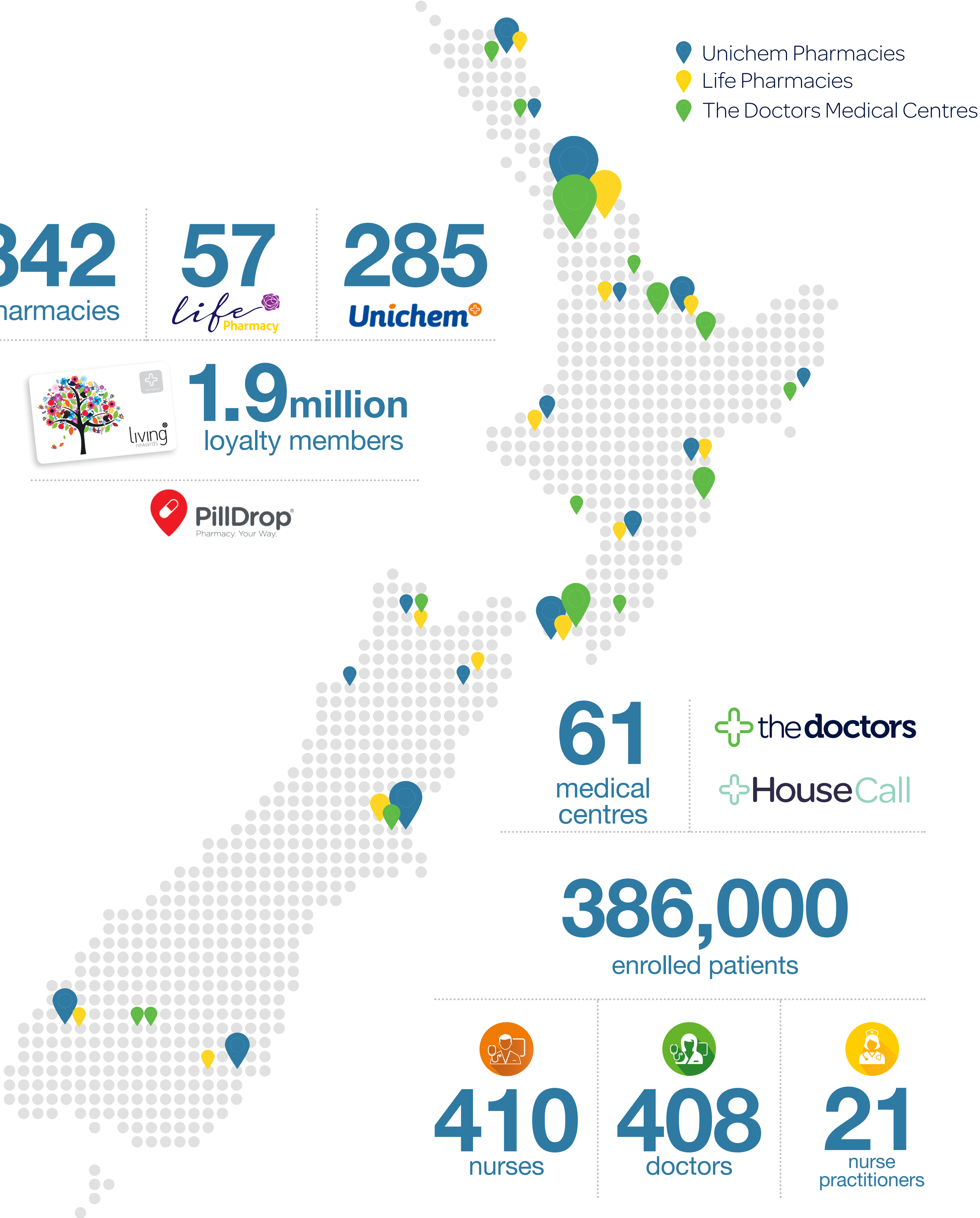
Annual Report 2023

Management commentary
(no financial statements)

GREEN CROSS HEALTH

Who we are



342 pharmacies

57 Life Pharmacy

285 Unichem

1.9million loyalty members

Living rewards

PillDrop
Pharmacy. Your Way.

61 medical centres

thedoctors

HouseCall

386,000 enrolled patients

410 nurses

408 doctors

21 nurse practitioners

As at 31 March 2023

Green Cross Health's promise is to provide the best health support, care and advice to New Zealand communities. We are passionate about supporting healthier communities through our network of pharmacies and medical centres.

Management commentary (no financial statements)

Contents

The Company

Financials

Governance

Management commentary
(no financial statements)

The year at a glance

Group Performance

Group Revenue

$493.6m

▲ *3% increase vs FY22*

Operating Profit/EBIT

$34.3m

▼ *29% decrease vs FY22*

Net Profit After Tax

$45.2m*

▲ *89% increase vs FY22*
(attributable to shareholders)

Net Cash

$34.7m

▲ *64% increase vs FY22*
(represents cash & cash equivalents less borrowings)

Net Assets

$202.0m

▲ *18% increase vs FY22*

Dividends Per Share

$7.0c

▲ *8% increase vs FY22*
(based on dividends declared during the financial year)

* Includes profit from discontinued operation (Community Health Division) plus gain on divestment, totalling $30.3m net of tax

Divisional Performance

Pharmacy Operating Profit

$21.1m

▼ *41% decrease vs FY22*

Medical Operating Profit

$16.2m

▲ *1% increase vs FY22*

Management commentary
(no financial statements)

Financial Summary

So let's start with the plain English version of our accounts. If you are interested, more details can be found in the financial statements and notes further on in this report.

	2023 ($'000)	2022** ($'000)
We generate revenue from two sources		
Pharmacy retail and dispensary	360,386	367,114
Medical services	133,228	110,972
Our costs to operate are primarily		
Wages and salaries	174,122	149,797
Costs of products sold	212,448	210,164
Other costs (marketing, governance, communications etc)	48,830	47,265
Lease expense, depreciation and amortisation	25,084	23,367
Impairment	129	841
After all income and expenses, we earned		
Profit before tax	27,099	42,440
Tax expense	(6,804)	(13,021)
Profit after tax	20,295	29,419
Profit and gain from discontinued operation, net of tax	30,254	3,675
Non-controlling interest	(5,315)	(9,192)
Profit after tax attributable to the Parent shareholders	**45,234**	**23,902**

	2023 ($'000)	2022** ($'000)
What happened to the profit and where did the cash go?		
We started the year with a bank balance of	45,154	37,302
Our profit after tax (after adjusting for non-cash items) was*	33,495	45,917
We bought and sold various businesses	12,967	(22,480)
We bought fixed assets	(5,714)	(4,090)
We repaid bank borrowings	(497)	(653)
We made investments and provided loans	-	(2,122)
We paid dividends to our shareholders	(10,073)	(4,314)
We paid dividends to our minority partners	(6,996)	(2,035)
Our working capital increased by	(10,121)	(2,371)
We ended the year with a bank balance of	**58,215**	**45,154**

** Includes repayment of lease principal and interest expense of $21.1m (2022: $21.6m) under NZ IFRS 16*

	2023 ($'000)	2022** ($'000)
So what is the equity book value?		
We have total assets of	401,007	409,787
We have total liabilities of	(199,002)	(238,621)
So our equity book value is	202,005	171,166
Which represents a net asset value for each share of (cents)	**141.0**	**119.6**

*** Comparative information includes re-presentations and restatements for consistency with the current period.*

Management commentary
(no financial statements)

Company report

Green Cross Health delivered Net Profit After Tax Attributable to Shareholders of $45.2m, an increase on the prior year of 89%. The result included a gain of $21.8m from the successful divestment of the Community Health division.

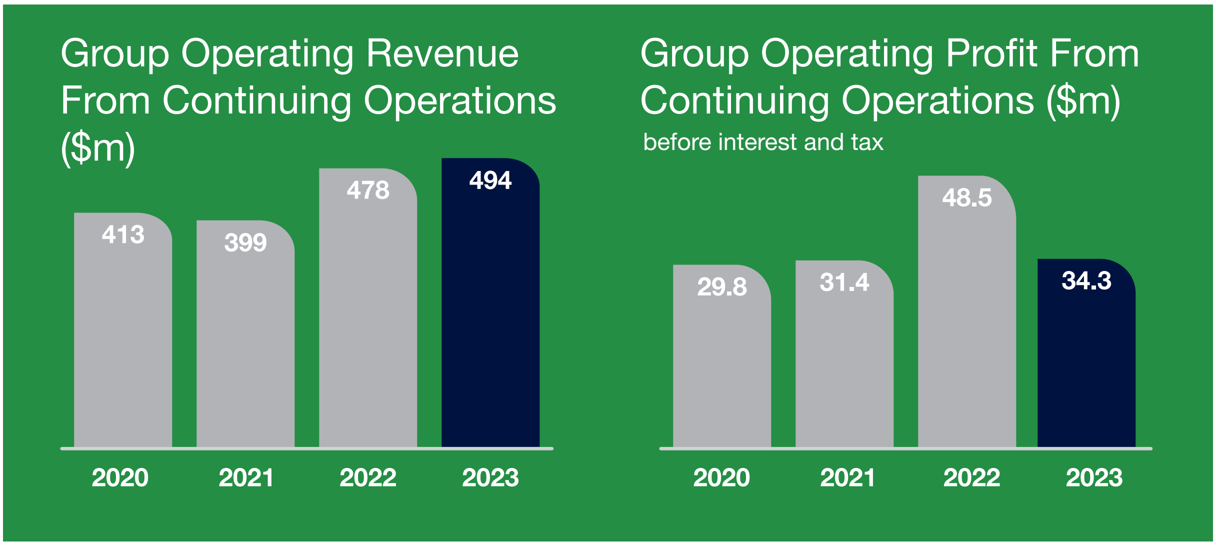
Green Cross Health continued its support of New Zealand communities through the recent unprecedented times in healthcare. COVID-19 activity, whilst down on the prior year, was still a significant focus, as well as investment in growth and the provision of new services to communities. The Pharmacy division dispensed 40% of the total prescriptions across New Zealand, while the Medical division continued its year-on-year growth through the purchase of eight medical centres. The sale of Access Community Health and Total Care Health towards the end of the year leaves the company well placed to deliver on its strategy of acquisitive and organic growth.

Results summary

- Operating Revenue from Continuing Operations of $494m, up 3%
- Operating Profit (EBIT) from Continuing Operations of $34.3m, down 29% on last year's record profit
- Net Profit After Tax Attributable to Shareholders up 89% to $45.2m[1]
- Pharmacy Operating Revenue down 2% and Operating Profit down 41% to $21.1m following a record profit in the prior year
- Medical Operating Revenue up 20% and Operating Profit up 1% to $16.2m
- Profit from Community Health plus gain on divestment totalled $30.3m net of tax
- Investment in growth of $24.3m, including acquisitions of eight new medical centres
- Net cash position as at 31 March 2023 of $34.7m, up $13.6m on last year
- Net assets per share increased by 18% to $1.41 per share
- 28cps ($40.2m) special dividend paid on 28 April 2023 following divestment of Community Health
- 3.5cps dividend declared to be paid on 23 June 2023.

[1] Includes profit from discontinued operation (Community Health division) plus gain on divestment, totalling $30.3m net of tax.

Management commentary
(no financial statements)



Dividend

The Board was pleased to pay a 28.0 cents per share dividend on 28 April 2023 post the divestment of the Community Health division. The Board has declared a further dividend of 3.5 cents per share (final FY23 dividend) to be paid in June 2023. This final FY23 dividend brings total dividends declared in respect of FY23 to 35.0 cents per share.

Green Cross Health future focus

In the period ahead the Board is expecting to see a return to more normal trading conditions, with patient and customer numbers starting to increase back to pre COVID-19 levels, though workforce shortages and inflationary pressures will continue to provide headwinds in the near term. Green Cross Health calls on Government to significantly increase funding to help offset cost inflation, enabling the most vulnerable to access healthcare services.

Whilst the last three years have been heavily impacted by COVID-19, the business has been working to improve underlying performance, particularly in the Pharmacy division. Organic and acquisitive growth remains the priority, and the strength of the Balance Sheet will support the execution of this strategy.

Thank you to our team

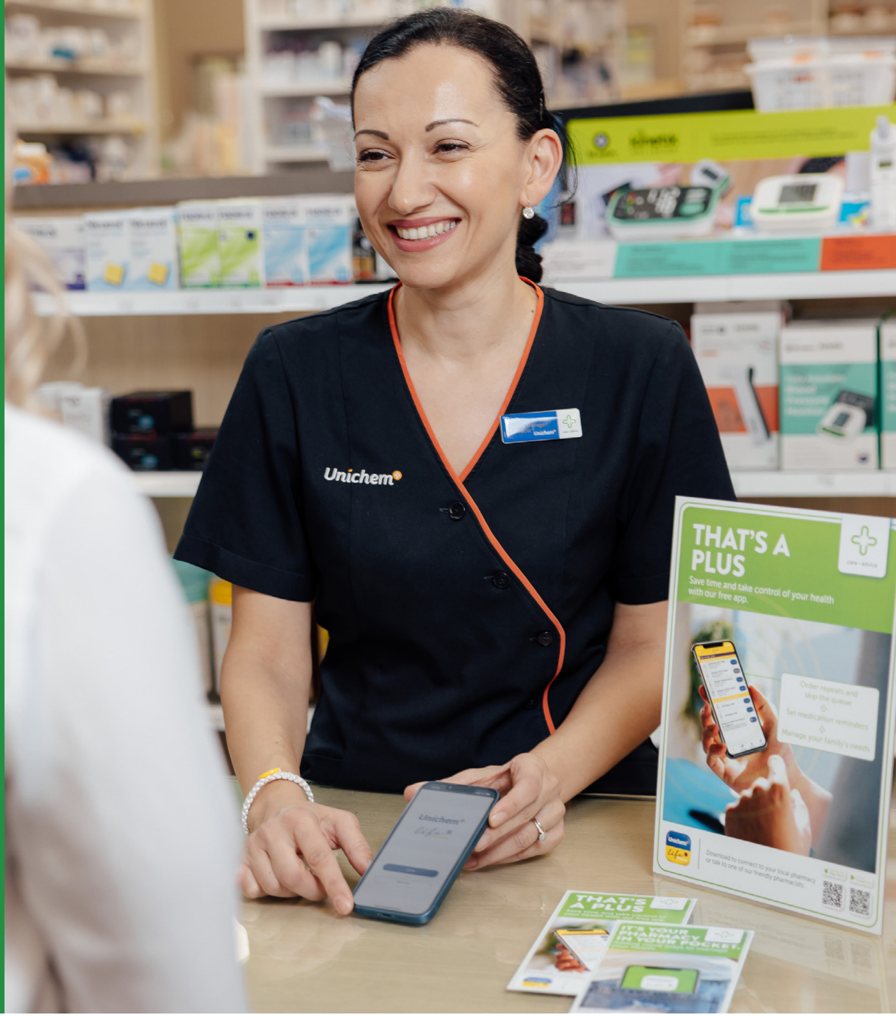
The result reflects the hard work of all team members at Green Cross Health over this year and the past few years, which have been heavily impacted by COVID-19. The effort and commitment displayed by the team has been remarkable. We thank all team members for their contribution, not only to Green Cross Health but also to the communities for which they have provided care and advice to during the year.

Management commentary
(no financial statements)

Pharmacy division

Unichem, Life Pharmacy and PillDrop

The Green Cross Health nationwide network of 342 pharmacies dispensed over 34 million prescriptions during the year, representing 40% of total prescription volumes across New Zealand. Against a backdrop of workforce shortages and continued supply chain disruption, retail sales increased year-on-year and the Living Rewards loyalty programme grew to 1.95m members. Investment in the Unichem and Life Pharmacy App, along with a focus on providing differentiated services and products supported the division to achieve an Operating Profit of $21.1m.



