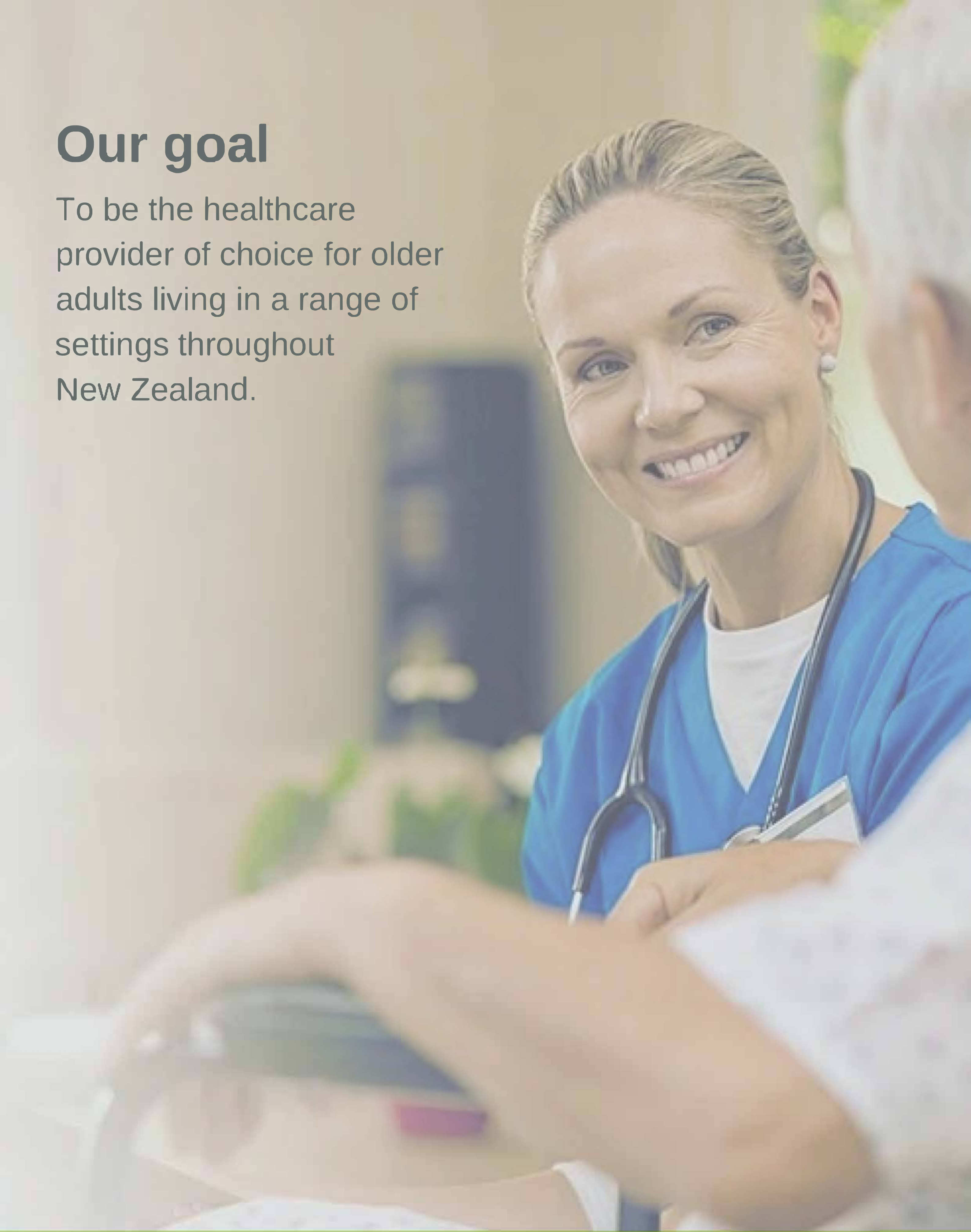
Third Age Health

ANNUAL REPORT

2023

Management commentary
(no financial statements)



Our goal

To be the healthcare provider of choice for older adults living in a range of settings throughout New Zealand.

Care | Trust | Kindness

Management commentary
(no financial statements)

Contents

Management commentary
(no financial statements)

FY23 BUSINESS SUMMARY

Third Age Health is New Zealand's leading provider of quality health care services for older people; supporting those living in care homes, private hospitals, secure dementia units, retirement villages and in their own homes.

Our Practitioner Team

Growth in FY23

Third Age Health (TAH) has significantly expanded its national footprint and market share in FY23.

- Increased the number Aged Residential Care (ARC) patients we provide care to by 20%, with 11.5% of ARC population across NZ currently supported by TAH.
- Doubled the number of general practices within our network to 6.
- Grew our combined enrolled patient population across both ARC and general practice by 107%.
- Our combined revenue grew by 90%, with our core Aged Care Services increasing by 26%.

Management commentary
(no financial statements)

FY23 FINANCIAL SUMMARY

- Group revenue up 90% to $11,217k (FY22: $5,900k)
- 2H revenue up 45% to $6,639k (1H: $4,578)
- Full year organic revenue growth of +$1,871k (FY22: +$132k)
- Recent acquisitions adding $3,446k to revenue for FY23 (FY22: $278k)
- 2H acquisition revenue $2,001k (1H: $1,445k)
- Underlying NPBTA[1] down 23.3% at $1,244k (FY22: $1,625k)
- 2H underlying NPBTA up 26.5% at $689k (1H: $549k)
- Underlying NPATA[1] down 41.3% at $688k (FY22: $1,173k)
- 2H underlying NPATA up 12.3% at $364k (1H: $324k)
- Net cashflow year on year increase of $936k; increased cashflow of $231k for FY23

Note: there is an adjustment of $250k to the unaudited revenue figure and other expenses that was released on 26 May 2023. Revenue has been reduced by $250k with an offsetting reduction in other expenses. There has been no change to the reported profit.

Financial Highlights $'000	Third Age Health and Controlled Entities					
	1H	2H	%	FY23	FY22	%
Revenues	**4,578**	**6,639**	**45.0%**	**11,217**	**5,900**	**90.1%**
Underlying EBIT[2]	597	890	49.1%	1,487	1,647	-9.7%
Underlying EBIT Margin	13%	13%	0%	13%	28%	-15%
Underlying NPBTA	549	695	26.5%	1,244	1,624	-23.3%
Underlying NPBTA%	10%	8%	-2%	11%	28%	-17%
Underlying NPATA	324	364	12.3%	688	1,173	-41.3%
Underlying NPATA%	7%	5%	-2%	6%	20%	-14%
Statutory NPAT	**324**	**88**	**-73.1%**	**412**	**1,173**	**-64.8%**
Basic earnings per share	3.26	0.87	-73.1%	4.39	11.93	-63.2%
Ordinary dividends per share (cents)	2.45	2.58	5.3%	5.03	8.57	-41.3%
Return on Equity	12%	3%	-8.8%	16%	50%	-68.8%
Return on Capital Employed	10%	14%	4.4%	12%	32%	-20.0%
Acquisition Activity						
Acquired Revenue[3]	1,445	2,001	38.5%	3,446	278	1139%

1 Underlying NPBTA & underlying NPATA are adjusted for (i) non-cash amortisation charges arising as a result of purchase accounting rules (ii) non-recurring provision related to the TADH loan (iii) adjustment for IFRS 9 'financial instruments' loss on restructure of loan
2 Underlying EBIT adjusted for non-recurring provision related to the TADH loan
3 Note – two acquisitions completed in FY22, all revenue for second acquisition falls into FY23 due to the timing of acquisition at 31 March 2022.

Management commentary
(no financial statements)

CHAIRMAN & CEO REPORT

John Fernandes
Chairman

Tony Wai
CEO

Dear Shareholder

We are pleased to report that we have made significant progress in executing our growth strategy and delivering on our commitment to providing exceptional primary medical services to the Aged Residential Care (ARC) sector and in our General Practices.

Performance Improvement

During the first half of the year, we completed implementation of resource and infrastructure that was previously lacking but crucial for stability in our existing business and establishing a sustainable operating model for profitable growth.

Addressing client churn and early departures of practitioners presented a significant challenge. However, we have successfully reversed this trend. Over the past year, we have not only achieved net growth in ARC clients and our clinical workforce but also seen a marked improvement in client engagement.

Despite the challenges faced during the first half of the year, the business has demonstrated remarkable resilience and adaptability, and we are encouraged by the improved performance in the second half, which saw our results outpace those of the first half. This is a testament to the dedication of our team and our focus on operational efficiency, continuous improvement, and creating value for our customers.

Our improved performance in the latter half of the year was driven by a combination of factors, including the ongoing integration of the acquired general practice clinics, resource re-balancing which will reduce cost by $150k per annum as signalled in the first half announcement, and the recruitment of additional clinical practitioners to meet the growing demand for our services. We have been able to increase our organic revenue growth rate and improve our gross profit margins demonstrating the strength of our core business and our commitment to delivering high-quality primary care services. Furthermore, our focus on operational efficiency and continuous improvement is yielding promising results, enabling us to expand our services and reach new customers while increasing profitability.

Our focus on clinical quality and customer value has resulted in a consistently improving Net Promoter Score, securing 4 additional ARC facilities as customers, and significantly reducing regrettable exits of facilities by 6 (FY23 3 regrettable exits, FY22 9).

Management commentary
(no financial statements)

Clinical Workforce

We have improved the acquisition and retention of practitioners by taking steps to make it easier for them to work for us. We ended the year with an increase to our clinical workforce, which includes practitioners, up by 30 (79%) from the prior year with an increase in the number across both ARC and GP settings. The ability to work in both settings is both more appealing for our clinical team and builds a level of resiliency in our business.

While we are making progress in growing our team of practitioners, we cannot ignore the big picture. The primary care sector has some tough challenges ahead. There is no simple solution here. New Zealand needs to train more doctors, right here in our own medical schools. New Zealand needs to make it easier for nurses and doctors from overseas to come work with us, and need to make sure our nurses in primary care get paid fairly.

Kaizen / Continuous Improvement

During the second half of the fiscal year, we commenced the roll out of Kaizen (aka Lean) which is a management philosophy that seeks to eliminate waste and create a culture of continuous improvement. It has been successful in a range of industries, and we believe it can help your company become more competitive and profitable.

Kaizen is based on the simple principle that waste is anything that does not add value to the customer. It is a comprehensive strategy that emphasises not just cost reduction, but also enhancements in quality, productivity, and efficiency. Our aim is for Kaizen to become an integral part of our operational DNA.

To date most processes in our ARC business have been manual with significant waste across the value stream. Following a thorough review, we recently commenced digitising a range of these processes. Digitisation will reduce waste and make these processes easier, better, and faster for our customers and our team. We expect to roll this digital platform out to a few pilot customers from early 2024.

Capital Allocation

Our approach to capital allocation is guided by the $1 rule, a principle first articulated by Warren Buffett in his 1983 letter to shareholders. We will retain earnings only when we see a reasonable prospect of creating at least one dollar of market value for every dollar retained, assessed over a rolling 5-year period. This approach ensures that we continually strive to generate high returns on any capital we retain.

Management commentary
(no financial statements)

Currently, we distribute 75% of our earnings as dividends, paid semi-annually. To accelerate returns to shareholders, we have decided to shift from semi-annual to quarterly dividend payments going forward.

During the past year, the idea of initiating a share buyback was considered. However, as two shareholders each hold more than 20% of the issued shares, we found ourselves limited by the provisions of the Takeover's Code. Looking ahead, we may contemplate seeking the consent of shareholders to commence a share buyback.

We are mindful of maintaining a strong balance sheet and the financial flexibility that comes with it. To that end, we plan to deleverage with a target Debt-to-EBITDA ratio of 1x.

