LASTING FOUNDATIONS

Annual Report 2024

Fisher & Paykel HEALTHCARE

At Fisher & Paykel Healthcare we have been developing **INNOVATIVE SOLUTIONS** for **PATIENT CARE**, working with clinicians and expanding our global footprint for over 50 years.

With an **IMPRESSIVE PORTFOLIO** of products, **STRONG RELATIONSHIPS** with customers and the **RIGHT INFRASTRUCTURE** to enable our expansion, **LASTING FOUNDATIONS** are in place for sustainable, profitable growth.

ABOUT THIS REPORT

Welcome to our 2024 Annual Report — Lasting Foundations. In this report, we feature the work we have done this year to improve patient care and outcomes around the world and the financial results we achieved while doing so.

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

This report aligns with the 2021 GRI Universal Standards. This report also contains our Climate-related Disclosures in compliance with the External Reporting Board's Aotearoa New Zealand Climate Standards, which can be found in Section 3.

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/nz/corporate/investor/reports**.

This report covers the financial year ended 31 March 2024 and is dated 28 May 2024. 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 122 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

Results at a glance

OPERATING REVENUE
$1.74B

▲ 10% | 2023 $1.58B

HOSPITAL REVENUE
$1.1B

▲ 6% | 2023 $1.0B

GROSS MARGIN
59.9%

58 BASIS POINTS INCREASE

HOMECARE REVENUE
$652.3M

▲ 18% | 2023 $553.8M

NET PROFIT AFTER TAX
$132.6M

▼ 47% | 2023 $250.3M

UNDERLYING NET PROFIT AFTER TAX*
$264.4M

▲ 6% | 2023 $250.3M

SPEND ON R&D
$198.2M

11% OF OPERATING REVENUE

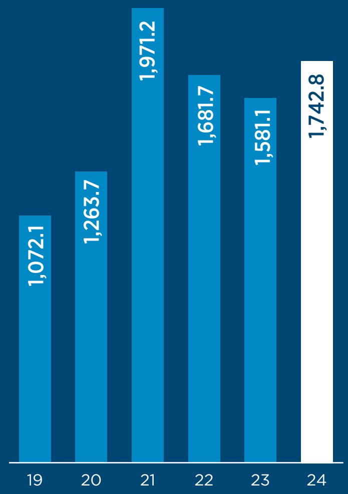
TOTAL DIVIDEND FOR YEAR
FULLY IMPUTED

41.5CPS

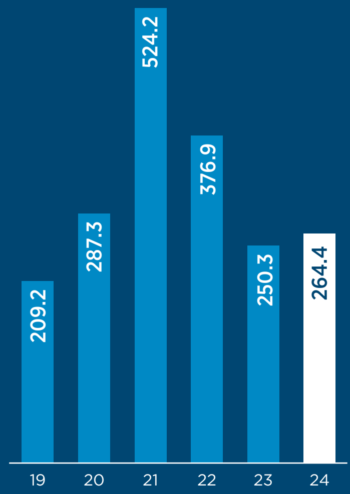
▲ 2% | 2023 40.5CPS

* Underlying net profit after tax excludes the abnormal FY24 impact of a product recall provision, the revaluation of land and deferred tax on removal of building depreciation. For more information on these impacts, please refer to the financial commentary on page 119.

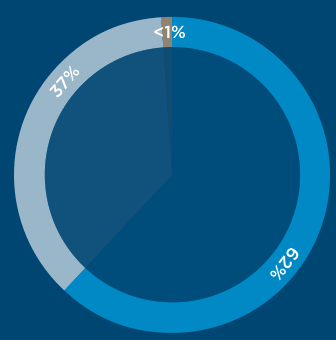
OPERATING REVENUE
NZ$ MILLIONS



UNDERLYING NET PROFIT AFTER TAX*
NZ$ MILLIONS

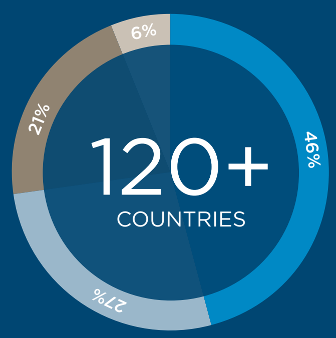


REVENUE BY PRODUCT GROUP
12 MONTHS TO 31 MARCH 2024



- Hospital
- Homecare
- Distributed & Other

REVENUE BY REGION
12 MONTHS TO 31 MARCH 2024



- North America
- Europe
- Asia Pacific
- Other

Business highlights

IMPACTED

the lives of approximately 20 million patients around the world

UNVEILED

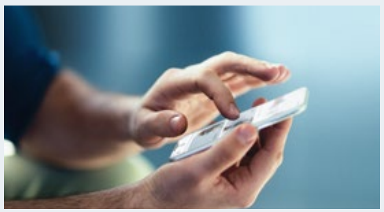
revolutionary new F&P Solo™ mask in New Zealand and Australia

INTRODUCED

the Airvo™ 3 into more of our key markets including the US

OBTAINED

regulatory clearance in the US for the F&P 950™ System



LAUNCHED

new selection and sizing tools in the F&P myMask™ app

OPENED

third manufacturing facility in Tijuana, Mexico and progressed work on new manufacturing facility in Guangzhou, China

RELEASED

our online Education Hub in 22 languages with 21,000+ learning hours accessed by clinicians globally

COMMENCED

global exports from our new distribution centre in Tijuana, Mexico

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, high flow therapy, anaesthesia, 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.

FEATURED PRODUCT

F&P 950

62%

OF OPERATING REVENUE

OPERATING REVENUE
▲ 6%

$1.1B

CONSTANT CURRENCY REVENUE FROM NEW APPLICATIONS CONSUMABLES

↑13%

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.

FEATURED PRODUCT

F&P Solo

37%

OF OPERATING REVENUE

OPERATING REVENUE
▲ 18%

$652.3M

CONSTANT CURRENCY REVENUE FROM OSA MASKS

↑18%


Fisher&Paykel
HEALTHCARE

Report from the Chair

I am pleased to share with you the company's 2024 results, as well as some of the year's highlights, in this report.

Following the last few years of changing demand patterns, it was encouraging to see the company continue its trajectory of growth. We acknowledge the efforts of our people all around the world, and also are grateful to our customers, suppliers and clinical partners for their contribution.

SCOTT ST JOHN
Board Chair

For the 2024 financial year, operating revenue was $1.74 billion, up 10% from the previous financial year, or 8% in constant currency. Reported net profit after tax was $132.6 million, impacted by three factors — a product recall, a land revaluation and a change in legislation regarding tax deductions for buildings. Excluding these factors, underlying net profit after tax increased 5% in constant currency.

INFRASTRUCTURE UPDATE

Back in September 2022, we announced the acquisition of land at Karaka, Auckland for a second New Zealand campus. The process of selecting the site was comprehensive and required several years of research and due diligence. We were pleased to find a property two-and-a-half times larger than our existing New Zealand campus in an ideal location near a future public transport station and planned residential developments.

In March we indicated the current zoning status of the land and higher interest rate environment would likely adversely affect its valuation. Following a scheduled valuation as at 31 March 2024, a lower carrying value has now been recognised. This was recorded as a non-cash accounting adjustment in the company's income statement in this report.

Development of the Karaka campus will occur over 30 to 40 years, with a focus on effecting a private plan change to re-zone the land, designing the core infrastructure and commencing earthworks over the next five years. The purchase strengthens the company's capacity to develop innovative products and therapies long into the future, and in our view, the value to our business over the long term is unchanged.

We have received an enthusiastic response from the local community. The Karaka project leaders are working closely with local government and tāngata whenua to ensure everyone's goals and plans for the future campus are aligned. We would especially like to thank our iwi partners, Ngāi Tai Ki Tāmaki, Te Aakitai Waiohua, Ngāti Te Ata and Ngāti Tamaoho, for devoting their time and expertise.

SITE VISITS

In September 2023, the Board visited the company's operations in Tijuana, Mexico and Irvine, California. While in Tijuana, we toured the site and attended the official opening of the Sánchez Building, the company's third manufacturing facility in Mexico. A hub for global medical device manufacturers, Tijuana provides access to a highly skilled workforce and proximity to major markets in the United States and Canada. In Irvine, we observed firsthand how the North America team works closely with clinicians and promotes the steady progression and usage of F&P products. Meeting with employees directly in both locations provided new insights into the business and the high level of investment required to manufacture and sell high-tech medical devices.

YOUR BOARD

During the year we appointed Graham McLean as a non-executive director to replace long-serving director Donal O'Dwyer on his retirement. Graham has carved out a successful global career in the medical device industry, and we are benefiting from his experience and contributions on the Board and the Audit and Risk Committee.

As I announced recently, I will be retiring from the Board following the close of this year's annual shareholders' meeting in August, and Neville Mitchell will take over as Chair. Neville has been on the Board since 2018, and he has outstanding credentials. I am confident the company will continue to thrive under his leadership.

Identifying strong candidates for Board succession remains a priority, and the Board has commenced a search for a candidate with the right skills and experience to complement those of other members.

The company continues to participate in the Future Directors programme, which gives emerging New Zealand directors an opportunity to develop governance experience. Charlotte Walshe was selected as a Future Director with effect from 1 January 2024.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Fisher & Paykel Healthcare continues to expand its reporting on non-financial risks and opportunities. Government legislation in New Zealand and in some of our major markets has called for more stringent reporting requirements, particularly in relation to climate change.

In New Zealand, the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 (CRD Act) created mandatory reporting requirements for listed entities to help ensure that the effects of climate change are routinely considered in business and investment decisions. Beginning this financial year and going forward, the company is required to publish annual climate-related disclosures in accordance with these standards.

The Board's Audit and Risk Committee has embedded a standing session on Sustainability to address this topic in every committee meeting. A changing climate may create new opportunities and risks in the future, and it may impact the number of global patients needing treatment for respiratory illnesses, so it is critical to take this into account in long-term business plans.

DIVIDEND

The Board has approved a dividend of 23.5 cents per share for the second half of the year, fully imputed, to be paid on 10 July 2024. This brings the total dividend for the 2024 financial year to 41.5 cents per share. The dividend reinvestment plan continues to be in place for this dividend, with an applicable 3% discount.

PROFIT SHARE

On behalf of the Board, I want to thank the people of Fisher & Paykel Healthcare for their contribution to the company's strong performance. Releasing new products, improving manufacturing processes and changing clinical practice year after year requires focus, adaptability and persistence. To recognise employees, the Board has approved a discretionary profit share pool of $9 million for the year to be distributed to those who have worked for the company for a qualifying period.

THANK YOU

To our shareholders, I would like to say 'thank you' for your ongoing commitment to Fisher & Paykel Healthcare — the company is a thriving global business with strong foundations. Our respiratory care and obstructive sleep apnea solutions are market leaders, and we continue to develop long-term opportunities in other areas, such as surgery and anaesthesia. In my view, F&P is in the strongest position we have been in during my time on the Board. I consider it a privilege to have had a front-row seat in the growth of the company and to have worked alongside such an exceptional team.

Scott St John
Board Chair

Report from the Managing Director & Chief Executive Officer

LEWIS GRADON
Managing Director and Chief Executive Officer

Achieving sustainable, profitable growth requires a strong drive to deliver new products and therapies, along with knowledge and evidence, into the hands of clinicians.

During the 2024 financial year, we stayed focused on this objective — it's a proven formula that has made our business successful. We invested $198.2 million into research and development, progressed our product pipeline, and strengthened relationships with each other and with experts who are transforming clinical practice. As always, we maintained a mindset of continuous improvement, which is a cornerstone of our culture.

FINANCIAL RESULT

Our consistent strategy delivered a solid result for the 2024 financial year. Operating revenue was $1.74 billion, an increase of 10% over the previous financial year, or 8% in constant currency. Revenue growth was driven by solid demand for hospital consumables and strong growth in our OSA mask business.

Underlying net profit after tax for the year was $264.4 million, a 5% increase from the previous financial year in constant currency. As we announced in March, three abnormal factors adversely impacted reported profit — property valuations, a change in the tax treatment of building depreciation, and a product recall.

Scheduled valuations of the properties at East Tāmaki and Karaka, Auckland, and in Tijuana, Mexico were conducted to assess their value as at 31 March 2024. For the Karaka land, the 2024 valuation was lower than the carrying amount on the balance sheet, and this change was recognised as a non-cash accounting adjustment in the income statement. The re-zoning application for the Karaka land will be submitted in the 2025 financial year. We remain confident it will be granted, and upzoning land typically increases its value.

The second factor impacting net profit was the change in New Zealand legislation removing tax deductions for the depreciation of buildings. This resulted in a tax expense of $19.3 million to adjust the deferred tax liability balance related to the four buildings on our East Tāmaki campus.

The third factor impacting net profit was the company's voluntary limited recall of Airvo 2 and myAirvo 2 devices manufactured before August 2017. As part of the recall, we committed to replace affected devices held by customers. An estimated cost of $20 million was reported on the company's income statement, impacting net profit after tax through cost of goods sold for the 2024 financial year.

During the year we executed on planned improvements that brought us closer to achieving our long-term gross margin target of 65%. For the full 2024 financial year, gross margin was 59.9%, an increase of 95 basis points in constant currency. Excluding the impact of the product recall, underlying gross margin was 61.1%, an increase of 216 basis points in constant currency. This was achieved through lower freight costs, manufacturing efficiencies and pricing, more than offsetting the impact of inflationary cost increases starting to be reflected in the margin.

PRODUCT UPDATE

In our Hospital business, we have continued to deliver innovative products to the market.

Over the course of this financial year, we received regulatory clearance in the United States for the F&P 950™ System and its associated breathing circuit kits for adult, pediatric and neonatal patients. The F&P 950 System is a versatile humidification product that can be paired with our interfaces and masks to enable invasive and noninvasive treatments. We also obtained clearance in the United States for the F&P Optiflow+ Duet™ nasal cannula and the F&P 820™ System for humidification.

In our Homecare business, our F&P Evora™ Full face mask is performing well, and we have made significant progress developing our portfolio of masks for treating obstructive sleep apnea (OSA).

During the 2024 financial year, we introduced the F&P Solo™ mask. F&P Solo has unique technology enabling automatic fitting and one touch to adjust. It is ideal for patients who prefer to fit the mask without assistance. F&P Solo has already been launched in Australasia and the United States, with more markets to follow during the 2025 financial year.

One week after the 2024 financial year ended, we unveiled another new compact mask for treating OSA, the F&P Nova Micro™. Weighing less than 40 grams, this is our smallest and lightest mask yet. It appeals to patients who want to fit the mask manually. F&P Nova Micro has been released in New Zealand and Canada, and launches into Australia, Europe and the United States will follow later this calendar year.

With the F&P Evora Full, F&P Solo and F&P Nova Micro, we have a full lineup of high-performance masks to accommodate a wide range of patient needs and preferences.

CLINICAL EDUCATION

Working closely with customers is fundamental to the adoption of new products in the market. During the year we continued to expand our global anaesthesia sales team to promote the clinical benefits of Optiflow Switch™ and Trace™. Over the 2024 financial year, we added 20 more sales representatives to focus on anaesthesia products worldwide.

With the F&P Evora Full, F&P Solo and F&P Nova Micro, we have a full lineup of high-performance masks to accommodate a wide range of patient needs and preferences.

Our sales teams continued promoting the evidence for adopting Optiflow™ nasal high flow therapy and the Airvo™ 3 device for use in hospitals and homes. This year our team in Europe brought together more than 30 key opinion leaders to discuss the evidence for using noninvasive and nasal high flow respiratory support in emergency departments. The two-day programme included lectures and product demonstrations, and attendees reported that the knowledge they gained will change the way they manage respiratory failure in patients.

This year we expanded our online education resources and released new support materials in more than 20 languages. Over the course of the year, our team organised 1,230 online educational events, and our digital resources were accessed in 57 countries.

MANUFACTURING

Inflation continued to impact manufacturing costs and the price of raw materials this year, so continuous improvement remains a critical focus across the business. During the year we consolidated manufacturing lines to adapt to normal product demand, and we relocated our export distribution operations from Moreno Valley in California to Tijuana, Mexico.

In New Zealand, union members voted to sign a new collective agreement effective from May 2023 until May 2026. The agreement provides more flexibility, stability and predictability for the company and for our people, so that we can grow our manufacturing operations in New Zealand in a sustainable way.

EXECUTIVE CHANGES

Fisher & Paykel Healthcare now has multiple manufacturing sites worldwide and a growing number of distribution locations, so it is essential that we are well-structured for our next stage of growth. With this in mind, we created the new role of Chief Operating Officer to oversee global operations, with responsibility for both our manufacturing and supply chain functions. Andy Niccol was appointed to this role with effect from 1 April 2024. Andy has more than 20 years of experience with our business in a variety of roles in research and development and sales.

At the end of March, Paul Shearer retired as Senior Vice President – Sales & Marketing after 33 years with the business. Paul established our sales operations in our major markets and grew our sales presence in more than 50 countries. I wish to thank Paul for his dedication and support, and I'm pleased that we will retain his expertise in an advisory capacity going forward.

Justin Callahan has taken up the mantle as Vice President – Sales & Marketing. Justin has more than 30 years of experience with Fisher & Paykel Healthcare, and he has helped deliver significant revenue and earnings growth in our North American business.

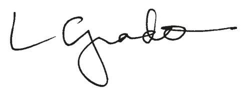
ACKNOWLEDGEMENTS

Our Chair Scott St John has announced his intention to retire from the Board following the annual shareholders' meeting in August. We are grateful for Scott's guidance throughout the pandemic and during an exciting time of growth. Current director Neville Mitchell has been elected to succeed Scott as Board Chair. Neville has a strong track record in the medical devices industry, and we look forward to his leadership over the next phase.

LASTING FOUNDATIONS

For more than 50 years, we have been developing innovative solutions, working with clinicians and expanding our global footprint. We have amassed an impressive portfolio of products, built strong relationships with customers, and invested in new land and infrastructure. Looking ahead, lasting foundations are in place for sustainable, profitable growth over the long term.

In closing, I am pleased with our performance this year and want to thank the people of Fisher & Paykel Healthcare, as well as our customers, suppliers and clinical partners — what we do matters. I also want to thank our shareholders for your continued support.



Lewis Gradon
Managing Director and
Chief Executive Officer

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THE COMPANY

Our company

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.

Established in New Zealand in 1969, our business was built on a vision to emulate the body's natural humidification processes. It all started with Dr Matt Spence, an intensive care specialist at Auckland Hospital, who noticed his patients on mechanical breathing machines were suffering from dry and infected tracheas.

For help solving the problem, he turned to Alf Melville, a government electrical engineer, and Dave O'Hare, a senior engineer with appliances company Fisher & Paykel Industries. The three collaborated to find an innovative solution, and the result was a prototype humidifier made from a humble fruit preserving jar, which was then designed and manufactured by a small team at Fisher & Paykel Industries.

The first respiratory humidifier was sold in 1970 and was marketed internationally.

By 1990, the medical division of Fisher & Paykel Industries had been renamed Fisher & Paykel Healthcare, and its annual sales had grown to $29 million. In 2001, the appliances business divested, and Fisher & Paykel Healthcare became a separate company listed on the New Zealand and Australia stock exchanges.

Over time, the Fisher & Paykel Healthcare portfolio has expanded to other clinical applications, including products for noninvasive ventilation, high flow therapy, surgery and the treatment of obstructive sleep apnea.

Our medical devices and technologies help clinicians deliver the best possible patient care in over 120 countries worldwide. They enable patients to transition into less-acute care settings, recover more quickly and avoid more serious conditions.

IMPACTING PATIENTS IN
120+
COUNTRIES

50+
COUNTRIES WITH F&P PEOPLE

21
GLOBAL DISTRIBUTION CENTRES

OUR GROWTH OVER THE YEARS

1969	1977	2000	2001	2009	2013	2019	2020	2023
First respiratory humidifier prototype developed	Medical division of F&P Industries established	New Zealand headquarters inaugurated at East Tāmaki, Auckland	F&P Healthcare separately listed on NZX and ASX	Tijuana, Mexico manufacturing facility set up	Sales revenue reaches $500 million	Sales revenue surpasses $1 billion	F&P products and therapies help fight COVID-19 pandemic	Guangzhou, China manufacturing facility established

Our culture, values and beliefs

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.

How our business works

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, 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

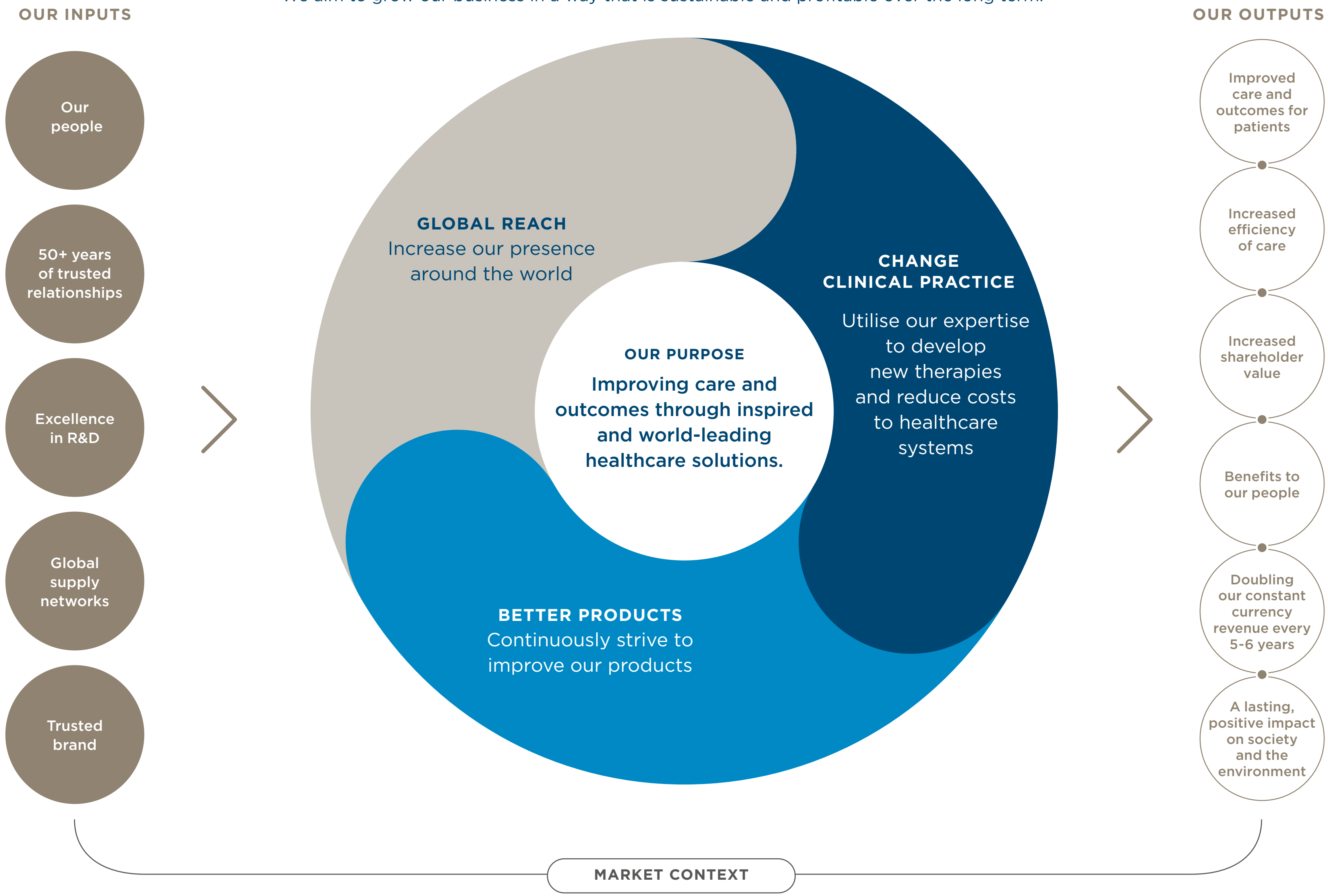
We have distribution centres located around the world and a network of distributors. We prioritise sustainable and cost-effective methods of transportation. We source materials from all over the world and look for socially responsible partners to support our growth.

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.



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

What matters most

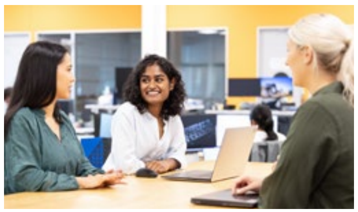
Investors and other stakeholders are increasingly using non-financial information on other material topics to make decisions. Those include trends and risks that could affect a company's long-term value, such as climate change, as well as the economic and social impacts of doing business.

During the 2024 financial year, we worked with an independent consultant, thinkstep-anz, to update and validate our assessment of material topics. Thinkstep-anz obtained feedback by conducting surveys with internal and external stakeholders, including our Board, senior managers, investors, suppliers, customers and clinicians. Participants were asked to assess a selection of material topics and rank their importance to F&P. 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. In this latest exercise, we added a new material topic: 'climate-related business risk', which is defined as understanding and adapting to impacts that Fisher & Paykel Healthcare might experience in a changing climate and transition to a low-carbon economy.

The result is an updated materiality assessment informed by the principles of the 2021 GRI Sustainability Reporting Standards. Within this framework, 'materiality' differs from financial and audit interpretations and NZX/ASX definitions of material information.

The five topics of highest interest were: patient safety; product quality; employee health, safety and wellbeing; innovation; and sustainable financial performance. These are shown in the upper right quadrant of our updated materiality matrix.

OUR STAKEHOLDERS



EMPLOYEES

CUSTOMERS

INVESTORS

CLINICIANS

SUPPLIERS

COMMUNITIES

Materiality matrix

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 in this section.

GOAL 3:

Ensure healthy lives and promote wellbeing for all at all ages

3 GOOD HEALTH AND WELL-BEING

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. More than 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 OSA 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.

GOAL 8:

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

8 DECENT WORK AND ECONOMIC GROWTH

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 employed person.	We are a major proponent of research and development and in the 2024 financial year invested 11% of annual revenue into R&D. We have more than 900 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 total employment, by sector and sex.	We are a significant employer, with a team of 7,031 permanent and 137 temporary employees (as at 31 March 2024). We are an equal opportunity employer that values workplace diversity. Of our full-time permanent employees, 54% are women and 46% are men.

GOAL 12:

Ensure sustainable consumption and production patterns

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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.	Aligned with the goals of the Paris Agreement to limit global warming to 1.5 degrees Celsius, we have set science-based targets for our Scope 1 and 2 emissions. We are also working with our suppliers to set their own targets. We recognise the overall importance of water and other natural ecosystems. In water-scarce regions we apply good water stewardship practices such as rainwater harvesting and closed-loop water systems, and have established a 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 2024 financial year, we diverted 1,348 cubic metres of waste from landfill. Our recycling efficiency rate was 53%. We also have over 100 product development engineers across the company involved in our Ecodesign initiative, which is focused on sustainable packaging, bio-based plastic technology and sustainable procurement.

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 Chairman of ANZ Bank New Zealand Limited and Mercury Limited, and a director of the ANZ Group Board and NEXT Foundation. 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 and 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 41-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 and the Medical Research Commercialisation Fund. 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 29 August 2023.

Pip is the Chair of Westpac New Zealand Limited and also Chair of The a2 Milk Company Limited. Pip was a partner at Russell McVeagh between 2001 and 2019 and served as the firm's Board Chair. She has advised on many high-profile corporate transactions. Pip also served as a member of the New Zealand Takeovers Panel from 2007 to 2011.

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 The University of Sydney, Studiosity, Nanosonics and Baymatob. She 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.

Graham McLean

Non-executive director

TERM OF OFFICE:

Appointed October 2023.

Graham is a director and CEO of CleanSpace Technology and the Chair of Universal Biosensors. Graham previously spent 16 years as an executive at leading medical device manufacturer Stryker Corporation, most recently as President of the Asia Pacific region situated in Hong Kong and Singapore. Prior to joining Stryker, Graham had finance, audit and commercial positions at Lion Nathan, McVitie's and Unilever.

Bachelor of Science – Geography

COMMITTEE RESPONSIBILITIES:

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 director of Sonic Healthcare and Sigma Healthcare, and is a former director of The Board of Tax, South Eastern Sydney Local Health District, Osprey Medical and Sirtex Medical. 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.

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 the Dodd-Walls Centre for Photonic & Quantum Technologies, and CEO of Orbis Diagnostics. In 2010, Cather established the Photon Factory at the University of Auckland, from which she co-founded 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 41-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. He received his Bachelor of Science degree in physics from the University of Auckland, New Zealand.

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 and a graduate of the Australian Institute of Company Directors. She received her Bachelor of Economics degree from Macquarie University, Australia and Master of Business Administration degree from Pepperdine University in the United States.

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.

Justin Callahan

Vice President
– Sales & Marketing

Justin was appointed Vice President – Sales & Marketing in April 2024. He has held several roles in sales management after joining Fisher & Paykel Healthcare in Australia in 1988. Justin took up the mantle as President – North America in 1996, delivering significant revenue and earnings growth in our largest market during his tenure. Most recently, Justin served as President – North America & Europe.

Andy Niccol

Chief Operating Officer

Andy Niccol was appointed Chief Operating Officer in April 2024. Prior to that, he served as General Manager – Respiratory Humidification from October 2020 and General Manager – Infant Care from December 2015 to September 2020. Andy has held a number of roles spanning research and development, sales and global original equipment manufacturer (OEM) partnerships, since joining Fisher & Paykel Healthcare in 2001. Andy received his Bachelor of Engineering (Mechanical) degree with honours from the University of Auckland, New Zealand.