342 stores

1.9 million loyalty members

Revenue in Pharmacy decreased 2% to $360m as COVID-19 vaccination activity reduced from peak levels while Operating Profit for the period decreased 41% to $21.1m, following a record profit in the prior year. The decline in profit was driven by a change in revenue mix with higher margin COVID-19 vaccination activity replaced by retail and dispensary revenue, as well as increased labour costs compared to the prior period.

Dispensary performance was strong, with total prescriptions up 10% versus prior year. The increase in customer awareness around the breadth of vaccinations that can now be offered by pharmacies without an appointment helped drive growth in the number of influenza vaccinations administered, which were up by 93% year-on-year.

Retail sales, up 2.3%, have shown some recovery despite the impact global supply chain disruptions have had on stock availability. The retail strategy of providing services and ranging products that are differentiated from competitors continued, with expansion of the Green Cross Health branded range into everyday health and beauty essentials along with the launch of a pharmacy sleep apnoea service offering.

The exclusive Unichem and Life Pharmacy App launched in the year has now been rolled out to over 200 pharmacies across the network. The App enables customers to order repeat prescriptions, view prescription history, book services and order over-the-counter products. In addition, customers and pharmacists can connect and interact, enabling pharmacies to further support communities with their healthcare needs whilst fostering customer loyalty.

Management commentary
(no financial statements)

Investment in a new Living Rewards digital platform which successfully went live in July 2022 provided enhanced functionality that enables pharmacies to recommend targeted offers to customers, increasing average spend per customer. The Living Rewards customer loyalty programme has now reached 1.95 million members throughout New Zealand, with Living Rewards customers spending 65% more than non-Living Rewards members.

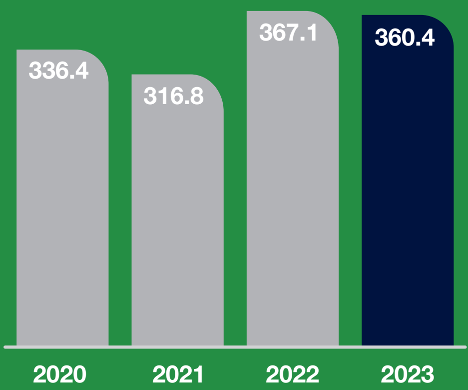
Unichem and Life Pharmacy featured in KPMG's global customer experience excellence survey, placing second and fourth respectively within the New Zealand non-grocery retail sector, a survey which was undertaken by 6,500 New Zealand consumers across 130 brands.

Green Cross Health is pleased the Government has announced the removal of the $5 prescription co-payment from July 2023. This comes after years of advocacy by Green Cross Health, Unichem & Life Pharmacies, the Pharmacy Guild and other industry representatives. This change will improve access to essential medicines for all, particularly those in the community who are most vulnerable.

Highlights

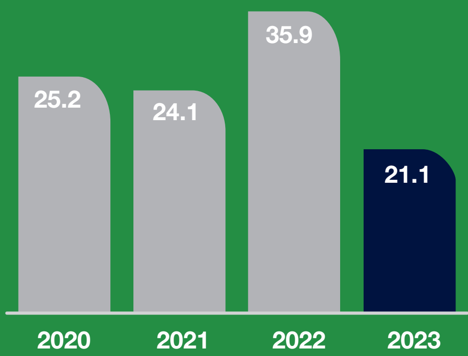
- Pharmacy division Operating Revenue of $360.4m
- Pharmacy division Operating Profit for the period of $21.1m
- Prescription growth of 10% on prior year
- Green Cross Health pharmacies dispensed over 34 million prescriptions representing 40% of total prescription volumes across New Zealand
- Living Rewards membership grew to 1.95m members
- 93% increase in flu vaccinations administered versus prior year
- KPMG global customer experience survey placed Unichem and Life Pharmacy second and fourth respectively within the NZ non-grocery retail sector.

Pharmacy Operating Revenue ($m)



Pharmacy Operating Profit ($m)

before interest and tax



Future focus

- Develop further differentiated products through exclusive supplier partnerships to deliver growth in retail sales
- Build on newly deployed loyalty platform with unique retail offers and personalised communication
- Develop and extend new services, working with funders to increase equity of access to high-quality care for all New Zealanders
- Leverage Unichem and Life Pharmacy App to support omni-channel customer interaction
- Manage costs, focusing on workforce productivity and occupancy cost control.

Management commentary
(no financial statements)

Medical division

The Doctors and HouseCall

Medical continued its year-on-year growth, with the portfolio growing to 61 following the purchase of eight medical centres. The division invested heavily in developing and implementing IT solutions, virtual care, and branding, while focusing on providing COVID-19 care to communities across New Zealand. Operating Profit increased to $16.2m.

17%

increase in enrolled patients to 386,000

61

medical centres

Medical Revenue grew 20% to $133m, with Operating Profit up 1% to $16.2m. A reduction in higher margin COVID-19 swabbing and increased labour costs put downward pressure on profitability in the year.

The Medical division once again achieved year-on-year growth, with the portfolio's national footprint increasing to 61 following the purchase of eight medical centres. Enrolled patients at 31 March 2023 totalled 386,000, an increase of 57,000 (+17%) since 31 March 2022.

Integration of previous medical centre purchases continued, with five practices rebranded to The Doctors in year. Three practices underwent major refurbishments to support an improved patient experience along with enhancing the operational environment and promoting efficiencies. Same centres delivered a 3% increase in revenue year-on-year, the result of a focus on organic growth.

Acute and routine care presentations remained lower than pre COVID-19 levels, although patient visit numbers have lifted versus the levels experienced over the core COVID-19 period. Throughout the financial year the demand for COVID-19 testing services declined and clinical teams moved to caring for COVID-19 positive patients in their homes through telehealth consultations. These were delivered locally by practices as well as centrally by a newly formed COVID-19 Care virtual team to relieve workload pressure on local clinical teams.

Investment in the HouseCall online healthcare service offering resulted in growing a dedicated team and expanding the services offered. This service offering now provides virtual consultations for casual patients, clinician support to network practices, virtual locums to relieve workforce challenges and workforce wellness services to New Zealand organisations to support their employees.

Investment in IT solutions that support practice efficiencies, enable new services and improved patient experience, came from leveraging the division's scale and building stronger business partnerships.

Management commentary
(no financial statements)

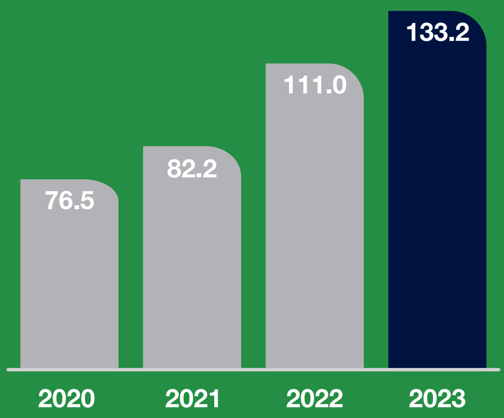
These included commencing a roll-out of a standardised practice management system across the network, an integrated patient invoice payment solution, a national SMS text messaging solution and The Doctors App, an own-branded patient portal.

The Medical strategy is to build on employer and medical centre brand equity to grow organically and through acquisitions. Innovation to support the division's workforce to maintain high performing clinical teams is key to success. Increased scale creates opportunities to strengthen relationships with funders and to work more closely with Te Whatu Ora, Te Aka Whai Ora and locally with partners to improve how care is delivered more equitably to communities across New Zealand.

Highlights

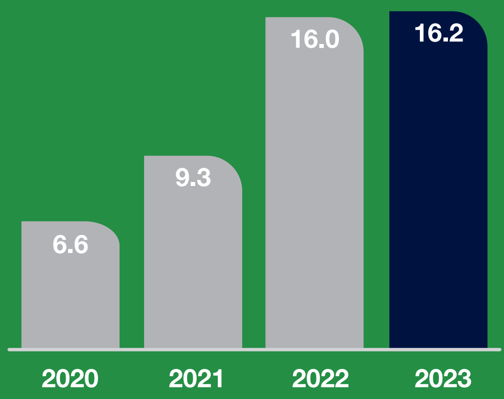
- Medical division Operating Revenue up 20% to $133.2m
- Medical division Operating Profit for the period of $16.2m
- Enrolled patients up 17% to 386,000, New Zealand's largest general practice enrolled patient base
- Ownership of 61 medical centres following acquisition of eight medical practices
- Investment in virtual care services and IT technology for practices and patients
- Five practices rebranded to The Doctors, with three major refurbishments.

Medical Operating Revenue ($m)



Medical Operating Profit ($m)

before interest and tax



Future focus

- Network and patient growth through targeted purchases, partnerships and organic growth
- Build the strength and awareness of The Doctors brand
- Embed new technology to increase efficiency and support the delivery of high-quality patient care
- Work closely with health funders including Te Whatu Ora, Te Aka Whai Ora and local partners.

Management commentary
(no financial statements)

Financials

Directors' declaration

For the year ended 31 March 2023

In the opinion of the Directors of Green Cross Health Limited, the financial statements and notes, on pages 18 to 46:

- Comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Green Cross Health Limited Group as at 31 March 2023 and the results of its operations and cash flows for the year ended on that date.

- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the financial statements of Green Cross Health Limited for the year ended 31 March 2023.

For and on behalf of the Board of Directors:

C. Steele

Kim Ellis	**Carolyn Steele**
Chair	Director
29 May 2023	29 May 2023

Independent auditor's report

To the shareholders of Green Cross Health Limited

KPMG

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements of Green Cross Health Limited (the 'Company') and its subsidiaries (the 'Group') on pages 18 to 46 present fairly, in all material respects:

i. The Group's financial position as at 31 March 2023 and its financial performance and cash flows for the year ended on that date.

ii. In accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- The consolidated statement of financial position as at 31 March 2023;
- The consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the Group in relation to tax compliance and support services and cyber security testing. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $1.3 million determined with reference to a benchmark of Group Profit Before Tax. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

KPMG

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 in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter: Impairment of goodwill ($152.5 million)

Refer to note 14 of the consolidated financial statements.

The Group has grown significantly through acquisitions in its Pharmacy and Medical business units which has resulted in the recognition of goodwill in the amount of $85.7 million, and $66.8 million, respectively.

The goodwill relating to Community Health division of $19 million has been written off as a part of the sale of the business.

In the event the business units underperform compared to their business cases, there is a risk that the goodwill arising on acquisition may no longer be supported.

As disclosed in note 14, the Group performs an annual impairment test of goodwill and uses a discounted cash flow model to determine the recoverable amount of its business units to which goodwill has been allocated.

In performing this assessment, assumptions are made in respect of future economic and market conditions, including the impact of COVID-19. Cashflow forecasts include consideration of the Group's strategic business plan for each business unit and their impact on forecast sales and operating costs. Additionally, management determined terminal growth rates and discount rates which reflect an assessment of the time value of money and the risks specific to each business unit.

The annual impairment test performed by the Group was significant to our audit due to the magnitude of the goodwill balance and because the assessment process involved judgement about the future performance of the business units.

How the matter was addressed in our audit

Our audit procedures included:

- Ensuring the allocation of goodwill to the Group's business units is appropriate;
- Evaluating the methodology, mathematical accuracy and assumptions applied in the discounted cash flow models. We used our own valuation specialists to assist us with the consideration of terminal growth and discount rates;
- Challenging management's cash flow assumptions over projected cash flows taking into consideration COVID-19, and the expected impact of the Group's business plans for each business unit by reference to their historical performance and the internal and external factors that influence their operations;
- Performing sensitivity analysis around the key assumptions used in the models; and
- Reviewing the appropriateness of related disclosures in the consolidated financial statements.

We did not identify any factors that were materially inconsistent with management's overall conclusions.

Independent auditor's report (continued)

Emphasis of matter

We draw attention to Note 25 to the consolidated financial statements which describes the prior period restatement to adjust the provision for employee entitlements following a review to ensure compliance with legislative requirements. Our opinion is not modified in respect of this matter.

Other information

The Directors, on behalf of the Group, are responsible for the other information included in the Group's Annual Report. Other information includes the Directors' Declaration and the other information included in the Annual Report. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- The preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board;
- Implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate 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 objective is:

- To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- To issue an independent 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 will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Jodi Newth.

For and on behalf of

KPMG

KPMG
Auckland
29 May 2023

Consolidated statement of comprehensive income

For the year ended 31 March 2023

	Notes	2023 $'000	2022* (Restated) $'000
Continuing operations			
Operating revenue	5	493,614	478,086
Operating expenditure	7.2	(438,398)	(407,616)
Depreciation and amortisation expense	12,14	(6,820)	(7,070)
Depreciation - leases	13	(15,266)	(15,907)
Impairment	12,14	(129)	(841)
Share of equity accounted net earnings	16	1,315	1,893
Operating profit before interest and tax		**34,316**	**48,545**
Interest income		584	78
Interest expense		(1,453)	(878)
Interest expense - leases		(6,348)	(5,305)
Net interest expense		**(7,217)**	**(6,105)**
Profit before tax		**27,099**	**42,440**
Income tax expense	8	(6,804)	(13,021)
Profit from continuing operations		**20,295**	**29,419**
Discontinued operation			
Profit and gain from discontinued operation, net of tax	4	30,254	3,675
Profit for the year		**50,549**	**33,094**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**50,549**	**33,094**
Attributable to:			
Shareholders of the Parent		45,234	23,902
Non-controlling interest		5,315	9,192
		50,549	**33,094**
Earnings per share			
Basic earnings per share (cents)	9	31.57	16.70
Diluted earnings per share (cents)	9	31.46	16.64
Earnings per share - continuing operations			
Basic earnings per share (cents)	9	10.45	14.13
Diluted earnings per share (cents)	9	10.42	14.08

** Comparative information includes re-presentations for consistency with the current periods and restatements, refer Note 25.*

The accompanying Statement of Accounting Policies and notes to the Consolidated Financial Statements on pages 22 to 46 form part of the Financial Statements.

Consolidated statement of changes in equity

For the year ended 31 March 2023

	Notes	Share capital $'000	Share Based Payment Reserve $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance as at 1 April 2021 (As reported)		90,610	-	50,585	8,452	149,647
Restatement of Employee Entitlements	25	-	-	(2,131)	-	(2,131)
Balance as at 1 April 2021 (Restated)		90,610	-	48,454	8,452	147,516
Profit or loss for the year		-	-	23,902	9,192	33,094
Total comprehensive income for the year		**-**	**-**	**23,902**	**9,192**	**33,094**
Distributions to non-controlling interests		-	-	-	(3,013)	(3,013)
Impacts of other transactions with non-controlling interest		-	-	(1,971)	(146)	(2,117)
Dividends to shareholders	10	-	-	(4,314)	-	(4,314)
Balance as at 31 March 2022		**90,610**	**-**	**66,071**	**14,485**	**171,166**
Balance as at 1 April 2022		90,610	-	66,071	14,485	171,166
Profit or loss for the year		-	-	45,234	5,315	50,549
Total comprehensive income for the year		**-**	**-**	**45,234**	**5,315**	**50,549**
Distributions to non-controlling interests		-	-	-	(8,859)	(8,859)
Impacts of other transactions with non-controlling interest		-	-	(1,167)	(344)	(1,511)
Dividends to shareholders	10	-	-	(10,073)	-	(10,073)
Performance share rights charged to SOCI		-	733	-	-	733
Performance share rights vested		150	(150)	-	-	-
Balance as at 31 March 2023		**90,760**	**583**	**100,065**	**10,597**	**202,005**

The accompanying Statement of Accounting Policies and notes to the Consolidated Financial Statements on pages 22 to 46 form part of the Financial Statements.

