is a member of the Climate Leaders Coalition (CLC), a group of leading New Zealand companies who are committed to taking voluntary action on climate change. This includes measuring and publicly reporting emissions, setting a public emissions reduction target, and working with suppliers to reduce their emissions.

Fisher & Paykel Healthcare is also a member of the Sustainable Business Network, which is New Zealand's largest and longest-standing sustainable business organisation. The network describes itself as a social enterprise, a community and a movement, designed to enable change in the areas of climate, waste and nature.

Our Board Chair Scott St John is a member of the steering committee for Chapter Zero New Zealand, a newly formed climate governance group hosted by the Institute of Directors. This is a chapter of the global Climate Governance Initiative (CGI) which was established to support the World Economic Forum's Climate Governance Principles for boards of directors – the intent is to provide directors with climate awareness and skills, and bring climate considerations to the fore in boards' decision-making processes.



SUPPLIERS

Our firm belief in doing the right thing and creating a lasting positive impact goes beyond our commitment to patients – it also applies to our supply chain.

We are focused on building trusted long-term relationships with our suppliers across the globe to maximise opportunities for companies and communities to thrive, all while promoting safe working environments and sustainable outcomes.

As part of our responsible sourcing efforts, we select and collaborate with suppliers who align with our values, provide education and support on relevant standards, and enable our people to speak up in cases of non-compliance. This is all anchored in our view that corporate social responsibility and sustainability are inextricably linked to the way we do business.

SUPPLIER CODE OF CONDUCT

We are committed to building a supply chain aligned with our approach to corporate social responsibility and environmental sustainability. We use an integrated enterprise resource planning system and a strong quality management system to ensure that our supply chain is transparent and coordinated across our wider supply chain network.

Our Supplier Code of Conduct reflects our values and our expectations for the conduct of all suppliers, contractors and consultants, and their affiliates, who provide goods or services to F&P. We find business relationships are more productive and effective when they are built on trust, mutual respect, and common values. As such, F&P seeks relationships with suppliers who share a common commitment to:

1. Comply with all laws and regulations.
2. Act ethically and with integrity.
3. Respect human and employee rights.
4. Incorporate quality business processes within day-to-day operations.
5. Promote and maintain a health and safety culture.
6. Design for sustainability.
7. Monitor and minimise any negative impacts on the environment.
8. Have systems in place to ensure business continuity, continuous improvement and protection of intellectual property.

While materials are procured from all over the globe, a large portion of the externally procured materials originate from suppliers in Asia and North America. To support our suppliers and ensure transparency, our local teams personally interact with and visit suppliers' operations where possible. We are focused on building trusted long-term relationships with suppliers across the globe to maximise opportunities for companies and communities to thrive, all while promoting safe working environments and sustainable outcomes.

Our full Supplier Code of Conduct, updated in September 2022, is available on our website.

SUSTAINABLE PROCUREMENT

The raw materials and components we use to manufacture our products come from a network of suppliers around the globe. Operating in a sustainable way depends not only on what we do, but on the activities of our supply chain. For that reason, we seek to purchase goods and services from suppliers that minimise negative impacts and increase positive outcomes through sustainable and ethical business practices. Our practices are based on and aligned with ISO 20400 for Sustainable Procurement.

OVERVIEW OF OUR SUPPLY CHAIN



2,000+ Tier 1 suppliers to New Zealand and Mexico manufacturing sites

Based in 20+ countries 4 continents

SUPPLIERS – CONTINUED

ERADICATING MODERN SLAVERY

As part of our commitment to do the right thing, we recognise that we have a role to play in guarding against and eradicating modern slavery. We have processes in place that identify and address modern slavery risks within our supply chain and aid our procurement decisions.

These processes include our Code of Conduct and our Supplier Code of Conduct, and we have evolved our procedures over the 2023 financial year to include specific modern slavery observations in our supplier site visits. We have piloted the methodology for undertaking these observations with a small number of suppliers. For the 2024 financial year, this process will be carried out across a broader group.

We fully support the principles in the United Nations Universal Declaration of Human Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, including non-discrimination, freedom of association and collective bargaining, and freedom from forced and child labour.

Modern slavery risks in our operations and supply chains

Fisher & Paykel Healthcare Group has assessed the key modern slavery risks in its operations and supply chains within New Zealand and internationally. As a large manufacturer, we recognise that our risk is likely moderate in respect of potential modern slavery risks. To determine where the biggest risk of potential modern slavery lies within our supply chain for our New Zealand and Mexico operations, we have undertaken a due diligence exercise. We evaluated direct suppliers that provide products or services that are used in Fisher & Paykel Healthcare's medical devices, or in the manufacturing of such devices. As part of this exercise, we have identified through a heat-map the geographical regions where our suppliers are located, cross-referencing the prevalence of modern slavery in those regions based on the 2018 Global Slavery Index.

While we source globally, a large portion of the externally procured products and services for our New Zealand and Mexico operations originate from suppliers in Asia and North America, with highest-risk categories being electronics and textiles. Through this heat-mapping exercise, we have been able to undertake a sustainable risk-based approach by focusing first on the geographical areas of potential highest risk. After making progress on the highest-risk areas in the 2023 financial year, we have begun looking at other key risk areas such as Mexico, where we have recently appointed a Sustainable Procurement Lead. To support our suppliers in these regions and

to ensure transparency, our local teams personally interact with and visit our suppliers where possible to understand and evaluate their operations.

OUR APPROACH TO ADDRESSING MODERN SLAVERY RISKS

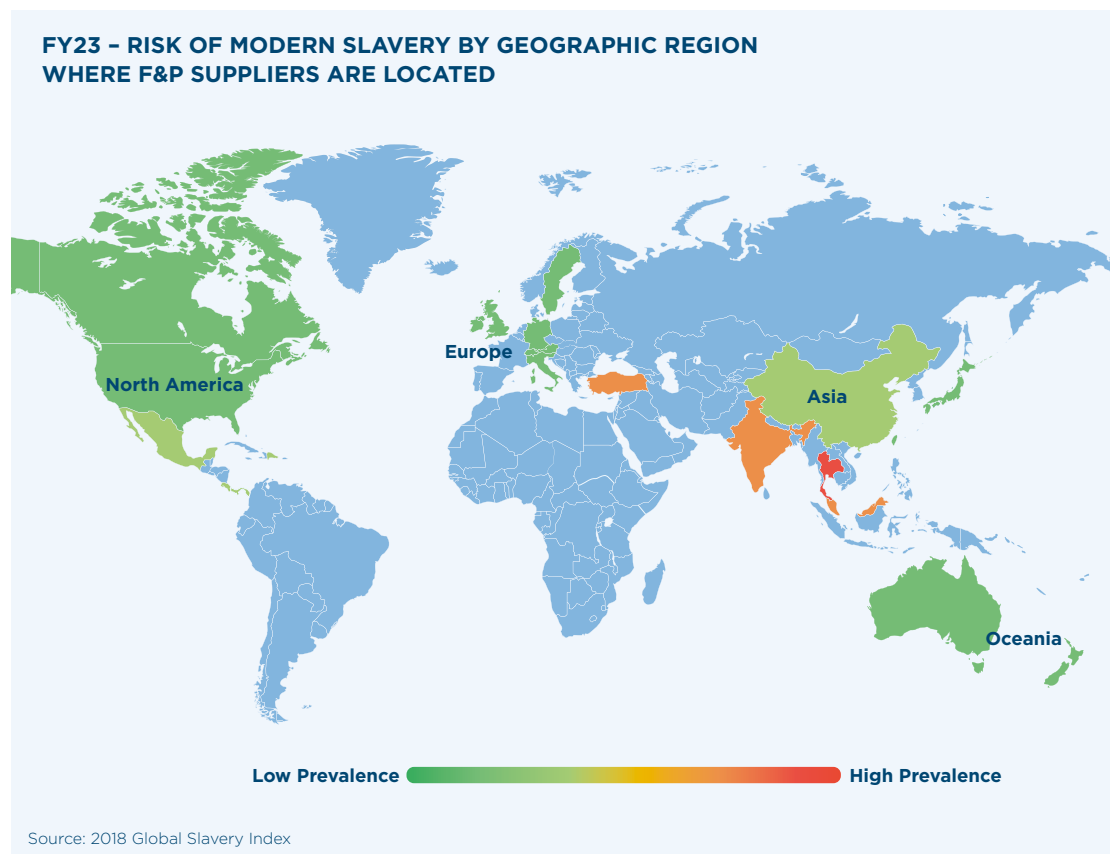
Our processes to identify and address modern slavery risks within our supply chain and aid in our procurement decisions include our Code of Conduct and Supplier Code of Conduct. Our supplier assessment survey includes the requirement for specific modern slavery indicators to be monitored in our supplier site visits. We acknowledge that the highest-risk factors which could potentially link to modern slavery violations within our supply chain and operations relate to the use of forced labour, with particular risks for migrant workers. Specifically, use of forced labour covers potential risks for deceptive recruitment of labour, including retention of passports and other identity documents, or poor working conditions and pay.

We have continued surveying suppliers to understand their risk profile and have hired a sustainable procurement specialist to be based in Asia (as the area we have identified of having highest potential modern slavery risk in our supply chains). We have also contracted a third party to assist with a deep-dive assessment on environmental and social responsibility impacts of our supply chain. A pilot program of this assessment with a select group of suppliers is set to conclude within the first half of the 2024 financial year.

Our suppliers must confirm their commitment to our Supplier Code of Conduct, which was last updated in September 2022. We have a supplier assessment form on our supplier onboarding portal, which has to be completed by suppliers whose goods or services are used to manufacture our products or have the potential to impact the safety of our people or products. From the information requested on the supplier assessment form, we are able to assess the supplier and (where applicable) their subcontractors' history and commitment to fair, ethical and legal employment practices and the eradication of child, forced or compulsory labour in the supply chain and operations.

Fisher & Paykel Healthcare completes a global sustainability risk assessment annually based on our knowledge and understanding of the sustainability impacts relating to the materials we source, our supply chain and sourcing countries. We have developed a sustainable procurement framework aligned with ISO 20400 standards (Sustainable Procurement) to provide structure around identifying, monitoring and addressing risk, along with our approach to building a culture of awareness and knowledge on social and environmental topics relevant to our supply chain.

We established an Environmental and Social Responsibility Governance group in 2022. The purpose of the governance group is to oversee a range of workstreams and initiatives relating to supply chain, sustainable procurement and modern slavery. The Environmental and Social Responsibility Governance group is comprised of senior managers from across our business, to ensure we have engagement from a range of



different research and development, sales and corporate units. The Governance group has established an environmental and social responsibility programme based on gaps analysis and prioritisation within our operations and supply chain, including modern slavery and sustainable procurement.

SUPPLIERS – CONTINUED

OUR POLICIES FOCUSED ON ADDRESSING MODERN SLAVERY RISKS

We are committed to building a supply chain aligned with our approach to social responsibility and sustainability, as set out in our policies. We use an integrated enterprise resource planning system and a strong quality management system to ensure that our supply chain is transparent and coordinated across our wider supply chain network. We have a number of processes that address modern slavery risks, and which drive our purchasing decisions to consider a holistic approach across economic, environmental and social aspects. These processes include:

Codes of Conduct

We expect our directors, employees, executives and contractors to maintain high ethical standards. Our Company Code of Conduct applies to all employees, executives and contractors within the Fisher & Paykel Healthcare Group globally. We have also created a separate Code of Conduct for Directors.

The Codes cover a range of areas relevant to legal and ethical behaviour, including but not limited to, competing fairly, health and safety, working with customers and suppliers, sanctions compliance, and combatting bribery and corruption. The Codes have been translated into a number of different languages

for our global offices. Training on our Code of Conduct is undertaken by employees globally and is part of our induction process for new employees. New directors are provided a copy of the Director's Code of Conduct during their induction training.

We implemented our Speak Up Procedure globally in October 2021. This whistle-blowing/protected disclosures procedure sets out how actual or suspected breaches of the Codes of Conduct, or any potentially unethical or illegal behaviour, can be reported without fear of retaliation or harassment. As part of the Speak Up Procedure, we have engaged an independent third party to provide a service so reports can be made to them if people choose to do so. The third-party service provider then provides relevant details back to F&P so that appropriate action can be taken. For FY23, we expanded this service so that it can be used by our suppliers and third-party contractors to report suspected or actual modern slavery violations. This process supports F&P by providing greater clarity across our supply chain and ensures there can be disclosure by suppliers without reprisals.

Supplier Code of Conduct

Our Supplier Code of Conduct reflects our values and expectations for all suppliers, contractors and consultants who provide goods or services to Fisher & Paykel Healthcare. The Supplier Code of Conduct sets out minimum standards expected of suppliers. Our Supplier Code of Conduct sets out the requirements for suppliers to treat people with dignity and respect, including but not limited to:

- not hiring or using forced, compulsory and/ or child labour;
- promoting awareness around the importance of a diverse and inclusive workforce;
- having systems in place for the review of internal policies and practices in order to have an inclusive approach; and
- respecting employee rights to freedom of associated and collective bargaining.

Should a supplier fail to comply with the Supplier Code of Conduct, as a first step we would work with the supplier to identify and mitigate risks to support them to change their behaviour and general practices addressing modern slavery risks. Continued or repeated breaches of the Code may result in termination of the arrangements between us. In addition to the Supplier Code of Conduct, our Australian entity, Fisher & Paykel Healthcare Pty. Ltd, also has additional onboarding processes for suppliers in respect of finance, quality and regulatory.

Environmental & Social Responsibility Policy

Our Environmental and Social Responsibility Policy was introduced in November 2021. This is a global policy and applies to all of Fisher & Paykel Healthcare's operations and locations. Our intention is to create a positive lasting impact on society and the environment. One of the fundamental ways in which we want to achieve this is through verifying and validating our environmental, social and ethical performance, and that of our suppliers. We will collaborate with others to continuously improve this performance. This includes building trusted long-term relationships to create better outcomes for all, as well as striving to provide a high quality of life for our employees and support our suppliers to do the same for their people. Fisher & Paykel Healthcare is committed to complying with the letter and spirit of laws and regulations relating to environmental and social responsibility. The Environmental and Social Responsibility Governance group has established an environmental and social responsibility programme based on gap analysis and prioritisation within our operations and supply chain.

Responsible Minerals Sourcing Procedure

In April 2022, we implemented our Responsible Minerals Sourcing Procedure, which sets out the way in which Fisher & Paykel Healthcare will source and use minerals. We understand the importance of actively mitigating human rights abuses and other risks related to the extraction of specific minerals from areas where armed conflict and human rights abuses may occur.

We work with existing suppliers and monitor supply chain risks related to conflict minerals to ensure responsible minerals sourcing. As part of this process, we actively review, assess and mitigate supply chain risks within our supply chain and operations. This review includes annually updated information from the Responsible Minerals Assurance Process (RMAP), an approach created by the Responsible Minerals Initiative to help companies make better decisions about responsibly sourced minerals in their supply chains. The RMAP identifies smelters that can demonstrate, through an independent third-party assessment, that the management systems and sourcing practices for minerals are in conformance with RMAP standards. All suppliers that are identified to supply (or are known to supply) tin, tantalum, tungsten and gold are asked to provide sourcing data using the RMAP model set out above.

As a part of the ongoing process of due diligence, we steer our suppliers (and their supply chains) to source minerals from smelters validated via RMAP (or an alternative equivalent). Our process for responsible minerals sourcing is consistent with the OECD Due Diligence Guidance for the Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. One of the key aims of this process is to ensure we are mitigating human rights abuses, including modern slavery.

SUPPLIERS – CONTINUED

OUR TRAINING

All staff globally are required to undergo training on the Code of Conduct. Quality, procurement and sourcing staff receive additional training on the principles and processes that Fisher & Paykel Healthcare follows in managing its supply chain, including its due diligence and risk assessment and management processes and procedures.

OUR ASSESSMENT OF THE EFFECTIVENESS OF OUR APPROACH

Fisher & Paykel Healthcare is committed to reviewing its supply chains and operations to continuously assess modern slavery risks. As a large organisation with a complex supply chain, we acknowledge that we need to continue to treat this as a priority as a company.

If a potential or actual modern slavery incident was identified in our supply chain or operations, it would be treated in a similar way to other violations, such as a material health and safety incident. The approach primarily focuses on engaging and collaborating with suppliers where any potential breaches have been identified, to implement remedial measures. This includes corrective actions to address the underlying causes and violations to prevent reoccurrence.

During this reporting period, our key focus has been on understanding our modern slavery risks within our supply chain and operations. Assessing and addressing modern slavery risks within our operations and supply is an ongoing process, and we are putting in place

procedures to assess the effectiveness of our actions so that they can be built upon.

We have developed a supplier-categorisation criteria to form a baseline of where each supplier stands and define the course of development actions to be taken. The categories are as follows:

- **Embarking:** Suppliers at an early stage with few – or no – policies focused on social responsibility.
- **Intermediate:** Suppliers that have policies and some internal controls in place covering social responsibility.
- **Proficient:** Suppliers that are identifying and actively working to mitigate modern slavery risks both within their organisation and also their supply chain.
- **Advanced:** Suppliers that have enlisted third-party verification to assess its modern slavery processes and risk mitigations.

During the 2023 financial year, our team performed assessments on a range of suppliers through a combination of self-assessment surveys and research on suppliers' publicly available disclosures. Following these assessments, we held one-to-one engagements with 44 suppliers to support their development. We subsequently upgraded the status of 11 suppliers within our categorisation criteria. Our focus in the coming year is continuing to assess and support suppliers development, targeting a proficient status for as many as possible.

As part of our assessment of effectiveness, we have undertaken regular reporting to our Audit

and Risk Committee. The Committee is responsible for reviewing and monitoring our environmental and social risk management framework as well as how proposed actions may be performed. We have also undertaken the due diligence process for our direct product and services suppliers and will continue working closely with them. Through the work the Environmental and Social Responsibility Governance group undertakes, we will be able to continue to assess the effectiveness of our actions for the next financial year.

We are not aware of any modern slavery violations in our supply chain and operations during the 2023 financial year.

During the period, we became aware of an incident within our Indian operations where there was alleged underpayment of hired security guards. The personnel were hired as employees of a third-party security company which F&P had a contracting relationship with. It was established that payment had not been made to the security guards due to certain payroll issues. The matter was rectified in July 2022, and the security guards subsequently received their alleged dues.

ADDRESSING MODERN SLAVERY: FY23 HIGHLIGHTS

- **LAUNCHED** our new Sustainable Procurement Framework to suppliers
- **COMPLETED** recruitment of sustainable procurement specialist to cover the Asia region (designated as our highest-risk region)
- **SELECTED** third-party specialist for deep dive of high-risk areas in our supply chain
- **UPDATED** our Supplier Code of Conduct
- **EXTENDED** our Speak Up Procedure to suppliers
- **APPOINTED** a Sustainable Procurement Lead for our Mexico manufacturing sites
- **IMPROVED** internal and external reporting and disclosure
- **TRAINED** staff on modern slavery risks
- **SUSTAINABLE** procurement aspects now included in supplier business reviews
- **UPGRADED** the status of 11 categorised suppliers in accordance with our supplier categorisation criteria

ADDRESSING MODERN SLAVERY: FOCUS AREAS FOR FY24 AND FY25

- **CONTINUE TO IMPROVE** internal and external reporting and disclosure
- **CONTINUE DEVELOPING** and measuring key performance indicators to monitor effectiveness of our initiatives
- **CONTINUE TRAINING** our staff on modern slavery risks
- **DEVELOPMENT** of digital learning resources to educate suppliers on topics covered in our Supplier Code of Conduct
- **REVIEWING** and updating relevant supplier agreements to include specific modern slavery clauses
- **MAPPING** multiple tiers of our supply chain to obtain greater visibility of the critical components used within our products

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FY23

SUSTAINABLE DEVELOPMENT GOALS

Fisher & Paykel Healthcare supports the United Nations Sustainable Development Goals. We have identified three goals where we believe we can make a positive difference in order to achieve a more sustainable future for all. The goals we are most closely aligned with are Goal 3, Goal 8 and Goal 12, and our contributions are outlined below.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS: F&P FOCUS AREAS



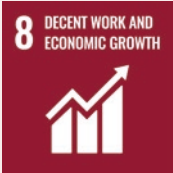
GOAL 3:
Ensure healthy lives and promote wellbeing for all at all ages



UN SDG target	UN key indicators	Our contribution
3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing.	Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease.	Our Optiflow™ nasal high flow therapy is a first-line treatment for patients suffering for respiratory disease, including being used both pre-intubation and post-extubation. An estimated six million patients were treated with our Optiflow therapy over the past year.
3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.	Death rate due to road traffic injuries.	Hundreds of millions of people suffer from obstructive sleep apnea (OSA) globally, and the associated daytime fatigue creates significant risk for drivers – there are clinically proven links between these conditions and traffic accidents. Our range of CPAP machines and masks are used by millions of patients around the world for a better night's sleep.
3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.	Coverage of essential health services (defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity and access, among the general and the most disadvantaged population).	The use of our Optiflow™ nasal high-flow therapy has often been shown to reduce the escalation of patient care, resulting in not only better outcomes for the patient but also reducing cost and capacity constraints for healthcare providers.

SUSTAINABLE DEVELOPMENT GOALS – CONTINUED

GOAL 8:
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



UN SDG target	UN key indicators:	Our contribution:
8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.	Annual growth rate of real GDP per employer person.	We are a major proponent of research and development and in the 2023 financial year invested 11% of annual revenue into R&D. We have more than 800 people engaged in clinical research and product and process development – they are primarily engineers, scientists and physiologists.
8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	Proportion of informal employment in non-agriculture employment, by sex.	We are a significant non-agricultural employer, with a team of 6,449 permanent and 135 temporary employees (as at 31 March, 2023). We are an equal opportunity employer that values workplace diversity. Of our full-time permanent employees, 52% are women and 48% are men, and our total gender pay ratio is 98.4%.

GOAL 12:

Ensure sustainable consumption and production patterns



UN SDG target	UN key indicators:	Our contribution:
12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	Material footprint, material footprint per capita, and material footprint per GDP. Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP.	We are committed to reducing our carbon footprint in line with the 2015 Paris Agreement (1.5 degrees celsius) science-based reduction targets. We aim to reduce carbon emissions within our operational control by 4.2 per cent annually (using the 2019 financial year as a base), and we are working with our suppliers to set their own targets. We have also established an absolute water reduction target of 2 per cent per year and have a range of initiatives to this end, including a recently commissioned water re-use plant at our Tijuana facility in Mexico.
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	National recycling rate, tons of material recycled.	We actively reduce waste and recycle materials. In the 2023 financial year, we diverted 1,431 cubic metres of waste from landfill, down 30 per cent on the prior year. Our recycling efficiency rate was 54 per cent. We also have more than 50 product development engineers across the company working on our Ecodesign initiative, which is focused on sustainable packaging, bio-based plastic technology and sustainable procurement.

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RISK MANAGEMENT

Our approach to risk management is to identify and manage risks within acceptable levels. While no risk management system can ever be infallible, we seek to improve the quality of our business decisions by applying a bespoke framework and aligning with international standards.

GOVERNANCE OF RISK

Our Board is committed to its role of ensuring quality, safety, compliance and effective risk management. The Board provides oversight of senior leadership’s management of risk. The Board meets regularly with key risk management functional leaders and receives regular reports from senior representatives on material risk and mitigation strategies.

The Audit & Risk Committee reports to and assists the Board by reviewing and ensuring our business risk management processes (excluding any risks related to quality, safety and regulatory functions) can provide reliable information to the Board on the status of major risks that could impact our business.

The Quality, Safety & Regulatory Committee reports to and assists the Board by reviewing our quality, health and safety and regulatory risk management approach. The Committee ensures effective mechanisms and internal controls are in place to identify and manage areas of material risk and maintain compliance with applicable regulations.

BUSINESS RISK MANAGEMENT FRAMEWORK

Our approach to integrating quantitative risk analysis into day-to-day management and business operations continues to be developed. This framework helps to ensure we resolve internally-identified risks in compliance with laws and regulations; plan, make decisions and prioritise opportunities and threats to strategic objectives and new product introductions; and respond in a prompt, efficient and effective manner to future events that create uncertainty or pose a significant risk.

RISK ANALYSIS

We carry out risk analysis to support material business decisions. The relevant stakeholders are involved in such evaluations, and findings are communicated to key decision-makers and management. When making a decision, carrying out a business activity or approving an initiative, we apply a range of quantitative risk management techniques to measure uncertainty.

BUSINESS CONTINUITY PLANNING

Over the past several years, we have increased our focus on business continuity planning. Our goal is to anticipate and plan for potential crises that may cause a significant disruption to our business and subsequently impact patients, customers, products and shareholders. We review our business continuity framework regularly to adapt to new and evolving threats, such as climate-related events, cybersecurity incidents, changes due to business growth, and increased customer demand for products. We also conduct simulations regularly to provide confidence that our framework is tested, embedded and continuously improved.

INTERNATIONAL STANDARDS

The chart below identifies the international standards that guide us in three key areas.

Risk type	ISO standard
Business risks	31000 - Risk Management Principles and Guidelines.
Product risks	14971 - Medical Devices Application of Risk Management, specific to medical device design and manufacturing.
Health and safety risks	45001 - Health and Safety, with greater emphasis on managing Critical Risks.

MATERIAL BUSINESS RISKS AND STRATEGIES TO MITIGATE

After completing our risk management processes, as well as the materiality assessment described in the Company section of this report on pages 23-25, we have identified key areas of risk for our business and strategies to mitigate them.

Area	Description	Strategies to mitigate
Product quality and patient safety	Patients are harmed as a result of using our products. This may result in product recalls and potentially product liability litigation.	We operate a worldwide quality management system related to the design, testing and manufacture of our products. Furthermore, we foster an organisational attitude of product safety and continuous improvement.
Health and safety	Work-related injuries or illnesses	Our global health, safety and wellbeing standards are aligned with ISO 45001, with greater emphasis on managing critical risks. We design and implement preventative and recovery risk controls for critical health and safety risks across our global business. We report our health and safety progress regularly to the Board of Directors and to the Quality, Safety & Regulatory Committee three times a year.
Market access	Maintaining regulatory compliance is required to market and sell our products in certain countries	We have a regulatory affairs process that enables us to obtain and maintain product licenses, as well as a quality management system that ensures compliance with applicable regulatory requirements. We have monitoring steps in place to evaluate the effectiveness of our programmes, and our executive management team conducts regular management reviews.
Intellectual property	Third parties asserting IP rights against us	We have a comprehensive patent portfolio across our technologies and we actively and robustly manage IP litigation risk. As part of our product development phase, we conduct freedom-to-operate searches during product design. We monitor competitor patent filings and take action as required.
Sustainable profitable growth	Foreign exchange losses	Currency risk is hedged in accordance with the Board-approved hedging procedure. The hedging procedure aims to reduce the impact of short-term currency fluctuations on our cash flow. We use derivative financial instruments to hedge exposures in the current and future years. A diversity of currency exposures also provides some natural hedge.
Business continuity	Continuity and quality of supply	We actively monitor our end-to-end processes and systems through an internal risk management process and implement actions to prevent disruption. We use a business impact analysis to identify, understand and quantify the impact of a material disruption to a key facility, location, supplier or business process. This approach enables us to prioritise the most significant potential exposures to the business. It is also aligned with our crisis planning framework.
Cyber security and data protection	Cyber security attack resulting in disruption to operations and data breach	To manage our risk and protect the data entrusted to us, we are constantly reviewing and honing our control mechanisms to ensure our protections can proactively respond to developing cyber threats. We continue to use independent reviews to test and identify potential risks to ensure we focus on the right cyber risks.
Climate-related risks	Changing climate and associated weather events disrupt the supply of product to patients	These risks, impacts and opportunities are described in detail on pages 72-74.

RISK MANAGEMENT – CONTINUED

PRODUCT QUALITY AND PATIENT SAFETY

Patient safety remains our highest priority, so our products have to meet the highest quality standards. We manage this risk through processes that drive continuous improvement in quality throughout the lifecycle of our products. These include:

- Proactive quality control mechanisms within our manufacturing operations
- Collecting and using data and statistical analysis to make improvements
- Interventions to correct a process before product quality is compromised.

These processes help to ensure that our customers and patients receive high-quality products that are safe and effective.

HEALTH AND SAFETY

We are committed to ensuring the health, safety, and wellbeing of our people. As is the case each year, the safety of our people and products has been our highest priority.

With border restrictions relaxing through the financial year, keeping our people safe and helping them comply with a range of COVID-related travel measures was a significant focus. Updates were made to our international travel procedure and additional resources were made available to support our people as they reconnected with customers, clinical partners and colleagues across the globe.

Ensuring our infrastructure expansion is carried out in a safe manner remained a priority. Our New Zealand health, safety and wellbeing team supported the earthworks of our fifth building in Auckland, while a new team member was hired to oversee health, safety and wellbeing at our new manufacturing facility in Guangzhou.

In Mexico, our team ran a health, safety and wellbeing awareness week for our people and

their families. More than 900 attendees benefited from the services made available, which included medical check-ups, vaccinations, dental inspections and group fitness sessions.

Looking ahead to FY2024, our priority will be continuing our efforts to align with ISO45001, supporting the business's ongoing infrastructure expansion, and connecting more closely with our regional sales offices.

MEXICO – HEALTH, SAFETY AND WELLBEING AWARENESS WEEK

900+

ATTENDEES BENEFITED FROM A VARIETY OF HEALTH SERVICES, FROM CHECK-UPS TO FITNESS SESSIONS

HEALTH AND SAFETY DATA

Injury rates by year

Injury rates	2021	2022	2023
TRIFR ¹	1.20	1.40	1.42
LTIFR ²	0.72	0.70	1.00

1 Total recordable injury frequency rate

2 Lost time injury frequency rate

Injury rates (per million hours worked) and severity

	New Zealand		Mexico		Rest of world	
	2022	2023	2022	2023	2022	2023
TRIFR	2.47	1.52	0	0.28	0.86	2.78
LTIFR	1.08	1.52	0	0.00	0.86	1.19
Fatality	0	0	0	0	0	0
Serious injury	0	0	0	0	0	0
Lost time injury	8	9	0	0	2	3
Medical treatment injury	4	0	0	1	0	4
Restricted work injury	5	0	0	0	0	0
First aid injury	181	154	12	18	7	7
Pain and discomfort	106	144	1	6	19	7

MENTAL HEALTH AND WELLBEING

New Zealand's Omicron outbreak in the early part of the financial year created a degree of disruption and uncertainty and we continued to make a qualified counsellor available on site for our people through this period. Furthermore, we added an additional psychologist to our clinic team in October 2022, doubling the amount of professional support available to our people in New Zealand. Psychological support remains available to our people in Mexico.



Supporting

OUR PEOPLE WITH PSYCHOLOGISTS AS
PART OF OUR CLINIC TEAM

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RISK MANAGEMENT – CONTINUED

CLIMATE-RELATED RISKS

Our processes for identifying and managing climate-related risks

We identify and assess climate-related risks as part of our overall sustainability strategy and risk management framework, which are both reviewed by our Board, our Audit & Risk Committee and executive management annually.

Our process includes identifying direct and indirect climate-related risks, as well as considering short, medium and long-term risk horizons. We also rely on input obtained from external stakeholders through our materiality assessment described on pages 23-25 of this report.

The company assesses climate-related risks across multiple time horizons that consider severity, likelihood, geographical location, and local impact versus enterprise-wide impact. A quantitative risk analysis assessment model is used to assess the size and impact of identified climate-related risks, in line with our approach for assessing other risk categories.

How our processes for identifying, assessing and managing climate-related risks are integrated into our overall risk management process

We integrate our processes for identifying, assessing and managing climate-related risks by:

- Identifying, documenting, scoring and managing climate-related risks through our ISO 14001 Environmental Management System process.
- Embedding climate-related risks into our group-wide risk management process, where they are reviewed by our risk management team.
- Reporting climate-related risks to the Board through the Audit & Risk Committee for consideration as part of our broader risk management framework.
- Developing climate-related scenarios relevant to Fisher & Paykel Healthcare as part of our TCFD climate-related due diligence and disclosures.

Potential climate-related risks and opportunities – and their impact on our business, strategy and financial planning

The table on the next page identifies climate-related risks with the potential to have a substantive financial or strategic impact on our business. This information is an output from the ESG risk analysis completed in March 2023 which includes analysis of climate-related risk across multiple time horizons. It is expected that future analyses will undergo further refinement as additional information becomes available.

Potential climate-related risks and opportunities



Short and long term
2023 – and beyond



Short term
2023 – 2028



Medium term
2029 – 2038



Long term
2039 – and beyond

Type & timeframe	Climate-related risk	Potential impact*	Strategies to mitigate through business and financial planning
Transition risk (short – long-term)	Increased pricing of carbon	Higher operating costs: - Fuel - Freight - Electricity - Insurance - Raw materials - Higher compliance costs Financial impacts are unlikely over the next six years as implementation and enforcement of country/region-level legislation is considered an important pre-requisite. If this were to occur more broadly, there is a 25% probability that the financial impact could amount to \$5.7 million per year, and a 5% probability that the impact could amount to \$59.7 million per year.	Committed to reduce Scope 1 & 2 carbon emissions by 67% by 2034 from a 2019 baseline. Use internal carbon prices to guide business decisions. Implement Ecodesign initiatives to assist in reducing our carbon footprint. Use renewable energy certificates to mitigate potential higher carbon costs for non-renewable energy in New Zealand. Install solar array options to provide power for Mexico operations.
	Changes to climate-related international regulations regarding disclosure and reporting	Impact on market access. Higher operating costs. There is a 90% probability that there will be no financial impact, and a 5% probability that the impact could amount to \$2.82 million per year.	Monitor regulatory developments to assess risk of increased carbon costs to global operations. Develop capacity to use environmental lifecycle assessment and disclose product carbon-footprint data.
Physical risk (short-term)	Water scarcity	Direct impact on our operations in Mexico due to the requirement to have water-cooling capacity. There is a 95% probability that there will be no financial impact and a 1% probability that the impact could amount to \$359,000 per year.	Prioritise water conservation at Mexico facility. Construction of facilities in Mexico takes into account the inclusion of water-efficient cooling equipment. Disclose water usage via CDP and verify water use as part of our sustainability programme.
Physical risk (medium-term)	Supply chain weather disruption	Reduced revenue from decreased production capacity. Our work to model the financial impact of this risk is ongoing. Supply chain interruptions may impact our ability to deliver on time to global customers. Climate-related risk assessments are based on the Representative Concentration Pathway of which the time horizons are in the order of decades. The financial analysis is therefore outside the scope of this report.	Monitor changes in the physical climate to assess the impact on our business. Source from multiple raw material suppliers so that supply risk is not concentrated with one company or location. Update forecasts of sea-level rise and impacts on strategic supply chain locations each year.
Opportunity (Medium – long-term)	Demand for lower-emission products and/or products with transparent carbon footprint data	Increasing revenue through increased market share and potential price increases from customers demanding lower-emission products.	Continue to implement decarbonisation roadmap and identify new opportunities to decarbonise.