A Unique Business

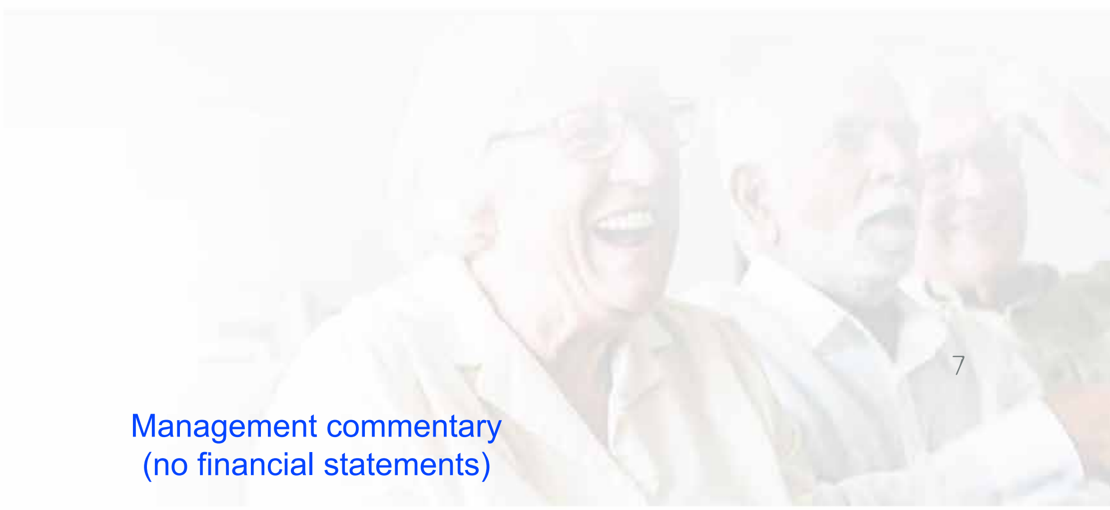
We believe you own a uniquely high-quality business, and we would like to explain why. First, we have a business model that brings in recurring and predictable revenue streams. This provides a stable financial bedrock.

Secondly, we operate in a sector with long-term growth prospects due to an ageing population. This demographic shift translates into a growing demand for our services in the years to come. It is a trend we are well-positioned to benefit from, and one that provides us with a clear and visible path for growth.

Thirdly, we play a small but crucial role in a larger value stream. ARC facilities cannot operate without the services we provide. Our indispensability to these facilities underscores the critical nature of our work and reinforces our importance in the healthcare ecosystem.

Fourthly, we have been able to generate significant free cash flow with high returns on tangible capital. That allows us to invest in growing the business and widening our moat while consistently returning capital to shareholders.

Finally, there remains potential for opportunistic consolidation of other providers of medical services to ARC. We can take advantage of these opportunities as they arise, which should only strengthen our position in the market.



Management commentary
(no financial statements)

Alignment of Interests

As an owner-oriented company, we seek to cultivate an alignment of interests with shareholders. To this end we encourage share ownership among our directors and management. Over the year Board members and management acquired a further 96,946 shares bringing their collective ownership to 45% of the company's issued shares. That is not just a vote of confidence - it is us putting our money where our mouth is.

Management’s incentive scheme has also been revamped. The Short-Term Incentive is now tied to the achievement of organic revenue and profit growth. Similarly, the Long-Term Incentive options are vested based on the realisation of Total Shareholder Return targets. This ensures that our management's success is linked to the company's performance, further aligning management with shareholders.

Outlook

Looking ahead to FY24, we are poised for an exciting period of profitable organic growth. Our investments thus far have been carefully calibrated to fuel future growth, and we are focussed on reaping the benefits of these decisions with increased returns on capital.

Turning to our financial outlook, we expect both our organic revenue and underlying profit in FY24 to outpace those of FY23. We expect performance in the first half of FY24 will not only surpass the results of the second half of FY23 but also set a promising tempo for the remainder of the fiscal year.
Our long-term goal remains to maximise returns on capital and the average annual rate of increase in intrinsic value per share.

In conclusion we want to express our heartfelt gratitude to our committed team and to you, our shareholders, for your continued support.

Sincerely

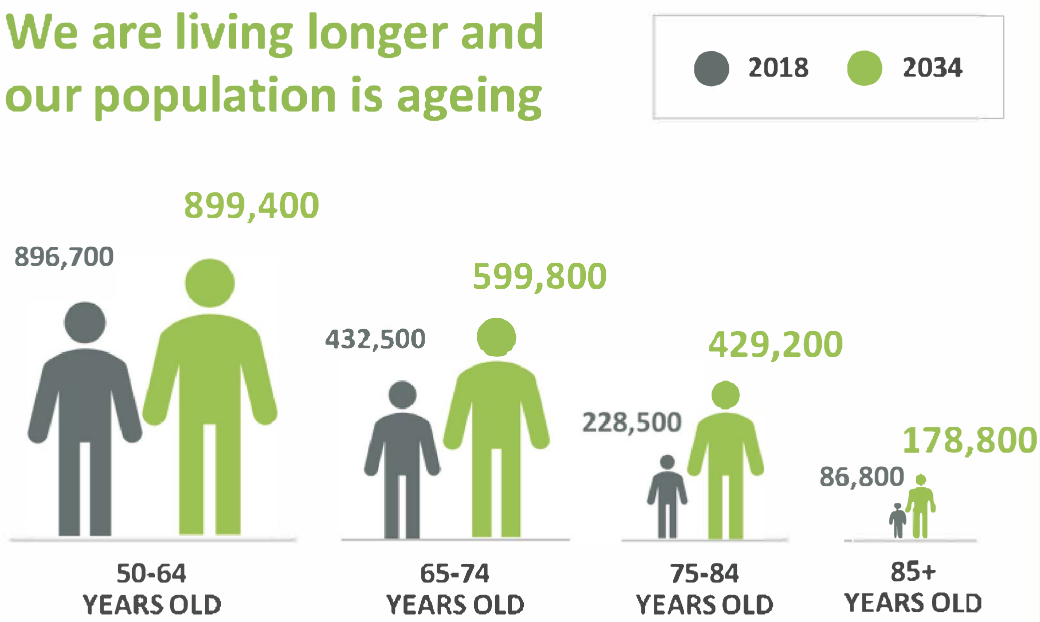
John Fernandes	Tony Wai
Chairman	**CEO**

Management commentary
(no financial statements)

Expanding Horizons: the future of aged care

Caring for an Ageing New Zealand

New Zealand's ageing population is growing rapidly. In the next decade, over-65s are expected to make up 21% of our population. As of May 2022, we had nearly 781,000 people aged over 65*. Fast forward to 2048, and we're expecting more than double that number, with around 1.5 million Kiwis over 65. Third Age Health is well positioned to respond to this growing market need.



21% of the population will be 65+ by 2034

Currently 16%*

Continuity of care

With the growing number of people transitioning into retirement village settings, the need for consistent and integrated care is also increasing. Third Age Health is at the forefront of providing a focused, planned-care approach to support the health needs of our ageing population.

Adapting to a new normal

In a post-pandemic world filled with challenges and opportunities alike, Third Age Health remains agile. Despite well-publicised workforce challenges, we continue to nurture and support our talented team of practitioners nationwide, ensuring quality healthcare for those in retirement settings.

Third Age Health strengths

We specialise in providing care for older people, aged 65+ years.

11.5% of the population currently residing Aged Residential Care is supported by us**.

Based on current and planned growth, our market share has the potential to increase to 20% in the next 5 years***

Our partnerships with NZ aged care providers are at the core of our business.

* Statistics nz data and graphic from the office for Seniors https://officeforseniors.govt.nz/better-later-life-strategy/

** MoH, 2020, People in NZ living in ARC 33,000

*** Assuming a 20% increase in people living in ARC and current market share growth of 14% YoY

Management commentary
(no financial statements)

FY2023 HIGHLIGHTS

Third Age Health has significantly expanded its national footprint over the past year, increasing the number patients we provide care to in ARC by 20%; doubling the number of general practices within our network to 6 and growing our combined enrolled patient population across both ARC and General practice by 107%.

60
ARC facilities

6
General Practices*

23,934
Total enrolled patients

7,231
Of the total enrolled patients are 65+ years

*Since year end, 31 March 2022, including one start-up in Canterbury.

Management commentary
(no financial statements)

Financial Performance FY23

- **Revenue of $11.217m (+$5.9m up 90% FY22)**: Revenue growth during the year from two new clinics of $2,339k, when combined with revenue from a third clinic acquired at the end of March 2022 contributed 64% of total revenue growth. Revenue from organic growth contributed 36% of the overall growth.
- **Underlying NPATA of $687k down 41% from FY22**: underlying NPATA is adjusted for non-cash amortisation charges arising from purchase accounting rules and a non-recurring provision relating to the impairment of the TADH loan.
- **Cashflow:** Cash and cash equivalents increased to $1,355k in FY23 (FY22: $1,124k). This signifies an improved liquidity position, attributed to positive cash flows from operating activities of $1,081k for FY23 (FY22: $1,040).
- **Debt:** acquisition activity during FY23 was funded by a new debt facility of $2,341k (FY22: nil)
- **Increased investment:** During the first half of the year implementation of resource and infrastructure that was previously lacking but crucial for stability in our existing business and establishing a platform for profitable growth was completed.

Current Year Acquisitions

During FY23, Third Age Health completed two acquisitions of local general practices with estimated total annual revenues of $4.7m. The acquisitions form part of Third Age Health's future growth strategy to extend services, focused on providing a consistent primary health service as people move from community living into the aged care setting. Both acquisitions have contributed positively to Group revenues since their acquisition. Completed acquisitions are listed in the table below:

Acquired	Location	Acquired Revenue
May 22	Devonport, Auckland	$770k
Oct 22	St Heliers, Auckland	$1,569k

Dividends paid in FY23

During the year Third Age Health paid an interim dividend of 2.45 cents per share in ordinary dividends. We expect to pay a final dividend of 2.58 cents per share making the total dividend for FY23 5.03 cents per share.

Dividend Declaration

We are pleased to announce a fully imputed dividend per share, in line with our dividend policy of 2.58 cents per share.

Management commentary
(no financial statements)

General Practice Update

Expanding our spectrum of care to include those living independently in retirement villages or in the community remains a key strategy for Third Age Health. In line with this, we've grown our family of local general practices, a crucial step towards harnessing this opportunity. Despite the past financial year presenting its own set of challenges, we're proud to have added three more practices, including Devonport Family Medicine, EastMed Doctors and Phoenix Health Hub. Our general practices not only serve the local community but also provide an anchor point to offer care to a number of nearby Aged Residential Care (ARC) facilities. As we move forward, we remain focused on improving the performance of our clinics while continuing our growth trajectory.

Devonport Family Medicine

In May 2022 we announced the acquisition of Devonport Family Medicine, a well-established practice serving the community in Devonport for over 30 years. With around 19% of the practice's enrolled population aged over 65 years, this acquisition plays a crucial role in expanding our model of care.

Furthermore, the close proximity to Belmont Medical Centre will facilitate resource sharing and strengthen our clinical workforce, ensuring the delivery of comprehensive healthcare services for people of all ages, including those in aged care facilities on the peninsula.

Management commentary
(no financial statements)

EastMed Doctors

Third Age Heath acquired a majority share in EastMed Doctors, a key acquisition in St Heliers Auckland, which was settled in October 2022. EastMed Doctors is ideally located next to Ryman's premium Grace Joel Retirement Village and in easy reach of eight aged care facilities, representing opportunity for growth.

Phoenix Health Hub

In July 2022 Third Age Health commenced partnership with Phoenix Healthcare Group, leading to the establishment of Phoenix Health Hub. This new clinic, located in central Christchurch, combines general practice with a comprehensive suite of allied health services.

The establishment is a strategic response to the growing unmet health needs of Christchurch's city dwellers. It also provides a broader range of services to older people in the Canterbury region and serves as a local support centre for our clinical team, already providing services to several aged residential care facilities in the area.

CLINICAL QUALITY UPDATE

Caring for an Ageing New Zealand

Delivering quality clinical care remains a key focus for Third Age Health and is articulated in our clinical strategic plan. This plan focuses on an individual-centred care approach, using data and analytics to improve care quality. Specific objectives include establishing practitioner pathways for entering the workforce, integrating general practices with nearby ARC facilities, and advocating for care and workforce funding. Additionally, we are collaborating with the wider sector to enhance health literacy among the aging population, encouraging lasting, positive life changes.

This work is being led by our Clinical Change team and the Clinical Advisory Committee, and we are pleased to report that various initiatives are well underway, including working with the college of nurses to introduce a Nurse Practitioner pathway offering through Third Age Health and the ongoing collaboration and integration of our clinical workforce across both ARC and General Practices.

Clinical Advisory Committee Update

Third Age Health
Clinical Advisory Committee

Our Clinical Advisory Committee (CAC) brings together thought leaders and experts from various fields such as general practice, nursing, older people's health, psychiatry, palliative care, and aged care, alongside those with a keen eye for innovation, user experience, and solution design.