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 degree from the University of Auckland, New Zealand.

Brian Schultz

Vice President – Quality,
Safety & Regulatory Affairs

Brian was appointed Vice President – Quality, Safety & 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 in the 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.

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 degrees from the University of Auckland, New Zealand.

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, New Zealand.

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, New Zealand.

Raelene Leonard

General Counsel & Company Secretary

Raelene was appointed General Counsel in March 2019, assumed Company Secretary responsibilities in October 2021 and joined the Executive Management team in April 2024. She joined Fisher & Paykel Healthcare in 2016, bringing with her a wealth of legal experience gained across Asia Pacific and Europe. Raelene received her Bachelor of Laws and Bachelor of Commerce degrees from Victoria University of Wellington, New Zealand.

Desh Edirisuriya

General Manager – New Zealand Operations

Desh was appointed General Manager – New Zealand Operations and joined the Executive Management team in April 2024. He has been with Fisher & Paykel Healthcare since 2000. Over that time, Desh has held various roles in business excellence, manufacturing operations and product development, including leading the company's response to COVID-19 and embedding our culture of continuous improvement. Most recently, he served as General Manager – NZ Manufacturing Operations & Business Excellence. Desh holds a Bachelor of Engineering (Mechanical) from the University of Auckland, New Zealand.

Malena Ortiz

General Director – Mexico Operations

Malena was appointed General Director – Mexico Operations in October 2020 and joined the Executive Management team in April 2024. Since starting at Fisher & Paykel Healthcare in 2011, she held various roles in manufacturing operations overseeing the establishment and rapid expansion of the company's presence in Mexico. Malena previously held the position of Plant Director – Mexico. Prior to joining Fisher & Paykel Healthcare, Malena worked for Covidien (now Medtronic) in cost accounting. Malena holds a Bachelor of Accounting degree from Univer University and a Master of Management degree from Panamerican University, Mexico.

3

OPERATING SUSTAINABLY

People

Our purpose is brought to life by our people every day. We invest in good people who want to make a positive lasting impact – people who value long-term relationships, innovation and real human connections.

In this section we highlight some of the ways we create a positive and inclusive culture, empower our people to keep growing their knowledge and skills, and provide a safe, healthy and enjoyable work environment.

Talent attraction and retention

We seek to build a pipeline of talented people, from interns and graduates to senior technical and leadership positions. We believe in giving all employees every opportunity to learn, grow and advance toward their full potential, and rewarding them for their contribution to our success. Our aim is to build a team of good people doing good work with intent.

A key part of our talent strategy begins with intern and graduate recruitment where we work closely with local tertiary institutions. We participate in career expos and engage on social media to recruit talent in a broad range of functions such as engineering, marketing, finance and ICT. We continue to sponsor student events and engineering societies to increase our brand awareness and build strong partnerships.

During the 2024 financial year, we implemented a number of improvements to our recruitment and selection process including many focused on diversity, equity and inclusion, such as offering candidates new options for communicating their skills and experience. We saw a 35% increase in intern applications over the previous financial year.

In New Zealand, we recruited 153 interns for the summer, and 71% of the new graduate roles for 2024 were filled by previous interns. We also welcomed three high school student interns through a collaboration with the Fisher & Paykel Healthcare Foundation and two of its funding partners. This year, nine early career marketers participated in our Early Careers Marketing Programme, gaining specialised knowledge, networking and mentorship in marketing.

Our marketing graduates connected with VPs Jonti Rhodes and Andrew Somervell (back row, second and third from left) to gain insights into their career journeys at F&P.

TALENT ATTRACTION IN NEW ZEALAND

35%

INCREASE in intern applications

153

INTERNS recruited

71%

HIRED AS GRADS from previous year interns

RETAINING TALENT IN NEW ZEALAND

35%

OF OPEN ROLES filled by existing employees

Retaining our people

Our commitment is to provide our people with ways to learn, develop and progress their careers, and reward them for their contribution over the long term. 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.

As outlined in the Remuneration section, we aim to reward our people fairly based on individual performance and contribution, the size of their role and the market context. Employee remuneration is reviewed annually, and employment arrangements can be tailored to meet individual needs.

In addition to regular pay, we offer a discretionary profit share scheme payable every six months. During the 2024 financial year, the total profit share pool amounted to $9 million and was divided among employees who met the qualifying criteria.

In New Zealand, Australia, the United States and Canada, we offer an employee share purchase scheme whereby our people may purchase shares at a discount. During the 2024 financial year, over 2,200 eligible employees participated.

In the 2024 financial year, 35% of open roles at our New Zealand campus were filled by existing employees. Globally, employee turnover was down compared with the previous financial year, as shown in the tables on page 39.

Workforce composition

The tables below provide insight into the composition of our workforce by headcount as at 31 March 2024, and into hire rates and retention rates.

People numbers

BY REGION

	FY2023		FY2024	
Region	Permanent	Temporary	Permanent	Temporary
New Zealand	3,515	37	3,474	91
Mexico	1,686	83	2,265	27
Rest of World	1,248	15	1,292	19
Total	**6,449**	**135**	**7,031**	**137**

BY GENDER

	FY2023		FY2024	
Gender	Permanent	Temporary	Permanent	Temporary
Women	3,308	84	3,789	81
Men	3,106	51	3,205	54
Gender diverse	7	0	8	0
Not specified/Prefer not to say	28	0	29	2
Total	**6,449**	**135**	**7,031**	**137**

BY NATURE OF ROLE (full-time and part-time*)

	FY2023		FY2024	
Gender	Full-time	Part-time	Full-time	Part-time
Women	3,272	36	3,757	32
Men	3,085	21	3,185	20
Gender diverse	7	0	8	0
Not specified/Prefer not to say	27	1	28	1
Total	**6,391**	**58**	**6,978**	**53**

* 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 age

The table below shows the age ranges of our people among our Board members, senior executives, management and all employees as at 31 March 2024.

	FY2023			FY2024		
	Under 30 years old	30 – 50 years old	Over 50 years old	Under 30 years old	30 – 50 years old	Over 50 years old
Board	0	0	8	0	0	8
Senior executives[1]	0	7	4	0	7	4
Management (VP-1)[2]				1	45	16
All employees[3]	**1,650**	**3,660**	**1,139**	**1,843**	**3,948**	**1,240**

	FY2023			FY2024		
	% Under 30 years old	% 30 – 50 years old	% Over 50 years old	% Under 30 years old	% 30 – 50 years old	% Over 50 years old
Board	–	–	100%	–	–	100%
Senior executives[1]	–	63.6%	36.4%	–	63.6%	36.4%
Management (VP-1)[2]				1.6%	72.6%	25.8%
All employees[3]	**25.6%**	**56.7%**	**17.7%**	**26.2%**	**56.2%**	**17.6%**

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. This is the first year we have reported them as a separate category.

3 Temporary employees are not included in the above numbers.

Hire rates*

BY REGION

	FY2023		FY2024	
Region	New employees	Hire rate	New employees	Hire rate
New Zealand	530	15%	331	10%
Mexico	327	19%	763	34%
Rest of World	256	21%	213	17%
Total	**1,113**	**17%**	**1,307**	**19%**

BY GENDER

	FY2023		FY2024	
Gender	New employees	Hire rate	New employees	Hire rate
Women	561	17%	839	22%
Men	526	17%	458	14%
Gender diverse	3	–	–	–
Not specified/ Prefer not to say	23	–	10	31%
Total	**1,113**	**17%**	**1,307**	**19%**

BY AGE GROUP

	FY2023		FY2024	
Age group	New employees	Hire rate	New employees	Hire rate
Under 30 years old	520	31%	670	35%
30 – 50 years old	522	14%	582	15%
Over 50 years old	71	6%	55	5%
Total	**1,113**	**17%**	**1,307**	**19%**

* Hire rate is the number of permanent employees hired divided by total headcount for that region or category.

Employee turnover rates

BY REGION

	FY2023		FY2024	
Region	Number of leavers	Turnover rate	Number of leavers	Turnover rate
New Zealand	448	13%	390	11%
Mexico	748	44%	472	21%
Rest of World	188	15%	171	14%
Total	**1,384**	**21%**	**1,033**	**15%**

BY GENDER

	FY2023		FY2024	
Gender	Number of leavers	Turnover rate	Number of leavers	Turnover rate
Women	778	24%	541	14%
Men	601	19%	486	15%
Gender diverse	–	–	1	14%
Not specified/ Prefer not to say	5	–	5	17%
Total	**1,384**	**21%**	**1,033**	**15%**

BY AGE GROUP

	FY2023		FY2024	
Age group	Number of leavers	Turnover rate	Number of leavers	Turnover rate
Under 30 years old	615	37%	419	22%
30 – 50 years old	677	19%	524	13%
Over 50 years old	92	8%	90	7%
Total	**1,384**	**21%**	**1,033**	**15%**

Learning and leadership development

Our learning and leadership development approach incorporates experiential learning, online learning, workshops and self-paced development activities – all underpinned by a culture of coaching.

One of the first learning opportunities is our welcome induction, where new hires gain essential knowledge about our purpose, values, policies, and requirements for working in a medical device company. In the 2024 financial year, 382 employees were inducted in New Zealand.

Employee development

Throughout their careers, we provide our people with opportunities to continue learning and earning qualifications. Learning options include general workplace skills, digital skills, technical qualifications, clinical education and formal diplomas and degrees.

Below are some highlights from the 2024 financial year.

- In New Zealand, we recorded 11.5 average training hours per salaried employee.
- 46 Mexico employees completed skills training in public speaking, coaching and labour management, and 10 completed national trade certifications through the National Council for Standardization and Certification of Labor Competencies.
- More than 20 New Zealand employees gained skills in communication and numeracy and 18 were trained at our new injection moulding training centre.
- Two cafeteria assistants graduated as fully qualified chefs from the New Zealand Qualifications Authority, and two chefs earned assessors' certificates.
- We sponsored 12 employees to complete a Master of Medical Engineering degree at the University of Auckland in New Zealand.
- In Mexico, we partnered with local universities to sponsor six employees working toward engineering, business and finance degrees.

Leadership development

We provide new and experienced managers with guidance, resources and tools to become better leaders through classroom-based learning, workshops and online platforms. Topics include situational leadership, coaching, emotional intelligence, resilience, continuous improvement, personal efficiency and leadership essentials.

During the 2024 financial year, our New Zealand team held 66 leadership learning sessions with a total attendance of 724 people. Our team in Australia hosted six global leadership forums, with over 250 senior leaders participating.

Performance feedback

Our coaching culture is fundamental to our way of working and helping our people be better at what they do.

Our focus is on managers and their team members having regular coaching conversations, in the moment and throughout the year, to recognise recent successes and provide feedback on opportunities for improvement. These moments help to unlock solutions, embed our culture and help our people reach their full potential and contribute over the long term. These conversations guide decisions on contribution ratings and assessments, which happen formally once a year.

LEADERSHIP DEVELOPMENT

724

PEOPLE attended Leadership learning across 66 sessions

6

GLOBAL leadership forums hosted by our team in Australia

Insights into hospital environments

Employees attend a learning session at the Simulation Centre for Patient Safety at the University of Auckland, New Zealand.

Developing new products requires a deep understanding of the hospital environment. Our research and development teams visit hospitals regularly to engage with experienced doctors, nurses and respiratory care specialists around the world to understand their needs and challenges, and to grow their knowledge of care environments across neonatal, pediatric and adult specialities.

Some of our products are used to support patients in the intensive care units, where it can be challenging for observers to be present. To help our people gain practical insights into these environments, we also run simulations with hospitals and universities. In a typical simulation, hospital caregivers demonstrate a relevant task using our products, while our teams practise the task, record and question the caregiver to clearly understand their process.

Diversity, equity and inclusion

To achieve our purpose, we nurture a culture that is collaborative, open, diverse, honest and inclusive – a place where everyone can find belonging. Our approach is to embed diversity, equity and inclusion (DEI) into everything we do by implementing the following fundamentals:

- A global approach encompassing all demographics, identities, backgrounds and experiences
- High performing teams built with the best possible people, free of bias, unconscious or otherwise
- An environment where people are empowered to take an active role in DEI
- A positive and inclusive culture based on trust and respect
- Supporting brighter and healthier communities through care and collaboration.

We review the effectiveness of our DEI Procedure annually and monitor our performance against it, reporting to the Board any recommended changes to our measurable objectives, strategies or the way in which they are implemented.

During the 2024 financial year, we made considerable progress toward our DEI objectives, and this was acknowledged by our Board of directors. The highlights included:

- Gathering insights and progressing actions in our international regions
- Analysing recruitment strategies and data
- Compiling ethnicity data to inform future initiatives
- Reporting our overall gender pay gap in New Zealand for the first time.

IDEA Council and employee-led networks

At our largest campus in New Zealand, our Inclusion, Diversity, Equity and Awareness (IDEA) Council helps to progress work in DEI. During the 2024 financial year, the IDEA Council provided input into our updated DEI Procedure and advised on ways to embed DEI into key business initiatives.

Our employee-led networks help to create an environment where our people feel safe and valued. During the 2024 financial year, a new employee-led network called ReThink was launched to provide awareness and support around neurodiversity, and we look forward to seeing them develop the network.

Spectra

Spectra is our employee-led network for our rainbow communities. During the 2024 financial year. Spectra engaged more than 250 employees in rainbow inclusion through awareness events and training. In February, the group celebrated Pride Month through four events, which included rainbow awareness 101 sessions, a fundraiser for rainbow mental health charity OutLine, and a drag bingo social event.

Employees attend a Rainbow 101 awareness session.

Manaaki

Manaaki supports people of Māori heritage to develop their leadership skills and cultural connection. During the 2024 financial year, the Indigenous Leadership Programme continued its third cohort, with 18 participants of Māori or Pasifika heritage undertaking wānanga (learning sessions), coaching and group projects. Completed projects included hosting a student open day on campus and a printed guide showcasing learning and development courses and employee communities. Manaaki also hosted a learning session that explored Te Tiriti o Waitangi (the Treaty of Waitangi) through the eyes of author, Māori language advocate and artist Sir Haare Williams (Tuhoe, Rongowhakāta, Ngāti Porou), after his recent artistic exhibition on the history of the Waikato area.

Hamish Campbell (Ngāti Raukawa ki te Tonga) and James Milne (Ngāti Awa, Waikato Tainui) of Manaaki present a koha (gift) to Sir Haare Williams (centre). The koha was handcrafted from recycled rimu wood by James Milne.

WiEng

WiEng supports and empowers women in technical roles. This year WiEng doubled its size to more than 300 members. The group held eight networking and learning events including a speaker panel where employees who are mothers discussed their experiences.

For International Women's Day, WiEng held a workshop called Investing in Women, covering topics such as wealth, education, culture and healthcare.

Gender diversity

The table below shows gender diversity among our Board members, senior executives, senior management and all employees as at 31 March 2024. The table does not reflect the addition of new members to the Executive team which took effect from 1 April 2024.

	FY2023						FY2024					
	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, 4]	17	45	–	27.4%	72.6%	–	16	46	–	25.4%	73.0%	–
All employees[3, 4]	3,308	3,106	7	51.5%	48.4%	0.1%	3,789	3,205	8	53.9%	45.6%	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 employees are not included in the above numbers.
4 Employees who have not specified their gender are not included in the above numbers.

Gender pay equity

Fisher & Paykel Healthcare has been reporting on gender pay equity since 2017. Gender pay equity is about making sure people are paid fairly regardless of their gender. We continue to monitor this on a regular basis across our global locations.

Like-for-like gender pay gap

The like-for-like gender pay gap is the difference between the mean pay of men and women in like-for-like roles. 'Like-for-like' comparisons consider the type and size of roles and experience.

The like-for-like gender pay gap measures whether men and women receive equal pay for equal work. We previously reported our like-for-like gender pay gap as our gender pay ratio. Starting this year, we have included only salaried roles when we measure our like-for-like gender pay gap. Pay rates for our people covered by a collective agreement are fixed, based on skills and position, so there is no difference in pay within like-for-like roles.

SALARIED EMPLOYEES LIKE-FOR-LIKE GENDER PAY GAP	FY2023	FY2024
New Zealand	1.4%	0.7%
International regions	3.4%	4.6%

Note: This table differs from the gender pay ratio we reported in FY2023.

The data in the table above reflects the like-for-like gender pay gap at a single point in time. We regularly monitor this metric and take action as needed to ensure all employees are paid fairly regardless of gender.

Overall gender pay gap – New Zealand

During the 2024 financial year, we committed to reporting our overall gender pay gap for employees based in New Zealand. The overall gender pay gap measures the difference in median pay between men and women. It does not take into account the nature of the role or the type of work done. As at 31 March 2024, our overall gender pay gap was 36%.

Our overall gender pay gap is shaped by the composition of our workforce, and it is influenced by the distribution of men and women across the business. At Fisher & Paykel Healthcare, a higher proportion of men occupy higher-paying roles such as engineering while a higher proportion of women are employed in manufacturing roles.

Human rights

Fisher & Paykel Healthcare fully supports the principles in the United Nations Declaration on 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. We seek to uphold human rights in all business activities.

Our team in Mexico continued to progress initiatives to help ensure everyone is treated with dignity and respect. The team provided training on women's rights, diversity and inclusion, and non-discrimination. Through our Integrity Protection Committee, 70% of our Mexico employees were trained on how to identify, prevent and report sexual or workplace harassment. We also engaged local government agencies in Mexico to provide specialised services in psychological counselling, gender violence support and addiction treatment for our people.

Employees received support through a collaboration with the Municipal Institute for Women, which offers care for victims of violence; the Women's Justice Center, which offers legal counsel and complaints services; and the Municipal Institute Against Addictions, which provides psychological and addiction counselling.

Collective bargaining agreements

Our people have the freedom of association to negotiate work relations effectively. We support sound collective bargaining practices to help ensure employees have an equal voice in negotiations and that the outcome is fair and equitable for everyone. In the 2024 financial year, 39% of our global employees were covered by collective bargaining agreements.

In December 2023, Fisher & Paykel Healthcare agreed on a new collective employment agreement with the representative unions in New Zealand. The new agreement is effective for three years, which offers our people more stability and job security. Our Mexico team completed collective agreement negotiations with their representative unions in February 2024.

Health and safety

Providing a safe, healthy and enjoyable work environment is a fundamental way we care for our people and enable them to deliver their best work.

During the 2024 financial year, we completed a number of initiatives focused on continuously improving the safety of work across the company. Across our major global operations, we refreshed our critical risk assessments for nine work activities. These focused on understanding and improving what we must have in place and functioning well to ensure that our people can work safely. The outcome of our efforts is a risk-based approach to managing health and safety risks.

In New Zealand, we reviewed our contractor management processes and identified opportunities to improve our risk assessment and monitoring processes undertaken by contractor managers. Our intention is to begin implementing these improvements in the 2025 financial year.

We also made enhancements to the processes that support injury and illness rehabilitation for our employees in New Zealand. These improvements have established reliable and effective processes and tools that enable employees to recover safely and return to contributing their best.

In Mexico, we received certification in the Entornos Laborales Seguros y Saludables (Safe and Healthy Workplace Environments) programme. This voluntary programme provides us with preventative strategies and actions designed to improve the health, safety and wellbeing of our people. In addition, we completed medical assessments for 81% of employees who perform manual material handling as part of our ergonomic assessment programme this year.

The occupational health clinics at our New Zealand and Mexico campuses continue to provide specialist support and advice to help our people identify, prevent and manage the effects of work on their health. Services include new starter health checks, occupational physiotherapy, rehabilitation support, vaccination services, nutrition management and health monitoring.

At our campus in Tijuana, Mexico, we organised a range of health campaigns in the 2024 financial year for our people and their families. These included breast cancer screening, cervical cancer screening, flu vaccination, eye checks and clinical health analysis. Our on-site weight loss programme supported 542 employees to shed a total of 597 kilograms. We also worked with our cafeteria team to provide healthier meal options for our people.

Health and safety data

INJURY RATES BY YEAR (per million hours worked)

Injury Rates	2023	2024
TRIFR[1]	1.42	3.37
LTIFR[2]	1.00	2.65

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	
	2023	2024	2023	2024	2023	2024
TRIFR	1.52	6.71	0.28	0.00	2.78	1.51
LTIFR	1.52	5.47	0.00	0.00	1.19	0.75
Fatality	0	0	0	0	0	0
Serious injury	0	0	0	0	0	0
Lost time injury	9	32	0	0	3	2
Medical treatment injury	0	3	1	0	4	2
Restricted work injury	0	5	0	0	0	0
First aid injury	154	163	18	26	7	11
Pain and discomfort	144	195	6	3	7	8

A contributing factor to the increase in the injury rates for New Zealand was the change to operating a more flexible manufacturing workforce in New Zealand, which commenced at the end of the 2023 financial year. This means that employees work in different manufacturing areas based on product demand and resourcing requirements, rather than working in only one manufacturing area. We are developing a company-wide ergonomic risk management strategy and tactics to mitigate this risk.

Mental health and wellbeing

Alongside physical health and safety, we understand the importance of mental health and wellbeing in helping our people work well and live better.

Our employees worldwide and their immediate family members have access to a confidential Employee Assistance Programme (EAP) to address their mental health needs. At our New Zealand and Mexico campuses, we have psychologists available at our occupational health clinic to provide counselling for employees.

During the 2024 financial year, we completed the pilot for our Hei Oranga Hinengaro Mental Wellbeing Champion Network in New Zealand. An initial cohort of 46 employees have been trained to facilitate wellbeing conversations and encourage our people to use wellbeing support and EAP services. The pilot was a success and will be rolled out across the New Zealand campus.

In Mexico, we supported more than 200 people by providing psychological counselling consultations on site. In addition, we provided off-site assistance to 60 people and 80 family members with mental health needs through our collaboration with the Tijuana Mental Health Hospital.

During the 2024 financial year, we installed free period products into bathrooms across our New Zealand campus. Providing free period products is a small, yet impactful step towards creating an inclusive and caring work environment, supporting the wellbeing of our people, and ensuring our people have access to products to manage their periods with dignity and ease.

SUPPORTING OUR PEOPLE

EAP

GLOBAL ACCESS for our employees and immediate family to access a confidential service for mental health needs

46

TRAINED to facilitate wellbeing conversations, a successful pilot, now to be applied across the NZ campus

200

PLUS Mexico employees supported with psychological counselling consultations on site

Free

PERIOD PRODUCTS installed in bathrooms across our NZ campus

Community

We are committed to supporting our local communities and building trusted, long-term relationships to create better outcomes for all. We believe this will help us create a positive lasting impact on society and the environment.

The medical devices and therapies we provide have a direct impact on improving millions of people's lives around the world. Our community work focuses on funding clinical research, improving access to healthcare, promoting science education and supporting local environmental initiatives. We also foster sustainable partnerships with tāngata whenua (Māori) and maintain a principled and viable tax strategy.

In New Zealand, many of our philanthropic activities are coordinated and funded by the Fisher & Paykel Healthcare Foundation. In other countries, our people select and sponsor local community initiatives that connect to our purpose.

This section features some of the ways we seek to build brighter and healthier communities through care and collaboration.

Fisher & Paykel Healthcare Foundation

Set up as a registered charitable entity in March 2021, the Fisher & Paykel Healthcare Foundation's purpose is supporting healthier communities. 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.

Foundation initiatives and highlights of FY24

The focus of this year was to strengthen existing partnerships as well as improve understanding of the impact of its support, as the Foundation continues to evolve and fulfil its purpose.

In FY24, the Foundation provided $1.125 million in grants and donations to 15 community organisations, of which 11 are multi-year partners and three were associated with specific events. Fisher & Paykel Healthcare employees organised volunteers to assist with some of these events.

FY24 FOUNDATION SUPPORT

$1.125M

IN **GRANTS AND DONATIONS** TO

15

COMMUNITY ORGANISATIONS,
OF WHICH 11 ARE MULTI-YEAR PARTNERS

Students at a panel discussion on career pathways hosted by experienced F&P professionals during the Day in the Life event.

Day in the Life at F&P

This event was envisioned to support the purpose of the Foundation's partner organisations in increasing the representation of Māori and Pacific young people in Science, Technology, Engineering and Mathematics (STEM).

In October 2023, the Foundation hosted 30 students and six teachers from South Auckland and Waikato high schools for a day at the F&P Auckland campus. These students were interested in STEM careers and empowered by partner organisations Pūhoro STEMM Academy, Kiwibots and First Foundation. Over 30 volunteers from F&P contributed 180 hours to bring this event to life.

Students participated in interactive panel discussions, simulations and group activities, and gained insights into career pathways listening to Māori and Pacific engineers share their personal journeys that led them to work in technology.

Some of the graduates of the Whānau Hotaka Programme organised by Kura Cares Charity.

Kura Cares Charity

This charity aims to improve the lives of whānau (family) in low-income areas by focusing on hauora (health) principles, which include mental, spiritual and physical health, and the importance of family. It supports Māori and Pacific families in South Auckland by providing essential capability programmes to help lift them out of poverty, with the aim of building stronger communities for the future and reducing income inequality.

Following its contribution in FY23 and noting the progress made with over 40 graduates and 90% graduation rate from their Whānau Hotaka Programme teaching financial literacy, the Foundation renewed its funding to Kura Cares in FY24 for an additional three years to a total value of $167,727. This will help the charity extend the reach of this programme.

40+

GRADUATES and 90% graduation rate from the Whānau Hotaka Programme teaching financial literacy

Fibre Fale

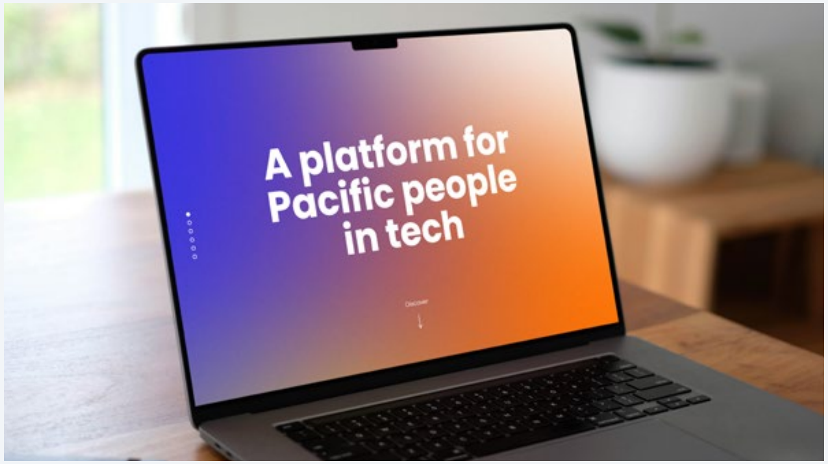
A purpose-led collective founded to create pathways for Pacific people in tech, Fibre Fale designs and delivers programmes and platforms to build skills, nurture belonging and provide support for the community at every stage in their tech journey.

In FY23, the Foundation contributed $150,000 to develop content for the Tautai Tech skills series and Tautai Tech industry podcasts, as well as Fibre Fale fonos, networking events for South Auckland Pacific people. These initiatives saw over 1,000 Pacific people engage at these events and 2,398 followers connect across their social platforms.

1,000+

PACIFIC PEOPLE engaging at Fibre Fale events and 2,398 followers across social platforms

In FY24, the Foundation decided to renew funding to Fibre Fale for an additional three years to a total value of $389,649. This will support salary costs for Fibre Fale to continue growing and streamlining their tech-oriented offerings, enable Pacific people to have digital equity and encourage them to enter the digital tech industry.



Māori Child Health Research Collaborative

The Collaborative aims to enable equitable health outcomes for Māori children. It runs equity-based research projects out of Kidz First Children's Hospital in South Auckland, offers summer studentships to Māori and Pacific medical students, and supports research fellowships for Māori and non-Māori medical professionals committed to improving health outcomes for Māori children.

The Foundation has committed funding to the Collaborative for eight years to the value of $600,000, with the partnership currently in its third year. Funding has so far supported 19 summer studentships, and the qualification of one nurse practitioner, alongside a range of fellowships focused on equity-based research projects.

The Foundation's previous funding for the Implicit Bias research project resulted in an ongoing development programme and resources integrated into Kidz First Children's Hospital during the 2024 financial year.

2023 summer studentship graduates at Kidz First Children's Hospital, Auckland.

New independent trustees appointed

In February 2024, the Fisher & Paykel Healthcare Foundation welcomed Rachel Petero and Dr Mataroria Lyndon as new independent trustees to the Board.

New trustees Dr Mataroria Lyndon and Rachel Petero.

Dr Mataroria Lyndon (Ngāti Hine, Ngāti Whātua, Ngāti Wai, Waikato)

Mataroria is a clinician and academic who has a number of governance roles spanning health, academics and sport, including the board of Te Aka Whai Ora Māori Health Authority and Pūtahi Manawa Centre of Research Excellence for heart health. Dedicated to health equity, he was previously Deputy Chair of Te Hiringa Hauora Health Promotion Agency NZ and a board member of the Northland District Health Board. Mataroria is also the co-founder of Tend Health and a senior lecturer in medical education at the University of Auckland.