* There is a large amount of uncertainty in assessing the potential impacts, given we are required to make assumptions on risks for which the timeframe and severity are difficult to predict.

Resilience of our strategy

Analysing the potential impacts of climate change on our operations is important to us.

We have started to develop our own climate scenarios as part of our TCFD climate-related due diligence and disclosures. We have selected four Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) scenarios (8.5, 6.0, 2.6 and 1.9) along with two International Energy Agency (IEA) transition scenarios (the Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 (NZE) scenario) as inputs to our GeSI-CDP climate modelling approach. Climate-related impact to global healthcare systems is being considered as part of each scenario.

Our analysis takes into account the following:

- The impact of changing weather patterns.
- Increasing average temperatures, coupled with the by-products of these environmental system changes such as sea-level rise, large-scale population displacement, and impacts on the global healthcare system.
- Supply chain disruption risk.
- Natural resource scarcity.
- The impact of regulatory controls related to climate-related issues.

Our strategy takes into account current and likely future climate-related risks. We acknowledge that the carbon and climate risk area will be an ever-changing environment, and our teams will continue to adapt our sustainability program and guidance to reflect this. We also note the significant amount of uncertainty that comes with climate change and have taken an approach that identifies vulnerability and raises awareness of worst-case scenarios to aid in planning and development of contingencies.



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GOVERNANCE

We are committed to ensuring that the company maintains a high standard of corporate governance and ethical conduct.

CORPORATE GOVERNANCE OVERVIEW

The Board and management of Fisher & Paykel Healthcare are committed to ensuring that the company maintains a high standard of corporate governance and ethical conduct.

The Board regularly reviews and assesses the company's governance policies and procedures to ensure that they provide the direction and controls which enable us to achieve sustainable, profitable growth and the trust of our customers, shareholders, regulators, suppliers and communities.

The company is listed on both the NZX and the ASX (Foreign Exempt Listing category). Corporate governance principles and guidelines apply in both countries. As at the date of this report, the company complies with all of the recommendations of the NZX Corporate Governance Code dated 17 June 2022. The company notes the amendments to the NZX Corporate Governance Code which took effect from 1 April 2023. Given the timing of the preparation for this report, the company will incorporate the updated recommendations in its annual report for the 2024 financial year. While the company has Foreign Exempt Listing on the ASX and is not required to comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles), the

company considers its corporate governance practices and procedures substantially reflect the ASX Principles. The full content of the company's corporate governance policies, practices and procedures can be found in the corporate governance section of the company's website: www.fphcare.com/corporategovernance.

ETHICAL STANDARDS

As a business we are committed to doing the right thing. It is important to us from a social responsibility standpoint and is what our customers, employees, and shareholders find compelling. We ensure we comply with our legal and ethical obligations throughout our business operations, from the way we source materials, design and manufacture our products, through to selling our products across the world.

We have policies and procedures in place to ensure we conduct our business in a legally, ethically and socially responsible manner. These policies and procedures are available on our website, and summary information with respect to a number of our policies and procedures can also be found throughout this section.

CODES OF CONDUCT

We expect our employees and directors to maintain high ethical standards. A Code of Conduct for the company and a separate Code of Conduct for Directors set out these standards.

The Codes cover a range of areas relevant to legal and ethical behaviour, including competing fairly, health and safety, data

protection and privacy, working with customers and suppliers, sanctions compliance, responsible marketing, financial records and reporting, continuous disclosure and insider trading, combatting bribery and corruption and interactions with healthcare professionals. It also covers matters such as confidentiality, conflicts of interest, receipt of gifts, and corporate opportunities.

The Codes explain how an employee or director can report an actual or suspected breach of the Code. This is also detailed in our Speak Up (or whistle-blowing/protected disclosures) Procedure (launched globally in October 2021), which ensures employees know how to report potentially unethical or illegal behaviour or breaches of our Code of Conduct, without fear of retaliation or harassment. Reports can be made to Speak Up Officers within the company or to an independent reporting service managed by Deloitte.

Training on our Code of Conduct is undertaken by employees globally and is part of our induction process for new employees. It has been translated into a number of different languages for our local offices. The Code of Conduct is available on our internal intranet and our external website. New directors are provided a copy of the Director's Code of Conduct during their induction training.

We have an in-house legal team that provides advice and assistance to the business globally on how to comply with our various legal obligations and engage external legal counsel to assist us as and when required.

We maintain a schedule for regularly reviewing and updating corporate governance policies, procedures and charters. The Code of Conduct was last reviewed in March 2022. The Code of Conduct for Directors was last reviewed in August 2020 and is scheduled for review in the 2024 financial year.

ANTI-BRIBERY AND CORRUPTION

In the course of our business, we interact with a wide range of government officials and private sector individuals and businesses, including government regulators, inspection authorities and healthcare professionals.

We do not tolerate bribery, corruption, kickbacks or other types of improper benefits, whether committed by our own people or by anyone we deal with.

Most of the countries in which we operate have strict anti-bribery and corruption laws that apply to our interactions with public officials. Failing to comply with these laws could have serious consequences for us, both as individuals and as an organisation. In some cases, these consequences could include criminal charges. We have processes in place for assessing anti-bribery and corruption risk and implement measures to mitigate these risks.

Our Code of Conduct sets out our expectations for all employees in combatting bribery and corruption. We never offer or accept (or ask a third party to offer or accept) bribes, illegal facilitation payments, secret commissions or kickbacks to or from any person. These rules apply to all our business activities, including any interactions we may have with government

officials or with any private person or business, either locally or overseas. In addition to the Code of Conduct, the company also has a policy that it does not make corporate level political donations.

The Code requires that where we suspect bribery or corruption, either by our own people or by any of our suppliers, customers or other business partners, we report it immediately.

The Speak Up Procedure ensures that all employees know how to make such a report and can be confident that concerns will be taken seriously and investigated and will not result in retaliation or other harassment. During the year ended 31 March 2023 the company is not aware of any instances of corruption or of incidents in which employees were dismissed or disciplined for corruption.

POLICY INFLUENCE

We are, from time to time, involved in discussions with various governmental or regulatory agencies in relation to existing or proposed legislation. While we are members of various trade associations, as set out on page 150 of this report, we prefer to engage directly with regulatory bodies on any legislative matters that may relate to our business. The company has a policy that it does not make corporate level political donations.

Over the last year we have been working with New Zealand's Manatū Hauora (Ministry of Health) and industry associations to provide expertise in relation to New Zealand's proposed new Therapeutic Products legislation, as it relates specifically to medical devices.

INTERACTIONS WITH HEALTHCARE PROFESSIONALS

As we are a medical device business, we must comply with laws and regulations on interacting with healthcare professionals in various countries around the world. It is critical that our activities do not improperly influence the medical decisions of healthcare professionals or the purchasing decisions of entities that buy our products.

Our procedure on Interacting with Healthcare Professionals ensures that we act ethically and legally in our interactions with healthcare professionals, comply with all applicable laws, and do not provide improper benefits or inducements to healthcare professionals. We provide training to employees on this procedure.

ETHICAL RESEARCH AND CLINICAL TRIALS

We have formal procedures in place to ensure that we adhere to the International Conference on Harmonisation Good Clinical Practice (GCP) standards during all clinical investigations we carry out. GCP standards cover the design, conduct, recruitment, recording and reporting of clinical investigations that involve the participation of human subjects.

Our procedures have also been compiled based on the ISO 14155:2020 standard for: Clinical investigation of medical devices for human subjects – Good clinical practice and the EU Medical Devices Regulation.

These procedures are designed to ensure that the data and reported results of all clinical trials are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected.

GOVERNANCE – CONTINUED

ANIMAL TESTING

We sometimes participate in or observe testing to assess biocompatibility and obtain worldwide regulatory clearances. This includes animal testing on rabbits, pigs, guinea pigs and mice. This testing is conducted according to ISO 10993 and ISO 18562.

The external test labs we use maintain accreditation to the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC) or the Ministry for Primary Industries (NZ), and all applicable portions of study protocols are conducted as per regulations and guidelines regarding animal care and welfare.

Wherever possible, we look for alternatives such as in vitro or analytical chemistry testing, which do not require the use of laboratory animals. We take great care to ensure there is no duplicate testing of our products.

THE BOARD

The Board plays a vital role in overseeing our strategic direction. Strong governance from a diverse and experienced Board ensures we can achieve our aims of improving patient care and outcomes through inspired and world-leading healthcare solutions, thereby sustainably increasing shareholder value.

The biography of each Board member, including each director's skills, experience, expertise and term of office, is set out in the section, "Our Board".

Role of the Board

The Board is ultimately responsible for our strategic direction. The specific roles and responsibilities of the Board, and the Board's procedures, are set out in detail in our Board Charter, available on our website. In summary, the Board is elected by our shareholders to:

- approve the company's business strategies and objectives.
- oversee management in its implementation of the company's strategic objectives, instilling of the company's values and performance generally.
- review and approve budgets and business plans.
- approve our remuneration policy and other policies and procedures governing the way we operate our business.
- provide governance of internal decision-making and management.

The Board delegates management of the day-to-day affairs and responsibilities of the company to the CEO and executive management to deliver the strategic direction and goals approved by the Board. The specific responsibilities delegated to executive management are recorded in the Board Charter.

The Board regularly reviews and assesses our governance structures, policies, and procedures to ensure these meet all legal requirements and ensure we maintain the trust of our customers, suppliers and communities. The Board Charter was last updated on 28 November 2022.

Nomination and appointment of directors

The number of directors is determined by the Board, in accordance with the company's constitution. The constitution requires that there are at least four directors, and no more than nine directors, and governs the process for the appointment and removal of directors.

A director is appointed by ordinary resolution of the shareholders, although the Board may fill a casual vacancy.

Under the NZX Listing Rules, a director must not hold office (without re-election) past the third annual meeting following the director's appointment or three years, whichever is longer. A director appointed by the Board must not hold office (without re-election) past the next annual meeting following the director's appointment.

When searching for and nominating candidates to act as a director, the People & Remuneration Committee takes into account such factors as it deems appropriate, including diversity of gender, background, experience and qualifications of the candidate, independence and the Board skills matrix. The Committee may use external search firms to assist with locating possible candidates and gathering relevant information.

When considering the re-election of an existing director, the People & Remuneration Committee will also consider the length of service of the director, and the director's performance on the Board to date. It is the Board's general expectation that a non-executive director will hold office for an aggregate period of

approximately nine years (including re-elections), though there may be circumstances such that it will be appropriate for directors to have tenures shorter or longer than this.

We undertake a number of checks before appointing a director and putting forward to shareholders a candidate for election as a director. We ensure shareholders are provided with all relevant information to inform their decision on whether to elect or re-elect a director.

At the annual shareholder meeting (ASM) on 24 August 2022, Lewis Gradon, Neville Mitchell and Donal O'Dwyer retired by rotation and, being eligible, offered themselves for re-election and were re-elected to the Board. Lisa McIntyre and Cather Simpson were elected for the first time as directors.

Other procedures relating to the nomination and appointment of directors are outlined in the Appointment and Selection of New Directors Procedure available on our website.

Board diversity and skills matrix

A diverse Board allows the company to benefit from a range of different perspectives, which leads to healthier debate and decision-making. As we operate in specialised international markets, the Board believes that it is important to have a Board consisting of members with diverse backgrounds, experience and skills.

The Board also believes that the tenure of each of its members is important as it seeks to balance independent, institutional knowledge gained through length of service and the importance of fresh perspectives in decision-making.

The table below summarises the current key skills, experience and tenure of the Board.

Skills and experience	Scott St John	Lewis Gradon	Michael Daniell	Pip Greenwood	Lisa McIntyre	Neville Mitchell	Donal O'Dwyer	Cather Simpson
Financial acumen	✓	✓	✓	✓	✓	✓	✓	✓
Sales/Marketing	✓	✓	✓	✓	✓	✓	✓	
Engineering/Science/Technology/Manufacturing		✓	✓		✓	✓	✓	✓
Medicine/Medical Device		✓	✓		✓	✓	✓	✓
Legal/Regulatory	✓	✓	✓	✓		✓	✓	
Governance	✓	✓	✓	✓	✓	✓	✓	✓
International Business Experience	✓	✓	✓	✓	✓	✓	✓	✓
Tenure (years)	7.5	7	21.5*	6	1.5	4.5	10.5	1

* Michael Daniell was appointed as a non-executive director on 1 April 2016 following his retirement as Managing Director and Chief Executive Officer.

Written agreements with directors

Upon appointment, non-executive directors are issued a letter setting out the terms and conditions of their appointment. This includes information about their role and duties, time commitments, term of appointment, remuneration and insurance, access to information, and disclosure and compliance obligations. A copy of the standard form of this letter is available on our website. The Chief Executive Officer has an employment agreement setting out his role and conditions of employment. Further information about the remuneration of directors is set out in the 'Remuneration' section of this report.

GOVERNANCE – CONTINUED

Directors' and officers' insurance and indemnity

The Group has arranged, as provided for under the company's constitution, policies of directors' and officers' liability insurance which, with a Deed of Indemnity entered into with all directors, ensure that generally directors will incur no monetary loss as a result of actions undertaken by them as directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines which may be imposed in respect of breaches of the law.

Independence of directors

We are committed to ensuring that a majority of directors are independent of the company, and do not have any interests, positions, associations or relationships which might interfere, or might be seen to interfere, with their ability to bring independent judgement to the issues before the Board.

The Board has regard to the factors described in the NZX Corporate Governance Code when assessing the independence of directors. After consideration of these factors, the company is of the view that:

1. Lewis Gradon is a director who is currently employed in an executive role by the company;
2. Michael Daniell is a director who was employed in an executive role by the company until 31 March 2016 and there was not a period of at least three years between ceasing such employment and serving on the Board;

3. No director currently holds, nor has held within the last 12 months, a senior role in a provider of material professional services to the company or any of its subsidiaries;
4. No director currently has, nor has had within the last three years, a material business relationship (such as a supplier or customer) with the company or any of its subsidiaries;
5. No director is a substantial shareholder of the company, nor a senior manager of, nor otherwise associated with, a substantial shareholder of the company;
6. No director has a material contractual relationship with the company or another Group member other than as a director of the company;
7. No director has close family ties with anyone in the categories listed above; and
8. Other than Michael Daniell, no director has held the position of director of the company for a length of time that may compromise independence.

Based on these assessments, the Board considers that as at 31 March 2023 a majority (six) of the directors are independent, namely Scott St John (Board Chair), Pip Greenwood, Lisa McIntyre, Neville Mitchell, Donal O'Dwyer and Cather Simpson, and that Michael Daniell and Lewis Gradon are not independent.

Induction and continuing development of directors

A formal induction programme is available to new directors to ensure that they have a working knowledge of our business. The programme includes one-on-one meetings with management and a tour of our R&D and manufacturing facilities. All directors are regularly updated on relevant industry and company issues. From time to time, the Board may also undertake educational trips to receive briefings from customers and visit operations of the company outside of New Zealand. There is an ongoing programme of presentations to the Board by all business units.

All directors are members of the Institute of Directors (or overseas equivalent) and attend training sessions to remain current on their duties as directors. The company also arranges training for directors and management on specific issues as the need arises.

Board performance

We have a Performance Evaluation Procedure which relates to the performance of the Board, the Board Committees and individual directors. The Performance Evaluation Procedure is available on our website. The Procedure, in accordance with the Board Charter, requires the Board to undertake a two-yearly performance evaluation of itself that:

- compares the performance of the Board with the requirements of the Board Charter;
- reviews the performance of the Board Committees and individual directors; and

- effects any improvements to the Board Charter deemed necessary or appropriate.

An external consulting company facilitated the Board's performance evaluation between May and August 2022, surveying Board and executive management on a range of items including strategy and planning, company oversight, engagement with management, stakeholder engagement, board culture, capability, and succession planning.

Our executive management are also subject to regular performance and contribution reviews. The performance and contribution of senior executives is reviewed regularly through ongoing discussions with the CEO.

Board committees

The Board has three permanent committees which support the Board by working with management on relevant issues at a suitably detailed level and then report back to the Board. With Board succession planning in mind, changes were made to the composition of the Committees effective from 1 January 2023. Committees and their members as at 31 March 2023 are:

Audit & Risk Committee

Members: Neville Mitchell (Chair), Scott St John, Lisa McIntyre and Pip Greenwood

All members are independent non-executive directors.

People & Remuneration Committee

Members: Lisa McIntyre (Chair), Scott St John, Donal O'Dwyer, Michael Daniell and Pip Greenwood

All members are non-executive directors, and four of the five members (including the Chair) are independent.

Quality, Safety & Regulatory Committee

Members: Michael Daniell (Chair), Scott St John, Cather Simpson, Donal O'Dwyer and Neville Mitchell

All members are non-executive directors, and four of the five members are independent.

Each Committee has a charter setting out its objectives, procedures, composition and responsibilities. A summary is set out below, and copies of these charters are available on our website. The Board may from time-to-time establish other committees for specific purposes.

About the Audit & Risk Committee

The primary function of the Audit & Risk Committee is to assist the Board in fulfilling its responsibilities relating to the company's risk management and internal control framework, the integrity of its financial reporting, and the company's internal and external auditing processes and activities. The Committee also assists the Board in monitoring and reporting the company's strategies, activities and performance regarding sustainability, corporate social responsibility and the environment. The

Committee has an annual work plan and reports to the Board which enables it to properly and regularly inform the Board on significant financial matters relating to the company.

Employees and external auditors are invited to attend meetings when it is considered appropriate by the Committee. At least once per year, the Committee meets with the auditors without any representatives of management present and is encouraged to seek advice from external consultants or specialists where the Committee considers that necessary or desirable.

The Audit & Risk Committee closely monitors financial reporting risks in relation to the preparation of the financial statements. The Committee, with the assistance of management, works to ensure that the financial statements are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. As part of this process, before the company's financial statements are approved, the CEO and CFO are required to state in writing to the Board that, to the best of their knowledge, the company's financial reports present a true and fair view of the company's financial condition and operational results and are in accordance with the relevant accounting standards and those reports are founded on a sound system of risk management and internal control which is operating effectively.

GOVERNANCE – CONTINUED

About the People & Remuneration Committee

The People & Remuneration Committee's role is to oversee and regulate remuneration and organisation matters of the company, including reviewing and monitoring the company's human resources strategy for directors and senior executives, reviewing remuneration and benefits policies, monitoring company performance against the Diversity, Equity & Inclusion Procedure, and reviewing performance objectives and remuneration of the company's Chief Executive Officer and senior executives. It also seeks advice on and recommends director remuneration structure, recommends director appointments and director succession planning to the Board.

About the Quality, Safety & Regulatory Committee

The objective and purpose of the Quality, Safety & Regulatory Committee is to assist the Board in fulfilling its responsibilities relating to the oversight of the company's quality management system and health and safety risk management system. As part of the company's internal audit function, regular quality system specific internal audit reports are received by the Committee.

Board and committee meetings

Normally, the Board holds eight formal meetings a year. One of those meetings is typically focused on reviewing the company's annual business plan and budget, and at a separate meeting the long-term strategic plan is considered. The Board also meets with senior executives to consider matters of strategic importance. At the company's virtual ASM held on 24 August 2022, all the then-serving directors were in attendance.

Committees generally meet three or four times per year, or as required to carry out their responsibilities, and report to the Board following each meeting. Details of attendance at Board and Committee meetings during the year ended 31 March 2023 are set out as follows:

	Committees							
	Board		Audit & Risk		People & Remuneration		Quality, Safety & Regulatory	
	Eligible to attend***	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Scott St John	8	8	4	4	5	5	3	3
Lewis Gradon	8	8						
Michael Daniell	8	8	3	3	1	1	1	1
Pip Greenwood	8	7	1	1	5	5		
Geraldine McBride*	3	3						
Lisa McIntyre	8	8	1	1	1	1	2	2
Neville Mitchell	8	8	4	4			3	3
Donal O'Dwyer	8	7			5	5	3	3
Cather Simpson**	7	7					3	3

*Geraldine McBride retired from the Board partway through the financial year in August 2022.

**Cather Simpson joined the Board partway through the financial year in June 2022.

***The number of Board meetings listed above does not include unscheduled Board conference calls which were held throughout the year.

Takeover Protocol

The Board has adopted a Takeover Protocol to assist the directors and management with the response to unexpected takeover activity. The Protocol summarises key aspects of takeover preparation, and sets out governance, conflict and communications protocols for a takeover response. This Protocol provides that in the event of a takeover offer, the Board would establish an Independent Takeover Response Committee to manage its takeover response obligations.

Company Secretary

The Company Secretary is Raelene Leonard, General Counsel. The Company Secretary is responsible for supporting the proper functioning of the Board and ensuring the appropriate policies and procedures are followed. The Company Secretary reports directly to the Board, through the Chair, on all governance matters as outlined in the Board Charter.

Disclosure of interests by directors

Directors' certificates to cover entries in the company's interests register in respect of remuneration, insurance, indemnities, dealing in the company's shares, and other interests have been disclosed as required by the Companies Act 1993.

Directors' shareholdings

Directors held interests in the following ordinary shares in the company as at 31 March 2023:

Name	Ownership	Ordinary Shares
Scott St John	Beneficial	22,178
Lewis Gradon ¹	Beneficial	562,351
Michael Daniell	Beneficial	900,168
Pip Greenwood	Beneficial	3,800
Lisa McIntyre	Beneficial	9,980
Neville Mitchell	Beneficial	7,258
Donal O'Dwyer	Beneficial	72,147
Cather Simpson	Beneficial	1,250

¹ Lewis Gradon also had a beneficial interest in 411,162 options issued under the company's share option plans and a beneficial interest in 148,536 performance share rights under the company's PSR plans.

SHARE DEALINGS BY DIRECTORS

In accordance with the Companies Act 1993 and the Financial Markets Conduct Act 2013, the Board has received disclosures from the directors named below of acquisitions or dispositions of relevant interests (as defined in the Financial Markets Conduct Act 2013) in the company between 1 April 2022 and 31 March 2023, and details of those dealings were entered in the company's interests register.

Name	Transaction	Number of shares	Price per share (NZD unless otherwise stated)	Date
Lewis Gradon	Granted 128,771 Options	-	-	7 September 2022
	Granted 56,749 PSRs	-	-	7 September 2022
Scott St John	Purchase of shares	500	\$20.8000	1 June 2022
	Purchase of shares	500	\$20.3000	26 August 2022
	Purchase of shares under DRP	178	\$21.6750	21 December 2022
Lisa McIntyre	Purchase of shares	5,500	AUD\$17.7232	29 August 2022
	Purchase of shares under DRP	80	\$21.6750	21 December 2022
Neville Mitchell	Purchase of shares under DRP	58	\$21.6750	21 December 2022
Donal O'Dwyer	Purchase of shares	3,000	AUD\$17.0000 AUD\$17.7232	21 September 2022
	Purchase of shares under DRP	578	\$21.6750	21 December 2022
Cather Simpson	Purchase of shares	1,250	\$20.0000	05 September 2022

GOVERNANCE – CONTINUED

General disclosure of interests by directors

In accordance with section 140(2) of the Companies Act 1993, the directors named below have made a general disclosure of interest by a general notice disclosed to the Board and entered in the company's interests register. General notices given by directors which remain current as at 31 March 2023 are as follows:

Name	Entity	Relationship
Scott St John	ANZ Bank New Zealand Limited Captain Cook Nominees Limited Fisher & Paykel Healthcare Employee Share Purchase Trustee Limited Fonterra Cooperative Group Limited Hutton Wilson Nominees Limited Mercury NZ Limited NEXT Foundation	Director
Lewis Gradon	Fisher & Paykel Healthcare Employee Share Purchase Trustee Limited Other Group entities listed in the 'Subsidiary Company Directors' section of this Report	Director
Michael Daniell	Te Titoki Mataora – MedTech Research Translator	Chair
	Cochlear Limited MRCF IIF GP Pty Limited MRCF Pty Limited Tait International Limited Tait Limited	Director
Pip Greenwood	Westpac New Zealand Limited The a2 Milk Company Limited Auckland Writers Festival Trust	Chair Director Trustee

Name	Entity	Relationship
Lisa McIntyre	HCF Group HCF Research Foundation Nanosonics Limited Studiosity University of Sydney	Director
Neville Mitchell	Q'Biotics Limited Sonic Healthcare Limited Sigma Healthcare Limited	Director
Donal O'Dwyer	Cordis Asset Management Pty Limited nib Holdings Limited	Director
Cather Simpson	Advemto Limited Science Scholars Board, The Faculty of Science, The University of Auckland	Chair
	Orbis Diagnostics SPIE The International Society for Optics and Photonics	Director
	Pacific Channel Fund II New Zealand Product Accelerator Advisory Board, Paihau-Robinson Research Institute Advisory Board, Academy Executive Committee of the Royal Society Te Apārangi	Partner Member

REPORTING AND DISCLOSURE

We are committed to the promotion of investor confidence by ensuring that the trading of our shares takes place in an efficient, competitive and informed market. We believe that evenly balanced disclosure is fundamental to building shareholder value and earning the trust of employees, customers, suppliers, communities and shareholders.

Continuous disclosure

Our Market Disclosure Procedure establishes our disclosure procedures for meeting our continuous disclosure obligations. The Market Disclosure Procedure is available on our website. This explains the respective roles of directors, officers and employees in complying with continuous disclosure obligations, confidentiality of information, external communications with analysts and shareholders, and responding to rumours and market speculation.

The Disclosure Committee, comprising the CEO, CFO, VP – Corporate and General Counsel, and the Disclosure Officer, being the VP Corporate or alternatively the General Counsel are responsible for administering compliance with our Market Disclosure Procedure, including continuous disclosure obligations. Market disclosure requires the approval of either the Board or the Disclosure Committee, depending on the circumstances. The Market Disclosure Procedure was last updated on 29 March 2022.

Company policies

We have policies and procedures in place to ensure we conduct our business with integrity, and in a legally, ethically, and socially responsible manner. Key governance documents including our Corporate Governance Policy, Codes of Conduct, Securities Trading Procedure, Board and Committee Charters, Diversity, Equity & Inclusion Procedure, Remuneration Policy (Summary), and Market Disclosure Procedure are all available on our website.

Financial reporting

We are committed to reporting our financial information in an objective, balanced, and clear manner. Financial results are reported in this annual report in accordance with the New Zealand equivalent of International Financial Reporting Standards. This annual report includes detailed financial commentary and notes to the financial statements which explain any changes to financial reporting.

This annual report also includes comments from the Chair and CEO on strategic progress, performance during the year and progress towards our strategic objectives. It explains how we deliver value for shareholders and key performance indicators such as revenue, profit, constant currency information, dividend growth and gearing, are used to link results to our strategy.

We ensure that financial information reported in investor presentations, company overviews, and other documents is portrayed in an accurate, fair, and understandable format.

Other reporting

We are committed to transparent reporting of non-financial objectives, such as environmental, social, and governance (ESG) factors, as well as risk, health and safety, and business strategy. Our annual report references the guidelines and principles set out by the Global Reporting Initiative (GRI) and includes a GRI referenced content index. This report also integrates content recommended by the Task Force for Climate-related Financial Disclosures (TCFD), and a TCFD content index can be found at the end of this report.

GOVERNANCE – CONTINUED

GOVERNANCE OF CLIMATE-RELATED ISSUES

Role of the Board

The Board, with assistance from the Audit & Risk Committee, is responsible for providing overall governance and oversight of the company's environmental and social responsibility practices, including providing strategic direction and consideration of the impacts of climate change.

The Audit & Risk Committee reviews the company's risk management framework, which includes environmental and social aspects, and the company's performance on these matters. As part of this, the Committee reviews actual and potential climate-related impacts in addition to our assessment of climate-related scenarios, risks and opportunities. Further details on this are available in the climate-related risks section on pages 72-74. The Committee meets four times per year and the Board is updated following each meeting.

Role of Executive Management

The executive management team reports to the Audit & Risk Committee and the wider Board for progress on environmental and social responsibility initiatives.

Executive management responsibilities for environmental sustainability are led by the CEO and the Vice President – Supply Chain, Facilities & Sustainability. In addition to this, all executive management team members are responsible for managing climate-related risks and opportunities as part of their ongoing duties. As part of the business planning process for the 2024 financial year, qualitative and quantitative measures of performance were presented to the executive management team and Board, and were subsequently approved.

Our Sustainability team is responsible for our environmental sustainability strategy, policy development, long-term planning and the performance of our global environmental management system.

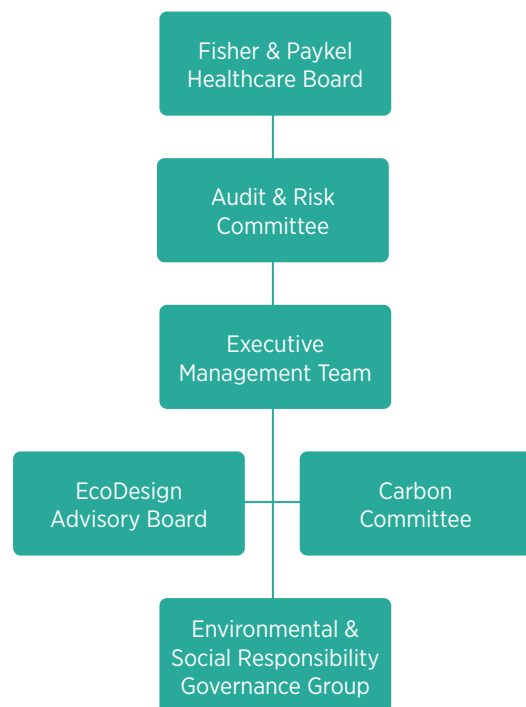
The Carbon Committee (formed in the 2021 financial year) reports to the Audit & Risk

Committee and is focused on strategic carbon issues. The Carbon Committee is comprised of the CEO, CFO, VP – Corporate and VP – Supply Chain, Facilities & Sustainability, and meets at least once each quarter.

The Environmental & Social Responsibility Governance group (formed in the 2023 financial year), comprised of stakeholders across the business, is tasked with overseeing a range of environmental and social responsibility workstreams and initiatives, including those related to climate, and embedding the company's new Environment & Social Responsibility Policy. This group reports into three sponsoring members of the executive management team: VP – Corporate, VP – Supply Chain, Facilities & Sustainability, and VP – Human Resources.

During the 2023 financial year, the executive management team and the Head of Sustainability & Environmental Innovation provided briefings and educational sessions to the Board on environmental sustainability, including climate-related issues and sustainable procurement. Briefings included reviews of performance against applicable environmental standards across the company's global operations.

The Ecodesign Advisory Board, consisting of four independent subject matter experts in their respective fields, provides independent guidance and support to management in relation to carbon and climate risk, bioeconomy and sustainable healthcare. The Advisory Board reviews proposed Ecodesign strategy and long-term plans, and carbon reduction initiatives.



Environmental governance:

Environmental sustainability (which includes climate-related risks) is integrated into our environmental management system, which is externally audited each year to the ISO 14001 international standard. We follow formal environmental management processes to review and monitor environmental sustainability issues and risks, and these are embedded into our enterprise risk management systems.

We have identified carbon as our most significant risk. With involvement from executive management, we began to develop a long-term carbon reduction plan during the 2020 financial year, including a number of carbon reduction initiatives across several time horizons stretching to 2034. During the 2023 financial year, significant initiatives have included trialling an internal carbon price and the completion of the first phase of large-scale solar arrays and a water re-use plant at our Mexico manufacturing site.

The Board and executive management have set Science Based Targets and these targets were submitted and approved in April 2020. In the 2023 financial year, we verified that 22 of our suppliers had also set Science Based Targets or equivalent targets for carbon reduction.

Fisher & Paykel Healthcare is a member of the Climate Leaders Coalition, and we continue to participate in the Sustainable Business Network. Our involvement in these two organisations allows for proactive visibility of climate-related risks and opportunities experienced by other member organisations, as well as the opportunity for collaboration to manage and mitigate such risks. This has included executive training on carbon issues and climate-risk.

OUR ECODESIGN ADVISORY BOARD



DAVID TRUBRIDGE
Globally renowned
Ecodesign practitioner



DR ELSPETH MACRAE
Leading global bio-economy
expert



DR ANN SMITH
Leading global
carbon expert



DR DAVID GALLER
Leading sustainability
medical practitioner

To further support good environmental sustainability governance, we have appointed an external Ecodesign Advisory Board made up of four independent subject matter experts. The Ecodesign Advisory Board provides external guidance and support of environmental sustainability and our Ecodesign initiatives. During the 2023 financial year, the Ecodesign Advisory Board provided guidance on our long-term carbon reduction plan and mentored key team members.

GOVERNANCE – CONTINUED

SHAREHOLDER AND COMPANY INFORMATION

The company has in place an investor relations programme to facilitate effective two-way communication with investors. We aim to build strong relationships with our shareholders and investors based on integrity, transparency and trust. Our intention is to provide shareholders with all relevant information about the company to enable them to actively engage with us and exercise their rights as shareholders in an informed manner.

Shareholder communications

Our Shareholder Communications Procedure facilitates communication with shareholders through written and electronic means, and by facilitating shareholder access to directors, executive management and our auditors. A copy of our Shareholder Communications Procedure is available on our website.

We communicate with shareholders through the following channels:

- investor section of our website;
- annual report;
- interim report;
- annual shareholder meeting (ASM);
- webcasts;
- regular disclosures on company performance and news; and
- disclosure of presentations provided to analysts and investors during regular briefings, meetings and roadshows.

Our Website

Our website is frequently the first port of call for shareholders and is therefore a core component of our Shareholder Communications Procedure. We include on our website a range of information relevant to shareholders and others concerning the operation of the company.

We make available a webcast of our ASM and management presentations of financial results. Webcast details will be published on the NZX and ASX before the event so that shareholders and other interested parties may participate.

We encourage shareholders to receive their shareholder communications electronically to help reduce our environmental footprint and costs.

Direct communication

Shareholders may, at any time, direct questions or requests for information to directors or management through our website or by contacting the relevant officer in charge of investor relations. These contact details are available on our website.

We have a modern communication framework in place so shareholders can receive communications in a manner that best suits them. We provide shareholders with the option to receive communications from, and send communications to, us and our share registrar electronically. We offer shareholders the ability to attend our ASM digitally, ask questions through a virtual tool, and to vote electronically or using an app.

ASM and shareholder voting

Our next ASM will be held online at www.virtualmeeting.co.nz/FPH23 and in person at our East Tāmaki campus in the Daniell Building, 15 Maurice Paykel Place, East Tamaki, Auckland, New Zealand on Tuesday, 29 August 2023 commencing at 2.00pm (NZST).

