ANNUAL REPORT 2020

EBOS
GROUP LIMITED

THROUGH THE FOUNDATIONS WE HAVE BUILT IN A STRONG AND DIVERSE BUSINESS, EBOS HAS MAINTAINED ITS STEADFAST COMMITMENT TO STANDING BESIDE ITS CUSTOMERS AND THE COMMUNITIES THEY SERVE. AS WE TOGETHER STRIVE TO OVERCOME UNPRECEDENTED CHALLENGES, EBOS REMAINS FOCUSSED ON DELIVERING HIGH QUALITY HEALTHCARE AND ANIMAL CARE ACROSS OUR MARKETS.

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FOREWORD

EBOS, along with our customers and the communities we serve, has faced significant and unprecedented challenges in 2020. As we together strive to overcome these difficulties, EBOS remains focussed on delivering high quality healthcare and animal care across our markets, underpinned by the strong and diverse foundations our business is built upon.

As New Zealanders and Australians have faced these challenges with strength and resilience, EBOS has stood firm in the face of supply chain pressures never before encountered to meet significantly increased demand for healthcare and animal care products and services.

The dedication and tireless efforts of our more than 3,700 employees and the strength of our business, which has been strategically built over time, has ensured we have continued to deliver in a time of great need. Importantly, we have never lost sight of our commitment to the exceptional service standards we set for ourselves and that are expected of us, no matter the environment or difficulties we face.

As we look ahead to the next year and beyond, we are buoyed by our shared response to these challenges, reinforcing the integral role our business plays in supporting the health and wellbeing of New Zealanders and Australians.

EBOS remains in a strong financial position thanks to a proven business strategy that is underpinned by a commitment to all our stakeholders and the communities in which we operate. This ensures that we continue to deliver strong business outcomes and leading products and services that are relied upon by thousands of people every day.

AS WE LOOK AHEAD TO THE NEXT YEAR AND BEYOND, WE ARE BUOYED BY OUR SHARED RESPONSE TO THESE CHALLENGES, REINFORCING THE INTEGRAL ROLE OUR BUSINESS PLAYS IN SUPPORTING THE HEALTH AND WELLBEING OF NEW ZEALANDERS AND AUSTRALIANS.

Highlights

$8.8b
revenue

$28.9m
net investment in capital works

$44.6m
acquisition investment spend

Our shareholders

9,388
shareholders

77.5c
total dividends per share (NZ)

Our business

3,700
employees

72%
Australia

28%
New Zealand

61 locations in New Zealand and Australia

BUSINESS OVERVIEW
FINANCIALS
CORPORATE GOVERNANCE
REMUNERATION REPORT
DIRECTORS' INTERESTS & DISCLOSURES
DIRECTORY

SUMMARY OF RESULTS

Financial Highlights

$8.8 billion revenue
+ 26.5% increase

$162.5 million reported NPAT
+ 18.0% increase

$296.6 million underlying EBITDA
+13.4% increase

100.6 cents earnings per share
+12.0% increase

77.5 cents dividend per share (NZ)
+8.4% increase

Reported Results

2020	8,766
2019	6,930
2018	6,987
2017	7,203
2016	6,541

Five year revenue trend
For the year to 30 June ($millions)

2020	333.6
2019	250.4
2018	250.1
2017	221.5
2016	207.7

Five year EBITDA trend
For the year to 30 June ($millions)

Underlying Results

2020	168.3
2019	144.4
2018	137.3
2017	130.9
2016	117.0

Five year NPAT trend
For the year to 30 June ($millions)