Rachel Petero (Waikato Tainui – Ngāti Tamaoho, Ngāti Whawhakia, Ngāti Te Ata, Ngāti Tahinga)

Rachel is an entrepreneur, author and advocate for gender equity, diversity and inclusivity through her leadership roles in governance, business and community development. She serves as the co-chair of Te Ohu Whai Ao Trust, a trustee of Ngāti Tamaoho boards, vice chair of UNICEF Aotearoa New Zealand and a director of Te Rau Korimako. Rachel founded Rise Global to empower indigenous women and holds a mana whenua advisory position for Otara Bluelight Committee's Te Huringa o te Tai o ngā Wāhine programme for young Māori and Pacific girls.

Developing partnerships with tāngata whenua (Māori)

Fisher & Paykel Healthcare supports local Māori communities in line with the principles of Te Tiriti o Waitangi (the Treaty of Waitangi). We value the unique ancestral, cultural, customary and historical knowledge and expertise of tāngata whenua (indigenous people of New Zealand) to help us create a positive lasting impact on society and the environment.

Our focus this year has been building partnerships with local iwi (tribes) Ngāti Tamaoho, Ngāti Te Ata and Te Aakitai Waiohua to help inform the development of the future Karaka campus. This has included offering tours of the existing East Tāmaki campus and the Karaka land, aligning priorities and setting long-term goals. Specifically, and in line with the Māori value of kaitiakitanga (guardianship of land), the environment, water quality, the re-establishment of native species and sustainability innovations have formed the focal point of the discussions.

As we develop the Karaka land over time, our iwi partners will provide cultural inductions to increase our knowledge of its history and significance.

We are also continuing our work with Ngāi Tai Ki Tāmaki on the development of our East Tāmaki campus and have recently reestablished links with Te Aakitai Waiohua in this space as well.

Ngāti Tamaoho environment team visit our Karaka site in New Zealand.

Donations from F&P Mexico for survivors of Hurricane Otis.

Supporting communities in Mexico

This year, the Fisher & Paykel Healthcare team in Mexico joined forces with the National Council of the Maquiladora and Export Manufacturing Industry in Baja California to support the victims of Hurricane Otis, which wreaked havoc in Acapulco in the state of Guerrero. Our people in Tijuana generously donated food, clothing, medicines, bottled water and items for cleaning and personal hygiene.

Our Mexico team also ran a successful campaign in December 2023 to collect and send Christmas gifts of toys and sweets to young survivors of human trafficking through the International Network of Hearts, a charity that supports children recovering from exploitation.

Global initiatives

In addition to the Foundation-led initiatives in New Zealand, our teams across our global sites supported community initiatives linked to our purpose. In North America this year, our people raised funds to support the St. Jude Children's Research Hospital, a pediatric treatment and research facility for childhood cancer and other life-threatening diseases. F&P Australia held fundraisers during the 2024 financial year to support local charities such as the Monash Health Lung and Sleep Institute, Cancer Council Victoria and Movember for Men's Health.

The F&P North America team ahead of their fundraiser event to support St Jude Children's Research Hospital.

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 last reviewed and approved by our Board in November 2023.

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.

Suppliers

Our approach is to build trusted long-term relationships with suppliers whose values align with ours – who understand that we are all responsible for doing the right thing; complying with regulations, policies, standards and procedures; and exercising good judgement.

In this section we provide an overview of our sustainable procurement processes and how we manage modern slavery risks in our supply chains and operations globally.

Sustainable procurement

Suppliers are a vital link in our product supply value chain, which begins at the source of raw materials and ends with a customer providing patient care. We are committed to building a supply chain aligned with our approach to corporate social responsibility and environmental sustainability. We seek to maximise opportunities for companies and communities to thrive, all while promoting safe working environments and sustainable outcomes.

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 responsible sourcing process includes selecting and collaborating with suppliers who align with our values, providing education and support on relevant standards, and enabling our people to speak up in cases of non-compliance.

The raw materials and components we use to manufacture our products come from a network of suppliers around the globe. Our core products are manufactured in New Zealand and Mexico, while the raw materials and components used to manufacture them come from a network of global suppliers. A large portion originates from suppliers in Asia and North America.

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 global network. Our practices are based on and aligned with ISO 20400 for Sustainable Procurement. To support our suppliers and ensure transparency, our local teams personally interact with and visit suppliers' operations where possible.

Responsible sourcing

2,000+

TIER 1 SUPPLIERS to New Zealand and Mexico manufacturing sites

BASED IN

20+

Countries

ACROSS

4

Continents

Supplier Sustainability Conference

During the 2024 financial year, we held our first Supplier Sustainability Conference in New Zealand. Our goals were to educate suppliers on our approach to environmental and social responsibility and facilitate their alignment with our values and practices in sustainable procurement.

Around 70 local suppliers participated in sessions on collaborating to reduce our carbon footprint, including our Scope 3 emissions, and the future direction of our Supplier Engagement programme. Suppliers were presented with awards for progressing into the intermediate, proficient and advanced categories of social and environmental sustainability.

70

LOCAL SUPPLIERS participated in sessions on collaborating to reduce our carbon footprint

Overview of our supply chain

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 include our Code of Conduct, Supplier Code of Conduct, and Supplier Engagement programme. We recognise these processes do not eliminate the risk of modern slavery and continue to remain focused on raising awareness, assessing our suppliers, and supporting our suppliers to address modern slavery risks.

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, we undertake due diligence and evaluate direct suppliers that provide products or services used in our medical devices or in the manufacturing of such devices. Using a heat map, we identify the geographical regions where our suppliers are located and cross-reference the prevalence of modern slavery in those regions with the most recent Global Slavery Index.

While we source globally, a large portion of the externally procured products and services for our operations originates from suppliers in Asia and North America, with highest-risk categories being electronics and textiles. Through this heat-mapping exercise, we undertake a sustainable risk-based approach and focus first on the geographical areas of potential highest risk. To support our suppliers in high-risk 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

We are committed to building a supply chain aligned with our approach to social responsibility and sustainability. Our approach is holistic and considers economic, environmental and social factors. 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 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 survey suppliers to understand their risk profile and have on-the-ground support for suppliers in New Zealand, Mexico and China, where we have a larger presence. We have a sustainable procurement specialist based in Hong Kong to support all suppliers within the Asia region, which we have identified as having the highest potential of modern slavery. We also contract with third parties to assist with deep-dive assessments on the environmental and social responsibility impacts of our supply chain.

Our suppliers must confirm their commitment to our Supplier Code of Conduct, which was last updated in September 2022. A supplier assessment form must 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 this 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 their supply chain and operations.

We complete 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.

Our policies focused on addressing modern slavery risks

We have a number of policies and procedures that address modern slavery risks and drive our purchasing decisions. These include our Code of Conduct, Supplier Code of Conduct, Speak Up Procedure, Environmental & Social Responsibility Policy and Responsible Minerals Sourcing Procedure. These are described below.

Code 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, directors and contractors within the Fisher & Paykel Healthcare Group globally.

The Code covers 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 combating bribery and corruption. The Code has been translated into a number of different languages for our global offices. Regular 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 Code of Conduct during their induction training.

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
- 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.

Speak Up Procedure

We have a global Speak Up Procedure that sets out how actual or suspected breaches of the Code 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 so that appropriate action can be taken. We have since 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 provides greater clarity across our supply chain and ensures there can be disclosure by suppliers without reprisals.

Environmental & Social Responsibility Policy

Our Environmental & Social Responsibility Policy was introduced in February 2022, and it applies to all of Fisher & Paykel Healthcare's operations and locations. It states that 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. It sets out that 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. Our Environmental and Social Responsibility Governance group is tasked with establishing a framework to embed the Environmental & Social Responsibility Policy and enable business integration of environmental and social responsibility workstreams and initiatives, including 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 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 the ongoing process of due diligence, we steer our suppliers (and their supply chains) to source minerals from smelters validated through the Responsible Minerals Assurance Process or an alternative equivalent. Our process for responsible minerals sourcing is consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Training

All Fisher & Paykel Healthcare employees globally are required to complete regular training on our Code of Conduct. Employees working in Quality, Procurement and Sourcing receive additional training on the principles and processes we follow to manage our supply chain, including our due diligence and risk assessment and management processes and procedures.

Our assessment of the effectiveness of our approach

At Fisher & Paykel Healthcare, we are committed to reviewing our 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. We assess and address modern slavery risks as an ongoing process.

To assess the effectiveness of our efforts, we regularly report to the Board's Audit & Risk Committee. The Committee is responsible for reviewing and monitoring our environmental and social risk management framework, as well as how proposed actions are performed.

If a potential or actual modern slavery incident is identified in our supply chain or operations, it is treated in a similar way to other violations, such as a material health and safety incident. Our 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.

In the event that a supplier does not engage with us or fails to remediate a material issue, we would consider appropriate next steps, including suspending sourcing or supply of services and/or terminating the relationship.

Within our sustainable procurement framework, we have categorised suppliers to establish a baseline for each and define a course for their development. 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 their modern slavery processes and risk mitigations.

We continue to assess and support Embarking and Intermediate suppliers' development to help them achieve a Proficient status.

We are not aware of any modern slavery violations in our supply chain and operations during the 2024 financial year.

During the 2024 financial year, responsible supply chain assessments were performed through a combination of self-assessment surveys, research on suppliers' publicly available disclosures, third-party assessments, site visits and audits.

Following these assessments, 65 suppliers were engaged with, one-to-one, to support their development. Twenty-eight suppliers were subsequently upgraded within our categorisation criteria. Three suppliers were found to have potential non-compliance with local labour laws regarding benefit entitlements, payment of wages for overtime and exceeding maximum working hours. Some of these issues have been remediated during the 2024 financial year, and others have required development plans, which we have put in place.

Addressing modern slavery

Progress in FY24

- **HOSTED** an inaugural Supplier Sustainability Conference in New Zealand to educate and recognise suppliers in environmental and social responsibility
- **COMPLETED** pilot deep-dive of high-risk areas in our supply chain with third-party specialist
- **ROLLED OUT** sustainable procurement framework in Mexico
- **TRAINED** employees on modern slavery risks
- **CONDUCTED** one-to-one engagements with 65 suppliers
- **UPGRADED** the status of 28 categorised suppliers in accordance with our supplier categorisation criteria
- **COMMENCED** mapping of Tier 2 suppliers
- **PILOTED** assessment with group of Tier 2 suppliers

FY24

Focus areas for FY25 and FY26

- **CONTINUE IMPROVING** internal and external reporting and disclosure
- **CONTINUE DEVELOPING** and measuring key performance indicators to monitor effectiveness of our initiatives
- **CONTINUE TRAINING** employees on modern slavery risks
- **CONTINUE MAPPING** multiple tiers of our supply chain to obtain greater visibility of key commodities
- **DEVELOP** digital learning resources to educate suppliers on topics covered in our Supplier Code of Conduct
- **REVIEW** and update relevant supplier agreements to include specific modern slavery clauses
- **HOST** a Supplier Sustainability event in Mexico

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.

In this section we summarise our strategies to govern and manage business risks, and to ensure our products meet the expectations of patients, caregivers and regulatory authorities.

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.

Product quality and patient safety

Our products are used to treat millions of people around the world each year, so it's important that our products meet high quality standards. Our intention is that the quality of our products and processes and our good relationships with regulators provide a competitive advantage and enable better outcomes for patients.

The medical device industry is highly regulated worldwide. We strive to ensure that the quality of the products we distribute meets the expectations of patients, caregivers and regulatory authorities and facilitates market acceptance of our products.

We manage product quality with processes that drive continuous improvement throughout the lifecycle of our products. These include:

- verification and validation of product requirements to meet user needs
- 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.

Quality management for products

Our Quality Management System (QMS) incorporates processes that have an impact on product quality and regulatory compliance. Our QMS is compliant with ISO 13485:2016 Quality Management Systems for Medical Devices and meets the requirements of various international regulations. We participate in the Medical Device Single Audit Program with our QMS audited against the requirements of several global regulatory authorities.

Our QMS and related processes are continuously reviewed for ongoing improvement. We have processes in place for the regular auditing and review of the system for ongoing suitability and effectiveness. This includes the review and audit by notified bodies and regulatory agencies, to ensure continued compliance.

The Vice President – Quality, Safety & Regulatory Affairs has executive accountability for quality and regulatory affairs, and along with the executive management team, oversees the performance of the QMS to ensure it remains effective and efficient and continues to improve. The Quality, Safety & Regulatory Committee of the Board also has oversight of the QMS and receives regular quality system specific reports as part of our internal audit function.

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

Quality and safety throughout the product lifecycle

We develop high-quality products that meet the needs of patients, clinicians and caregivers. Product requirements are driven by detailed understanding of user needs. As part of the design process, products are thoroughly tested and validated to ensure they deliver on those requirements and meet applicable standards for intended use.

We ensure our manufacturing activities produce products that meet specifications through robust manufacturing technology, processes and controls. Our global product supply chain is set up to deliver products that meet customer expectations, through great relationships with our suppliers, effective inventory and distribution management, and distribution partners worldwide.

We then continue to review real-world customer experience through an extensive post-market surveillance process to ensure our products continue to deliver on customer needs. The information we gather throughout the product lifecycle is used to identify improvements to our current and future products.

Regulatory clearance for products

Prior to sales and distribution in any country, our products are verified and validated to demonstrate safety and efficacy. Our products and systems comply with relevant international standards and regulations and are reviewed and approved by various regulatory bodies. We work closely and collaboratively with regulatory authorities to ensure our products and operations meet their expectations and can enter and remain in their market.

We proactively engage with regulators in their efforts to further improve the timely delivery and access to quality medical devices, such as the Voluntary Improvement Program and Experiential Learning Program, organised by the US Food and Drug Administration (FDA).

Clinical collaboration for better outcomes

Clinical studies are an essential element in building confidence in the safety and efficacy of our products. We support clinical research that validates improvements in patient outcomes that our products can deliver. In this context, we work closely with clinicians and healthcare organisations to support their studies and identify ways in which our products can help them provide better healthcare solutions.

Fisher & Paykel Healthcare currently supports over 75 active studies. Such clinical research shows the impact of industry and healthcare providers working together to improve patient care and outcomes.

Voluntary limited recall of Airvo 2 and myAirvo 2 devices

In March 2024 we initiated a voluntary limited recall of Airvo 2 and myAirvo 2 devices manufactured before 14 August 2017. The recall related to a speaker configuration issue that may result in distorted, intermittent or inaudible alarm sound levels.

The issue does not affect the therapy delivered by the Airvo 2 or myAirvo 2 device and the devices will otherwise perform as intended; however, if the device is not monitored, and there is an interruption to therapy, a patient may experience oxygen desaturation.

We consulted with the various international regulatory authorities to initiate appropriate action in each country where Airvo 2 and myAirvo 2 devices were in use. We contacted distributors, dealers and hospitals with products subject to the recall and are replacing the affected devices returned to us at no charge to customers.

Business risk management framework

The objective of our risk management process is to identify, assess, rank and inform decisions to manage uncertainty, both positive and negative. This is achieved with processes and tools that support high-quality decision-making in complex and uncertain situations.

Our business risk management framework is focused on deriving competitive advantage through making better judgements and supporting decision-making in unpredictable environments.
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
- respond in a prompt, efficient and effective manner to future events that create uncertainty or pose a significant risk.

The risk management processes that support this framework are designed to reflect the dynamics of our business. They begin broadly with an analysis of the operating environment and then narrow to focus on strategy, followed by project execution, and lastly specific decisions.

Risk analysis

We carry out risk analysis to support material business decisions. We involve the relevant stakeholders in these evaluations and communicate the findings 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 and effectively manage 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 conduct simulations regularly to provide confidence that our framework is tested, embedded and continuously improved. During the 2024 financial year, we conducted a three-day business continuity planning simulation, which involved a range of teams across our New Zealand and Australian businesses and focused on maintaining supply of product following a disruptive event.

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 22-23, 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 performance 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 risk analysis and 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.

For climate-related risks, please refer to our Climate-related Disclosures on pages 94-114.

Governance

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

In this section we provide a summary of our corporate governance framework, processes and practices that guide our business and operations.

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 1 April 2023. 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 4th Edition (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: https://www.fphcare.com/nz/corporate/sustainability/governance/.

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.

Code of Conduct

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

The Code covers 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, combating bribery and corruption, and interactions with healthcare professionals. It also covers matters such as confidentiality, conflicts of interest and receipt of gifts.

The Code explains 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 and contractors 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 as part of our induction process, with refresher training provided at least once every three years. It has been translated into a number of different languages for our local offices and refresher training on the Code of Conduct was provided for our employees globally during the 2024 financial year. The Code of Conduct is available on our internal intranet and our external website. New directors are provided a copy of the 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 and charters. The Code of Conduct was last reviewed and updated in March 2024.

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 risks and implement measures to mitigate these risks.

Our Code of Conduct sets out our expectations for all employees in combating 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.

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 2024, 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 167 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 political donations.

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 Interactions 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 Device 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.

Animal research and testing

We are committed to animal welfare and believe that animal research and testing should only be undertaken when there is good reason to believe the research or testing will enhance the maintenance or protection of human health.

We apply the principles of Replacement, Reduction and Refinement to evaluate whether there is good reason to participate in or observe animal testing and research. We sometimes participate in or observe animal research and testing to assess safety or biocompatibility and obtain worldwide regulatory clearances. This includes animal testing on rabbits, pigs, guinea pigs and mice. 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.

In the limited occasions where animal research and testing is observed or undertaken, we ensure that any external third party engaged to carry out animal research or testing has appropriate animal welfare accreditations (such as Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC) or the Ministry for Primary Industries (NZ)) and that all applicable portions of study protocols are conducted in accordance with regulations and guidelines regarding animal care and welfare.

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 background (considering factors such as gender, ethnicity, cultural background, sexual orientation and age), 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 when 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 shareholders' meeting (ASM) on 29 August 2023, Pip Greenwood retired by rotation and, being eligible, offered herself for re-election and was re-elected to the Board.

In July 2023, the company announced the retirement of Donal O'Dwyer and named Graham McLean as a new addition to the Board. Graham joined the Board on 1 October 2023 ahead of Donal's departure on 31 December 2023.

In March 2024, Board Chair Scott St John announced his intention to retire from the Board with effect from the close of the company's annual shareholders' meeting in August 2024. The Board has elected current director Neville Mitchell to succeed Scott as Chair.

More details relating to the nomination and appointment of directors are outlined in the Procedure for Selection and Appointment of Directors available on our website.

Board diversity and skills

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 has set itself a gender diversity objective to have not less than 30% of its directors being male and not less than 30% of its directors being female. As at 31 March 2024, 37% of the company's directors are female.

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 above 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	Graham McLean	Neville Mitchell	Cather Simpson
Financial acumen	✓	✓	✓	✓	✓	✓	✓	✓
Sales/Marketing	✓	✓	✓	✓	✓	✓	✓	
Engineering/ Science/Technology/ Manufacturing		✓	✓		✓	✓	✓	✓
Medicine/Medical Device		✓	✓		✓	✓	✓	✓
Legal/Regulatory	✓	✓	✓	✓			✓	
Governance	✓	✓	✓	✓	✓	✓	✓	✓
International Business Experience	✓	✓	✓	✓	✓	✓	✓	✓
Tenure (years)	8.5	8	22.5*	7	2.5	0.5	5.5	2

* 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.

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 a number of factors, including those 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
3. No non-executive director is currently deriving, nor has within the last 12 months derived, a substantial portion of their annual revenue from the company
4. 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
5. No director is currently, nor was within the last three years, employed by the external auditor to the company or any of its subsidiaries
6. 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
7. No director is a substantial shareholder of the company, nor a senior manager of, nor otherwise associated with, a substantial shareholder of the company
8. No director has, or has had within the last three years, a material contractual relationship with the company or another Group member other than as a director of the company
9. No director has close family ties or personal relationships (including close social or business connections) with anyone in the categories listed in point 6
10. Other than Michael Daniell, no director has held the position of director of the company for a period of 12 years or more.

Based on these assessments, the Board considers that, as at 31 March 2024, a majority (six) of the directors are independent, namely Scott St John (Board Chair), Pip Greenwood, Lisa McIntyre, Graham McLean, Neville Mitchell and Cather Simpson, and that Michael Daniell and Lewis Gradon are not independent.

Induction and continuing development of directors

A formal induction programme is provided 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
- 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, which occurred during the 2024 financial year. 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. Committees and their members as at 31 March 2024 are:

Audit & Risk Committee

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

All members are independent non-executive directors.

People & Remuneration Committee

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

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

Quality, Safety & Regulatory Committee

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

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

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 and recommends director appointments and director succession planning to the Board, aiming to ensure there is a range of skills, experience and diversity represented on 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.

For more details on our internal audit processes and our quality management system, refer to page 61 of this report.

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 ASM held on 29 August 2023, 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 2024 are set out below:

	Board		Committees					
			Audit & Risk		People & Remuneration		Quality, Safety & Regulatory	
	Eligible to attend[3]	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Scott St John	8	8	4	4	4	4	3	3
Lewis Gradon	8	8						
Michael Daniell[4]	8	8	1	1	4	4	3	3
Pip Greenwood	8	8	4	4	4	4		
Lisa McIntyre	8	8	4	4	4	4		
Graham McLean[1]	4	4	2	2				
Neville Mitchell	8	8	4	4			3	3
Donal O'Dwyer[2]	6	6			4	4	2	2
Cather Simpson[4]	8	8			1	1	3	3

1 Graham McLean joined the Board partway through the financial year in October 2023.
2 Donal O'Dwyer retired from the Board partway through the financial year in December 2023.
3 The number of Board meetings listed above does not include unscheduled Board conference calls which were held throughout the year.
4 Michael Daniell and Cather Simpson both attended an additional committee meeting each as an 'optional' attendee.

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 2024:

Name	Ownership	Ordinary Shares
Scott St John	Beneficial	22,569
Lewis Gradon[1]	Beneficial	578,556
Michael Daniell	Beneficial	900,168
Pip Greenwood	Beneficial	3,800
Lisa McIntyre	Beneficial	13,455
Neville Mitchell	Beneficial	7,385
Cather Simpson	Beneficial	1,250

1 Lewis Gradon also had a beneficial interest in 385,512 options issued under the company's share option plans and a beneficial interest in 197,786 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 2023 and 31 March 2024, 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
Scott St John	Purchase of shares under DRP	216	$23.5961	7 July 2023
	Purchase of shares under DRP	175	$23.0752	18 December 2023
Lewis Gradon	Granted 113,177 Options	–	–	12 September 2023
	Granted 49,250 PSRs	–	–	12 September 2023
	Share issue upon cancellation of 138,827 Options	30,109	$17.2100	26 September 2023
	Sale of shares	14,000	$21.7659	27 September 2023
	Employee share scheme offer	96	$20.7255	27 October 2023
Lisa McIntyre	Purchase of shares under DRP	97	$23.5961	7 July 2023
	Purchase of shares under DRP	78	$23.0752	18 December 2023
	Purchase of shares	3,300	AU$22.9862	9 February 2024
Neville Mitchell	Purchase of shares under DRP	70	$23.5961	7 July 2023
	Purchase of shares under DRP	57	$23.0752	18 December 2023
Donal O'Dwyer	Purchase of shares under DRP	703	$23.5961	7 July 2023
	Purchase of shares under DRP	568	$23.0752	18 December 2023

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 2024 are as follows:

Name	Entity	Relationship
Scott St John	ANZ Group Board Fisher & Paykel Healthcare Employee Share Purchase Trustee Limited Fonterra Cooperative Group Limited NEXT Foundation	Director
	ANZ Bank New Zealand Limited Mercury NZ Limited	Chair
Lewis Gradon	Fisher & Paykel Healthcare Employee Share Purchase Trustee Limited Other Group entities listed in the 'Group structure' section of this Report	Director
Michael Daniell	Cochlear Limited MRCF IIF GP Pty Limited MRCF Pty Limited Tait International Limited Tait Limited	Director
Pip Greenwood	The a2 Milk Company Limited Westpac New Zealand Limited	Chair
Lisa McIntyre	Baymatob Pty Limited Nanosonics Limited Studiosity Pty Limited University of Sydney	Director
Graham McLean	Universal Biosensors, Inc.	Chair
	CleanSpace Holdings Limited	CEO / Director
	Suicide Prevention Australia	Treasurer / Director
Neville Mitchell	Sigma Healthcare Limited Sonic Healthcare Limited	Director

Name	Entity	Relationship
Cather Simpson	Advemto Limited	Chair
	Dewpoint Innovations Limited Orbis Diagnostics Limited SPIE The International Society for Optics and Photonics	Director
	Orbis Diagnostics Limited	CEO
	Dodd-Walls Centre for Photonic and Quantum Technologies	Governance Board
	Pacific Channel Fund II	Partner
	Academy Executive Committee of the Royal Society Te Apārangi International Council of Academies of Engineering and Technological Sciences Paihau – Robinson Research Institute Advisory Board	Member
	Luminoma Diagnostics Limited	Founder / Director
	Commission 17 of the International Union of Pure and Applied Physics	Vice-Chair

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 27 March 2024.

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 Board and Committee Charters, Corporate Governance Policy, Code of Conduct, Diversity, Equity & Inclusion Procedure, Health & Safety Procedure, Market Disclosure Procedure, Remuneration Policy (Summary) and Securities Trading 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 how 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 which can be found at the end of this report. This report also contains our Climate-related Disclosures in accordance with the External Reporting Board's Aotearoa New Zealand Climate Standards, which can be found on pages 94-114.

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 shareholders' meeting (ASM)
- webcasts
- regular disclosures on company performance and news
- 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 in person or digitally, including the option to 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/FPH24 and in person at our East Tāmaki campus in the Daniell Building, 15 Maurice Paykel Place, East Tāmaki, Auckland, New Zealand on Wednesday, 28 August 2024 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 2024, 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 continued its DRP under which eligible shareholders in New Zealand, Australia and the United Kingdom can elect to reinvest all or part of their cash dividends in additional shares free of brokerage charges, with an applicable 3% discount. The DRP is 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 https://www.fphcare.com/nz/corporate/investor/dividends/dividend-reinvestment-plan/.

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), the Commerce Act 1986 (NZ) and the Companies Act 1993 (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 six months to September 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 relied 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.

The company ceased to rely on this waiver from October 2023, following the establishment of the Fisher & Paykel Healthcare Corporation Employee Share Trust. The trust was established to hold shares in the company which may be allocated to employees of the company and its subsidiaries who are entitled to receive shares under the company's share option plans, and PSR and ESR 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 2024 was 583,963,682 shares.

The distribution of shareholdings as at 31 March 2024 was as shown in the table below:

Size of shareholding	Number of holders	%	Number of ordinary shares	%
1 to 1,000	15,156	57.74%	5,067,912	0.87%
1,001 to 5,000	8,294	31.60%	19,295,339	3.30%
5,001 to 10,000	1,654	6.30%	11,738,595	2.01%
10,001 to 50,000	995	3.79%	18,240,529	3.12%
50,001 to 100,000	63	0.24%	4,440,512	0.76%
100,001 and over	85	0.32%	525,180,795	89.93%
Total	**26,247**	**100.00%**	**583,963,682**	**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.

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 2024 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 2024
Mitsubishi UFJ Financial group, Inc. and related bodies corporate	5 Sep 23	48,116,648	8.2%
BlackRock, Inc. and related bodies corporate	13 Jul 21	37,908,016	6.5%
Pinnacle Investment Management Group Limited and its subsidiaries	13 Oct 23	36,059,206	6.2%
Hyperion Asset Management Limited	12 Oct 23	35,452,466	6.1%

Principal shareholders

The names and holdings of the 20 largest registered shareholders in the company as at 31 March 2024 were:

Investor Name	Total Units	% Issued Capital
HSBC Nominees (New Zealand) Limited R601127393	83,534,220	14.30%
HSBC Nominees (New Zealand) Limited R601127385	51,836,973	8.88%
JPMorgan Nominees Australia Pty Limited	48,653,179	8.33%
HSBC Custody Nominees (Australia) Limited	48,028,803	8.22%
JPMorgan Chase Bank	38,408,220	6.58%
BNP Paribas Nominees NZ Limited	33,584,164	5.75%
Citicorp Nominees Pty Limited	28,309,187	4.85%
Citibank Nominees (NZ) Ltd	28,202,203	4.83%
Custodial Services Limited	20,719,852	3.55%
Tea Custodians Limited	19,546,919	3.35%
New Zealand Superannuation Fund Nominees Limited	16,302,952	2.79%
Accident Compensation Corporation	9,671,894	1.66%
Premier Nominees Limited	7,427,317	1.27%
National Nominees Limited	7,257,801	1.24%
FNZ Custodians Limited	7,171,404	1.23%
New Zealand Depository Nominee	6,377,776	1.09%
JBWere (NZ) Nominees Limited	5,500,973	0.94%
Public Trust	5,287,041	0.91%
Pt Booster Investments Nominees Limited	4,157,341	0.71%
New Zealand Permanent Trustees Limited	4,099,423	0.7%

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 2024.

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 2024.

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 2024.

Other subsidiary company information

No entries were made in the interests register of any subsidiary during the year ended 31 March 2024.

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 2024 are included in the relevant bands for remuneration disclosed in the 'Remuneration' section of this report.

During the year ended 31 March 2024, 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. Toh Han Nee who is a director of Highbrook Insurance Company Pte. Limited (Singapore)
4. Basyirah Anuar who is a director of Fisher & Paykel Healthcare Malaysia Sdn. Bhd. (Malaysia)
5. 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. 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).

Group structure

All subsidiary companies in the Group are ultimately 100% owned by the company. The Group structure and the persons who held office as directors of subsidiary companies at 31 March 2024 are detailed below.