Notice of the ASM will be released to the NZX and ASX and posted on our website, along with a meeting guide, at least 20 working days prior to the meeting. We encourage active participation by shareholders at the ASM, and shareholders may present questions to engage with the Board and executive management.

Shareholders have the right to vote on major decisions which may change the nature of the company. Each shareholder has one vote per ordinary share they own in the company, equally with other shareholders, and may vote at a meeting in person, or by proxy, representative or attorney. We offer an electronic voting facility to allow shareholders to vote ahead of the meeting without having to attend or appoint a proxy.

Share information

Stock exchange listing requirements

The company's shares were listed on the NZX Main Board on 14 November 2001 and on the ASX on 21 November 2001. On 20 June 2016 the company changed its admission category to an ASX Foreign Exempt Listing. As part of this change, the company is still required to comply with the NZX Listing Rules but is not required to comply with

many of the ASX Listing Rules. For the purposes of ASX Listing Rule 1.15.3, the company confirms that it continues to comply with the NZX Listing Rules.

For the purposes of NZX Listing Rule 3.7.1(h), the company confirms that there has been no public exercise of powers by the NZX under NZX Listing Rule 9.9.3.

Current on-market share buy-back

There is no current on-market buy-back of the company's ordinary shares. During the year ended 31 March 2023 none of the company's ordinary shares were purchased on-market under or for the purposes of an employee incentive scheme or to satisfy the entitlements of holders of options or other rights to acquire ordinary shares granted under an employee incentive scheme. The company does not have any restricted securities or securities subject to voluntary escrow on issue.

Dividend reinvestment plan (DRP)

The company has reactivated its DRP under which eligible shareholders in New Zealand, Australia and the United Kingdom can opt to invest all or part of their cash dividends in additional shares free of brokerage fees, with an applicable 3 per cent discount. The DRP is being made available to assist in reducing the additional debt financing required for the company's capital expenditure programme, including the acquisition of land for the second campus in Karaka. Shareholders wishing to commence participating in the DRP need to make a participation election by visiting investorcentre.linkgroup.nz. A copy of the offer document is available at www.fphcare.com/drp.

Incorporation and limitations on the acquisition of shares

The company is incorporated in New Zealand and is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001. In general, securities in the company are freely transferable and the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by the New Zealand Takeovers Code, the Overseas Investment Act 2005 (NZ), and the Commerce Act 1986 (NZ). The company does not impose additional ownership restrictions.

Credit rating

The company does not currently have an external credit rating status.

Current NZX waivers

During the 12 months to 31 March 2023, the company relied upon a waiver from NZX Main Board Listing Rule 3.13.1 granted on 6 August 2019, allowing the company to aggregate issues of company shares under the company's employee share plans over a 10-business day period for the purposes of market notifications. The company relies on this waiver in respect of the issue of company shares under its share option plans, its performance share rights (PSR) plans, its employee share rights (ESR) plan and its share purchase plans.

Distribution of shareholders and holdings

The company only has one class of shares on issue, ordinary shares, each conferring to the registered holder the right to one vote on any resolution, and these shares are listed on the NZX and ASX. There are no other classes of equity security currently on issue. The total number of ordinary shares on issue as at 31 March 2023 was 579,356,576 shares.

The distribution of shareholdings as at 31 March 2023 was as shown in the table below:

Size of shareholding	Number of holders	%	Number of ordinary shares	%
1 to 1,000	16,413	57.91%	5,540,973	0.96%
1,001 to 5,000	8,883	31.34%	20,754,531	3.58%
5,001 to 10,000	1,818	6.41%	12,974,884	2.24%
10,001 to 50,000	1,081	3.81%	20,076,074	3.47%
50,001 to 100,000	66	0.23%	4,622,874	0.80%
100,001 and over	82	0.29%	515,387,240	88.96%
Total	28,343	100.00	579,356,576	100.00

The employee share options, rights and PSRs on issue to employees are disclosed in Note 18 of the Financial Statements. There are no voting rights attaching to share options, rights, or PSRs.

GOVERNANCE – CONTINUED

Substantial product holders

According to company records and notices given under the Financial Markets Conduct Act 2013 the substantial product holders in ordinary shares (being the only class of quoted voting products) of the company as at 31 March 2023, were as follows:

Substantial Product Holder	Date of notice	Number of ordinary shares held as at date of notice	Holding as a % of total ordinary shares on issue as at 31 March
Mitsubishi UFJ Financial group, Inc. and related bodies corporate	26-May-22	41,852,730	7.2%
BlackRock, Inc. and related bodies corporate	13-Jul-21	37,908,016	6.5%
Pinnacle Investment Management Group Limited and its subsidiaries	12-May-22	29,363,690	5.1%

Principal shareholders

The names and holdings of the 20 largest registered shareholders in the company as at 31 March 2023 were:

Investor Name	Total Units	% Issued Capital
HSBC Nominees (New Zealand) Limited R601127393	78,877,291	13.60%
HSBC Nominees (New Zealand) Limited R601127385	55,718,994	9.60%
HSBC Custody Nominees (Australia) Limited	46,955,753	8.10%
JPMorgan Chase Bank	39,490,847	6.80%
JPMorgan Nominees Australia Pty Limited	34,669,791	6.00%
Citicorp Nominees Pty Limited	34,071,336	5.90%
BNP Paribas Nominees NZ Limited Bpss40	28,584,162	4.90%
Citibank Nominees (NZ) Ltd	25,912,512	4.50%
Custodial Services Limited	21,213,545	3.70%
Tea Custodians Limited	15,341,886	2.70%
New Zealand Superannuation Fund Nominees Limited	12,830,044	2.20%
National Nominees Limited	10,530,010	1.80%
Accident Compensation Corporation	9,144,701	1.60%
Premier Nominees Limited	7,950,251	1.40%
FNZ Custodians Limited	7,519,717	1.30%
National Nominees New Zealand Limited	6,591,985	1.10%
New Zealand Depository Nominee	5,695,871	1.00%
JBWere (NZ) Nominees Limited	5,402,872	0.90%
BNP Paribas Nominees NZ Limited	5,034,091	0.90%
Public Trust	4,724,236	0.80%

Other Group information

Principal activities

The company is a world-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. There were no significant changes to the state of affairs of the company or to the nature of the company's (or its subsidiaries') principal activities during the year ended 31 March 2023.

Use of company information

We did not receive any notices from directors requesting to use company information received in their capacity as directors which would not otherwise have been available to them.

Donations

Please refer to Note 5 of the Financial Statements for the Group's donations in the financial year to 31 March 2023.

Entries recorded in the interests register

Except for disclosures made elsewhere in this report, there have been no entries in the company's interests register made during the year ended 31 March 2023.

Other subsidiary company information

No entries were made in the interests register of any subsidiary during the year ended 31 March 2023.

No employee of the Group who is appointed as a director of a Group entity receives or retains any remuneration or other benefits in his or her capacity as a director. The remuneration and other benefits of Group employees and former employees totalling \$100,000 or more during the year ended 31 March 2023 are included in the relevant bandings for remuneration disclosed in the 'Remuneration' section of this report.

During the year ended 31 March 2023, all directors of subsidiaries were full-time employees of the Group, with the exception of:

1. Scott St John who is a director of Fisher & Paykel Healthcare Employee Share Purchase Trustee Limited.
2. Lawrence Gibbons who is a director of Fisher & Paykel Healthcare S.A. de C.V. (Mexico).
3. Stuart Herbert who was a director of Highbrook Insurance Company Pte. Limited (Singapore) until he retired on 2 December 2022.
4. Toh Han Nee who was appointed a director of Highbrook Insurance Company Pte. Limited (Singapore) on 2 December 2022.
5. Basyirah Anuar who is a director of Fisher & Paykel Healthcare Malaysia Sdn. Bhd. (Malaysia).
6. Muhammad Irawan who is a director of PT Fisher and Paykel Healthcare Indonesia (Indonesia).

Scott St John and Lawrence Gibbons do not receive any remuneration or other benefits for their roles as directors of the above subsidiaries. Stuart Herbert, Toh Han Nee, Basyirah Anuar and Muhammad Irawan also do not receive any remuneration personally for their respective roles as directors as described above; however, a management fee is paid to their respective employers (Marsh Singapore Ltd, Zico Corporate Services Sdn. Bhd and PT TMF Indonesia).

GOVERNANCE – CONTINUED

Group structure

All subsidiary companies in the Group are ultimately 100 per cent owned by the company. The Group structure and the persons who held office as directors of subsidiary companies at 31 March 2023 are detailed below.

Entities	Directors
<i>Fisher & Paykel Healthcare Corporation Limited* owns:</i>	
Fisher & Paykel Healthcare Limited* (NZ)	Lewis Gradon, Paul Shearer, Andrew Somervell
Fisher & Paykel Healthcare Treasury Limited* (NZ)	Lewis Gradon, Paul Shearer, Andrew Somervell
Fisher & Paykel Healthcare Employee Share Purchase Trustee Limited (NZ)	Scott St John, Lewis Gradon
Fisher & Paykel Asia Limited (NZ)	Lewis Gradon, Paul Shearer, Andrew Somervell
Fisher & Paykel Healthcare Americas Investments Limited (NZ)	Lewis Gradon, Paul Shearer, Andrew Somervell
Fisher & Paykel Healthcare Pty. Limited (Australia)	Lewis Gradon, Paul Shearer, David Boyle, Graham Gourd
Fisher & Paykel Healthcare Limited (UK)	Lewis Gradon, Paul Shearer, Sam Frame, Patrick McSweeney
Fisher & Paykel Holdings, Inc. (USA)	Lewis Gradon, Paul Shearer, Andrew Somervell
Fisher & Paykel do Brasil Ltda (Brazil)	Brazilian law does not require directors. Decision making authority lies with the directors of its shareholders.
Fisher & Paykel Healthcare (Guangzhou) Limited (China)	Lewis Gradon, Paul Shearer, David Boyle, Zhiping Hou
Fisher & Paykel Healthcare Limited (Canada)	Lewis Gradon, Paul Shearer, Justin Callahan
Highbrook Insurance Company Pte. Ltd. (Singapore)	Lyndal York, Grant Gillingham, Toh Han Nee
Fisher & Paykel Healthcare MEA Limited (NZ)	Lewis Gradon, Paul Shearer, Andrew Somervell
<i>Fisher & Paykel Healthcare Limited* (NZ) owns:</i>	
Fisher & Paykel Healthcare Properties Limited (NZ)*	Lewis Gradon, Paul Shearer, Andrew Somervell

Entities	Directors
<i>Fisher & Paykel Healthcare Asia Limited (NZ) owns:</i>	
Fisher & Paykel Healthcare Asia Investments Limited (NZ)	Lewis Gradon, Paul Shearer, Andrew Somervell
Fisher & Paykel Healthcare Malaysia Sdn. Bhd.	Lewis Gradon, Paul Shearer, Bryan Peterson, Basyirah Anuar
<i>Fisher & Paykel Healthcare Asia Investments Limited (NZ) owns:</i>	
Fisher & Paykel Healthcare India Private Limited (India)	Paul Shearer, David Boyle, Prashant Kate
Fisher & Paykel Healthcare K.K. (Japan)	Lewis Gradon, Paul Shearer, Hideo Goto
Fisher & Paykel Healthcare Limited (Hong Kong)	Lewis Gradon, Paul Shearer, David Boyle, Zhiping Hou
Fisher & Paykel Healthcare Supply Chain Limited (Hong Kong)	Jonathan Rhodes
Fisher & Paykel Healthcare Colombo (Private) Limited (Sri Lanka)	Lewis Gradon, Paul Shearer, David Boyle
Fisher & Paykel Healthcare Bangladesh Limited	Lewis Gradon, Paul Shearer, David Boyle
PT Fisher and Paykel Healthcare Indonesia	Lewis Gradon, Paul Shearer, Bryan Peterson, Muhammad Irawan
<i>Fisher & Paykel Healthcare Americas Investments Limited (NZ) owns:</i>	
Fisher & Paykel Healthcare S.A. de C.V. (Mexico)	Lewis Gradon, Andrew Somervell, Lawrence Gibbons
Fisher & Paykel Healthcare Colombia S.A.S.	Legal Representatives: Bryan Peterson, James Tuck
Fisher & Paykel Healthcare Mexico S.A. de C.V.	Lewis Gradon, Paul Shearer, Bryan Peterson
Fisher & Paykel Healthcare Properties S.A. de C.V. (Mexico)	Lewis Gradon, Andrew Somervell, Jonathan Rhodes
Fisher & Paykel Healthcare Chile SpA	No directors. Bryan Peterson and James Tuck are delegates for the shareholder of the Company (with the power to act individually).
Fisher & Paykel Healthcare Peru S.A.C.	Lewis Gradon, Paul Shearer, Bryan Peterson
Fisher & Paykel Healthcare Costa Rica, S.R.L.	Lewis Gradon, Paul Shearer, Bryan Peterson

*Companies operating under a Negative Pledge Deed

Entities	Directors
<i>Fisher & Paykel Healthcare Limited (UK) owns:</i>	
Fisher & Paykel Healthcare SAS (France)	Lewis Gradon, Paul Shearer, Patrick McSweeney, Philippe Berardi
Fisher & Paykel Holdings GmbH (Germany)	Philippe Berardi, Patrick McSweeney, Kerstin Bille
Fisher & Paykel Healthcare AB (Sweden)	Lewis Gradon, Paul Shearer, Patrick McSweeney, Philippe Berardi
Fisher Paykel Sağlık Ürünleri Ticaret Limited Şirketi (Turkey)	Lewis Gradon, Paul Shearer, Patrick McSweeney
Limited Liability Company Fisher & Paykel Healthcare (Russia)	Lewis Gradon, Paul Shearer, Bryan Peterson, Anatoly Filippov
<i>Fisher & Paykel Holdings, Inc. (USA) owns:</i>	
Fisher & Paykel Healthcare, Inc. (USA)	Lewis Gradon, Paul Shearer, Justin Callahan
Fisher & Paykel Healthcare Distribution Inc. (USA)	Lewis Gradon
<i>Fisher & Paykel Healthcare SAS (France) owns:</i>	
Fisher & Paykel Healthcare Romania S.R.L.	Lewis Gradon, Paul Shearer, Patrick McSweeney, Bryan Peterson
<i>Fisher & Paykel Holdings GmbH (Germany) owns:</i>	
Fisher & Paykel Healthcare (Czech Republic) s.r.o.	Lewis Gradon, Paul Shearer, Bryan Peterson
Fisher & Paykel Healthcare Poland spółka z ograniczoną odpowiedzialnością	Lewis Gradon, Paul Shearer, Bryan Peterson
<i>Fisher & Paykel Healthcare MEA Limited (NZ) owns:</i>	
Fisher & Paykel Healthcare MEA Investments Limited (NZ)	Lewis Gradon, Paul Shearer, Andrew Somervell
<i>Fisher & Paykel Healthcare MEA Investments Limited (NZ) owns:</i>	
Fisher and Paykel Healthcare Tunisia SARL	Lewis Gradon, Paul Shearer, Bryan Peterson

*Companies operating under a Negative Pledge Deed

REMUNERATION

Our approach is to attract, reward and retain high-quality employees who will help us to achieve our short and long-term strategic objectives. This depends in large part upon the remuneration packages we offer.

EMPLOYEE REMUNERATION

It is our intention to pay our people fairly, taking into account factors such as company performance, general economic conditions, marketplace remuneration trends and individual performance. We operate in a large number of countries and our remuneration practices reflect our culture, values and local market conditions.

Our employee remuneration programme consists of a base wage or salary, a discretionary component providing the potential for an annual revariation based on relevant company performance, and superannuation, life insurance and the

opportunity to purchase shares and/or receive long term variable remuneration in the form of share options, performance share rights or employee share rights (in certain countries).

Employees receive base remuneration packages that are generally benchmarked against similar positions in companies of comparable size and complexity. We use industry remuneration surveys conducted by outside consultants to determine remuneration levels. In general, remuneration is reviewed annually, and our process supports our intention to pay our people fairly.

Employee remuneration over \$100,000

The tables opposite show the remuneration (inclusive of the value of other benefits) totalling NZ\$100,000 or more received by employees or former employees in financial year 2023. This includes global employees, and offshore remuneration amounts have been converted into New Zealand dollars. This does not include the CEO, who is a director of the company.

The tables include salary and wages, profit-sharing payment and discretionary annual variable remuneration (DAVR) paid during the 2023 financial year. They also include the fair value of long-term variable remuneration (LTVR) as expensed in the period.

Remuneration \$	Number of employees
100,000 – 110,000	254
110,001 – 120,000	232
120,001 – 130,000	165
130,001 – 140,000	140
140,001 – 150,000	129
150,001 – 160,000	96
160,001 – 170,000	82
170,001 – 180,000	65
180,001 – 190,000	53
190,001 – 200,000	38
200,001 – 210,000	55
210,001 – 220,000	33
220,001 – 230,000	25
230,001 – 240,000	26
240,001 – 250,000	12
250,001 – 260,000	23
260,001 – 270,000	24
270,001 – 280,000	20
280,001 – 290,000	18
290,001 – 300,000	11
300,001 – 310,000	14
310,001 – 320,000	12
320,001 – 330,000	4
330,001 – 340,000	7
340,001 – 350,000	8
350,001 – 360,000	5
360,001 – 370,000	3
370,001 – 380,000	6
380,001 – 390,000	5

Remuneration \$	Number of employees
390,001 – 400,000	9
400,001 – 410,000	3
410,001 – 420,000	6
420,001 – 430,000	1
430,001 – 440,000	1
440,001 – 450,000	3
450,001 – 460,000	2
460,001 – 470,000	1
500,001 – 510,000	2
520,001 – 530,000	2
530,001 – 540,000	2
590,001 – 600,000	2
610,001 – 620,000	1
620,001 – 630,000	1
630,001 – 640,000	1
660,001 – 670,000	1
670,001 – 680,000	1
700,001 – 710,000	1
800,001 – 810,000	1
850,001 – 860,000	1
860,001 – 870,000	1
900,001 – 910,000	1
950,001 – 960,000	1
1,030,001 – 1,040,000	1
1,280,001 – 1,290,000	1
1,510,001 – 1,520,000	1
1,550,001 – 1,560,000	1
1,900,001 – 1,910,000	1

REMUNERATION – CONTINUED

EXECUTIVE MANAGEMENT REMUNERATION

The People & Remuneration Committee is responsible for reviewing the remuneration of executive management in consultation with the CEO. Executive management remuneration packages consist of a combination of a fixed remuneration package, a discretionary annual variable remuneration (DAVR) component, a long-term variable remuneration (LTVR) component, and the company-wide profit-sharing payment scheme, as described further below. The total remuneration earned by executive management is set out in Note 18 of the financial statements.

Fixed remuneration

All members of executive management receive a fixed remuneration component based on the scale and complexity of the role, market relativities and experience, and performance. This also includes any Kiwisaver or other superannuation contribution.

Variable remuneration

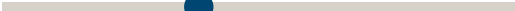
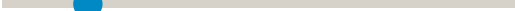
Executive management receive variable remuneration linked to financial and strategic performance each financial year. The table below shows how variable remuneration is calculated.

Discretionary Annual Variable Remuneration (DAVR)

Discretionary annual variable remuneration (DAVR) is designed to remunerate executive management relative to the company's financial performance and non-financial measures which are the annual implementation of our long-term plan for sustainable profitable growth. Details of our plan are shown on the right.

Performance period	Paid annually and aligned with financial year (1 April 2022 to 31 March 2023)	
Measures	Financial (80%)	Weighting
	Constant currency operating profit	45%
	Constant currency revenue	25%
	Constant currency pre-tax operating cash flow	10%
	Non-financial (20%)	
	Measures relating to the strategic direction of the company and environmental and social responsibility initiatives. Non-financial measures are shared across all members of the executive management team as the measures involve collaboration and commitment.	
Performance hurdle	The trigger for considering whether to exercise discretion to make any payment is 90% achievement of at least one of the financial measures.	
Payment calculation method	Meeting 100% of each financial and non-financial measure results in payment of 100% of the DAVR amount. Each financial measure is assessed independently. If the achievement of a financial measure is less than 90%, 0% achievement will be applied for that measure. If the achievement of a financial measure is greater than 120%, 120% achievement will be applied for that measure. The DAVR payment amount is adjusted pro-rata, with each 1% above or below each financial measure resulting in a 2% increase or decrease in payment.	
Target payments	Up to 50% of fixed annual remuneration for the CEO/Managing Director.	
Maximum payment	The maximum achievable DAVR which may be awarded is 132% of the target DAVR at 20% or more over achievement of the financial measures and achievement of all non-financial measures.	
Approval process	The Board (administered through the People & Remuneration Committee) has the discretion to alter, amend, replace or withdraw the DAVR scheme at any time without notice (including during a financial year). The Board also retains the ultimate discretion in assessing and determining any payments under the scheme. As part of that, the Board has the right to exercise its discretion not to make any payments or to pay a reduced amount, regardless of whether the measures have been met.	
Termination of employment	Participants will not be entitled to be considered for a DAVR payment if they cease to be employed by the Company prior to the end of the DAVR year and/or in circumstances where they are under notice of termination of employment when the DAVR award is under consideration or paid. Should a participant leave the company (i.e. due to death, permanent disability, redundancy or on medical grounds) before they are due to be considered for a DAVR award, the Board will have discretion as to whether to pay any DAVR award.	

The relative weighting of DAVR measures and the target achieved in 2023 is set out below.

Measures	Weighting	% of Target Achieved		
Constant currency operating profit	45%	Minimum 90%	Target 100%	Maximum 120%
		 Not achieved (76%; \$284.5M)		
Constant currency revenue	25%	Minimum 90%	Target 100%	Maximum 120%
		 Achieved (92%; \$1.50B)		
Constant currency pre-tax operating cash flow	10%	Minimum 90%	Target 100%	Maximum 120%
		 Not achieved (77%; \$313.2M)		
Non-financial measures	20%	Achieved	Number	Measure
			1	Health and safety
			1	Quality
			5	Long-term sales strategies
			2	Environmental
			1	Diversity and inclusion
			1	Infrastructure
96 per cent of non-financial measures were achieved for the financial year.				
Total		Target 100%	Maximum 132%	
		 Achieved 41%		

REMUNERATION – CONTINUED

Long Term Variable Remuneration (LTVR)

LTVR components are designed to align executive management with shareholder interests over the longer term and provide a longer-term employee retention benefit. The LTVR plans available to executive management are described below. Further information on these and other LTVR plans can be found in the “Long Term Variable Remuneration” section of our website.

2022 Share Option Plan - Options vest if the company’s share price on the NZX has exceeded the “escalated price” at the third anniversary of the grant date. The escalated price is determined by a representative amount representing the company’s cost of capital.

2022 Performance Share Rights Plan - PSRs fully vest if the company’s gross total shareholder return (TSR) exceeds the performance of the Dow Jones US Select Medical Equipment Total Return Index (DJSMDQT) by 10% or more at the third anniversary of the grant date of the PSRs.

Employee Share Purchase Plan - Executive management can choose to participate in this Plan up to the value of \$2,000 with a discount of up to \$500, with no interest charged on the loans. The qualifying period between grant and vesting date is three years.

Participants in the company’s equity-based remuneration schemes are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of their unvested entitlements. For the avoidance of doubt, this does not prevent participants entering into financial arrangements from being able to exercise vested entitlements under any company equity-based remuneration scheme.

Profit sharing payment

All our employees, including executive management, who have worked with us for more than six months are eligible to receive a profit-sharing payment twice per year.

Five-year summary of TSR performance

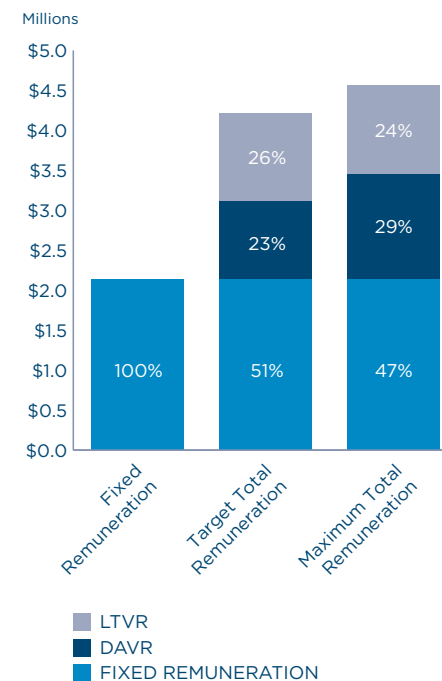
The chart below shows our total shareholder return (TSR) compared with the performance of DJSMDQT and the S&P NZX50 index over the previous five years. From 10 September 2019 to 10 September 2022 our TSR performance did not exceed that of the DJSMDQT, and PSRs granted in 2019 did not meet the vesting hurdle for the first performance period.



1 To enable better comparability of the relative shareholder return performance, the Dow Jones U.S. Select Medical Equipment Index closing prices have been converted to NZD at the daily closing rate quoted by the Reserve Bank of New Zealand.

Remuneration structure

The CEO remuneration structure is consistent with the executive management remuneration structure described previously. The CEO remuneration target and maximum total remuneration mix for the 2023 financial year is set out below.



REMUNERATION – CONTINUED

CEO remuneration summary

	Salary	Other ¹	Fixed Remuneration subtotal	DAVR ²	% DAVR against maximum	LTVR awarded ³	Total remuneration
	\$	\$	\$	\$	\$	\$	\$
2023	1,709,111	428,688	2,137,800	424,434	30%	1,110,008	3,672,242
2022	1,612,462	132,693	1,745,155	1,203,320	96%	1,050,012	3,998,488

¹ Other includes superannuation contributions, life insurance and a one-off entitlement of long-service leave in FY23 in accordance with company policy that applies to all New Zealand employees.

² DAVR represents what was earned for the financial year. DAVR value includes the company-wide profit-sharing bonus.

³ LTVR includes options and PSRs awarded during the financial year. In 2023, Lewis Gradon was granted 56,749 PSRs and 128,771 share options (2022: 25,761 PSRs and 73,633 share options). Share options and PSRs granted in the 2022 and 2023 financial years will vest if the performance criteria are met in the 2025 and 2026 financial years respectively. Details of the plans and valuation methodology are set out in Note 18 to the financial statements. No long-term share incentives vested in the 2023 financial year.

DAVR achieved in 2023

The DAVR financial targets achieved are set out in the Executive Management section on the previous page. During the 2023 financial year, the CEO achieved 96 per cent of his non-financial measures. The DAVR earned in the 2023 financial year is 20 per cent of the fixed remuneration.

LTVR vested in 2023

No long-term share incentives vested in the 2023 financial year.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Remuneration strategy

The People & Remuneration Committee is responsible for establishing and monitoring remuneration policies and guidelines for directors. This enables us to attract and retain directors who contribute to the successful governing of the business and create value for shareholders.

We also take advice from independent consultants and take into account fees paid to directors of comparable companies in New Zealand and Australia as part of our assessment of the appropriate level of remuneration of directors.

The maximum total monetary sum payable by the company by way of directors' fees is \$1,455,000 per annum as approved by shareholders at the 2020 Annual Shareholders' Meeting. Executive directors are not entitled to receive any remuneration solely in their capacity as directors of the company.

Non-executive directors do not take a portion of their remuneration under an equity security plan; however, directors may hold shares in the company. Details are set out on page 83 of this report. It is our policy to encourage directors to acquire shares on-market.

No non-executive director is entitled to receive a retirement payment.

Approved director remuneration

The current non-executive directors' fees and the fees received by non-executive directors in 2023, including a breakdown of Board fees and Committee fees, are set out in the tables below. The fees payable are determined based on the time commitment and responsibilities of each role.

Fees per annum	Chair \$	Member \$
Board of Directors	287,897	137,222
People & Remuneration Committee	26,906	18,950
Quality, Safety & Regulatory Committee	25,249	18,950
Audit & Risk Committee	34,978	18,950
	375,030	194,072

Director remuneration received in the 2023 financial year

Director	Board Fees \$	People & Remuneration Committee \$	Quality, Safety & Regulatory Committee \$	Audit & Risk Committee \$	Overseas Director Allowance ² \$	Total Remuneration \$
Scott St John	284,971	-	-	-	-	284,971
Neville Mitchell ^{1 & 4}	135,827	-	18,758	34,623	23,601	212,809
Pip Greenwood ¹	135,827	24,644	-	4,738	-	165,209
Donal O'Dwyer ^{1 & 4}	135,827	18,758	23,418	-	23,601	201,604
Michael Daniell ¹	135,827	4,738	6,312	14,020	-	160,897
Geraldine McBride ³	53,428	-	-	-	-	53,428
Lisa McIntyre ^{1 & 4}	135,827	6,727	10,948	4,738	23,601	181,841
Cather Simpson ³	113,515	-	15,676	-	-	129,191
	1,131,049	54,867	75,112	58,119	70,803	1,389,950

¹ Designates Chair of Committee. Effective 1 January 2023, Michael Daniell succeeded Donal O'Dwyer as Chair of the Quality, Safety and Regulatory Committee and Lisa McIntyre succeeded Pip Greenwood as Chair of the People and Remuneration Committee.

² Directors based outside New Zealand are paid an allowance associated with attendance at Board and Committee meetings in a different country or time zone and to reflect local pecuniary practices.

³ Cather Simpson was appointed with effect from 1 June 2022 to replace Geraldine McBride, who retired with effect at the close of the Annual Shareholders' Meeting on 24 August 2022.

⁴ Remuneration for Neville Mitchell, Donal O'Dwyer and Lisa McIntyre is set in NZD but paid in AUD at the prevailing exchange rate at the date of payment.

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FINANCIALS

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04

FINANCIAL COMMENTARY

INCOME STATEMENTS

Year ended 31 March	2022 NZ\$M	2023 NZ\$M	Change Reported %	Change CC (1) %
Operating revenue	1,681.7	1,581.1	-6	-9
Gross profit	1,052.7	938.4	-11	-14
Gross margin	62.6%	59.4%	-325 bps	-369 bps
SG&A expenses	(393.1)	(431.9)	+10	+4
R&D expenses	(154.0)	(174.3)	+13	+13
Total operating expenses	(547.1)	(606.2)	+11	+7
Operating profit	505.6	332.2	-34	-39
Operating margin	30.1%	21.0%	-905 bps	-944 bps
Net financing (expense)	(1.4)	(4.2)		
Profit before tax	504.2	328.0	-35	-40
Tax expense	(127.3)	(77.7)	-39	-42
Profit after tax	376.9	250.3	-34	-39

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 impact from changes in foreign exchange rates. See further details on page 107.

Total profit after tax for the year was \$250.3 million, a 34% decline from last year, or 39% in constant currency.

Revenue

Operating revenue was \$1,581.1 million, a 6% decline from last year or 9% in constant currency. Hospital revenue decreased 18% in constant currency as we lapped significant COVID-19 driven demand last year and apparent elevated customer inventory levels earlier in this year. Homecare revenue grew 13% in constant currency, driven by an increase in masks of 17%.

Gross margin

Gross margin at 59.4% decreased by 369 basis points in constant currency from last year. Continued elevated freight costs impacted constant currency gross margin by approximately 230 basis points compared to pre-COVID-19 rates for the full year, a similar impact to the prior year. Manufacturing inefficiencies increased this year as we balanced demand fluctuations with manufacturing throughput. Freight rates started easing through the second half of the year. This and price increases contributed to this year's second half gross margin improving on the first half by 179 basis points in constant currency.

Operating expenses

Operating expenses increased 11% (7% in constant currency) to \$606.2 million, reflecting ongoing expenditure to support global sales growth and the development of our product pipeline.

R&D spend of \$174.3 million grew 13% reflecting underlying growth. Over the long term we plan for R&D spend to grow in line with constant currency revenue growth.

Financing expenses

Net financing expense increased from the prior year primarily due to increasing interest rates and higher average borrowings, and a negligible foreign exchange loss this year compared to a \$0.9 million gain last year.

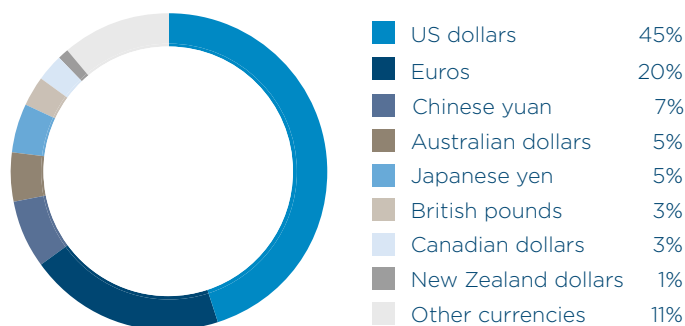
Tax

Our effective tax rate for the year was 23.7%, down from 25.2% in the prior year. The R&D tax credit this year of \$15.9 million (2022: \$15.1 million) represents the estimated eligible R&D expenditure incurred during the year. Excluding the benefit of the R&D tax credit the effective tax rate was 28.5% (2022: 28.2%).

FINANCIAL COMMENTARY CONTINUED

FOREIGN CURRENCY IMPACTS

The Group is exposed to movements in foreign exchange rates, with approximately 99% of operating revenue generated in currencies other than NZD as shown below.



Over 60% of COGS and over 50% of operating expenses are in currencies other than NZD.

Net profit after tax has benefitted from favourable foreign currency of \$10.4 million compared to the prior year.

The effect of balance sheet translations for the year resulted in an increase in operating revenue of \$11.0 million (2022: \$5.3 million decrease) and an increase in profit after tax of \$2.1 million (2022: \$2.1 million decrease). The hedging programme contributed a pre-tax gain of \$3.7 million (2022: \$41.5 million gain).

The average daily spot rate, the average conversion exchange rate (i.e. the accounting rate, incorporating the benefit of forward exchange contracts in respect of the relevant financial year) and the closing spot rate of the main foreign currency exposures for the reported periods are set out in the table below.

	Average daily spot rate		Average conversion exchange rate		Closing spot rate	
	2022	2023	2022	2023	2022	2023
Year ended 31 March						
USD	0.697	0.624	0.673	0.667	0.696	0.629
EUR	0.600	0.599	0.557	0.545	0.623	0.577
MXN	14.16	12.27	14.97	14.48	13.84	11.38

Foreign exchange hedging position

In line with our hedging programme, additional hedges have been added for future years. The hedging position for our main currency exposures as at 12 May 2023 is:

Year to 31 March	2024	2025	2026	2027	2028	2029-2031*
USD % cover of expected exposure	85%	70%	60%	50%	30%	5%
USD average rate of cover	0.659	0.623	0.608	0.596	0.584	0.526
EUR % cover of expected exposure	70%	55%	40%	35%	20%	0%
EUR average rate of cover	0.538	0.523	0.531	0.523	0.524	0.530
MXN % cover of expected exposure	55%	35%	10%			
MXN average rate of cover	16.35	16.35	17.04			

Hedging cover has been rounded to the nearest 5%.