FY23 marked the first complete operational year for the CAC, which saw its membership gradually expand from four external members at the outset to eight by the year's end. This expansion was complemented by the constant support of our medical director and the clinical change team as core members. Throughout the year, the committee convened four times. At the end of December our medical director stepped down and our associate medical director, Dr Diane Leach, stepped into the role of interim medical director for Third Age Health. In constituting the CAC, we carefully considered the expertise and experience mix in the group to allow us to have comprehensive feedback and well-rounded perspectives on our initiatives and work programme.

The CAC has reviewed and offered insights on several key Third Age Health initiatives, including:

- Aged Residential Care service standards
- Aged Residential Care digital platform
- Guidebook for older adults
- IT integration
- Model of care – Aged Residential Care and community older people's health

Furthermore, the CAC has provided continual support for business-as-usual activities, such as:

- Incident, risks and complaints review
- Continual education for practitioners (internal and external)
- Facility and clinician surveys
- Quality improvement and indicators
- Clinical wellbeing

Management commentary
(no financial statements)

Passion for the health of older people continues to drive careers at Third Age Health

At Third Age Health, we're proud to have professionals on our team who are dedicated to providing quality care for older people. We've profiled two of the team members below, their dedication and commitment to aged care make a world of difference in the lives of the elderly people they care for.

Dr Rattan Saini, General Practitioner

Dr. Saini's heart lies in aged care, and she's made it her mission to enhance the lives of older people. Her approach is personal - she gets to know her patients inside out and focuses on what truly matters to them as they age.

> *I enjoy getting to know my patients and understanding what is important to them in terms of improving their quality of life. I am delighted to be supporting the health of people as they age.*

Shinu Mathew, Nurse Practitioner

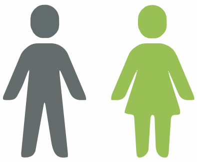
Shinu loves her work and infuses love into her practice. With a firm foothold in older person's health, She is grateful for the opportunities to grow professionally and build meaningful relationships at Third Age Health over the past six years.

Away from work, Shinu finds joy in exploring nature, trying new recipes, and immersing herself in thrilling literature and films. Her spiritual perspective and the love she shares with her husband, Chikku, and daughter, Angel, nourish her dedication to her patients.

> *I love my work and I work with love. I am lucky to have my passion as my job.*

Management commentary
(no financial statements)

OUR TEAM



72% Female

28% Male

96 Total team

68 Clinical team

OUR BOARD

John Fernandes | Chairman

John is CFO of MacroActive. He has experience in strategy, finance and continuous improvement within financial services, telco, media and technology businesses in New Zealand and a Master of Business Administration from The University of Auckland.

Bevan Walsh | Non-Independent Director

Bevan founded Third Age Health with the goal of revolutionising the way Kiwi nursing homes access their medical services. He has a strong commitment to delivering excellent service, and plays an active role in shaping Third Age Health's practice philosophy.

Norah Barlow, ONZM | Independent Director

Norah is the current CEO of Heritage Life Care (NZ). A highly skilled and experienced business executive, Norah's knowledge of the Aged Care sector is extensive. Norah sits on the Board of some New Zealand's most respected companies.

Wayne Williams | Independent Director

Wayne is formerly a Partner of KPMG and has close to 30 years' experience within the health sector. He has worked in line management and consulting roles within primary care, DHBs and the Ministry of Health, and he was most recently the CEO of Alliance Health Plus Trust.

Management commentary
(no financial statements)

CONSOLIDATED FINANCIAL STATEMENTS

Third Age Health Services Limited
and subsidiaries

For the year ended 31 March 2023

The Directors of Third Age Health Services Limited (the "Company") are pleased to present to shareholders the Consolidated Financial Statements for Third Age Health Services Limited and its subsidiaries ("the Group") for the year ended 31 March 2023.

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which present fairly in all material respects the financial position of the Group as at 31 March 2023 and the results of its operations and cash flows for the year ended on that date.

The Consolidated Financial Statements of the Group have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and all relevant financial reporting standards have been followed.

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 Companies Act 1993, NZX Listing Rules and Financial Markets Conduct Act 2013.

The Directors ensure 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 Consolidated Financial Statements presented are signed on behalf of the Board on 16 June 2023 by:

John Fernandes Chairman	Wayne Williams Audit Committee Chair

	Notes	2023 $000	2022 $000
Revenue	4	**11,217**	**5,900**
Cost of services	5	(5,174)	(2,205)
Gross profit		**6,043**	**3,695**
Other income		35	30
Employees and contractors	7	(2,814)	(1,251)
Professional and consulting fees	8	(503)	(486)
Other expenses	9	(970)	(262)
Operational expenses		**(4,287)**	**(1,999)**
Loan impairment	16	**(233)**	**-**
EBITDA		**1,558**	**1,726**
Depreciation	17	(304)	(79)
Amortisation of intangibles	18.3	(240)	(63)
Finance costs	10	(286)	(23)
Profit before income tax		**728**	**1,561**
Income tax expense	12	(316)	(388)
Profit for the period		**412**	**1,173**
Other comprehensive income		-	-
Total comprehensive income for the period		**412**	**1,173**
Profit and total comprehensive income attributable to:			
Shareholders of the parent		439	1,173
Non-controlling interests		(27)	-
Profit for the year		**412**	**1,173**
Earnings per share	14		
Basic earnings per share (cents)		4.39	11.93
Diluted earnings per share (cents)		4.39	11.84

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes.

	Notes	Share Capital $000	Share Based Payments Reserve $000	Retained earnings $000	Non-controlling Interest $000	Total $000
Balance at 1 April 2021		**173**	**607**	**1,196**	**-**	**1,976**
Profit for the year		-	-	1,173	-	1,173
Total comprehensive income for the year		**-**	**-**	**1,173**	**-**	**1,173**
Shares issued		342	-	-	-	342
Dividend		-	-	(831)	-	(831)
Tax credit on share based payments		-	21	-	-	21
Deferred tax credit on share based payments		-	9		-	9
Share based payments		-	6	-	-	6
Balance at 31 March 2022		**515**	**643**	**1,538**	**-**	**2,696**
Balance at 1 April 2022		**515**	**643**	**1,538**	**-**	**2,696**
Profit for the year		-	-	439	(27)	412
Total comprehensive income for the year		**-**	**-**	**439**	**(27)**	**412**
Shares issued	23	81	-	-	-	**81**
Dividend	13	-	-	(647)	-	**(647)**
Tax credit on share based payments	12.1	-	4	-	-	**4**
Deferred tax credit on share based payments		-	(9)	-	-	**(9)**
Share based payments	24.3	-	8	-	-	**8**
Balance at 31 March 2023		**596**	**646**	**1,330**	**(27)**	**2,545**

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes.

	Notes	2023 $000	2022 $000
Current assets			
Cash and cash equivalents		1,355	1,124
Trade and other receivables	15	1,117	386
Loan receivable	16	80	313
Total current assets		2,552	1,823
Non-current assets			
Property, plant and equipment		154	22
Right-of-use-assets	17	2,967	1,093
Intangible assets	18	4,351	1,902
Trade and other receivables	15	20	20
Deferred tax asset		-	-
Total non-current assets		7,492	3,037
Total assets		**10,044**	**4,860**
Current liabilities			
Trade and other payables	20	1,395	668
Current tax liabilities		94	55
Employee share purchase plan deposits	24.1	-	75
Bank Loan - current	27	281	-
Lease liabilities	17	283	111
Total current liabilities		2,053	909
Non current liabilities			
Trade and other payables	20	2	29
Lease liabilities	17	2,755	977
Deferred tax liability	12.2	630	249
Bank Loan	27	2,060	-
Total non current liabilities		5,447	1,255
Total liabilities		**7,500**	**2,164**
Net assets		**2,544**	**2,696**
Equity			
Share capital	23	596	515
Share based payment reserve		645	643
Retained earnings		1,303	1,538
Equity attributable to the Group		**2,544**	**2,696**
Shareholders of the parent		2,549	2,696
Non-Controlling Interests		(5)	-
Total Equity		**2,544**	**2,696**

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes.

	Notes	2023 $000	2022 $000
Cash flows from operating activities			
Receipts from operating activities		10,611	5,885
Payments to suppliers and employees		(9,197)	(4,147)
Interest received		7	16
Interest paid		(243)	(23)
Income taxes paid		(390)	(691)
Net cash flows from operating activities	11	**788**	**1,040**
Cash flows from investing activities			
Payments purchase for property, plant and equipment		(54)	(3)
Acquisition of general practices, net of cash acquired		(2,004)	(967)
Net cash flows used in investing activities		**(2,058)**	**(970)**
Cash flows from financing activities			
Deposits received under share purchase plan	24	-	72
Share purchase plan deposits applied to acquire shares	24	(76)	(342)
Proceeds from issuing shares		72	342
Principal elements of loan repayments		(37)	-
Principal elements of loan receivable repayments		-	47
Payment of lease liabilities	17	(198)	(63)
Dividend paid	13	(638)	(831)
Bank Loan	27	2,378	-
Net cash flows from financing activities		**1,501**	**(775)**
Net increase in cash and cash equivalents		**231**	**(705)**
Cash and cash equivalents at the beginning of the period		1,124	1,829
Cash and cash equivalents at the end of the period		**1,355**	**1,124**

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes.

1. Reporting entity

These Consolidated Financial Statements are for Third Age Health Services Limited and its subsidiaries (the "Group"). The Parent is incorporated and domiciled in New Zealand and registered under the Companies Act 1993. The parent's shares are publicly traded on the New Zealand Stock Exchange (NZX) and are listed on the main board of the NZX. The principal trading activity of the Group is the provision of medical services to the aged care sector. Those companies included in the Group are disclosed in note 19.

The Consolidated Financial Statements of the Group are for the year ended 31 March 2023. The Financial Statements were authorised for issue by the Directors as dated in the Directors' Responsibility Statement.

2. Statement of accounting policies

2.1. Basis of preparation

The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate. These Financial Statements comply with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board. For the purposes of complying with NZ GAAP, the Group is a for-profit entity. These Financial Statements have been prepared in accordance with the Financial Markets Conduct Act 2013.

2.2. Basis of measurement

The Financial Statements have been prepared on the historical cost basis except financial instruments and investment in Phoenix Health Hub that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is based on the fair value of the consideration given in exchange for goods and services.

2.3. Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.
When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.4. Functional and presentational currency

The individual Financial Statements of each Group entity are maintained in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated Financial Statements, the results and position of each Group entity are expressed in New Zealand Dollars (NZD), rounded to thousands, which is the functional currency of the Company and the presentation currency for the consolidated Financial Statements.

The Group has no foreign operations and the functional currency of all the Group subsidiaries is NZD.

2.5. Goods and services tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except:

- Where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST (the net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

2.6. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments are classified into the following specified categories: ‘fair value through profit or loss' (FVTPL), ‘fair value through other comprehensive income' (FVOCI) and 'at amortised cost'. The classification depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

The Group’s financial assets consist of cash, short term deposits, trade receivables and related party receivables.

Financial assets - Cash and short-term deposits
Cash and short-term deposits comprise cash at bank and on hand and short-term deposits with a maturity of three months or less.
Financial assets - Trade and other receivables
Trade receivables are non-derivative financial assets and measured at amortised cost using the effective interest method less expected credit and loss allowance. Impairment of trade receivables is recorded through

a loss allowance account (bad debt provision). The amount of the loss allowance is based on the NZ IFRS 9 simplified Expected Credit Loss (ECL) approach which involves the Group estimating the lifetime ECL at each balance date. The lifetime ECL is calculated using a provision matrix based on historical credit loss experience and adjusted for forward looking factors specific to the debtors and the economic environment.

Financial assets - Related party receivables
Related party receivables are measured at amortised cost net of any impairment related to credit losses.

Financial liabilities and equity instruments
Financial liabilities and equity instruments - Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities and equity instruments - Financial liabilities
Financial liabilities at amortised cost (including borrowings, related party payables and trade and other payables) are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities and equity instruments - Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.7. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with NZ IAS 12 Income taxes and NZ IAS 19 Employee benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.8. Changes in accounting policies

All significant accounting policies have been applied on a basis consistent with those used in the audited Consolidated Financial Statements of the Group for the year ended 31 March 2022.