Consolidated statement of financial position

As at 31 March 2023

ASSETS	Notes	2023 $'000	2022* (Restated) $'000
Current assets			
Cash and cash equivalents		58,215	45,154
Trade and other receivables	11	26,496	47,309
Inventories		31,961	32,165
Total current assets		**116,672**	**124,628**
Non-current assets			
Other receivables	11	2,421	2,127
Property, plant and equipment	12	19,248	19,729
Right-of-use assets	13	88,798	84,045
Intangible assets	14	155,030	159,806
Deferred tax asset	15	11,691	14,732
Investments accounted for using the equity method	16	7,147	4,720
Total non-current assets		**284,335**	**285,159**
Total assets		**401,007**	**409,787**
LIABILITIES			
Current liabilities			
Trade payables and accruals	17	74,656	116,920
Income taxes payable	17	1,531	4,260
Borrowings	18	1,903	1,908
Lease liabilities	13	13,025	14,291
Total current liabilities		**91,115**	**137,379**
Non-current liabilities			
Borrowings	18	21,634	22,126
Lease liabilities	13	86,253	79,116
Total non-current liabilities		**107,887**	**101,242**
Total liabilities		**199,002**	**238,621**
Net assets		**202,005**	**171,166**
EQUITY			
Share capital		90,760	90,610
Share based payment reserve		583	-
Retained earnings		100,065	66,071
Total equity attributable to shareholders of the parent		**191,408**	**156,681**
Non-controlling interest		10,597	14,485
Total equity		**202,005**	**171,166**

** Comparative information has been restated, refer Note 25.*

The accompanying Statement of Accounting Policies and notes to the Consolidated Financial Statements on pages 22 to 46 form part of the Financial Statements.

Consolidated statement of cash flows

For the year ended 31 March 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Dividends received	16	1,260	1,983
Receipts from customers		692,836	661,950
Interest received		584	78
Payments to suppliers and employees		(639,647)	(588,090)
Income taxes paid		(9,124)	(10,086)
Net cash inflow from operating activities	19	**45,909**	**65,835**
Cash flows from investing activities			
Purchases of property, plant, equipment and software intangibles		(5,714)	(4,090)
Acquisition of interests in equity accounted investments	16	(2,880)	(725)
Acquisition of interests in subsidiaries and non-controlling interests		(15,725)	(17,947)
Investments and loans		-	(2,122)
Disposal of discontinued operation, net of cash disposed of	4	29,747	-
Net cash inflow/(outflow) from investing activities		**5,428**	**(24,884)**
Cash flows from financing activities			
Proceeds from borrowings		2,376	5,314
Repayments of borrowings		(2,873)	(5,967)
Payment of lease liabilities		(14,734)	(16,108)
Interest expense		(1,453)	(701)
Interest expense - leases		(6,348)	(5,480)
Distributions to non-controlling interest		(6,996)	(2,035)
Dividend paid	10	(10,073)	(4,314)
Net cash outflow from financing activities		**(40,101)**	**(29,291)**
Net increase in cash and cash equivalents		**11,236**	**11,660**
Cash and cash equivalents at the beginning of the financial year		45,154	37,302
Cash acquired: business combinations	6	1,825	(3,808)
Cash and cash equivalents at end of year		**58,215**	**45,154**
Reconciliation of closing cash and cash equivalents to the consolidated statement of financial position			
Cash and cash equivalents		58,215	45,154
Closing cash and cash equivalents		**58,215**	**45,154**

The accompanying Statement of Accounting Policies and notes to the Consolidated Financial Statements on pages 22 to 46 form part of the Financial Statements.

Notes to the consolidated financial statements

For the year ended 31 March 2023

1. Reporting entity

Green Cross Health Limited (the "Parent" or the "Company") is a New Zealand company registered under the Companies Act 1993 and is an FMC entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. The Financial Statements have been prepared in accordance with these Acts. The Company is listed on the NZX Main Board ("NZX").

The consolidated financial statements of Green Cross Health Limited comprise the Parent, its subsidiaries, and its interest in associates and joint ventures (together referred to as the "Group").

2. Basis of preparation of financial statements

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, and authoritative notices as appropriate for a Tier one for profit entity. They also comply with International Financial Reporting Standards.

The financial statements were approved by the Board of Directors on 29 May 2023.

(b) Basis of measurement

The financial statements of the Group are prepared under the historical cost basis unless otherwise noted within the specific accounting policies below.

(c) Changes in accounting policy

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except as mentioned below.

(d) Comparatives

Comparative information has been represented in respect of the disposal of the Community Health division (refer Note 4) and restated for the prior period in relation to Employee Entitlements (refer Note 25).

(e) Functional and presentation currency

These financial statements are presented in New Zealand dollars ($), which is the functional currency of the entities of the Group. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

(f) Significant estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of some assets and liabilities. Actual results may differ from these estimates.

In authorising the financial statements for the year ended 31 March 2023, the Directors have ensured that the specific accounting policies necessary for the proper understanding of the financial statements have been disclosed, and that all accounting policies adopted are appropriate for the Group's circumstances and have been consistently applied throughout the year for all Group entities for the purposes of preparing the consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Information about the significant areas of judgement exercised or estimation in applying accounting policies that have had a significant impact on the amounts recognised in the financial statements are described as follows:

(i) Classification of investments

Classifying investments as either subsidiaries, associates or joint ventures requires the Directors to assess the degree of influence which the Group holds over the invested. In arriving at a conclusion the Directors take into account the constitutional structure of the invested, governance arrangements, current and future representation on the Board of Directors, and all other arrangements which might allow influence over the operating and financial policies of the invested.

(ii) Impairment of goodwill and indefinite life intangible assets

The carrying values of goodwill and intangible assets with an indefinite useful life, are assessed at least annually to ensure that they are not impaired. This assessment requires the Directors to estimate future cash flows to be generated by cash generating units to which goodwill and intangible assets with indefinite useful lives have been allocated. Estimating future cash flows entails making judgements including the expected rate of growth of revenues and expenses, margins and market shares to be achieved, and the appropriate rate to apply when discounting future cash flows. Note 14 of these financial statements provides more information on the assumptions the Directors have made in this area and the carrying values of goodwill and indefinite life intangible assets. As the outcomes in the next financial period may be different to the assumptions made, it is impracticable to predict the impact that could result in a material adjustment to the carrying amount.

(iii) Accounting for leases under NZ IFRS 16

In determining the right-of-use assets and lease liabilities a number of estimates and judgements have been made by management. These include determining the applicable incremental borrowing rates and assessment of the lease terms, including any rights of renewal and whether it is reasonably certain they will be exercised. See Note 13.

(g) Subsidiaries

Subsidiaries are entities that are controlled by the Group. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. Power arises when the Group has existing rights to direct the relevant activities of the investee, i.e. those that significantly affect the investee's returns. Control is assessed on a continuous basis.

The Group consolidates the results of its subsidiaries from the date that control commences until the date on which control ceases. At such point as control ceases, it derecognises the assets, liabilities and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. At the date the equity method is discontinued, the difference between the carrying amount of the associate or a joint venture and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

The Group's ownership interests in subsidiaries ranges from 25% to 100% (2022: 25% to 100%). The Group consolidates 36 out of 45 entities where it holds less than half of the voting rights. This is on the basis that the Group's contractual arrangements with these entities result in them meeting the definition of being subsidiaries as set out above.

2. Basis of preparation of financial statements (continued)

(h) Non-controlling interests

Non-controlling interests are present ownership interests and are initially measured at either fair value or the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is determined on a transaction-by-transaction basis. Under the proportionate interest method, goodwill is not attributed to the non-controlling interest and the Group recognises only its share of goodwill whereas under fair value, the non-controlling interest includes its proportionate share of goodwill.

Changes in the Group's interest in a subsidiary that do not result in a change in the control conclusion are accounted for as transactions with equity-holders in their capacity as equity holders.

While the group has 48 (2022: 50) subsidiaries with non-controlling interests, there are no subsidiaries with individually material non-controlling interest.

(i) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(j) Goods and services tax (GST)

The statement of comprehensive income has been stated so that all components are exclusive of GST. All items in the statement of financial position are stated net of GST with the exception of receivables and payables, which include GST invoiced.

(k) Statement of cash flows

The statement of cash flows has been prepared using the direct method subject to the netting of certain cash flows.

Cash flows in respect of investments and borrowings that have been rolled-over under arranged banking facilities have been netted in order to provide meaningful disclosures.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Operating activities include all cash received from all revenue sources and all cash disbursed for all expenditure sources including taxation refunds or payments and other transactions that are not classified as investing or financing activities.

Investing activities reflect the acquisition and disposal of property, plant and equipment and intangibles, loans to associates, and investments in associates, subsidiaries and joint ventures.

Financing activities reflect changes in borrowings and equity.

(l) Inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

(m) Government grants

Grants that compensate the Group for expenses incurred are recognised in profit and loss as other income on a systematic basis in the periods in which the expenses are recognised.

3. New standards and interpretations issued and not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2023. These have been assessed for applicability to the Group and the Directors have concluded that they will not have a significant impact on future financial statements, except for amendment to NZ IAS 1 Classification of Liabilities which was early adopted by the Group in the financial year ended 31 March 2020.

4. Discontinued operations

The Community Health division was sold on 28 February 2023 with effect from 1 March 2023 and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

The completion process associated with the sale of the Community Health division is ongoing at the date of this report. Any adjustment to the sale price at the completion of this process will be reflected in the 2024 results.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the eleven months ended 28 February 2023 (2023 column) and the year ended 31 March 2022.

	2023 $'000	2022 $'000
Discontinued operations		
Revenue	197,443	192,242
Expenses	(185,096)	(187,296)
Results from operating activities	**12,347**	**4,946**
Income tax expense	(3,898)	(1,271)
Result from operating activities, net of tax	**8,449**	**3,675**
Gain on sale of discontinued operation	21,805	-
Profit from discontinued operation, net of tax	**30,254**	**3,675**
Cash flow		
Net cash inflow from operating activities	8,765	5,405
Net cash inflow from investing activities	(153)	(188)
Net cash inflow from financing activities	(15,490)	(1,582)
Net cash increase/(decrease) in cash generated by the discontinued operations	**(6,878)**	**3,635**
Consideration received, satisfied in cash	31,971	
Cash and cash equivalents disposed of	(2,224)	
Net cash flows	**29,747**	
Effect of disposal on the financial position of the Group		
Cash and cash equivalents	(2,224)	
Trade and other receivables	(19,034)	
Inventories	(139)	
Property, plant and equipment	(423)	
Right-of-use assets	(3,679)	
Intangible assets	(19,210)	
Deferred tax asset	(6,595)	
Total assets	**(51,304)**	
Trade payables and accruals	37,537	
Lease liabilities	3,809	
Income taxes payable	2,119	
Total liabilities	**43,465**	
Net assets and liabilities	**(7,839)**	

5. Segment reporting

Segment information provided in this note reflects the Group's performance from continuing operations only. The Community Health business is considered a discontinued operation and has been excluded from the disclosure in this note. Please see Note 4 Discontinued operations for further information.

The Group has two reportable segments: pharmacy services and medical services. The pharmacy services segment provides retail and dispensary services, the medical services segment provides GP, nursing and urgent care services.

The Group’s main operations are in the pharmacy industry providing pharmacy services through consolidated stores, equity accounted investments and franchise stores. The medical services segment includes fully owned and equity accounted medical centres, and support services provided to these medical centres, as well as medical centres outside the Group.

The Board monitors the various revenue streams within each reportable segment separately however, they do not meet the criteria for separate disclosure due to the following:

- Aggregation of the operating segments within each reportable segment is consistent with the core principle of NZ IFRS 8, i.e. aggregating will not distort the interpretation of the financial statements for the users;
- The operating segments within each reportable segment share the same economic characteristics; and
- The nature of the products and services, and the nature of the regulatory environment are the same for the operating segments.

Operating segments

Information about reportable segments from continuing operations

March 2023	Notes	Pharmacy Services $’000	Medical Services $’000	Corporate $’000	Total $’000
External revenues	7.1	360,030	132,541	-	492,571
Other income*		356	687	-	1,043
Total revenue		**360,386**	**133,228**	**-**	**493,614**
Cost of products sold		(212,120)	(328)	-	(212,448)
Employee benefit expense		(78,435)	(95,687)	-	(174,122)
Lease expenses		(2,813)	(185)	-	(2,998)
Other expenses		(30,361)	(15,477)	(2,992)	(48,830)
Depreciation and amortisation		(5,204)	(1,616)	-	(6,820)
Depreciation - leases		(10,302)	(4,964)	-	(15,266)
Impairment		(179)	50	-	(129)
Share of equity accounted net earnings		143	1,172	-	1,315
Segment profit		**21,115**	**16,193**	**(2,992)**	**34,316**
Interest income					584
Interest expense					(1,453)
Interest expense - leases					(6,348)
Profit before tax					**27,099**
Tax expense					(6,804)
Profit after tax					20,295
Profit/(loss) from discontinued operation, net of tax					30,254
Non-controlling interest					(5,315)
Net profit attributable to the shareholders of the Parent					**45,234**
Reportable segment assets		302,011	110,074	(11,078)	401,007
Reportable segment liabilities		121,731	88,349	(11,078)**	199,002

** Other income includes*

- *Government wage subsidies and resurgence support payments received of $0.4m within Pharmacy Services.*
- *Gain on step acquisition, $0.7m within Medical Services.*

*** Intersegmental elimination.*

March 2022	Notes	Pharmacy Services $'000	Medical Services $'000	Corporate $'000	Total $'000
External revenues	7.1	364,478	110,551	-	475,029
Other income*		2,636	421	-	3,057
Total revenue		**367,114**	**110,972**	**-**	**478,086**
Cost of products sold		(209,995)	(169)	-	(210,164)
Employee benefit expense		(72,641)	(77,156)	-	(149,797)
Lease expenses		(77)	(313)	-	(390)
Other expenses**		(30,422)	(13,562)	(3,281)	(47,265)
Depreciation and amortisation		(5,599)	(1,471)	-	(7,070)
Depreciation - leases		(11,858)	(4,049)	-	(15,907)
Impairment		(841)	-	-	(841)
Share of equity accounted net earnings		174	1,719	-	1,893
Segment profit		**35,855**	**15,971**	**(3,281)**	**48,545**
Interest income					78
Interest expense					(878)
Interest expense - leases					(5,305)
Profit before tax					**42,440**
Tax expense					(13,021)
Profit after tax					29,419
Profit(loss) from discontinued operation, net of tax					3,675
Non-controlling interest					(9,192)
Net profit attributable to the shareholders of the Parent					**23,902**
Reportable segment assets		280,405	90,066	(11,078)	359,393
Reportable segment liabilities		133,733	74,164	(11,078)***	196,819

** Other income includes:*

- *Government wage subsidies and resurgence support payments received of $1.9m within Pharmacy Services.*
- *Gain on step acquisitions, $0.7m within Pharmacy Services and $0.4 within Medical Services.*

*** Other expenses within Corporate includes one-off transaction costs of $1.4m associated with the process to acquire Tamaki Health. Green Cross Health along with its consortium partner formally withdrew from the process in November 2021.*

**** Intersegmental elimination.*

6. Business combinations

Business combinations acquired during the year include: Fairfield Medical Limited, Waihi Medical Centre Limited, Marshlands Family Health Centre Limited, Medplus Lake Road Limited and The Doctors Massey Medical Limited. None of these acquisitions are individually material to the Group's result.