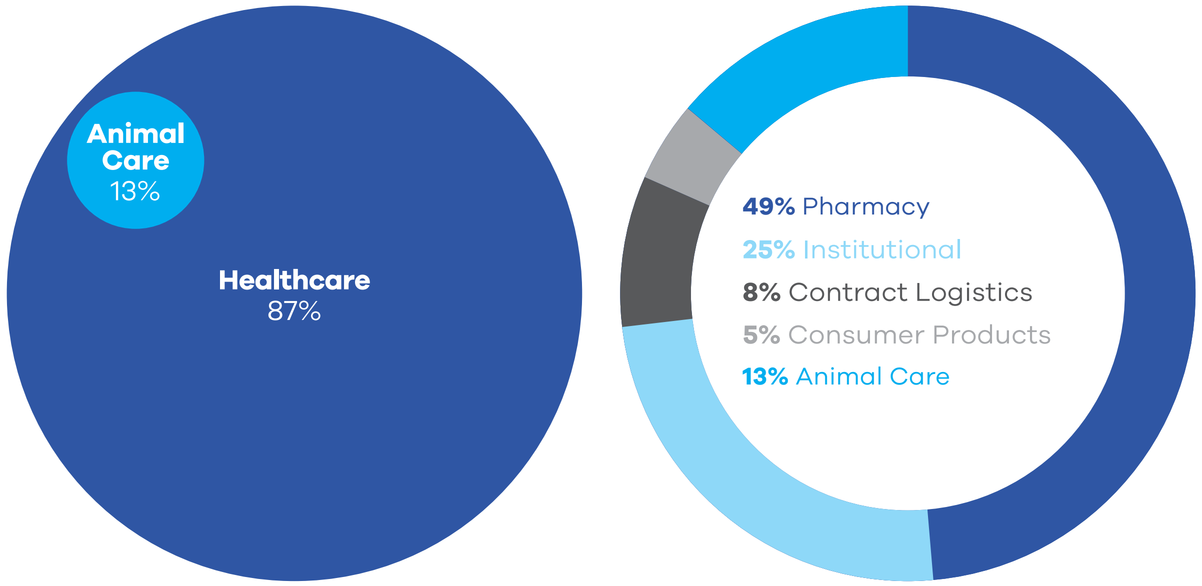
2020	296.6
2019	261.6
2018	250.1
2017	228.2
2016	207.7

Five year EBITDA trend
For the year to 30 June ($millions)

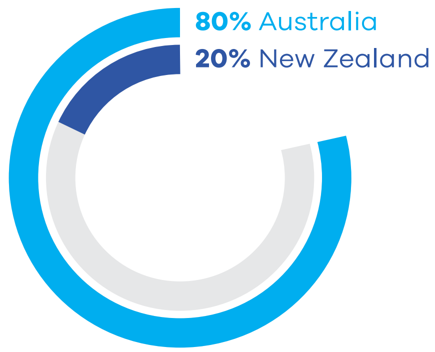
All figures are in Australian dollars, unless otherwise stated.

Segment & divisional earnings overview

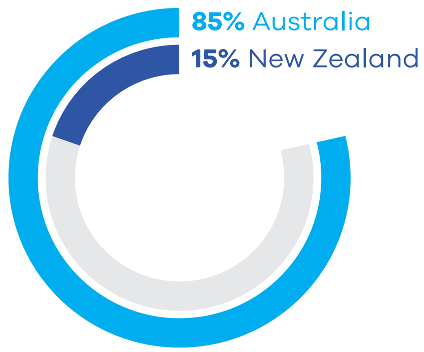
Data based on gross operating revenue, which comprises revenue less cost of sales and write down of inventory.



Revenue



Underlying EBITDA



CEO & CHAIR REPORT

It is pleasing to report on the 2020 financial year and with that a record financial result for EBOS.

John Cullity
Chief Executive Officer

Elizabeth Coutts
Chair

This year's result demonstrates the strength of our business with both Healthcare and Animal Care contributing to the significant increase in revenue and earnings. This reinforces our strategy and underlines EBOS' ongoing commitment to operating a diverse portfolio of high-performing businesses.

HIGHLIGHTS

We have faced significant challenges over the past year with an ongoing global pandemic, a significant measles outbreak and natural disasters. In these unprecedented times of uncertainty and adversity, EBOS is fortunate to be an industry leader of scale, operating in markets where the majority of our products and services are essential items.

We have continued to deliver for our customers and serve the communities where we operate, while also generating strong growth.

In driving this growth, EBOS has remained focussed on maintaining the high standards of service that we pride ourselves on. This commitment was highlighted as we achieved significant growth and substantially higher sales volumes in Healthcare, while not sacrificing on our commitment of quality service to our loyal customers.

Our Community Pharmacy business had a particularly strong year as it benefited from the increased scale of its operations as it commenced supply to the Chemist Warehouse pharmacy network. The business performed exceptionally well in managing these increased volumes, particularly when having to deal with the combined impacts of the Australian bushfire crisis and COVID-19.

While the Australian bushfires were the focus for resources in December and January, the onset of COVID-19, in March, saw consumers in both New Zealand and Australia stockpile ethical and over-the-counter medicines at levels never before encountered. While this unprecedented pandemic driven demand did stretch our capabilities for a short period, our Healthcare business withstood the test. This was largely thanks to the significant investments in capital expenditure to automate our sites, increase capacity, improve productivity and the efforts and commitment of our employees.

Looking to the consumer facing side of our Community Pharmacy business, TerryWhite Chemmart (TWC) increased its standing as one of Australia's largest community pharmacy networks. During the financial year, TWC's network grew by 26 pharmacies and the network achieved notable sales growth, driven by increased brand awareness, customer satisfaction and new partnerships with Qantas Frequent Flyer, Bupa and Afterpay. In addition to this, TWC pharmacists administered more than 550,000 influenza vaccinations through an in-store clinic program and provided much needed front-line health care and support to communities throughout the COVID-19 pandemic. We acknowledge and thank our network partners and their employees for their tireless efforts.