2.9. Standards issued but not yet effective

There are new or amended accounting standards mandatory effective 1 January 2023 which the Group has not adopted earlier.

Amendments to NZ IAS 1 - Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to NZ IAS 1 - Classification of Liabilities as Current or Non-current
Amendments to NZ IAS 8 - Definition of Accounting Estimates

The Group is yet to assess the full impact of the new standards or amendments issued but not yet effective, but they are not at this stage expected to have a material impact on the Group.

3. Use of accounting estimates and judgements

The preparation of these Financial Statements requires management to make estimates and assumptions. These affect the amounts of reported revenue and expense and the measurement of assets and liabilities. Actual results could differ from these estimates. The principal areas of judgement and estimation in these Financial Statements are:

- Loan receivable from Third Age Digital Health (note 16)
- Acquisition accounting (note 19.2)

4. Revenue recognition

4.1. Revenue from contracts with customers

Revenue has been categorised as consultation revenue, capitation revenue and other revenue.

Consultation revenue

The Group earns revenue from the provision of medical consultation services. Each consultation performed is a separate performance obligation satisfied at a point in time. The price for each consultation is a fixed amount based on an agreed rate card with the customer. Revenue is recognised once the consultation service has been provided. Revenue claims from contracts like ACC and MOH (General medical, maternity and immunisation claims) with customers is measured at the fair value of the consideration received or receivable and may be reduced for rebates and other similar allowances.

Capitation revenue

The Group provides various medical services on a 'stand ready' basis on behalf of Primary Health Organisations (PHOs). This capitation revenue is recognised monthly based on the number of enrolled patients and the agreed rate for the particular patient. The agreed rate will be affected by the characteristics of the patient, for example, their age or gender. Revenue is recognised on an over time basis measured on a time lapsed basis.

Other revenue

Other revenue is made up of claims related to vaccinations and other claims recognised on a point in time basis once the services have been given to the patient.

Revenue from contracts with customers

	2023 $000	2022 $000
Capitation revenue		
Aged medical care services	1,857	1,519
General practice medical services	2,728	905
Consultation revenue		
Aged medical care services	3,961	3,105
General practice medical services	1,851	274
Other revenue		
Aged medical care services	130	88
General practice medical services	690	9
Total revenue from contracts with customers	11,217	5,900

Geographical information

Over the two years covered by the Consolidated Financial Statements, the Group operated in New Zealand only.

Information about major customers

Included in total revenue are revenues that arose from services provided to the Group's largest customers. The Group derived revenue from the following significant customers:

	2023 $000	2022 $000
Customer 1	1,653	1,287
Customer 2	588	670

No other single customers contributed 10% or more to the Group's revenue for both 2023 and 2022.

5. Cost of services

Cost of services line include direct costs of doctors, nurses and medical supplies as well as other direct costs.

6. Segment information

6.1. Products and services from which reportable segments derive their revenue

The Group's reportable segments are as follows:

- Aged medical residential care services, being the provision of medical care services to the aged care sector.
- General practice medical services

6.2. Segment revenues and results

The following is an analysis of the Group's revenue and results from operations by reportable segment:

Segment revenue	2023 $000	2022 $000
Aged medical care services	5,948	4,712
General practice medical services	5,269	1,188
Total for continuing operations	11,217	5,900

Segment profit before tax	2023 $000	2022 $000
Aged medical care services	567	1,340
General practice medical services	161	221
Total for continuing operations	728	1,561

Segment profit includes the following items:

Segment profit includes the following items:

For the year ended 31 March 2023	**Aged care medical services $000**	**General practice medical services $000**
EBITDA	713	845
Depreciation	(4)	(300)
Amortisation of intangibles	-	(240)
Interest expense on leases	-	(99)
Interest on ANZ Loan	-	(144)
Interest on Loss on modification of borrowings	-	(43)
Profit before tax	**709**	**19**
Add back: Loan impairment	233	**-**
Profit before tax from underlying core operations	**942**	**19**
Income tax expense	(270)	(46)
Profit for the period	439	(27)

For the year ended 31 March 2022	Aged care medical services $000	General practice medical services $000
EBITDA	1,321	385
Depreciation	(1)	(78)
Amortisation of intangibles	-	(63)
Interest expense on leases	-	(23)
Interest income	20	-
Profit before tax	1,340	221
Income tax expense	(326)	(62)
Profit for the period	1,014	159

EBITDA represents profit before tax excluding amounts for depreciation and amortisation expenses, interest expenses and interest income.

6.3. Segment assets and liabilities

Segment assets	**2023 $000**	**2022 $000**
Aged medical care services incl support functions	2,445	1,513
General practice medical services	8,784	4,014
Total segment assets	**11,229**	**5,527**
Intercompany elimination	(1,185)	(667)
Total segment assets	**10,044**	**4,860**

Segment liabilities	**2023 $000**	**2022 $000**
Aged medical care services incl support functions	1,048	922
General practice medical services	7,637	1,909
Total segment liabilities	**8,685**	**2,831**
Intercompany elimination	(1,185)	(667)
Total segment liabilities	**7,500**	**2,164**

7. Costs of employees, contractors, and directors includes:

	Note	**2023 $000**	**2022 $000**
Salaries and wages		2,334	916
Short term incentives		40	20

Defined contribution (KiwiSaver)		132	20
Share based payments expense	24.3	8	13
Employee benefit expense		2,514	969
Contractors		300	305
Former CEO Incentives		-	(23)
		2,814	1,251

$2,696k of employee benefit expense for doctors and nurses are included in cost of services.

8. Professional and consulting fees

	2023 $000	2022 $000
Fees payable to auditor	89	56
Accounting and taxation services	45	121
Legal expenses	92	82
Directors' fees	174	126
Listing and share registry costs	50	39
Company secretarial	-	7
CEO Recruitment	-	44
Other consultancy costs	53	11
	503	486

Fees payable to auditor of $89,400 (2022: $56,650) relates to fees for the annual audit of the Consolidated Financial Statements and Ernst & Young does not perform other assurance or non-assurance services. Accounting and taxation services are provided by Deloitte.

Legal expenses include $76,480 in respect of acquisition activity during the year ended 31 March 2023 (2022: $30,342).

9. Other expenses

	2023 $000	2022 $000
Technology / IT	426	159
Marketing & PR	15	5
Medical Supplies	129	-
Travel & Entertainment	41	28
Professional operational services	109	-
Office & General	250	70
	970	262

10.Finance costs

	2023 $000	2022 $000
Interest expense on leases	144	23
Interest on ANZ Loan	99	-
Interest on Loss on modification of borrowings	43	-
	286	23

11.Reconciliation of profit for the year to net cash from operating activities

Reconciliation of profit for the year to net cash from operating activities

	2023 $000	2022 $000
Profit before income tax	728	1,561
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	304	79
Amortisation of intangibles	240	63
Share based payments expense	8	13
Interest charged on loan	-	(4)
Loan impairment	233	-
Working capital adjustments:		
Trade and other receivables	(729)	(61)
Trade and other payables	702	83
Impact of working capital acquired	(308)	(3)
	1,178	1,731
Income tax paid	(390)	(691)
Net cash from operating activities	788	1,040

12.Taxation

12.1. Income tax recognised in profit or loss relating to continuing operations

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax expense comprises:

	2023 $000	2022 $000
Current income tax	435	438
Deferred income tax	(113)	(50)
Prior period adjustment	(6)	-
Total income tax expense recognised in the current year	**316**	**388**

Income tax expense for the year can be reconciled to the accounting profit as follows:

	2023 $000	2022 $000
Profit before tax	**728**	**1,561**
Income tax expense/(benefit) calculated at 28%	204	437
Effect of non-deductible expenses	110	18
Tax credit on share based payments	(4)	(67)
Prior period adjustments	6	-
Income tax expense recognised in profit or loss	**316**	**388**

12.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liability

Deferred tax liability is made up of the following deferred tax assets and liabilities.

	2023	2022
	$000	$000
Deferred tax asset	957	279
Deferred tax liability	(1,587)	(528)
	(630)	(249)
Deferred tax assets relate to:		
Provisions and accruals	106	32
Lease Liabilities	851	223
Share based payments	-	24
	957	279
Deferred tax liabilities relate to:		
Right-of-use-assets	(831)	(218)
Intangible assets	(756)	(310)
	(1,587)	(528)

The movement on deferred tax is summarised as follows.

	Notes	Provisions and accruals $000	Right-of-use-assets $000	Leases $000	Share based payments $000	Intangible assets $000	Totals $000
Opening net deferred tax asset/(liability)		22	(218)	223	24	(310)	(259)
Additions through acquisitions	19.2	-	-	-	-	(514)	(514)
Recognised in the profit and loss		84	(613)	628	(15)	68	152
Recognised in the share-based payments reserve		-	-	-	(9)	-	(9)
Closing net deferred tax asset/(liability)	12.2	106	(831)	851	-	(756)	(630)

12.3. Imputation credits

The Group had New Zealand imputation credits of $1,075,291 (2022: $710,493) available for use in subsequent periods.

13.Dividends

Dividends declared and paid during the year ended 31 March 2023:	Cents per share	$000
Interim dividend	2.45	244
Final dividend for the year ended 31 March 2022	4.05	403
		647

Dividends declared and paid during the year ended 31 March 2022:	Cents per share	$000
Interim dividend	4.52	450
Final dividend for the year ended 31 March 2021	3.91	381
		831

14.Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Reconciliation of earnings used in calculating earnings per share

	2023 $000	2022 $000
Net profit attributable to the ordinary shareholders of the parent	439	1,173
Earnings used in the calculation of basic earnings per share	439	1,173

Weighted average number of shares used as the denominator

	2023 Shares 000's	2022 Shares 000's
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	9,993	9,832

Adjustments for calculation of diluted earnings per share:		
Employee share options	-	74
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	9,993	9,906

Share options issued under Employee share options plan are considered as antidilutive.

15.Trade and other receivables

Current

	2023 $000	2022 $000
Trade receivables	925	343
Prepayments and other receivables	192	43
	1,117	**386**

As at 31 March 2023 74% of the Group's trade receivables are current (2022: 94%). Short-term receivables from customers (excluding Ministry funding) are recorded at the amount due, less an allowance for expected credit losses (ECL). This allowance is calculated using a simplified approach based on a lifetime ECL. Current provision recorded is immaterial.

Non-current

	2023 $000	2022 $000
Deposit with NZX	20	20
	20	**20**

16.Loan receivable

	2023 $000	2022 $000
Current	80	313
	80	**313**

Following the failure of TADH to maintain monthly repayments of the loan, the Company sought to have TADH placed in liquidation during the period, and liquidators were appointed.

While the loan to TADH is unsecured, the Board of TADH provided a written warranty that it had received legally binding assurances of financial support from its major shareholders such that in the borrower's opinion (acting reasonably and in good faith) TADH would make all repayments.

Michael Haskell is the Director of TADH, and its major shareholders are Michael Haskell & Associates Limited and Bevan Walsh, both also major shareholders of the Company.

The liquidators have made an interim distribution of $80,000 to the Company after balance date. As it has been over a year since this issue first arose and since the liquidators have not yet recovered the full amount and may need to engage in a court process to do so, given the uncertainty around that process the Company has taken a provision of $233k for the remaining balance of the loan.

17.Right of use assets and lease liabilities

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis (6-10 years).
Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payments made at or before the commencement date, less any lease incentives received.
- any initial direct costs, and
- restoration costs.

Amounts recognised in the balance sheet

Right-of-use assets	**2023 $000**	**2022 $000**
Opening balance	**1,093**	**227**
Additions	2,147	606
Lease reassessments	-	334
Depreciation	(273)	(74)
Closing balance	**2,967**	**1,093**

Lease liabilities	**2023 $000**	**2022 $000**
Opening balance	**1,088**	**233**
Additions	2,148	583
Lease reassessments	-	334
Interest	143	23
Lease repayments	(341)	(85)

	2023	2022
Closing balance	**3,038**	**1,088**
Current	283	111
Non-current	2,755	977
	3,038	**1,088**

Amounts recognised in the statement of profit or loss

	2023 $000	2022 $000
Depreciation of right-of-use assets property	273	74
Interest expense (included in finance cost)	143	23

The total cash outflow for leases in the 12-month period ended March 2023 was $341,050 (2022: $94,342). The future minimum rentals payable under non-cancellable operating leases are $1,847,285.