Entities	Directors
Fisher & Paykel Healthcare Corporation Limited owns:*	
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, Samuel Frame, Patrick McSweeny
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
Fisher & Paykel Healthcare Limited (NZ) owns:*	
Fisher & Paykel Healthcare Properties Limited* (NZ)	Lewis Gradon, Paul Shearer, Andrew Somervell
Fisher & Paykel Healthcare Asia Limited (NZ) owns:	
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

Entities	Directors
Fisher & Paykel Healthcare Asia Investments Limited (NZ) owns:	
Fisher & Paykel Healthcare India Private Limited	Paul Shearer, David Boyle, Prashant Kate, James Tuck
Fisher & Paykel Healthcare K.K. (Japan)	Lewis Gradon, Paul Shearer, Bryan Peterson
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	James Tuck, Paul Shearer, David Boyle
PT Fisher and Paykel Healthcare Indonesia	Lewis Gradon, Paul Shearer, Bryan Peterson, Muhammad Irawan
Fisher & Paykel Healthcare Medical Device (Guangzhou) Co., Ltd (China)	Lewis Gradon, Andrew Somervell, Deshitha Edirisuriya
Fisher & Paykel Healthcare Americas Investments Limited (NZ) owns:	
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
Fisher & Paykel Healthcare Limited (UK) owns:	
Fisher & Paykel Healthcare SAS (France)	Lewis Gradon, Paul Shearer, Patrick McSweeny, Philippe Berardi
Fisher & Paykel Healthcare GmbH (Germany)	Philippe Berardi, Patrick McSweeny

Entities	Directors
Fisher & Paykel Healthcare AB (Sweden)	Lewis Gradon, Paul Shearer, Patrick McSweeny, Philippe Berardi
Fisher Paykel Sağlık Ürünleri Ticaret Limited Şirketi (Turkey)	Lewis Gradon, Paul Shearer, Patrick McSweeny
Limited Liability Company Fisher & Paykel Healthcare (Russia)	Lewis Gradon, Paul Shearer, Bryan Peterson, Anatoly Filippov
Fisher & Paykel Holdings, Inc. (USA) owns:	
Fisher & Paykel Healthcare, Inc. (USA)	Lewis Gradon, Paul Shearer, Justin Callahan
Fisher & Paykel Healthcare Distribution Inc. (USA)	Lewis Gradon
Fisher & Paykel Healthcare SAS (France) owns:	
Fisher & Paykel Healthcare Romania S.R.L.	Lewis Gradon, Paul Shearer, Patrick McSweeny, Bryan Peterson
Fisher & Paykel Healthcare GmbH (Germany) owns:	
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
Fisher & Paykel Healthcare MEA Limited (NZ) owns:	
Fisher & Paykel Healthcare MEA Investments Limited (NZ)	Lewis Gradon, Paul Shearer, Andrew Somervell
Fisher & Paykel Healthcare MEA Investments Limited (NZ) owns:	
Fisher and Paykel Healthcare Tunisia SARL	Lewis Gradon, Paul Shearer, Bryan Peterson
Fisher & Paykel Healthcare Nigeria Limited	Lewis Gradon, Paul Shearer, Bryan Peterson
Fisher & Paykel Healthcare Jordan	Lewis Gradon, Paul Shearer
Fisher & Paykel Healthcare Kenya Limited	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.

This section provides an overview of our remuneration strategy and governance, including executive and director remuneration.

Letter from Lisa McIntyre, Chair of the People & Remuneration Committee

LISA MCINTYRE
Chair, People & Remuneration Committee

At Fisher & Paykel Healthcare, our intention is to have good people who contribute the most they can over the long term. The fundamentals that enable us to achieve this include supporting and caring for our people, and creating a safe, healthy and enjoyable work environment with sustainable workloads. We are also committed to rewarding our people fairly based on individual performance and contribution, the size of their role, market context and the company's ability to pay.

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 profit-sharing payment based on relevant company performance. In certain countries, additional benefits may include superannuation, health and 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.

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 external consultants to determine remuneration levels. In general, remuneration is reviewed annually, and our process supports our intention to pay our people fairly. The company delivered strong revenue and operating cashflow performance during the year, which was at or above the targets set at the beginning of the financial year. As noted previously in this report, the Airvo 2 and myAirvo 2 recall adversely impacted operating profit, resulting in achievement of 92% of the target. The Committee did not exercise any discretion when assessing discretionary annual variable remuneration (DAVR) and long-term variable remuneration (LTVR) outcomes in respect of the 2024 financial year.

There were no significant changes to our remuneration arrangements during the 2024 financial year, with the exception of an increase in the non-executive director fee pool which was approved by shareholders at the 2023 Annual Shareholders' Meeting.

We believe our current remuneration arrangements, which have been refined over time, are fit-for-purpose and help us to achieve our long-term objectives. As such, we do not currently envisage any material changes to our remuneration approach for the 2025 financial year.

Lisa McIntyre
Chair, People & Remuneration Committee

Remuneration governance

The People & Remuneration Committee is responsible for reviewing and recommending to the Board the company's approach to remuneration. This includes overseeing and regulating remuneration matters related to directors, and reviewing executive management in consultation with the Chief Executive Officer. The majority of the Committee's members are independent and members of the executive management team only attend Committee meetings upon invitation.

More details on the role and composition of the People & Remuneration Committee is available on page 71 of this report and in the People & Remuneration Committee charter which is available on the company's website. A summary of the company's Remuneration Policy is also available on our website.

Executive remuneration

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.

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 2023 to 31 March 2024)	
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.	

Key performance summary

The relative weighting of DAVR measures and the target achieved in 2024 is set out below:

Measures	Weighting	% of Target Achieved
Constant currency operating profit	45%	Minimum 90%; Target 100%; Maximum 120% — Achieved (92.4%; $294.7M)
Constant currency revenue	25%	Minimum 90%; Target 100%; Maximum 120% — Achieved (99.5%; $1.65B)
Constant currency pre-tax operating cash flow	10%	Minimum 90%; Target 100%; Maximum 120% — Achieved (112.5%; $422.6M)
Non-financial measures	20%	See below
Total		Target 100%; Maximum 132% — Achieved 98%

Non-financial measures:

Achieved	Number	Measure
●	1	Health & safety
●	1	Quality
●	2	Environmental & social responsibility
●	1	Diversity & inclusion
●	6	Long-term sales strategies
●	2	Infrastructure

100% of non-financial measures were achieved for the financial year.

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.

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 current 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.

The rules of the Share Option Plan and Performance Share Rights Plan were amended in 2022 and executives may retain instruments granted in 2019, 2020 and 2021 under previous versions of the plan rules. Further information on the previous plan rules can be found in Note 18 of our financial statements.

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.

Summary of LTVR performance

Performance Share Rights

	Met vesting hurdle in FY24?	Comment
2019 PSRs	✗	From 11 September 2019 to 11 September 2023 our TSR performance did not exceed that of the DJSMDQT, and PSRs did not meet the vesting hurdle for the second performance period.
2020 PSRs	✗	From 4 September 2020 to 4 September 2023 our TSR performance did not exceed that of the DJSMDQT, and PSRs did not meet the vesting hurdle for the first performance period.

Share Options

	Met vesting hurdle in FY24?	Comment
2019 Options	✓	The five-day volume-weighted average price (VWAP) for the company's shares over the five trading days from 4 September to 8 September 2023 was calculated as $22.06 and exceeded the escalated share price. The escalated share price was calculated off a base price of $17.21 at grant, escalated by the company's cost of capital over the four-year performance period.
2020 Options	✗	The five-day VWAP for the company's shares did not exceed the escalated price at the third anniversary of the grant date (4 September 2023) and these options did not meet the vesting hurdle in FY24.

CEO remuneration arrangements and outcomes

Remuneration structure

The CEO remuneration structure is consistent with the executive management remuneration structure described previously.

CEO remuneration summary

Year	Fixed remuneration		Discretionary annual variable remuneration (DAVR)[2]			Long-term variable remuneration (LTVR)				Total remuneration
	Base salary (NZD)	Other benefits[1] (NZD)	Earned (NZD)	Amount earned as a % of maximum award	Total cash-based remuneration earned (NZD)	Number of shares issued upon exercise	Vesting – % of maximum[3]	Market price upon exercise (NZD)	Total LTVR[4] (NZD)	Fixed remuneration + DAVR earned + LTVR vested (NZD)
FY24	1,786,930	150,297	935,057	72%	2,872,284	30,109	51%	21.98	661,687	3,533,971
FY23	1,709,111	428,688	424,434	30%	2,562,233	–	–	–	–	2,562,233

1 Other includes superannuation contributions and life insurance. The FY23 total included a one-off entitlement of long-service leave 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 Calculated as the number of LTVR instruments that vested and were exercised by the CEO during the relevant performance period, divided by the total number of LTVR instruments held by the CEO that were tested during that performance period.

4 LTVR in the table represents what was earned during the financial year. However, the cost of each LTVR plan is independently measured and accounted for based on the fair value at the date granted. Details of the plans and valuation methodology are set out in Note 18 to the financial statements.

DAVR achieved in 2024

The DAVR financial targets achieved are set out in the Executive Management section on page 84. During the 2024 financial year, the CEO achieved 98% of his DAVR target. The DAVR earned in the 2024 financial year is 48% of fixed remuneration.

PSRs granted to the CEO (as at 31 March 2024)

				Awarded during the reporting period			PSRs vested during the reporting period			Shares issued during the reporting period			
Grant name	PSR award date	Vesting date	Balance of PSRs at 31 March 2023	PSRs awarded	Market price at award	PSRs lapsed during the reporting period	PSRs vested	Market price at vesting date	Vesting date	Shares issued	Market price at issue date	Issue date	Balance of PSRs at 31 March 2024
2023 - PSRs	12 Sep 2023	12 Sep 2026	–	49,250	$21.55	–	–	–	–	–	–	–	49,250
2022 - PSRs	7 Sep 2022	7 Sep 2025	56,749	–	–	–	–	–	–	–	–	–	56,749
2021 - PSRs	1 Sep 2021	1 Sep 2024 to 1 Sep 2026	25,761	–	–	–	–	–	–	–	–	–	25,761
2020 - PSRs	4 Sep 2020	4 Sep 2023 to 4 Sep 2025	22,178	–	–	–	–	–	–	–	–	–	22,178
2019 - PSRs	11 Sep 2019	11 Sep 2022 to 11 Sep 2024	43,848	–	–	–	–	–	–	–	–	–	43,848

Share options granted to the CEO (as at 31 March 2024)

				Awarded during the reporting period			Share options vested and exercised during the reporting period			Shares issued during the reporting period			
Grant name	Options award date	Vesting date	Balance of options at 31 March 2023	Options awarded	Market price at award	Options lapsed during the reporting period	Share options vested and exercised	Market price at vesting date	Vesting date	Shares issued	Market price at issue date	Issue date	Balance of options at 31 March 2024
2023 - Options	12 Sep 2023	12 Sep 2026	–	113,177	$21.55	–	–	–	–	–	–	–	113,177
2022 - Options	7 Sep 2022	7 Sep 2025	128,771	–	–	–	–	–	–	–	–	–	128,771
2021 - Options	1 Sep 2021	1 Sep 2024 to 1 Sep 2026	73,633	–	–	–	–	–	–	–	–	–	73,633
2020 - Options	4 Sep 2020	4 Sep 2023 to 4 Sep 2025	69,931	–	–	–	–	–	–	–	–	–	69,931
2019 - Options	11 Sep 2019	11 Sep 2022 to 11 Sep 2024	138,827	–	–	–	138,827	$21.24	11 Sep 2023	30,109	$21.98	26 Sep 2023	–

Severance arrangements

Within a period of two years following a change in control of the company, and upon either written notice from the CEO or termination of the CEO's employment for any reason (excluding serious or repeated misconduct or demonstrable and prolonged poor performance), the company will pay to the CEO the sum of one year's total fixed remuneration in addition to any other compensation that may be payable to the CEO pursuant to the terms and conditions of his employment.

Other than in the event of a change of control in the company, there are no general severance arrangements for the CEO.

ESG disclosures

CEO/worker ratio

The ratio of Chief Executive total remuneration to mean Fisher & Paykel Healthcare total remuneration is 35:1 (using $100,511 as mean employee total remuneration and Chief Executive total remuneration for the 2024 financial year).

Gender pay equity

Fisher & Paykel Healthcare has been reporting on gender pay equity since 2017. Gender pay equity is about making sure people are paid fairly regardless of their gender. We continue to monitor this on a regular basis across our global locations. For full details on our like-for-like gender pay gap and overall gender pay gap, refer to page 44 of this report.

Remuneration bands

The tables opposite show the remuneration (inclusive of the value of other benefits) totalling $100,000 or more received by employees or former employees in the 2024 financial year. 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 2024 financial year. They also include the fair value of long-term variable remuneration (LTVR) as expensed in the period.

Remuneration band (NZD)	Number of employees
100,000 – 110,000	259
110,001 – 120,000	277
120,001 – 130,000	231
130,001 – 140,000	158
140,001 – 150,000	137
150,001 – 160,000	133
160,001 – 170,000	111
170,001 – 180,000	73
180,001 – 190,000	68
190,001 – 200,000	50
200,001 – 210,000	42
210,001 – 220,000	48
220,001 – 230,000	36
230,001 – 240,000	36
240,001 – 250,000	27
250,001 – 260,000	26
260,001 – 270,000	11
270,001 – 280,000	17
280,001 – 290,000	16
290,001 – 300,000	20
300,001 – 310,000	18
310,001 – 320,000	13
320,001 – 330,000	11
330,001 – 340,000	7
340,001 – 350,000	11
350,001 – 360,000	12
360,001 – 370,000	8
370,001 – 380,000	3
380,001 – 390,000	3

Remuneration band (NZD)	Number of employees
390,001 – 400,000	5
410,001 – 420,000	3
420,001 – 430,000	7
430,001 – 440,000	5
440,001 – 450,000	6
450,001 – 460,000	7
460,001 – 470,000	1
480,001 – 490,000	1
490,001 – 500,000	5
500,001 – 510,000	1
520,001 – 530,000	3
550,001 – 560,000	2
580,001 – 590,000	2
620,001 – 630,000	1
640,001 – 650,000	1
670,001 – 680,000	1
700,001 – 710,000	1
740,001 – 750,000	1
750,001 – 760,000	1
760,001 – 770,000	1
770,001 – 780,000	1
810,001 – 820,000	1
830,001 – 840,000	1
870,001 – 880,000	1
1,110,001 – 1,120,000	1
1,120,001 – 1,130,000	1
1,560,001 – 1,570,000	1
1,570,001 – 1,580,000	1
1,620,001 – 1,630,000	1

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 $1,750,000 per annum as approved by shareholders at the Annual Shareholders' Meeting which was held in August 2023. Independent remuneration benchmarking was provided by Mercer. A summary of the report is available on the company's website at https://www.fphcare.com/nz/corporate/investor/events/.

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 72 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 the 2024 financial year, 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	324,000	144,000
People & Remuneration Committee	30,000	18,950
Quality, Safety & Regulatory Committee	30,000	18,950
Audit & Risk Committee	37,900	18,950

Director remuneration received in the 2024 financial year

Director	Board Fees $	People & Remuneration Committee $	Quality, Safety & Regulatory Committee $	Audit & Risk Committee $	Overseas Director Allowance[2] $	Total Remuneration $
Scott St John	308,957	–	–	–	–	308,957
Neville Mitchell	141,176	–	18,950	36,683[1]	23,935[5]	220,744
Pip Greenwood	141,176	18,950	–	18,950	–	179,076
Donal O'Dwyer	105,176	14,213	14,213	–	17,935[5]	151,537[3]
Michael Daniell	141,176	18,950	28,020[1]	–	–	188,146
Lisa McIntyre	141,176	28,711[1]	–	18,950	23,935[5]	212,772
Graham McLean	72,000	–	–	9,475	12,000[5]	93,475[4]
Cather Simpson	141,176	–	18,950	–	–	160,126
	1,192,013	**80,824**	**80,133**	**84,058**	**77,805**	**1,514,833**

1 Designates Chair of 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 Donal O'Dwyer retired from the Board with effect from 31 December 2023.
4 Graham McLean was appointed to the Board with effect from 1 October 2023.
5 Remuneration for Neville Mitchell, Donal O'Dwyer, Lisa McIntyre, and Graham McLean is set in NZD but paid in AUD at the prevailing exchange rate at the date of payment.

During the 2024 financial year, there were no additional fees or benefits earned that do not relate to services as a non-executive director. In addition, non-executive directors were not issued shares or LTVR instruments as part of their remuneration during the financial year.

Environment

Our intention is to create a positive lasting impact on society and the environment. This starts with doing what is best for the patient and guides our decision-making approach. We understand that in the course of improving patient outcomes, we also have a responsibility to operate our business efficiently and responsibly.

We recognise the overall importance of biodiversity, water and forests and other natural ecosystems. In addition to measuring carbon emissions (as reported in our Climate-related Disclosures on pages 94-114), we also track other key environmental metrics, including waste management, recycling and water usage. This section outlines some of our environmental commitments and initiatives for measuring and improving our environmental performance.

Environmental commitments

Our environmental intentions are outlined in our Environmental & Social Responsibility Policy, which has been embedded across our business and posted publicly on our company website. We begin with doing what is best for the patient. While improving care and outcomes for patients, we seek to innovate to enable a more sustainable future, verify and validate our environmental performance, and comply with the letter and spirit of laws and regulations relating to environmental responsibility.

Environmental sustainability 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 processes are embedded into our enterprise risk management systems.

The Fisher & Paykel Healthcare Board of directors, under the guidance of the Audit & Risk Committee, is responsible for providing overall governance and oversight of the company's environmental practices, including its approach to biodiversity, forests and water. Our procedures for biodiversity, forests and water are publicly available on our company website and described briefly below.

Biodiversity

Our biodiversity intentions are set out in our Ecosystems: Biodiversity Procedure. They include identifying pathways to achieve a net positive impact on biodiversity, minimising the conversion of natural ecosystems, and promoting restoration and maintenance of natural ecosystems in our direct operations. We also engage with local stakeholders where we have large facilities, educating our people about biodiversity and developing our disclosures to outline how we assess biodiversity risks and opportunities.

Forests

We recognise the overall importance of forests and other natural ecosystems to our business. Our intentions include reducing deforestation, minimising the conversion of natural ecosystems, and promoting restoration and maintenance of natural ecosystems in our direct operations. We support responsible forest management, both environmentally and socially, by adopting traceability standards for the forest commodities we use in our operations.

We promote sustainable sourcing and consumption of forest risk commodities through eco-efficiency and support for a transition to a paperless society. We also use wood fibre products approved by the Forest Stewardship Council for our shipping boxes. In the course of doing business, we document and monitor potential business impacts on forests and other natural ecosystems. Furthermore, we engage stakeholders and create awareness of forest risks and opportunities along our value chain.

During the 2024 financial year, Fisher & Paykel Healthcare organised the planting of native trees and shrubs at the new Karaka site in New Zealand, with help from employees and their children. The planting will help to improve biodiversity of the site and to make the waterway clean and safe from livestock.

Karaka community engagement

During the 2024 financial year, our focus was on building partnerships with tāngata whenua (Māori) and community stakeholders to help inform the development of our future Karaka campus in New Zealand.

In line with the Māori value of kaitiakitanga (guardianship of land), our discussions with local iwi focused on long-term goals around the environment, water quality, re-establishment of native species and sustainability innovations. As we develop the Karaka land over time, our iwi partners will provide cultural inductions to increase our knowledge of its history and significance.

To engage residents in the Karaka community, Fisher & Paykel Healthcare hosted a community engagement in February 2024. The event, which drew nearly 100 people, provided a forum for discussing the development and its environmental impact.

Water

We recognise the overall importance of water and other natural ecosystems. We promote water efficiency in all company operations, including the design, manufacture and distribution of products. In water-scarce regions, we have assigned specific responsibilities for water efficiency, and we apply good water stewardship practices, such as rainwater harvesting, closed-loop water systems and water recycling.

Each year we measure and report metrics on our water usage, so that we can improve our performance. During FY24, we achieved a 5% reduction in water used at our Mexico campus, compared to the prior financial year. Of our total water use, our New Zealand campus accounted for 66%, our Mexico campus accounted for 30%, and our global sales offices accounted for 4%.

Water	FY2022	FY2023	FY2024
Water usage (cubic metres)	184,171	133,517	136,923

Recycling

We maintain robust recycling programmes at our large facilities in New Zealand and Mexico to reduce waste. Each year we measure and report metrics on waste diverted from landfills and the efficiency of our recycling programmes.

Waste and recycling	FY2022	FY2023	FY2024
Landfill waste diverted (cubic metres)	2,035	1,727	1,348
NZ recycling efficiency (% waste diverted from landfill)	68%	62%	59%
Global recycling efficiency (% waste diverted from landfill)	52%	54%	53%

CDP* scores

We report on key performance metrics and disclose our ratings in CDP's Climate, Supplier Engagement (which is a subset of Climate), Water and Forests programmes. Below are our CDP ratings for the last three financial years.

CDP Programme	FY2022	FY2023	FY2024
Climate	B	A-	B
– Supplier Engagement on Climate	A	B	B-
Water	B	C	B
Forests	C	C	C

* Formerly known as the Carbon Disclosure Project

Andrew Charlesworth and Emily Bradley from Big Street Bikers and F&P employee Jonathan Sng promote ebike charging stations at the Sustainable Transport Showcase.

Green Team

Our volunteer-led Green Team now includes hundreds of employees who remain highly engaged in promoting environmental sustainability at our New Zealand campus and in the community. During the 2024 financial year, the Green Team organised a sustainable transport showcase, hosted the founder of Predator Free Miramar to speak on biodiversity, and set up a workshop to repair household items. The Green Team also celebrated its annual recognition event, the Green Awards. Awards went to employees George Cuttance for commitment to biodiversity, Kane Finlay for a sustainable packaging initiative, and Ellis Jarvis for sustainability advocacy in the UK.

Ecodesign Advisory Board

Through our Ecodesign Program, more than 100 product development engineers across the business are involved in research into biobased materials and a range of sustainable design and packaging projects.

We have appointed an external Ecodesign Advisory Board made up of four independent subject matter experts to provide external guidance and support of environmental sustainability and Ecodesign initiatives. During the 2024 financial year, the Board provided guidance on our carbon reduction long-term plan and mentored key team members.

100+

ENGINEERS involved in research into biobased materials and sustainable design projects

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

Memberships

Fisher & Paykel Healthcare is a member of the Sustainable Business Network, which is New Zealand's largest and longest-standing sustainable business organisation. The network aims to enable change in the areas of climate, waste and nature.

Sustainable Business Network

Climate-related Disclosures

As part of our commitment to creating a positive lasting impact on society and the environment, we recognise the need to mitigate and adapt to a changing climate both now and in the decades to come. Embedded into our global Environmental & Social Responsibility Policy is our commitment to innovate to enable a more sustainable future, and the knowledge that our actions today impact future generations.

These climate-related disclosures are representative of a large body of work occurring across the business to identify, consider and assess climate-related risks and opportunities, and integrate them within our broader risk management framework and strategic business planning. We see the disclosure process as an iterative one, whereby we commit to improving our breadth and depth of detail over future reporting periods.

About our climate-related disclosures

Fisher & Paykel Healthcare Corporation Limited is a climate-reporting entity under the Financial Markets Conduct Act 2013. While we have been measuring our greenhouse gas emissions since 2012 and have been reporting against the Task Force on Climate-related Financial Disclosures (TCFD) in our annual reports since 2020, this is our first set of climate-related disclosures under the External Reporting Board's (XRB) recently issued Aotearoa New Zealand Climate Standards (NZCS). The disclosures cover the period of 1 April 2023 to 31 March 2024 and include Fisher & Paykel Healthcare Corporation Limited and its subsidiaries.

These climate-related disclosures continue to integrate the recommendations of the TCFD and comply with NZCS, applying the following adoption provisions available under the NZCS in the first year of reporting:

- Adoption Provision 2: Anticipated Financial Impacts (paragraphs 12-14 of NZCS 2) which provides an exemption in the first NZCS reporting period from the requirements to disclose the anticipated financial impacts of climate-related risks and opportunities, a description of the time horizons over which the anticipated financial impacts could reasonably be expected to occur, and (if relevant) an explanation as to why quantitative information cannot be disclosed.
- Adoption Provision 3: Transition Planning (paragraph 15 of NZCS 2), which provides an exemption in the first NZCS reporting period from the requirements to disclose the transition plan aspects of an entity's strategy, including how its business model and strategy might change to address its climate-related risks and opportunities, and how the transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes. We have set out our progress towards developing the transition elements of our strategy (see page 111).
- Adoption Provision 6: Comparatives for metrics (paragraph 20 of NZCS 2) which provides an exemption in the first reporting period from the requirement to disclose comparative information for the immediately preceding two NZCS reporting periods, with the exception of GHG emission metrics.
- Adoption Provision 7: Analysis of trends (paragraph 22 of NZCS 2) which provides an exemption in the first reporting period from the requirement to disclose an analysis of the main trends evident from a comparison of each metric from previous NZCS reporting periods to the current reporting period, with the exception of GHG emission metrics.

The principles outlined in these climate-related disclosures should not be considered a prediction of future financial or non-financial performance. These statements are subject to a range of known and unknown risks, uncertainties and assumptions, many of which lie outside of our control.

Our climate scenarios were developed based on current assumptions and projections using information available at the time of development. There is inherent uncertainty within each scenario – they are not intended to provide a complete or accurate forecast of future events. The climate risks and opportunities identified may not eventuate and, if they do, the actual impacts and consequences are likely to be significantly different to what is set out in this report.

Governance

Fisher & Paykel Healthcare Board

Responsible for governance and oversight of environmental and social responsibility practices.

Audit & Risk Committee

Monitors performance and compliance against our environmental and social risk management framework, including progress to meet sustainability targets.

Executive Management Team

Responsible for identifying, assessing and managing climate-related risks and opportunities. Accountable for embedding environmental and social responsibility initiatives within business plans.

Carbon Committee

Provides strategic direction to the business on carbon issues. Reviews performance and progress towards our environmental sustainability initiatives.

Business Units

Integrates sustainability initiatives into the business and manages climate-related risks.

Risk Advisory

Facilitates the business to make informed decisions in relation to climate-related risks.

Climate Working Group

Supports the integration of climate-related risk and opportunity analysis within the business.

Sustainability Team

Shapes environmental sustainability strategy and manages our environmental management system.

Environmental & Social Responsibility Governance Group

Enables business integration of environmental and social responsibility workstreams and initiatives.

Ecodesign Advisory Board

Provides external guidance and support on environmental sustainability and Ecodesign initiatives.

Board oversight of climate-related risks and opportunities

The Board is responsible for providing overall governance and oversight of the company's environmental and social responsibility practices, including ultimate responsibility for our strategic direction and consideration of the risks and opportunities presented by climate change.

The Audit & Risk Committee (ARC) supports the Board in providing governance oversight of climate-related risks and opportunities. The ARC reviews the company's environmental and social risk management framework and record of performance on these matters, along with any proposed actions based on the record of performance. This includes monitoring and overseeing the annual GHG emissions auditing processes, potential emission reduction pathways and sustainability targets. The ARC also oversees the climate-related disclosures programme and recommends the climate-related disclosures to the Board for approval.

The ARC is briefed on environmental sustainability issues by the executive management team and the Head of Sustainability & Environmental Innovation throughout the year. This includes performance against our environmental management system (which includes climate-related risks) and progress towards our science-based targets and other environmental sustainability targets and metrics.

The ARC meets at least four times per year. During the 2024 financial year, sustainability was added as a standing agenda item to the ARC's meetings and the length of the meetings extended, to enable more time to consider sustainability issues including climate-related matters. The Board is updated on the ARC's proceedings following each ARC meeting.

The ARC and the Board consider environmental sustainability matters, including climate-related risks and opportunities, annually as part of a Group-wide macro risk analysis. During the 2024 financial year, this information was supplemented by the Climate Working Group through the work undertaken as part of the climate-related disclosures programme.

The Board is also briefed on environmental sustainability issues by the executive management team throughout the year. The Vice President – Supply Chain, Facilities & Sustainability reports to the Board each meeting in relation to sustainability matters, and the General Manager Group Risk Advisory reports to the Board each meeting in relation to group-wide risk matters. Additional reporting to the Board is undertaken as required.

During the 2024 financial year, management engaged with the Board and the ARC on the company's carbon reduction long-term plan and ecodesign long-term plan. The review of these plans will continue into 2025. Further details are contained on page 111.

Annual business plans for each business unit contain environmental and social responsibility objectives. In addition, our long-term business plan which assesses our business model, global operations and strategy across a 15-year period is considered annually. Climate-related risks and opportunities are considered as part of our long-term plan, particularly when considering our global operations and current and future infrastructure and network design needs. The Board reviews and approves the individual business plans and the long-term plan on an annual basis.

Directors' climate capabilities and understanding

The Board draws upon expertise from the executive management team, the Sustainability team and other subject matter experts within the business, which informs them on the impacts of climate change as it affects our business and operations. During the 2024 financial year, the Board attended our annual Ecodesign Expo, where teams from around the business showcase how they are embedding sustainability considerations into the product design process. The Board was taken through the climate-related disclosures workstream by the Climate Working Group, including our scenario development and strategy workshops.

The directors also obtain insight and education from external experts and gain experience through their involvement in other businesses and industries, and in governance roles on other boards. A number of directors are members of Chapter Zero, a governance group hosted by the Institute of Directors. This is the New Zealand chapter of the global Climate Governance Initiative which was established to support World Economic Forum's Climate Governance Principles for boards of directors. Chapter Zero provides directors with climate awareness and skills, so that they can bring climate considerations to the fore of boards' decision-making processes. Our Board Chair Scott St John is a member of the steering committee for Chapter Zero.