	Carrying value $'000	Fair value $'000
Identifiable assets acquired and liabilities assumed		
Total assets	3,402	3,402
Total liabilities	(1,635)	(1,635)
Identifiable net assets	**1,767**	**1,767**
Consideration transferred		
Satisfied by:		
Cash consideration		13,914
Deferred consideration		867
Effect of step acquisitions		1,183
Total consideration		**15,964**
Less cash acquired (included in assets above)		(1,825)
Net consideration		**14,139**
Goodwill		
Goodwill recognised as a result of the acquisitions is as follows:		
Total consideration		15,964
Identifiable net assets		(1,767)
Goodwill		**14,197**

The amount of revenue included in the consolidated statement of comprehensive income is $6.6 million with a net profit after tax of $0.9 million in respect of the entities acquired during the year.

If the acquisitions had occurred on 1 April 2022, management estimates that consolidated operating revenue would have been $501.9m, and consolidated profit after tax for the year would have been $21.9m for continuing operations.

7. Operating performance

7.1 Revenue Revenue from contracts with customers	2023 $'000	2022* $'000
Pharmacy retail and dispensary	309,014	305,739
Other pharmacy services	51,016	58,739
Medical services	132,541	110,551
	492,571	**475,029**

Disaggregation of contract revenue	Reportable segments		
	Pharmacy Services $'000	Medical Services $'000	Total $'000
Year ended 31 March 2023			
Timing of revenue recognition			
Transferred at a point in time	344,338	59,774	404,112
Transferred over time	15,692	72,767	88,459
	360,030	**132,541**	**492,571**
Year ended 31 March 2022*			
Timing of revenue recognition			
Transferred at a point in time	349,275	44,438	393,713
Transferred over time	15,203	66,113	81,316
	364,478	**110,551**	**475,029**

** Comparative information includes re-presentations for consistency with the current period.*

Pharmacy retail and dispensing services

Pharmacy retail and dispensary services include retail sales, dispensing, professional advisory and care services. For all these services control is considered to pass to the customer at the point when the customer can use or otherwise benefit from the goods and services. For retail sales, control passes at point of sale. Retail sales are predominantly by credit card, debit card or in cash.

The Group operates its own Living Rewards loyalty programme. When a retail sale is made and points are earned, the resulting revenue is allocated between the loyalty programme and the other components of the sale. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when the points are redeemed under the terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

Other pharmacy services

These mainly include franchise fees, supplier income and other service revenue. Control for franchise services pass over time as the services are delivered over the term of the franchise agreement. Payment terms for franchise fees is generally 20 to 30 days. Supplier income is earned, as promotional services are rendered over a specified time period by the Group. Payment terms are generally 20 to 30 days.

Medical services

Medical services include capitation and health services and patient fees. Control for capitation and health services passes over time as the healthcare services are delivered to the patient over a certain time period. Payments terms are generally 20 to 30 days. Patient fees are earned at a point in time. Control passes to the customer when service has been delivered to a customer. Patient fees are predominantly by credit card, debit card or in cash.

7. Operating performance (continued)

Contract assets and contract liabilities

Current contract assets represent revenue where the service has been provided but not yet invoiced to the customer. When the customer has been invoiced, any outstanding balances are included in receivables. Contract liabilities reflect payments received for services that have not yet been provided and the payments will be recognised as revenue over time.

Costs directly related to the acquisition of a contract or renewal of an existing contract are capitalised and amortised over the life of the contract. Cost relating to fulfilling a contract are only capitalised if they meet the recognition criteria under NZ IFRS 15. Costs incurred in obtaining a contract are only capitalised to the extent they are incremental.

Contract balances

The following table provides information, about receivables, contract assets and contract liabilities from contracts with customers:

	31 Mar 2023 $'000	31 Mar 2022 $'000
Trade receivables which are included in trade and other receivables	13,692	31,066
Contract assets	11,457	16,124
Contract liabilities	(8,003)	(10,786)

Significant changes in the contract assets and the contract liabilities during the period are as follows:

	2023		2022	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	10,786	-	7,994
Transfer from contract assets recognised at the beginning of the period to receivables	16,124	-	13,834	-

As at 31 March 2023, the amount of revenue deferred and recognised as a contract liability for the loyalty programme is $7.7m (2022: $7.5m). This will be recognised as revenue as the loyalty points are redeemed or expire, which is expected to occur over the next fifteen months.

7.2 Operating expenditure	2023 $'000	2022* $'000
Cost of products sold	212,448	210,164
Employee benefit expense	174,122	149,797
Lease expenses	2,998	390
Other expenses	47,551	45,476
Audit fees	312	250
Other services provided by auditors	174	226
Directors' fees in respect of the Parent company	437	450
Directors' fees in respect of the subsidiary companies	278	224
Bad debts written off and movement in doubtful debt provision	78	639
	438,398	**407,616**
Auditor's remuneration to KPMG comprises:		
Annual audit of financial statements	293	250
Annual audit of financial statements – prior year	19	-
	312	**250**
Other services provided by auditors:		
Taxation services	171	224
Other services	3	2
	174	**226**

Taxation services relate to compliance and related services, and tax support.
Other services relates to cyber security testing.

8. Income tax expense

	Notes	2023 $'000	2022* $'000
Current tax expense		(3,763)	(15,735)
Deferred tax benefit/(expense)	15	(3,041)	2,714
Total current tax		**(6,804)**	**(13,021)**
Imputation credit account:			
Available for use in subsequent periods $34.2m (2022: $24.9m).			
Numerical reconciliation between tax expense and pre-tax accounting profit			
Profit before tax		27,099	42,440
Income tax expense at 28%		(7,588)	(11,883)
(Add)/Deduct the tax effect of adjustments:			
Other		784	(1,138)
		(6,804)	**(13,021)**

** Comparative information includes re-presentations for consistency with the current period.*

Financials

8. Income tax expense (continued)

Taxation accounting policy

Income tax expense is charged to profit and loss and comprises current tax and deferred tax, unless it relates to an item recognised in other comprehensive income or equity in which case it is recognised in other comprehensive income or equity.

Current tax is the estimated tax payable on the current period's taxable income using current tax rates, adjusted for any under or over accrual in respect of prior periods.

Deferred tax is recognised using the balance sheet approach, allowing for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the carrying amounts for tax purposes. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related benefit will be realised.

9. Earnings per share

The earnings per share and dividend per share is calculated using the Group's result divided by the weighted average number of shares for the listed entity, Green Cross Health Limited.

	2023 cents per share	2022 (Restated) cents per share
Basic earnings per share The calculation of basic earnings per share is based on the profit attributable to equity holders of the Parent and a weighted average number of ordinary shares issued during the year of 143,284,396 (2022: 143,152,759).	31.57	16.70
Diluted earnings per share The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Parent and a weighted average number of ordinary shares issued during the year after adjustment for the effects of all dilutive ordinary shares of 143,801,893 (2022: 143,649,768).	31.46	16.64
Net tangible assets/(liabilities) per share The calculation of net tangible assets/(liabilities) per share is based on net assets/(liabilities) less deferred tax and intangible assets (refer Note 14 and Note 15) and the closing number of ordinary shares at the end of the year.	24.63	(2.36)
Net assets per share The calculation of net assets per share is based on net assets and the closing number of ordinary shares at the end of the year.	140.98	119.57

	2023 $'000	2022 $'000
Earnings per share - continuing operations		
Profit from continuing operations	20,295	29,419
Profit from continuing operations attributable to minority interests	(5,315)	(9,192)
Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**14,980**	**20,227**

	2023 cents per share	2022 cents per share
Basic earnings per share	10.45	14.13
Diluted earnings per share	10.42	14.08

Financials

10. Dividends

	2023 cents per share	2022 cents per share
Dividends per share	7.00	3.00

In December 2022, Green Cross Health Limited paid an interim dividend of 3.5 cents per qualifying ordinary share to shareholders, which was fully imputed to 28%. (2021: 3.0 cents).

In June 2022, Green Cross Health Limited paid a final dividend of 3.5 cents per qualifying ordinary share to shareholders, which was fully imputed to 28%. (2021: nil).

11. Trade and other receivables

	2023 $'000	2022 $'000
Trade receivables	13,692	31,066
Provision for doubtful debts	(1,989)	(2,138)
Contract assets	11,457	16,124
Accrued income	1,309	495
Other receivables and prepayments	2,027	1,762
	26,496	**47,309**
Other receivable - non-current asset	2,421	2,127

12. Property, plant and equipment

	2023 $'000	2022 $'000
Opening cost	86,024	82,516
Acquisitions through business combinations	1,909	3,456
Additions	6,049	4,135
Disposals	(3,727)	(498)
Assets written off	(91)	(3,585)
Closing cost	**90,164**	**86,024**
Opening accumulated depreciation	66,485	63,540
Acquisitions through business combinations	1,454	-
Depreciation for the period	6,568	6,319
Disposals	(3,294)	(494)
Assets written off	(36)	(2,880)
Closing accumulated depreciation	**71,177**	**66,485**
Closing book value	18,987	19,539
Work in progress	261	190
Total property, plant and equipment	**19,248**	**19,729**

Property, plant and equipment accounting policy

Property, plant & equipment owned by the Group consists primarily of leasehold improvements and is stated at cost less accumulated depreciation and any impairment losses. Property, plant & equipment acquired in stages is not depreciated until the asset is ready for its intended use.

Depreciation is provided on a straight-line basis on all property, plant & equipment components to allocate the cost of the asset (less any residual value) over its useful life or if it relates to assets in a leased premises, the life of the lease if shorter. The residual values and remaining useful lives of asset components are reviewed at least annually.

Current estimated useful lives of property, plant and equipment are between two and twelve years.

Subsequent expenditure capitalised only if it is probable that future economic benefit associated with the expenditure will flow to the Group. All other costs are recognised in the profit and loss as expenditure when incurred.

Any resulting gain or loss on disposal of an asset is recognised in the profit and loss in the period in which the asset is disposed of.

13. Leases

As a lessee

The Group's leased assets include property leases for pharmacies, medical centres and offices. The lease terms of these leases typically range from 2 to 30 years (inclusive of any renewal options). Some leases provide for additional rent payments that are based on changes in CPI or market rental rates. The Group also leases motor vehicles and equipment, which typically run for a period of 3 to 5 years.

As a lessee, the Group recognises right-of-use assets and lease liabilities for the majority of its leases – i.e. these leases are on-balance sheet.

The carrying amounts of right-of-use assets and lease liabilities are as below:

Right-of-use assets	Property $'000	Motor Vehicles $'000	Equipment $'000	Total $'000
2023				
Balance as at 1 April 2022	80,299	2,606	1,140	84,045
Balance as at 31 March 2023	87,617	348	833	88,798
Depreciation	14,381	130	755	15,266
2022				
Balance as at 1 April 2021	75,283	626	446	76,355
Balance as at 31 March 2022	80,299	2,606	1,140	84,045
Depreciation	16,018	910	505	17,433

Additions to property of $15.3m (2022: $21.4m) and remeasurements of $8.0m (2022: $0.4m) have been made to right-of-use assets during the current year.

Low value leases of $3.6m (2022: $0.6m) have been recognised (under lease exemption).

Lease liabilities	Property $'000	Motor Vehicles $'000	Equipment $'000	Total $'000
2023				
Balance at 1 April 2022	**89,610**	**2,621**	**1,176**	**93,407**
- Current liability	13,060	570	661	14,291
- Non-current liability	76,550	2,051	515	79,116
Balance as at 31 March 2023	**97,983**	**376**	**919**	**99,278**
- Current liability	12,312	121	592	13,025
- Non-current liability	85,671	255	327	86,253
2022				
Balance at 1 April 2021	**83,513**	**686**	**487**	**84,686**
- Current liability	12,397	686	487	13,570
- Non-current liability	71,116	-	-	71,116
Balance as at 31 March 2022	**89,610**	**2,621**	**1,176**	**93,407**
- Current liability	13,060	570	661	14,291
- Non-current liability	76,550	2,051	515	79,116

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

13. Leases (continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is:

- A change in future lease payments arising from a change in an index or rate; or
- A change in the estimate of the amount expected to be payable under a residual value guarantee; or
- Changes in assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised; or
- Any other change in the future lease payments or the lease term due to a lease modification that's not accounted for as a separate lease.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impact the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Maturity analysis of contractual undiscounted cash flows	**2023 $'000**	**2022 $'000**
Less than one year	17,972	18,633
Two to five years	53,803	50,117
More than five years	70,130	54,716
	141,905	**123,466**

As a lessor

The Group sub-leases some of its properties. The right-of-use assets recognised from the head leases are measured at cost. The sub-lease contracts are classified as operating leases under NZ IFRS 16.

14. Intangible assets

	Notes	2023 $'000	2022 $'000
Software and other intangible assets			
Opening costs		15,608	17,475
Acquisitions through business combinations		11	36
Additions		243	137
Disposals		(2,826)	(1,162)
Assets written-off/impairment		(1,070)	(878)
Closing cost		**11,966**	**15,608**
Opening accumulated amortisation		12,636	12,666
Acquisitions through business combinations		9	-
Amortisation for the period		519	1,279
Disposals		(2,669)	(567)
Assets written-off/impairment		(1,043)	(742)
Closing accumulated amortisation		**9,452**	**12,636**
Closing book value		**2,514**	**2,972**
Goodwill			
Opening costs		156,834	136,006
Other acquired goodwill		647	2,177
Additions	6	14,197	18,765
Disposals		(19,162)	(114)
Closing cost		**152,516**	**156,834**
Total intangible assets		**155,030**	**159,806**

Intangible assets accounting policy

Intangible assets recognised by the Group are stated at cost less accumulated amortisation and any impairment losses with the exception of goodwill (see below).

Intangible assets acquired in stages are not amortised until the asset is ready for its intended use.

Amortisation is provided on a straight-line basis for software to allocate the cost of the asset (less any residual value) over its useful life. The residual values and remaining useful lives of software are reviewed at least annually. Other intangible assets represent franchisee store rebranding costs and have an indefinite life.

Estimated useful lives of the asset classes are:

Software 3-5 years

Subsequent expenditure is capitalised if future economic benefit will flow to the Group and the requirements of the standard are met. All other costs are recognised in the profit and loss as expenditure when incurred.

Any resulting gain or loss on disposal of an intangible asset is recognised in the profit and loss in the period in which the intangible asset is disposed of.

Intangible assets disclosed in the financial statements relate to computer software, trademarks and other indefinite life intangible assets. Indefinite life intangible assets are tested annually for impairment.

14. Intangible assets (continued)

Goodwill accounting policy

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the purchase consideration over the fair value of the net identifiable tangible and intangible assets at the time of acquisition.

Goodwill is allocated to the relevant cash generating units expected to benefit from the acquisition and tested for impairment annually, or earlier at any interim reporting dates if there are indicators of impairment.

If the recoverable amount is less than the carrying amount of the cash generating unit then an impairment loss is recognised in profit and loss and the carrying amount of the asset is written down. Recoverable amount is calculated as the greater of the fair value less cost to sell and value in use.

The relative value of the goodwill allocated to the relevant cash generating unit is included in the determination of any gain or loss on disposal.

Impairment testing

Discounted cash flow (DCF) models have been based on three-year forecast cash flow projections. The budget for the year-ending 31 March 2023 is the basis for the first year's projections and projections for subsequent periods have been based on this plus growth. Terminal cash flows are projected to grow in line with the New Zealand long-term inflation rate.