18.Intangible assets

	Notes	2023 $000	2022 $000
Goodwill	18.1	1,651	796
Intangibles	18.3	2,700	1,106
		4,351	1,902

18.1. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

	Note	2023 $000	2022 $000
Opening balance		796	408
Additions	18.2	855	388
Closing balance		1,651	796
Goodwill impairment		-	-
Net carry amount of goodwill		**1,651**	**796**

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

18.2. Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Goodwill has been allocated for impairment testing purposes to Hawkes Bay Wellness Centre Limited (HBWC), Belmont Medical Centre Limited (BMC), Ponsonby Medical (Third Age Health) Limited (PMC), Devonport Family Medicine (Third Age Health) Limited (DFM) and EastMed St Heliers Limited (EastMed). Each practice is considered a Cash Generating Unit (CGU).

The allocation of goodwill for each CGU is as follows:

	2023 $000	2022 $000
Hawkes Bay Wellness Centre Limited	408	408
Belmont Medical Centre Limited	13	13
Ponsonby Medical (Third Age Health) Limited	375	375
Devonport Family Medicine (Third Age Health) Limited	65	-
EastMed St Heliers Limited	790	-
	1,651	796

For the 2023 reporting period, the recoverable amount of the cash-generating units was determined based on value-in-use calculations which require the use of assumptions. The calculation uses cash flow projections based on a financial forecast covering a five-year period.

A forecast was generated to model the expected growth of the five CGUs. The following table sets out key assumptions within the forecast:

Discount Rate	15-18.5% (2022: 15%)
Terminal growth rate	2% (2022: 2%)
EBITDA Growth	5-10% (2022: 10-15%)

The value-in-use is estimated to exceed the carrying amount of HBWC by $2.9 million, BMC by $0.5 million, PMC by $0.2 million, DFM by $0.6 million and EastMed by $1.6 million. As such, there has been no impairment of the asset during the year.

18.3. Other intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

As a result of the acquisition of general practices, separately identified Intangible assets have been recognised from the patient enrolled database of the general practices and an ongoing funding agreement with the Primary Health Organisations (PHOs).

	Patient database $000	PHO agreement $000	Total $000
Cost:			
Balance at 31 March 2022	544	786	1,330
Additions	824	1,010	1,834
Disposals/ retirements	-	-	-
Balance at 31 March 2023	1,368	1,796	3,164

	Patient database $000	PHO agreement $000	Total $000
Accumulated depreciation:			
Balance at 31 March 2022	(86)	(138)	(224)
Amortisation expense	(103)	(137)	(240)
Balance at 31 March 2023	(189)	(275)	(464)
Carrying amount at 31 March 2023	**1,179**	**1,521**	**2,700**
Carrying amount at 31 March 2022	**458**	**648**	**1,106**

The patient database and PHO agreement are amortised on a straight-line basis over ten years.

19.Business Combinations

19.1. Group composition

The parent entity is Third Age Health Services Limited, a company incorporated in New Zealand. The Group had the following subsidiaries as of 31 March 2023. The current reporting period includes results from two new subsidiaries that were not part of the group for the same period last year.

Subsidiary name	Country of incorporation	Ownership 2023	Ownership 2022
Hawkes Bay Wellness Centre Limited	New Zealand	100%	100%
Belmont Medical Centre Limited	New Zealand	100%	100%
Ponsonby Medical (Third Age Health) Limited	New Zealand	100%	100%
Third Age Employee Share Purchase Plan Trust	New Zealand	100%	100%
Devonport Family Medicine (Third Age Health) Limited (acquired 2 May 2022)	New Zealand	100%	-
EastMed St Heliers Limited (acquired 3 October 2022)	New Zealand	67%	-

The Company holds a 10% share in Phoenix Health Hub and is treated as an investment, recorded at fair value each Balance Date. As per shareholders agreement, the Company has not invested any funds. As of 31 March 2023, the fair value was nil. Phoenix Health Hub Limited is an investment in a Christchurch based clinic to realise a new integrated general practice and allied health clinic to support unmet health needs.

19.2. Acquisitions

During the financial year ended 31 March 2023 the Company completed two acquisitions of general practices, to support the Group's future growth strategy, which revolves around providing a consistent primary health service as people move from community living into the aged care setting. The acquisition of local general practices plays an essential part in this, to expand Third Age Health's offer to people in the local community and those living independently in retirement villages.

On 2 May 2022 the Company acquired the business and assets of Devonport Family Medicine (DFM) for cash consideration of $0.4 million and was acquired as a continuation of the Group's growth strategy, a key acquisition which will enable the Company to continue to develop the model of healthcare for older people. The results of the practice since acquisition are included in these Consolidated Financial Statements for the period ended 31 March 2023, contributing $769,615 to Group revenues and $62,683 to Group EBITDA.

On 3 October 2022 the Company acquired 66.67% share of EastMed St Heliers Limited ("EastMed") for $1.9 million fully funded through the ANZ loan facility (note 27).
The results of the practice since acquisition are included in these Consolidated Financial Statements for the period ended 31 March 2023, contributing $1,821,817 to Group revenues and $152,313 to Group EBITDA.

If the clinics was owned for the full year, DFM would contribute $839,580 and EastMed would contribute $3,643,634 to Group revenues, along with $68,381 and $304,626 to Group EBITDA respectively.

The accounting for the business combination under NZ IFRS 3 Business Combinations has been finalised as at the date of this report.

Details of the fair value of identifiable assets and liabilities acquired purchase consideration and goodwill are as follows:

	Devonport Family Medicine $000	EastMed $000	Total $000
Cash	401	1,930	2,331
Total consideration transferred	**401**	**1,930**	**2,331**
Current assets			
Cash	-	327	327
Trade receivables	-	86	86
Property, plant and equipment	-	51	51
Inventory	-	10	10

Non-current assets			
Property, plant and equipment	59	3	62
Right of use asset	264	1,884	2,148
Intangible Assets	385	1,449	1,834
Total assets acquired	708	3,810	**4,518**
Non-current liability			
Lease Liability	(264)	(1,884)	(2,148)
Trade and other liabilities	-	(408)	(408)
Non-current liability			
Deferred tax liability	-	28	28
Deferred tax liability on intangibles	(108)	(406)	(514)
Total net assets acquired	**336**	**1,140**	**1,476**
Goodwill	**65**	**790**	**855**

An assessment of goodwill is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, (note 18.2).

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. Management has used its past experience of sales growth and synergistic savings to determine their expectations for the future. Deferred tax liability of 28% on intangible assets is calculated at the time of acquisition, the minority interest portion is considered as immaterial.

20.Trade and other payables

Current

	2023 $000	2022 $000
Trade payables	180	340
GST payable	272	109
Withholding tax payable	-	10
Accruals and other payables	943	209
	1,395	**668**

Non-current

	Note	2023 $000	2022 $000
Liability for cash settled options	24.3	2	7
Accruals and other payables		-	22
		2	**29**

Current trade payables are typically paid within 30 days of the invoice date or on the 20th of the month following the invoice date.

21.Financial instruments

Financial assets	Notes	2023 $000	2022 $000
Financial assets at amortised cost			
Cash and cash equivalents		1,355	1,124
Trade receivables	15	925	343
Loan receivable	16	80	313
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	20	907	669
Bank loan	27	2,341	-
Employee share purchase loans	24.1	-	75

21.1. Fair value measurements

As at 31 March 2023, the Group has one investment in Phoenix Health Hub measured at fair value. At 31 March 2022 the Group had no financial assets nor liabilities measured at fair value.

22.Financial risks

This note presents information about the Group's exposure to each financial risk and how those risks are managed.

22.1. Interest rate risk

Bank loan three tranches of $750,000 are on a fixed rate, therefore are not exposed to market interest rate volatility. The floating facility of $750,000 of which only $93,739 has been drawn down with a current rate of 9.80% (note 27).

22.2. Credit risk

Credit risk is the risk of the failure of a debtor or counterparty to honour its contractual obligation resulting in financial loss to the Group.

Financial assets, which potentially subject the Group to credit risk, consist principally of cash and cash equivalents, trade and other receivables, and loan receivables. The maximum credit risk at 31 March 2022 and 2023 is the carrying value of these assets on the balance sheet. The directors consider the Group's exposure to credit risk from cash and cash equivalents and trade and other receivables to be minimal given that

- The Group's cash and cash equivalents are held with ANZ, Westpac, BNZ, ASB and Kiwibank. ANZ, Westpac, BNZ and ASB are all rated AA- based on rating agency Standard & Poors. Standard & Poors no longer rate Kiwibank, but rating from Moody’s Investor Services and Fitch Ratings are A1 and AA respectively.

- The Group's customers are typically low credit risk and, historically, there has been minimal bad debt expense recorded.

22.3. Liquidity risk

The Group manages liquidity to ensure that it has sufficient liquidity to meet its liabilities when due. Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk through continuous cash management and monitoring of forecast and actual cash flows.

22.4. Maturity profile

The following table details the Group's exposure to liquidity risk.

Contractual maturity dates

Financial liabilities as at 31 March 2023:	Notes	On demand $000	Less than one year $000	Greater than one year $000	Total $000
Trade and other payables	20	-	907	-	907
Lease liabilities	17	-	487	3,565	4,052
Bank loan	27	94	281	1,966	2,341
		94	**1,675**	**5,531**	**7,300**

Financial liabilities as at 31 March 2022:	Notes	On demand $000	Less than one year $000	Greater than one year $000	Total $000
Trade and other payables	20	-	669	-	669
Employee share purchase plan deposits	24.1	75	-	-	75
Lease liabilities	17	-	111	977	1,088
		75	**780**	**977**	**1,832**

22.5. Capital risk management

The Group manages its capital (comprising of cash and cash equivalents) to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. For the year ended 31 March 2023, the Company has entered into a $3 million debt facility with ANZ Bank Limited (note 27).

23.Share Capital

Ordinary shares
All ordinary shares rank equally with one vote attached to each fully paid share. Total issued share capital is 10,004,149 ordinary shares (2022: 10,000,000). At 1 April 2021 there were 250,000 shares held for specific

participants of the Third Age Employee Share Purchase Plan Trust (“**Trust”**). During the year ended 31 March 2022, 200,000 shares were issued and the remaining 50,000 shares were issued during the year ended 31 March 2023. As at 31 March 2023, of the total number of issued shares, nil (2022: 50,000) were held in trust for specific participants under the Employee Share Purchase Plan (ESPP, note 24.1).

	Note	Issued Share Capital $000	Treasury shares and shares held in Trust $000	Total $000	Authorised issued and fully paid shares 000's
Balance at 1 April 2022		592	(76)	516	10,000
Shares issued	24.1	9	76	84	4
Share issue transaction costs		(4)	-	(4)	-
Balance at 31 March 2023		**596**	**-**	**596**	**10,004**
Balance at 1 April 2021		592	(418)	173	10,000
Shares issued		-	342	342	-
Balance at 31 March 2022		**592**	**(76)**	**515**	**10,000**

24.Share Based Payments

24.1. Employee share purchase plan (ESPP)

The Company operated an employee share purchase plan ('ESPP') for certain employees and contractors ('participants'). Under the ESPP, participants are provided with a “loan” to purchase an agreed number of shares in the Company at a share price established by the Board. The share price is estimated by the Board based on their assessment of the fair value of the Company at the time. The loans were typically for a 36- or 60-month term, interest free with monthly repayments and were secured against the shares. The shares were held on trust by the Third Age Employee Share Purchase Plan Trust until such time as the loans were fully repaid. Participants were permitted to repay the loans at any time. In the event that an employee leaves or is made redundant or a contractor ceases to provide services then any repayments that have been made were returned and the allotted shares were returned to the pool. During 2023 the last loan was repaid, the shares were transferred to the Employee and the scheme was discontinued.

Under NZ IFRS 2 Share-based payment, this type of arrangement is accounted for as an 'in substance' share option - an equity settled share-based payment. The loans are not recognised as assets of the Company as they are only secured against the underlying shares and are considered limited in recourse. Instead, the fair value of the arrangement is calculated at grant date and is recognised over the vesting period of the arrangement as a share-based payment expense in profit or loss and accumulated in the share-based payment reserve. The share options vest immediately as there are no service or performance conditions and participants are able to repay their loans in full at any time and have their shares issued. Partial repayments made under the loans are recorded as a liability until such time as the loan is repaid in full at which time the shares are issued, and amounts are recognised as share capital in equity.