EBOS' Institutional Healthcare business also performed strongly with elevated demand from hospital customers in preparedness for COVID-19 patients. The recently acquired LMT ("Life. Movement. Technology.") and National Surgical (LMT) medical devices business also contributed to the strong performance despite a temporary reduction in elective surgeries from late March as hospitals took measures to free up resources for the potential influx of COVID-19 patients. Notwithstanding this, LMT continued to service customers performing trauma and emergency surgery, having shown foresight in forward ordering equipment and supplies in anticipation of supply chain issues arising from the pandemic.

The benefits of EBOS' ongoing capital expenditure initiatives were reinforced with our Contract Logistics business continuing to grow and attract new customers thanks to recently opened facilities in both Sydney and Auckland.

EBOS' Animal Care and Consumer Products businesses also benefited from additional capital investment with the opening of a new distribution centre for our Australian veterinary wholesale business Lyppard, and a new, shared distribution centre and manufacturing plant in Auckland for Consumer Products. It is these investments that ensure our businesses can continue to provide an exceptional level of service to customers.

Black Hawk continued to build its position as a thought leader in animal care and pet nutrition, underpinned by the brand's belief that 'Every Ingredient Matters'. Marketing activity focussed on delivering a campaign aligned to this positioning and was supported by community partnerships that reinforced the brand's strong reputation with consumers across Australia and New Zealand.

Red Seal marketing activity was also increased, delivering a summer campaign in Australia that included event sponsorship, partnerships with influencers and competitions to drive customer engagement on social media. In New Zealand, the first part of its new global brand positioning, 'Incredible Inside', was launched, highlighting Red Seal's ethos: 'When you put incredible in, you get incredible out'. The launch included a television campaign encouraging resilience and care for each other during New Zealand's COVID-19 lock-down.

In June 2020, the 7th Community Pharmacy Agreement (CPA) was finalised, providing regulatory certainty for our Healthcare business in Australia with additional investment in the Community Service Obligation (CSO) Funding Pool and a restructured wholesale mark-up for Pharmaceutical Benefits Scheme (PBS) medicines. We are pleased that, through this agreement, the Government has recognised both the vital role of retail pharmacy in meeting the community's health needs as well as the critical role CSO wholesalers play in ensuring the timely distribution of medicines across Australia. As Australia's leading pharmaceutical wholesaler, we are very grateful to the Federal Minister for Health, The Hon. Greg Hunt MP, and his Department for their recognition of the importance of our industry to Australia's medicine supply chain and their careful consideration of the many issues leading to this agreement.

COVID-19 RESPONSE

In the early stages of the emerging COVID-19 pandemic EBOS formed a Pandemic Response Team (PRT) consisting of the CEO and his direct reports. The PRT has the structures in place to rapidly identify and evaluate issues, the authority to make any decision needed to minimise the risks related to COVID-19 and provide guidance and support to our employees.

Following the advice and direction of the local health authorities relevant to our New Zealand and Australian locations, and with specific consideration to each individual operational site

CEO & Chair Report continued ...

and office, the PRT approved the implementation of a number of measures as the situation developed. These measures included the immediate introduction of strict travel restrictions for all employees, banning external visitors to EBOS offices, locking down all critical warehouse sites with only employees and essential contractors allowed on site, and the introduction of additional hygiene, social distancing, health monitoring and cleaning practices across all sites and offices.

Specific protocols were developed for the management of a confirmed case of COVID-19 at a site or office, and back-up plans were developed should a senior executive of EBOS be unable to work due to COVID-19. Regular and agile internal communications for all employees updating them on developments, issuing personal safety and protection messages and providing advice around mental health and wellbeing for both employees and their families were also implemented.

With the introduction of working from home (WFH) we ensured all those impacted had the resources and equipment required for their home office and we provided support to employees as to how to manage their daily working life at home as best as possible. Our IT team did an exceptional job in managing the WFH transition in a very short time. In New Zealand and Australia, many businesses, large and small, have been faced with very challenging decisions regarding their workforce. We are fortunate that we operate in sectors that have so far proven resilient and we have not been faced with difficult decisions regarding workforce reductions.

COMMUNITY

EBOS is committed to ensuring its behaviour and actions have a positive impact on the communities where it operates.

With the significant challenges facing New Zealand and Australia, EBOS has been active in supporting communities locally and abroad as they dealt with major crises. These challenges continue with the worldwide fight against COVID-19.

During the year, EBOS commenced two major projects that underpin our ongoing commitment to making a difference to our communities.