The discount rate was a post-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Impairment test assumptions 2023	Pharmacy Services $'000	Medical Services $'000	Community Health $'000
Discount rate – post tax	9.53%	9.53%	- %
Terminal growth rate	3.50%	3.50%	- %
Carrying amount of goodwill allocated to the unit ($000)	85,657	66,859	-
Carrying value of other intangible assets with indefinite useful lives ($000)	2,048	-	-

Impairment test assumptions 2022	Pharmacy Services $'000	Medical Services $'000	Community Health $'000
Discount rate – post tax	8.45%	10.30%	11.73%
Terminal growth rate	2.50%	2.50%	2.50%
Carrying amount of goodwill allocated to the unit ($000)	85,758	52,015	19,061
Carrying value of other intangible assets with indefinite useful lives ($000)	2,048	-	-

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is allocated across all operations within a division that have similar economic characteristics and collectively benefit from acquisitions that increase the Group's portfolio.

Sensitivities

No impairment was identified for Pharmacy Services and Medical Services as a result of this review, nor under any reasonable possible change, in any of the key assumptions described above.

15. Deferred tax assets

The movement in deferred tax asset and liability during the year is made up of the following:

	Opening $'000	Net additions $'000	Recognised in profit and loss $'000	Closing $'000
Group – 2023				
Property, plant and equipment	2,809	-	228	3,037
Provisions and accruals	9,285	-	(6,344)	2,941
Tax losses	17	-	2,762	2,779
Right-of-use assets	(23,533)	(6,635)	5,305	(24,863)
Lease liabilities	26,154	6,635	(4,992)	27,797
	14,732	**-**	**(3,041)**	**11,691**
Group – 2022*				
Property, plant and equipment	2,317	-	492	2,809
Provisions and accruals	6,922	-	2,363	9,285
Tax losses	446	-	(429)	17
Right-of-use assets	(21,379)	(7,035)	4,881	(23,533)
Lease liabilities	23,712	7,035	(4,593)	26,154
	12,018	**-**	**2,714**	**14,732**

** Comparative information has been restated, refer Note 25.*

16. Equity accounted group investments

	Notes	2023 $'000	2022 $'000
The movement in equity accounted investments comprises:			
Opening carrying amount		4,720	7,724
Investment in associates and joint ventures		2,880	725
Disposal of associates and joint ventures		(508)	(3,639)
Share of net earnings		1,315	1,893
Dividends	23	(1,260)	(1,983)
		7,147	**4,720**
There are no individually material associates or joint ventures.			
Amount of goodwill within the carrying amount of equity accounted group investments:			
Opening carrying amount		1,987	4,024
Disposal of associates and joint ventures		(621)	(2,037)
Closing carrying amount		**1,366**	**1,987**

16. Equity accounted group investments (continued)

Summary associate and joint venture financial information

The aggregate results of the associates and joint venture financial position and current year's profit are as follows:

	Assets $'000	Liabilities $'000	Revenue $'000	Net profit after tax $'000
As at and for the year ended 31 March 2023	19,676	5,296	37,273	4,950
As at and for the year ended 31 March 2022	13,473	6,688	34,762	4,539

Investments in associates and joint ventures accounting policy

An associate is an investee over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but not to control or jointly control those policies.

A joint venture is a joint arrangement in which the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of the arrangement which only exists when decision about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated into the financial statements of the Group using the equity method of accounting. Under the equity method, the initial investment in the Group financial statements is measured at cost and adjusted thereafter for the Group's share of profit and loss and other comprehensive income of the associate and joint venture. Any goodwill arising on the acquisition of an associate or joint venture investment is included in the carrying amount of the investment net of dividends received. Where the Group's share of losses of the associate of joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of losses unless it has a legal or constructive obligation to continue doing so. The equity method is discontinued where the Group ceases to exert significant influence or joint control over the investee.

Accounting policies adopted by associates and joint ventures are generally consistent with those of the Group. Where a material difference does exist, appropriate adjustments are applied to ensure congruence with the policies of the Group, the most significant of these being the recognition of deferred tax.

17. Trade and other payables and income taxes payable

Payables and accruals	2023 $'000	2022* (Restated) $'000
Trade payables	29,271	34,399
Payable to non-controlling interest	5,283	7,399
Contract liabilities	8,003	10,786
Accrued expenses	22,549	31,187
Employee entitlements	9,550	33,149
	74,656	**116,920**
Income taxes payable	**1,531**	**4,260**

Financials

Employee entitlements accounting policy

Employee entitlements for salaries, bonuses, long service, alternate and annual leave are provided for and recognised as a liability when benefits are earned by employees but not paid at the reporting date.

** Comparative information has been restated, refer Note 25.*

18. Borrowings

	2023 $'000	2022 $'000
Current	1,903	1,908
Non-current	21,634	22,126
	23,537	**24,034**

The Group's interest rate on outstanding loans is calculated based on BKBM or cost of funds plus a margin. The current interest rate is between 6.50% and 8.49% (2022: 2.16% - 5.20%). A 0.5% increase/decrease in the effective interest rate would result in a decrease/increase in after tax profit of $85,000.

Green Cross Health Limited and all its subsidiaries provided guarantees and indemnities in favour of BNZ covering all loans held by the Parent and subsidiary companies. Loans within partnership subsidiaries are covered by a GSA agreement over the individual business assets.

The Group's primary lender is the BNZ. As at balance date, the Group has undrawn banking facilities of $40.2m (2022: $44m). The maturity of the debt facility with BNZ is 31 August 2024.

Borrowings and advances accounting policy

Borrowings and advances are initially recognised at fair value, including directly attributable transaction costs. Subsequent to initial recognition, borrowings and advances are measured at amortised cost using the effective interest method, less any impairment losses on advances.

19. Operating cash flow reconciliation

	2023 $'000	2022* (Restated) $'000
Profit for the year	50,549	33,094
Add/(deduct) non-cash items:		
Depreciation, amortisation and impairment	22,215	25,735
Other non-cash items	(2,146)	3,274
Gain on disposal of Community Health division	(21,805)	-
Add/(deduct) changes in working capital:		
Receivables and accruals movement	1,779	(8,377)
Inventory	65	(1,777)
Payables and accruals movements	(11,965)	7,783
Add/(deduct) items classified as cash flows from financing activities:		
Interest expense	869	623
Interest expense - leases	6,348	5,480
Net cash inflow from operating activities	**45,909**	**65,835**

** Comparative information has been restated, refer Note 25.*

20. Shares on issue

	2023 '000	2022 '000
Shares authorised and on issue		
Opening number of shares	143,153	143,303
Shares issued – fully paid	132	-
Shares issued – partly paid	-	-
Shares cancelled – partly paid	-	(150)
	143,285	**143,153**
Shares held as treasury stock	-	-
Performance share rights	517	497
	143,802	**143,650**

All ordinary shares carry equal rights in terms of voting, dividend payments and distribution upon winding up.

Share capital

Incremental costs directly attributable to the issue of ordinary shares, share options and share capital are recognised as a deduction from equity.

21. Share-based payments

Performance Share Rights

Performance Share Rights (PSRs) were offered to some senior executives, commencing 1 April 2019. Under the scheme PSRs are issued to participants which give them the rights to receive ordinary shares in the Company after a three year period, subject to certain vesting and other conditions being met. The fair value is measured at grant date and amortised over the vesting period. The vesting of the PSRs is subject to the Company achieving performance hurdles relating to the growth of its earnings per share over a three year measurement period. There is no exercise price for these performance rights and there is no right to dividends during the vesting periods.

Vesting is contingent upon audited financial statements, therefore PSRs which meet the vesting criteria will vest in the financial year following the end of the PSR period.

The total expense recognised in the year to 31 March 2023 in relation to the PSRs was $194,000 (2022: $90,000). 131,637 PSRs were vested during the year.

PSRs granted are summarised as below:

Grant Date	PSR Period	PSRs granted	PSRs vested	PSRs forfeited	PSRs end of period
23/10/2020	01/04/2019 - 31/03/2022	131,637	(131,637)	-	-
23/10/2020	01/04/2020 - 31/03/2023	176,693	-	-	176,693
28/06/2021	01/04/2021 - 31/03/2024	188,679	-	-	188,679
27/06/2022	01/04/2022 - 31/03/2025	167,338	-	(15,213)	152,125
Total		**664,347**	**(131,637)**	**(15,213)**	**517,497**

22. Financial instruments

The Group is party to financial instruments as part of its normal operations. Financial instruments include cash and cash equivalents, borrowings, trade and other receivables and trade and other payables.

Financial instruments are initially recognised at their fair value less transaction costs, and subsequently measured at their amortised cost. A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are recognised at amortised cost.

Risk management policies are used to mitigate the Group's exposures to credit risk, liquidity risk and market risk that arise in the normal course of operations.

Credit risk

The Group's maximum credit risk resulting from a third party defaulting on its obligations to the Group is represented by the carrying amount of each financial asset on the statement of financial position. The Group is not exposed to any material concentrations of credit risk other than its exposure within the retail pharmacy and government sectors. The Group monitors credit limits on a monthly basis. All credit facilities to external parties are provided on normal trade terms (unsecured, to a maximum of 45 days). At any one time, the Group generally has amounts owed to and amounts owed by the same counterparty, although no legal right of set-off exists. The Parent company holds direct debit authorities for amounts payable under the contractual terms of its franchise agreements. The Parent regularly monitors the credit ratings issued, and any qualifications to those ratings, to the financial institutions (and those of the ultimate parent financial institution) used by the Group.

22. Financial instruments (continued)

The status of trade receivables at reporting date is as follows:

Trade and other receivables	Gross receivable 2023 $'000	Impairment 2023 $'000	Gross receivable 2022 $'000	Impairment 2022 $'000
Not past due	25,248	-	40,931	-
Past due 0 - 30 days	538	-	4,300	-
Past due 31-120 days	3,131	-	4,206	-
Past due more than 120 days	1,989	(1,989)	2,138	(2,138)
Total	**30,906**	**(1,989)**	**51,575**	**(2,138)**

Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

The following table sets out the contractual cash flows for financial liabilities that are settled on a gross cash flow basis:

	Carrying value $'000	Contractual cash flows $'000	Less than one year $'000	Between one year and two years $'000	Between two years and five years $'000
2023					
Borrowings	23,537	25,262	1,951	3,343	19,968
Trade and other payables	57,103	57,103	57,103	-	-
Total non-derivative liabilities	**80,640**	**82,365**	**59,054**	**3,343**	**19,968**
2022					
Borrowings	24,034	25,986	1,956	1,500	22,530
Trade and other payables	72,985	72,985	72,985	-	-
Total non-derivative liabilities	**97,019**	**98,971**	**74,941**	**1,500**	**22,530**

Market Risk

Refer to note 18 for details of the interest rates for the Group loans and borrowings, which are the most significant financial instruments.

Capital management

The Group's capital includes share capital and retained earnings. The Group is not subject to any externally imposed capital requirements.

The allocation of capital between its specific business segments' operations and activities is, to a large extent, driven by the optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is undertaken independently of those responsible for the operation.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

The carrying amount of the Group's on-balance sheet financial instruments including trade and other receivables, cash and cash equivalents, borrowings and trade payables, closely approximate their fair values as at 31 March 2023 and 31 March 2022. The assessment of fair value relating to borrowings was determined by reference to observable market data (level 2).

23. Related parties

The Group has commercial franchise agreements with stores relating to marketing levies and franchise fees. The Group also enters into transactions on behalf of the stores which are on-charged. These transactions comprise items such as training courses, supplier agreements, central advertising campaigns, loyalty card costs, and IT related costs. The Parent has leased some equipment which is on-leased to associate companies. The Parent performs accounting services, based on agreed terms, for some of the stores and medical centres.

The Parent has shareholder agreements with the other shareholders of the associates. The agreements set out the return on investment/profit sharing arrangements relating to these investments. Payable to non-controlling interests represents loans advanced to the Group.

Related party transactions for the group	Transaction value		Balance outstanding	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Franchise fees and on-charged costs to equity accounted investments	49	62	3	8
Management service charges and on charged costs to equity accounted investments	353	305	58	121
Dividend income	1,260	1,983	-	-
Receivable from other related parties	-	-	2,544	2,464

Key management personnel remuneration

The Group provides compensation to key management personnel which comprises the Directors and executive officers. Some senior executives also participate in the performance share rights. Key management personnel (includes the Group CEO, the Group CFO, some senior executives and company directors) compensation comprised:

	2023 $'000	2022 $'000
Remuneration and Directors fees	2,224	2,163
Short term employee benefits	393	433
Long term incentives	194	90
	2,811	**2,686**

24. Subsequent events

On 28 April 2023, Green Cross Health Limited paid a special dividend of 28.0 cents per qualifying ordinary share amounting to $40.2m, which was fully imputed at 28%.

On 29 May 2023, Green Cross Health Limited declared a final dividend of 3.5 cents per qualifying ordinary share amounting to $5.0m, which will be fully imputed at 28%. The dividend record date is 9 June 2023 and payment will occur on 23 June 2023.

No adjustment is required to these consolidated financial statements in respect of these events.

25. Prior period restatements

As part of the sale of the Community Health division, a review was undertaken to ensure compliance with legislative requirements. As a result of this review, it was determined that the liability for Employee Entitlements had been understated. This resulted in a prior period restatement to adjust the provision for Employee Entitlements.

The following tables reconcile the impact on key line items in the Group's statement of comprehensive income and statement of financial position from restatements. There is no impact on the Group's statement of cash flows.