+ 2029 – 2031 shows average % cover of expected exposure and rate of cover for the three-year period

CASH FLOWS

The full statement of cash flows is provided on page 111.

Year ended 31 March	2022 NZ\$M	2023 NZ\$M	Change NZ\$M
Operating profit before financing costs	505.6	332.2	(173.4)
Plus depreciation and amortisation	96.0	99.0	3.0
Change in working capital and other	(24.9)	(65.6)	(40.7)
Net interest paid	(2.7)	(6.2)	(3.5)
Net income tax paid	(249.7)	(121.2)	128.5
Operating cash flows	324.3	238.2	(86.1)
Lease repayments	(14.0)	(14.4)	(0.4)
Purchase of land and buildings	(41.0)	(89.0)	(48.0)
Purchase of plant and equipment	(97.4)	(98.8)	(1.4)
Purchase of intangible assets	(31.4)	(23.5)	7.9
Free cash flows	140.5	12.5	(128.0)
Dividends paid	(224.9)	(195.7)	29.2

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

Operating cash flows

Cash flows from operations for the year decreased to \$238.2 million (2022: \$324.3 million). Working capital was impacted by the increase in trade receivables reflecting sales levels in the last couple of months of the year.

FINANCIAL COMMENTARY CONTINUED

Capital expenditure

During the year, \$211.3 million was spent on capital expenditure (excluding leased assets), including earthworks and constructions costs across the East Tamaki campus and the completion of the second building on our Tijuana campus. Spending also includes a \$27.5 million deposit to acquire land for a second New Zealand campus in Karaka and is recorded in other non-current receivables on the balance sheet. The purchase was conditional on Overseas Investment Office (OIO) consent being granted which was received in April 2023. We continued to invest in production tooling and equipment additions including for new product introductions.

Dividends

Dividends paid of \$195.7 million were 13% lower than the prior year. The Dividend Reinvestment Plan (DRP) was reactivated commencing with the interim dividend for the 2023 financial year. Under the DRP, \$35.3 million of dividends were reinvested as new shares, reducing the cash paid by the same amount.

BALANCE SHEET

As at 31 March	2022 NZ\$M	2023 NZ\$M	Change NZ\$M
Trade receivables	142.8	179.6	36.8
Inventories	358.9	365.8	6.9
Less trade and other payables*	(132.4)	(125.2)	7.2
Working capital	369.3	420.2	50.9
Property, plant and equipment**	957.8	1,148.2	190.4
Intangible assets	86.8	85.6	(1.2)
Lease liabilities	(36.0)	(62.5)	(26.5)
Other net assets (liabilities)	80.2	124.2	44.0
Net cash	221.6	37.7	(183.9)
Net assets	1,679.7	1,753.4	73.7

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

++ Property, plant and equipment includes lease assets recognised

Trade receivables increase to 31 March 2023 reflects the level of sales in the last couple of months of the year compared to the prior year. Our debtor days were within the normal range at 40 days (2022: 41 days). Inventories balances have increased as the reduction in finished goods was more than offset by an increase in raw materials. We have been working to balance demand fluctuations and new product introductions with manufacturing throughput and continuing supply chain disruption. Trade and other payables reduction reflects timing associated with key capital projects and payment of suppliers.

Property, plant and equipment increased by \$190.4 million in the year. Additions of \$211.1 million were offset by \$75.5 million of depreciation. The East Tamaki campus land in New Zealand was also revalued upwards by \$47.6 million. Intangible assets decreased by \$1.2 million, with amortisation tracking slightly above total expenditure. Included in intangible assets is ERP system capital spending with our global SAP rollout continuing over the next one to two years. We have invested \$19 million in patent acquisition costs during the year.

Other net assets/liabilities movements included an increase in net tax assets of \$62.6 million during the year, primarily reflecting the timing and amounts of provisional tax payments during the year and the change in the net derivative financial instruments balances. Non-current other receivables increased for the deposit paid for a second New Zealand campus in Karaka. These movements were offset by a reduction in derivative financial instruments net asset of \$63.6 million. This is due to the currency volatility during the year, with the corresponding offset in the cash flow hedge reserve. All currency derivatives designated as hedges continued to be effective hedges.

Net cash and debt facilities

	2022 NZ\$M	2023 NZ\$M	Change NZ\$M
Loans and borrowings			
– Current	–	–	–
– Non-current	(63.0)	(79.1)	(16.1)
Bank overdrafts	(5.3)	(4.2)	1.1
Total interest-bearing liabilities*	(68.3)	(83.3)	(15.0)
Cash and cash equivalents	89.9	121.0	31.1
Short-term investments	200.0	–	(200.0)
Total cash and investments	289.9	121.0	(168.9)
Net cash	221.6	37.7	(183.9)
Gearing	-16.3%	-2.3%	–
Undrawn committed debt facilities	184.5	624.5	440.0
Undrawn uncommitted debt and overdraft facilities	38.3	90.0	51.7

+ Excluding lease liabilities

The average maturity of loans and borrowings of \$79.1 million was 1.8 years and the currency split was 80% USD; 13% NZD; 4% Australian dollars; and 3% Canadian dollars.

During the year, \$70 million of committed borrowing facilities matured and were not renewed. The Company put in place additional committed borrowing facilities during the year totalling \$520 million for tenors between three and five years. Within the next 12 months one committed borrowing facility for \$60 million, fully undrawn at 31 March 2023, will expire.

FINANCIAL COMMENTARY CONTINUED

Cash balances and short-term investments were \$121.0 million at 31 March 2023. This balance, operating cash generated in FY24 and additional borrowing facilities, will fund the payment of the final dividend, ongoing capital expenditure including building projects in East Tamaki and the purchase of land for a second New Zealand campus in Karaka.

Gearing¹

At 31 March 2023 the Group had net cash of \$37.7 million and gearing of -2.3%. Gearing was inside the target range of -5% to +5%. Following the significant investment in land and buildings which will take place over the next few years, this is expected to track above +5%.

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 REVENUE**RECONCILIATION OF CONSTANT CURRENCY TO REPORTED REVENUE**

Year ended 31 March	2022 NZ\$M	2023 NZ\$M	Change NZ\$M
Operating revenue (constant currency)	1,645.1	1,497.7	(147.4)
Spot exchange rate effect	2.6	79.9	77.3
Foreign exchange hedging result	39.3	(7.5)	(46.8)
Balance sheet revaluation	(5.3)	11.0	16.3
Total impact of foreign exchange	36.6	83.4	46.8
Operating revenue (reported)	1,681.7	1,581.1	(100.6)

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the year ended 31 March 2023, are USD 0.69, EUR 0.61, AUD 0.93, GBP 0.51, CAD 0.86, JPY 79, MXN 14.0.

RECONCILIATION OF CONSTANT CURRENCY TO REPORTED PROFIT AFTER TAX

Year ended 31 March	2022 NZ\$M	2023 NZ\$M	Change NZ\$M
Profit after tax (constant currency)	349.2	212.2	(137.0)
Spot exchange rate effect	(0.1)	33.4	33.5
Foreign exchange hedging result	29.9	2.6	(27.3)
Balance sheet revaluation	(2.1)	2.1	4.2
Total impact of foreign exchange	27.7	38.1	10.4
Profit after tax (reported)	376.9	250.3	(126.6)

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 interest-bearing debt excludes lease liabilities.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2023

	Notes	2022 NZ\$M	2023 NZ\$M
Operating revenue	4	1,681.7	1,581.1
Cost of sales		(629.0)	(642.7)
Gross profit		1,052.7	938.4
Selling, general and administrative expenses		(393.1)	(431.9)
Research and development expenses		(154.0)	(174.3)
Total operating expenses		(547.1)	(606.2)
Operating profit		505.6	332.2
Financing income		2.6	2.6
Financing expense		(4.9)	(6.7)
Exchange gain (loss) on foreign currency interest-bearing liabilities		0.9	(0.1)
Net financing (expense) income		(1.4)	(4.2)
Profit before tax	5	504.2	328.0
Tax expense	11	(127.3)	(77.7)
Profit after tax		376.9	250.3
Basic earnings per share	16	65.3 cps	43.3 cps
Diluted earnings per share	16	65.0 cps	43.0 cps

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	2022 NZ\$M	2023 NZ\$M
Profit after tax		376.9	250.3
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		0.1	4.1
Hedging reserves			
Changes in fair value in hedging reserves		37.7	(58.6)
Transfers to profit before tax from cash flow hedge reserve		(41.0)	(3.7)
Tax on above reserve movements	11	0.9	17.4
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of land	9	-	47.6
Other comprehensive income, net of tax		(2.3)	6.8
Total comprehensive income		374.6	257.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Notes	Share capital NZ\$M	Retained earnings NZ\$M	Reserves NZ\$M	Total equity NZ\$M
Balance at 31 March 2021		249.1	1,029.2	242.6	1,520.9
Total comprehensive income		-	376.9	(2.3)	374.6
Dividends paid	17	-	(224.9)	-	(224.9)
Issue of share capital under employee share plans	15	15.0	-	-	15.0
Movement in share based payments reserve	17	-	-	(3.0)	(3.0)
Movement in treasury shares	15	(2.9)	-	-	(2.9)
Balance at 31 March 2022		261.2	1,181.2	237.3	1,679.7
Total comprehensive income		-	250.3	6.8	257.1
Dividends paid	17	-	(231.0)	-	(231.0)
Issue of share capital under the dividend reinvestment plan	15	35.3	-	-	35.3
Issue of share capital under employee share plans	15	5.4	-	-	5.4
Movement in share based payments reserve	17	-	-	5.1	5.1
Movement in treasury shares	15	1.8	-	-	1.8
Balance at 31 March 2023		303.7	1,200.5	249.2	1,753.4

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2023

	Notes	2022 NZ\$M	2023 NZ\$M
ASSETS			
Current assets			
Cash and cash equivalents		89.9	121.0
Short-term investments	12	200.0	-
Trade and other receivables	7	174.4	218.5
Inventories	8	358.9	365.8
Derivative financial instruments	6	56.4	33.2
Tax receivable		8.3	35.7
Total current assets		887.9	774.2
Non-current assets			
Derivative financial instruments	6	87.7	70.0
Other receivables		3.2	29.9
Property, plant and equipment	9	957.8	1,148.2
Intangible assets	10	86.8	85.6
Deferred tax assets	11	83.6	96.6
Total assets		2,107.0	2,204.5
LIABILITIES			
Current liabilities			
Borrowings	12	5.3	4.2
Lease liabilities	12	11.7	17.1
Trade and other payables	13	226.2	219.7
Provisions	14	26.3	20.9
Tax payable		31.9	6.6
Derivative financial instruments	6	2.5	21.3
Total current liabilities		303.9	289.8

	Notes	2022 NZ\$M	2023 NZ\$M
LIABILITIES			
Non-current liabilities			
Borrowings	12	63.0	79.1
Lease liabilities	12	24.3	45.4
Provisions	14	11.1	7.3
Other payables	13	24.1	21.6
Derivative financial instruments	6	0.9	4.8
Deferred tax liabilities	11	-	3.1
Total liabilities		427.3	451.1
EQUITY			
Share capital	15	261.2	303.7
Retained earnings		1,181.2	1,200.5
Reserves	17	237.3	249.2
Total equity		1,679.7	1,753.4
Total liabilities and equity		2,107.0	2,204.5

The accompanying notes form an integral part of the financial statements.

On behalf of the Board
25 May 2023

Scott St John
Board Chair

Lewis Gradon
Managing Director and
Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	2022 NZ\$M	2023 NZ\$M
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,732.4	1,543.0
Interest received	2.1	2.8
Payments to suppliers and employees	(1,155.7)	(1,177.4)
Tax paid	(249.7)	(121.2)
Interest paid	(3.2)	(6.5)
Lease interest paid	(1.6)	(2.5)
Net cash flows from operating activities	324.3	238.2
CASH FLOWS FROM INVESTING ACTIVITIES		
Net short-term investments	80.3	200.0
Sales of property, plant and equipment	-	-
Purchases of property, plant and equipment	(138.4)	(187.8)
Purchases of intangible assets	(31.4)	(23.5)
Net cash flows from investing activities	(89.5)	(11.3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of share capital under employee share plans	3.2	3.0
New borrowings	7.5	137.5
Repayment of borrowings	(7.6)	(127.5)
Lease liability payments	(14.0)	(14.4)
Dividends paid	(224.9)	(195.7)
Net cash flows from financing activities	(235.8)	(197.1)
Net increase (decrease) in cash	(1.0)	29.8
Opening cash	85.4	84.6
Effect of foreign exchange rates	0.2	2.4
Closing cash	84.6	116.8
RECONCILIATION OF CLOSING CASH		
Cash and cash equivalents	89.9	121.0
Bank overdrafts	(5.3)	(4.2)
Closing cash	84.6	116.8

	2022 NZ\$M	2023 NZ\$M
CASH FLOW RECONCILIATION		
Profit after tax	376.9	250.3
Add (deduct) non-cash items:		
Depreciation – right-of-use assets	13.8	16.6
Depreciation and amortisation – other assets	82.2	82.4
Share based payments	8.1	9.0
Movement in provisions	11.3	(9.2)
Movement in deferred tax assets / liabilities	(6.8)	4.8
Movement in net tax payables	(116.3)	(49.3)
Foreign currency translation	(1.3)	1.2
Other non-cash items	(2.1)	1.6
	(11.1)	57.1
Net working capital movements:		
Trade and other receivables	52.5	(43.3)
Inventories	(88.3)	(6.9)
Trade and other payables	(5.7)	(19.0)
	(41.5)	(69.2)
Net cash flows from operating activities	324.3	238.2

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. 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. The address of its registered office is 15 Maurice Paykel Place, East Tamaki, Auckland. These consolidated financial statements were approved for issue by the Board of Directors on 25 May 2023.

2. BASIS OF PREPARATION AND PRINCIPLES OF CONSOLIDATION

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 NZX and the ASX. The consolidated financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013.

These consolidated financial statements for the year ended 31 March 2023 have been prepared in accordance with New Zealand Generally Accepted Accounting Principles (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS). The Group is a for-profit entity for the purposes of complying with NZ GAAP.

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss and/or other comprehensive income, and the revaluation of land.

Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars (NZD), which is the Company's functional currency to the nearest hundred thousand dollars unless otherwise stated. Items included in the financial statements of each of the subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”).

The Group operates as one integrated business, and the functional currency of all material global operations is NZD, with the exception of Fisher & Paykel Healthcare Mexico Properties S.A. de C.V. (“Mexico Properties”). Mexico Properties was established for the purpose of holding the Group's property in Mexico, and its functional currency is United States dollars (USD).

The results and financial position of entities that have a different functional currency are translated to NZD as follows: assets and liabilities are translated at the exchange rate at balance date and income statement items are translated at rates approximating the foreign exchange rates ruling at the dates of transactions. Exchange differences are recognised in other comprehensive income as a currency translation reserve movement.

Foreign currency transactions and balances

Foreign currency transactions are translated into the relevant functional currency at the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Directors regularly review all accounting policies and areas of judgement in presenting the financial statements. Significant estimates are disclosed in each of the applicable notes to the financial statements and are designated with an **E** symbol.

Significant accounting policies

Accounting policies are disclosed in each of the applicable notes to the financial statements and are designated with an **AP** symbol.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at balance date and the results of all subsidiaries for the year then ended. All subsidiaries are 100% owned within the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

3. SIGNIFICANT TRANSACTIONS AND EVENTS

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. The Company has experienced significant volatility in demand for its products over the last few years.

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. There has been no material impact on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SIGNIFICANT TRANSACTIONS AND EVENTS (CONTINUED)

Property, plant and equipment

During the year, a member of the Group, Fisher & Paykel Healthcare Properties Limited (FPH Properties), entered into a conditional agreement to purchase 105 hectares of land for a second New Zealand campus in Karaka for \$275 million. A deposit of \$27.5 million was paid in September 2022 and has been recognised in other non-current receivables. The purchase was conditional on Overseas Investment Office (OIO) consent being granted. In April 2023, OIO consent was received with standard conditions and special conditions which require FPH Properties to obtain necessary planning consents, undertake initial development of the site and invest in capital expenditure in line with the Group strategy. On 11 May 2023, \$189.5 million was paid, with a further \$43 million to be paid in January 2026 and the final payment of \$15 million due in December 2026.

In June 2022, a building construction contract was signed for a car park building on our East Tāmaki, New Zealand campus. Capital commitments at 31 March 2023 include \$55.1 million related to this project. To date, spending on this project totals \$25.1 million. The car park is expected to be operational in 2024. Earthworks continue for the construction of a fifth building on our East Tāmaki site. To date, spending on this project totals \$13.4 million.

In March 2023, Jones Lang LaSalle (JLL) completed an external valuation of the New Zealand East Tāmaki Campus land. The land was valued at \$248.3 million, resulting in a valuation increase of \$47.6 million. This increase is recognised as a revaluation gain within Other Comprehensive Income.

Borrowing facilities

During the year \$70 million of committed external financing facilities matured. The Company entered into new committed external financing facilities on a bilateral basis with key lenders for \$520 million and tenors between 3-5 years. Of the new committed external financing facilities, \$150 million relates to Green Loans linked to eligible projects (NZGBC 5 Green Star rated buildings).

Share capital

Commencing with the interim dividend for the 2023 financial year, the Dividend Reinvestment Plan was reactivated for eligible shareholders residing in New Zealand, Australia and the United Kingdom. The plan allows eligible shareholders to reinvest all or part of their cash dividends in additional shares at a 3% discount. A total of 1,630,648 new shares were issued in relation to the plan during the year at an average price of \$21.6750 per share, totalling \$35.3 million.

4. OPERATING REVENUE AND SEGMENTAL INFORMATION

	2022 NZ\$M	2023 NZ\$M
Sales revenue	1,642.4	1,588.6
Foreign exchange gain / (loss) on hedged sales	39.3	(7.5)
Total operating revenue	1,681.7	1,581.1
Revenue by product group		
Hospital products	1,207.1	1,023.5
Homecare products	469.5	553.8
	1,676.6	1,577.3
Distributed and other products	5.1	3.8
Total operating revenue	1,681.7	1,581.1
Revenue after hedging by geographical location of customer:		
North America	665.1	683.8
Europe	468.1	427.6
Asia Pacific	438.8	399.0
Other ¹	109.7	70.7
Total operating revenue	1,681.7	1,581.1

¹ Other includes New Zealand, Latin America (including Mexico), Africa and the Middle East.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. OPERATING REVENUE AND SEGMENTAL INFORMATION (CONTINUED)

Segmental reporting

The Group operates in one segment - being the design, manufacture, marketing and sale of medical devices and systems globally. These products and systems are for use in respiratory care, acute care, surgery and the treatment of OSA in the home and hospital. Resource allocation decisions are made to optimise the Group's financial operating profit. This is consistent with the internal management reports the chief operating decision-maker (CODM)¹ reviews.

AP

Revenue is recognised at the point in time performance obligations are satisfied by transferring control of goods to the customer at the transaction price specified in the contract. Control typically transfers to the customer at the same time as the legal title passes to the customer, typically on delivery. The transaction price includes all amounts which the Group expects to be entitled to net of sales taxes and other indirect taxes, expected rebates and discounts. Where applicable, rebates and/or discounts are included within the consideration using an estimation typically based on the most likely method, and are only recognised to the extent that it is highly probable that a significant reversal will not occur.

There are no significant financing components in the Group's revenue arrangements.

5. EXPENSES

	2022 NZ\$M	2023 NZ\$M
Profit before tax is after charging the following specific expenses:		
Donations	0.7	0.3
Inventory written down (net)	11.5	22.3

Fees paid to auditors

	2022 NZ\$000	2023 NZ\$000
Statutory audit and half year review (i)	1,290	1,506
Other assurance and audit related services (ii)	39	39
Total audit, other assurance services and audit-related services	1,329	1,545
Other services (iii)	58	62
Total fees paid to auditors	1,387	1,607

Other fees paid to auditors

- (i) Statutory audit and half year review includes \$510,500 (2022: \$442,013) paid to other PwC network firms
- (ii) Other assurance and audit related services of \$39,100 (2022: \$39,100) include assurance procedures in relation to compliance with the constant currency framework.
- (iii) Other services in 2023 and 2022 includes providing executive remuneration benchmarking, market survey data relating to executive remuneration levels and regulatory tax compliance procedures in Mexico.

The fee paid to PwC for the audit and review of the Group's financial statements is split across the jurisdictions where there are subsidiary entities that require an audit or are a significant component of the Group.

	2022 NZ\$000	2023 NZ\$000
PwC New Zealand	945	1,075
PwC Overseas offices	442	532
	1,387	1,607

¹ The CODM comprises the Board of Directors (which includes the Chief Executive Officer), Vice-President - Products and Technology, Senior Vice-President - Sales and Marketing and the Chief Financial Officer.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. DERIVATIVE FINANCIAL INSTRUMENTS

	2022		2023	
	Assets NZ\$M	Liabilities NZ\$M	Assets NZ\$M	Liabilities NZ\$M
CURRENT				
Foreign currency forward exchange contracts – cash flow hedges	54.0	2.4	32.3	20.7
Foreign currency forward exchange contracts – not hedge accounted	1.1	0.1	0.4	0.6
Foreign currency option contracts – cash flow hedges	1.1	–	–	–
Foreign currency option contracts – time value	0.1	–	–	–
Interest rate swaps & options – cash flow hedges	0.1	–	0.5	–
	56.4	2.5	33.2	21.3
NON-CURRENT				
Foreign currency forward exchange contracts – cash flow hedges	87.6	0.9	69.7	4.8
Interest rate swaps & options – cash flow hedges	0.1	–	0.3	–
	87.7	0.9	70.0	4.8

AP

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group generally applies hedge accounting to all derivative financial instruments.

The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). At the inception of the transaction the Group documents the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions.

The Group also documents their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items. Any ineffective portion is recognised immediately in the income statement. Derivatives that are designated as hedges will be classified as non-current if they have maturities greater than 12 months after the balance sheet date.

Some components of hedge accounted derivatives are excluded from the designated risk. Cash flow hedges include only the intrinsic value of options. Time value on options is excluded from the hedge designation and is marked to market through other comprehensive income and accumulated within a separate component of equity ('the costs of hedging reserve' within 'hedging reserves') until such time as the related hedge accounted cash flows affect profit or loss. At this stage the cumulative amount is reclassified to profit or loss.

Master netting arrangements

The Group enters into derivative transactions under the International Swaps and Derivatives Association (ISDA) master agreements. The ISDA agreements do not meet the criteria for offsetting derivatives in the balance sheet. Netting arrangements are only enforceable upon early termination, for example, on occurrence of a credit default.

Refer to Note 21 for information on the calculation of fair values and maturity of undiscounted cash flows for these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Contractual amounts of derivative financial instruments were as follows:

	2022 NZ\$M	2023 NZ\$M
Foreign currency forward contracts and options		
Sale commitments forward exchange contracts	1,860.5	2,754.8
Purchase commitments forward exchange contracts	97.5	61.2
Foreign currency borrowing forward exchange contracts	49.7	117.9
NZD call option contracts purchased	5.9	-
Collar option contracts – NZD call options purchased (i)	18.2	-
Collar option contracts – NZD put options sold (i)	19.4	-
Interest rate derivatives		
Interest rate swaps	32.7	31.9

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

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

	Foreign Currency	
	2022 M	2023 M
Sale commitments		
United States dollars	US\$663.3	US\$1,060.0
European Union euros	€318.2	€289.5
Japanese yen	¥9,945.0	¥11,980.0
Purchase commitments		
Mexican pesos	MXN\$1,577.0	MXN\$999.0

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

7. TRADE AND OTHER RECEIVABLES

	2022 NZ\$M	2023 NZ\$M
CURRENT		
Trade receivables	147.8	184.5
Loss allowance for doubtful trade receivables	(5.0)	(4.9)
	142.8	179.6
Other receivables	31.6	38.9
	174.4	218.5

AP

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance for doubtful trade receivables. Estimates are used in determining the level of receivables that may not be collected. The Group has applied the simplified approach to calculating expected credit losses on trade receivables and recognises a doubtful debt provision based on the lifetime expected credit loss at each reporting date.

Bad debts are written off when they are considered to have become uncollectable.

Trade receivables credit risk

As at balance date 91% of trade receivables were current (2022: 91%) with less than 4% (2022: 3%) more than 90 days past due. The total loss allowance for doubtful trade receivables represents an estimate of the expected credit losses in respect of trade receivables and covers the majority of these more than 90 days past due balances. The expected credit losses are assessed by reference to historical collection trends and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Customer and receivable concentration

	2022	2023
Five largest customers' proportion of the Group's:		
Operating revenue	20%	24%
Trade receivables	22%	13%

There is no history of default in relation to these customers. Further information about the credit quality and the Group's exposure to credit risk can be found in Note 21.

8. INVENTORIES

	2022 NZ\$M	2023 NZ\$M
Materials	121.1	165.7
Finished products	278.1	256.4
Provision for inventory write downs	(40.3)	(56.3)
	358.9	365.8

AP

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of finished products comprises materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

9. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the year

	Land	Buildings			Plant & equipment		Capital projects		Total
	Fair Value NZ\$M	Structure (i) NZ\$M	Fit out and other NZ\$M	Leased assets NZ\$M	Purchased NZ\$M	Leased assets NZ\$M	Buildings (i) NZ\$M	Other NZ\$M	NZ\$M
Cost and revaluation									
Balance at 31 March 2021	216.5	175.7	230.9	47.1	432.6	11.8	24.9	123.4	1,262.9
Additions	3.1	0.3	3.5	5.9	18.7	2.3	35.1	79.3	148.2
Transfers	-	4.4	4.7	-	44.9	-	(9.4)	(44.6)	-
Disposals	-	-	(0.3)	(2.4)	(15.0)	(2.9)	-	-	(20.6)
Foreign exchange differences	0.1	0.1	-	-	-	-	0.1	-	0.3
Balance at 31 March 2022	219.7	180.5	238.8	50.6	481.2	11.2	50.7	158.1	1,390.8
Revaluation recognised in asset revaluation reserve	47.6	-	-	-	-	-	-	-	47.6
Additions	6.6	10.8	7.8	33.2	23.0	6.0	47.0	76.7	211.1
Transfers	-	37.2	8.8	-	41.7	-	(45.0)	(42.7)	-
Disposals	-	-	(2.0)	(8.3)	(14.2)	(2.1)	-	-	(26.6)
Foreign exchange differences	2.4	2.7	0.5	-	-	-	4.1	-	9.7
Balance at 31 March 2023	276.3	231.2	253.9	75.5	531.7	15.1	56.8	192.1	1,632.6
Depreciation and impairment losses									
Balance at 31 March 2021	-	26.6	86.0	14.5	247.3	6.4	-	-	380.8
Depreciation charge for the year	-	4.4	10.8	10.0	42.2	3.6	-	-	71.0
Disposals	-	-	-	(1.7)	(14.4)	(2.8)	-	-	(18.9)
Foreign exchange differences	-	0.1	-	-	-	-	-	-	0.1
Balance at 31 March 2022	-	31.1	96.8	22.8	275.1	7.2	-	-	433.0
Depreciation charge for the year	-	5.5	9.6	12.4	43.8	4.2	-	-	75.5
Disposals	-	-	(1.3)	(7.8)	(13.4)	(2.0)	-	-	(24.5)
Foreign exchange differences	-	0.4	-	-	-	-	-	-	0.4
Balance at 31 March 2023	-	37.0	105.1	27.4	305.5	9.4	-	-	484.4
Carrying amounts									
At 31 March 2021	216.5	149.1	144.9	32.6	185.3	5.4	24.9	123.4	882.1
At 31 March 2022	219.7	149.4	142.0	27.8	206.1	4.0	50.7	158.1	957.8
At 31 March 2023	276.3	194.2	148.8	48.1	226.2	5.7	56.8	192.1	1,148.2

(i) \$1.3 million of finance costs were capitalised during the year in relation to building additions (2022: \$0.4 million)

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

AP

Land is measured at fair value, based on periodic but at least triennial valuations by external independent valuers less any impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the fair value does not differ materially from its carrying amount.

All other property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. This cost includes labour attributable to bringing the assets to the location and working condition for its intended use.

Depreciation is generally calculated using the straight line method and is expensed over the estimated useful lives. Depreciation methods, residual values and useful lives are reassessed at each reporting date. Estimated useful lives are as follows:

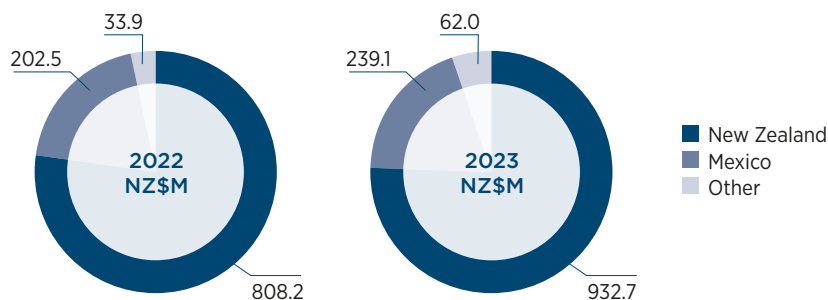
Buildings – structure	25 – 50 years
Buildings – fit-out and other	3 – 50 years
Plant and equipment	3 – 15 years

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leased assets

The Group's leases predominantly relate to property or equipment outside New Zealand. All leases are included within property, plant and equipment. Lease contracts are typically made for fixed periods between 3-12 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The right-of-use (leased) asset is depreciated over the shorter of the asset's useful life and the expected lease term on a straight-line basis.

Property, plant and equipment (including leased assets) and intangible assets by geographical location:



AP

Revaluations of land

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in the income statement, in which case the increment is recognised in the income statement.

E

Land revaluation

As described in Note 21, land in Mexico and New Zealand is considered to be a level 3 asset within the fair value hierarchy for valuation purposes. There are certain estimates associated with determining fair value, with the significant input being comparable land sales information per square metre ('psm') for similar properties adjusted to reflect relevant physical and locational characteristics. Valuation of land is performed in accordance with the provisions of NZ IAS 16 'Property, Plant and Equipment' and NZ IFRS 13 'Fair Value Measurement'.

New Zealand

The New Zealand land holding was valued by Jones Lang LaSalle (JLL NZ), with an effective date of 31 March 2023 in accordance with the Australia and New Zealand Property Institute Valuation Standards. The valuation of land ranged from \$558 psm for development land and \$600 psm for land with improvements.

Mexico

The Mexico land holding was valued by Jones Lang LaSalle (JLL Mexico) as at 31 March 2021 in accordance with the International Valuation standards. The land was valued at US\$18.3 million (NZ\$27.5 million) representing US\$116 psm (NZ\$166 psm).

The Directors consider the carrying value of land at 31 March 2023 remains an appropriate fair value.

Carrying amounts of land if measured at historical cost

	New Zealand		Mexico	
	2022 NZ\$M	2023 NZ\$M	2022 US\$M	2023 US\$M
At historical cost	75.3	81.9	16.3	16.3
At fair value	194.1	248.3	18.3	18.3

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

10. INTANGIBLE ASSETS

	Software NZ\$M	Patents, trademarks & applications NZ\$M	Other NZ\$M	Capital projects in progress NZ\$M	Total NZ\$M
Cost					
Balance at 31 March 2021	67.0	79.5	4.2	10.2	160.9
Additions	1.5	27.1	0.1	2.9	31.6
Transfers	2.0	-	3.4	(5.4)	-
Disposals	(8.1)	(1.3)	-	-	(9.4)
Foreign exchange differences	-	-	0.1	0.2	0.3
Balance at 31 March 2022	62.4	105.3	7.8	7.9	183.4
Additions	1.7	18.9	-	1.0	21.6
Transfers	3.4	-	-	(3.4)	-
Disposals	(6.9)	(3.0)	-	-	(9.9)
Foreign exchange differences	-	-	0.4	0.4	0.8
Balance at 31 March 2023	60.6	121.2	8.2	5.9	195.9
Amortisation and impairment losses					
Balance at 31 March 2021	31.7	46.4	2.8	-	80.9
Amortisation for the year	9.3	15.5	0.2	-	25.0
Disposals	(8.0)	(1.3)	-	-	(9.3)
Balance at 31 March 2022	33.0	60.6	3.0	-	96.6
Amortisation for the year	5.1	18.2	0.2	-	23.5
Disposals	(6.9)	(2.9)	-	-	(9.8)
Foreign exchange differences	-	-	-	-	-
Balance at 31 March 2023	31.2	75.9	3.2	-	110.3
Carrying amounts					
At 31 March 2021	35.3	33.1	1.4	10.2	80.0
At 31 March 2022	29.4	44.7	4.8	7.9	86.8
At 31 March 2023	29.4	45.3	5.0	5.9	85.6

AP

Software: Software development costs that are directly attributable to the design and testing of identifiable and unique software products and acquired computer software licences controlled by the Group are recognised as intangible assets and are initially capitalised at cost. Directly attributable costs that are capitalised as part of the software include employee costs. The project costs (including the ERP implementation) are transferred from Capital projects in progress to Software, as each stage is completed. These software costs are amortised over their useful economic life of 3 to 15 years.

The costs of configuring or customising, and the ongoing fees to obtain access to an application software in a cloud computing Software-as-a-Service agreement are recognised as expenses when the services are received.

Patents and trademarks: Patents and trademarks have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of patents and trademarks over their anticipated useful lives of 5 to 15 years. In the event of a patent being superseded or a trademark registration is not continued or renewed, the unamortised costs are expensed immediately.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

11. INCOME TAX**INCOME TAX EXPENSE**

	2022 NZ\$M	2023 NZ\$M
Profit before tax	504.2	328.0
Tax expense at the New Zealand rate of 28%	141.2	91.8
Adjustments to tax:		
Non-assessable income / additional deductible expenses	(0.7)	(0.8)
Non-deductible expenses / additional assessable income	4.9	7.2
Foreign rates other than 28%	(1.0)	(2.4)
Effect of foreign currency translations	2.0	(2.0)
R&D tax credit	(15.1)	(15.9)
Prior period over provision	(4.0)	(0.2)
Tax expense	127.3	77.7
This is represented by:		
Current tax	133.8	70.0
Deferred tax	(6.5)	7.7
Tax expense	127.3	77.7
Effective tax rate	25.2%	23.7%
Effective tax rate excluding R&D tax credit	28.2%	28.5%

AP

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised outside of the income statement, in which case it is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date. It also includes any adjustment to tax payable for previous financial years.

Deferred tax arises due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for tax purposes.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by balance date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The R&D tax credit is estimated based on the eligible R&D expenditure incurred during the period and is recognised as a deduction to current tax expense and offset in current tax payable. The R&D tax credit is only recognised when there is reasonable certainty the Group will comply with the conditions of the tax incentive.