Further details relating to the Board and the ARC including the Board's background, skills and experience can be found in the Governance section of the annual report from page 68.

Management's role in assessing and managing climate-related risks and opportunities

Executive management team

The Board assigns the management of climate-related risks and opportunities to the executive management team. Members of the executive team are responsible for implementing the Environmental & Social Responsibility Policy and for identifying, assessing and managing climate-related risks and opportunities. Each ARC meeting is attended by the Chief Executive Officer, Chief Financial Officer, Vice President – Corporate, General Counsel & Company Secretary and the General Manager Group Risk Advisory. Other members of the executive management team and subject matter experts attend as required. The executive management team also reports to the wider Board for progress on environmental and social responsibility initiatives. Further details relating to the executive management team can be found on pages 31-33.

The Carbon Committee serves as a steering group for carbon-related matters within the business. It is comprised of the Chief Executive Officer, Chief Financial Officer, Vice President – Corporate, Vice President – Supply Chain, Facilities & Sustainability, and Vice President – Products & Technology. The Carbon Committee meets at least once each quarter with the Sustainability team, providing direction on the company's emissions reduction programme, including implementation of sustainability initiatives aligned with business strategy and long-term planning, in addition to monitoring progress towards sustainability targets.

Remuneration related to climate-related risks and opportunities

The executive management team's remuneration package includes environmental and social responsibility non-financial measures within the discretionary annual variable remuneration (DAVR) component. These non-financial measures have a 20% weighting of the overall DAVR, with measures shared across all members of the executive team due to their achievement requiring collaboration and commitment. In the 2024 financial year, two of the 13 non-financial measures related to environmental and social responsibility. For further details see the "Executive remuneration" section of the annual report on pages 83-84.

Business units

Business units are responsible for day-to-day management of climate-related risks and implementing sustainability strategies which are aligned with the Board-approved annual business and long-term plans.

Our Sustainability team shapes our environmental strategy, policy development and long-term planning, and is responsible for the performance of our global Environmental Management System (which includes climate-related risks). The team is led by our Head of Sustainability and Environmental Innovation who reports to the Vice President – Supply Chain, Facilities and Sustainability. The team play a fundamental role in creating awareness, educating and working with the business on sustainability initiatives, including identifying and managing risks and opportunities.

Our Risk Advisory team supports the business to make informed decisions using a range of risk management techniques to identify, analyse and prioritise uncertainty. The team is led by the General Manager Risk Advisory who reports to the Chief Financial Officer. For more detail on the company's overall approach to risk management, refer to pages 60-64 of the annual report.

The newly formed Climate Working Group supports the business to identify, assess and manage climate-related risks and opportunities through scenario analysis. This working group is responsible for preparing climate-related disclosures and reports to the Carbon Committee.

Advisory and governance forums

The Environmental & Social Responsibility (E&SR) Governance group, comprised of internal stakeholders across the business, is tasked with establishing a framework to embed the E&SR Policy and enable business integration of a range of environmental and social responsibility workstreams and initiatives, including those related to climate. This group reports into three sponsoring members of the executive management team: Vice President – Corporate, Vice President – Supply Chain, Facilities & Sustainability, and Vice President – Human Resources.

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 and ecodesign expertise. More details on the Ecodesign Advisory Board are available on page 93 of the annual report.

Risk management

Our process for identifying, assessing and managing climate-related risks

The purpose of our risk management process is to identify, analyse and prioritise uncertainty to improve the quality of decisions we make. We identify and assess climate-related risks as part of our overall sustainability strategy and risk management framework, both of which are reviewed by the Board, the ARC and executive management annually. Climate-related risks have been considered a key area of risk to our business, and we have prepared voluntary disclosures aligned with the recommendations of the TCFD as part of the annual report since 2020.

Each year we improve upon the process to identify, assess and manage climate-related risks and opportunities. Our annual process includes:

- Identifying physical and transitional climate-related risks, as well as considering the timeframe over which the risks may eventuate. Consideration of the severity, likelihood, geographical location, and local impact versus enterprise-wide impact. We review the best available and updated information and models to assess the possible impacts on our business throughout the year.
- Documenting, scoring and managing climate-related risks through our ISO 14001 Environmental Management System process.
- 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.
- Climate-related risks are then embedded into our group-wide risk management process, where they are assessed and reviewed by our Group Risk Advisory team and wider executive management team. We do not prioritise climate-related risks independently from other material business risks.

We also rely on input from external stakeholders through our materiality assessment. This assessment has been updated to specifically include climate-related business risk as a standalone category. For further details on the materiality assessment, refer to pages 22-23 of the annual report.

Integration within the wider business

Business units are responsible for:

- day-to-day management of climate-related risks
- identifying metrics to monitor the risks
- identifying actions to mitigate the risks
- implementing sustainability strategies which are aligned with the Board-approved annual business and long-term plans.

The climate-related identification and assessment processes described above feed into and inform how we work to mitigate and adapt to climate change, including through the development of our carbon reduction, Ecodesign and infrastructure and network design long-term plans. For further information refer to “Developing a climate-resilient business model (transition planning)” section of these climate-related disclosures at page 111.

Scenario analysis

During the 2024 financial year, as part of our climate-related disclosure programme, we undertook scenario analysis across three climate scenarios. Given this was the first year of reporting under the NZCS framework, the scenario analysis was a stand-alone process to identify climate-related risks and opportunities and did not form part of our existing risk management processes. We consider the scenario analysis builds on the existing assessment and represents an evolution of our approach to assessing and managing climate-related risks and opportunities.

Our climate scenarios are described in the Strategy section of these climate-related disclosures on pages 104-106.

The core purpose of our scenario analysis was to consider the key questions of “How could climate change plausibly affect our business model and strategy?” and “What should we do and when?”.

The answers to these questions will inform the incorporation of future, plausible climate risks and opportunities into our strategic business planning.

The following steps were taken:

1. **Climate working group established**. To build upon the analysis performed in prior reporting periods, a climate working group was formed, comprising of members from the Sustainability, Risk Advisory, Corporate Affairs and Finance teams. This team developed a climate-related disclosures programme to enable the business to comply with the NZCS.
2. **Engaging key stakeholders**. The Carbon Committee provided oversight of the climate-related disclosures programme and participated in the scenario analysis workshops, along with additional senior leaders. Other subject matter experts from within the business were identified to input into the analysis.
3. **Scenario development**.

   As a medical device and technology company with an extensive global footprint (deriving 99% of revenue outside of New Zealand), we did not consider that there was a suitable sector-wide scenario analysis to draw upon. The working group developed our own scenarios for the analysis, taking the following steps:

   a. **Select climate scenarios**. In prior disclosures, we noted we have assessed risks and opportunities associated with the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (8.5, 6.0, 2.6 and 1.9). In the IPCC's Sixth Assessment Report (AR6) published in 2021, climate projections had evolved into Shared Socioeconomic Pathways (SSPs). We chose three Shared Socioeconomic Pathways scenarios as a means of testing and challenging the resilience of our business model across a range of plausible climate futures:

      i. Our **Outpatient** scenario reflects emissions reduction and decarbonisation occurring at a manageable, non-critical state. It relates to SSP1 which is known as 'Sustainability – Taking the Green Road' or an 'Orderly, Rapid Transition'. This assumes the world achieves net zero by 2050 and reaches the stated goal of the Paris Agreement: a 1.5°C temperature rise above pre-industrial levels. The global response is coordinated, orderly and focused on mitigating the impact of climate change. The Outpatient scenario aligns with the mandated NZCS scenarios and tests how we would respond in a rapidly decarbonising and transitioning landscape.

      ii. Our **Emergency Department** scenario reflects emissions reduction and decarbonisation needing critical attention. It relates to SSP2 which is known as 'Middle of the Road' or a 'Disorderly, Delayed Transition'. This assumes net zero is unattainable by 2050 as emissions persist past current levels. The world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns, resulting in a 2.7°C warming scenario by 2100. The Emergency Department scenario was selected as we consider this scenario suitably challenges our business model, given the effects of variable customer preferences and the impact on market access.

      iii. Our **High Dependency Unit** scenario reflects a deteriorating state of the environment and climate. It relates to SSP3 which is known as 'Regional Rivalry – a Rocky Road' or 'Too Little, Too Late'. Emissions approximately double from current levels by the end of the century, resulting in a 3.6°C rise in global temperature. Global co-operation efforts falter and self-interested actions prevail. Climate change cannot be mitigated globally and there is limited ability to adapt. The High Dependency Unit scenario was selected due to the significant increase in physical impacts of climate change, and the significant challenges to a global business given protectionist behaviours and a shift towards deglobalisation.

   b. **Define scenarios**. Using the three SSPs outlined above, the working group identified the time horizons, key temperature outcomes and socio-economic features of each scenario. Relevant ranges of data and descriptors were added to illustrate the 'meta' themes of each scenario.

   c. **Physical risk mapping**. Using mapping tools, the climate working group analysed the possible physical climate impacts on all our owned infrastructure, in addition to key leased sites and certain strategic supplier sites out to 2100 for each scenario. The following types of climate impacts were assessed: sea level rise, coastal flooding, extreme precipitation, total precipitation, surface temperature and wind speed.

d. **Healthcare and population modelling**. The working group consulted with subject matter experts within the business to overlay our proprietary healthcare modelling with insights from global population data. This offered estimates of the patient cohort size and associated medical capacity required for a range of respiratory conditions in each scenario. Population models helped to provide a view as to the drivers of population growth (i.e. developed world vs. developing world), while forecasts for healthcare expenditure were also used to offer a view of the healthcare system's capacity in these scenarios.

e. **Identify driving forces**. The working group, in collaboration with subject matter experts within our business, set about identifying key factors within our value chain which influence climate-related risks and opportunities. This included understanding key features such as demographics, economic conditions, energy supply, technological advancements, regulatory landscape, customer/market dynamics, and population health and wellbeing. These driving forces were then assessed against R&D, supply chain, manufacturing and sales operations, market access and ability to operate, in order to identify where their impact and influence would most meaningfully occur.

f. **Draft scenario narratives**. To provide a compelling illustration of how different temperature outcomes and pathways would affect our strategy and business model in plausible future states, scenario narratives were prepared. Excerpts from each narrative are included on the following pages.

g. **Data sources to construct scenarios**. A number of quantitative and qualitative sources were used, including: The International Institute for Applied Systems Analysis' (IIASA) SSP Database, Organisation for Economic Co-operation and Development (OECD) GDP projections, OECD forecasts for healthcare expenditure, IPCC Working Group I (WGI) Interactive Atlas, Climate Central's Surging Seas sea-level analysis tool, the IPCC's Sixth Assessment Report (AR6), Brian O'Neill's article 'The roads ahead: narratives for shared socioeconomic pathways describing world futures in the 21st pathway' published in Global Environment Change, February 2015, The International Energy Agency (IEA) transition scenarios: the Stated Policies Scenario and Net Zero Emissions by 2050, carbon price modelling from external consultants and the IEA, and proprietary healthcare market demand modelling.

4. **Scenario analysis workshops**. A series of workshops were held with the Carbon Committee and additional senior leaders. This mix of personnel was chosen to ensure an appropriate cross-section of the business was represented. The workshops were facilitated by our General Manager Group Risk Advisory and Head of Sustainability & Environmental Innovation. During the workshops, our business model and strategy was analysed for resilience to climate-related risks and opportunities. The analysis involved:

   a. Identification of climate-related risks and opportunities, and possible impacts.

   b. Consideration of the severity and likelihood of impacts of those risks and opportunities.

5. **Board engagement**. Following the workshops, the directors attended a walk-through briefing in our workshop room during the February 2024 board meeting. An overview of the scenario analysis process and a sample of workshop inputs and outputs was provided. Directors were able to build on their understanding of the data, assumptions and parameters in each scenario, discuss the process used and question the assumptions.

6. **Workshop evaluation session**. Following consolidation of the workshop outputs, the working group reported back to the workshop attendees to attain consensus on the key risks and opportunities identified under each scenario in order to feed these into our broader risk management framework and transition planning activities. The working group subsequently reported back to the ARC during the March 2024 meeting.

7. **Ongoing improvement in analysis**. We are committed to improving our scenario analysis process. Key improvements identified for subsequent reporting periods include:

   a. Financial impact analysis to support risk and opportunity analysis and quantification of anticipated financial impacts for our next reporting period.

   b. Improving the breadth and depth of the data, including healthcare data, and expanding the risk modelling and categories of physical risk modelling, and understanding of vulnerabilities in third party distribution (freight / shipping) infrastructure.

   c. Engaging with a broader range of people within the business.

   d. Improving our ability to understand the climate-related risks of our suppliers and customers, which is currently limited by the availability of their own data and information.

   e. During the FY25 financial year, we expect to align climate-related risk management processes and the scenario analysis with strategic business planning cycles.

Strategy

Long-term thinking is at the core of our sustainable, profitable growth model. It can take many years to bring a new healthcare product to market and achieve changes in clinical practice – this necessitates foresight, discipline, and careful planning.

This is evidenced across the business, in how we continuously strive to improve our products, invest in R&D, scale our infrastructure and global operations, and collaborate with partners. For more details on our business model, refer to page 21 of the annual report titled "How we deliver value".

Our focus on the long term is also reflected in our views on environmental and social responsibility, and our intention to create a positive, lasting impact on society and the environment. The need to consider climate-related risks and opportunities over decades aligns with this way of thinking.

Current impacts – 2024 financial year

Below is a non-exhaustive sample of current impacts of climate change that the business has responded to over the reporting period. While current impacts have been identified during the reporting period, they are not deemed to have a material current financial impact or expose the business to material climate-related vulnerabilities.

	Current Impact	Key Driver	Response
P	**Physical risk - Impact of extreme weather events** The increase in frequency and severity of extreme weather events (such as snowstorms, flood, drought, windstorms) could cause damage to our owned and leased sites. Managing the physical resilience of our global network of manufacturing locations, warehouses and offices ensures customers receive our products and services without delay or interruption.	**Supply chain, manufacturing & sales operations**	We have developed site-selection criteria against which future property purchases or material lease locations are assessed. Using risk mapping and projection tools, we make educated decisions about future key locations to ensure owned and leased sites are resilient to extreme weather events. Measured against our current site-selection criteria, and the available physical risk modelling tools, we are of the view that our key strategic locations have strong levels of resilience to extreme weather events over the next few decades. As weather models develop, we will continue to monitor and assess the resilience of our sites and the site-selection criteria.
P	**Physical risk - Water scarcity** Our manufacturing facilities in Tijuana, Mexico are situated in a water-scarce region, relying on water being delivered from a neighbouring state, which in turn relies on the stressed Colorado River basin catchment. During the 2024 financial year, water costs to service our three manufacturing facilities in Tijuana increased approximately 30% amid ongoing pressure to water supply.	**Supply chain, manufacturing & sales operations**	In March 2023, a water plant in Mexico to treat and re-use water deployed became operational. This plant is currently saving approximately 50% of water for our second building, with a goal of an 80% reduction in the near future.

	Current Impact	Key Driver	Response
T	**Transitional risk - Carbon reduction market access requirements** During the 2024 financial year, the National Health Service (NHS) in the United Kingdom mandated the external publishing of a carbon reduction plan and net zero commitment (by 2050) for in-market Scope 1 and 2, and some Scope 3 emissions.	**Market access** **Ability to operate**	Our team has responded with a commitment to meet the 2050 net zero target for the market in the United Kingdom with work ongoing to identify the most effective way to achieve this.
T	**Transitional risk - Green buildings** To meet the needs of our growing business, future expansion may increase our carbon footprint through the embodied carbon in construction and increasing our consumption of utilities (power and water).	**Supply chain, manufacturing & sales operations**	In scoping future construction projects, our team will consider innovations in both architectural and engineering designs, and whether this improvement can be designed into our future owned and built assets.
T	**Transitional risk - Compliance with reporting obligations** We are required to comply with the reporting obligations as a climate-reporting entity.	**Market access** **Ability to operate**	We created a climate working group to facilitate, support and prepare these climate-related financial disclosures. As a global business, we are preparing for similar reporting obligations to come into force in the other jurisdictions we operate in.
T	**Transitional risk & opportunity - Ecodesign** In a future where carbon-based materials are restricted by regulation or become scarce, we may need to utilise alternate materials or more carbon-efficient design.	**R&D**	We have established collaborative teams to work on a number of eco-efficiency projects including: – undertaking environmental lifecycle assessment across our current and future products – the development of alternate or biobased plastics and/or circular materials – the development of sustainable packaging solutions. By positioning carbon use as a design challenge, we anticipate our teams will be able to develop new methods, materials and ways of working to reduce our reliance on carbon-based materials. We also utilise the expertise of the Ecodesign Advisory Board. For more details on their input, refer to page 98 of the annual report.

Our Climate Scenarios

The climate scenarios and scenario narratives we used to stress-test the climate resilience of our business model and strategy are outlined below. For more detail on their development and rationale for selection, refer to the Scenario Analysis section of these climate-related disclosures at pages 99-101.

Scenario 1: Outpatient

In the Outpatient scenario, rapid climate action sees the world achieve net zero by 2050 and reach the stated Paris Agreement goal – a 1.5°C degree temperature increase above pre-industrial levels. Shared Socioeconomic Pathway 1 (SSP1) is known as 'Sustainability – Taking the Green Road', due to low challenges of mitigation and adaption. This has been selected as a plausible scenario to test how we would respond in a rapidly decarbonising and transitioning landscape.

Overview	Key Features	Narrative (excerpt)
1.5°C Global temperature increase peaks at 1.5°C by the year 2050, before settling to 1.4°C in 2100. **6.9B** Global population in 2100. **2.2%** OECD GDP growth to 2100 (CAGR), compared with a historical (prior 50 years) growth rate of 2.5%.	**Climate & Weather** There is a continuation of acute weather events globally, with sea level rise and coastal flooding presenting the most impactful challenges in certain regions. **Demographics & Economy** Global population climbs 6.4% by 2040, before marking an overall decline of 12% by 2100. The aged population cohort rises from a baseline of ~10% to ~45% in 2100. Low- and medium-income countries experience high GDP growth, while high-income countries see moderate growth. GDP growth (CAGR) for OECD nations is 3.9% in 2040 (from a 2020 baseline), slowing to 2.2% on a 2100 timescale. **Energy** The majority of electricity is generated from renewable sources, with fossil fuels becoming expensive to use. **Technology** There is a concerted global effort to implement 'green' technology into the value chain, with a significant focus placed on energy efficiency, reusability, and bio-based raw materials. **Regulation & Policy** There is effective international cooperation. High levels of regulation are imposed, such as carbon pricing and taxes, carbon reduction disclosure mandates, and climate-resilient infrastructure requirements. **Market Conditions** There is elevated and sustained pressure from customers and investors upon businesses to mitigate the impacts of climate change. **Health & Wellbeing** There are high levels of investment in healthcare relative to 2024 levels.	• The political momentum for a course correction builds, aided by effective international co-operation and a heightened sense of urgency. • Participation in New Zealand's Emissions Trading Scheme (ETS) becomes mandatory over time, encompassing fuel used, purchased electricity and landfill/waste disposal costs at the East Tāmaki and Karaka sites. • OECD countries adopt similar emissions trading schemes, and the price of carbon units rises steadily in these markets. • A carbon credit scheme for all global shipping lanes is introduced, which forwarders and shipping lines pass through to their customers. • The European Union proceeds with the introduction of its Carbon Border Adjustment Mechanism (CBAM). • To compete in tenders, there is an increased need for energy-efficient hardware, reusables, bio-based raw materials, recycled packaging, take-back/recycling programs and life-cycle assessments across our product range. • All of our future infrastructure projects are subject to stringent climate-resilience requirements. • There is continued growth in global population out to 2040, before declining out to 2100. There is a significant increase in the aged population cohort. • A 1.5°C warming scenario, and the associated worsening in environmental and atmospheric conditions, leads to an increase in the incidence and prevalence of respiratory conditions from a 2020 baseline.

Scenario 2: Emergency Department

In the emergency department scenario, a disorderly transition makes net zero unattainable by 2050 as emissions rise above current levels, resulting in temperature increase by 2.7°C from pre-industrial temperature by 2100. Shared Socioeconomic Pathway 2 (SSP2) is described as 'Middle of the Road', due to medium challenges to mitigation and adaption. This has been selected as a plausible scenario to test how we would respond in a disrupted and uneven landscape where demands vary greatly across different markets.

Overview	Key Features	Narrative (excerpt)
2.7°C Global temperature increase by the year 2100. **9.0B** Global population in 2100. **2.1%** OECD GDP growth to 2100 (CAGR), compared with a historical (prior 50 years) growth rate of 2.5%.	**Climate & Weather** There is a meaningful increase in acute and chronic weather events globally, with sea level rise, coastal flooding and increases in surface temperature presenting significant challenges in many regions. **Demographics & Economy** Global population climbs 12.3% by 2040 and arrives at an overall increase of 15% by 2100. The aged population cohort rises from a baseline of ~10% to ~30% in 2100. There is uneven GDP growth across the board. GDP growth (CAGR) for OECD nations is 3.0% in 2040 (from a 2020 baseline), slowing to 2.1% on a 2100 timescale. **Energy** There is some investment in renewables but a continued reliance on fossil fuels. **Technology** There is an uneven development of technology, with the level of innovation and intent varying greatly depending on the market. **Regulation & Policy** There is relatively weak international cooperation - government intervention is delayed and uneven. There is varying application of carbon pricing and taxes. **Market Conditions** There is inconsistent pressure from customers and investors to mitigate climate change, and expectation levels vary depending on the region/country. **Health & Wellbeing** There is a medium level of investment in healthcare relative to 2024 levels.	• The world's progress towards its climate goals is uneven, with limited additional progress beyond today's policy framework both here in New Zealand and internationally. • Rather than achieving global consensus on mitigation, there are varying expectations in different regions, with some markets pursuing carbon reduction while others lag. This makes it challenging for us to cater to its range of markets while remaining competitive. • On the whole, there is a hesitancy among customers and healthcare systems to carry the added cost of carbon-friendly products. • We see meaningful disruption at our global sites. Coastal flooding and sea level rise make for extremely challenging operating conditions at certain owned and leased warehouse facilities in Asia in the coming decade, while surface temperature increases in Tijuana, Mexico have a significant flow-on effect to energy costs and associated carbon intensity. • Support from suppliers on our sustainability targets is mixed depending on their broader customer base and which regions they service. This results in the bifurcation of our supply chain, where some suppliers are unable to meet the standards for those end markets with stringent requirements (i.e. the European Union). • There is accelerated growth in global population out to 2040, and then population growth slows. • A 2.7°C warming scenario, and the associated worsening in environmental and atmospheric conditions, leads to a meaningful increase in the incidence and prevalence of respiratory conditions from a 2020 baseline.

Scenario 3: High-Dependency Unit

In the high-dependency unit scenario, global co-operation efforts falter and self-interest actions prevail. This leads to emissions approximately doubling, resulting in a 3.6°C increase in global temperature and significant climate and weather impacts. Shared Socioeconomic Pathway 3 (SSP3) is described as 'Regional Rivalry – a Rocky Road", due to high challenges of mitigation and adaption. This has been selected as a plausible scenario to test how we would respond in a highly volatile and physically impacted world.

Overview	Key Features	Narrative (excerpt)
3.6°C Global temperature increase in 2100. **12.6B** Global population in 2100. **1.3%** OECD GDP growth to 2100 (CAGR), compared with a historical (prior 50 years) growth rate of 2.5%.	**Climate & Weather** There is a significant increase in acute and chronic weather events globally, with sea-level rise, coastal flooding, increases in surface temperature and wind speed presenting significant challenges in most regions. **Demographics & Economy** Global population surges 61% by 2100, with rapid growth in developing countries. There is slow GDP growth across the board. **Energy** Fossil fuels become difficult to source due to nationalistic and protectionist action from governments. Electricity grids are disrupted amid a lack of suitable alternatives. **Technology** There is slow technological progress and innovation and constrained budgets fuels demand for commodity goods. Protectionism results in nations competing to secure access to technology. **Regulation & Policy** There is weak, uneven international cooperation as traditional institutions falter. Nation states adopt protectionist policies to preserve domestic resources. **Market Conditions** There are different levels of demand and funding by region and country, though on the whole there is limited focus on carbon reduction. Economic development is slow, and consumption is material-intensive. **Health & Wellbeing** There is a low level of investment in healthcare (relative to 2024 levels) amid constrained budgets and competing priorities for expenditure.	• Global efforts to address climate change are derailed by nationalistic and protectionist actions. Competition intensifies as resources are depleted and climate impacts worsen – nations turn inward and prioritise regional issues. • Climate regulatory frameworks falter and there is a lack of consensus on how to proceed. Alliances and trade blocs deepen. • This tension impacts the cost of goods and services. There are significant increases in fossil fuel costs amid a lack of alternatives and as oil reserves are depleted. This drives up the cost of shipping, energy, and the sourcing of resins and other raw materials critical to our production. • We see significant disruption at our global sites. Average wind speed increases across much of our network, including at our East Tāmaki campus and our distribution sites in Western Europe. Coastal flooding and sea level rise presents challenges for certain leased sites in Asia, as does an increase in surface temperature in Mexico. Global shipping routes are congested as the Panama Canal experiences drought conditions each year, significantly reducing the number of passages each year. • Nations and regions compete to secure access to medical devices and technology. Patent enforcement becomes increasingly difficult in this environment. • There is significant population growth on both a 2040 and 2100 timescale, with a particular growth surge in developing nations. • A 3.6°C warming scenario, and the associated worsening in environmental and atmospheric conditions, leads to a significant increase in the incidence and prevalence of respiratory conditions from a 2020 baseline.

Climate-related risks and opportunities

Fisher & Paykel Healthcare has built a global business by identifying a difficult medical problem and designing an innovative solution. Without a doubt, a changing climate will present challenging problems, and we will respond to them the way we always have – by collaborating and innovating. For that reason, we view some of the impacts of climate change as risks and opportunities at the same time. We have identified anticipated climate-related risks and opportunities, including time horizons and potential management responses and strategies, across three climate scenarios: "Outpatient", "Emergency Department" and "High-Dependency Unit".

Definitions

In identifying risks and opportunities, we acknowledge and adopt the definitions used in by the XRB in NZCS 1:

Physical risks: Risks related to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns, such as sea level rise.

Transition risks: Risks related to the transition to a low-emissions, climate-resilient global and domestic economy, such as policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.

Opportunities: The potentially positive climate-related outcomes for an entity. Efforts to mitigate and adapt to climate change can produce opportunities for entities, such as through resource efficiency and cost savings, the adoption and utilisation of low-emissions energy sources, the development of new products and services, and building resilience along the value chain.

Time horizons: We have considered risks and opportunities across three different time horizons: short, medium and long term. We define short term as within the next five years (2024-2029), medium term as between five and 15 years (2030-2039) and long term as 15 years and beyond (2040 onwards).