	As at 1 April 2021 Audited $'000	Adjustments $'000	As at 1 April 2021 Restated $'000
Consolidated statement of financial position			
Deferred tax asset	12,018	829	12,847
Others	352,865	-	352,865
Total assets	**364,883**	**829**	**365,712**
Trade payables and accruals	106,177	2,960	109,137
Others	109,059	-	109,059
Total liabilities	**215,236**	**2,960**	**218,196**
Retained earnings	50,585	(2,131)	48,454
Others	99,062	-	99,062
Total equity	**149,647**	**(2,131)**	**147,516**

	Year ended 31 March 2022 Audited $'000	Adjustments $'000	Year ended 31 March 2022 Restated $'000
Consolidated statement of comprehensive income (extract)			
Profit and gain from discontinued operation, net of tax	**4,333**	**(658)**	**3,675**

	As at 31 March 2022 Audited $'000	Adjustments $'000	As at 31 March 2022 Restated $'000
Consolidated statement of financial position			
Deferred tax asset	13,719	1,013	14,732
Others	395,055	-	395,055
Total assets	**408,774**	**1,013**	**409,787**
Trade payables and accruals	113,302	3,619	116,921
Income taxes payable	4,076	184	4,260
Others	117,440	-	117,440
Total liabilities	**234,818**	**3,803**	**238,621**
Retained earnings	68,861	(2,790)	66,071
Others	105,095	-	105,095
Total equity	**173,956**	**(2,790)**	**171,166**
Operating cash flow reconciliation (Note 19)			
Profit for the year	33,752	(658)	33,094
Payable and accruals movements	7,125	658	7,783
Others	24,958	-	24,958
Net cash inflow from operating activities	**65,835**	**-**	**65,835**

Governance

Management commentary
(no financial statements)

Group entities

For the year ended 31 March 2023

The current Green Cross Health Limited group structure comprises 153 companies.
The group entities are as follows:

Legal Parent	Holding %	Activity
Green Cross Health Limited		Franchisor and investment
Controlled entities		
280 Queen Street (2005) Limited	43.9	Pharmacy
Albany Pharmacy Limited	49.0	Pharmacy
Alexandra Pharmacy (2013) Limited	48.5	Pharmacy
Amcal Chemists (N.Z.) Limited	100.0	Non-trading
Apollo Medical Limited	100.0	Medical Centre
Apollo Pharmacy (2014) Limited	49.6	Pharmacy
Bay of Plenty Pharmacies Limited	100.0	Non-trading
Bayfair Pharmacy (2010) Limited	48.8	Pharmacy
Bayfair Pharmacy Limited	100.0	Non-trading
Baymed Group (2013) Limited	100.0	Medical Centre
Birkenhead Pharmacy (2011) Limited	48.5	Pharmacy
Botany Downs Pharmacy Limited	25.0	Pharmacy
Browns Bay Pharmacy (2018) Limited	48.5	Pharmacy
Cambridge Pharmacies 2020 Limited	30.0	Pharmacy
Care Chemist Limited	100.0	Non-trading
Care Chemist Pakuranga (2008) Limited	49.0	Pharmacy
Centre City Pharmacy (2004) Limited	46.4	Pharmacy
Chemist Express Limited	49.0	Pharmacy
Christchurch Pharmacy (2015) Limited	49.0	Pharmacy
Coastlands Pharmacy (2018) Limited	49.0	Non-trading
Darfield Medical Centre Limited	45.0	Medical Centre
Davies Corner Pharmacy Limited	25.0	Pharmacy
Discovery Pharmacy (2016) Limited	49.0	Pharmacy
Dispensaryfirst Limited	100.0	Non-trading
Drury Surgery Limited	100.0	Medical Centre
Endeavour Pharmacy (2016) Limited	49.0	Pharmacy
Fairfield Medical Limited	70.0	Medical Centre
Fred Thomas Pharmacy (2015) Limited	49.0	Pharmacy
Gain Medical Centre Limited	50.0	Medical Centre
Gascoigne Medical Services Limited	71.2	Medical Centre
Glenfield Mall Pharmacy Limited	48.5	Pharmacy
Green Cross Health Direct Limited	100.0	Non-trading
Green Cross Health Distribution Limited	100.0	Pharmacy
Green Cross Health Investments Limited	100.0	Non-trading
Green Cross Health Medical Limited	100.0	Investment
Green Cross Health Medical Solutions Limited	100.0	Services to medical centres
Green Cross Health Primary Limited	100.0	Medical Centre
Green Cross Health Workplace Limited	100.0	Health Services
Guthries Pharmacy Limited	49.0	Pharmacy

Management commentary
(no financial statements)

Controlled entities	Holding %	Activity
Harbour City Pharmacy (2011) Limited	48.7	Pharmacy
Hastings Pharmacy (2013) Limited	49.5	Pharmacy
Hawkes Bay Pharmacies Limited	49.0	Pharmacy
Helensville Pharmacy (2008) Limited	48.5	Pharmacy
Highland Park Pharmacy (2009) Limited	48.5	Pharmacy
Hurstmere Pharmacy (2008) Limited	49.0	Pharmacy
Hutt Valley Pharmacies 2014 Limited	48.5	Pharmacy
J-Mall Pharmacy Limited	49.0	Pharmacy
Karori Pharmacies (2020) Limited	49.6	Pharmacy
Knox Pharmacy 2010 Limited	48.5	Pharmacy
Lake Taupo Pharmacy (2008) Limited	48.5	Pharmacy
Levin Pharmacy (2005) Limited	100.0	Non-trading
Levin Pharmacy 2021 Limited	49.0	Pharmacy
Life Pharmacy Albany Limited	49.0	Pharmacy
Life Pharmacy Centre Place (2009) Limited	100.0	Pharmacy
Life Pharmacy Sylvia Park Limited	49.0	Pharmacy
Life Pharmacy Trustee Company Limited	100.0	Non-trading
Life Pharmacy Wall Street Dunedin Limited	49.1	Pharmacy
Manawatu Pharmacies Limited	49.0	Pharmacy
Manners Pharmacy (2016) Limited	49.0	Pharmacy
Manukau Pharmacy (2011) Limited	49.1	Pharmacy
Marshland Family Health Centre Limited	100.0	Medical Centre
Moorhouse Pharmacy 2003 Limited	25.0	Pharmacy
Motueka Medical (2013) Limited	100.0	Medical Centre
Medplus Lake Road Limited	100.0	Medical Centre
Napier X-Ray Limited	44.0	Medical Centre
Neptune Pharmacy (2017) Limited	49.0	Pharmacy
New Lynn Pharmacy (2015) Limited	48.8	Pharmacy
New Plymouth Pharmacy (2015) Limited	49.1	Pharmacy
Northlands Pharmacy (2003) Limited	49.6	Pharmacy
Onehunga Medical 2012 Limited	100.0	Medical Centre
Onehunga Medical Pharmacy (2022) Limited	49.6	Pharmacy
Palms Pharmacy (2013) Limited	49.0	Pharmacy
Parklands Pharmacy (2015) Limited	49.0	Pharmacy
Peak Primary Limited	100.0	Non-trading
Pharmacy 277 Limited	49.1	Pharmacy
Pharmacy B102 Limited	48.5	Pharmacy
Pharmacy G101 Limited	49.0	Pharmacy
Pharmacy J104 Limited	49.0	Non-trading
Pharmacy K103 Limited	49.0	Pharmacy
Pharmacy L105 Limited	49.0	Pharmacy

Management commentary
(no financial statements)

Group entities

(continued)

Controlled entities	Holding %	Activity
Pharmacy Management Limited	100.0	Investment
Pharmacy N106 Limited	49.0	Pharmacy
Pharmacy Store Holdings Limited	100.0	Investment
Pharmacybrands Limited	100.0	Non-trading
Pharmacybrands On-line Limited	100.0	Non-trading
Plimmer Steps Pharmacy (2018) Limited	49.0	Pharmacy
Queen Street Pharmacy (2015) Limited	49.0	Non-trading
Radius Medical Limited	100.0	Non-trading
Radius Medical Solutions Limited	100.0	Non-trading
Radius Medical Whakatane Properties Limited	100.0	Medical Centre Property
Radius Pharmacy Greenmeadows Limited	49.0	Pharmacy
Radius Pharmacy Limited	100.0	Franchisor and Investment
Radius Pharmacy Napier Limited	48.8	Pharmacy
Radius Pharmacy Riccarton Limited	49.5	Pharmacy
Radius Pharmacy Te Rapa Limited	48.8	Pharmacy
Radius Pharmacy Upper Hutt Limited	49.5	Pharmacy
Radius Pharmacy Waikanae Limited	48.5	Pharmacy
Radius Pharmacy Wanganui Limited	49.1	Pharmacy
Radius Ti Rakau Limited	100.0	Medical Centre
Royal Oak Post Shop Limited	49.7	Pharmacy
Riccarton Mall Pharmacy 2000 Limited	49.0	Pharmacy
Richmond Health Centre Limited	100.0	Medical Centre
RPG Medicine Management Limited	25.0	Pharmacy
Russell Street Pharmacy Hastings (2015) Limited	48.5	Pharmacy
Shirley Pharmacy Limited	100.0	Non-trading
Shore City Pharmacy (2010) Limited	48.5	Pharmacy
Shore City Pharmacy Limited	100.0	Non-trading
Silverstream Health Centre Limited	100.0	Medical Centre
Smart Pharmacy Limited	100.0	Non-trading
St Heliers Health Centre Limited	100.0	Medical Centre
St James Pharmacy (2015) Limited	49.0	Non-trading
St Lukes Pharmacy Holdings Limited	49.0	Pharmacy
Stokes Valley Pharmacy (2009) Limited	48.5	Pharmacy
The Doctors (Coastcare) Limited	100.0	Medical Centre
The Doctors (DFM) Limited	100.0	Non-trading
The Doctors (Hastings) Limited	71.2	Medical Centre
The Doctors (Huapai) Limited	100.0	Medical Centre
The Doctors (Massey Medical) Limited	100.0	Medical Centre
The Doctors (Napier) Limited	44.0	Medical Centre
The Doctors (New Lynn) Limited	53.7	Medical Centre
The Doctors (Whangaparaoa) Limited	100.0	Medical Centre
The Doctors T Limited (previously known as The Doctors (Mt Roskill) Limited)	100.0	Non-trading

Controlled entities	Holding %	Activity
The Doctors Whakatipu Limited	100.0	Non-trading
Total Health Doctors Limited	100.0	Medical Centre
Tower Junction Pharmacy Limited	48.5	Pharmacy
Trident Pharmacy (2017) Limited	49.0	Pharmacy
Unichem Chemists (N.Z) Limited	100.0	Non-trading
Upper Hutt Health Centre Pharmacy Limited	25.0	Pharmacy
Upper Riccarton Pharmacy Limited	25.0	Non-trading
Waihi Medical Centre Limited	100.0	Medical Centre
Waimauku Doctors Limited	100.0	Medical Centre
Waiuku Medical Pharmacy (2010) Limited	48.5	Pharmacy
Waiuku Pharmacy (2005) Limited	100.0	Non-trading
Waiuku Pharmacy (2016) Limited	48.5	Pharmacy
Walls & Roche Royal Oak Pharmacy Limited	49.7	Pharmacy
Wellington Pharmacy (2016) Limited	49.0	Pharmacy
West City Pharmacy (2010) Limited	48.5	Pharmacy
Whakatane Pharmacies 2021 Limited	49.4	Pharmacy
Willis Street Pharmacy Limited	25.0	Pharmacy
Joint venture entities		
Pharmacies Instore Limited	50.0%	Joint Venture
Associate entities		
Accident & Medical Centre Quaymed Limited	22.3	Medical Centre
Albany Family Medical Centre Limited	50.0	Medical Centre
Aramoho Health Centre Limited	30.1	Medical Centre
Bester McKay Family Doctors Limited	25.0	Medical Centre
Huapai Pharmacy (2017) Limited	25.1	Pharmacy
Mount Wellington Family Health Centre Limited	33.3	Medical Centre
Pilldrop Software Limited	25.0	Pharmacy
Team Medical at Kapiti Limited	48.8	Medical Centre
The Doctors (Green Lane) Limited	30.0	Medical Centre
The Doctors (Mangere) Limited	33.9	Medical Centre
Vercoe Brown & Associates Limited	50.0	Medical Centre
Investments		
Unichem Export Limited	1.0	Wholesale

Management commentary
(no financial statements)

Board of Directors

As at 31 March 2023

Andrew Bagnall, Non-Executive Director

Andrew Bagnall holds a Commerce Degree from Otago University and a MBA from Michigan State University. Andrew was a significant investor in Life Pharmacy Limited and following the merger with Pharmacybrands Limited (later renamed Green Cross Health Limited) has continued to hold a shareholding in the merged entity.

In Andrew's earlier career, he was a leading figure in the New Zealand travel industry establishing and managing Gullivers Travel Group which became the major distributor of wholesale and retail travel services in New Zealand. Gullivers Travel Group was eventually listed on the New Zealand and Australian stock exchanges (ASX) and was subsequently sold to ASX listed S8. Andrew was also involved in co-developing one of New Zealand's first commercial retirement villages. Andrew now runs his own private investment company, Segoura, which manages investments in various businesses. Andrew is also a Director of PowerShield Limited, Steelmasters Auckland Limited and he maintains a keen interest in sports car racing.

Andrew was appointed as a Non-Executive Director of the Company in August 2009.

John Bolland, Non-Executive Director

John Bolland has more than 25 years' experience in private equity, senior management and corporate finance. This includes 14 years with Ernst & Young, where he had Partner level responsibility in Corporate Finance and Audit & Business Advisory. John holds a Bachelor of Commerce from the University of Auckland and is a Member of Chartered Accountants Australia & New Zealand and a Harvard Allumni. John is also a Director of PowerShield Limited, Steelmasters Auckland Limited and Stellar Library GP Limited.

John was appointed as a Non-Executive Director of the Company in August 2009.

Craig Brockliss, Non-Executive Director

Craig Brockliss is currently CEO of the Wilton Capital Group of companies and has more than 20 years' experience in business, property and private equity investing. Wilton has significant investment interests in New Zealand, the United States and in the United Kingdom.

Wilton Capital has its origins in the pharmaceutical logistics markets in New Zealand and Australia before diversifying into other investments in 2001. Wilton is currently the third largest shareholder in Green Cross Health.

Craig holds a Bachelor of Commerce and a Bachelor of Laws from the University of Auckland and worked for Ernst and Young prior to joining the Wilton Group in 2001.

Craig was appointed as a Non-Executive Director of the Company in April 2022.

Management commentary
(no financial statements)

Kim Ellis, Chair

During his business career Kim had wide Chief Executive experience and was best known for his 13 years at the helm of Waste Management NZ Ltd, culminating in the company's sale in 2006. During his tenure he led 40 acquisitions and built a successful business in Australia.

Earlier roles encompassed a number of market sectors including health, manufacturing, distribution, transport, property, agriculture and fashion. Since 2006 Kim has been active in governance and is currently Chair of NZ Social Infrastructure Fund and consultant to Envirowaste Services. Kim holds first class honours degrees in Chemical Engineering and Economics.

Kim was appointed as Independent Chair of the Company in December 2019.

Ken Orr, Independent Director

Ken Orr has had over 30 years as a community pharmacist and is currently a partner in a group of pharmacies in Northland. Ken was a former President of the NZ Pharmacy Guild, which represents the business interests of community pharmacies. Ken was a forming director of Manaia PHO and now serves on the Audit, Risk & Finance Committee of Mahitahi Hauora that leads primary health care in Northland.

Ken joined the Board in September 2009 as an alternate Director and was appointed as an Independent Director of the Company in March 2012.

Peter Merton, Non-Executive Director

Peter Merton, an Otago University Pharmacy graduate, has been involved in the pharmaceutical industry in New Zealand and overseas since the early 1980s.