	2022 M	2023 M
IMPUTATION CREDITS		
New Zealand imputation credits available for use in subsequent reporting periods	NZ\$322.7	NZ\$318.6
Australian franking credits available for use in subsequent reporting periods	A\$14.7	A\$16.2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

11. INCOME TAX (CONTINUED)

DEFERRED TAX ASSETS/(LIABILITIES)

	Provisions and accruals NZ\$M	Leases NZ\$M	Property, plant and equipment and intangibles NZ\$M	Financial instruments NZ\$M	Employee Share based payments NZ\$M	Other NZ\$M	Total NZ\$M
Balance at 31 March 2021	125.4	1.4	(16.1)	(40.1)	9.6	1.1	81.3
Amounts recognised in:							
Other comprehensive income	-	-	-	0.9	-	-	0.9
Directly in equity	-	-	-	-	(5.1)	-	(5.1)
In the Income Statement	6.2	(0.2)	1.6	-	(0.4)	(0.7)	6.5
Balance at 31 March 2022	131.6	1.2	(14.5)	(39.2)	4.1	0.4	83.6
Amounts recognised in:							
Other comprehensive income	-	-	-	17.4	-	-	17.4
Directly in equity	-	-	-	-	-	-	-
In the Income Statement	(8.7)	0.6	0.3	-	0.6	(0.3)	(7.5)
Balance at 31 March 2023	122.9	1.8	(14.2)	(21.8)	4.7	0.1	93.5

Deferred tax assets and liabilities are offset within the balance sheet where they relate to income taxes levied by the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

12. INTEREST-BEARING LIABILITIES

	2022		2023	
	Borrowings NZ\$M	Leases NZ\$M	Borrowings NZ\$M	Leases NZ\$M
CURRENT				
Bank overdrafts	5.3	-	4.2	-
Lease liabilities	-	11.7	-	17.1
	5.3	11.7	4.2	17.1
NON-CURRENT				
Borrowings expiring				
Between one and two years	5.5	-	63.6	-
Between two and three years	57.5	-	15.5	-
Between three and four years	-	-	-	-
Between four and five years	-	-	-	-
Lease liabilities	-	24.3	-	45.4
	63.0	24.3	79.1	45.4

AP**Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost, applying the effective interest rate method. Financing expenses directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Lease liabilities

The lease agreements do not impose any covenants, and leased assets may not be used as security for borrowing purposes.

Lease liabilities have been measured at the present value of the remaining lease payments, discounted using a discount rate derived from the incremental borrowing rate for each relevant territory on 1 April 2019 when the interest rate implicit in the lease was not readily available. Leases that commenced after 1 April 2019 use an incremental borrowing rate that was applicable on commencement date. Incremental borrowing rates applied to lease liabilities range between 1% - 25%, with a weighted average rate of 5.3%.

Extension and termination options

Some property leases contain an extension option exercisable by the Group. At the commencement of a lease, the Group assesses whether it is reasonably certain an extension option will be exercised. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group. The extension options are only exercisable by the Group and not by the lessor. Where it is reasonably certain the extension will be exercised, that extension period and related costs are recognised on the balance sheet.

Short-term and low-value leases

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value leases predominantly relate to computer equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

Borrowing Facilities

Borrowings have been aged in accordance with the expiry dates of the facilities as there are no required principal payments before the expiry of each facility. At year end the weighted average interest rate for borrowings is 4.3% (2022: 1.8%).

Key lenders to the Group are Debt Certificate Holders under the Negative Pledge Deed. In April 2017, an amended Negative Pledge Deed was executed. The negative pledge includes the covenant that security can be given only in limited circumstances.

The companies in the Group providing the undertakings under the amended Negative Pledge Deed are:

- Fisher & Paykel Healthcare Corporation Limited
- Fisher & Paykel Healthcare Limited
- Fisher & Paykel Healthcare Treasury Limited
- Fisher & Paykel Healthcare Properties Limited

The principal covenants of the negative pledge are that:

- (i) the interest cover ratio for the Group shall not be less than 3 times earnings before interest, tax, depreciation and amortisation (EBITDA);
- (ii) the net tangible assets of the Group shall not be less than \$200 million; and
- (iii) the total tangible assets of the Guaranteeing Group shall constitute at least 80% of the total tangible assets of the Group.

There have been no breaches of debt covenants for the current or prior period.

The Company had total available committed debt funding of \$703.6 million as at 31 March 2023, of which \$624.5 million was undrawn. As at 31 March 2023, the weighted average maturity of committed borrowing facilities was 3.4 years.

	2022 NZ\$M	2023 NZ\$M
Unused lines of credit		
Uncommitted borrowing and bank overdraft facilities	38.3	90.0
Committed borrowing facilities	184.5	624.5
	222.8	714.5

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

13. TRADE AND OTHER PAYABLES

	2022 NZ\$M	2023 NZ\$M
CURRENT		
Trade payables	53.8	43.0
Employee entitlements	93.8	94.5
Other payables and accruals	78.6	82.2
	226.2	219.7
NON-CURRENT		
Employee entitlements	20.7	18.1
Other payables and accruals	3.4	3.5
	24.1	21.6

AP

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Refer to Note 18 for further details of employee entitlements and benefits.

14. PROVISIONS

	2022 NZ\$M	2023 NZ\$M
Warranty provision		
CURRENT		
Balance at beginning of the year	15.6	26.3
Current year provision	14.9	(3.0)
Warranty expenses incurred	(4.2)	(2.4)
Balance at end of the year	26.3	20.9
NON-CURRENT		
Balance at beginning of the year	10.5	11.1
Current year provision	0.6	(3.8)
Balance at end of the year	11.1	7.3

AP

Provisions are recognised where the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Warranty

Provision for warranty covers the obligations for the unexpired warranty periods for products, based on recent historical costs incurred on warranty exposure. Typical warranty terms are 1 to 2 years for parts and/or labour.

The actual future warranty claims experienced by the Group may be different to that of the past. Factors that could impact future warranty claims include the success of the Group's quality system, as well as future parts and labour costs. Where the Group is aware of specific product warranty issues these are included in the provision.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

15. SHARE CAPITAL

	2022 NZ\$M	2023 NZ\$M
Share capital at beginning of the year	251.3	266.3
Issue of share capital under dividend reinvestment plan	-	35.3
Issue of share capital under employee share plans	15.0	5.4
Share capital at end of the year	266.3	307.0
Less treasury shares (i)	(5.1)	(3.3)
	261.2	303.7
Number of issued shares		
Number of shares on issue at beginning of the year	576,412,532	577,405,878
Shares issued:		
Dividend reinvestment plan	-	1,630,648
Employee share purchase schemes	201,596	80,532
Employee share based payments plans	791,750	239,518
Number of shares on issue at end of the year	577,405,878	579,356,576
Less treasury shares (i)	(276,061)	(137,282)
	577,129,817	579,219,294

AP

Incremental costs directly attributable to the issue of new shares, rights or options are shown in equity as a deduction, net of taxation, from the proceeds.

When shares are acquired by a member of the Group, the amount of consideration paid is recognised directly in equity. These shares are classified as treasury shares and presented as a deduction from share capital until the ownership transfers to a holder outside the Group. When treasury shares are subsequently reissued under employee share plans the cost of treasury shares is reversed and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised within share capital.

All shares are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

- (i) Treasury shares are shares held and controlled by Fisher & Paykel Healthcare Employee Share Purchase Trustee Limited.

16. EARNINGS PER SHARE

	2022 NZ\$M	2023 NZ\$M
Profit after tax	376.9	250.3
Weighted average number of ordinary shares	576,949,087	578,140,116
Adjustment for share options, PSRs and ESRs	3,043,534	3,490,803
Weighted average number of ordinary shares for diluted earnings per share	579,992,621	581,630,919
Basic earnings per share (cents per share)	65.3 cps	43.3 cps
Diluted earnings per share (cents per share)	65.0 cps	43.0 cps

AP

Basic earnings per share is calculated by dividing the profit after tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Options, Performance Share Rights (PSRs) and Employee Share Rights (ESRs) are convertible into the Company's shares, and are therefore considered dilutive securities for diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

17. RESERVES AND DIVIDENDS

	2022 NZ\$M	2023 NZ\$M
Hedging reserve	100.6	55.7
Asset revaluation reserve	122.1	169.7
Employee share based payment reserve	17.3	22.4
Foreign currency translation reserve	(2.7)	1.4
Total reserves	237.3	249.2

Nature and purpose of reserves

Hedging reserve

This reserve is used to record unrealised gains or losses on hedging instruments that are recognised directly in equity and the cumulative net change in the time value on currency options which are excluded from hedge designations of foreign currency risk.

Amounts are recycled to the income statement when the associated hedged transactions affect the income statement.

Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of land. For details refer to Note 9.

Share based payment reserve

This reserve is used to recognise the fair value of shares, options, PSRs and ESRs granted but not exercised or lapsed. Tax deductions in excess of the cumulative share based payment expense are recognised in equity.

Amounts are transferred to share capital (including income tax benefits) when the vested shares, options, PSRs or ESRs are exercised or lapse.

Foreign currency translation reserve

The foreign currency translation reserve contains foreign exchange differences arising on consolidation of assets and liabilities of overseas entities with a functional currency other than NZD.

Dividends

All dividends are recognised as distributions to shareholders.

During the year, supplementary dividends of \$24.7 million were paid to non-resident shareholders (2022: \$24.4 million), for which the Group received an equivalent foreign investor tax credit entitlement. The foreign investor tax credit entitlement is included in income taxes paid within the statement of cash flows.

	Cents per share	NZ\$M
Dividends		
2021 final	22.00	126.8
2022 interim	17.00	98.1
31 March 2022	39.00	224.9
2022 final	22.50	129.9
2023 interim	17.50	101.1
31 March 2023	40.00	231.0

Subsequent event – dividend declared

On 25 May 2023 the directors approved the payment of a fully imputed 2023 final dividend of \$133.3 million (23.0 cents per share) to be paid on 7 July 2023.

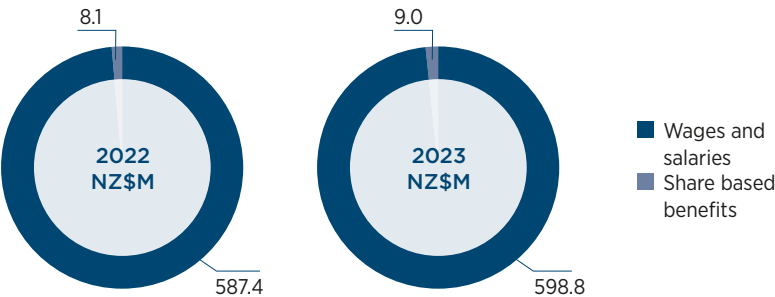
A supplementary dividend of 4.0588 cents per share was also approved for eligible non-resident shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. EMPLOYEE EXPENSES

Employee expenses total \$607.8 million (2022: \$595.5 million).



AP

Wages and salaries

Wages and salaries includes non-monetary benefits, annual leave, long service leave and contributions to superannuation plans.

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave are recognised within employee entitlements in trade and other payables. These are measured at the amounts expected to be paid when the liabilities are settled in respect of employees' services up to the reporting date.

For the liabilities for long service leave liabilities, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Equity settled share based payments

The fair value (at grant date) of shares, options, PSRs and ESRs granted to employees is recognised as an employee expense in the income statement over the vesting period with a corresponding increase in the employee share based payment reserve. When shares, options, PSRs or ESRs are exercised, the amount in the share based payment reserve relating to those instruments, together with the option exercise price paid by the employee, is transferred to share capital. When any shares, options, PSRs or ESRs lapse, the amount in the share based payment reserve relating to those shares, options, PSRs or ESRs is also transferred to share capital.

a) Key management and director compensation

	2022 NZ\$'000	2023 NZ\$'000
Salary and other short-term benefits	9,771	8,527
Share based benefits	2,498	2,879
Directors fees	1,207	1,390
	13,476	12,796

Key management personnel includes the Chief Executive Officer and senior executives reporting directly to the Chief Executive Officer.

The table excludes any dividends received on the Company's shares held by the Directors or key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. EMPLOYEE EXPENSES (CONTINUED)

b) Employee share based compensation

The Company grants options and share rights to certain employees under a number of Long Term Variable Remuneration Plans as follows:

- 2022 Share Option Plan and the 2022 Performance Share Rights Plan (from 1 April 2022)
- 2019 Share Option Plan and the 2019 Performance Share Rights Plan (from 1 April 2019 to 31 March 2022)
- Fisher & Paykel Healthcare Employee Share Rights Plan

Vesting of all schemes is subject to the employee still being in service at date of vesting. No amounts are payable for the grant of any options or share rights. Options, PSRs and ESRs granted to employees have no voting rights until they have been exercised and ordinary shares issued.

(i) Share option plan

Under the 2019 and 2022 Share Option Plans, one option gives the employee the right to acquire one ordinary share in the Company. Options vest on the anniversary date of the grant as long as the FPH share price on the NZX on that date has exceeded the "escalated price". The escalated price is determined at the anniversary of the grant date and is calculated by:

- increasing the last calculated escalated price (which as at the grant date will be the exercise price of the option) by a percentage amount determined by the Board to represent the Company's cost of capital; and
- reducing the resulting figure by the amount of any dividend paid by the Company in respect of a share in the 12 month period immediately preceding that anniversary.

Options under the 2022 plan vest on the third anniversary date if the vesting condition is met. Options under the 2019 plan vest on the third, fourth or fifth anniversary date if the vesting condition is met.

(ii) Performance share rights plan

Under the Performance Share Rights Plans, one share right gives the employee the potential to exercise a share right for an ordinary share in the Company at no cost. PSRs will fully vest if the Company's gross total shareholder return (TSR) performance exceeds the performance of the Dow Jones US Select Medical Equipment Total Return Index (DJSMDQT) in NZD by 10% or more over the same period. PSR's partially vest if the company's TSR exceeds the DJSMDQT by less than 10%.

The 2022 plan is a 3 year scheme and the Company's TSR will be calculated and compared against the Index return of the third anniversary of the grant. The 2019 plan is a 5 year scheme, with the potential for rights to fully vest on the third and fourth anniversary of the grant date.

(iii) Employee share rights plan

The Employee Share Rights (ESR) Plan entitles certain New Zealand and Australian employees to be issued ordinary shares in the Company. ESRs automatically vest on the third anniversary of their grant date at no cost to the employee. For each ESR that vests, one ordinary share will be issued.

(iv) Other Employee share and stock purchase plans

Employee Share Purchase Plan: New Zealand and Australian full time employees are eligible, after a qualifying period, to participate in this plan. Shares are issued up to the value of \$2,000, with a discount of up to \$500 per employee. Loans are provided to employees for the purchase and repaid over the vesting period. No interest is charged on the loans. The qualifying period between grant and vesting date is 3 years. At 31 March 2023 the total receivable owing from employees was \$1.8 million (2022: \$3.5 million).

Employee Stock Purchase Plan: North American employees working more than 20 hours per week, in accordance with section 423 of the US Internal Revenue Code as amended, are eligible to participate in this plan. Shares under this Plan are issued at a discount of 15%, are allocated to employees at the time of issue and vest immediately. Shares issued under this plan in 2023 totalled 80,532 shares (2022: 62,555).

Measurement

The fair value of share options and PSRs is independently determined using a Monte Carlo simulation valuation methodology. The fair value of ESRs is independently determined using a discounted dividend approach. The key inputs and assumptions are included on the following page.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. EMPLOYEE EXPENSES (CONTINUED)

Movements in the number of options, PSRs and ESRs outstanding and their exercise prices are as follows:

	2022			2023		
	Options	Performance Share Rights	Employee Share Rights	Options	Performance Share Rights	Employee Share Rights
Number outstanding						
As at beginning of the year	2,396,125	594,032	303,330	2,091,774	542,839	254,918
Granted during the year	462,365	161,819	81,398	914,977	403,282	163,032
Exercised during the year	(742,604)	(207,546)	(116,515)	(287,228)	-	(116,381)
Lapsed during the year	(24,112)	(5,466)	(13,295)	(44,762)	(14,892)	(7,882)
As at end of the year	2,091,774	542,839	254,918	2,674,761	931,229	293,687
Exercisable at year end	424,847	-	-	135,221	-	-
Number of employees holding employee share options, PSRs and ESRs	267	205	344	220	216	396
Weighted average exercise price	\$23.61	-	-	\$23.40	-	-
Weighted average remaining contractual life (months)	33	39	15	29	28	26
Fair value of share options or rights granted during the year (NZ\$M)	3.3	3.3	2.6	3.9	3.9	3.1
Fair value of share options or rights granted during the year (\$ per share)	\$7.13	\$20.38	\$31.88	\$4.31	\$9.78	\$18.90
Key inputs and assumptions used in fair value of grants during the year						
Share price at grant date	\$32.81	\$32.81	\$32.81	\$19.20	\$19.20	\$19.20
Contractual life (years)	5	5	3	3	3	3
Exercise price	\$32.69	Nil	Nil	\$19.63	Nil	Nil
Expected volatility (i)	28.1%	28.1%	n/a	32.8%	32.8%	n/a
Expected dividend yield	1.19%	1.19%	1.19%	2.02%	2.02%	2.02%
Cost of equity	7.5%	n/a	7.5%	9.7%	n/a	9.7%
5 year NZD risk free rate	1.35%	1.35%	n/a	3.83%	3.83%	n/a
5 year USD risk free rate	n/a	0.84%	n/a	n/a	3.54%	n/a
NZD/USD exchange rate of grant date	n/a	0.690	n/a	n/a	0.610	n/a
Expected NZD/USD volatility	n/a	11.20%	n/a	n/a	11.20%	n/a
Expected DJSMDQT index volatility	n/a	17.50%	n/a	n/a	19.70%	n/a

(i) The expected share price volatility is derived by analysing the historical volatility over the most recent historical period corresponding to the term of the option or PSR.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

19. CONTINGENT LIABILITIES

(E)

Contingent liabilities are subject to uncertainty or cannot be reliably measured and are not provided for. Disclosures as to the nature of any contingent liabilities are set out below. Judgements and estimates are applied to determine the probability that an outflow of resources will be required to settle an obligation. These are made based on a review of the facts and circumstances surrounding the event and advice from both internal and external parties.

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.

20. COMMITMENTS

	2022 NZ\$M	2023 NZ\$M
Capital expenditure commitments contracted for but not recognised as at the reporting date:		
Within one year	56.9	58.4
Between one and two years	6.1	24.0
Between two and five years	–	–
	63.0	82.4

The commitments above exclude the conditional commitment of \$247.5 million payable for the second New Zealand campus in Karaka as set out in note 3.

21. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board has approved procedures and guidelines that identify and evaluate risks and authorise various financial instruments to manage financial risks. These procedures and guidelines are reviewed regularly.

a. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices will affect profit or the value of financial instruments.

The objective of market risk management is to manage and control market risk exposures through the use of various financial instruments in accordance with the Group's treasury procedures.

(i) Foreign exchange risk

Foreign exchange risk arises when future transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily US dollar (USD), Euro (EUR), Japanese yen (JPY) and Mexican peso (MXN).

Foreign exchange risk is hedged in accordance with the Group's treasury procedures.

The Group enters into foreign currency option contracts and forward foreign currency contracts within procedure parameters to hedge the foreign exchange risk associated with anticipated sales or costs. The terms of the foreign currency option contracts and the forward foreign currency contracts generally do not exceed 5 years, but may have terms of up to 10 years with Board approval.

Foreign exchange contracts and options in relation to sales are designated at the Group level as hedges of foreign exchange risk on specific forecast foreign currency denominated sales.

Balance sheet foreign exchange risk arising from net assets held by the Group may be hedged either by debt in the relevant currency, foreign currency swaps, options and forward foreign currency contracts.

(ii) Interest rate risk

The Group's main interest rate risk arises from floating rate borrowings drawn under bank debt facilities. When deemed appropriate, the Group manages floating interest rate risk by using floating-to-fixed interest rate swaps and interest rate options within procedure parameters. Interest rate swaps and options are accounted for as cash flow hedges.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

The carrying amounts of significant non-derivative financial assets and liabilities are denominated in the following foreign currencies:

	NZD NZ\$M	USD NZ\$M	EUR NZ\$M	JPY NZ\$M	AUD NZ\$M	CAD NZ\$M	GBP NZ\$M	MXN NZ\$M	Other NZ\$M	Total NZ\$M
2022										
Cash	40.0	12.4	3.4	-	1.1	1.2	2.2	5.0	24.6	89.9
Short-term investments	200.0	-	-	-	-	-	-	-	-	200.0
Trade receivables	1.7	59.3	39.0	16.7	4.0	5.2	4.2	0.4	17.3	147.8
Trade and other payables	(67.7)	(34.4)	(11.6)	(2.1)	(3.1)	(0.8)	(3.0)	(4.7)	(8.4)	(135.8)
Bank overdraft	(0.4)	-	(2.5)	(1.2)	-	-	-	-	(1.2)	(5.3)
Lease liabilities	(7.1)	(12.0)	(7.2)	(0.7)	(3.1)	(0.7)	(2.4)	(0.2)	(2.6)	(36.0)
Borrowings	-	(57.4)	-	-	(3.6)	(2.0)	-	-	-	(63.0)
	166.5	(32.1)	21.1	12.7	(4.7)	2.9	1.0	0.5	29.7	197.6
2023										
Cash	60.1	13.6	9.1	-	4.9	1.1	0.8	5.2	26.2	121.0
Short-term investments	-	-	-	-	-	-	-	-	-	-
Trade receivables	1.6	85.2	44.7	17.2	5.8	8.8	5.6	2.2	13.4	184.5
Trade and other payables	(60.3)	(25.6)	(13.3)	(1.0)	(3.2)	(1.2)	(4.1)	(12.1)	(7.9)	(128.7)
Bank overdraft	-	-	(2.6)	(0.7)	(0.9)	-	-	-	-	(4.2)
Lease liabilities	(6.3)	(31.6)	(9.3)	(1.4)	(2.8)	(1.2)	(3.7)	(0.8)	(5.4)	(62.5)
Borrowings	(10.0)	(63.6)	-	-	(3.5)	(2.0)	-	-	-	(79.1)
	(14.9)	(22.0)	28.6	14.1	0.3	5.5	(1.4)	(5.5)	26.3	31.0

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Market risk (continued)

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

A sensitivity of +/-10% for foreign exchange risk has been selected. The Group believes that an overall sensitivity of +/-10% is reasonably possible given the exchange rate volatility observed on a historical basis. A sensitivity of +/-1% has been selected for interest rate risk. This sensitivity is based on reasonably possible changes over a financial year using the observed range of historical data.

All variables other than the applicable interest rates and exchange rates are held constant.

	2022		2023	
	NZ\$M	NZ\$M	NZ\$M	NZ\$M
Interest rate change	-1%	+ 1%	-1%	+1%
Impact on profit after tax	(1.7)	1.7	(0.2)	0.2
Impact on hedging reserves (within equity)	(0.7)	0.7	(0.4)	0.4
	(2.4)	2.4	(0.6)	0.6
Foreign exchange rate change	-10%	+ 10%	-10%	+10%
Impact on profit after tax	5.9	(5.6)	4.2	(4.6)
Impact on hedging reserves (within equity)	(126.1)	102.6	(189.6)	154.7
	(120.2)	97.0	(185.4)	150.1

Fair value estimation

NZ IFRS 13 for financial assets and liabilities measured at fair value requires disclosure of the fair value measurements by level from the following fair value hierarchy:

- Level 1 – Quoted price (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – Inputs, other than quoted price included within level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 – Inputs for assets and liabilities that are not based on observable market data (that is, unobservable inputs).

Financial Instruments

All the Group's financial instruments held at fair value have been measured at the fair value measurement hierarchy of level 2 (2022: level 2).

The fair value of derivative instruments designated in a hedging relationship is determined using the following valuation techniques:

- Foreign currency forward exchange contracts have been fair valued using quoted forward exchange rates and discounted using yield curves from quoted interest rates that match the maturity dates of the contracts.
- Foreign currency option contracts have been fair valued using observable option volatilities, and quoted forward exchange and interest rates that match the maturity dates of the contracts.
- Interest rate swaps are fair valued by discounting the future interest and principal cash flows using current market interest rates that match the maturity dates of the contracts.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates.

Land

Refer to Note 9 for further information about land that is measured at fair value including a summary of the valuation techniques used.

Other

All financial assets other than derivatives are measured at amortised cost including short-term investments. All financial liabilities other than derivatives are classified as measured at amortised cost. Financial liabilities measured at amortised cost are fair valued using the contractual cash flows. The carrying value of financial assets and liabilities approximates their fair value. In considering the fair value of interest-bearing assets and liabilities the estimated future interest rates approximate the discount rates used in a fair value assessment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

b. Liquidity risk

Management monitors rolling forecasts of the Group's liquidity position on the basis of expected cash flows. The table below sets out the contractual, undiscounted cash flows for non-derivative financial liabilities and derivative financial instruments.

	< 1 year NZ\$M	1-2 years NZ\$M	2-5 years NZ\$M	5+ years NZ\$M	Contractual cash flows NZ\$M	Consolidated Balance Sheet NZ\$M
2022						
Bank overdrafts	5.3	-	-	-	5.3	5.3
Trade and other payables	135.8	-	-	-	135.8	135.8
Borrowings	1.1	6.5	58.1	-	65.7	63.0
Lease liabilities (i)	11.0	7.5	14.1	4.0	36.6	36.0
Total non-derivative financial liabilities	153.2	14.0	72.2	4.0	243.4	240.1
Foreign currency forward exchange contracts	52.3	43.0	50.2	-	145.5	139.3
Foreign currency option contracts	-	-	-	-	-	1.2
Interest rate derivative instruments net inflows (outflows) (ii)	(0.1)	0.2	0.1	-	0.2	0.2
Total derivative financial instruments - (liabilities)	52.2	43.2	50.3	-	145.7	140.7
2023						
Bank overdrafts	4.2	-	-	-	4.2	4.2
Trade and other payables	128.7	-	-	-	128.7	128.7
Borrowings	3.4	65.9	15.9	-	85.2	79.1
Lease liabilities (i)	17.3	13.2	22.8	7.0	60.3	62.5
Total non-derivative financial liabilities	153.6	79.1	38.7	7.0	278.4	274.5
Foreign currency forward exchange contracts	11.8	26.5	35.3	13.3	86.9	76.3
Foreign currency option contracts	-	-	-	-	-	-
Interest rate derivative instruments net inflows (outflows) (ii)	0.9	0.3	0.1	-	1.3	0.8
Total derivative financial instruments - assets	12.7	26.8	35.4	13.3	88.2	77.1

(i) Contractual cash flows on leases exclude extension options.

(ii) Interest rate swaps derivative cash flows are estimated using forward interest rates at reporting date.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Credit risk

The Group is exposed to credit risk in respect of trade receivables, financial instruments, cash and cash equivalents and short-term investments in the normal course of business. The maximum exposure to credit risk is represented by the carrying value of these financial assets. Credit risk is managed on a Group basis with no significant concentration of credit risk.

The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. There are no significant trade receivable balances relating to customers who have previously defaulted on amounts due to the Group.

Derivative counterparties, cash transactions, cash at banks, and short-term investments are limited to high credit quality financial institutions. Over 80% of cash and short-term investments (2022: 92%) is held with counterparties with credit rating of Standard and Poors' A- and above.

The Group's exposure to credit risk from derivative financial instruments is limited because it does not expect non-performance of the obligation contained therein due to the credit rating of the financial institutions concerned.

22. SIGNIFICANT EVENTS AFTER BALANCE DATE

Other than the dividends disclosed in Note 17 and the satisfaction of the condition and subsequent partial payment for a second New Zealand campus in Karaka disclosed in Note 3 there are no other significant events after balance date.

23. OTHER ACCOUNTING POLICIES

a. Changes to accounting policies

There have been no changes in accounting policies.

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b. Impairment of non-financial assets

Assets that have an indefinite useful life or are under development are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs of disposal, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

c. Goods and Services Tax (GST)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of trade receivables and payables, which include GST invoiced.

AP

d. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

e. Short-term investments

Short-term investments includes all other current investments that do not meet the definition of cash and cash equivalents. The balance represents deposits with financial institutions with maturities at the date of acquisition less than 12 months.

f. Research and development

Research expenditure is expensed as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets only when all the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use or sale;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated that the product will generate future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available and;
- the expenditure attributable to the product during its development can be reliably measured and is material.

Directly attributable costs capitalised as part of the product would include employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs recognised as an asset are amortised over their estimated useful lives.

g. Financial guarantee contracts

A financial guarantee contract is a contract that requires a company within the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at fair value. Financial guarantees are subsequently measured at the greater of the initial recognition amount less amounts recognised as income or the estimated amount expected to have to be paid to a holder for a loss incurred.



pwc

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Fisher & Paykel Healthcare Corporation Limited

OUR OPINION

In our opinion, the accompanying consolidated financial statements of Fisher & Paykel Healthcare Corporation Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2023, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 March 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of executive remuneration benchmarking, providing market survey data relating to executive remuneration levels, regulatory tax compliance procedures in Mexico, and other assurance services in relation to compliance with constant currency disclosures. The provision of these other services has not impaired our independence as auditor of the Group.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group's revenue primarily consists of the sale of products. Operating revenue totalled \$1,581.1 million in the year ended 31 March 2023 as outlined in Note 4. In determining the appropriate recognition of revenue, management has considered the following characteristics of the sale of products: - products are sold to customers in multiple territories with varying sales contract terms and conditions; and - in certain markets, sales are made to distributors and include rebate arrangements. Management has concluded that: - revenue is primarily derived from the satisfaction of a single performance obligation for each contract which is the sale of products; and - control of product transfers to the customer/distributor at the same time as legal title passes. Given the above and the volume of revenue recognised, we have given significant audit focus and attention to the recognition of revenue.	On a sample basis for each major operating subsidiary: - we examined contracts with customers to validate that management's conclusion in relation to the determination of performance obligations and when control transfers was appropriate; and - validated that the rebate, payment and pricing arrangements supported the recognition of a sale on transfer of control to the distributor. We completed detailed audit procedures over revenue including: - obtaining an understanding of systems, processes and controls and evaluating and testing key controls in place over the recording of revenue; - utilising data assurance techniques, for a targeted major operating subsidiary to match cash received during the year and amounts receivable at balance date to invoices issued to customers and obtaining supporting evidence for any significant transactions that were not matched to cash or receivables; - for a sample of revenue transactions in the other major operating subsidiaries we examined invoices issued to customers, shipping documentation and cash remittances, where paid; - for a sample of transactions within accounts receivable at balance date we obtained either confirmation of the amount owing from the customer, or evidence of the amount owing from alternative procedures including testing of subsequent receipts or shipping documentation; and - defining the time period where we determined there was a heightened risk of error in relation to the timing of recognition of sales transactions. This involved determining the potential time difference between when revenue is recognised in the accounting system and when legal title passes. For a sample of transactions recognised within the defined time period we confirmed that the date on which revenue was recognised by management was appropriate by examining the associated invoice, the terms of the sales contract, and the relevant product delivery documentation.

INDEPENDENT AUDITOR’S REPORT

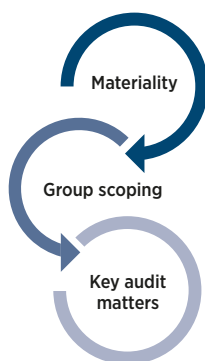
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Description of the key audit matter	How our audit addressed the key audit matter
Inventory valuation At 31 March 2023, the Group held inventories of \$365.8 million, net of provisions for inventory write downs of \$56.3 million. Given the value and quantum of inventory and the estimate and judgements described below, the valuation of inventory required significant audit attention. As outlined in Note 8, inventories are stated at the lower of cost or net realisable value. The Group holds inventory in a number of locations globally. Inventory held at the offshore subsidiaries are recognised at the Group manufactured cost. Management applies judgement in determining the net carrying value of inventory, in particular the level of provisions for inventory which is excess to reasonably expected requirements, slow moving, or obsolete in nature.	Our audit procedures included: • obtaining an understanding of systems, processes and controls and evaluating and testing key controls in place over the recognition of inventory; • on a sample basis, testing materials and finished products costing to supporting documentation; • understanding and assessing the reasonableness of the allocation of manufacturing overheads; • obtaining automated controls reliance over the system configuration to recognise manufacturing variances correctly; • on a sample basis, testing the accuracy of the Group’s global inventory stock being recognised using the appropriate costing, including the elimination of inter-group margin; • performing analytical and substantive procedures on selected inventory provisions to assess their reasonableness, including testing the inventory ageing report for reliability and consistency against the provision for inventory recognised; and • reviewing the appropriateness of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

OUR AUDIT APPROACH

Overview



Overall group materiality: \$16.3 million, which represents approximately 5% of profit before tax.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

Our Group audit scoping focussed on the major operating subsidiaries which were selected based on their contribution to the Group's revenue or profit before tax. We performed substantive analytical procedures over the other subsidiaries.

As reported above, we have two key audit matters, being:

- revenue recognition; and
- inventory valuation

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our Group audit focussed on the major operating subsidiaries which were selected based on their contribution to the Group's revenue or profit before tax. Full scope audits were performed over 10 out of 46 entities in the Group based on their financial significance. Specified audit procedures and analytical review procedures were performed on the remaining components/entities.

Audits of the selected subsidiaries are performed at a materiality level determined by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:
<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.

WHO WE REPORT TO

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:



Chartered Accountants
25 May 2023

Auckland

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APPENDICES

05

FIVE YEAR SUMMARY

For the years ended 31 March

All figures in NZ\$M (except as otherwise stated)

		2019	2020	2021	2022	2023
FINANCIAL PERFORMANCE	Sales revenue	1,072.1	1,273.4	1,948.2	1,642.4	1,588.6
	Foreign exchange gain (loss) on hedged sales	(1.7)	(9.7)	23.0	39.3	(7.5)
	Total operating revenue	1,070.4	1,263.7	1,971.2	1,681.7	1,581.1
	Gross profit	715.8	835.8	1,245.6	1,052.7	938.4
	Gross margin	66.9%	66.1%	63.2%	62.6%	59.4%
	Other income	5.0	-	-	-	-
	SG&A expenses	(327.8)	(338.0)	(396.6)	(393.1)	(431.9)
	R&D expenses	(100.4)	(118.5)	(136.7)	(154.0)	(174.3)
	Total operating expenses	(428.2)	(456.5)	(533.3)	(547.1)	(606.2)
	Operating profit	292.6	379.3	712.3	505.6	332.2
	Operating margin	27.3%	30.0%	36.1%	30.1%	21.0%
	Net financing (expense) income	(1.4)	(8.8)	5.9	(1.4)	(4.2)
	Tax expense	(82.0)	(83.2)	(194.0)	(127.3)	(77.7)
	Profit after tax	209.2	287.3	524.2	376.9	250.3
REVENUE By Region and Product Group	North America	501.5	571.2	825.7	665.1	683.8
	Europe	314.6	365.4	633.8	468.1	427.6
	Asia Pacific	208.1	273.3	348.4	438.8	399.0
	Other	46.2	53.8	163.3	109.7	70.7
	Hospital products	642.3	801.3	1,498.1	1,207.1	1,023.5
	Homecare products	421.4	457.3	465.6	469.5	553.8
	Core products subtotal	1,063.7	1,258.6	1,963.7	1,676.6	1,577.3
	Distributed and other products	6.7	5.1	7.5	5.1	3.8
	Total operating revenue	1,070.4	1,263.7	1,971.2	1,681.7	1,581.1
Growth Rates Reported	Revenue	9.1%	18.1%	56.0%	-14.7%	-6.0%
	Gross profit	10.1%	16.8%	49.0%	-15.5%	-10.9%
	R&D expenses	6.0%	18.0%	15.4%	12.7%	13.2%
	Profit before tax	8.7%	27.2%	93.8%	-29.8%	-34.9%
	Profit after tax	10.0%	37.3%	82.5%	-28.1%	-33.6%
Growth Rates in Constant Currency⁽¹⁾	Revenue	8.0%	13.8%	61.4%	-13.7%	-9.0%
	Gross profit	9.0%	11.3%	57.4%	-15.8%	-14.4%
	R&D expenses	6.0%	18.0%	15.4%	12.7%	13.2%
	Profit before tax	9.0%	20.3%	103.6%	-31.4%	-39.9%

⁽¹⁾ Constant Currency (CC) removes the impact of exchange rate movements. This approach is used to assess the company's underlying comparative financial performance without any distortion from changes in foreign exchange rates.