	2023 $000	2022 $000
Employee share purchase plan deposits	-	75
	-	**75**

Movements in shares held on behalf of participants during the year

	Number of shares	Weighted average share purchase price
	000's	**$**
Balance at 1 April 2022	50	1.67
Fully paid and issued during the year	(50)	1.51
Balance at 31 March 2023	**-**	-
Balance at 1 April 2021	250	1.67
Fully paid and issued during the year	(200)	1.71
Balance at 31 March 2022	**50**	**1.67**

In December 2022, 50,000 shares priced at $1.71 vested. As a result the deposits received in respect of those shares was transferred to share capital and the 200,000 shares were transferred from the Third Age Employee Share Purchase Plan Trust in to the name of the participant.

The share purchase price for shares held on behalf of participants at 31 March 2023 was Nil (2022: $1.51). There were no share rights granted under the ESSP during the year ended 31 March 2023 (2022: Nil). As at 31 March 2023 nil options remain (2022: 50,000 options).

24.2. Employee Share Option Plan (ESOP)

ESOP - CEO

On the 4 September 2021 (grant date) the Board approved the offer of 300,000 options under a Company Employee Share Option Plan (ESOP) to the CEO, Tony Wai on the following terms:

- The options were issued at an exercise price of $2.36, based on the Volume Weighted Average Price (VWAP) for the Company's shares on the NZX for the 20 Business Days prior to 27 September 2021 (the date the CEO commenced employment).
- The Options will vest in three tranches, 60,000, 90,000 and 150,000.
- Vesting is subject to continued employment and agreed performance targets achieved by 27 September 2024, 27 September 2025, and 27 September 2026.
- The expiry date of the options will be one year after the date of vesting.

Under the terms of the ESOP there is an option to settle a portion of option in cash, primarily to offset any income tax liability arising at the time the employee exercises their options. Given current income tax rates it has been concluded a 39% tax rate will apply. Based on that assumption it is assumed that 39% of each tranche of options should be treated as cash settled, the remainder will be equity settled.

Equity-settled options

The total number of equity-settled options is 183,000, which were valued at grant date using the Monte Carlo simulation valuation model. The fair value of the equity settled options is $43,920 which will be expensed over the vesting periods for each tranche. The weighted average fair value of the equity settled options is $0.24.

Key estimates and judgements at grant date

The value was calculated using the following significant inputs into the model.

- A share price of $2.24 at the grant date.
- An exercise price simulated to determine a VWAP for the 20 days to 27 September 2021.
- A share volatility of 32.5%, based on daily share price movements since the Company listed on 15 February 2021.
- A dividend yield based on actual dividends issued and assuming a 15% growth rate.
- A risk-free interest rate of 1.45%.

The total amount of fair value recognised in the Consolidated Statement of Comprehensive Income up to 31 March 2023 was $7,722 (2022: $6,275) with the corresponding entry in the Share Based Payments Reserve.

The weighted average contractual life of the equity-settled options on 31 March 2023 is 45 months (2022: 67 months).

Cash-settled options

The total number of cash-settled options is 117,000 which were valued at grant date using the same inputs as with the equity settled options. The value at grant date was $28,080, with a weighted average fair value of $0.24.

Under NZ IFRS for cash-settled options, the Company shall remeasure the fair value of the liability to settle the options for cash at the end of each full year and half year reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

The fair value of the cash-settled options was remeasured under the Monte Carlo Method as of 31 March 2023. The value at that date was $4,095, with the weighted average fair value of the cash-settled options being $0.035.

Key estimates and judgements as of 31 March 2023

The remeasured value was calculated using the following significant inputs into the model.

- The valuation date of 31 March 2023.
- A share price at valuation date of $1.60 (2022: $2.84).
- An exercise price of $2.36 being the exercise price of 27 September 2021.
- A share volatility of 32.61% (2022: 29.7%), based on daily share price movements since the Company listed on 15 February 2021.
- A dividend yield based on actual dividends issued and assuming a 15% growth rate.
- A risk-free interest rate of 4.25% (2022: 3.16%).

The total amount of fair value recognised in the Consolidated Statement of Comprehensive Income up to 31 March 2023 was $-4,909 (2022: $6,501) with the corresponding entry for the liability under Trade and other payables (non-current) (note 20).

The weighted average contractual life of the cash-settled options on 31 March 2023 is 45 months.

ESOP - CFO

On 19th January 2023 (grant date) the Board approved an offer of 25,000 options with an issue date of 1 April 2023, under a Company Employee Share Option Plan (ESOP) to the CFO, Denice Bennett on the following terms:

- The options were issued at an exercise price of $2.00
- The Options will vest in three tranches, 5,000, 7,500 and 12,500.
- Vesting is subject to continued employment and agreed performance targets achieved by 1 April 2026, 1 April 2027, and 1 April 2028.
- The expiry date of the options will be one year after the date of vesting.
- There is no obligation for cash settlement

24.3. Share based payments expense

Employee share option plan:	2023 $000	2022 $000
Share based payments expense equity-settled	6	6
Share based payments expense cash-settled	2	7
Employee share purchase plan	-	-
	8	**13**

25.Related party transactions

25.1. Group composition

The Group is comprised of the following entities:

Subsidiary name	Country of incorporation	Ownership 2023	Ownership 2022
Hawkes Bay Wellness Centre Limited	New Zealand	100%	100%
Belmont Medical Centre Limited	New Zealand	100%	100%
Ponsonby Medical (Third Age Health) Limited	New Zealand	100%	100%
Third Age Employee Share Purchase Plan Trust	New Zealand	100%	100%
Devonport Family Medicine (Third Age Health) Limited (acquired 2 May 2022)	New Zealand	100%	-
EastMed St Heliers Limited (acquired 3 October 2022)	New Zealand	67%	-

The Group's ownership interest in all subsidiaries are equal to its proportion of voting rights held. The Group has no restrictions relating to its ability to access or use the assets and settle the liabilities of the Group.

25.2. Related party transactions

			2023 $000	2022 $000
Michael Haskell, CEO (resigned 30 September 2021)	Shareholder	Contractor fee	-	132
		Bonus accruals	-	(23)
John Fernandes	Director & Shareholder	Director fees	58	40
Bevan Walsh	Director & Shareholder	Director fees	27	12
Norah Barlow	Director & Shareholder	Director fees	39	38
Wayne Williams	Director	Director fees	49	29
Diane Budres (resigned 19 July 2022)	Director & Shareholder	Director fees	1	7

Directors' fees for John Fernandes, Norah Barlow and Wayne Williams also include fees as members of the Audit Committee. Wayne Williams, Audit Committee Chair, receives a fee of $10,000 per annum, while Norah Barlow and John Fernandes receive a fee of $2,500 per annum.

Loan receivable from Third Age Digital Health Limited (TADH) (note 16)

Bevan Walsh (Director and Company shareholder), Michael Haskell (former CEO, resigned 30 September 2021 and Company shareholder) and Diane Budres (former Director who resigned 19 July 2022 and Company shareholder) are all shareholders of TADH which has a loan due to Company. Michael Haskell is also a Director of TADH. Bevan Walsh advised the Company that he resigned as a director of TADH on 20 December 2021.

25.3. Key management personnel compensation

	2023 $000	2022 $000
Short term benefits:		
CEO remuneration		
Tony Wai	331	151
Michael Haskell (resigned 30 September 2021)	-	110
	331	261
Other key management personnel	809	436
	1,140	**697**

26.Contingent liabilities and contingent assets

The Group has no contingent liabilities or contingent assets as at 31 March 2023 (2022: Nil).

27. Bank Loan

The Company entered into a $3 million debt facility with ANZ Bank New Zealand Limited to provide capital to support the Group's planned acquisition strategy. The original term was two years (on a floating rate plus margin) with a covenant requiring Debt-to-EBITDA ratio (based on 12 "months" results) capped at two times, tested at each reporting date. On 24 November 2022 the Company completed a restructuring of the $3 million ANZ loan facility in to 3 loan tranches each $750,000 plus a floating facility of $750,000, on the following terms and conditions:

1. $750,000 term loan, fixed at a rate of 9.1% for two years;
2. $750,000 term loan, fixed at a rate of 9.36% for two years;
3. $750,000 term loan, fixed at a rate of 9.55% for three years;
4. $750,000 floating loan, at a current rate of 9.80% (base plus 1.56% margin).

Security for the loan is a first ranking security over the Company and the Group which includes cross guarantees and indemnity of debt. As at 31 March 2023, the Debt to EBITDA ratio was 1.233.
During the period, the loan was drawn to fund the acquisition of Devonport Family Medicine and EastMed clinics. Total interest charged on the loan in the period was $98,578.

28.Subsequent events

28.1. Final dividend declared

On 29 May 2023 the Board declared a final dividend for the year of 2.58 cents per share taking the total dividend for the year to 5.03 cents per share.

A distribution of $80,000 was received from the liquidator of TADH on 19th April (note 16).

No other matter or circumstances has occurred subsequent to year end that has significantly affected or may affect, the operations of the Group, the results of those operations or the state of affairs of the entity in subsequent financial years.

Independent auditor's report to the shareholders of Third Age Health Services Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Third Age Health Services Limited (the "Company") and its subsidiaries (together the "Group") on pages 19 to 49, which comprise the consolidated statement of financial position of the Group as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 19 to 49 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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 we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the Company or any of its subsidiaries. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue

Why significant	How our audit addressed the key audit matter
Revenue is a key focus of shareholders, directors and management in measuring the Group's progress towards its growth objectives. The Group's principal revenue stream, the provision of consultation services, continues to be recognised at the point in time at which the service is provided. The Group's other significant revenue stream, the provision of capitation services, is recognised over time as the service is provided. Disclosures in relation to the Group's revenue are included in Note 4 to the consolidated financial statements.	In obtaining our audit evidence we: ▸ evaluated the Group's processes for recording consultation and capitation revenue; ▸ analysed the correlation between the Group's recorded revenue, accounts receivable and cash using digital audit techniques; ▸ selected a sample of revenue transactions recorded around period end and assessed whether they had been recorded in the correct period; ▸ assessed the Group's revenue recognition accounting policies against the requirements of NZ IFRS 15 *Revenue from Contracts with Customers*; and ▸ evaluated whether the disclosures in relation to revenue complied with the disclosure requirements of NZ IFRS 15 *Revenue from Contracts with Customers*.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the consolidated financial statements and auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing on behalf of the entity the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/. This description forms part of our auditor's report.

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

Ernst + Young

Chartered Accountants
Auckland
16 June 2023

STATEMENT OF CORPORATE GOVERNANCE

Third Age Health Services Limited
and subsidiaries

Management commentary
(no financial statements)

The objective of the Board of Third Age Health Services Limited ("the Company") is to enhance shareholder value. The Board considers there is a strong link between good corporate governance and the achievement of this objective.

The company seeks to follow the best-practice recommendations for listed companies to the extent that it is appropriate to the size and nature of the Company's operations. The best practice principles which the Company considers in its governance approach are the New Zealand Exchange (NZX) Listing Rules relating to corporate governance, and the NZX Corporate Governance Code (NZCGC), and the Financial Market Authority's Corporate Governance Principles and Guidelines, (altogether "Principles").

The Board considers that its corporate governance framework complies with NZCGC recommendation, except as stated within this report. This report is presented by addressing the eight principles and the associated recommendations of the NZCGC.

The information in this report is current as at the date of release of the Annual Report for the year ended 31 March 2023 and has been approved by the Board.