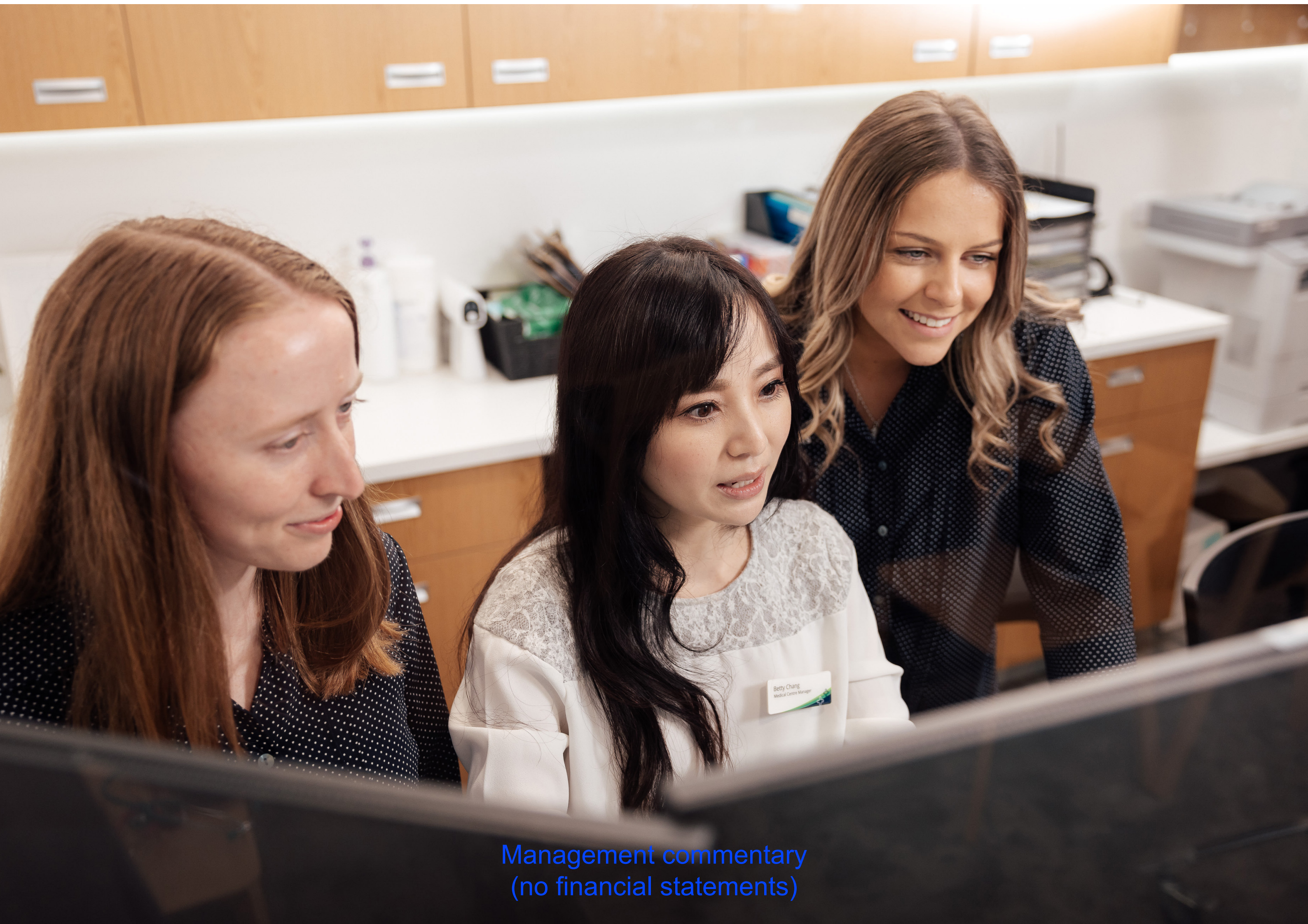
His involvement with the company goes back to the late 1990s, and he played an active part in the initial industry consolidation when Amcal and Unichem brands merged to form Pharmacybrands Limited, later renamed Green Cross Health Limited.

Following the merger of Life Pharmacy Limited (LPL) with Pharmacybrands Limited in 2009 Peter assumed the role of Chair of the Group, a role he held until December 2019 when he became a Non-Executive Director. He is also a significant shareholder in the company through his interest in Cape Healthcare Limited. Peter has previously held the roles of Chief Executive of the Propharma/Healthcare Logistics businesses and Director of EBOS Group Limited.

Carolyn Steele, Independent Director

Carolyn Steele is a director of WEL Networks Limited, Oriens Capital GP 2 Limited, Property for Industry and Vulcan Steel Limited and chair of The Halberg Foundation. Until 2016, Carolyn was a Portfolio Manager at Guardians of New Zealand Superannuation, the Crown entity managing the New Zealand Superannuation Fund. Prior to joining the Guardians in 2010, Carolyn spent ten years in investment banking at Forsyth Barr and Credit Suisse/First NZ Capital.

Carolyn was appointed as an Independent Director of the Company in June 2017.



Management commentary
(no financial statements)

Corporate governance

For the year ended 31 March 2023

Corporate governance and the role of the Board of Directors

The Board understands the importance of good corporate governance in maximising the value of the Company. Accordingly, the Board is working to ensure compliance with applicable regulatory requirements and best practice, including the NZX Corporate Governance Code.

The Board is responsible for the strategic direction and objectives of the Company and sets the policy framework within which Green Cross Health must operate. The Group CEO is appointed by the Board and has delegated authority for the day-to-day operations of Green Cross Health.

NZX corporate governance code

The Company has reviewed the NZX Corporate Governance Code dated 17 June 2022 and is in compliance with the majority of its recommendations. The NZX Corporate Governance Code dated 1 April 2023 will be reported against in the 2024 Annual Report.

Compliance with the Principles of the Code is as follows:

Principle 1: Code of ethical behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

The Company has adopted formal Code of Ethics, Protected Disclosure and Securities Trading Policies, which are available on the Company's intranet for employees to access and are included in employee induction.

Further detail on the Code of Ethics and Securities Trading Policy is provided later in this Annual Report.

The Company also has procedures in place to ensure that gifts received by employees and Directors do not result in inappropriate influence on decision making, and that conflicts of interest are disclosed and managed.

The Company did not make donations to any political party in the year.

Principle 2: Board composition and performance

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Board charters and management responsibility

The Board operates under a written Charter and delegates authority to senior management, including the Group CEO to run the day-to-day operations of the Company.

Director terms of appointment

The Company has signed written terms of appointment for all Directors. New Directors are provided terms of Appointment as they are appointed. Directors are not required to hold shares in the Company as part of their appointment.

Management commentary
(no financial statements)

NZX corporate governance code (continued)

Principle 2: Board composition and performance (continued)

Diversity policy

The Company and the Board confirm the commitment and core responsibilities to building diversity and inclusion of thought within the Company.

The Company is committed to attracting, developing and retaining a diverse, talented group of individuals whose collective thoughts and contributions will help the Company to be the best healthcare company in New Zealand.

The Board is proud of the wide-ranging ethnic, cultural and gender diversity across the Group that reflects the evolving makeup of New Zealand society. The Company believes that this diversity better enables the Group to meet the needs of its stakeholders, including customers, patients, clients, suppliers, funding agencies, employees and shareholders.

The Company's Diversity Policy is published on its website (www.greencrosshealth.co.nz/governance). At this point, the Company considers the objectives and measurement processes described within the policy are appropriate.

Disclosure of Board and key management gender diversity is provided later in this Annual Report.

Director, board and committee performance

Directors are expected to understand the Company's operations and determine the professional development that they require to undertake their duties. Senior management present to the Board on a regular basis on key matters affecting the Company, enabling Directors to ask for further information and explanation as required.

The Board, led by the Chair, reviews Board (including Nominations Committee) and Director performance biennially against the Board Charter in light of the Company's changing operating conditions and make improvements to Board processes and meetings when required changes in Board focus are identified. The last review was conducted in October 2022.

The Committees (other than the Nominations Committee) annually review their performance against the Committee Charters and report back to the Board.

Chair and CEO

The Company complies with the recommendation that the Chair is not the CEO.

Principle 3: Board committees

The Board should use Committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

Board committees

For the year ended 31 March 2023, the Board had the following Committees:

- Audit and Risk Committee
- Nominations Committee
- Remuneration Committee
- Investment Committee.

These Committees operated under written Charters. Additional information on the role and makeup of these Committees is provided elsewhere in this Annual Report.

Directors who are not members of Committees are welcome to attend meetings if they wish. The Company complies with the recommendation that management only attends Committee meetings at the invitation of the Committee.

Charters for all Committees are reviewed annually and are available on the Company's website (www.greencrosshealth.co.nz/governance).

Management commentary
(no financial statements)

Takeover protocols

The Board has a Takeover Protocol to be followed if a takeover offer is made for the Company. In the event of a takeover proposal, the Board will immediately establish an appropriately constituted Committee to deal with matters arising from the proposal, including:

- Preparing the Company's response to the proposal.
- Engaging an independent advisor to advise on the merits of the proposal.
- Making a recommendation to shareholders.

Principle 4: Reporting and disclosure

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

The Board has a written continuous disclosure policy.

The Company complies with the recommendation that Board and Committee Charters, Code of Ethics and other key governance documents are available on the Company's website. The Interim and audited Annual Reports are also available on the website (www.greencrosshealth.co.nz/investors).

The Board has members with financial reporting knowledge and experience that enable the Board to be satisfied that financial matters are adequately disclosed in the Company's reporting. Some non-financial disclosures, such as the Company's approach to risk management including health and safety, are included within this Annual Report. The Board considers this level of disclosure appropriate at this time.

Principle 5: Remuneration

The remuneration of Directors and Executives should be transparent, fair and reasonable.

The Director fee pool was last approved in 2015 and is currently capped at $500,000. Directors' fees are informally benchmarked against market precedents. Retirement benefits and share options are not available for Directors. Further disclosure of the details of Directors' fees is included in the Other Annual Report Disclosures published in this Annual Report.

The Company has a remuneration policy for Directors, Officers and all employees of the Company, which outlines its remuneration practices. The remuneration policy is available on the Company's website (www.greencrosshealth.co.nz/governance).

The Company has disclosed details of the remuneration arrangements for the Group CEO. Please refer Group CEO Remuneration under Other Annual Report Disclosures for the year.

The Company operates a share-based incentive scheme for certain Senior Managers, which is disclosed further in Note 21 to the Financial Statements.

Principle 6: Risk management

Directors have a sound understanding of the material risks faced by the issuer and how to manage them. The Board regularly verifies that the issuer has appropriate processes that identify and manage potential and material risks.

The Board is responsible for risk management and internal control and has a framework for identifying, assessing, controlling, monitoring and reporting on the key risks to the Company's people, assets, reputation and business objectives.

Management commentary
(no financial statements)

NZX corporate governance code (continued)

Principle 6: Risk management (continued)

The Audit and Risk Committee has responsibility for ensuring that the Company's risk management framework, policies and procedures are effective and appropriate. The Company maintains a comprehensive Risk Register and management reports to the Board regularly on health and safety issues and progress on objectives. Risk reporting software is used to facilitate reporting by employees, capture risks, and escalate them within the Company as required. The nature of many of the Company's activities, including dispensing of drugs, operating retail stores and providing medical treatment makes managing health and safety risks a significant area of focus within the Group.

The Company is exposed to substantially the same economic, environmental and social risks as similar businesses operating in the same sectors in New Zealand. These risks include:

- Competitive pressure from traditional and disruptive competitor business models.
- Ongoing impacts from COVID-19.
- Labour cost escalation through Government policy changes and labour shortages in particular areas.
- Regulatory changes.
- Changes to Government and wider health sector funding models.

Principle 7: Auditors

The Board ensures the quality and independence of the external audit process with the Audit Committee charter providing a framework for management of the relationship with the external auditor.

The Audit and Risk Committee is tasked with ensuring that the external audit process is independent and of high quality, including approving any non-audit services provided by the audit firm.

The Committee is also responsible for ensuring that the audit firm or lead audit partner is rotated at least every five years. The lead audit partner was rotated prior to the 2022 external audit.

The Company does not have an internal audit function but via the Audit and Risk Committee and the Company's external audit process, looks to maintain and improve risk management and internal controls.

The external auditor attends the Annual Meeting and is available to answer any questions from shareholders.

Principle 8: Shareholder rights and relations

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

The Company has a website to enable stakeholder access to financial and governance information. Announcements and Reports are currently available at www.greencrosshealth.co.nz/investors.

Communications from the Company are available electronically through the Company's share registrar, Computershare.

The Company fully complies with the following recommendations:

- Shareholders have the right to vote on major decisions.
- One vote per share.

Directors and Officers of the Company attend the Annual Meeting and are available to answer questions from shareholders.

Board composition and structure

As at 31 March 2023, the Company's Board structure consisted of four Directors associated with the three major shareholders (who collectively hold 73% of the Company) and three independent Directors, including an independent Chair.

The non-independent Directors associated with the three major shareholders are John (Andrew) Bagnall, Peter Merton, John Bolland and Craig Brockliss. As at 31 March 2023, the independent Directors were Kim Ellis, Ken Orr and Carolyn Steele. The independent Directors are selected to ensure that the appropriate skills and experience required are available to the Company.

In response to recommendation 2.8 of the NZX Corporate Governance Code recommending boards have a majority of independent Directors, and Green Cross Health not being compliant with this recommendation, the Board is of the view that the existing Board structure appropriately reflects the shareholding structure of the Company and represents the best interests of all shareholders.

In accordance with NZX Listing Rules, Directors must not hold office (without re-election) past the third annual meeting following the Director's appointment or three years, whichever is longer. In addition, a Director appointed by the Board must not hold office (without re-election) past the next annual meeting following the Director's appointment.

The Board holds regular scheduled meetings and follows procedures that ensure that all Directors have the necessary information to participate in an informed discussion on all agenda items and effectively carry out their duties. The Group CEO, Group CFO and key senior managers attend appropriate sections of Board meetings.

Board meetings

The following table outlines the number of Board meetings attended by Directors during the course of the 2023 financial year.

Directors	Meetings held	Meetings attended
John (Andrew) Bagnall	15	10
John Bolland	15	15
Craig Brockliss (appointed 6 April 2022)	14	10
Kim Ellis	15	15
Peter Merton	15	12
Ken Orr	15	15
Carolyn Steele	15	14
Peter Williams (retired 25 July 2022)	4	4

Code of ethics

The Company has established a Code of Ethics to govern its conduct. The code addresses ethical issues, establishes compliance standards and procedures, provides mechanisms to report unethical behaviour and provides for disciplinary actions. The Code of Ethics policy is available on the Company's website (www.greencrosshealth.co.nz/governance).

Shareholder relations

The Company maintains a website (www.greencrosshealth.co.nz) where investors and interested stakeholders can access financial and operational information and key corporate governance information about the Company.

The Board will ensure that shareholders are informed of major developments affecting the Company.

NZX corporate governance code (continued)

Information is available through the Annual Reports and shareholders are able to participate at each Annual Meeting. Any material information affecting the Company during the intervening period is announced to the financial markets via the New Zealand Stock Exchange (NZX) and the Company website under the Board's policy for continuous disclosure.

Insider trading guidelines

The Board has issued guidelines to prevent insider trading to all Directors, deemed Directors, officers and other restricted persons of Green Cross Health. All Directors, deemed Directors, officers and other restricted persons of Green Cross Health must formally apply to the Group CFO for consent to trade the Company's securities before undertaking any sales or purchases.

The Board reviews all consents granted at each Board meeting. The Directors, deemed Directors, officers and other restricted persons of Green Cross Health are obliged to complete and submit disclosure notices to the NZX within five days of any trades being settled.

Board committees

For the year ended 31 March 2023, the Board operated four standing committees described as follows. The Committees (other than the Nominations committee) annually review their performance against written charters and report to the Board.

Nominations committee

This Committee comprises four non-independent Directors together with three independent Directors, who meet as required to:

- Advise the Board on Director appointments, giving attention to the mix of skills, experience and other qualities required.
- Facilitate ongoing Director training and development.
- Facilitate the regular evaluation of the Board, its committees and the Directors.

Remuneration packages are reviewed annually. Market data is used as a basis for establishing competitive remuneration.

The Nominations Committee's performance is reviewed biennially by the Board against its written charter, contemporaneously with the Board's self-review.

The composition of the Nominations Committee was Kim Ellis (Chair), Andrew Bagnall, John Bolland, Craig Brockliss, Peter Merton, Ken Orr, and Carolyn Steele.

In response to recommendation 3.4 of the NZX Corporate Governance Code recommending the Nominations Committee to have a majority of independent Directors, and Green Cross Health not being compliant with this recommendation, the Board is of the view that the Nominations Committee appropriately reflects the experience required to carry out its responsibilities.

Remuneration committee

This Committee comprises one independent Director and two non-independent Directors, who meet as required to:

- Recommend to the Board the appointment and terms of employment of the Group CEO and Group CFO.

- Review and evaluate the performance of the Group CEO and Group CFO against KPIs including making remuneration recommendations to the Board.
- Approve the appointment, and the conditions and terms of employment of the Group CEO's direct reports (excluding the Group CFO).
- Review and advise the Board on succession plans for the Group CEO and direct reports.
- Make recommendations to the Board with respect to non-executive and independent Director remuneration.