Scenario 1: Outpatient | 1.5°C

Driver(s)	Description	Anticipated Impact	Risk or Opportunity	Timeframe	Potential Response
R&D	**Global customer demand for low-carbon products**	A rapid transition to a low-carbon product offering would be required. The scenario assumes a cohesive global focus on carbon reduction, meaning the majority of our key markets will be impacted by this transition. We have an opportunity to innovate and develop and transition to low-carbon products ahead of our competitors.	Risk and Opportunity (transition)	Short term Medium term Long term	• Accelerate our carbon reduction and Ecodesign initiatives • Re-allocate investment and initiatives to low-carbon R&D • Monitor development of 'green' technologies and materials by suppliers, competitors and other innovators
Supply chain, manufacturing & sales operations	**Widespread enforcement of carbon tax regimes**	A high likelihood of carbon tax regimes being enforced under this scenario will increase the cost of raw materials, manufacturing and freight. This will have a particular impact on products manufactured in New Zealand due to the distance to many key end markets (such as the United States and the European Union), resulting in margin impact. Access to certain raw materials are likely to be constrained under this scenario.	Risk (transition)	Short term Medium term Long term	• Evaluate infrastructure network design strategy and the geographical mix of manufacturing output • Decrease reliance on external utilities required for manufacturing • Evaluate advancements and/or collaboration opportunities in shipping and freight • Review procurement strategy to enable continued sourcing of critical raw materials
Supply chain, manufacturing & sales operations	**Increase in adverse weather events**	An increase in the rise and severity and frequency of weather events (albeit at a more moderate level than that of our other two scenarios), may cause supply chain disruption. Due to our global footprint, it is assumed that a number of our locations may be impacted by adverse weather events, although current modelling suggests our key locations have strong levels of resilience.	Risk (physical)	Medium term Long term	• Broaden analysis on severe weather events across our network, assess the impact on product/distribution flow, and improve business continuity planning initiatives • Continue to refine site-selection criteria based on improved climate modelling
R&D Market access	**Threats to market share amid emergence of novel technology and increased levels of competition**	The need for rapid innovation spurs the introduction of novel technology and the level of investment incentivises new competitors to enter our markets in certain product categories and/or particular geographic markets. This may make it more challenging to maintain market share and our long-term aspirational growth trajectory. If we can develop novel and patent-protected technology ahead of our competitors, we have an opportunity to gain a competitive advantage.	Risk & Opportunity (transition)	Medium term Long term	• Continue to analyse and monitor customer requirements compliance obligations, and integrate into our long-term business planning • Re-allocate investment and initiatives to low-carbon R&D • Apply appropriate patent protection to innovative low-carbon technology and product design
Market access Ability to operate	**Heightened regulatory and customer requirements**	There is a high compliance burden under this scenario amid stringent regulatory frameworks in key markets. Moreover, customers request a high level of detail on our carbon footprint in addition to our progress and effectiveness on broader environmental and social responsibility efforts.	Risk (transition)	Short term Medium term Long term	• Increase investment in processes/systems for gathering information and data required to make accurate disclosures and respond to requests for information

Scenario 2: Emergency Department | 2.7°C

Driver(s)	Description	Anticipated Impact	Risk or Opportunity	Timeframe	Potential Response
R&D	**Divergent market requirements**	There are uneven and divergent market requirements with some markets firmly committing to carbon reduction while others are ambivalent or deprioritise carbon reduction. If we can develop products to cater to this divergence ahead of our competitors, we can gain a competitive advantage.	Risk & Opportunity (transition)	Medium term Long term	• Reassess the applicability of our long-term carbon reduction plan and ecodesign initiatives • Refine strategy to monitor customer/ market requirements • Assess and manage cost / pricing strategy • Assess whether current levels of R&D investment in lower-carbon technology initiatives is adequate
Supply chain, manufacturing & sales operations **Market access** **Ability to operate**	**Variances in cost base as a result of increased market complexity**	The differing regional requirements (per above) result in a variance in our cost base. This may make it more challenging to maintain market share and achieve our long-term aspirational growth trajectory.	Risk (transition)	Medium term Long term	• Evaluate any variance in cost base to execute a product strategy (including R&D implications) to meet different market requirements • Evaluate network design strategy and the geographical mix of manufacturing output in order to optimise operational costs
Supply chain, manufacturing & sales operations	**Meaningful increase in adverse weather events**	There is a meaningful increase in the severity and frequency of weather events, resulting in more significant supply chain disruption. Due to our global footprint, it is assumed that a number of our locations are impacted by acute and chronic weather events (i.e. sea-level rise and coastal flooding impacts on certain owned and leased sites in Asia, and surface temperature impacts at our Tijuana, Mexico facilities).	Risk (physical)	Short term Medium term Long term	• Decrease reliance on external utilities required for the manufacturing process • Broaden analysis on severe weather events across our network, assess the impact on product/distribution flow, and improve business continuity planning initiatives • Hold additional stock to mitigate supply chain disruption • Refine site-selection criteria for owned and leased locations

Scenario 3: High-Dependency Unit | 3.6°C

Driver(s)	Description	Anticipated Impact	Risk or Opportunity	Timeframe	Potential Response
R&D	**Prioritisation of infant and homecare products**	Given the strain on healthcare capacity and funding in this scenario, there is a prioritisation of neonatal/pediatric patients, and also a need for greater volumes of care to be delivered in lower-intensity settings and/or the home.	Risk & Opportunity (transition)	Medium term Long term	• Determine an appropriate level of R&D investment in neonatal/pediatric products and technology to address this prioritisation of care • Determine an appropriate level of R&D investment in homecare products and technology to address this prioritisation of care
R&D	**Raw material scarcity**	Fossil fuel-based products, including plastics and resins crucial to our manufacturing process, become difficult to attain in this scenario.	Risk (transition)	Medium term Long term	• Assess planned R&D activities and determine an appropriate level of investment in sourcing/testing/ developing alternate raw materials • Hold additional raw materials inventory to mitigate supply volatility
Supply chain, manufacturing & sales operations	**Protectionist policies impact trade flows, making it challenging to source raw materials and distribute products**	Protectionist and nationalistic action from governments increases the likelihood of needing to localise and/or regionalise our business model.	Risk (transition)	Medium term Long term	• Increase surveillance to monitor protectionist trends/ developments • Increase surveillance to monitor competitors and new/ emerging entrants • Assess the need for a product supply localisation / regionalisation strategy
Supply chain, manufacturing & sales operations	**Significant increase in adverse weather events**	There is a material increase in the severity and frequency of weather events, resulting in significant supply chain disruption. Due to our global footprint, it is assumed that a number of our locations are impacted by acute and chronic weather events (i.e. sea-level rise and coastal flooding impacts on certain owned and leased sites in Asia, wind speed impacts at our New Zealand sites, and surface temperature impacts at our Tijuana facilities).	Risk (physical)	Short term Medium term Long term	• Decrease reliance on external utilities required for the manufacturing process • Broaden analysis on severe weather events across our network, impact on product/distribution flow and improve business continuity planning initiatives • Hold additional stock to mitigate supply chain disruption • Refine site selection criteria for owned and leased locations • Assess workforce and production impact due to increased staff absenteeism due to weather disruption
Market access Ability to operate	**Market access disruptions**	There is a need to implement a 'close to customer' network strategy to both ensure continued market access amid a protectionist landscape and mitigate impact on our infrastructure due to increased frequency and severity of weather events.	Risk (transition)	Medium term Long term	• Consider the breadth and depth of our product suite and the viability of maintaining this at its current size • Monitor customer requirements, competitor dynamics, customers' ability to pay and/or price increases from suppliers • Consider network design and long-term infrastructure plan

Anticipated financial impacts

We have elected to use Adoption Provision 2: Anticipated Financial Impacts (paragraphs 12-14 of NZCS 2) in this reporting period. This is to allow additional time to refine our data inputs and methodology and finalise financial modelling to assess reasonably expected anticipated financial impacts of the risks and opportunities identified in our scenario workshops.

Developing a climate-resilient business model (transition planning)

We recognise we have a responsibility to care for the natural environment while we pursue our business goals. Climate change is a growing concern among our customers, investors, and our own people. We recognise 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 in a resilient, efficient and responsible manner while improving care and outcomes for patients.

The work we have done to plan and prepare for the future has allowed us to mitigate some of the current impacts of climate change and reduce their effect. The different potential climate futures that lie ahead will provide both risks and opportunities for businesses, and with this will come significant uncertainty. How climate change will impact our business, including the risks and opportunities presented, will need to be regularly monitored and reviewed so that we can continue to maintain a resilient business.

We have elected to use Adoption Provision 3: Transition Planning (paragraph 15 of NZCS 2) in this first year of reporting to allow time to consider the output of our financial modelling into the anticipated financial impacts of identified climate-related risks and opportunities and to embed the financial analysis and sustainability objectives which exist across our business into business planning cycles in a more meaningful way.

We have identified a number of carbon reduction initiatives across the business. These initiatives inform the development of our carbon reduction long-term plan which provides a pathway to net zero CO_2e by 2050. A key contributing factor to our emissions profile is the emissions generated in the use phase of our products. Our ecodesign long-term plan supports carbon reduction by embedding sustainable product design into the business. We also consider carbon impacts and sustainability objectives when assessing our infrastructure and network design. These plans are being validated throughout the business and by the Board, with implementation plans being developed. These plans feed into our business planning cycles, which are performed on both a one-year time horizon (annual business planning) and a 15-year time horizon (long-term business planning).

We have established collaborative teams to work on a range of topics, including ecodesign, sustainable packaging, biobased and circular materials, sustainable production and environmental life cycle assessment. We believe that by investing in these initiatives, we can be more innovative and successful in the long term.

Our work to assess the amount or extent of assets or business activities vulnerable to climate-related risks (and aligned to opportunities), including the methodology and metrics to quantify, is ongoing and is not included in this first year of reporting. We see this assessment of business exposure as linked to the financial modelling of current and reasonably anticipated financial impacts (we have taken Adoption Provision 2 for the latter).

Internal emissions price: We conduct annual surveillance of carbon pricing and policy developments across our global markets. We are developing internal carbon cost tools and an internal carbon price model, so that we can factor in carbon impacts to our decision-making.

Capital deployment: Climate-related risks and opportunities are considered when deploying capital and making funding decisions in relation to projects that involve our manufacturing infrastructure; for example, we have previously disclosed details on our solar installation projects and our water re-use treatment plant at our facilities in Tijuana, Mexico. Going forward, we intend to integrate climate risk and opportunities as relevant throughout the business when decisions are being made in relation to capital deployment and funding.

Metrics and targets

Our approach is to operate our business efficiently and responsibly while improving care and outcomes for patients.

We measure our carbon emissions, and have set science-based targets to reduce emissions from our value chain. We are a Toitū carbonreduce certified organisation having measured greenhouse gas emissions in accordance with ISO 14064-1:2018 and are committed to managing and reducing our impact in respect of our operational emissions.

GHG emission reporting, metrics and targets

We have been measuring our greenhouse gas emissions since 2012. Over this time, we have improved our measurement processes and subsequent auditing of our carbon footprint. We have progressively expanded the geographical boundary of our audit and the scope of emissions sources measured. Each year we engage an independent auditor to audit our carbon footprint.

Greenhouse gas (GHG) emissions

GHG emissions (tonnes CO_2e)	FY2022	FY2023	FY2024	% Change FY2023 to FY2024
Scope 1	1,777	2,287	2,123	-7.2%
Scope 2 (location-based)	13,894	14,529	14,293	-1.6%
Scope 2 (market-based)	10,344	11,105	12,253	10.3%
Sub-total: Scope 1 & Scope 2 (location-based)	15,671	16,816	16,416	-2.4%
Sub-total: Scope 1 & Scope 2 (market-based)	12,121	13,392	14,376	7.3%
Scope 3	457,112	328,313	302,479	-7.9%
Total: Scope 1, Scope 2 (location-based) & Scope 3 emissions	**472,783**	**345,129**	**318,895**	**-7.6%**
Total: Scope 1, Scope 2 (market-based) & Scope 3 emissions	**469,233**	**341,705**	**316,855**	**-7.3%**
GHG emission intensity (tonnes CO_2e/revenue NZ$M)[1]	**280.4**	**216.1**	**181.8[2]**	**-16.7%**

Carbon emissions

Our carbon audit for the 2024 financial year shows a carbon footprint of 316,855 of CO_2e, representing a decrease of 7.3% on the prior financial year.[3]

1 GHG emission intensity calculated using Scope 2 market-based methodology

2 GHG emission intensity has declined when compared to the prior two financial periods, largely driven by a decline in hospital hardware sales

3 Total Scope 1, Scope 2 (market-based) and Scope 3 emissions

Emission categories

Scope 1 includes GHG emissions from sources that we own or control. This includes the fuel used in vehicles we own or lease, natural gas and emissions generated through the use of refrigerants.

Scope 2 includes indirect GHG emissions from the generation of electricity we purchase, as well as the generation of purchased heat, which is sourced or occurs at our manufacturing sites and our sales operations around the world.

Scope 3 includes GHG emissions generated by our own suppliers and customers. The most significant Scope 3 GHG emissions which contribute to our carbon footprint include:

- emissions generated from transportation, including freight, business travel and employee commuting
- emissions from purchased raw materials which are used in the production of our products
- emissions associated with the use of our products; including the electricity used during the use phase of our hardware, water use, medical gases used in connection with our products and end of life emissions associated with product disposal.

Performance during the 2024 financial year

Scope 1 emissions have decreased slightly, while our Scope 2 emissions have continued to increase. This increase is as a result of more production occurring in Mexico and the establishment of our manufacturing facility in Guangzhou, China.

Scope 3 emissions have declined, largely driven by a reduction in use-phase emissions amid lower hospital hardware sales.

One of the largest Scope 3 emissions sources is the electricity use of our products. Reducing these emissions is dependent on the global decarbonisation of the energy and the healthcare sector. Through our Ecodesign programme we look for opportunities to apply energy efficiency in design of our products.

Methods, assumptions and uncertainties in estimating GHG emissions

GHG emissions have been measured in accordance with ISO 14064-1:2018 and consolidated using the operational control approach. There are no exclusions from our organisational boundary. Emissions factors and Global Warming Potentials (GWP) are provided by the Toitū carbonreduce programme and supplemented by our own emissions factor database. Toitū Envirocare's Emanage software is used to calculate our carbon inventory. All emissions sources that contribute more than 1% of our total Scope 1 and 2 emissions are measured, as well as all indirect emissions sources required by ISO 14064-1:2018.

Our GHG emissions are calculated using a number of methods, including activity data (i.e. kWh for electricity consumption) multiplied by relevant emission factors. We use activity data directly from our suppliers where this is available and practical to collect. Where activity data is not easily obtainable, emissions have been estimated using spend data by category and an appropriate conversion factor to estimate the emissions. Where spend data cannot be split into the correct category and for smaller locations that do not contribute a significant portion of revenue or anticipated emissions, emissions have been estimated using the number of full-time equivalent employees in the location multiplied by an appropriate conversion factor based on our other similar operations.

Scope 3 use-phase emissions are estimated based on actual sales data and intended use cases based on the expectations of product design engineers. Local market considerations are then applied based on the location where the product was sold if this information is available.

Assurance of GHG emissions

Our GHG emissions inventory is subject to independent assurance by Toitū Envirocare (acting through Enviro-mark Solutions Limited). The assurance is provided in accordance with ISO 14064-1:2018 and the requirements of the Toitū carbonreduce programme.

For the financial year 2024, reasonable level of assurance was achieved for Scope 1 and 2 emissions, and certain Scope 3 emissions[4]. Limited assurance was achieved for the validation of Scope 3 use phase modelled emissions[5]. A copy of the Toitū Envirocare independent audit opinion and our GHG inventory and management report is available on the sustainability section of our website.

Science-based carbon reduction targets

Aligned with the goals of the Paris Agreement to limit global warming to 1.5 degrees Celsius, we are working toward net zero CO_2e by 2050. Setting near-term targets helps to guide us in the right direction. In 2019 we engaged with the Science Based Targets initiative (SBTi), a corporate climate action organisation which supports companies to set greenhouse gas emissions reduction targets in line with what is needed to meet the goals of the Paris Agreement. We set science-based targets for our Scope 1 and Scope 2 carbon emissions, being those emissions within our control, along with our Scope 3 supplier engagement target. Those targets were approved by the SBTi as consistent with levels required to limit global warming to 1.5 degrees Celsius.

Our approved Scope 1 and 2 target is an absolute target to achieve a 67% reduction in our Scope 1 and 2 emissions by 2034 from a 2019 baseline.

Since setting our target, our overall Scope 1 and 2 emissions have increased. This is largely due to our response to the global COVID-19 pandemic and the increase in production capacity over this period. Our ability to achieve our science-based targets is a process and depends on many factors, some that are within our control and some that are not. Implementation of renewable energy infrastructure, for example solar panels in Mexico, and the continued sourcing of renewable contracts will support our journey towards meeting our target.

We are committed to educating our suppliers about their responsibility to reduce carbon emissions and to set their own science-based targets. Our Scope 3 supplier engagement target is calculated by assessing suppliers based on spend and is dependent on supplier awareness and willingness to engage. Twenty-nine of our suppliers have set a science- based target via the SBTi framework.

Our Scope 3 supplier engagement target is currently in the process of being renewed. We expect to have a revised approved Scope 3 supplier target during the second half of the FY25 financial year. Once approved this target will be published on the sustainability section of our website.

4 ISO 14064-1:2018 Category 3: Indirect emissions from transportation; Category 4 Indirect emissions from products used by Fisher & Paykel Healthcare
5 ISO 14064-1:2018 Category 5: Indirect emissions associated with the use phase of Fisher & Paykel Healthcare products

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FINANCIALS

FINANCIAL COMMENTARY

The financial commentary below provides an overview of the financial results for the year ended 31 March 2024. Readers should refer to the following financial statements and notes for an understanding of the basis on which the financial results are determined.

INCOME STATEMENTS

Year ended 31 March	2023 NZ$M	2024 NZ$M	Change Reported %	Change CC (1) %
Operating revenue	**1,581.1**	**1,742.8**	+10	+8
Gross profit	938.4	1,044.4	+11	+10
Gross margin	**59.4%**	**59.9%**	+58 bps	+95 bps
SG&A expenses	(431.9)	(492.8)	+14	+13
R&D expenses	(174.3)	(198.2)	+14	+14
Total operating expenses	**(606.2)**	**(691.0)**	+14	+13
Operating profit	**332.2**	**353.4**	+6	+3
Operating margin	**21.0%**	**20.3%**	-73 bps	-85 bps
Revaluation of land	–	(98.1)		
Profit before financing and tax	**332.2**	**255.3**	-23	-31
Net financing expense	(4.2)	(19.6)		
Profit before tax	**328.0**	**235.7**	-28	-35
Tax expense	(77.7)	(103.1)	+33	+33
Profit after tax	**250.3**	**132.6**	-47	-56
Underlying profit after tax(2)	**250.3**	**264.4**	+6	+5

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 122.

2 Underlying profit after tax has been presented excluding the impact of abnormal items occurring during the 2024 financial year. A reconciliation is set out on page 119.

Total profit after tax for the year was $132.6 million, a 47% decline from last year, or 56% in constant currency. Excluding the impact of the land revaluation, provision for product recall, and the change in the tax treatment of building depreciation in the 2024 financial year, profit after tax ("Underlying profit after tax") was $264.4 million, a 6% increase or 5% in constant currency.

Revenue

Operating revenue was $1,742.8 million, a 10% increase from the prior comparable period (PCP) or 8% in constant currency. Hospital revenue increased 5% in constant currency. Hospital consumables continued to see strong demand across the product range. Homecare revenue grew 16% in constant currency with strong growth in masks of 18% in constant currency.

Gross margin

Gross margin at 59.9% increased by 95 basis points in constant currency from last year. Excluding the impact of the voluntary recall provision, underlying gross margin was 61.1%, a 216 basis point increase in constant currency from last year. Freight costs reduced and benefits from manufacturing efficiencies and pricing more than offset cost increase impacts on gross margin.

Operating expenses

Operating expenses increased 14% (13% in constant currency) to $691.0 million, reflecting the full year impact in 2024 of our investment in R&D and sales people during the 2023 financial year. This investment supports our global sales growth and development of our product pipeline.

R&D spend of $198.2 million grew 14%. Over the long-term we plan for R&D spend to grow in line with constant currency revenue growth.

Financing expenses

The net financing expense was $19.6 million, an increase of $15.4 million from the prior year, due to the increased borrowings to fund the purchase of the Karaka site and higher interest rates. Interest expense increased to $18.2 million (2023: $6.7 million). Net financing costs include exchange losses on foreign currency interest-bearing liabilities of $4.7 million (2023: $0.1 million).

Tax

The underlying effective tax rate was 25.3% (2023: 23.7%). The R&D tax credit this period of $18.0 million (2023: $15.9 million) represents the estimated eligible R&D expenditure incurred during the year. Excluding the R&D tax credit, the underlying effective tax rate was 30.5% (2023: 28.5%).

During the year, the New Zealand government passed legislation to remove commercial building depreciation for tax purposes. Deferred tax liabilities have increased by $19.3 million resulting in an increase in the tax expense of $19.3 million as the tax base of the Company's buildings in New Zealand reduced to nil.

FINANCIAL COMMENTARY CONTINUED

UNDERLYING FINANCIAL PERFORMANCE

While we understand the importance of reported profits meeting the NZ IFRS standards, we believe the underlying profit measurements will assist readers to better understand the Group's 2024 financial year performance, and against which future performance should be considered.

During the 2024 financial year, net profit after tax includes the expense associated with the voluntary Airvo 2 and myAirvo 2 product recall, revaluation of the land in Karaka, New Zealand, and the tax expense associated with the removal of building depreciation deductibility in New Zealand. We believe the financial impact of each of these have distorted the reported financial results and a more meaningful representation of the performance of our business for the year and for the future is the underlying result.

Further details of each of these is included within Note 3 of the Financial Statements – *Significant transactions and events*. We have included a full reconciliation of the impact each of the above abnormal items to what we consider the "underlying" income statement.

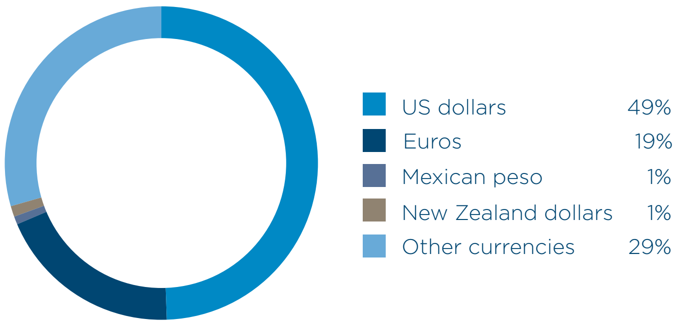
			Adjustments for abnormal items					
Year ended 31 March 2024	**Reported NZ$M**	**Growth (CC) %**	**Product recall NZ$M**	**Revaluation of land NZ$M**	**Deferred tax* NZ$M**	**Underlying NZ$M**	**Underlying growth change %**	**Underlying growth change (CC) %**
Operating revenue	1,742.8	+8	–	–	–	1,742.8	+10	+8
Cost of sales	(698.4)	+6	20.0	–	–	(678.4)	+6	+3
Gross profit	**1,044.4**	**+10**	**20.0**	**–**	**–**	**1,064.4**	**+13**	**+12**
Gross margin	**59.9%**	**+95 bps**				**61.1%**	**+172 bps**	**+216 bps**
SG&A expenses	(492.8)	+13	–	–	–	(492.8)	+14	+13
R&D expenses	(198.2)	+14	–	–	–	(198.2)	+14	+14
Total operating expenses	**(691.0)**	**+13**	**–**	**–**	**–**	**(691.0)**	**+14**	**+13**
Operating profit	**353.4**	**+3**	**20.0**	**–**	**–**	**373.4**	**+12**	**+10**
Operating margin	**20.3%**	**-85 bps**				**21.4%**	**+41 bps**	**+36 bps**
Revaluation of land	(98.1)		–	98.1	–	–		
Profit before financing and tax	**255.3**	**-31**	**20.0**	**98.1**	**–**	**373.4**	**+12**	**+10**
Net financing expense	(19.6)		–	–	–	(19.6)		
Profit before tax	**235.7**	**-35**	**20.0**	**98.1**	**–**	**353.8**	**+8**	**+7**
Tax expense	(103.1)	+33	(5.6)	–	19.3	(89.4)	+15	+12
Profit after tax	**132.6**	**-56**	**14.4**	**98.1**	**19.3**	**264.4**	**+6**	**+5**
Basic earnings per share	22.8 cps					45.4 cps		
Diluted earnings per share	22.6 cps					45.1 cps		

* Deferred tax on removal of building depreciation.

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 by $2.6 million from favourable foreign currency impacts compared to the prior year.

The effect of balance sheet translations for the year resulted in an increase in operating revenue of $7.1 million (2023: $11.0 million increase) and an increase in profit after tax of $1.1 million (2023: $2.1 million decrease). The hedging programme contributed a pre-tax gain of $1.9 million (2023: $3.7 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	
Year ended 31 March	2023	2024	2023	2024	2023	2024
USD	0.624	0.610	0.667	0.658	0.629	0.599
EUR	0.599	0.562	0.545	0.544	0.577	0.554
MXN	12.27	10.56	14.48	13.02	11.38	9.91

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 13 May 2024 is:

Year to 31 March	2025	2026	2027	2028	2029	2030 -2035+
USD % cover of expected exposure	80%	75%	60%	45%	20%	0%
USD average rate of cover	0.621	0.607	0.597	0.584	0.564	0.523
EUR % cover of expected exposure	90%	75%	60%	40%	40%	5%
EUR average rate of cover	0.532	0.532	0.526	0.524	0.507	0.465
MXN % cover of expected exposure	55%	30%	0%			
MXN average rate of cover	13.77	12.65	11.41			

Hedging cover has been rounded to the nearest 5%.

+ 2030 – 2035 shows average % cover of expected exposure and rate of cover for the five-year period.

CASH FLOWS

The full statement of cash flows is provided on page 126.

Year ended 31 March	2023 NZ$M	2024 NZ$M	Change NZ$M
Operating profit	332.2	353.4	21.2
Plus depreciation and amortisation	99.0	114.3	15.3
Change in working capital and other	(65.6)	30.4	96.0
Net interest paid	(6.2)	(16.7)	(10.5)
Net income tax paid	(121.2)	(51.8)	69.4
Operating cash flows	**238.2**	**429.6**	**191.4**
Lease repayments	(14.4)	(16.8)	(2.4)
Purchase of land and buildings	(89.0)	(251.3)	(162.3)
Purchase of plant and equipment	(98.8)	(65.5)	33.3
Purchase of intangible assets	(23.5)	(22.2)	1.3
Free cash flows	**12.5**	**73.8**	**61.3**
Dividends paid	(195.7)	(145.5)	50.2

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

Operating cash flows

Cash flows from operations for the period increased to $429.6 million (2023: $238.2 million). Operating cash flows were impacted by an increase in profit excluding non-cash items, favourable net working capital movements primarily as a result of lower inventories and a benefit from prepaying tax during the 2023 financial year, resulting in less tax paid during the 2024 financial year. Higher financing costs have slightly offset these benefits.

Capital expenditure

During the period, $339.0 million was spent on capital expenditure (excluding leased assets), including $189.5 million relating to the purchase of land for a second New Zealand campus in Karaka. Spending also included progressing our East Tāmaki campus development including earthworks for our fifth building. We continue to invest in production tooling and equipment additions.

Dividends

Dividends paid of $145.5 million were 26% lower than the prior period due to the reintroduction of the Dividend Reinvestment Plan (DRP) commencing with the interim dividend for the 2023 financial year, paid in December 2022. Under the DRP, $92.6 million of dividends were reinvested as new shares this period relating to the 2023 final and 2024 interim dividends declared, reducing the cash paid by the same amount.

BALANCE SHEET

As at 31 March	2023 NZ$M	2024 NZ$M	Change NZ$M
Trade receivables	179.6	219.5	39.9
Inventories	365.8	320.4	(45.4)
Less trade and other payables+	(125.2)	(111.3)	13.9
Working capital	**420.2**	**428.6**	**8.4**
Property, plant and equipment++	1,148.2	1,340.0	191.8
Intangible assets	85.6	88.4	2.8
Lease liabilities	(62.5)	(74.9)	(12.4)
Other net assets (liabilities)	124.2	9.2	(115.0)
Net cash (debt)	37.7	(32.2)	(69.9)
Net assets	**1,753.4**	**1,759.1**	**5.7**

\+ 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 have increased at 31 March 2024 reflecting the level of sales in the last couple of months in each year. Our debtor days were within the normal range at 45 days (Mar 2023: 40 days). Inventories have decreased by $45.4 million since March 2023, particularly finished goods, reflecting production levels continuing below demand through the year. Trade and other payables reduction includes timing associated with key capital infrastructure projects and payment of suppliers.

Property, plant and equipment (excluding leased assets) increased by $181.6 million in the year. The increase was driven by $122.0 million for the Karaka land acquisition net of revaluation decrease. Other additions of $107.1 million were offset by depreciation of $70.1 million. There were also $17.3 million for upward revaluations of the East Tāmaki land in New Zealand and the Mexico land. Net intangible assets increased by $2.8 million, with additions in patents and trademarks spending of $26.5 million and software spending of $4.3 million primarily for ERP as we continue to roll out SAP globally.

Other net assets/liabilities movements included the provision for the voluntary recall of $20 million recognised this year. Net tax payable increased by $38.6 million during the year, reflecting prepaid tax during the prior year reducing the payments required in the current year. Non-current other receivables decreased by $27.5 million as the deposit for the second New Zealand campus was reclassified to property, plant and equipment on receipt of Overseas Investment Office (OIO) approval this year. Net derivative financial instrument assets reduced by $18.1 million. All currency derivatives continued to be effective hedges.

Net cash and debt facilities

As at 31 March	2023 NZ$M	2024 NZ$M	Change NZ$M
Loans and borrowings			
– Current	–	(77.4)	(77.4)
– Non-current	(79.1)	(35.7)	43.4
Bank overdrafts	(4.2)	(1.1)	3.1
Total interest-bearing liabilities+	**(83.3)**	**(114.2)**	**(30.9)**
Total cash and investments	**121.0**	**82.0**	**(39.0)**
Net (debt) cash	**37.7**	**(32.2)**	**(69.9)**
Gearing	-2.3%	1.8%	–
Undrawn committed debt facilities	624.5	544.3	(80.2)
Undrawn uncommitted debt and overdraft facilities	90.0	82.0	(8.0)

\+ Excluding lease liabilities

As at 31 March 2024, the average maturity of loans and borrowings of $113.1 million was 1.5 years. The currency split for loans and borrowings was 36% NZD; 59% USD; 3% Australian dollars; and 2% Canadian dollars. During the year, $60 million of committed borrowing facilities matured and were not renewed. Within the next 12 months, one facility for $66.8 million, which is fully drawn at 31 March 2024, will expire.

Cash and cash equivalents were $82.0 million at 31 March 2024. This balance, operating cash generated in the 2025 financial year as well as any additional borrowings, will fund ongoing capital expenditure and the payment of the final dividend.