A reconciliation for the most recent 2 years and basis of preparation is set out on page 107.

The 2019-2022 growth rates in constant currency have been sourced from the 2022 annual report.

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FIVE YEAR SUMMARY (CONTINUED)

For the years ended 31 March

All figures in NZ\$M (except as otherwise stated)

		2019	2020	2021	2022	2023
FINANCIAL POSITION	Property, plant and equipment	601.4	735.3	882.1	957.8	1,148.2
	Total assets	1,206.7	1,435.0	2,075.0	2,107.0	2,204.5
	Total liabilities	(293.5)	(461.2)	(554.1)	(427.3)	(451.1)
	Shareholders' equity	913.2	973.8	1,520.9	1,679.7	1,753.4
	Return on assets (%)	26.1%	28.1%	40.9%	24.1%	15.2%
	Return on equity (%)	34.8%	39.3%	57.6%	31.5%	19.1%
	Net debt / (cash) (including short-term investments)	(54.4)	(42.2)	(302.9)	(221.6)	(37.7)
	Gearing Ratio ⁽¹⁾	-6.7%	-4.3%	-27.2%	-16.3%	-2.3%
DIVIDENDS AND EARNINGS PER SHARE (CENTS PER SHARE)	Basic shares outstanding at 31 March	573,708,739	574,570,603	576,412,532	577,405,878	579,356,576
	Dividends declared					
	Interim	9.75	12.00	16.00	17.00	17.50
	Final ⁽²⁾	13.50	15.50	22.00	22.50	23.00
	Total ordinary dividends	23.25	27.50	38.00	39.50	40.50
	Basic earnings per share	36.5	50.0	91.1	65.3	43.3
CASH FLOWS	Diluted earnings per share	36.2	49.6	90.4	65.0	43.0
	Net cash flow from operating activities	253.2	321.4	625.3	324.3	238.2
	Free cash flow ⁽³⁾	119.9	141.0	430.4	140.5	12.5
	Dividends paid	(114.6)	(146.4)	(181.3)	(224.9)	(195.7)
CAPITAL EXPENDITURE	Plant and equipment	41.4	63.5	123.0	97.4	98.8
	Land and buildings	74.0	81.8	37.2	41.0	89.0
	Intangible assets	17.9	25.4	24.5	31.4	23.5
	Total	133.3	170.7	184.7	169.8	211.3
	Plant & equipment capex: depreciation ratio ⁽⁴⁾	1.3	2.2	2.8	2.3	2.3

⁽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 interest-bearing debt excludes lease liabilities recognised on the adoption of IFRS 16 - Leases.

⁽²⁾ Final dividend is paid in the following financial year.

⁽³⁾ Free cash flow represents net cash flows from operating activities less capital expenditure - including lease liability repayments following the adoption of IFRS 16 - Leases

⁽⁴⁾ Depreciation excludes leased asset depreciation

FIVE YEAR SUMMARY (CONTINUED)

For the years ended 31 March

All figures in NZ\$M (except as otherwise stated)

			2019	2020	2021	2022	2023
PATENT PORTFOLIO NUMBERS	US patents		222	302	381	454	522
	US patent applications (includes PCTs) ⁽¹⁾		427	430	454	504	534
	Non-US patents		988	1,236	1,508	1,947	2,329
	Non-US patent applications (excludes PCTs) ⁽¹⁾		1,080	1,228	1,345	1,491	1,708
PEOPLE NUMBERS	People numbers ⁽²⁾		4,547	5,081	6,897	7,375	6,564
	By function:						
	Research and development		581	597	684	765	846
	Manufacturing and operations		2,680	3,098	4,685	4,989	3,975
	Sales, marketing and distribution		1,047	1,132	1,230	1,311	1,408
	Management and administration		239	254	298	310	335
	By region:						
	New Zealand		2,416	2,738	3,932	3,927	3,538
	North America		1,493	1,645	2,191	2,608	2,147
	Europe		303	333	350	380	379
	Rest of World		335	365	424	460	500
EXCHANGE RATES NZ\$ 1 =	AVERAGE DAILY SPOT RATES	USD	0.6811	0.6477	0.6714	0.6969	0.6241
	AVERAGE CONVERSION RATES ⁽³⁾	USD	0.6804	0.6671	0.6692	0.6734	0.6666
		EUR	0.6039	0.5760	0.5624	0.5571	0.5452
		GBP	0.5105	0.4921	0.5096	0.4980	0.5006
		AUD	0.9163	0.9235	0.9318	0.9255	0.9116
		CAD	0.8973	0.8748	0.8730	0.8696	0.8670
		JPY	73.21	72.44	69.70	71.80	70.24
		MXN	13.24	13.47	13.79	14.97	14.48

⁽¹⁾ PCTs (Patent Cooperation Treaty) are unified patent applications across a number of jurisdictions.⁽²⁾ People numbers are represented as full time equivalents.⁽³⁾ Actual exchange rates achieved in delivering or purchasing net foreign currency in relation to the Group's exposures. The average rate includes hedged, spot and close-out transactions in each year.

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GLOSSARY

AAALAC	Association for Assessment and Accreditation of Laboratory Animal Care
APEC	Asia Pacific Economic Co-operation
ASM	Annual Shareholders' Meeting
ASX	Australian Stock Exchange
AUD	Australian Dollar
BBM	Buttbean Motivation
BIAC	The OECD's Business and Industry Advisory Committee
CAHRAs	Conflict-Affected and High-Risk Areas
CDP	The name of the not-for-profit that facilitates environmental disclosures. Formerly known as the Carbon Disclosure Project
CEDHBC	Baja California State Human Rights Commission
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGI	Climate Governance Initiative
CLC	Climate Leaders Coalition
CODM	Chief Operating Decision Maker
Company	means Fisher & Paykel Healthcare Corporation Limited
Constant Currency	is our way to measure performance of the company without any distortion from changes in foreign exchange rates
CPS	cents per share
DAVR	Discretionary Annual Variable Remuneration
DJSDQIT	Dow Jones US Select Medical Equipment Total Return Index
EAP	Employee Assistance Programme
EBITDA	Earnings before interest, tax, depreciation and amortisation
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
ESR	Employee Share Right
Executive Management	the Executive Management team as set out on pages 28 and 29
FDA	United States Food & Drug Administration

FMA	Financial Markets Authority
FTE	Full Time Equivalent
FY	Financial Year
GeSI	Global Enabling Sustainability Initiative
GHG	Greenhouse gas
GRI	Global Reporting Initiative
Group	means Fisher & Paykel Healthcare Corporation Limited together with its subsidiaries
GST	Goods and Services Tax
GWP	Global Warming Potentials
IEA	International Energy Agency
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IP	Intellectual Property
IPCC	Intergovernmental Panel on Climate Change
ISCC	International Sustainability and Carbon Certification
ISO	International Organisation for Standardisation
LGBTQTIA+	Lesbian, gay, bisexual, takatāpui, transgender, intersex, queer/questioning, asexual. Takatāpui is a traditional Māori term meaning 'intimate companion of the same sex'
LTIFR	Lost Time Injury Frequency Rate
LTVR	Long Term Variable Remuneration
Net Debt	Debt less cash and cash equivalents and short-term investments
New Applications Consumables	Hospital applications outside of traditional invasive ventilation
NZ GAAP	New Zealand Generally Accepted Accounting Practice
NZ IAS	New Zealand International Accounting Standards
NZ IFRS	New Zealand Equivalents to International Financial Reporting Standards
NZD	New Zealand Dollar

NZX	New Zealand Stock Exchange
NZE	Net Zero Emissions by 2050
NZQA	New Zealand Qualifications Authority
OECD	Organisation for Economic Cooperation and Development
OIO	Overseas Investment Office
PCT	Patent Cooperation Treaty
PSR	Performance Share Right
R&D	Research and Development
RCP	Representative Concentration Pathway
RMAP	Responsible Minerals Assurance Process
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal
SG&A	Sales, General and Administrative
STEMM	Science, Technology, Engineering and Mathematics (and mātauranga Māori)
STEPS	Stated Policies Scenario
TCFD	Task Force on Climate-related Financial Disclosures
TRIFR	Total Recordable Injury Frequency Rate
TSR	Total Shareholder Return
UN	United Nations
USD	United States Dollar
VP	Vice President

Key medical terms used throughout this Report

COPD	Chronic Obstructive Pulmonary Disease
CPAP	Continuous Positive Airway Pressure
GCP	Good Clinical Practice
ICU	Intensive Care Unit
NHF	Nasal High Flow
NICU	Neonatal Intensive Care Unit
NIV	Noninvasive Ventilation
OSA	Obstructive Sleep Apnea

GRI CONTENT INDEX

2021 GRI REF Number	Disclosure	Location/Response
The organisation and its reporting practices		
2-1	Organisational details	Name of the organisation: Annual Report: Front cover. Fisher & Paykel Healthcare Corporation Limited. Location of headquarters: Annual Report: Inside back cover. Location of operations: Annual Report: p. 19. Ownership and legal form: Annual Report: p. 112, pp. 88-93. Scale of the organisation: Annual Report: pp. 8-13. Annual Report: pp. 144-146.
2-2	Entities included in the organisation's sustainability reporting	List of entities: For the list of entities see pages 92-93. Our sustainability reporting relates to all subsidiary companies in the Group structure.
2-3	Reporting period, frequency and contact point	Reporting period: Inside front cover. Reporting period is 1 April 2022 to 31 March 2023. Date of most recent report: May 2023 for the period 1 April 2022 to 31 March 2023. Reporting cycle: Annual reporting cycle. Contact point for questions regarding the report: investor@fphcare.co.nz
2-4	Restatements of information	Restatements of information: We have restated our FY2021 and FY2022 Scope 2 emissions to account for the Ministry for the Environment's (New Zealand) latest Measuring Emissions Guide (16 August 2022) which includes revised electricity emissions factors. Refer to page 50 for more information. Changes in reporting: No significant changes from previous reporting periods.

2-5	External assurance	External assurance for non-financial disclosures: External assurance of environmental disclosures provided by Toitū Envirocare (no external assurance for other non-financial disclosures). Annual Report: pp. 51-52. External assurance for financial statements: External assurance provided by PwC. Annual Report: pp. 136-140.
Activities and workers		
2-6	Activities, value chain, and other business relationships	Activities, brands, products and services: Annual Report: pp. 14-15, pp. 18-21. Markets served: Annual Report: p. 19. Supply chain: Annual Report: pp. 56-63. Significant changes to the organisation and its supply chain: We purchased land for a second New Zealand campus during the reporting period (receiving OIO approval of the transaction in April 2023). We also began development of a manufacturing facility in China. More detail on our infrastructure planning is provided in the letter from our Chair on pages 8-9.
2-7	Employees	Scale of the organization (total number of employees): Annual Report: pp 42-45. Information on employees and other workers: Annual Report: pp. 42-45.
2-8	Workers who are not employees	Information on employees and other workers (information on workers who are not employees): The most common type of worker in the organisation can be described as full-time and permanent. On page 42 of the annual report, we disclose that we had 135 temporary workers as at 31 March 2023. This is down from 732 at the end of the 2022 financial year. The company hired a number of fixed-term contingency workers in prior years to assist with meeting COVID-19-related surge demand for our products.

GRI CONTENT INDEX (CONTINUED)

Governance		
2-9	Governance structure and composition	Governance structure: Annual Report: pp. 76-93. Composition of the highest governance body and its committees: Annual Report: pp. 76-93.
2-10	Nomination and selection of the highest governance body	Nominating and selecting the highest governance body: Annual Report: pp 78-79.
2-11	Chair of the highest governance body	Chair of the highest governance body: Annual Report: p. 26 (Board Chair biography) Annual Report: p. 84 (General disclosure of interests by directors) Board Charter available online at https://www.fphcare.com/nz/corporate/sustainability/governance/
2-12	Role of the highest governance body in overseeing the management of impacts	Consulting stakeholders on economic, environmental, and social topics: Annual Report: pp. 23-25. Role of highest governance body in setting purpose, values and strategy: Annual Report: p. 78 Identifying and managing economic, environmental, and social impacts: Annual Report: p. 68 Effectiveness of risk management processes: Annual Report: pp. 68-69
2-13	Delegation of responsibility for managing impacts	Delegating authority: Annual Report: p. 78. Executive-level responsibility for economic, environmental, and social topics: Annual Report: p. 78.
2-14	Role of the highest governance body in sustainability reporting	Highest governance body's role in sustainability reporting: Annual Report: p. 85 (other reporting)
2-15	Conflicts of interest	Conflicts of interest: Annual Report: p. 84, p. 76

2-16	Communication of critical concerns	Communicating critical concerns: Annual Report: p. 76 (Speak Up Procedure)
2-17	Collective knowledge of the highest governance body	Collective knowledge of highest governance body: Annual Report: p. 86 Board Charter available online at https://www.fphcare.com/nz/corporate/sustainability/governance/
2-18	Evaluation of the performance of the highest governance body	Evaluation of the performance of the highest governance body: Annual Report: pp. 80-81
2-19	Remuneration policies	Remuneration policies: Annual Report: pp. 94-101
2-20	Process to determine remuneration	Process for determining remuneration: Annual Report: pp. 96-100 (Executive Management) Stakeholders' involvement in remuneration: Annual Report: p. 101 (Directors)
2-21	Annual total compensation ratio	Annual total compensation ratio: The ratio of Chief Executive total remuneration to mean Fisher & Paykel Healthcare total remuneration is 39.9:1 (using \$92,036.52 as mean employee total remuneration and FY23 Chief Executive total remuneration).

GRI CONTENT INDEX (CONTINUED)

Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Statement from senior decision-maker: Annual Report: pp. 8-13.
2-23	Policy commitments	Precautionary principle of approach: We support a precautionary approach towards environmental management. While we see little apparent risk for our own operations, we do see an opportunity to help our customers manage this risk through effective product lifecycle management and sustainable design. Values, principles, standards and norms of behaviour: Annual Report: p. 22. Code of Conduct available online at www.fphcare.co.nz/corporategovernance
2-24	Embedding policy commitments	The company is in the process of releasing a set of global awareness and training activities for its new policies and procedures.
2-25	Processes to remediate negative impacts	The management approach and its components (grievance mechanisms): Annual Report: p. 76.
2-26	Mechanisms for seeking advice and raising concerns	Mechanisms for advice and concerns about ethics Annual Report: p. 76.
2-27	Compliance with laws and regulations	Non-compliance with environmental laws and regulations: There have been no significant instances of non-compliance with environmental laws and regulations during the 2023 financial year. Non-compliance with laws and regulations in the social and economic area: There have been no significant instances of non-compliance with social and economic laws and regulations during the 2023 financial year.

2-28	Membership associations	Membership of associations: • American Association of Homecare • American Association of Respiratory Care • American Chamber of Commerce • American Association of Sleep Technologists • American College of Emergency Physicians • American Thoracic Society • Association for Anaesthetic and Respiratory Device Suppliers • Association of Anaesthetists • Association for Respiratory Technology & Physiology • Auckland Chamber of Commerce • Australasian Investor Relations Association • Australasian Sleep Association • Australian College of Critical Care Nurses • Austrian Chamber of Commerce • Brazilian Association of Medical Products Importers/Distributors • British Anaesthetic & Respiratory Equipment Manufacturers Association • British Thoracic Society • Business New Zealand • Climate Leaders Coalition • Colorectal Society of Australia and New Zealand • Diversity Works • Employers and Manufacturers Association • German Chamber of Commerce • Guangdong Investment Promotion Association in China • International Electrotechnical Commission / Technical Committee 62 • International Organisation for Standardisation / Technical Committee 121 • Japan Association of Health Industry Distributors • Japan Association of Medical Devices Industries • Latin America New Zealand Business Council • Medical Technology Association New Zealand • National Association for Medical Direction of Respiratory Care • Sleep Health Foundation • Sleep Research Society • Sustainable Business Council • Taipei Medical Instruments Commercial Association • The Japan Fair Trade Council of the Medical Devices Industry
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GRI CONTENT INDEX (CONTINUED)

Stakeholder engagement		
2-29	Approach to stakeholder engagement	List of stakeholder groups: Annual Report: pp. 23-25 Identifying and selecting stakeholders: Annual Report: pp. 23-25 Approach to stakeholder engagement: Annual Report: pp. 23-25 Key topics and concerns raised: Annual Report: pp. 23-25
2-30	Collective bargaining agreements	Collective bargaining agreements: Annual Report: p. 43 Individual remuneration is determined by job size, market context, individual performance and contribution and the company's ability to pay. We use a recognised job-sizing methodology, ensuring a consistent approach across our locations. Job-sizing evaluates the role content for relevant knowledge (technical, managerial and communicating/influencing skills), problem solving, and accountability.
Disclosures on material topics		
3-1	Process to determine material topics	Defining report content and topic boundaries: Annual Report: pp. 23-25
3-2	List of material topics	List of material topics: Annual Report: pp. 23-25

SPECIFIC STANDARD DISCLOSURES

2021 GRI REF Number	Disclosure	Location/Response
GRI 200 Economic standard series		
GRI 103	Management approach 2023	Annual Report: pp. 8-13
GRI 201: Economic performance		
201-1	Direct economic value generated and distributed	Annual Report: pp. 104-140 (financial statements through auditors' report)

GRI 205: Anti-corruption		
GRI 103	Management approach 2023	Annual Report: p. 77
205-3	Confirmed incidents of corruption and actions taken	Annual Report: p. 73. During the year ended 31 March 2023 the company is not aware of any instances of corruption or of incidents in which employees were dismissed or disciplined for corruption.
GRI 400 Social standard series		
GRI 103	Management approach 2023	Annual Report: pp. 32-41
401-1	New employee hires and employee turnover	Annual Report: pp. 44-45
GRI 403: Occupational health and safety		
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Annual Report: pp. 70-71
GRI 404: Training and education		
GRI 103	Management approach 2023	Annual Report: pp. 34-36
404-1	Average hours of training per year per employee	For salaried workers in New Zealand, our people undertook an average of 15.97 training hours during the financial year.
GRI 416: Customer health and safety		
GRI 103	Management approach 2023	Annual Report: p. 70
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No instances of non-compliance with regulations resulting in a fine, penalty or warnings.
GRI 418: Customer privacy		
GRI 103	Management approach 2023	www.fphcare.com/privacy
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints received concerning breaches of customer privacy.

TCFD INDEX

The Task Force on Climate-related Financial Disclosures (TCFD) seeks to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to lenders, insurers, and investors. Fisher & Paykel Healthcare is integrating the recommendations of the TCFD, and we have included commentary in the governance, risk management and environment sections of this report, along with disclosures addressing our global carbon footprint. Below is an index for locating these disclosures.

Governance	Strategy	Risk Management	Metrics & Targets
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
a) Describe the Board's oversight of climate-related risks and opportunities. pp. 86-87	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. pp. 72-74	a) Describe the organisation's processes for identifying and assessing climate-related risks. pp. 72-74	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. p. 72
b) Describe management's role in assessing and managing climate-related risks and opportunities. pp. 86-87	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. pp. 72-74	b) Describe the organisation's processes for managing climate-related risks. pp. 72-74	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. pp. 52-54
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. p. 74	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. pp. 72-74	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. pp. 52-54

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DIRECTORY

DIRECTORY

In New Zealand:

The details of the company's principal administrative and registered office are:

Physical address: 15 Maurice Paykel Place, East Tamaki,
Auckland 2013, New Zealand

Telephone: +64 9 574 0100

Facsimile: +64 9 574 0158

Postal address: PO Box 14348, Panmure,
Auckland 1741, New Zealand

Internet address: www.fphcare.com

Email: investor@fphcare.co.nz

In Australia:

The details of the company's registered office are:

Physical address: 19-31 King Street, Nunawading,
Melbourne, Victoria 3131, Australia

Telephone: +61 3 9871 4900

Postal address: PO Box 159, Mitcham,
Victoria 3132, Australia

SHARE REGISTER

In New Zealand:

Link Market Services Limited

Physical address: Level 30, PwC Commercial Bay,
15 Customs Street West, Auckland 1010, New Zealand

Postal address: PO Box 91976,
Auckland 1142, New Zealand

Facsimile: +64 9 375 5990

Investor enquiries: +64 9 375 5998

Internet address: www.linkmarketservices.co.nz

Email: enquiries@linkmarketservices.co.nz

In Australia:

Link Market Services Limited

Physical address: Level 12, 680 George Street,
Sydney, NSW 2000, Australia

Postal address: Locked Bag A14,
Sydney South, NSW 1235, Australia

Facsimile: +61 2 9287 0303

Investor enquiries: +61 2 8280 7111

Internet address: www.linkmarketservices.com.au

Email: registrars@linkmarketservices.com.au

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Important notice

Disclaimer

The information in this presentation is for general purposes only and should be read in conjunction with Fisher & Paykel Healthcare Corporation Limited's (FPH) Annual Report 2023 and accompanying market releases. Nothing in this presentation should be construed as an invitation for subscription, purchase or recommendation of securities in FPH.

This presentation includes forward-looking statements about the financial condition, operations and performance of FPH and its subsidiaries. These statements are based on current expectations and assumptions regarding FPH's business and performance, the economy and other circumstances. As with any projection or forecast, the forward-looking statements in this presentation are inherently uncertain and susceptible to changes in circumstances. FPH's actual results may differ materially from those expressed or implied by those forward-looking statements.

Constant currency information included within this presentation is non-GAAP financial information, as defined by the NZ Financial Markets Authority, and has been provided to assist users of financial information to better understand and track the company's comparative financial performance without the impacts of spot foreign currency fluctuations and hedging results and has been prepared on a consistent basis each year. A reconciliation between reported results and constant currency results is available in the company's Annual Report 2023. The company's constant currency framework can be found on the company's website at www.fphcare.com/ccf.

Full year business highlights

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the lives of ~20 million patients around the world



our online Education Hub for clinicians in the United States



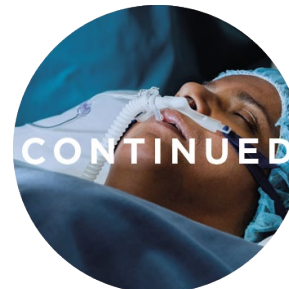
Overseas Investment Office approval for the purchase of land in Karaka for our second New Zealand campus



regulatory clearance in the United States for Airvo™ 3



development of our new manufacturing facility in China



expansion of our Anesthesia sales team to grow awareness of the benefit to patients

Key second half financial results

H2 FY23 (6 months to 31 March 2023)

	% of Revenue	NZ\$M	ΔPCP^	ΔCC*
Operating revenue	100%	890.5	14%	12%
Hospital operating revenue	66%	584.8	9%	7%
Homecare operating revenue	34%	303.9	25%	22%
Hospital new applications consumables revenue			14%	13%
OSA masks revenue			28%	24%
Gross margin / Gross profit	59%	525.2	-307bps	-220bps
SG&A	26%	229.6	13%	8%
R&D	10%	90.1	15%	15%
Total operating expenses	36%	319.7	13%	10%
Operating profit	23%	205.5	1%	4%
Profit after tax	17%	154.4	0%	-3%

Hospital product group

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Hospital product group

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H2 FY23
HOSPITAL OPERATING REVENUE
\$584.8M

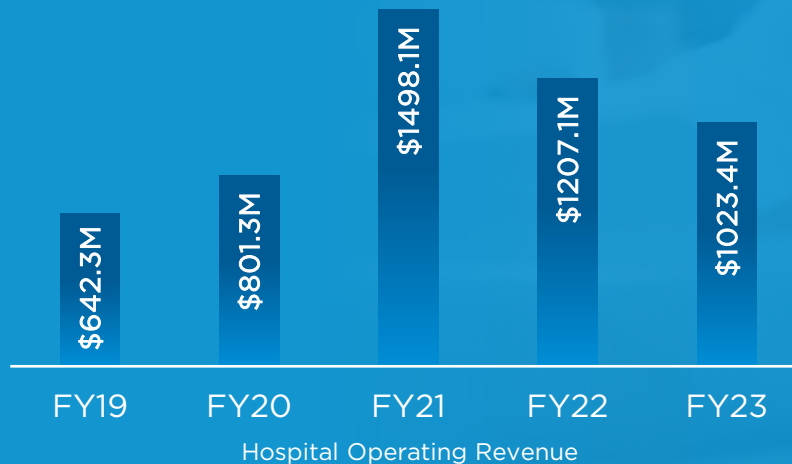
NZ\$ ↑ 9%

CONSTANT CURRENCY ↑ 7%

NEW APPLICATIONS
CONSUMABLES
REVENUE *

NZ\$ ↑ 14%

CONSTANT CURRENCY ↑ 13%

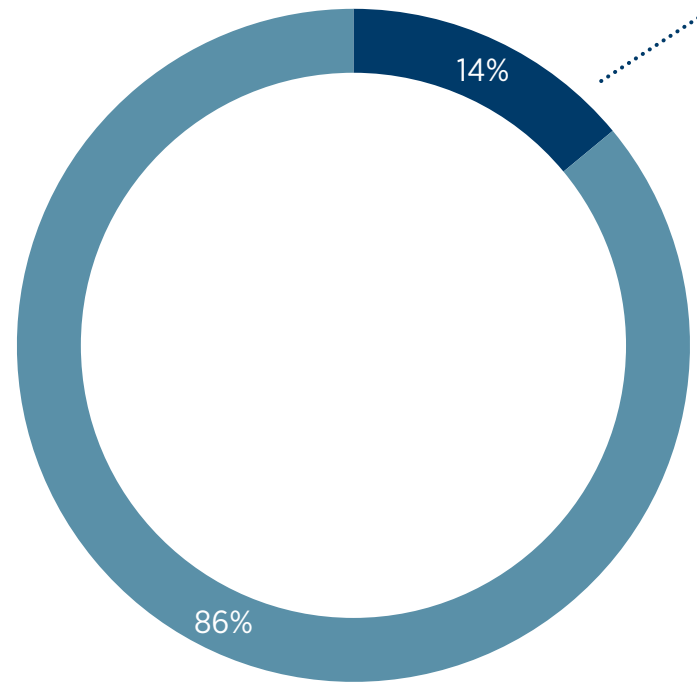


- Hospital consumables moving to more stable ordering patterns
- New applications consumables* made up 72% of H2 FY23 Hospital consumables revenue, 71% in H2 FY22
- FY23 Hospital hardware revenue remained above pre-COVID levels, -53% on FY22 in constant currency

Homecare product group

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FY23 HOMECARE REVENUE COMPOSITION



■ Hardware ■ Consumables

HARDWARE



F&P SleepStyle



F&P myAIRVO 2



F&P 810 System

CONSUMABLES



CPAP Therapy/OSA



Home Respiratory Support



F&P Evora Full



F&P Evora Nasal



F&P Brevida



FY22 Homecare revenue composition
Hardware: 16% Consumables: 84%

Homecare product group

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H2 FY23

HOME CARE OPERATING REVENUE

\$303.9M

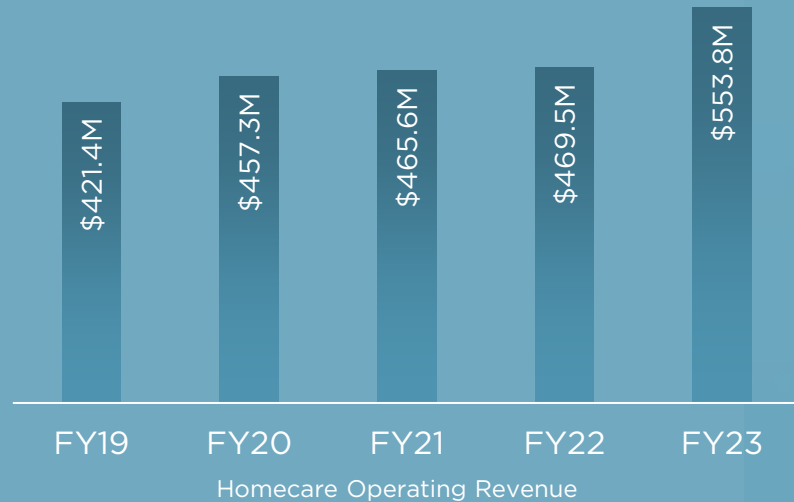
NZ\$ ↑ 25%

CONSTANT CURRENCY ↑ 22%

MASK
REVENUE

NZ\$ ↑ 28%

CONSTANT CURRENCY ↑ 24%



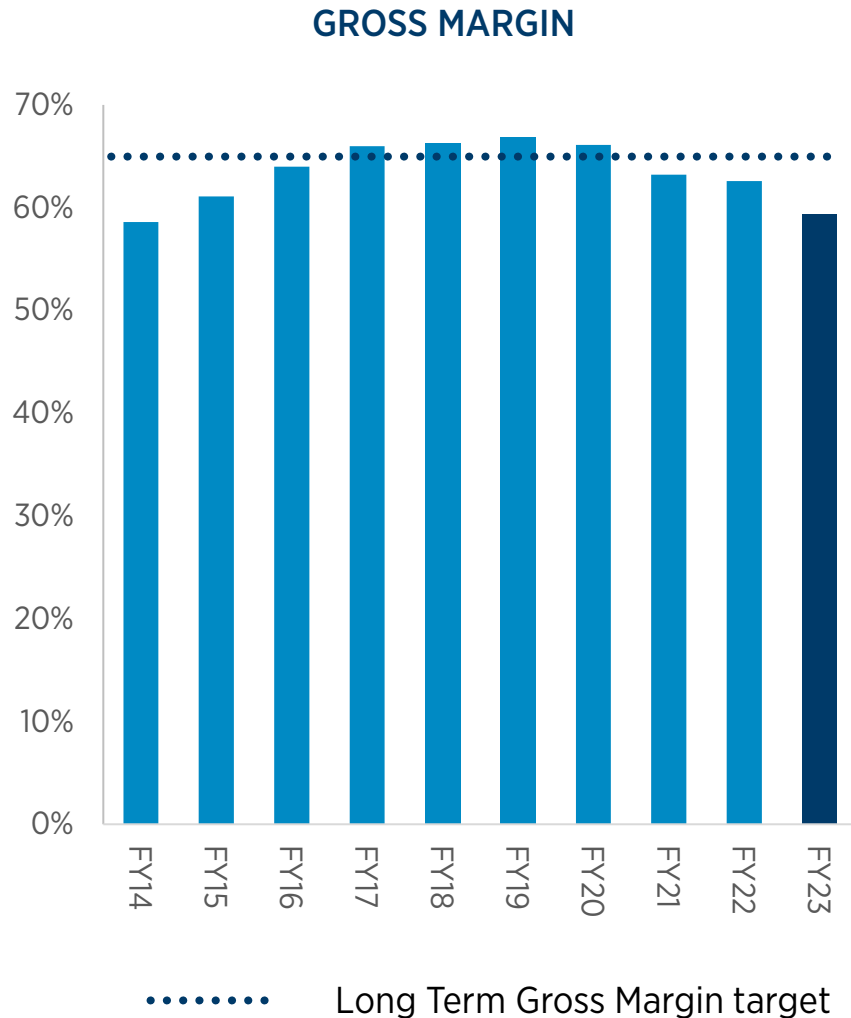
F&P Evora Full



- Almost full year of F&P Evora Full has contributed significantly to the strong OSA mask revenue
- OSA flow generator revenue grew 22% in 2H FY23 as raw material interruptions eased

Gross Margin

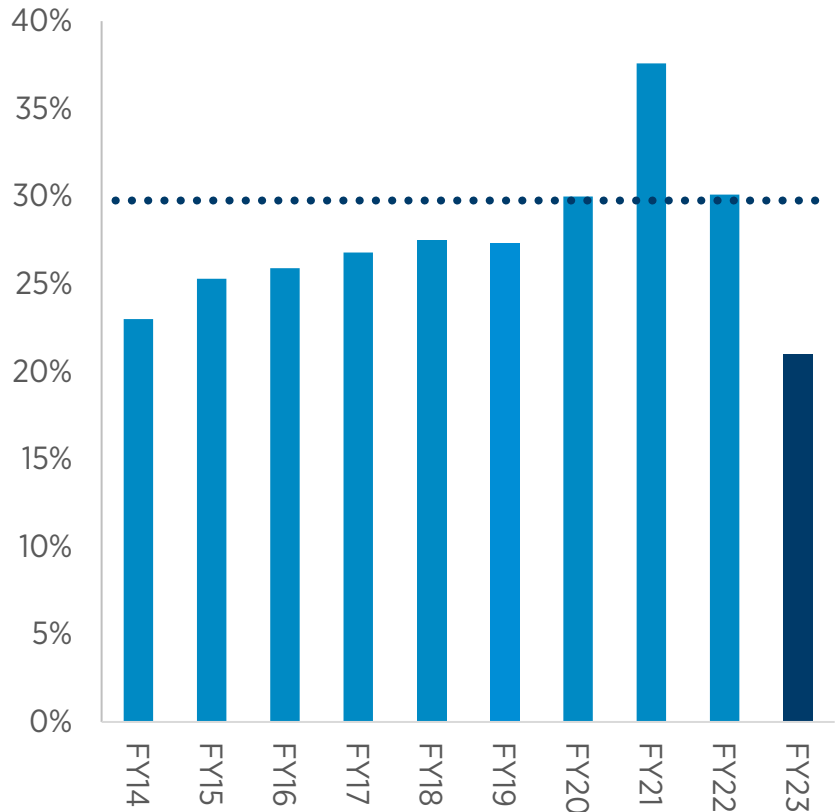
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- Gross margin for the full year:
 - decreased by 325 bps to 59.4%
 - decreased by 369 bps in constant currency
- Continued elevated freight costs impacted constant currency gross margin by approximately 230 basis points compared to pre-COVID-19 rates for the full year, a similar impact to the prior year.
- Manufacturing inefficiencies increased this year as we balance demand fluctuations with manufacturing throughput.
- FY23 second half gross margin improved on FY23 first half by 179 bps in constant currency.