The key corporate governance documents referred to in this report are available under the investors section of the Company's website at https://www.thirdagehealth.co.nz

Principle 1 – Code of Ethical Behaviour

Recommendation 1.1
"The Board should document minimum standards of ethical behaviour to which the issuer's directors and employees are expected to adhere (a code of ethics).
The code of ethics and where to find it should be communicated to the issuer's employees. Training should be provided regularly. The standards may be contained in a single policy document or more than one policy.
The code of ethics should outline internal reporting procedures for any breach of ethics, and describe the issuers' expectations about behaviour, namely that every director and employee:

a. *acts honestly and with personal integrity in all actions;*
b. *declares conflicts of interest and proactively advises of any potential conflicts;*
c. *undertakes proper receipt and use of corporate information, assets and property;*
d. *in the case of directors, give proper attention to the matters before them;*
e. *acts honestly and in the best interest of the issuer, as required by law, and takes account of interests of shareholders and other stakeholders;*
f. *adheres to any procedures around giving and receiving gifts (for example where gifts are given that are of value in order to influence employees and directors, such gifts should not be accepted);*
g. *adheres to any procedures about whistle blowing (for example, where actions of a whistle blower have complied with the issuer's procedures, an issuer should protect and support the, whether or not action is taken): and*
h. *manages breaches of the code"*

The Company complies with this recommendation with a Code of Ethics which was published in March 2022. Directors observe and foster high ethical standards. The Company expects its directors, officers, and employees to act legally, to maintain high ethical standards, and to act with integrity consistent with the Company's policies, guiding principles and values.

The Company adopts policies to ensure it maintains high standards of performance and behaviour when dealing with the Company's customers, suppliers, shareholders and staff. The specific governance policies in place throughout the year were a Diversity and Inclusion policy, Market Disclosure Policy and the Financial Products Trading policy.

The Code of Ethics can be found on the investor section of the Company's website (https://www.thirdagehealth.co.nz).

Recommendation 1.2
"An issuer should have a financial product dealing policy which applies to employees and directors."

The Company complies with this recommendation. The Financial Products Trading Policy can be found on the investor section of the Company's website (https://www.thirdagehealth.co.nz).

Principle 2 - Board composition & Performance

Recommendation 2.1
"The board of the issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management."

The Company complies with this recommendation, with the board operating under a Board charter which is available on the investor section of the Company's website (https://www.thirdagehealth.co.nz).

Recommendation 2.2
"Every issuer should have a procedure for the nomination and appointment of directors to the board."

The Company complies with this recommendation. The Board has decided that these functions will be carried out by the main board within the terms of reference of this Board Charter. A copy of the Board Charter is available on the investor section on the Company's website (https://www.thirdagehealth.co.nz).

Recommendation 2.3
"An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment."

The Company complies with this recommendation. All current Directors and senior executives have entered into written agreements with the Company setting out the terms of their appointment. In accordance with the NZX Listing Rules, all Directors are required to retire (though may be re-elected) not later than the third annual meeting following the Director's appointment, or after three years, whichever is longer. Any Directors appointed by the Board since the previous annual meeting must also retire and are eligible for election.

Recommendation 2.4
"Every issuer should disclose information about each director in its annual report or on its website, including profile of experience, length of service, independence and ownership interest and director attendance at Board meetings."

The Company complies with this recommendation. The biographies of the Directors are available in this Annual Report and on the Company's website (https://www.thirdagehealth.co.nz).

With regard to Board meeting attendance, the Board meets as often as it deems appropriate, including sessions to review the performance of the business, to consider the strategic direction and to approve annual budgets. As is common nowadays, video conferences are mostly used, which also suits the dispersed nature of the Board and management.

The table below sets out Director attendance at Board meetings during FY23, including meetings to approve strategic plans, budgets and the release of annual and half year results.

Director	Number of meetings eligible to attend	Number of meetings attended
Bevan John Walsh	7	7
John Samuel Ronny Fernandes	7	7
Norah Kathleen Barlow	7	7
Wayne Geoffrey Williams	7	7
Diane Lynn Budres (resigned 19 July 2022)	2	2

Recommendation 2.5

"An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which at a minimum should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it."

The company complies with this recommendation, though the company is still developing measurable diversity and inclusion objectives that it can review and report against annually. A written policy can be found on the investor section of the Company's website (https://www.thirdagehealth.co.nz).

NZX listed issuers are required to report quantitative data on the gender breakdown of Directors and Officers at the financial year end. The policy behind the rule is to provide information to allow investors to maintain an informed view of diversity as a factor relevant to an Issuer's expected performance.

As at 31 March 2023 the mix of male and female of the Board and Company's Key Management Personnel (the CEO and persons that report to the CEO) was as follows:

	2023		2022	
	Male	Female	Male	Female
Non-executive Directors	3	1	3	2
Key Management Personnel	5	6	4	5

Recommendation 2.6

"Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer."

Members of the Board undertake regular professional training to remain current on how best to perform their duties. The Company encourages all Directors to undertake appropriate training and education so that they may best perform their duties. This may include attending presentations on changes in governance, legal and regulatory frameworks; attending technical and professional development courses; site visits and briefings from key executives; and attending presentations from industry experts and key advisers.

Recommendation 2.7
"The Board should have a procedure to regularly assess director, board, and committee performance."

The Board have introduced an assessment process to enable an annual assessment of the Directors, and the Board plus senior executives. The Board considers individual and collective performance, together with the skill sets, training and development and succession planning required to govern the business.

Recommendation 2.8
"A majority of the Board should be independent directors."

The Company complies with this recommendation. In determining directors' independence, the Board has applied factors outlined in the commentary to Corporate Governance Code recommendation 2.4.

The Board currently comprises four Directors, three of whom are independent:
- Bevan John Walsh, Chairman, Non-independent Director.
- John Samuel Ronny Fernandes, Independent Director.
- Norah Kathleen Barlow, Independent Director.
- Wayne Williams, Independent Director.

Directors' interests disclosed for the financial year ended 31 March 2023 are provided in the Shareholder and Statutory Information section of this Annual Report.

Recommendation 2.9
"An issuer should have an independent chair of the Board. If the chair is not independent, the chair and the CEO should be different people."

During the year ended 31 March 2023, the Company complied with this recommendation for the majority of the year with John Fernandes being appointed as new Chairman 10 August 2022. While Bevan Walsh as Chair for the first few months of the year is not independent, it is noted that the Chair and CEO are different people. The Board has determined that Bevan John Walsh (Chair) is not independent by virtue of his significant shareholding.

Principle 3 – Board Committees

Recommendation 3.1
"An issuer's audit committee should operate under a written charter. Membership on the audit committee should be a majority of independent directors and comprise solely of non-executive directors of the issuer. The Chair of the audit committee should be an independent director and not the chair of the board."

The Company complies with this recommendation. The board operates an Audit Committee which provides a forum for effective communication between the Board and external auditors. The Committee reviews the annual and half-yearly financial statements, prior to their approval by the Board, the effectiveness of internal control, the Company finance function, information systems, and the efficiency and effectiveness of the audit function.

During the year ended 31 March 2023 the Committee comprised of Wayne Williams (Chair and Independent Director, appointed 10 August 2022), Norah Barlow (Independent Director) and John Fernandes (Independent director). The Audit Committee Charter can be found on the investors section of the Company's website (https://www.thirdagehealth.co.nz).

The table below sets out Director's attendance at Audit Committee meetings during FY23.

Director	Number of meetings eligible to attend	Number of meetings attended
Wayne Geoffrey Williams	3	3
Norah Kathleen Barlow	3	3
John Samuel Ronny Fernandes	3	3

Recommendation 3.2
"E*mployees should only attend the audit committee at the invitation of the audit committee."*

The Company complies with this recommendation. Employees and other non- members of the committee only attend by invitation.

Recommendation 3.3
"An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors".

Given the size and nature of the Board there is no standing committees for remuneration, but the Board has decided that these functions will be carried out by the main Board within the terms of reference of the Board Charter. A copy of the Board Charter is available on the investors section of the Company's website (https://www.thirdagehealth.co.nz).

Recommendation 3.4
"An issuer should establish a nominations committee to recommend director appointments to the Board (unless this is carried out by the whole Board) which should operate under a written charter. At least a majority of the nominations committee should be independent directors."

Given the size and nature of the Board there is no standing committee for nominations, but the Board has decided that these functions will be carried out by the main board within the terms of reference of the Board Charter. A copy of the Board Charter is available on the investor section of the Company's website (https://www.thirdagehealth.co.nz).

Recommendation 3.5
"An issuer should consider whether it is appropriate to have any other board committees as standing committees. All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance."

The Board will continue to assess the requirements for further standing committees. The Board will use standing committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

Recommendation 3.6
"The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. The board should disclose the scope of independent advisory reports to shareholders. These protocols should disclose the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee."

In the case of a takeover offer, the Company will form an Independent Takeover Committee to oversee disclosure and response and engage expert legal and financial advisors to provide advice on procedure. The Company does not have a formal Takeover Response Policy at this stage and so is not compliant with this recommendation.

Principle 4 - Reporting and disclosure

Recommendation 4.1
"The issuer's board should have written continuous disclosure policy."

The Company complies with this recommendation. The Company's directors are committed to keeping investors and the market informed of all material information about the Company and its performance, in a timely manner. The company has adopted a Market Disclosure Policy to ensure that material information is identified, reported, assessed and, where required, disclosed to the market in a timely manner. A copy of the Policy is available on the investors section of the Company's website (https://www.thirdagehealth.co.nz).

Recommendation 4.2
"An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website."

The Company complies with this recommendation. Published policies and charters are found the investor section of the Company's website (https://www.thirdagehealth.co.nz).

Recommendation 4.3
"Financial reporting should be balanced, clear and objective. An issuer should provide non-financial disclosures at least annually, including considering environmental, economic, and social factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board."

In addition to all information required by law, the Company also seeks to provide meaningful information to ensure stakeholders and investors are well informed, including financial and non-financial information.

Financial Information
Senior Management is responsible for implementing and maintaining appropriate accounting and financial reporting principles, policies, and internal controls designed to ensure compliance with accounting standards and applicable laws and regulations.

The Board's Audit Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness, balance and timeliness of financial statements. It reviews the Company's full and half year financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

For the financial year ended 31 March 2023, the Directors believe that proper accounting records have been kept that enable the determination of the Company's financial position with reasonable accuracy and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Company' full and half year financial statements are available on the investor section of the Company's website (https://www.thirdagehealth.co.nz).

Non-financial information
The Company sets out, reports against and discusses its strategic objectives in a variety of communications including the Chair and CEO's commentary in reports to shareholders.

Principle 5 – Remuneration

Recommendation 5.1
"An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer's annual report."

The Company complies with this recommendation. Remuneration of Directors and senior executives is a key responsibility of the Board. The Board ensures that remuneration is benchmarked to the market for Director and Board positions.

Recommendation 5.2
"An issuer should have a remuneration policy for remuneration of directors and officers, which outlines the relative weightings of remuneration component and relevant performance criteria."

The Company complies with this recommendation.

Director remuneration
The total remuneration pool available for Directors was fixed at listing at a current maximum of $180,000 per annum for all non-executive Directors. The Board determines the level of remuneration paid to Directors from that pool. Directors also receive reimbursement for reasonable travelling, accommodation and other expenses incurred in the course of performing their duties.

Any proposed increases in pool of fees for non-executive Director fees and remuneration will be put to shareholders for approval. If independent advice is sought by the Board, it will be disclosed to shareholders as part of the approval process.

Board role approved remuneration
The fees payable to a non-executive Chair currently amount to $60,000 per annum, fees payable to the Independent and Non-Independent Directors are $35,000 per annum. The Chair of the Audit Committee receives $10,000 per annum while members receive $2,500 per annum.

Executive remuneration
In general, executive remuneration comprises a fixed base salary, an at-risk short-term incentive payable annually linked to business performance and incentives linked to longer term share growth. At-risk incentives are paid against targets agreed with executives at the commencement of the period and are based on financial measures, mainly earnings targets.

Recommendation 5.3
"An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of base salary, short term incentives and long-term incentives and the performance criteria used to determine performance-based payments."

The Company complies with this recommendation. The CEO remuneration is detailed under note 25.3 of the Consolidated Financial Statements.

Principle 6 - Risk Management

Recommendation 6.1
"An issuer should have a risk management framework for its business and the issuer's board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed."

The Board has overall responsibility for the Company's system of risk management and internal control. The Board delegates day-to-day management of the risk to the CEO.

Risk Identification
The senior management team is required to regularly identify the major risks affecting the business and develop structures, practices, and processes to manage and monitor these risks. The CEO provides an updated risk register at each Board meeting.

Insurance
The Company maintains insurance policies that it considers adequate to meet its insurable risks.

Recommendation 6.2
"An issuer should disclose how it manages it's health and safety risks and should report on its health and safety risks, performance and management."

The Company complies with this recommendation, with formal reporting to the board on it's health and safety risks, performance and management at Board meetings.