Remuneration packages are reviewed annually. Market data is used as a basis for establishing competitive remuneration.

The composition of the Remuneration Committee was John Bolland (Chair), Kim Ellis and Peter Merton.

In response to recommendation 3.3 of the NZX Corporate Governance Code recommending the Remuneration Committee having a majority of independent Directors, and Green Cross Health not being compliant with this recommendation, the Board is of the view that the Remuneration Committee appropriately reflects the experience required to carry out its responsibilities.

Audit and Risk committee

The Committee comprises two independent Directors and one non-independent Director. The Audit and Risk Committee Chair is not the Chair of the Board. All other Directors are entitled to attend the meetings.

The Group CEO and the Group CFO attended as ex-officio members and external auditors by invitation of the Chair. The Audit and Risk Committee also meet privately with the external auditors, that is, without management in attendance. All Audit and Risk Committee members are financially literate, with at least one member having a financial background.

The Committee met five times during the year. Its responsibilities include:

- Reviewing the scope and outcome of the external audit.
- Reviewing the annual and half yearly financial statements prior to approval by the Board.
- Approving the public releases of financial information.
- Assessing the performance of financial management and monitoring of material corporate risk assessments and internal controls.
- Reporting the proceedings of each meeting to the Board.
- Making recommendations to the Board on the appointment of the external auditors, their independence and their fees.
- Reviewing non-audit services provided by the external auditor.
- Monitoring of material corporate risk and the internal controls instituted.

The composition of the Committee was Carolyn Steele (Chair), John Bolland and Kim Ellis.

Directors	Meetings held	Meetings attended
John Bolland	5	5
Kim Ellis	5	5
Carolyn Steele	5	5

Management commentary
(no financial statements)

NZX corporate governance code (continued)

Investment committee

The Committee comprises three independent Directors and two non-independent Directors. The Investment Committee Chair is not the Chair of the Board. All other Directors are entitled to attend the meetings.

The Group CEO and the Group CFO attended as ex-officio members. All Investment Committee members are financially literate.

The Committee met twice during the year. Its responsibilities include:

- Reviewing potential acquisition proposals, approving small acquisitions and making recommendations to the Board for larger acquisitions.
- Reviewing and approving capital expenditure as needed.

The composition of the Committee was Ken Orr (Chair), John Bolland, Kim Ellis, Peter Merton, and Carolyn Steele.

Directors	Meetings held	Meetings attended
John Bolland	2	2
Kim Ellis	2	2
Peter Merton	2	1
Ken Orr	2	2
Carolyn Steele	2	2

Organisation structure and financial control

The Board has delegated to the Group CEO the management responsibilities of the Company.

The Board satisfies itself that adequate external insurance cover is in place appropriate to the Company's size and risk profile.

Gender and diversity

The following table set out a quantitative breakdown of the gender balance of the Directors and key personnel of the Group as at 31 March 2023:

	Directors		Key management personnel	
As at 31 March 2023				
Female	1	14%	2	50%
Male	6	86%	2	50%
Total	**7**		**4**	
As at 31 March 2022				
Female	1	14%	3	60%
Male	6	86%	2	40%
Total	**7**		**5**	

Management commentary
(no financial statements)

Management commentary
(no financial statements)

Other annual report disclosures

For the year ended 31 March 2023

The total annual Directors' remuneration approved for each financial year is capped at $500,000 (last approved in 2015). The Directors holding office during the year ended 31 March 2023 and the remuneration paid or payable to the Directors is as follows:

Directors	Total Fees $
John (Andrew) Bagnall	35,000
John Bolland*+#	67,500
Craig Brockliss (appointed 6 April 2022)	60,000
Kim Ellis*+#	120,000
Peter Merton+#	35,000
Ken Orr#	65,000
Carolyn Steele*#	67,500
Peter Williams (retired 25 July 2022)	18,692
Total	**468,692**
Payment allocations	
Independent Chair	120,000
John (Andrew) Bagnall and Peter Merton	35,000
Other Directors	60,000
Chair of Audit & Risk Committee	5,000
Chair of Investment Committee	5,000
Chair of Remuneration Committee	5,000
Independent Directors on Audit & Risk Committee and Investment Committee	2,500

** Audit & Risk Committee member.*
+ Remuneration Committee member.
 # Investment Committee member.

Group CEO remuneration

The Group CEO's package consists of a base salary, a Short Term Incentive (STI) and a Long Term Incentive (LTI). The STI is calculated as 25% of current base salary and is based on quantitative criteria set annually for each financial year. The LTI is a maximum of 23% of current base salary and is structured as a performance share rights scheme. Rights vest based on achievement of an earnings per share target over a three-year period, provided the Group CEO remains employed on the vesting date.

Management commentary
(no financial statements)

Employee remuneration

The number of employees or former employees of the Group, not being Directors of Green Cross Health Limited, who received remuneration and other benefits in their capacity as employees, the value of which exceeded $100,000 for the year ended 31 March 2023 is set out below:

Employee annual remuneration bands	2023	2022
$100,000 - $109,999	88	72
$110,000 - $119,999	54	47
$120,000 - $129,999	44	45
$130,000 - $139,999	41	36
$140,000 - $149,999	25	21
$150,000 - $159,999	17	14
$160,000 - $169,999	24	26
$170,000 - $179,999	28	20
$180,000 - $189,999	19	15
$190,000 - $199,999	8	16
$200,000 - $209,999	10	8
$210,000 - $219,999	8	5
$220,000 - $229,999	8	9
$230,000 - $239,999	9	6
$240,000 - $249,999	4	6
$250,000 - $259,999	7	8
$260,000 - $269,999	9	6
$270,000 - $279,999	6	5
$280,000 - $289,999	4	1
$290,000 - $299,999	2	2
$300,000 - $309,999	0	2
$310,000 - $319,999	2	2
$320,000 - $329,999	4	1
$330,000 - $339,999	0	3
$340,000 - $349,999	1	0
$350,000 - $359,999	0	1
$360,000 - $369,999	0	1
$400,000 - $409,999	2	1
$420,000 - $429,999	0	1
$430,000 - $439,999	2	1
$450,000 - $459,999	0	1
$460,000 - $469,999	1	0
$470,000 - $479,999	0	1
$540,000 - $549,999	1	0
$810,000 - $819,999	0	1
$1,040,000 - $1,049,999	1	0
Former employees included in the above bands	97	28

Governance

Management commentary
(no financial statements)

Donations

The Group made donations to the value of $18,794.

Directors' shareholding and trades

The following table summarises:

(a) the number of shares in the Company held by Directors at 31 March 2023; and

(b) disclosures made by Directors, in accordance with section 148(2) of the Companies Act 1993, of acquisitions and dispositions of relevant interests in shares in the Company during the year.

Directors	Holding 1 Apr 2022	Cancelled	Issued	Net trades in the period	Interest ceased	Holding 31 Mar 2023
J A Bagnall (i)	45,935,821	-	-	-	-	45,935,821
C Brockliss (ii)	11,788,659	-	-	910,428	-	12,699,087
P M Merton (iii)	45,840,983	-	-	-	-	45,840,983
K A Orr (iv)	600,083	-	-	-	-	600,083
C M Steele (v)	50,000	-	-	-	-	50,000

(i) J A Bagnall is a Director of LPL Trustee Limited and therefore holds a relevant interest of 45,935,821 fully paid ordinary shares in the company (shares are legally owned by LPL Trustee Limited).

(ii) C Brockliss (appointed 6 April 2022) is a Director of Wilton Asset Management Limited and therefore holds a relevant interest in 11,956,070 fully paid ordinary shares in GXH via directorship and shareholding in Wilton Asset Management Ltd. Beneficial owner of 629,300 fully paid ordinary shares in GXH via beneficial ownership in certain shares held on bare trust by Wilton Asset Management Ltd for Oscar Holdings Ltd. Beneficial owner of 113,717 fully paid ordinary shares in GXH via beneficial ownership in Oscar Holdings Ltd.

(iii) P M Merton is a Director of Cape Healthcare Limited and a trustee of the Pentz Trust which is a 49% shareholder of Cape Healthcare Limited. P M Merton has a relevant interest in the 45,840,983 fully paid ordinary shares in the Company owned by Cape Healthcare Limited.

(iv) K A Orr holds a beneficial interest of 600,083 fully paid ordinary shares in the Company (shares are legally owned by Orrs Kaipara Pharmacies Limited and Orrs Pharmacies Limited).

(v) C M Steele has a relevant interest in 50,000 fully paid ordinary shares in the Company.

Directors' insurance

Green Cross Health Limited has insured all its directors against liabilities to other parties that may arise from their positions as directors. The insurance does not cover liabilities arising from criminal actions.

General disclosure of interest by Directors

(section 140(2) of the Companies Act 1993)

The Directors of the Company named below have made a general disclosure of interest by a general notice disclosed to the Board and entered in the Company's interest register. General notices of interest were given by these Directors during the financial year ended 31 March 2023:

John (Andrew) Bagnall – LPL Trustee Limited (Director and Shareholder), Segoura Limited (Director and Shareholder), Plan B Limited (Shareholder), Waiaro Investments Limited (Director and Shareholder), Stellar Electronic Board reporting system (Director and Shareholder), Powershield Limited (Director), Steelmasters Auckland Limited (Director), major Shareholder or Director of various unlisted or privately controlled companies.

John Bolland – Segoura Limited (Consultant), Stellar Electronic Board Reporting System (Director), Powershield Limited (Director), Steelmasters Auckland Limited (Director). Shareholder or Director of various unlisted or privately controlled companies.

Craig Brockliss (appointed 6 April 2022) - Oscar Holdings Ltd (Director and Shareholder), Wilton Asset Management Limited (Director)

Kim Ellis – Chair of NZ Social Infrastructure Fund and consultant to Envirowaste Services.

Peter Merton – Cape Healthcare Limited (Director and Shareholder).

Ken Orr – Orrs Pharmacies Limited (Director and Shareholder), Orrs Kaipara Pharmacies Limited (Director and Shareholder), Orrs Maungaturoto Pharmacy Limited (Director and Shareholder), Orrs Rust Ave Pharmacy Limited (Director and Shareholder), Orrs Cameron Pharmacy Limited (Director and Shareholder), Orrs Ruakaka Pharmacy Limited (Director and Shareholder), Orrs Tui Pharmacy Limited (Director and Shareholder), Orrs Kaikohe Pharmacies Limited (Director and Shareholder).

Carolyn Steele – Chair of Halberg Foundation, Director of WEL Networks Limited, Oriens Capital GP 2 Limited, Property for Industry and Vulcan Steel Limited.

Peter Williams (retired 25 July 2022) – EBOS Group Limited.

Management commentary
(no financial statements)

Shareholder information

Shares and shareholding

The Company's ordinary shares are listed on the NZX using the ticker code, GXH. As at 31 March 2023 the Company had on issue 143,284,396 equity securities (as defined by the Financial Markets Conduct Act 2013) being 143,284,396 fully paid ordinary shares.

The 20 largest registered holders of quoted equity securities as at 31 May 2023 were as follows:

Name	Holding	%
LPL TRUSTEE LIMITED	45,935,821	32.02
CAPE HEALTHCARE LIMITED	45,840,983	31.95
JBWERE (NZ) NOMINEES LIMITED <NZ RESIDENT A/C>	12,879,983	8.98
FNZ CUSTODIANS LIMITED	4,805,043	3.35
CUSTODIAL SERVICES LIMITED <A/C 4>	2,230,145	1.55
NEW ZEALAND DEPOSITORY NOMINEE LIMITED <A/C 1 CASH ACCOUNT>	2,002,784	1.40
GANET INVESTMENTS LIMITED	1,627,979	1.13
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD <CNOM90>	1,108,911	0.77
THOMAS LAI & CAROLYN PAMELA LAI & KATHLEEN YEE <THOMAS & CAROLYN LAI FAMILY A/C>	994,985	0.69
FRANCES ANN VUKSICH	850,000	0.59
ELIZABETH ANN MCAULAY	687,022	0.48
PIERRE GORDON PIERCE COTTER	537,050	0.37
JAMES STEVE BEGOVIC & KERRY ELLWYN BEGOVIC & KATHERINE MARINA PALIN <BEGOVIC FAMILY A/C>	500,000	0.35
JANE STEWART DUNN	500,000	0.35
ARTHUR HECTOR MCAULAY	437,060	0.30
FNZ CUSTODIANS LIMITED <DRP NZ A/C>	385,120	0.27
ORRS KAIPARA PHARMACIES LIMITED	372,037	0.26
SEAJAY SECURITIES LIMITED	314,496	0.22
JEDI INVESTMENTS LIMITED	300,000	0.21
HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD <HKBN90>	287,176	0.20

Management commentary
(no financial statements)

Shares and shareholding (continued)

Substantial product holders

The following persons are deemed to be substantial product holders in accordance with section 274 (1) of the Financial Markets Authority Act 2013:

Name	Holding	%
LPL TRUSTEE LIMITED	45,935,821	32.02
CAPE HEALTHCARE LIMITED	45,840,983	31.95
WILTON ASSET MANAGEMENT LTD	12,585,370	8.77

Shareholding spread

Green Cross Health Limited's shareholding spread as at 31 May 2023 is as follows:

Size of holding	Holders	%	Securities	%
1 - 999	352	20.9	158,170	0.11
1,000 - 9,999	874	51.9	2,922,940	2.04
10,000 - 99,999	393	23.3	11,006,698	7.67
100,000 - 499,999	50	3.0	8,873,305	6.19
500,000 - 999,999	6	0.4	4,069,057	2.84
1,000,000 and over	8	0.5	116,430,919	81.16
Total	**1,683**	**100.00**	**143,461,089**	**100.00**

Management commentary
(no financial statements)

Company directory

Registered office

Green Cross Health Limited
Millennium Centre
Ground Floor, Building B
602 Great South Road
Ellerslie, Auckland 1051
Telephone: +64 9 571 9080

Board

K Ellis
Independent Chair

J A Bagnall
Non-Executive Director

J B Bolland
Non-Executive Director

C Brockliss
Non-Executive Director

P M Merton
Non-Executive Director

K A Orr
Independent Director

C M Steele
Independent Director

Officers

Rachael Newfield Group CEO

Ben Doshi Group CFO / Company Secretary

Auditor

KPMG
KPMG Centre
18 Viaduct Harbour Avenue
Auckland Central
Auckland 1010

Bankers

Bank of New Zealand
80 Queen Street
Auckland Central
Auckland 1010

Websites

www.greencrosshealth.co.nz
www.housecall.co.nz
www.lifepharmacy.co.nz
www.livingrewards.co.nz
www.pilldrop.co.nz
www.thedoctors.co.nz
www.unichem.co.nz

Investor relations

For investor relations enquiries:
Phone: 09 571 9088
Email: investor.relations@gxh.co.nz

Share registrar

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
Level 2, 159 Hurstmere Road
Takapuna, Auckland 0622

Managing your shareholding online:

To change your address, update your payment instructions and to view your registered details including transactions, please visit: www.investorcentre.com

General enquiries can be directed to:

enquiry@computershare.co.nz
Telephone: +64 9 488 8700
Facsimile: + 64 9 488 8787

Please assist our registrar by quoting your CSN or shareholder number.

Working together to support healthier communities

Green Cross Health Ltd
Millennium Centre
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602 Great South Road
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Private Bag 11906
Ellerslie, Auckland 1542

www.greencrosshealth.co.nz

Management commentary
(no financial statements)