Operating Margin

OPERATING (EBIT) MARGIN



..... Long Term Operating Margin target

Operating expenses

- \$606.2M, +11% (+7% CC)
- Operating margin decreased by 905bps (-944bps CC) to 21% with continued investment in operating expenses to support COVID-19 driven hardware sales and accelerate future product pipeline

Research & Development expenses

- \$174.3M, +13% (+13% CC)
- Reflecting underlying growth and timing of R&D projects
- Estimate ~60% of R&D spend eligible for tax credit

Selling, General & Administrative expenses

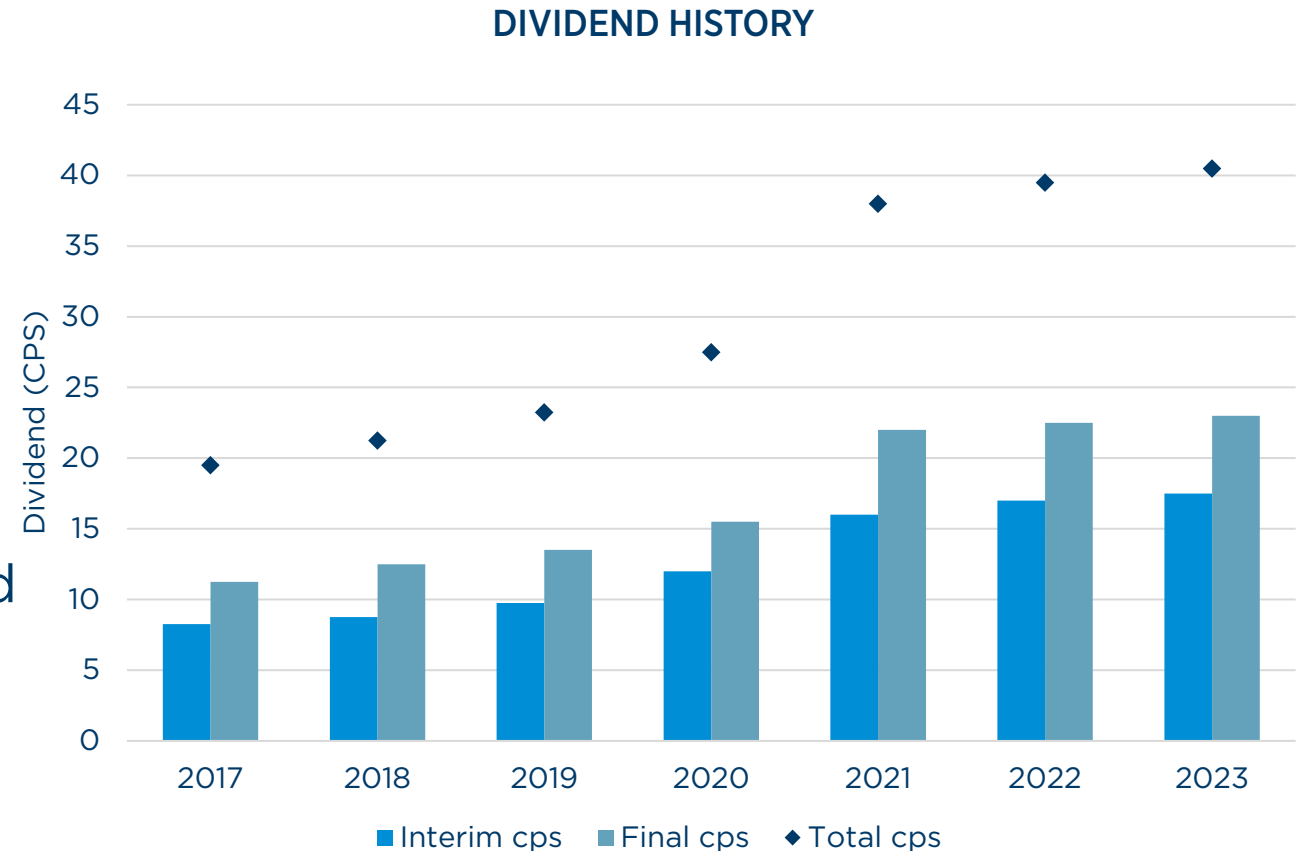
- \$431.9M, +10% (4% CC)

Cash Flow and Balance Sheet

	FY22 NZ\$M	FY23 NZ\$M
Operating cash flow	324.3	238.2
Capital expenditure (including purchases of intangible assets)	(169.8)	(211.3)
Lease liability payments	(14.0)	(14.4)
Free cash flow	140.5	12.5
	FY22 NZ\$M	FY23 NZ\$M
Net cash / (debt) (including short-term investments)	221.6	37.7
Total assets	2,107.0	2,204.5
Total equity	1,679.7	1,753.4
Gearing (net debt / net debt + equity)*	-16.3%	-2.3%
Undrawn committed debt facilities	184.5	624.5

Dividend

- Increased final dividend by 2%
 - 23.0 cps + 8.94 cps imputation credit for NZ residents (gross dividend of NZ 31.94 cps)
 - Fully imputed
 - 4.06 cps non-resident supplementary dividend
- Total dividend for the year increased by 3% to 40.5 cps
- The company's dividend reinvestment plan is available for eligible shareholders with a 3% discount



Foreign exchange effects

	FY22 NZ\$M	FY23 NZ\$M	Change NZ\$M
Reconciliation of Constant Currency to Reported Revenue			
Revenue (constant currency)	1,645.1	1,497.7	(147.4)
Spot exchange rate effect	2.6	79.9	77.3
Foreign exchange hedging result	39.3	(7.5)	(46.8)
Balance sheet revaluation	(5.3)	11.0	16.3
Total impact of foreign exchange	36.6	83.4	46.8
Revenue (as reported)	1,681.7	1,581.1	(100.6)
Reconciliation of Constant Currency to Reported Profit After Tax			
Profit after tax (constant currency)	349.2	212.2	(137.0)
Spot exchange rate effect	(0.1)	33.4	33.5
Foreign exchange hedging result	29.9	2.6	(27.3)
Balance sheet revaluation	(2.1)	2.1	4.2
Total impact of foreign exchange	27.7	38.1	10.4
Profit after tax (as reported)	376.9	250.3	(126.6)

Outlook FY24

Operating Revenue Guidance

- Guidance assumptions result in:
 - operating revenue of approximately \$1.70 billion at May 2023 exchange rates*; and
 - approximately similar revenue growth rates for Hospital and Homecare product groups.

Hospital hardware sales are difficult to predict. We have included approximately \$115M of hospital hardware sales for the full year within our guidance.

Gross Margin and Operating Expenses

- Gross margin improvement of approximately 200 basis points in CC, 100 bps reported*.
- Operating expense growth of approximately 12% reported*.

Interest and Tax

- Interest expense expected to be approximately \$16M
- Assumes approximately 60% of R&D will be eligible for R&D Tax Credit at 15%.

Capital Expenditure

- Expected to be approximately \$450M

Key Financials



Key full year financial results

FY23 (12 months to 31 March 2023)

	% of Revenue	NZ\$M	ΔPCP^	ΔCC*
Operating revenue	100%	1,581.1	-6%	-9%
Hospital operating revenue	65%	1,023.4	-15%	-18%
Homecare operating revenue	35%	553.8	18%	13%
Hospital new applications consumables revenue			-3%	-6%
OSA masks revenue			23%	17%
Gross margin / Gross profit	59%	938.4	-325bps	-369bps
SG&A	27%	(431.9)	10%	4%
R&D	11%	(174.3)	13%	13%
Total operating expenses	38%	(606.2)	11%	7%
Operating profit	21%	332.2	-34%	-39%
Profit after tax	16%	250.3	-34%	-39%

Hedging cover

- 45% of operating revenue in US\$ (FY22: 49%) and 20% in € (FY22: 18%).

Year to 31 March

Hedging position for our main exposures (as at 12 May 2023)	FY24	FY25	FY26	FY27	FY28	FY29- FY31+
USD % cover of estimated exposure	85%	70%	60%	50%	30%	5%
USD average rate of cover	0.659	0.623	0.608	0.596	0.584	0.526
EUR % cover of estimated exposure	70%	55%	40%	35%	20%	0%
EUR average rate of cover	0.538	0.523	0.531	0.523	0.524	0.530
MXN % cover of estimated exposure	55%	35%	10%	-	-	-
MXN average rate of cover	16.348	16.348	17.043	-	-	-

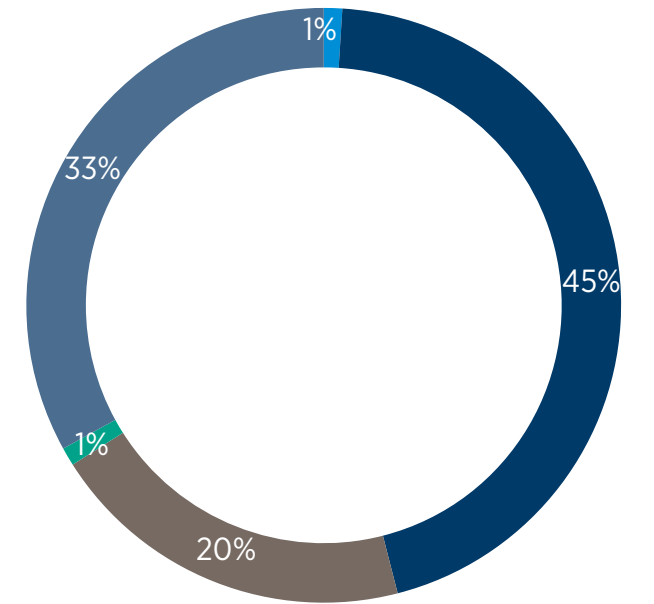
Hedging cover percentages have been rounded to the nearest 5%

Revenue and expenses by currency

FY23 (for the year ended 31 March 2023)

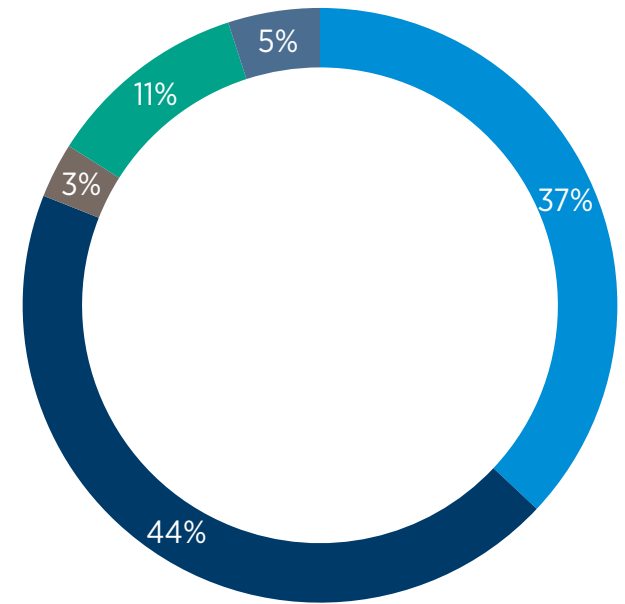
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REVENUE BY CURRENCY



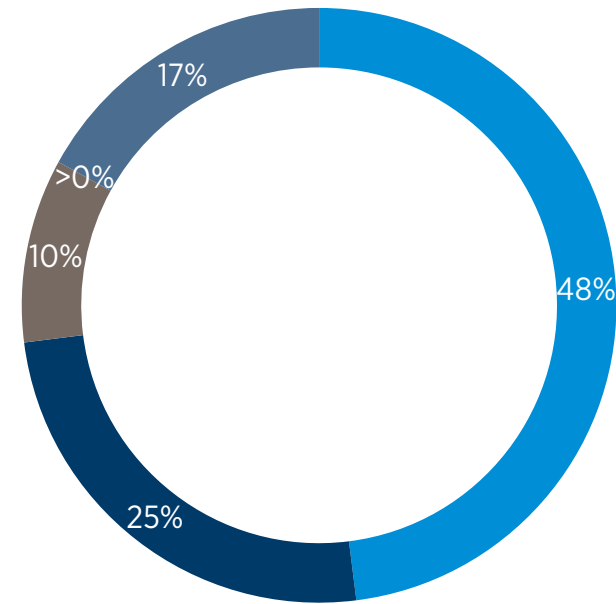
■ NZD ■ USD ■ EUR ■ MXN ■ Other

COST OF SALES BY CURRENCY



■ NZD ■ USD ■ EUR ■ MXN ■ Other

OPERATING EXPENSES BY CURRENCY



■ NZD ■ USD ■ EUR ■ MXN ■ Other

Overview



Fisher & Paykel Healthcare at a glance

Global leader in respiratory humidification devices

- Medical device manufacturer with leading positions in respiratory care and obstructive sleep apnea
- >50 years' experience in changing clinical practice to solutions that provide better clinical outcomes and improve effectiveness of care
- Estimated NZ\$25+ billion and growing market opportunity driven by demographics
- Significant organic long-term growth opportunities in acute and chronic respiratory care, OSA and surgery
- Large proportion (85%) of revenue from recurring items, consumables and accessories
- High level of innovation and investment in R&D with strong product pipeline
- High barriers to entry

Global presence

Our people
are located in
53 countries



3,538
in New Zealand

2,147
in North America,
including Mexico

379
in Europe

500
in the rest
of the world

Strong financial performance

- Continued target, and history of, doubling our revenue (in constant currency terms) every 5 to 6 years
- Targeting gross margin of 65% and operating margin of 30%
- Growth company with a strong history of increasing dividend payments

~NZ\$25+ billion and growing market opportunity

Total addressable market estimates

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HOSPITAL

~150+ million patients

Invasive Ventilation



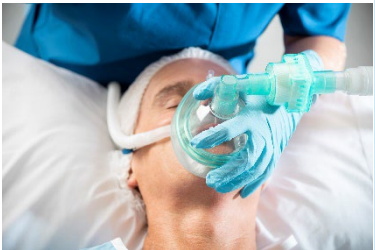
Noninvasive Ventilation



Hospital Respiratory Support



Anesthesia



Infant Care



Surgical



NEW APPLICATIONS

Applications outside of invasive ventilation

HEMOCARE

~100+ million patients

Home Respiratory Support

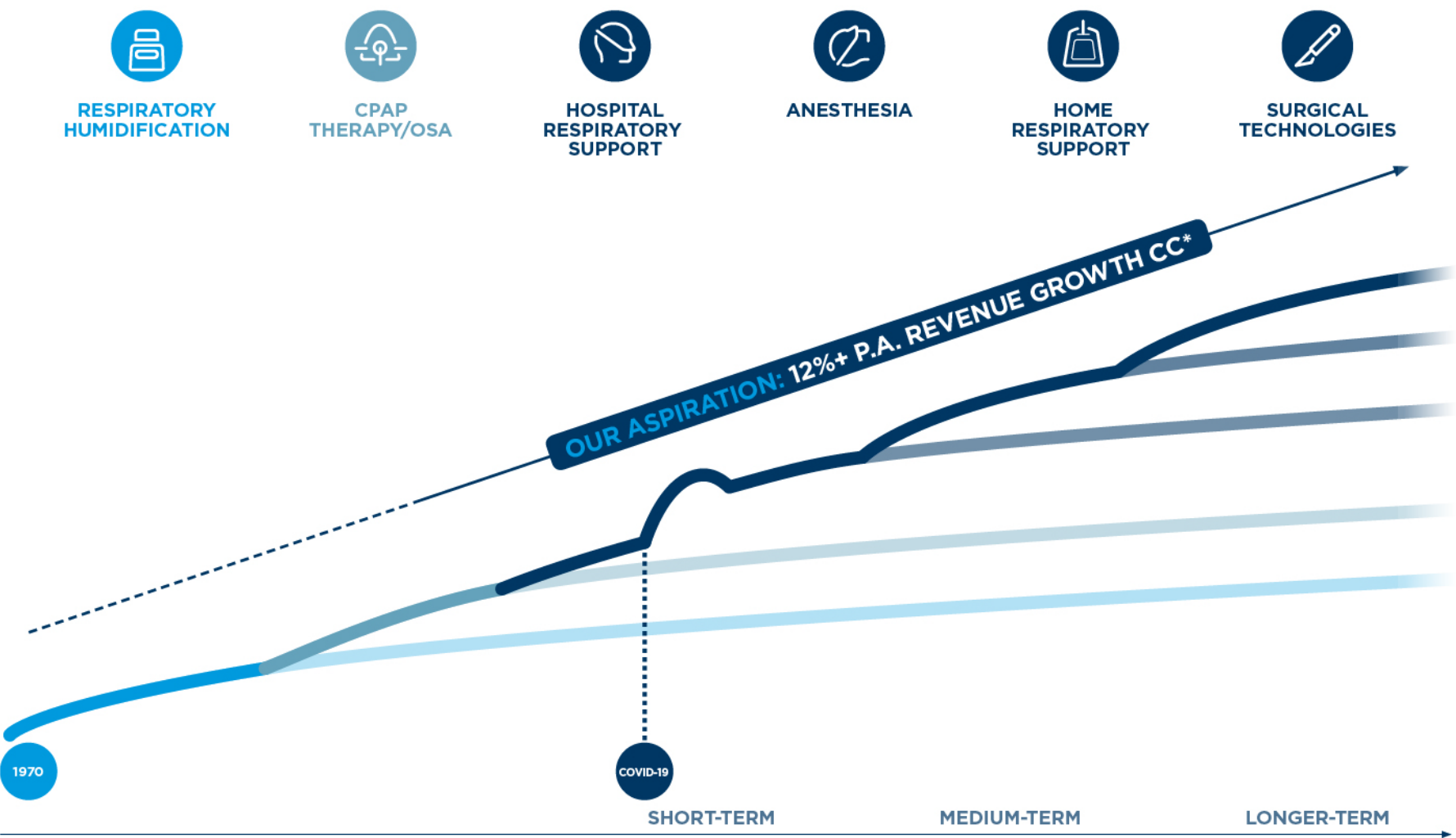


Obstructive Sleep Apnea



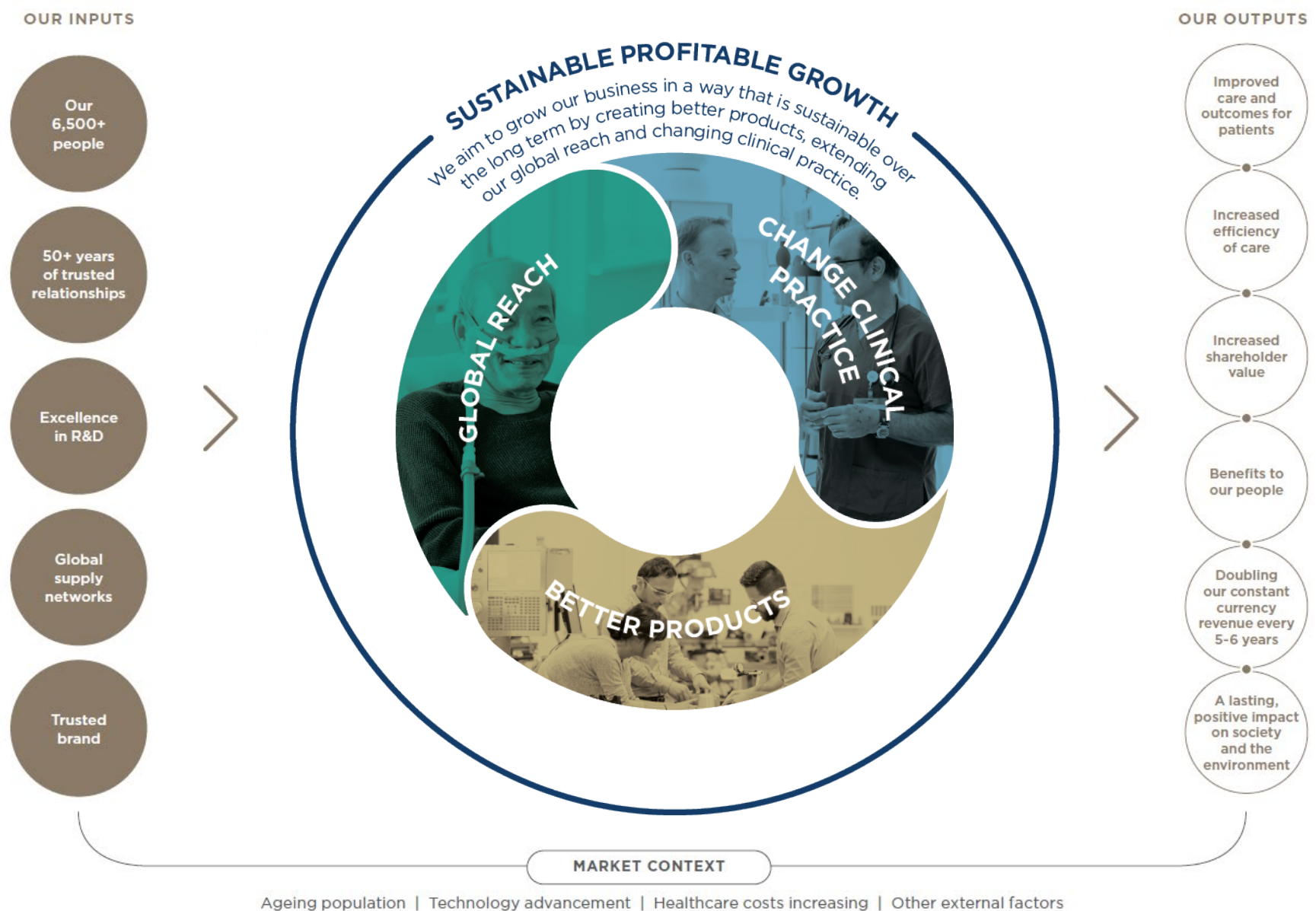
Our aspiration

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OUR ASPIRATION:
Sustainably
DOUBLING
our constant
currency revenue
every 5-6 years.

Consistent growth strategy



F&P product fundamentals



What are we here to do?

A drive to not only improve, but transform,
clinical practice.

Provide products with protected value
differentiation.

Get our products, including the evidence,
knowledge and supporting tools, into the hands of
the customer

A deep understanding of the problem and knowing what we
are trying to achieve, leads to valued, innovative solutions

A patient-focused approach

A drive to deliver and improve

Long-term thinking

High level of innovation and investment in R&D



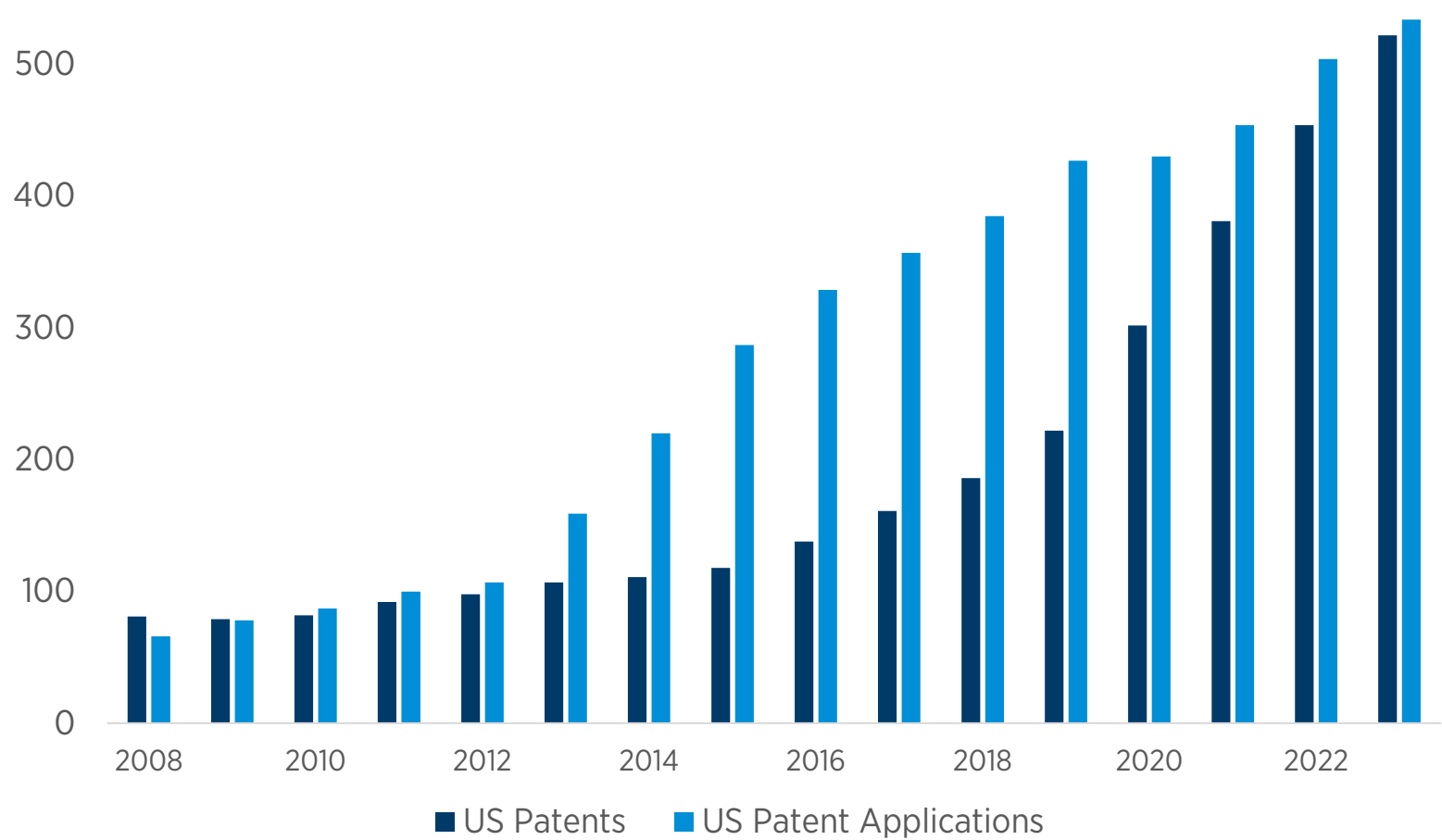
- R&D represents 11% of operating revenue*: NZ\$174.3M
- Product pipeline includes:
 - Humidifier controllers
 - Masks
 - Respiratory consumables
 - Flow generators
 - Compliance monitoring solutions
- 522 US patents, 534 US pending, 2,329 Rest of World patents, 1,708 Rest of World pending†



Growing patent portfolio



FISHER & PAYKEL HEALTHCARE US PATENT PORTFOLIO (2008 – 2023)



Average remaining life of FPH patent portfolio (all countries): 11.2 years*

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Changing Clinical Practice



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- Using clinical evidence to drive change
- Multi-layered with multiple stakeholders
- Building confidence with usage inline with the evidence, demonstrating value
- Products in each care area builds familiarity and confidence
- Customer experience builds trust and confidence



Strong global presence



- **Direct/offices**

- Hospitals, home care dealers
- Sales/support offices in North America, Europe, Asia, South America, Middle East and Australasia, 18 distribution centres
- ~1,300 employees in 53 countries
- Ongoing international expansion

- **Distributors**

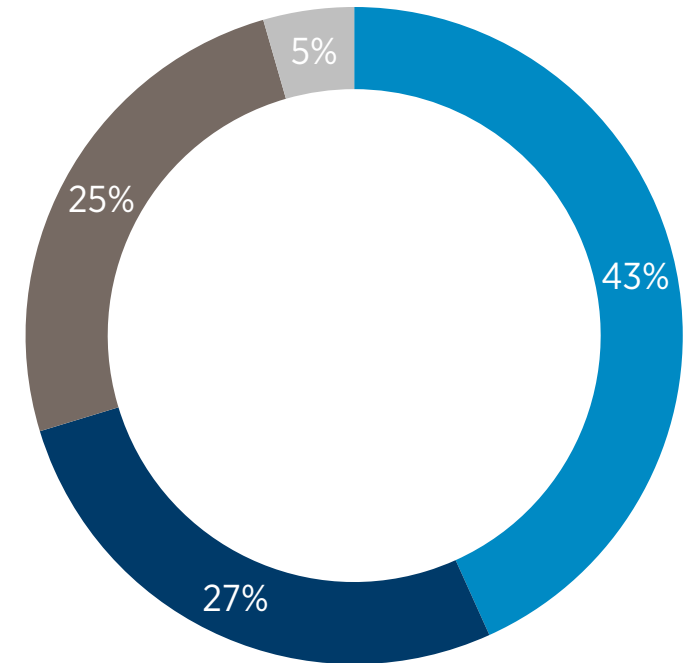
- +180 distributors worldwide

- **Original Equipment Manufacturers**

- Supply most leading ventilator manufacturers

- **Sell in more than 120 countries**

Revenue by Region
12 months to 31 March 2023



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Hospital

Impact of changing demographics

Population age and weight both increasing

- Global population 60 years+ is expected to more than double over the next 30 years¹
- 18% of adults are forecast to be obese by 2030²

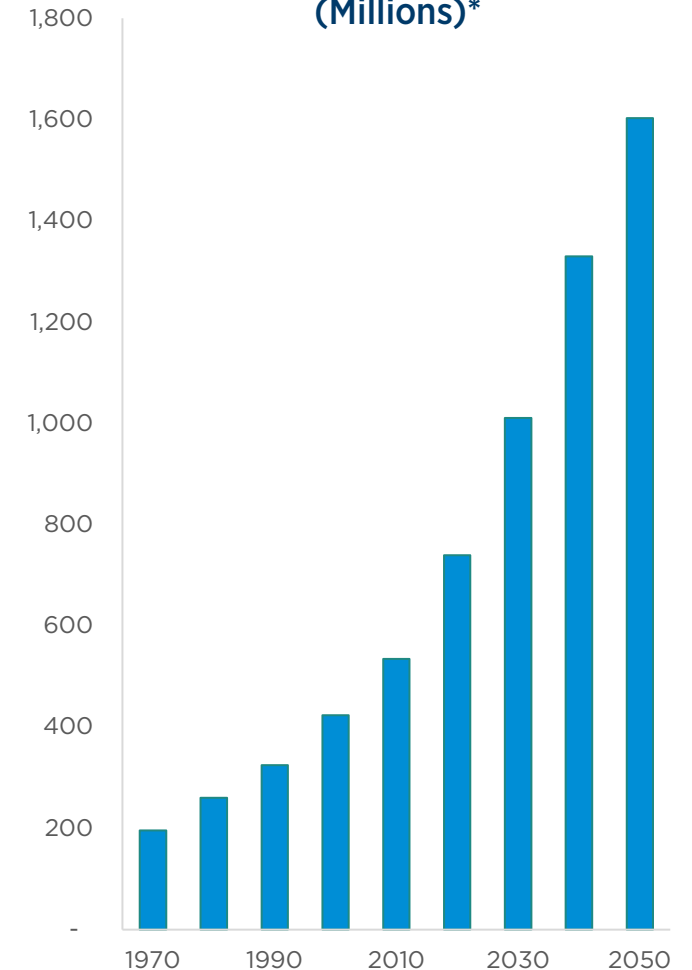
40-50% of healthcare spend is on persons 65 years and older, in OECD countries³

Low-upper middle income markets increasing healthcare spending

- Total health spending is increasing more rapidly in low-upper middle income countries (4 to 5% on average) than in high income countries (~2%)⁴