Gearing[1]

At 31 March 2024 the Group had net debt of $32.2 million and net gearing of 1.8%. This was within the target gearing range of -5% to +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 PROFIT AFTER TAX

Year ended 31 March	2023 NZ$M	2024 NZ$M	Change NZ$M
Profit after tax (constant currency)	**213.9**	**93.6**	**(120.3)**
Spot exchange rate effect	31.7	36.5	4.8
Foreign exchange hedging result	2.6	1.4	(1.2)
Balance sheet revaluation	2.1	1.1	(1.0)
Total impact of foreign exchange	**36.4**	**39.0**	**2.6**
Profit after tax (reported)	**250.3**	**132.6**	**(117.7)**

RECONCILIATION OF CONSTANT CURRENCY TO REPORTED REVENUE

Year ended 31 March	2023 NZ$M	2024 NZ$M	Change NZ$M
Operating revenue (constant currency)	**1,523.7**	**1,651.6**	**127.9**
Spot exchange rate effect	53.9	99.4	45.5
Foreign exchange hedging result	(7.5)	(15.3)	(7.8)
Balance sheet revaluation	11.0	7.1	(3.9)
Total impact of foreign exchange	**57.4**	**91.2**	**33.8**
Operating revenue (reported)	**1,581.1**	**1,742.8**	**161.7**

The significant exchange rates used in the constant currency analysis, being the budget exchange rates for the year ended 31 March 2024, are USD 0.66, EUR 0.61, JPY 85, MXN 12.0.

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 2024

	Notes	2023 NZ$M	2024 NZ$M
Operating revenue	4	1,581.1	1,742.8
Cost of sales		(642.7)	(698.4)
Gross profit		**938.4**	**1,044.4**
Selling, general and administrative expenses		(431.9)	(492.8)
Research and development expenses		(174.3)	(198.2)
Total operating expenses		**(606.2)**	**(691.0)**
Operating profit		**332.2**	**353.4**
Revaluation of land	9	–	(98.1)
Profit before financing and tax		**332.2**	**255.3**
Financing income		2.6	3.3
Financing expense		(6.7)	(18.2)
Exchange loss on foreign currency interest-bearing liabilities		(0.1)	(4.7)
Net financing expense		**(4.2)**	**(19.6)**
Profit before tax	5	328.0	235.7
Tax expense	11	(77.7)	(103.1)
Profit after tax		**250.3**	**132.6**
Basic earnings per share	16	43.3 cps	22.8 cps
Diluted earnings per share	16	43.0 cps	22.6 cps

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2024

	Notes	2023 NZ$M	2024 NZ$M
Profit after tax		**250.3**	**132.6**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve			
Exchange differences on translation of foreign operations		4.1	2.0
Hedging reserves			
Changes in fair value in hedging reserves		(58.6)	(14.7)
Transfers to profit before tax from cash flow hedge reserve		(3.7)	(3.1)
Tax on above reserve movements	11	17.4	5.0
Items that will not be reclassified to profit or loss			
Revaluation of land	9	47.6	17.3
Other comprehensive income, net of tax		**6.8**	**6.5**
Total comprehensive income		**257.1**	**139.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Notes	Share capital NZ$M	Retained earnings NZ$M	Reserves NZ$M	Total equity NZ$M
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**
Total comprehensive income		**–**	**132.6**	**6.5**	**139.1**
Dividends paid	17	–	(238.1)	–	(238.1)
Issue of share capital under the dividend reinvestment plan	15	92.6	–	–	92.6
Issue of share capital under employee share plans	15	9.5	–	–	9.5
Movement in share based payments reserve	17	–	–	4.4	4.4
Movement in treasury shares	15	(1.8)	–	–	(1.8)
Balance at 31 March 2024		**404.0**	**1,095.0**	**260.1**	**1,759.1**

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

CONSOLIDATED BALANCE SHEET

As at 31 March 2024

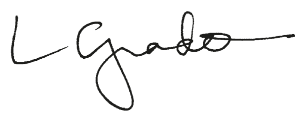
	Notes	2023 NZ$M	2024 NZ$M
ASSETS			
Current assets			
Cash and cash equivalents		121.0	82.0
Trade and other receivables	7	218.5	257.2
Inventories	8	365.8	320.4
Derivative financial instruments	6	33.2	36.3
Tax receivable		35.7	9.0
Total current assets		**774.2**	**704.9**
Non-current assets			
Derivative financial instruments	6	70.0	53.5
Other receivables		29.9	2.4
Property, plant and equipment	9	1,148.2	1,340.0
Intangible assets	10	85.6	88.4
Deferred tax assets	11	96.6	92.5
Total assets		**2,204.5**	**2,281.7**
LIABILITIES			
Current liabilities			
Borrowings	12	4.2	78.5
Lease liabilities	12	17.1	17.7
Trade and other payables	13	219.7	219.9
Provisions	14	20.9	31.0
Tax payable		6.6	18.5
Derivative financial instruments	6	21.3	19.4
Total current liabilities		**289.8**	**385.0**

	Notes	2023 NZ$M	2024 NZ$M
LIABILITIES			
Non-current liabilities			
Borrowings	12	79.1	35.7
Lease liabilities	12	45.4	57.2
Provisions	14	7.3	6.3
Other payables	13	21.6	21.4
Derivative financial instruments	6	4.8	11.4
Deferred tax liabilities	11	3.1	5.6
Total liabilities		**451.1**	**522.6**
EQUITY			
Share capital	15	303.7	404.0
Retained earnings		1,200.5	1,095.0
Reserves	17	249.2	260.1
Total equity		**1,753.4**	**1,759.1**
Total liabilities and equity		**2,204.5**	**2,281.7**

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

On behalf of the Board
28 May 2024

Scott St John
Board Chair



Lewis Gradon
Managing Director and
Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2023 NZ$M	2024 NZ$M
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,543.0	1,716.2
Interest received	2.8	3.2
Payments to suppliers and employees	(1,177.4)	(1,218.1)
Tax paid	(121.2)	(51.8)
Interest paid	(6.5)	(16.4)
Lease interest paid	(2.5)	(3.5)
Net cash flows from operating activities	**238.2**	**429.6**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net short-term investments	200.0	–
Purchases of property, plant and equipment	(187.8)	(316.8)
Purchases of intangible assets	(23.5)	(22.2)
Net cash flows from investing activities	**(11.3)**	**(339.0)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of share capital under employee share plans	3.0	3.0
New borrowings	137.5	300.6
Repayment of borrowings	(127.5)	(270.0)
Lease liability payments	(14.4)	(16.8)
Dividends paid	(195.7)	(145.5)
Net cash flows from financing activities	**(197.1)**	**(128.7)**
Net increase (decrease) in cash	29.8	(38.1)
Opening cash	84.6	116.8
Effect of foreign exchange rates	2.4	2.2
Closing cash	**116.8**	**80.9**
RECONCILIATION OF CLOSING CASH		
Cash and cash equivalents	121.0	82.0
Bank overdrafts	(4.2)	(1.1)
Closing cash	**116.8**	**80.9**

	2023 NZ$M	2024 NZ$M
CASH FLOW RECONCILIATION		
Profit after tax	250.3	132.6
Add (deduct) non-cash items:		
Depreciation - right-of-use assets	16.6	17.7
Depreciation and amortisation - other assets	82.4	96.6
Share based payments	9.0	10.8
Movement in provisions	(9.2)	9.0
Movement in deferred tax assets / liabilities	4.8	10.2
Movement in net tax payables	(49.3)	39.2
Foreign currency translation	1.2	(0.7)
Revaluation of land	–	98.1
Other non-cash items	1.6	3.8
	57.1	**284.7**
Net working capital movements:		
Trade and other receivables	(43.3)	(38.5)
Inventories	(6.9)	45.4
Trade and other payables	(19.0)	5.4
	(69.2)	12.3
Net cash flows from operating activities	**238.2**	**429.6**

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 Tāmaki, Auckland. These consolidated financial statements were approved for issue by the Board of Directors on 28 May 2024.

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 2024 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.

Material accounting policy information

Material accounting policy information is disclosed in each of the applicable notes to the financial statements and is 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. SIGNIFICANT TRANSACTIONS AND EVENTS IN THE FINANCIAL YEAR

The following significant transactions and events affected the financial performance and financial position of the Group for the year ended 31 March 2024:

Land acquisition and valuation

In September 2022, the Group announced that one of its subsidiaries, Fisher & Paykel Healthcare Properties Limited (FPH Properties), had entered into an agreement to purchase land for a second New Zealand campus in Karaka for $275.0 million. 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. $217.0 million has been paid to date for 79.4 hectares of land which was capitalised during the year. A further $43.0 million is to be paid in January 2026 and the final payment of $15.0 million is due in December 2026 for the acquisitions of the remaining 24.8 hectares of land in Karaka.

As at 31 March 2024, the Group obtained external valuations of land for financial reporting purposes, including East Tāmaki and Karaka in New Zealand and Tijuana, Mexico. The East Tāmaki and Tijuana land values increased by $17.3 million in total, which is recognised as a revaluation gain within Other Comprehensive Income which is included in the Asset Revaluation Reserve. The Karaka land value decreased by $98.1 million, which is recognised as an expense in the Income Statement.

The East Tāmaki land was valued at $263.9 million, resulting in a valuation increase of $11.1 million. The Tijuana land was valued at USD $22.5 million, resulting in a valuation increase of USD $3.8 million. The Karaka land owned as at 31 March 2024 was valued at $122.0 million, resulting in a valuation decrease of $98.1 million. The total revaluation decrease is recognised within the Income Statement.

At 31 March 2024 the historic cost of all land sites is $333.9 million and the fair value recognised on the balance sheet is $423.6 million. Details of each land valuation are included within Note 9 of these financial statements.

Property, plant and equipment

During the year, construction work progressed on the car park building on our East Tāmaki, New Zealand campus and earthworks continue for the construction of a fifth building on our East Tāmaki site. Capital commitments at 31 March 2024 include $12.4 million related to these projects. To date, spending on these projects totals $75.2 million.

Voluntary limited product recall

In March 2024, the Group initiated a voluntary limited recall of Airvo 2 and myAirvo 2 devices manufactured before 14 August 2017. The voluntary limited recall relates to a speaker configuration issue that may result in distorted, intermittent or inaudible alarm sound levels. This does not affect the therapy delivered by the Airvo 2 or myAirvo 2 device and the devices will otherwise perform as intended. A provision has been recognised through cost of sales for the total estimated recall cost of $20 million (refer Note 14).

Building depreciation

During the year, the New Zealand government passed legislation to remove commercial building depreciation for tax purposes. As a result of the legislation change, the deferred tax liabilities have increased by $19.3 million with a corresponding increase in tax expense of $19.3 million as the tax base of the Company's buildings has reduced to nil.

Borrowing facilities

During the year, $60 million of committed external financing facilities matured and were not renewed. The Group borrowed $300.6 million from available facilities during the year primarily to fund the payment of $189.5 million for the purchase of land in Karaka. Subsequently $270.0 million has been repaid. The Company had total available committed external financing facilities of $646.8 million as at 31 March 2024, of which approximately $544.3 million was undrawn. As at 31 March 2024, the weighted average maturity of committed borrowing facilities was 2.7 years.

Share capital

During the year, the Group issued a total of 3,960,480 shares under the Dividend Reinvestment Plan (DRP) and 646,626 shares under employee share based payment arrangements. Under the DRP, 2,184,251 new shares were issued relating to the FY23 final dividend at an average price of $23.5961 per share, totalling $51.6 million and a total of 1,776,229 new shares were issued relating to the FY24 interim dividend at an average price of $23.0752 per share, totalling $41.0 million.

4. OPERATING REVENUE AND SEGMENTAL INFORMATION

	2023 NZ$M	2024 NZ$M
Sales revenue	1,588.6	1,758.1
Foreign exchange loss on hedged sales	(7.5)	(15.3)
Total operating revenue	**1,581.1**	**1,742.8**
Revenue by product group		
Hospital products	1,023.5	1,087.9
Homecare products	553.8	652.3
	1,577.3	1,740.2
Distributed and other products	3.8	2.6
Total operating revenue	**1,581.1**	**1,742.8**
Revenue after hedging by geographical location of customer:		
North America	683.8	806.1
Europe	427.6	477.3
Asia Pacific	399.0	368.9
Other[1]	70.7	90.5
Total operating revenue	**1,581.1**	**1,742.8**

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 2024

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.

1 CODM comprised 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 during the 2024 financial year.

5. EXPENSES

	2023 NZ$M	2024 NZ$M
Profit before tax is after charging the following specific expenses:		
Donations	0.3	0.4
Inventory written down (net)	22.3	25.9

Fees paid to auditors

	2023 NZ$000	2024 NZ$000
Statutory audit and half year review (i)	1,506	1,740
Other assurance and audit related services (ii)	39	42
Total audit, other assurance services and audit-related services	1,545	1,782
Other services (iii)	62	25
Total fees paid to auditors	**1,607**	**1,807**

Other fees paid to auditors

(i) Statutory audit and half year review includes $662,274 (2023: $510,500) paid to other PwC network firms.

(ii) Other assurance and audit related services of $41,900 (2023: $39,100) include assurance procedures in relation to compliance with the constant currency framework.

(iii) Other services of $24,624 in 2024 includes regulatory tax compliance procedures in Mexico and market survey data relating to executive remuneration levels. In 2023 other services fees of $61,600 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.

	2023 NZ$000	2024 NZ$000
PwC New Zealand	1,075	1,120
PwC Overseas offices	532	687
	1,607	**1,807**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

6. DERIVATIVE FINANCIAL INSTRUMENTS

	2023		2024	
	Assets NZ$M	Liabilities NZ$M	Assets NZ$M	Liabilities NZ$M
CURRENT				
Foreign currency forward exchange contracts – cash flow hedges	32.3	20.7	36.3	19.0
Foreign currency forward exchange contracts – not hedge accounted	0.4	0.6	–	0.4
Interest rate swaps & options – cash flow hedges	0.5	–	–	–
	33.2	**21.3**	**36.3**	**19.4**
NON-CURRENT				
Foreign currency forward exchange contracts – cash flow hedges	69.7	4.8	53.5	11.4
Interest rate swaps & options – cash flow hedges	0.3	–	–	–
	70.0	**4.8**	**53.5**	**11.4**

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 2024

6. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Contractual amounts of derivative financial instruments were as follows:

	2023 NZ$M	2024 NZ$M
Foreign currency forward contracts and options		
Sale commitments forward exchange contracts	2,754.8	3,109.5
Purchase commitments forward exchange contracts	61.2	52.1
Foreign currency borrowing forward exchange contracts	117.9	64.2
Interest rate derivatives		
Interest rate swaps	31.9	2.5

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

	Foreign Currency	
	2023 M	2024 M
Sale commitments		
United States dollars	US$1,060.0	US$962.5
European Union euros	€289.5	€526.5
Japanese yen	¥11,980.0	¥9,260.0
Purchase commitments		
Mexican pesos	MXN$999.0	MXN$743.5

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

7. TRADE AND OTHER RECEIVABLES

	2023 NZ$M	2024 NZ$M
CURRENT		
Trade receivables	184.5	223.0
Loss allowance for doubtful trade receivables	(4.9)	(3.5)
	179.6	219.5
Other receivables	38.9	37.7
	218.5	**257.2**

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 85% of trade receivables were current (2023: 91%) with 1% (2023: 4%) 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

	2023	2024
Five largest customers' proportion of the Group's:		
Operating revenue	24%	23%
Trade receivables	13%	16%

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

	2023 NZ$M	2024 NZ$M
Materials	165.7	164.1
Finished products	256.4	235.4
Provision for inventory write downs	(56.3)	(79.1)
	365.8	**320.4**

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 2024

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 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**
Revaluation recognised in asset revaluation reserve	17.3	–	–	–	–	–	–	–	17.3
Revaluation recognised in the income statement	(98.1)	–	–	–	–	–	–	–	(98.1)
Additions	224.4	1.0	6.9	27.4	16.0	5.7	43.0	35.8	360.2
Transfers	2.2	5.3	8.4	–	52.3	–	(12.4)	(55.8)	–
Disposals	–	–	(0.3)	(6.1)	(5.6)	(6.2)	–	(0.4)	(18.6)
Foreign exchange differences	1.5	4.2	0.2	–	0.1	–	0.3	–	6.3
Balance at 31 March 2024	**423.6**	**241.7**	**269.1**	**96.8**	**594.5**	**14.6**	**87.7**	**171.7**	**1,899.7**
Depreciation and impairment losses									
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**
Depreciation charge for the year	–	6.4	11.8	12.8	51.9	4.9	–	–	87.8
Disposals	–	–	(0.3)	(1.2)	(5.6)	(5.9)	–	–	(13.0)
Foreign exchange differences	–	0.5	–	–	–	–	–	–	0.5
Balance at 31 March 2024	**–**	**43.9**	**116.6**	**39.0**	**351.8**	**8.4**	**–**	**–**	**559.7**
Carrying amounts									
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
At 31 March 2024	**423.6**	**197.8**	**152.5**	**57.8**	**242.7**	**6.2**	**87.7**	**171.7**	**1,340.0**

(i) $2.4 million of finance costs were capitalised during the year in relation to building additions (2023: $1.3 million).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

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.

Revaluations of land

Revaluation increases are recognised in other comprehensive income and accumulated as a separate component of equity in the asset revaluation reserve, except to the extent that they reverse a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement.

Revaluation decreases are recognised in the income statement, except to the extent that they offset a previous revaluation increase for the same asset, in which case the decrease is recognised in other comprehensive income and accumulated as a separate component of equity in the asset revaluation reserve.

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. 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'. 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, including usability of land (likely yield). In the case of development land, adjustments also include envisaged future zoning and relevant timing of development.

East Tāmaki - New Zealand

The East Tāmaki, New Zealand land holding was valued by Jones Lang LaSalle (JLL NZ), with an effective date of 31 March 2024. The valuation of land ranged from $600 psm for development land to $643 psm for land with improvements. The land has been revalued to $263.9 million, representing an increase of $11.1 million recognised through asset revaluation reserve in equity.

Karaka - New Zealand

The Karaka, New Zealand land holding was valued by Savills NZ Limited, with an effective date of 31 March 2024. The land acquired during the year comprised of 79.4 hectares for the development of a second New Zealand campus in Karaka and includes a mix of rural and future urban zoned land. The land has been revalued from a carrying cost at 31 March 2024 of $220.1 million to a fair value of $122.0 million, representing a revaluation change of $98.1 million recognised within the income statement. The valuation has been conducted in accordance with accepted market approaches, the principle approach being the Direct (Sales) Comparison Approach. Reference has also been made to the Residual Feasibility Analysis (Discounted Cashflow) and Chance of Change (Plussage).

Tijuana - Mexico

The Mexico land holding was valued by Jones Lang LaSalle (JLL Mexico), with an effective date of 31 March 2024. The land was valued at US$22.5 million (NZ$37.7 million), representing an increase of US$3.8 million (NZ$6.2 million) recognised through asset revaluation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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The table below summarises the valuation approach to land and the principal assumptions used in establishing the fair values:

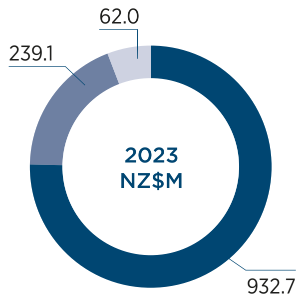
		2023		2024	
Predominant land valuation approach	Inputs used to measure fair value	Range of significant inputs	Weighted average	Range of significant inputs	Weighted average
Auckland East Tāmaki Direct sales comparison	Rate per sqm	$558-600	$590	$600-643	$628
Auckland Karaka Direct sales comparison with adjustments made to reflect usability and timing of zoning and development	Rate per sqm	n/a	n/a	$50-$183	$154
Mexico Tijuana Direct sales comparison	Rate per sqm – USD	US$116	US$116	US$139-146	US$143
	Rate per sqm – NZD	$166	$166	$232-$244	$238

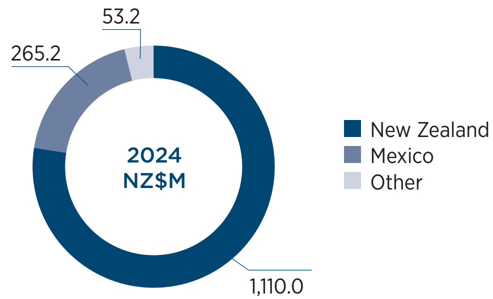
The significant unobservable input used in the fair value measurement of the Group's land is the value per square metre. Increases or decreases in the value per square metre would result in corresponding increases or decreases in the total valuation.

Carrying amounts of land if measured at historical cost

		Historical Cost		Fair Value	
	Unit	2023 NZ$M	2024 NZ$M	2023 NZ$M	2024 NZ$M
East Tāmaki	NZ$M	81.9	86.4	248.3	263.9
Karaka	NZ$M	–	220.1	–	122.0
Total New Zealand	NZ$M	81.9	306.5	248.3	385.9
Mexico	US$M	16.3	16.3	18.3	22.5
Mexico	NZ$M	25.9	27.4	28.0	37.7
Total Land	**NZ$M**	**107.8**	**333.9**	**276.3**	**423.6**

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





NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 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**
Additions	4.3	26.5	–	0.3	31.1
Transfers	2.9	–	1.3	(4.2)	–
Disposals	(0.1)	(3.2)	–	(1.9)	(5.2)
Foreign exchange differences	–	–	0.2	0.3	0.5
Balance at 31 March 2024	**67.7**	**144.5**	**9.7**	**0.4**	**222.3**
Amortisation and impairment losses					
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)
Balance at 31 March 2023	**31.2**	**75.9**	**3.2**	**–**	**110.3**
Amortisation for the year	5.2	21.0	0.3	–	26.5
Disposals	–	(2.9)	–	–	(2.9)
Balance at 31 March 2024	**36.4**	**94.0**	**3.5**	**–**	**133.9**
Carrying amounts					
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
At 31 March 2024	**31.3**	**50.5**	**6.2**	**0.4**	**88.4**

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

11. INCOME TAX

Income tax expense

	2023 NZ$M	2024 NZ$M
Profit before tax	**328.0**	**235.7**
Tax expense at the New Zealand rate of 28%	91.8	66.0
Adjustments to tax:		
Non-assessable income / additional deductible expenses	(0.8)	(0.5)
Non-deductible expenses / additional assessable income	7.2	8.9
Non-deductible revaluation of land	–	27.5
Foreign rates other than 28%	(2.4)	(0.8)
Effect of foreign currency translations	(2.0)	0.1
R&D tax credit	(15.9)	(18.0)
Removal of building depreciation	–	19.3
Prior period under/(over) provision	(0.2)	0.6
Tax expense	**77.7**	**103.1**
This is represented by:		
Current tax	70.0	92.8
Deferred tax	7.7	10.3
Tax expense	**77.7**	**103.1**
Effective tax rate	23.7%	43.7%
Effective tax rate excluding R&D tax credit, revaluation of land and removal of building depreciation	28.5%	30.5%

The Organisation for Economic Co-operation and Development's (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The BEPS Pillar Two model rules seek to apply a 15% global minimum tax across all jurisdictions and is expected to apply to the Group from 1 April 2024.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Pillar Two rules are enacted in countries in which the Group operates but not yet in effect. Since the Group does not have significant operations in low-tax jurisdictions, the rules are not expected to have a material impact.

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.

IMPUTATION CREDITS	2023 M	2024 M
New Zealand imputation credits available for use in subsequent reporting periods	NZ$318.6	NZ$280.4
Australian franking credits available for use in subsequent reporting periods	A$16.2	A$19.3

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

11. INCOME TAX (CONTINUED)

Deferred tax assets / (liabilities)

	Provisions and accruals NZ$M	Inventories NZ$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 2022	37.4	94.2	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	(6.4)	(2.3)	0.6	0.3	–	0.6	(0.3)	(7.5)
Balance at 31 March 2023	**31.0**	**91.9**	**1.8**	**(14.2)**	**(21.8)**	**4.7**	**0.1**	**93.5**
Amounts recognised in:								
Other comprehensive income	–	–	–	–	5.0	–	–	5.0
Directly in equity	–	–	–	–	–	(1.3)	–	(1.3)
In the income statement	5.3	(0.8)	0.1	4.1	–	(0.2)	0.5	9.0
In the income statement – removal of building depreciation	–	–	–	(19.3)	–	–	–	(19.3)
Balance at 31 March 2024	**36.3**	**91.1**	**1.9**	**(29.4)**	**(16.8)**	**3.2**	**0.6**	**86.9**

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 2024

12. INTEREST-BEARING LIABILITIES

	2023		2024	
	Borrowings NZ$M	Leases NZ$M	Borrowings NZ$M	Leases NZ$M
CURRENT				
Bank overdrafts	4.2	–	1.1	–
Borrowings	–	–	77.4	–
Lease liabilities	–	17.1	–	17.7
	4.2	**17.1**	**78.5**	**17.7**
NON-CURRENT				
Borrowings expiring				
Between one and two years	63.6	–	5.7	–
Between two and three years	15.5	–	–	–
Between three and four years	–	–	30.0	–
Between four and five years	–	–	–	–
Lease liabilities	–	45.4	–	57.2
	79.1	**45.4**	**35.7**	**57.2**

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 2% - 38%, with a weighted average rate of 6.4% (2023: 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 2024

12. INTEREST-BEARING LIABILITIES (CONTINUED)

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 6.5% (2023: 4.3%).

Key lenders to the Group are Debt Certificate Holders under the Negative Pledge Deed. 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 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 $646.8 million as at 31 March 2024, of which $544.3 million was undrawn. As at 31 March 2024, the weighted average maturity of committed borrowing facilities was 2.7 years.

	2023 NZ$M	2024 NZ$M
Unused lines of credit		
Uncommitted borrowing and bank overdraft facilities	90.0	82.0
Committed borrowing facilities	624.5	544.3
	714.5	**626.3**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

13. TRADE AND OTHER PAYABLES

	2023 NZ$M	2024 NZ$M
CURRENT		
Trade payables	43.0	32.4
Employee entitlements	94.5	108.6
Other payables and accruals	82.2	78.9
	219.7	**219.9**
NON-CURRENT		
Employee entitlements	18.1	18.1
Other payables and accruals	3.5	3.3
	21.6	**21.4**

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

	2023 NZ$M Warranty	2024 NZ$M Warranty	2024 NZ$M Recall	2024 NZ$M Total
Warranty and recall provision				
CURRENT				
Balance at beginning of the year	26.3	20.9	–	20.9
Current year provision	(3.0)	(7.0)	20.0	13.0
Warranty expenses incurred	(2.4)	(2.9)	–	(2.9)
Balance at end of the year	**20.9**	**11.0**	**20.0**	**31.0**
NON-CURRENT				
Balance at beginning of the year	11.1	7.3	–	7.3
Current year provision	(3.8)	(1.0)	–	(1.0)
Balance at end of the year	**7.3**	**6.3**	**–**	**6.3**

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 and Product Recall

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 including associated recall costs these are included in the provision.

Management has made judgements, estimates and assumptions related to probable costs arising from the recall which affect the provision and total expenses. Actual outcomes may differ from these estimates as information is identified.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

15. SHARE CAPITAL

	2023 NZ$M	2024 NZ$M
Share capital at beginning of the year	266.3	307.0
Issue of share capital under dividend reinvestment plan	35.3	92.6
Issue of share capital under employee share plans	5.4	9.5
Share capital at end of the year	307.0	409.1
Less treasury shares (i)	(3.3)	(5.1)
	303.7	**404.0**
Number of issued shares		
Number of shares on issue at beginning of the year	577,405,878	579,356,576
Shares issued:		
Dividend reinvestment plan	1,630,648	3,960,480
Employee share purchase schemes	80,532	76,683
Employee share based payments plans	239,518	569,943
Number of shares on issue at end of the year	579,356,576	583,963,682
Less treasury shares (i)	(137,282)	(419,172)
	579,219,294	**583,544,510**

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 under the Employee Share Purchase Scheme by Fisher & Paykel Healthcare Employee Share Trust.

16. EARNINGS PER SHARE

	2023 NZ$M	2024 NZ$M
Profit after tax	**250.3**	**132.6**
Weighted average number of ordinary shares	578,140,116	581,972,373
Adjustment for share options, PSRs and ESRs	3,490,803	4,206,561
Weighted average number of ordinary shares for diluted earnings per share	**581,630,919**	**586,178,934**
Basic earnings per share (cents per share)	43.3 cps	22.8 cps
Diluted earnings per share (cents per share)	43.0 cps	22.6 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 2024

17. RESERVES AND DIVIDENDS

	2023 NZ$M	2024 NZ$M
Hedging reserve	55.7	42.9
Asset revaluation reserve	169.7	187.0
Employee share based payment reserve	22.4	26.8
Foreign currency translation reserve	1.4	3.4
Total reserves	**249.2**	**260.1**

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 $26.2 million were paid to non-resident shareholders (2023: $24.7 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		
2022 final	22.50	129.9
2023 interim	17.50	101.1
31 March 2023	**40.00**	**231.0**
2023 final	23.00	133.3
2024 interim	18.00	104.8
31 March 2024	**41.00**	**238.1**

Subsequent event – dividend declared

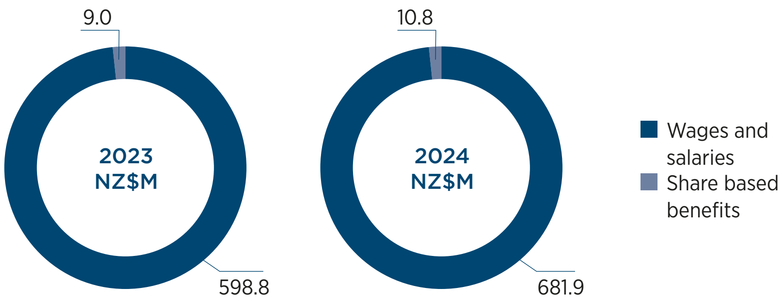
On 28 May 2024 the Directors approved the payment of a fully imputed 2024 final dividend of $137.2 million (23.5 cents per share) to be paid on 10 July 2024. A supplementary dividend of 4.1471 cents per share was also approved for eligible non-resident shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

18. EMPLOYEE EXPENSES

Employee expenses total $692.7 million (2023: $607.8 million).