Principle 7 – Auditors

Recommendation 7.1
"The board should establish a framework for the issuer's relationship with its external auditors. This should include:
a. For sustaining communication with the issuer's external auditors;
b. To ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be conceived to be impaired;
c. To address what, if any services (whether by type or level) other than their statutory audit roles may be provided by the auditors to the issuer: and
d. To provide for the monitoring and approval by the issuer's audit committee of any service provided to the issuer other than in their statutory audit role."

The Company complies with this recommendation. The Board is committed to ensuring audit independence, both in fact and appearance, so that the Company's external financial reporting is viewed as being highly objective and without bias. The Audit Committee reviews the quality and cost of the audit undertaken by the Company's external auditors and provides a formal channel of communication between the Board, senior management, and external auditors.

The Audit Committee approves the auditor's terms of engagement, audit partner rotation (at least every five years) and audit fee and reviews and provides feedback in respect of the annual audit plan. The Audit Committee periodically has time with the external auditor without management present. The Committee also assesses the auditor's independence on an annual basis.

All audit work of the Company is fully separated from non-audit services to ensure that appropriate independence is maintained. There were no other services provided by EY in FY23. The amount of fees paid to EY for audit and non-audit work are identified on note 8 of the Consolidated Finance Statements.

EY has provided the Committee with written confirmation that, in its view, it was able to operate independently during the year.

Recommendation 7.2
"The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit."

The Company complies with this recommendation. EY will be invited to attend the FY23 Annual Shareholders' Meeting and will be available to answer questions from shareholders at the meeting.

Recommendation 7.3
"Internal audit functions should be disclosed."

The Company has a number of internal controls which are overseen by the Audit Committee and/or the Board. These include controls for business continuity management, insurance, health and safety, conflicts of interest, and prevention and identification of fraud. Given the size of the business the Company does not have an internal audit function but last year engaged professional advisors Deloitte to undertake a review of internal controls and will consider undertaking further reviews in the future.

Principle 8 – Shareholder rights and relations

Recommendation 8.1
'An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer."

The Company complies with this recommendation. The Company's website can be found at https://www.thirdagehealth.co.nz.

Recommendation 8.2
"An issuer should allow investors the ability to easily communicate with the issuer, including the option to receive communications from the issuer electronically."

The Company complies with this recommendation. The Board is committed to open and regular dialogue and engagement with shareholders. The Company seeks to ensure that investors understand its activities by communicating effectively with them and giving them access to clear and balanced information.

The Company has a calendar of communications and events for shareholders, including but not limited to:
- Half and full Year Results Announcements and Annual Report.
- Market announcements.
- Annual Shareholders' Meeting.
- Scheduled and ad hoc investor presentations to institutional investors and retail brokers.
- Easy access to information through the Company's website (https://www.thirdagehealth.co.nz).
- Access to management and the Board via a dedicated email address, investors@thirdagehealth.co.nz.

Recommendation 8.3

"Quoted equity security holders have the right to vote on major decisions which may change the nature of the issuer in which they are invested."

The Company complies with this recommendation. Shareholders are actively encouraged to attend the Annual Shareholders' Meeting and may raise matters for discussion at this event and may vote on major decisions that affect the Company. Voting is by poll, upholding the 'one share, one vote' philosophy.

In accordance with the Companies Act 1993, the Company's Constitution and the NZX Main Board Listing Rules, the Company refers major decisions that may change the nature of the Company to shareholders for approval. All shareholders are given the option to elect to receive electronic communications from the Company. In addition to shareholders, the Company has a wide range of stakeholders and maintains open channels of communication for all audiences, including brokers, the investing community, regulators, staff, customers and suppliers.

Recommendation 8.4
"If seeking additional equity capital, issuers of quoted securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis and no less favourable before further equities are offered to other investors."

In the event that the Company will seek additional equity capital, the Company will seek to offer further equity securities to existing equity security holders of the same class on a pro rata basis and no less favourable before further equities are offered to other investors.

Recommendation 8.5
"The board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting."

The Company has complied with this recommendation.

1. Additional information required under the NZX Listing Rules

Twenty largest registered shareholders as of 31 March 2023

The Company has one class of equities, Ordinary Shares listed on the NZX Main Board under the ticker code TAH.

The following table shows the names and holdings of the 20 largest registered holdings of listed ordinary shares of the Company on 31 March 2023.

Shareholders	Holding	% of issued capital
Bevan John Walsh	4,311,731	43.10%
Michael Haskell & Associates Limited	2,569,973	25.69%
Timothy Grant Livingstone & Robert Peter Webber	840,500	8.40%
New Zealand Depository Nominee	378,926	3.79%
Diane Lynn Budres	248,392	2.48%
Lenore Deirdre Bauer	156,500	1.56%
Jsrf Limited	127,328	1.27%
Brian Hezelton Walsh	125,767	1.26%
Jiahuan Fu	118,540	1.18%
FNZ Custodians Limited	101,480	1.01%
Terence De Silva	65,150	0.65%
Xzs Holdings Limited	44,000	0.44%
Bruce John Mccullagh	37,049	0.37%
Custodial Services Limited	36,000	0.36%
Dellow Nominees Limited	33,400	0.33%
Tony Andrew Wai	32,903	0.33%
James Kai Wah Tee	31,404	0.31%
Gore Holdings Limited	25,000	0.25%
Norah Kathleen Barlow & Robert Noel Barlow	24,490	0.24%
Dean Neil Edgerton & Nicole Tonnile Edgerton & William Desmond Edgerton	24,000	0.24%
	9,332,533	93.26%

The total number of voting securities of the Company at 31 March 2023 was 10,004,149 ordinary shares which are listed on the NZX.

Management commentary
(no financial statements)

Spread of shareholders as at 31 March 2023

The following table is the spread of listed shareholders as of 31 March 2023

Shareholder size	Number of Holders	Total Shares listed	% of listed capital
1-1,000	81	35,917	0.4%
1,001-5,000	70	207,580	2.1%
5,001-10,000	28	238,731	2.4%
10,001-50,000	21	477,634	4.8%
50,001-100,000	1	65,150	0.7%
Greater than 100,000	10	8,979,137	89.8%
	211	10,004,149	100.0%

Shareholding of Directors as of 31 March 2023

Director	2022 Shares	2021 Shares
Bevan John Walsh	4,311,731	4,329,617
John Samuel Ronny Fernandes	137,328	91,168
Norah Kathleen Barlow	24,490	24,490
Wayne Geoffrey Williams	-	-

Dianne Budres resigned as a Director on 19 July 2022. On 31 March 2022 she held 248,392 shares.

2. Additional information required under the Financial Markets Conduct Act 2013

Substantial Security Holders

Information on Substantial Security Holders is provided pursuant to section 293 of the Financial Markets Conduct Act 2013 (the "Act") and details the Substantial Security Holders in the Company and their relevant interests in the Company's shares as of 31 March 2023. A person has a substantial holding for the purposes of the Act if the person has a relevant interest in quoted voting products that comprise 5% or more of a class of quoted voting products of the listed issuer.

Investor name	Shares held at 31 March 2023	% of issued capital
Bevan John Walsh	4,311,731	43.10%
Michael Haskell & Associates Limited	3,051,258	25.69%
Timothy Grant Livingstone & Robert Peter Webber (W W Flaunty Family A/c)	840,500	8.40%
Lenore Deirdre Bauer		
Beneficial ownership[1]	1,514,972	
Direct ownership	156,500	
	1,671,472	16.80%

1. This relates to an informal agreement relating to the beneficial ownership of a share of the shares held by Bevan John Walsh, the exercise of voting rights attaching to those Share, and any acquisition or disposal of those Shares

Management commentary
(no financial statements)

3. Additional information required under the Companies Act 1993

Directors' remuneration and other benefits

The names of the directors of the Company who held office and the details of their remuneration and value of other benefits received for services to Third Age Health Services Limited for the year ended 31 March 2023 were:

	Board Fees $	Audit Committee Fees $
John Samuel Ronny Fernandes	53,750	3,125
Wayne Geoffrey Williams	41,000	8,125
Bevan John Walsh	29,250	-
Norah Kathleen Barlow	35,000	2,500
Diane Lynn Budres (resigned 19 July 2022)	1,580	-
	160,580	13,750

Interests register

Directors have given notices disclosing interests pursuant to section 140(1) of the Companies Act 1993. Particulars of entries recorded in the Company's Interests Register during the financial year ended 31 March 2023 are set out in the following table.

Director		Nature of disclosure
Bevan John Walsh	1	Bevan Walsh is a major shareholder of The Company TAH and Third Age Digital Health Limited (TADH). Bevan Walsh resigned as a director of TADH on 20 December 2021. The Company is owned money from TADH. Details of the loan are provided in note 16 of the Consolidated Financial Statements.
	2	Indemnified to the extent allowed by the Companies Act 1993 and the company constitution.
	3	Directors and Officers insurance cover provided by the Company
John Samuel Ronny Fernandes	1	Indemnified to the extent allowed by the Companies Act 1993 and the company constitution.
	2	137,328 Shares (1.37%) in the Company held by JSRF Limited, in which John Fernandes has a relevant interest as sole director and shareholder.
	3	JSRF Limited (a company owned 100% by John Fernandes) holds an option to purchase a further 100,000 Shares (1.03%) held by another shareholder (who is not a director or senior manager) at $2.15 per Share. That option can be exercised in part or in full at any time until 30 June 2024.
	4	Directors and Officers insurance cover provided by the Company

Director		Nature of disclosure
Norah Kathleen Barlow	1	Norah Barlow holds a position as CEO of a client of the Company
	2	24,490 (0.24%) shares in the Company held by Norah Kathleen Barlow and Robert Noel Barlow in their capacities as trustees of a family trust associated with Norah Barlow
	3	Indemnified to the extent allowed by the Companies Act 1993 and the company constitution.
	4	Directors and Officers insurance cover provided by the Company
Wayne Geoffrey Williams	1	Indemnified to the extent allowed by the Companies Act 1993 and the company constitution.
	2	Directors and Officers insurance cover provided by the Company

Indemnity and insurance

The Company has entered into deeds of indemnity in favour of all its directors. The Company has insured all its directors against liabilities and costs in accordance with section 162(5) of the Companies Act 1993.

Employees' remuneration

The number of employees or former employees, not being Directors of the Group, who received remuneration and other benefits in their capacity as employees, the value of which exceeds $100,000 is set out below:

	2023 Number	2022 Number
$100,000 - $109,999	2	-
$110,000 - $119,000	2	-
$120,000 - $129,000	1	-
$130,000 - $139,000	1	-
$140,000 - $149,000	-	-
$150,000 - $159,000	1	-
$160,000 - $169.000	-	1
$170,000 - $179,000	-	-
$180,000 - $189,000	1	-
$190,000 - $199,000	-	-
$200,000 - $209,000	1	-
$210,000 - $219,000	-	-
$220,000 - $229,000	1	-
$230,000 - $239,000	-	-
$240,000 - $249,000	-	-
$250,000 - $259,000	2	-
$260,000 - $269,000	-	-
$270,000 - $279,000	-	-
$280,000 - $289,000	-	-
$290,000 - $299,000	1	-

Amount payable to auditors

The amount payable to our auditor is $82,400 (2022: $56,650).

Donations

The Company made no donations during the year ended 31 March 2023.

Registered office

536 Kennedy Road
Greenmeadows Napier

New Zealand Company number

3189884

Directors

Bevan John Walsh (Chairman, Non-independent)
John Samuel Ronny Fernandes (Independent)
Norah Kathleen Barlow (Independent)
Wayne Geoffrey Williams (Independent)

Auditors

Ernst & Young
EY Building, 2 Takutai Square
Britomart
Auckland 1010
New Zealand

Registry

Link Market Services Securities Registrar
Level 11, Deloitte Centre
80 Queen Street Auckland 1010

www.linkmarketservices.co.nz
Phone:(09) 375 5998
Email: enquiries@linkmarketservices.co.nz

Legal advisors

DLA Piper New Zealand
50-64 Customhouse Quay
Wellington 6140
New Zealand
www.dlapiper.com/en/newzealand/

Third Age Health

Third Age Health Services Ltd
P O Box 303 387, North Harbour
Auckland 0751
thirdagehealth.co.nz

Management commentary
(no financial statements)