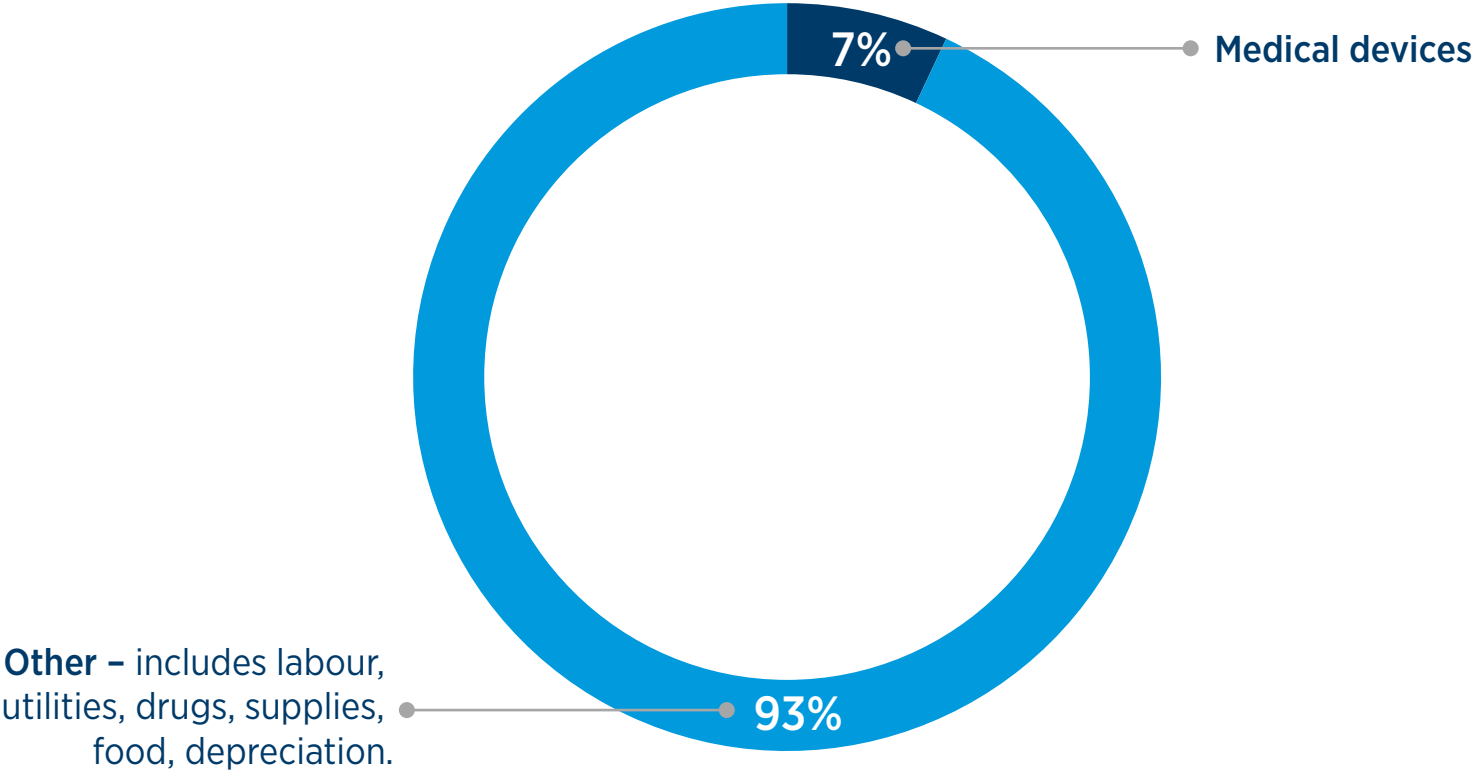


Global population over age 65 (Millions)*



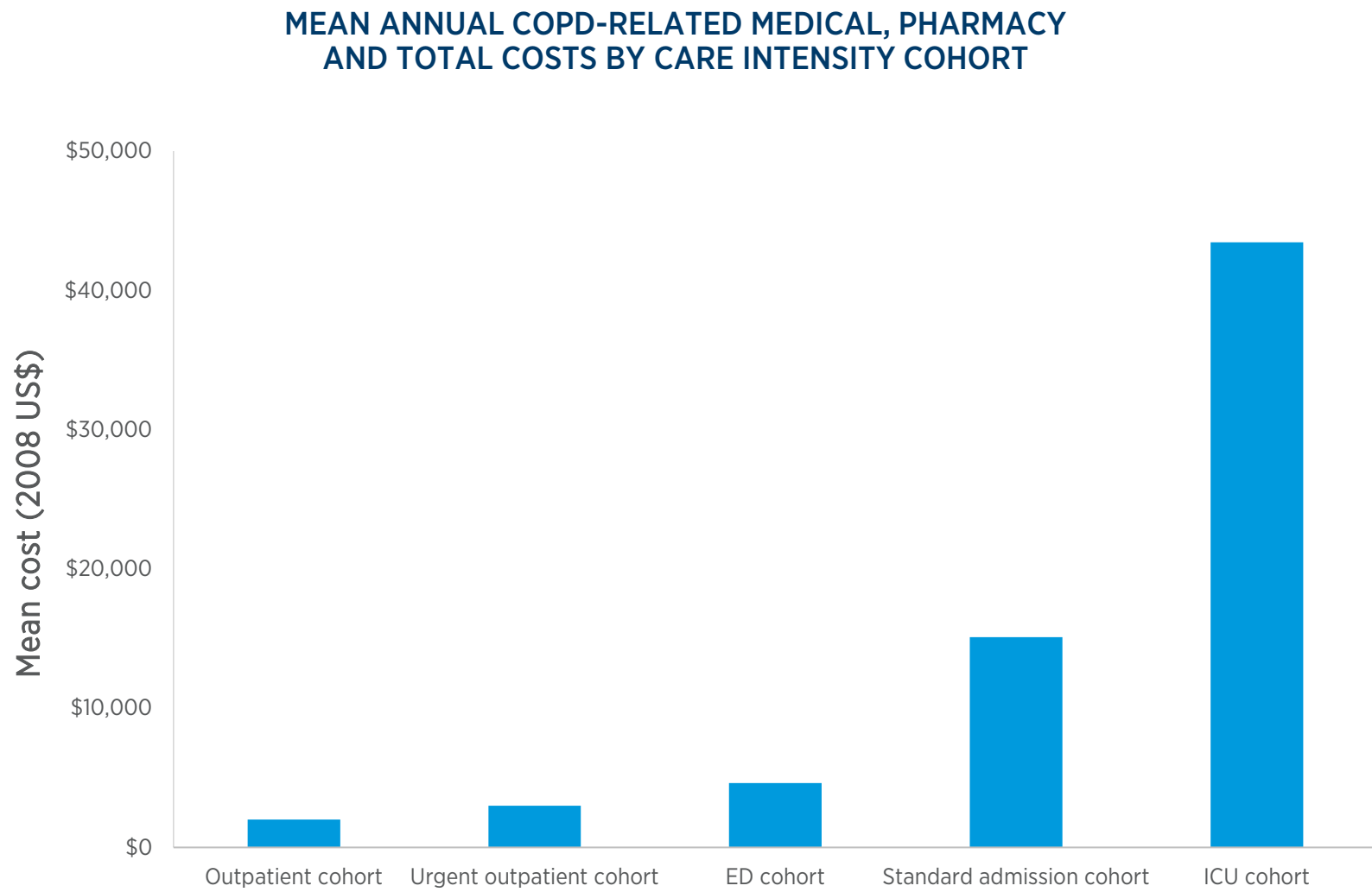
Hospital cost breakdown

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Lower care intensity = lower cost

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Respiratory humidification

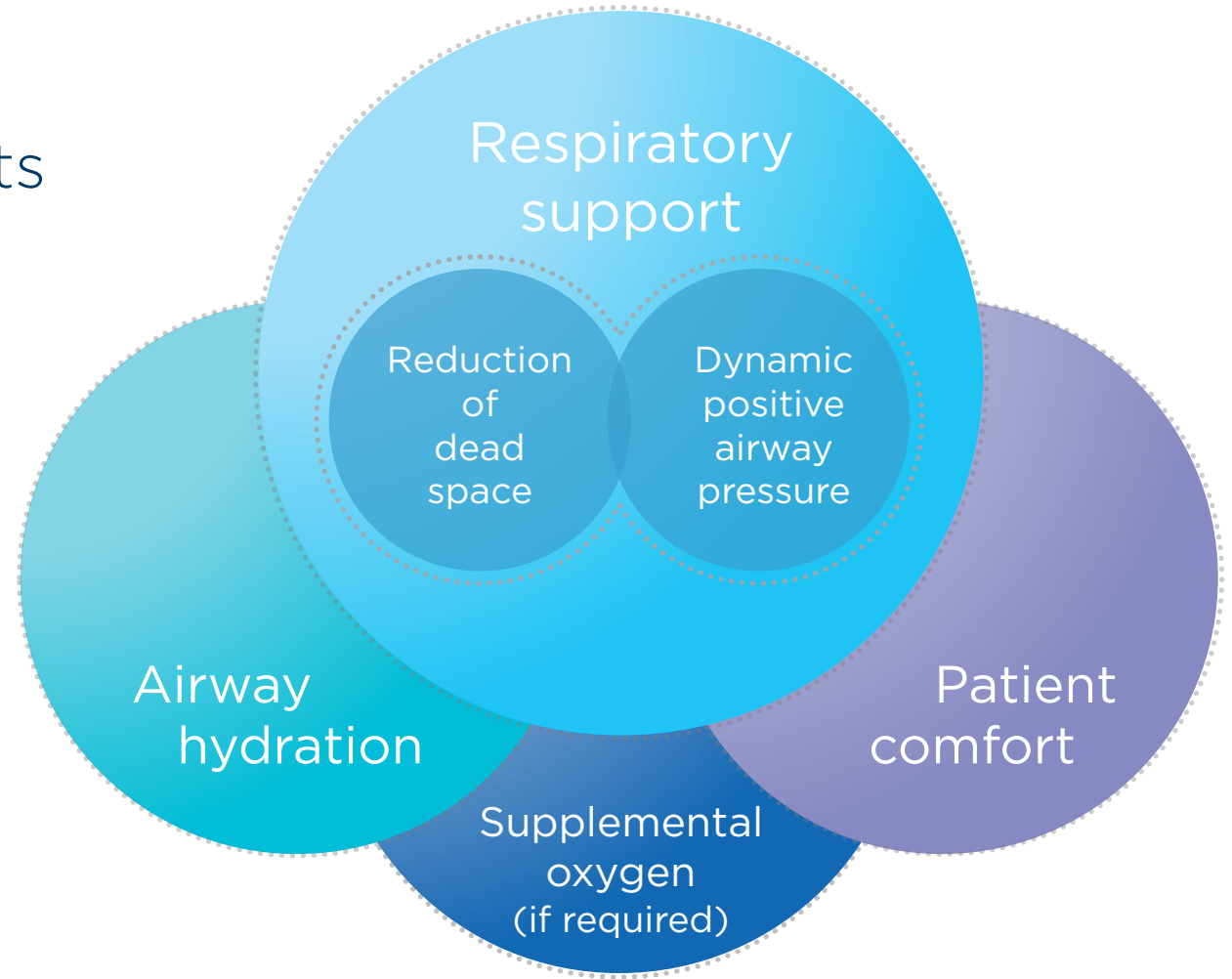
- Normal airway humidification is bypassed or compromised during ventilation or oxygen therapy
- Mucociliary transport system operates less effectively
- Need to deliver gas at physiologically normal levels
 - 37°C body core temperature
 - 44mg/L 100% saturated



Optiflow nasal high flow therapy

Mechanisms of action

Spontaneously breathing patients with or at risk of respiratory compromise



Optiflow - displacing conventional oxygen therapy

CONVENTIONAL OXYGEN THERAPY



Low flow nasal prongs Simple face mask Rebreather mask

NON-INVASIVE VENTILATION



Optiflow
Nasal high flow therapy



~6million

Estimated patients were treated with our Optiflow nasal high flow therapy over the past year

Patient groups who may benefit from Optiflow

ADULTS:

- Acute respiratory failure
- Asthma
- Atelectasis
- Bronchiectasis
- Bronchitis
- Burns
- COPD
- Chest trauma
- Emphysema
- Palliative Care
- Pneumonia
- Pulmonary embolism
- Respiratory compromise
- Viral pneumonia
- Carbon monoxide poisoning

PAEDIATRICS/NEONATES:

- Infant respiratory distress
- Bronchiolitis



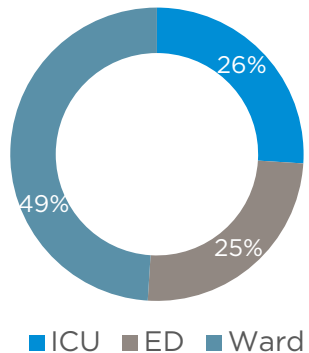
Opportunity for Optiflow therapy across the hospital

Areas in the hospital that provide some form of respiratory support to patients:

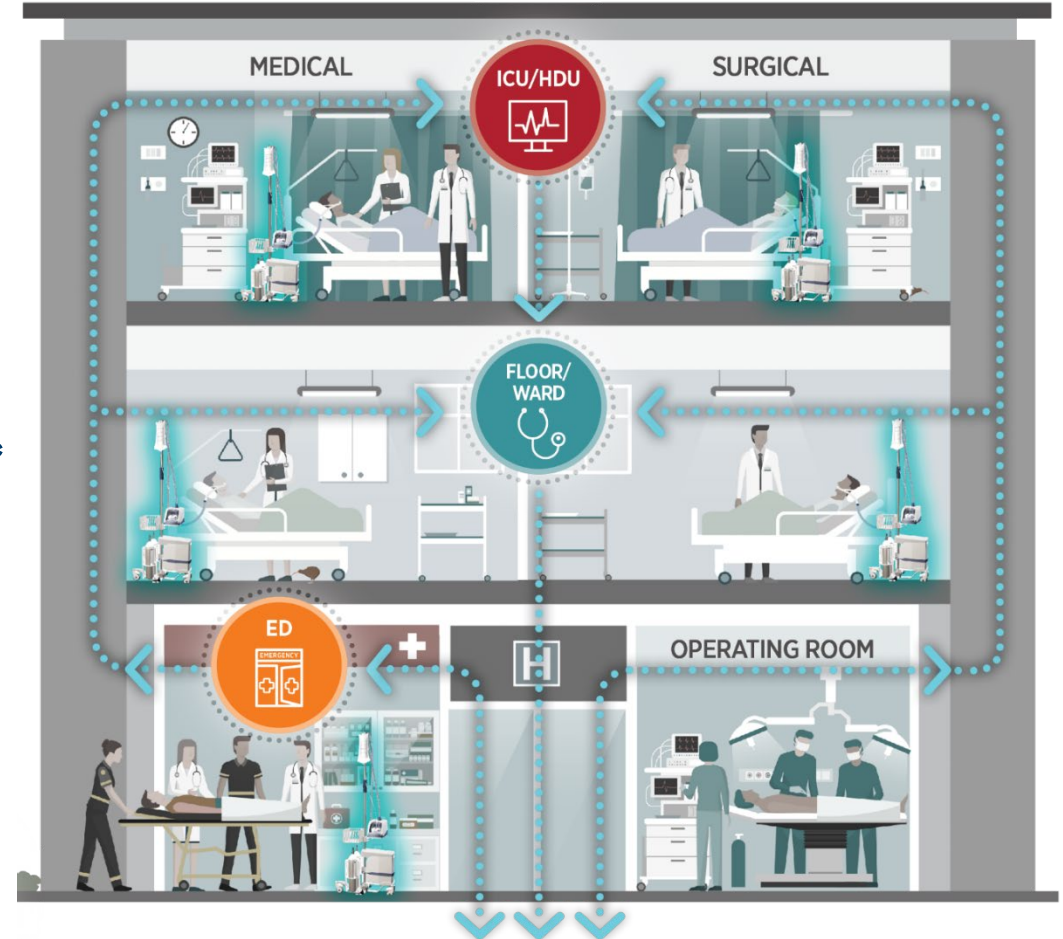
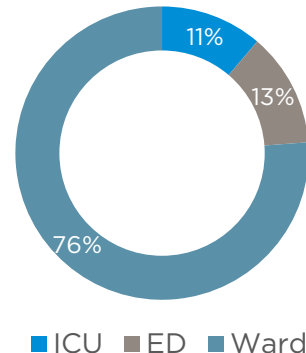
- Medical Intensive Care Units
- Surgical Intensive Care Units
- Emergency Departments (ER)
- Floor/Ward

Case study of well penetrated hospital network*

Optiflow Usage



Airvo hardware location



Large global opportunity to increase utilisation of Optiflow outside ICU

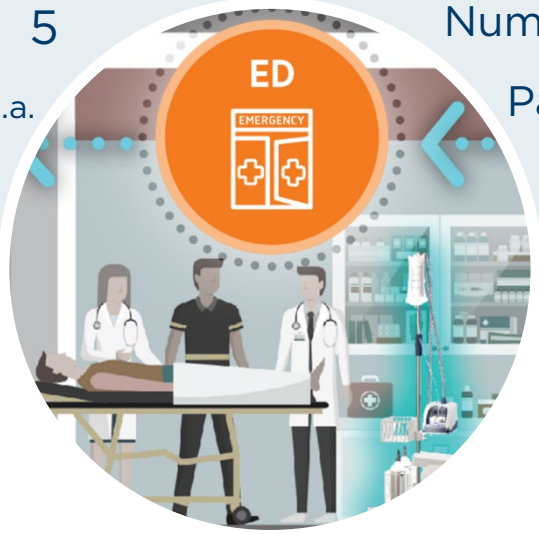
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Hardware Utilisation v Patients Treated

Hypothetical example

100 bed ED, seeing 100k patients a year. Assume 20% of all patients visiting this ED require some form of respiratory support and the ED's protocol would result in 5% of those patients requiring Optiflow therapy (i.e. 1,000 patients a year).

Scenario 1: Hardware Utilisation			Scenario 2: Patients Treated		
Number of F&P Airvos:	5		Number of F&P Airvos:	10	
Patients treated with Optiflow*:	900	p.a.	Patients treated with Optiflow:	1,000	p.a.
Consumable sets:	900	p.a.	Consumable sets:	1,000	p.a.
Hardware turn rate monthly:	15		Hardware turn rate monthly:	8.3	



- ✗ Lower capacity
- ✗ Fewer patients treated
- Higher turn rate

- ✓ Greater capacity
- ✓ More patients treated
- Lower turn rate

Key metric: Number of patients treated

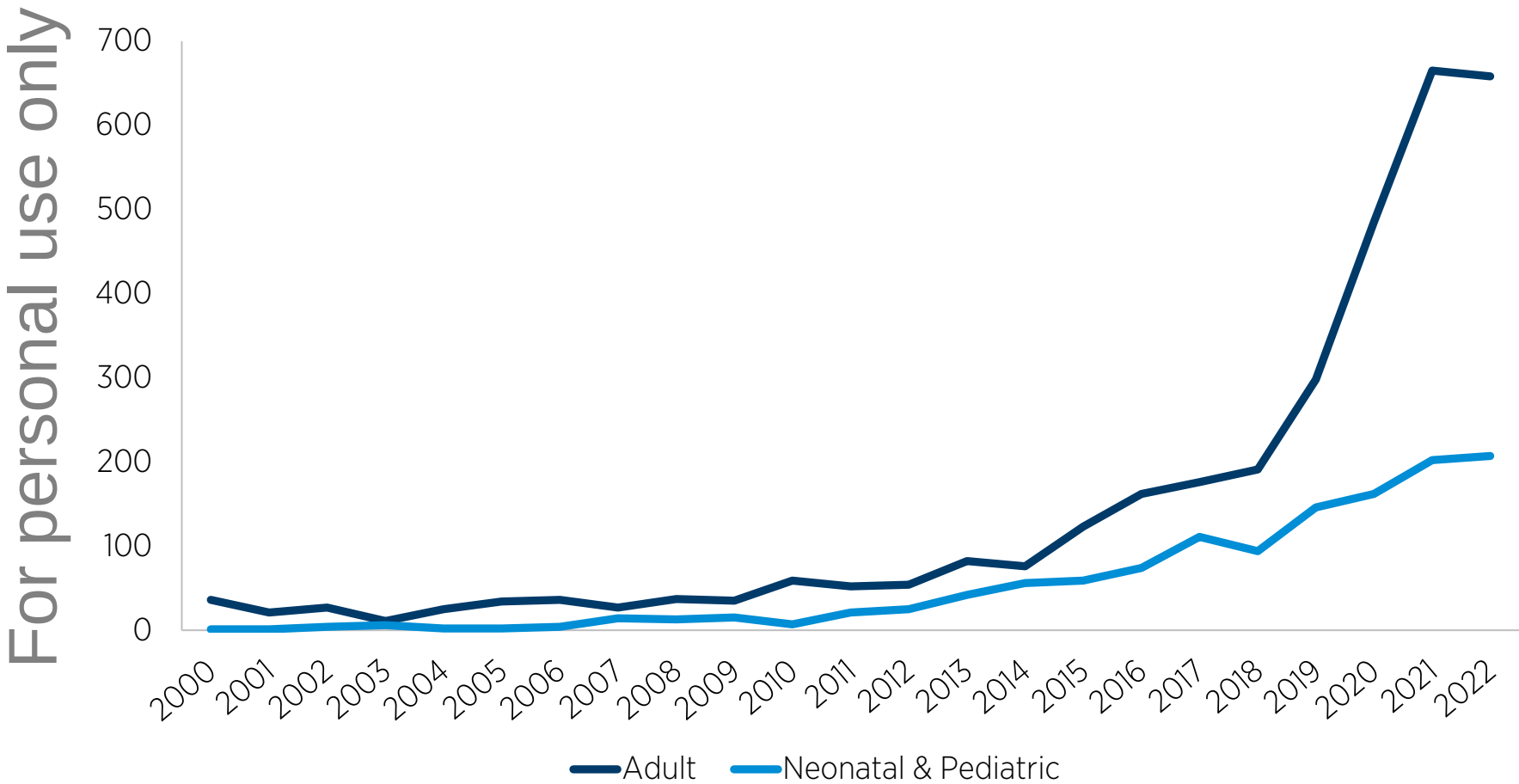
Clinical practice guidelines: Nasal high flow therapy

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		SUPPORTING CLINICAL PRACTICE GUIDELINES	EMERGENCY DEPARTMENT	ICU/HDU	RESPIRATORY	GENERAL
	Primary support MEDICAL	ESICM, ERS, SSC, AARC, ACP, TSANZ, WHO	✓	✓	✓	
	Primary support POST-OPERATIVE	ESICM, ERS		✓		
	Pre-escalation support/ Peri-intubation	ESICM	✓	✓		
	Post-extubation/ De-escalation support	ESICM, ERS, AARC, ACP		✓		
	Complementary support (NIV-rested/proning)	ERS	✓	✓	✓	✓
	Prophylactic support (Require oxygen/avoid escalation)	AARC	✓	✓	✓	✓

Optiflow NHF - a growing body of clinical evidence

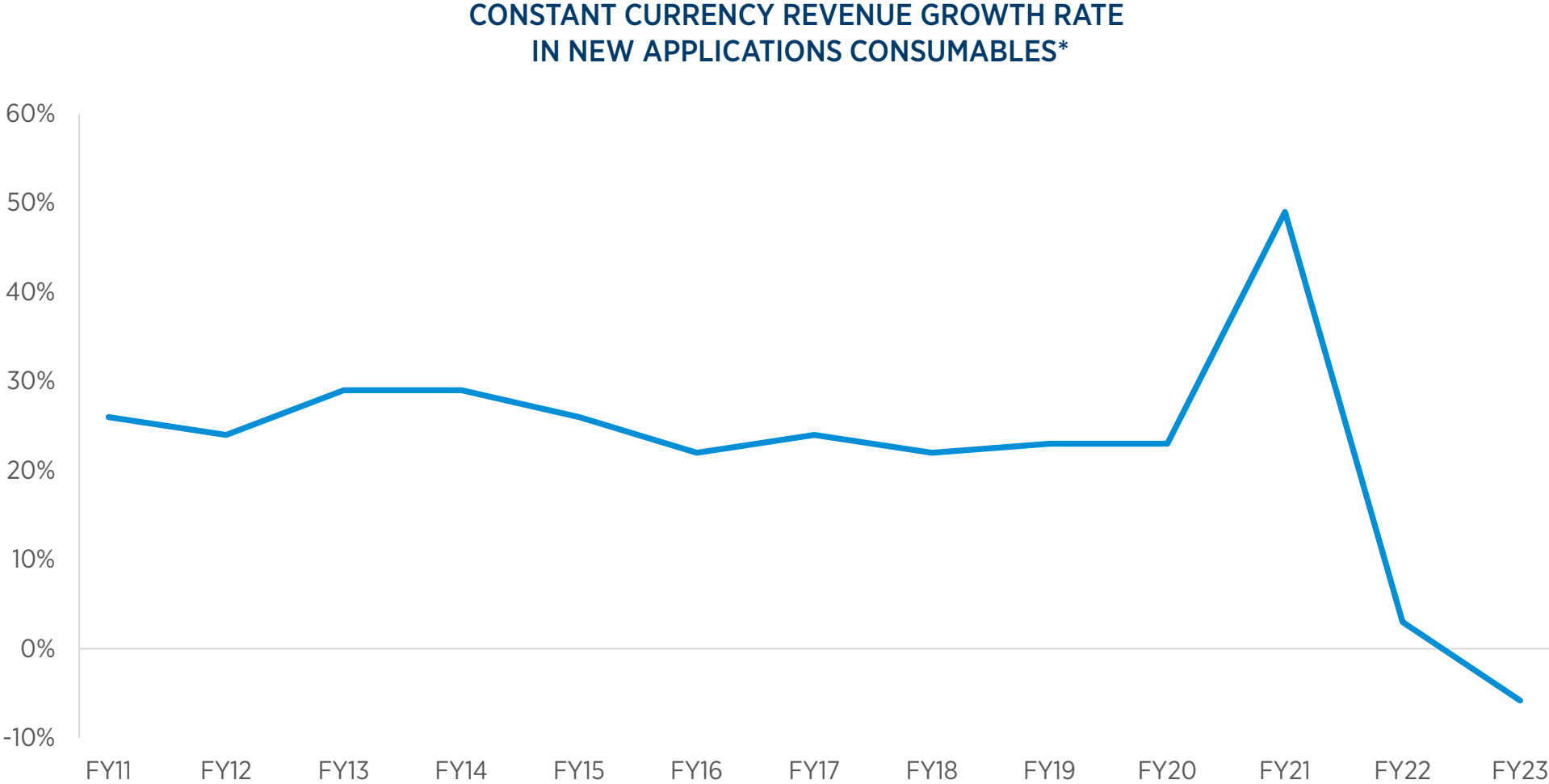
NASAL HIGH FLOW CLINICAL PAPERS PUBLISHED ANNUALLY



- The publication of 865 clinical papers on NHF signifies the high level of clinical interest in the therapy

History of growth in hospital new applications

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New applications consumables: Non-invasive ventilation, Optiflow, Anesthesia, Surgical
* Adjusted to exclude impact of US distribution transition in FY16 and FY17

Homecare



Obstructive Sleep Apnea

- Obstructive sleep apnea is an underdiagnosed medical condition, with multiple negative outcomes to patients' health.
- It can greatly impair quality of sleep, leading to fatigue; also associated with hypertension, stroke and heart attack
- Estimate >100 million people affected in developed countries
- Most common treatment is CPAP (Continuous Positive Airway Pressure)
 - Key issue with CPAP is compliance
 - Humidification provides significant acceptance and compliance improvements



Mask matters most

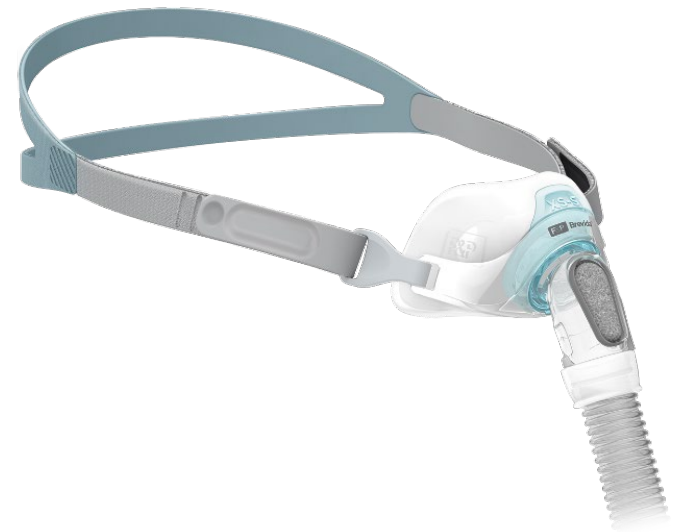
- Masks are key to compliance
- Unique, patented designs
- Released our new Evora™ Full OSA mask in the United States.



F&P Evora Nasal



F&P Evora Full



F&P Brevida

Home respiratory support

- Chronic obstructive pulmonary disease (COPD) is a lung disease which is commonly associated with smoking
- Emphysema and chronic bronchitis are both forms of COPD
- Chronic respiratory disease, primarily COPD, is the third leading cause of death in the world⁶
- 6% of US adults have been diagnosed with COPD⁷ (~15 million people)
- 4-10% COPD prevalence worldwide⁸ (~400 million people)
- Emerging evidence for COPD patients using NHF at home, reduced exacerbation rates⁵, reduced hypercapnia^{9,10}, and improved quality of life^{9,10}.



Manufacturing and operations

New Zealand

- Four buildings: 110,000 m² / 1,180,000 ft²
- Co-location of R&D and manufacturing
- Continued earthworks on building 5
- Received Overseas Investment Office approval for the purchase of land in Karaka for our second New Zealand campus

Tijuana, Mexico

- Three buildings: 63,000 m² / 690,000 ft²

Guangzhou, China

- Commenced development of our new manufacturing facility in China.



Artist's rendering of the company's future second campus in Karaka, Auckland

Environmental, Social & Governance

Our People

The Board approved a discretionary profit-sharing payment of \$10 million for company employees. Our people have continued to overcome supply chain issues and worked tirelessly to meet global demand surges over the last three years.

Community and Volunteer Groups

We are proud of the community groups supported through the Fisher & Paykel Healthcare Foundation. During the 2023 financial year, the Foundation provided funding of \$924,000 to organisations working in local communities. Refer to our 2023 Annual Report for more details.

Sustainable Procurement

FY23 Highlights:

- Launched our new Sustainable Procurement Framework to suppliers
- Completed recruitment of sustainable procurement specialist to cover the Asia region
- Extended our Speak Up Procedure to suppliers

Sustainability disclosures and indices

We participate annually in a suite of well-respected sustainability disclosure programmes and are included in the Dow Jones Sustainability Index and the FTSE4Good index.

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA



FTSE4Good



Key Environmental Metrics

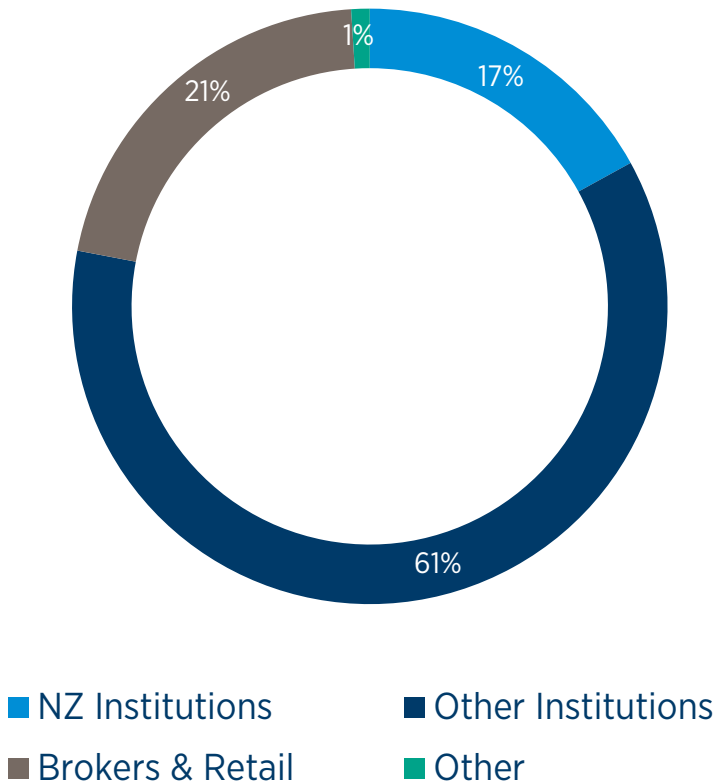
	FY21	FY22	FY23
Scope 1 emissions (tonnes CO ₂ e)	1,465	1,777	2,287
Scope 2 emissions (tonnes CO ₂ e)*	14,542	13,894	14,529
Scope 3 emissions (tonnes CO ₂ e)	718,991	457,112	328,313
Total emissions (tonnes CO ₂ e)*	734,998	472,783	345,129
Water usage (cubic metres)	134,900	184,171	133,517
Landfill waste diverted (cubic metres)	1,630	2,035	1,727
NZ recycling efficiency (percentage of waste diverted from landfill)	62%	68%	62%
Global recycling efficiency (percentage of waste diverted from landfill)	29%	52%	54%

Ownership structure and listings

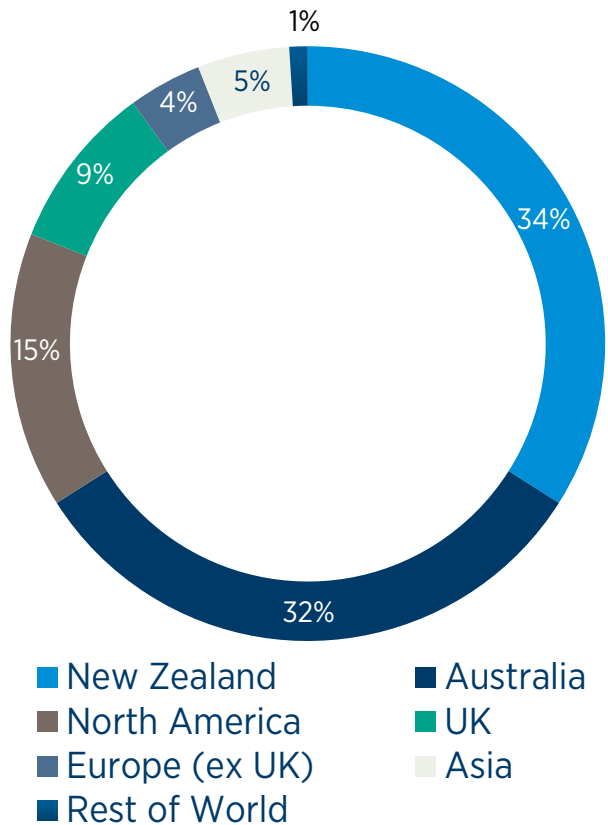
- Listed on NZX and ASX (NZX.FPH, ASX.FPH)

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Shareholding structure as at 31 March 2023



Geographical ownership as at 31 March 2023



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26 May 2023

Results announcement

Results for announcement to the market

Name of issuer	Fisher & Paykel Healthcare Corporation Limited
Reporting Period	12 months to 31 March 2023
Previous Reporting Period	12 months to 31 March 2022
Currency	NZD

	Amount (000s)	Percentage change
Revenue from continuing operations	\$1,581,100	-6%
Total Revenue	\$1,581,100	-6%
Net profit/(loss) from continuing operations	\$250,300	-34%
Total net profit/(loss)	\$250,300	-34%

Final Dividend

Amount per Quoted Equity Security	0.23000000 \$/share
Imputed amount per Quoted Equity Security	0.08944444 \$/share
Record Date	27 June 2023
Dividend Payment Date	7 July 2023

	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	2.71732481 \$/share	2.61393252 \$/share

A brief explanation of any of the figures above necessary to enable the figures to be understood	Not applicable
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Authority for this announcement

Name of person authorised to make this announcement	Raelene Leonard
Contact person for this announcement	Raelene Leonard
Contact phone number	+64 9 574 0147
Contact email address	companysecretary@fphcare.co.nz
Date of release through MAP	26 May 2023

Audited financial statements accompany this announcement.

26 May 2023
Distribution Notice

Section 1: Issuer information				
Name of issuer	Fisher & Paykel Healthcare Corporation Limited			
Financial product name/description	Final Dividend			
NZX ticker code	FPH			
ISIN	NZFAPE0001S2			
Type of distribution	Full Year	X	Quarterly	
	Half Year		Special	
	DRP applies	X		
Record date	27 June 2023			
Ex-Date	26 June 2023			
Payment date	7 July 2023			
Total monies associated with the distribution	\$133,260,060 based on shares on issue at 25 May 2023 for cash distribution			
Source of distribution	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution	0.31944444 \$/share			
Gross taxable amount	0.31944444 \$/share			
Total cash distribution	0.23000000 \$/share			
Excluded amount	N/A			
Supplementary distribution amount	0.04058824 \$/share			
Section 3: Imputation credits and Resident Withholding Tax				
Is the distribution imputed	Fully imputed			
If fully or partially imputed, please state imputation rate as % applied	100%			
Imputation tax credits per financial product	0.08944444 \$/share			
Resident Withholding Tax per financial product	0.01597222 \$/share			
Section 4: Distribution re-investment plan (if applicable)				
DRP % discount (if any)	3.0 %			
Start date and end date for determining market price for DRP	28 June 2023		4 July 2023	
Date strike price to be announced (if not available at this time)	5 July 2023			
Specify source of financial products to be issued under DRP programme	New Issue			

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(new issue or to be bought on market) DRP strike price per financial product	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	28 June 2023
Section 5: Authority for this announcement	
Name of person authorised to make this announcement	Raelene Leonard
Contact person for this announcement	Raelene Leonard
Contact phone number	+64 9 574 0147
Contact email address	companysecretary@fphcare.co.nz
Date of release through MAP	26 May 2023