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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

	2023 NZ$000	2024 NZ$000
Salary and other short-term benefits	8,527	10,201
Share based benefits	2,879	4,030
Directors fees	1,390	1,515
	12,796	**15,746**

Key management 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

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 plans

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 plans

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. PSRs 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 2024 the total receivable owing from employees was $2.8 million (2023: $1.8 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 2024 totalled 76,683 shares (2023: 80,532).

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 2024

18. EMPLOYEE EXPENSES (CONTINUED)

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

	2023			2024		
	Options	Performance Share Rights	Employee Share Rights	Options	Performance Share Rights	Employee Share Rights
Number outstanding						
As at beginning of the year	2,091,774	542,839	254,918	2,674,761	931,229	293,687
Granted during the year	914,977	403,282	163,032	920,620	400,683	173,829
Exercised during the year	(287,228)	–	(116,381)	(905,423)	–	(55,223)
Lapsed during the year	(44,762)	(14,892)	(7,882)	(51,441)	(19,583)	(21,816)
As at end of the year	**2,674,761**	**931,229**	**293,687**	**2,638,517**	**1,312,329**	**390,477**
Exercisable at year end	135,221	–	–	–	–	–
Number of employees holding employee share options, PSRs and ESRs	220	216	396	237	241	435
Weighted average exercise price	$23.40	–	–	$25.13	–	–
Weighted average remaining contractual life (months)	29	28	26	27	21	20
Fair value of share options or rights granted during the year (NZ$M)	3.9	3.9	3.1	4.7	4.7	3.7
Fair value of share options or rights granted during the year ($ per share)	$4.31	$9.78	$18.90	$5.10	$11.72	$21.40
Key inputs and assumptions used in fair value of grants during the year						
Share price at grant date	$19.20	$19.20	$19.20	$21.55	$21.55	$21.55
Contractual life (years)	3	3	3	3	3	3
Exercise price	$19.63	Nil	Nil	$21.96	Nil	Nil
Expected volatility (i)	32.8%	32.8%	n/a	32.5%	32.5%	n/a
Expected dividend yield	2.02%	2.02%	2.02%	1.83%	1.83%	1.83%
Cost of equity	9.7%	n/a	9.7%	10.5%	n/a	10.5%
5 year NZD risk free rate	3.83%	3.83%	n/a	5.18%	5.18%	n/a
5 year USD risk free rate	n/a	3.54%	n/a	n/a	4.65%	n/a
NZD/USD exchange rate of grant date	n/a	0.6100	n/a	n/a	0.5877	n/a
Expected NZD/USD volatility	n/a	11.20%	n/a	n/a	11.60%	n/a
Expected DJSMDQT index volatility	n/a	19.70%	n/a	n/a	16.00%	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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

19. CONTINGENT LIABILITIES

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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 financial statements.

20. COMMITMENTS

	2023 NZ$M	2024 NZ$M
Capital expenditure commitments contracted for but not recognised as at the reporting date:		
Within one year	58.4	21.6
Between one and two years	24.0	43.4
Between two and five years	–	15.0
	82.4	**80.0**

The commitments above as at 31 March 2023 excluded the conditional commitment of $247.5 million payable for the second New Zealand campus in Karaka. As of 31 March 2024, the commitments for Karaka land purchase is $58.0 million.

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 2024

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

The carrying amounts of significant non-derivative financial assets and liabilities are denominated in the following 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
2023										
Cash	60.1	13.6	9.1	–	4.9	1.1	0.8	5.2	26.2	121.0
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**
2024										
Cash	3.2	12.1	8.3	2.7	2.4	1.5	1.7	9.4	40.7	82.0
Trade receivables	1.6	102.4	58.2	17.4	7.8	9.4	10.4	1.9	13.9	223.0
Trade and other payables	(50.6)	(25.9)	(15.5)	(1.5)	(3.2)	(1.2)	(4.8)	(6.1)	(5.8)	(114.6)
Bank overdraft	–	–	–	–	–	–	–	–	(1.1)	(1.1)
Lease liabilities	(5.9)	(45.0)	(8.4)	(0.7)	(2.4)	(1.0)	(3.2)	(1.0)	(7.3)	(74.9)
Borrowings	(40.6)	(66.8)	–	–	(3.6)	(2.1)	–	–	–	(113.1)
	(92.3)	**(23.2)**	**42.6**	**17.9**	**1.0**	**6.6**	**4.1**	**4.2**	**40.4**	**1.3**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

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.

	2023		2024	
	NZ$M	NZ$M	NZ$M	NZ$M
Interest rate change	-1%	+1%	-1%	+1%
Impact on profit after tax	(0.2)	0.2	0.6	(0.6)
Impact on hedging reserves (within equity)	(0.4)	0.4	–	–
	(0.6)	**0.6**	**0.6**	**(0.6)**
Foreign exchange rate change	-10%	+10%	-10%	+10%
Impact on profit after tax	4.2	(4.6)	14.8	(13.8)
Impact on hedging reserves (within equity)	(189.6)	154.7	(213.0)	174.3
	(185.4)	**150.1**	**(198.2)**	**160.5**

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 (2023: 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 2024

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
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
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**
2024						
Bank overdrafts	1.1	–	–	–	1.1	1.1
Trade and other payables	114.6	–	–	–	114.6	114.6
Borrowings	82.3	6.1	32.1	2.1	122.6	113.1
Lease liabilities (i)	17.9	14.8	31.6	25.8	90.1	74.9
Total non-derivative financial liabilities	**215.9**	**20.9**	**63.7**	**27.9**	**328.4**	**303.7**
Foreign currency forward exchange contracts	17.4	6.3	24.0	21.1	68.8	59.0
Interest rate derivative instruments net inflows (outflows) (ii)	–	–	–	–	–	–
Total derivative financial instruments – assets	**17.4**	**6.3**	**24.0**	**21.1**	**68.8**	**59.0**

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

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 73% of cash and short-term investments (2023: 80%) 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 there are no other significant events after balance date.

23. OTHER MATERIAL 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.

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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. 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.

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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 2024, 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 Accounting Standards (IFRS Accounting Standards).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 March 2024;
- 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, comprising material accounting policy information 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 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 $1,742.8 million in the year ended 31 March 2024 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 conclusions 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 major operating subsidiaries: • we examined contracts with customers to validate that management's conclusion was appropriate in relation to the determination of performance obligations and when control transfers; and • obtained an understanding of rebate, payment and pricing arrangements that support 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 certain controls in place over the recording of revenue in the appropriate period; • for a targeted operating subsidiary, utilising data assurance techniques to match invoices issued to cash received, rebates or amounts receivable at balance date; • for a sample of revenue transactions in the other major operating subsidiaries, we examined invoices issued to customers, shipping documentation or 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 performed alternative procedures; and • assessing the risk of revenue cut-off and performing testing where necessary.

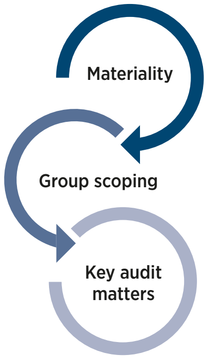
INDEPENDENT AUDITOR'S REPORT

Description of the key audit matter	How our audit addressed the key audit matter
Inventory valuation At 31 March 2024, the Group held inventories of $320.4 million, net of provision for inventory write downs of $79.1 million. 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. This inventory is adjusted to cost at year end by the elimination of inter-group margin. Management applies judgment in determining inventory valuation, in particular the level of provisions for inventory which is excess to production requirements, slow moving, or obsolete in nature. Given the value and quantum of inventory and the estimate and judgements described above, the valuation of inventory required significant audit attention and is a key audit matter.	Our audit procedures included: • obtaining an understanding of systems, processes and controls and evaluating and testing certain controls in place over inventory; • on a sample basis, testing materials and finished products costing to supporting documentation; • understanding and assessing the reasonableness of the allocation of manufacturing costs; • on a sample basis, testing the accuracy of the Group's global inventory being recognised using the appropriate costing, including the elimination of inter-group margin; • performing analytical procedures on selected inventory provisions to assess their reasonableness, including testing inventory report reliability and consistency against the provision recognised; • assessing production and sales forecasting to support certain inventory provisions recognised; and • reviewing the appropriateness of disclosures in the consolidated financial statements.
Karaka land valuation At 31 March 2024, the Group held land of $423.6 million. In September 2022, the Group announced an agreement to purchase land in Karaka for a second New Zealand campus for development in line with the Group's strategy. The purchase conditions were satisfied and the land was acquired in May 2023. As at 31 March 2024, the fair value of the Karaka development land was $122.0 million. As outlined in note 9, the Group's accounting policy requires land to be measured at fair value with at least a triennial valuation by external valuers. In this financial year, as a result of changes to property market conditions, external valuations were obtained for all land held by the Group. In respect of the Karaka development land, the Group recognised a land revaluation decrease through the consolidated income statement of $98.1 million. The existence of significant estimation uncertainty and the quantum of the revaluation decrease recognised in the consolidated income statement is why we have given specific audit focus and attention to this area.	Our audit procedures included: • obtaining and reviewing the valuation report from the external valuer for the Karaka land; • holding discussions with the valuer to understand the methodologies, key assumptions applied and confirmed that the valuation was performed in accordance with the appropriate accounting and valuation standards; • assessing the valuer's qualifications, expertise and their objectivity; • engaging our in-house real estate valuation expert to critique and challenge the methodologies used, work performed and key assumptions applied by the valuer; and • reviewing the appropriateness of the disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OUR AUDIT APPROACH

Overview



Overall group materiality: $16.3 million, which represents approximately 5% of profit before tax and revaluation of land recognised in the consolidated income statement.

We chose this measure as the benchmark because, in our view, it is the benchmark against which the performance of the Group is measured by users.

Our Group audit scoping focussed on eight subsidiaries which were selected based on their significant financial contribution to the Group's revenue or profit before tax. We performed specified audit and analytical procedures over the other subsidiaries.

As reported above, we have three key audit matters, being:
- Revenue recognition;
- Inventory valuation; and
- Karaka land 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.

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 Accounting Standards, 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 Indumin Senaratne (Indy Sena).

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
28 May 2024 Auckland

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APPENDICES

FIVE YEAR SUMMARY

For the years ended 31 March
All figures in NZ$M (except as otherwise stated)

		2020	2021	2022	2023	2024
FINANCIAL PERFORMANCE	Sales revenue	1,273.4	1,948.2	1,642.4	1,588.6	1,758.1
	Foreign exchange gain (loss) on hedged sales	(9.7)	23.0	39.3	(7.5)	(15.3)
	Total operating revenue	**1,263.7**	**1,971.2**	**1,681.7**	**1,581.1**	**1,742.8**
	Gross profit	835.8	1,245.6	1,052.7	938.4	1,044.4
	Gross margin	66.1%	63.2%	62.6%	59.4%	59.9%
	SG&A expenses	(338.0)	(396.6)	(393.1)	(431.9)	(492.8)
	R&D expenses	(118.5)	(136.7)	(154.0)	(174.3)	(198.2)
	Total operating expenses	**(456.5)**	**(533.3)**	**(547.1)**	**(606.2)**	**(691.0)**
	Operating profit	379.3	712.3	505.6	332.2	353.4
	Operating margin	30.0%	36.1%	30.1%	21.0%	20.3%
	Revaluation of land	–	–	–	–	(98.1)
	Profit before financing and tax	**379.3**	**712.3**	**505.6**	**332.2**	**255.3**
	Net financing expense	(8.8)	5.9	(1.4)	(4.2)	(19.6)
	Tax expense	(83.2)	(194.0)	(127.3)	(77.7)	(103.1)
	Profit after tax	**287.3**	**524.2**	**376.9**	**250.3**	**132.6**
	Underlying profit after tax(1)	**287.3**	**524.2**	**376.9**	**250.3**	**264.4**
Growth Rates Reported	Revenue	18.1%	56.0%	-14.7%	-6.0%	10.2%
	Gross profit	16.8%	49.0%	-15.5%	-10.9%	11.3%
	R&D expenses	18.0%	15.4%	12.7%	13.2%	13.7%
	Profit before tax	27.2%	93.8%	-29.8%	-34.9%	-28.1%
	Profit after tax	37.3%	82.5%	-28.1%	-33.6%	-47.0%
	Underlying profit after tax(1)	37.3%	82.5%	-28.1%	-33.6%	5.6%
Growth Rates in Constant Currency(2)	Revenue	13.8%	61.4%	-13.7%	-9.0%	8.4%
	Gross profit	11.3%	57.4%	-15.8%	-14.4%	10.2%
	R&D expenses	18.0%	15.4%	12.7%	13.2%	13.7%
	Profit before tax	20.3%	103.6%	-31.4%	-39.9%	-35.1%
	Underlying profit before tax(1)	20.3%	103.6%	-31.4%	-39.9%	6.9%

(1) Underlying profit has been presented excluding the impact of abnormal items occurring during the 2024 financial year. A reconciliation is set out on page 119.
(2) 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 122. The 2020 to 2023 growth rates in constant currency have been sourced from the 2023 annual report.

FIVE YEAR SUMMARY (CONTINUED)
For the years ended 31 March
All figures in NZ$M (except as otherwise stated)

		2020	2021	2022	2023	2024
REVENUE	North America	571.2	825.7	665.1	683.8	806.1
By Region and product group	Europe	365.4	633.8	468.1	427.6	477.3
	Asia Pacific	273.3	348.4	438.8	399.0	368.9
	Other	53.8	163.3	109.7	70.7	90.5
	Hospital products	801.3	1,498.1	1,207.1	1,023.5	1,087.9
	Homecare products	457.3	465.6	469.5	553.8	652.3
	Core products subtotal	1,258.6	1,963.7	1,676.6	1,577.3	1,740.2
	Distributed and other products	5.1	7.5	5.1	3.8	2.6
	Total operating revenue	**1,263.7**	**1,971.2**	**1,681.7**	**1,581.1**	**1,742.8**
FINANCIAL POSITION	Property, plant and equipment	735.3	882.1	957.8	1,148.2	1,340.0
	Total assets	1,435.0	2,075.0	2,107.0	2,204.5	2,281.7
	Total liabilities	(461.2)	(554.1)	(427.3)	(451.1)	(522.6)
	Shareholders' equity	973.8	1,520.9	1,679.7	1,753.4	1,759.1
	Return on assets (%)	28.1%	40.9%	24.1%	15.2%	10.5%
	Return on equity (%)	39.3%	57.6%	31.5%	19.1%	13.4%
	Net debt / (cash) (including short-term investments)	(42.2)	(302.9)	(221.6)	(37.7)	32.2
	Gearing ratio[1]	-4.3%	-27.2%	-16.3%	-2.3%	1.8%
DIVIDENDS AND EARNINGS PER SHARE (CENTS PER SHARE)	Basic shares outstanding at 31 March	574,570,603	576,412,532	577,405,878	579,356,576	583,963,682
	Interim	12.00	16.00	17.00	17.50	18.00
	Final[2]	15.50	22.00	22.50	23.00	23.50
	Total ordinary dividends	27.50	38.00	39.50	40.50	41.50
	Basic earnings per share	50.0	91.1	65.3	43.3	22.8
	Diluted earnings per share	49.6	90.4	65.0	43.0	22.6
CASH FLOWS	Net cash flow from operating activities	321.4	625.3	324.3	238.2	429.6
	Free cash flow[3]	141.0	430.4	140.5	12.5	73.8
	Dividends paid	(146.4)	(181.3)	(224.9)	(195.7)	(145.5)

(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.

FIVE YEAR SUMMARY (CONTINUED)
For the years ended 31 March
All figures in NZ$M (except as otherwise stated)

			2020	2021	2022	2023	2024
CAPITAL EXPENDITURE	Plant and equipment		63.5	123.0	97.4	98.8	65.5
	Land and buildings		81.8	37.2	41.0	89.0	251.3
	Intangible assets		25.4	24.5	31.4	23.5	22.2
	Total		170.7	184.7	169.8	211.3	339.0
	Plant & equipment capex: depreciation ratio(1)		2.2	2.8	2.3	2.3	1.3
PATENT PORTFOLIO NUMBERS	US patents		302	381	454	522	601
	US patent applications (includes PCTs)(2)		430	454	504	534	557
	Non-US patents		1,236	1,508	1,947	2,329	2,815
	Non-US patent applications (excludes PCTs)(2)		1,228	1,345	1,491	1,708	1,862
PEOPLE NUMBERS	People numbers(3)		5,081	6,897	7,375	6,564	7,141
By function:	Research and development		597	684	765	846	928
	Manufacturing and operations		3,098	4,685	4,989	3,975	4,421
	Sales, marketing and distribution		1,132	1,230	1,311	1,408	1,455
	Management and administration		254	298	310	335	337
By region:	New Zealand		2,738	3,932	3,927	3,538	3,544
	North America		1,645	2,191	2,608	2,147	2,675
	Europe		333	350	380	379	389
	Rest of World		365	424	460	500	533
EXCHANGE RATES NZ$ 1 =	**AVERAGE DAILY SPOT RATES**	USD	0.6477	0.6714	0.6969	0.6241	0.6097
	AVERAGE CONVERSION RATES(4)	USD	0.6671	0.6692	0.6734	0.6666	0.6582
		EUR	0.5760	0.5624	0.5571	0.5452	0.5435
		JPY	72.44	69.70	71.80	70.24	73.10
		MXN	13.47	13.79	14.97	14.48	13.02
	CLOSING SPOT RATES	USD	0.6016	0.6981	0.6957	0.6290	0.5989
		EUR	0.5456	0.5964	0.6231	0.5766	0.5535
		JPY	65.20	77.37	85.11	83.48	90.63
		MXN	14.34	14.37	13.84	11.38	9.91

(1) Depreciation excludes leased asset depreciation
(2) PCTs (Patent Cooperation Treaty) are unified patent applications across a number of jurisdictions.
(3) People numbers are represented as full time equivalents.
(4) 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.

GLOSSARY

AAALAC	Association for Assessment and Accreditation of Laboratory Animal Care
ARC	Audit & Risk Committee
ASM	Annual Shareholders' Meeting
ASX	Australian Stock Exchange
AUD	Australian Dollar
BEPS	Base Erosion and Profit Shifting
BIAC	The OECD's Business and Industry Advisory Committee
CAGR	Compound Annual Growth Rate
CBAM	Carbon Border Adjustment Mechanism
CDP	The name of the international not-for-profit that facilitates environmental disclosures. Formerly known as the Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CODM	Chief Operating Decision Maker
COGS	Cost Of Goods Sold
Company	means Fisher & Paykel Healthcare Corporation Limited
Constant Currency (CC)	is our way to measure performance of the company without any distortion from changes in foreign exchange rates
CPS	cents per share
CRD	Climate-related Disclosures
DAVR	Discretionary Annual Variable Remuneration
DEI	Diversity, Equity and Inclusion
DJSMDQT	Dow Jones US Select Medical Equipment Total Return Index
DRP	Dividend Reinvestment Plan
E&SR	Environmental & Social Responsibility
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
ETS	Emissions Trading Scheme
EUR	Euro
Executive Management	the Executive Management team as set out on pages 31-33
F&P	Fisher & Paykel Healthcare
FDA	United States Food and Drug Administration
FIFO	First In, First Out
FMA	Financial Markets Authority
FPH	Fisher & Paykel Healthcare
FY	Financial Year
GCP	Good Clinical Practice
GDP	Gross Domestic Product
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
ICT	Information and Communication Technology
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IIASA	International Institute for Applied Systems Analysis
IP	Intellectual Property
IPCC	Intergovernmental Panel on Climate Change
ISA	International Standards on Auditing
ISDA	International Swaps and Derivatives Association
ISO	International Organisation for Standardisation
JPY	Japanese Yen
LTIFR	Lost Time Injury Frequency Rate
LTVR	Long Term Variable Remuneration
MXN	Mexican Peso
Net Debt	Debt less cash and cash equivalents and short-term investments

GLOSSARY (CONTINUED)

New Applications Consumables	Hospital applications outside of traditional invasive ventilation
NHS	National Health Service
NZ	New Zealand
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
NZCS	New Zealand Climate Standards
NZD	New Zealand Dollar
NZX	New Zealand Stock Exchange
OECD	Organisation for Economic Co-operation and Development
OEM	Original Equipment Manufacturer
OIO	Overseas Investment Office
PCP	Prior Comparable Period
PCT	Patent Cooperation Treaty
psm	per square metre
PSR	Performance Share Right
QMS	Quality Management System
R&D	Research and Development
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goal
SG&A	Sales, General and Administrative
SSP	Shared Socioeconomic Pathway
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
US	United States
USD	United States Dollar
VP	Vice President
VWAP	Volume-Weighted Average Price
WG1	Working Group 1
XRB	External Reporting Board

Key medical terms used throughout this Report

CPAP	Continuous Positive Airway Pressure
NHF	Nasal High Flow
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: pp. 79-80. **Ownership and legal form:** Annual Report: p. 127, pp. 75-80. **Scale of the organisation:** Annual Report: p. 18. Annual Report: pp. 160-162.
2-2	Entities included in the organisation's sustainability reporting	**List of entities:** For the list of entities see pages 79-80. Our sustainability reporting relates to all subsidiary companies in the Group structure.
2-3	Reporting period, frequency and contact point	**Reporting period:** See page 2. Reporting period is 1 April 2023 to 31 March 2024. **Date of most recent report:** May 2024 for the period 1 April 2023 to 31 March 2024. **Reporting cycle:** Annual reporting cycle. Contact point for questions regarding the report: *investor@fphcare.co.nz*
2-4	Restatements of information	**Restatements of information:** No restatements of information for previous reporting periods. **Changes in reporting:** In addition to reporting net profit after tax, we are disclosing underlying net profit after tax, which excludes the abnormal FY24 impact of a product recall provision, the revaluation of land and deferred tax on removal of building depreciation. For more information, refer to page 119. This report also includes our Climate-related Disclosures on pages 94-114, in compliance with the External Reporting Board's Aotearoa New Zealand Climate Standards.
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. 112-114. **External assurance for financial statements:** External assurance provided by PwC. Annual Report: pp. 152-156.
Activities and workers		
2-6	Activities, value chain, and other business relationships	**Activities, brands, products and services:** Annual Report: pp. 8-9, pp. 18-21. **Markets served:** Annual Report: p. 18. **Supply chain:** Annual Report: pp. 53-59. **Significant changes to the organisation and its supply chain:** We received OIO approval to purchase land for a second New Zealand campus at Karaka in April 2023. We also continued development of our new manufacturing facility in China. More detail on our infrastructure planning is provided in the Report from the Chair on pages 11-12.
2-7	Employees	**Scale of the organization (total number of employees):** Annual Report: pp. 38-39. **Information on employees and other workers:** Annual Report: pp. 36-46.
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 38 of the Annual Report, we disclose that we had 137 temporary workers as at 31 March 2024.

GRI CONTENT INDEX (CONTINUED)

Governance		
2-9	Governance structure and composition	**Governance structure:** Annual Report: pp. 65-80. **Composition of the highest governance body and its committees:** Annual Report: pp. 66-74.
2-10	Nomination and selection of the highest governance body	**Nominating and selecting the highest governance body:** Annual Report: pp. 68-69.
2-11	Chair of the highest governance body	**Chair of the highest governance body:** Annual Report: p. 29 (Board Chair biography). Annual Report: pp. 73-74 (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. 22-23. **Role of highest governance body in setting purpose, values and strategy:** Annual Report: p. 68. **Identifying and managing economic, environmental, and social impacts:** Annual Report: pp. 22-23. **Effectiveness of risk management processes:** Annual Report: pp. 61-64.
2-13	Delegation of responsibility for managing impacts	**Delegating authority:** Annual Report: p. 68. **Executive-level responsibility for economic, environmental, and social topics:** Annual Report: p. 68.
2-14	Role of the highest governance body in sustainability reporting	**Highest governance body's role in sustainability reporting:** Annual Report: p. 75 (Other reporting).
2-15	Conflicts of interest	**Conflicts of interest:** Annual Report: p. 66, pp. 73-74.
2-16	Communication of critical concerns	**Communicating critical concerns:** Annual Report: p. 66 (Speak Up Procedure).
2-17	Collective knowledge of the highest governance body	**Collective knowledge of highest governance body:** Annual Report: pp. 68-69. Board Charter available online at *https://www.fphcare.com/nz/corporate/sustainability/governance/corporate-governance-policies/*
2-18	Evaluation of the performance of the highest governance body	**Evaluation of the performance of the highest governance body:** Annual Report: pp. 70-72.
2-19	Remuneration policies	**Remuneration policies:** Annual Report: pp. 81-89.
2-20	Process to determine remuneration	**Process for determining remuneration:** Annual Report: pp. 83-88 (Executive Management). **Stakeholders' involvement in remuneration:** Annual Report: p. 89 (Directors).
2-21	Annual total compensation ratio	**Annual total compensation ratio:** Annual Report: p. 88.

GRI CONTENT INDEX (CONTINUED)

Strategy, policies and practices		
2-22	Statement on sustainable development strategy	**Statement from senior decision-maker:** Annual Report: pp. 11-15.
2-23	Policy commitments	**Approach:** As part of our commitment to creating a positive lasting impact on society and the environment, we recognise the need to mitigate and adapt to a changing climate both now and in the decades to come. See pages 90-114. **Values, principles, standards and norms of behaviour:** Annual Report: p. 19. Code of Conduct available online at *https://www.fphcare.com/nz/corporate/sustainability/governance/corporate-governance-policies/*
2-24	Embedding policy commitments	The company has released 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. 66.
2-26	Mechanisms for seeking advice and raising concerns	**Mechanisms for advice and concerns about ethics** Annual Report: p. 66.
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 2024 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 2024 financial year.
2-28	Membership associations	**Membership of associations:** • American Academy of Sleep Medicine • American Association of Homecare • American Association of Physicians of Indian Origin for Sleep • 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 • Austrian Chamber of Commerce • Board of Registered Polysomnographic Technologists • Brazilian Association of Medical Products Importers/ Distributors • British Anaesthetic & Respiratory Equipment Manufacturers Association • British Thoracic Society • Business New Zealand • Council for International Development • Diversity Works • Employers and Manufacturers Association • German Chamber of Commerce • German Industry Association of Medical Technology (Spectaris) • Guangdong Investment Promotion Association in China • Hong Kong Medical and Healthcare Device Industries Association • International Electrotechnical Commission / Technical Committee 62 • International Medical Device Manufacturers Association • 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 • NZ Chamber of Commerce (Hong Kong) • Sleep Health Foundation • Sleep Research Society • Sustainable Business Network • Taipei Medical Instruments Commercial Association • The Japan Fair Trade Council of the Medical Devices Industry • Victorian Chamber of Commerce and Industry

GRI CONTENT INDEX (CONTINUED)

Stakeholder engagement		
2-29	Approach to stakeholder engagement	**List of stakeholder groups:** Annual Report: pp. 22-23. **Identifying and selecting stakeholders:** Annual Report: pp. 22-23. **Approach to stakeholder engagement:** Annual Report: pp. 22-23. **Key topics and concerns raised:** Annual Report: pp. 22-23.
2-30	Collective bargaining agreements	**Collective bargaining agreements:** Annual Report: p. 44.
Disclosures on material topics		
3-1	Process to determine material topics	**Defining report content and topic boundaries:** Annual Report: pp. 22-23.
3-2	List of material topics	**List of material topics:** Annual Report: pp. 22-23.

SPECIFIC STANDARD DISCLOSURES

2021 GRI REF Number	*Disclosure*	*Location/Response*
GRI 200 Economic standard series		
GRI 103	Management approach 2024	Annual Report: pp. 11-15.
GRI 201: Economic performance		
201-1	Direct economic value generated and distributed	Annual Report: pp. 118-156 (Financial statements including auditor's report).
GRI 204: Procurement practices		
GRI 204	Management approach 2024 and dialogue with suppliers	pp. 53-59.
GRI 205: Anti-corruption		
GRI 103	Management approach 2024	Annual Report: p. 67.
205-3	Confirmed incidents of corruption and actions taken	Annual Report: p. 67. During the year ended 31 March 2024, 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 2024	Annual Report: pp. 36-37, pp. 40-46.
401-1	New employee hires and employee turnover	Annual Report: p. 39.
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. 45-46.
GRI 404: Training and education		
GRI 103	Management approach 2024	Annual Report: pp. 40-41.
404-1	Average hours of training per year per employee	For salaried employees in New Zealand, our people undertook an average of 11.5 training hours during the financial year.
GRI 416: Customer health and safety		
GRI 103	Management approach 2024	Annual Report: pp. 61-62.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No instances of non-compliance with regulations or voluntary codes resulting in a fine, penalty or warnings. As disclosed on page 128, we initiated a voluntary limited recall of Airvo 2 and myAirvo 2 devices manufactured before 14 August 2017.
GRI 418: Customer privacy		
GRI 103	Management approach 2024	*https://www.fphcare.com/nz/corporate/about-us/privacy-statement/*
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints received concerning breaches of customer privacy.

DIRECTORY

DIRECTORY

In New Zealand:

The details of the company's principal administrative and registered office are:

Physical address: 15 Maurice Paykel Place, East Tāmaki,
Auckland 2013, New Zealand

Telephone: +64 9 574 0100

Facsimile: +64 9 574 0158

Postal address: PO Box 14348, Panmure,
Auckland 1741, New Zealand

Website: 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

Website: 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

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Fisher & Paykel HEALTHCARE

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