In June 2020, we received endorsement from Reconciliation Australia for our first Reconciliation Action Plan (RAP) as we seek to embed greater organisational understanding and awareness of Australia's First Peoples. This RAP represents the commencement of a journey for EBOS, as we seek to forge deeper connections with these communities through meaningful actions that contribute towards creating a reconciled Australia. We thank Reconciliation Australia for its support throughout this process and we look forward to implementing the initiatives outlined in our RAP over the next 12 months and beyond.

In 2020, EBOS also commenced an Environmental, Social and Governance (ESG) program. The ESG program will serve as a framework for responsible organisational practices that ensure EBOS maintains its social licence to operate. This program formalises many of the measures already in place enabling more structured activity that can be accurately reported on to ensure that we continue to meet our organisational objectives to be a responsible corporate leader.

These activities came on top of our ongoing commitment to support a variety of not-for-profit and community initiatives through our Match Funding program or through specific support for events such as the Australian bushfires.

OUR EMPLOYEES

As previously highlighted, our response to the COVID-19 pandemic has been extensive. While we remained fully committed to serving our customers as effectively as possible in the face of significant challenges, our primary objective throughout has been the wellbeing of our employees.

In our most recent Employee Engagement Survey, we were pleased to see strong results in the areas of pride in working for EBOS, safety in the workplace and care for the wellbeing of employees. This year we also asked for more specific feedback on the senior leadership team and the direction of the business with 78% (which is 17% above benchmark) of our employees having a high degree of confidence in the leadership and direction of EBOS. It is rewarding to have this endorsement in the direction we are taking.

The challenges of 2020 have brought out the very best in our employees, and the Board and executive could not be prouder of the unwavering commitment displayed in the face of exceptional circumstances and often restrictive conditions. Importantly, the work of our employees over the past 12 months has further highlighted the critical role we play as part of the healthcare systems in both New Zealand and Australia.

We know many of our employees showed great commitment through their hard work in our distribution centres away from family and friends, while others had to adjust to the unique challenges of working from home. To each and every one of them, we would like to convey our sincere appreciation for their amazing commitment and drive to get the job done and showcase the strength of this great organisation.

DIVIDEND

The Directors have announced a final dividend of NZ 40.0 cents per share, which takes the full-year dividends to NZ 77.5 cents per share, an increase of 8.4% on the prior year.

THE FUTURE

We are pleased with our record result in 2020 and, in line with our strategy, we will continue to look for investment opportunities that will contribute to our ongoing expansion.

While there will continue to be uncertainty in the world for some time, our robust business gives us confidence and appetite to continue to take sensible commercial risks. In many ways, the current environment will provide us with significant opportunities to grow both organically and by acquisition.

We look forward to the challenge and thank shareholders for their ongoing support and trust in the Board, executive and employees of EBOS.

John Cullity
CEO

Elizabeth Coutts
Chair

CHAIR PROFILE

Elizabeth Coutts was appointed as Chair of the Board on 16 October 2019 following the retirement of long-serving Chair and former EBOS Managing Director and Chief Executive Officer, Mark Waller.

Mrs Coutts is a highly experienced director who has been a member of the EBOS Board since July 2003 and is EBOS' first female Chair.

After growing up on a dairy farm in Matamata on New Zealand's North Island, Mrs Coutts has forged a standout professional career that included her being appointed as the CEO of Caxton Group at age 31, which had been one of New Zealand's largest privately owned companies.

In her time at Caxton Group, Mrs Coutts was responsible for leading the company's operations across global markets, including Australia, Asia and the US. Through her success in this role, Mrs Coutts was appointed to her first directorship with Trust Bank New Zealand at age 34.

Inspired by the experience and in the pursuit of greater diversity, Mrs Coutts turned her focus to becoming a professional director. Over more than two decades, she has held a variety of board positions across a diverse range of industries and sectors, including with leading organisations such as Air New Zealand, Ports of Auckland, Sport NZ and Oceania Healthcare Limited.

Mrs Coutts has a wealth of experience working in complex and challenging environments and understands how to navigate the breadth of circumstances and challenges that an organisation can encounter. She places a strong focus on risk management, relationships and finances and firmly believes that an organisation's success is underpinned by good people who are backed up by robust systems and processes.

In 2016, Mrs Coutts was recognised for her services to governance in the Queen's Birthday Honours when she was appointed as an Officer of the New Zealand Order of Merit.

Mrs Coutts is also a Chartered Fellow of Chartered Accountants Australia and New Zealand and a Chartered Fellow and immediate past President of the Institute of Directors.

EBOS GROUP OVERVIEW

Healthcare

Community Pharmacy

symbion
ProPharma
PWR PHARMACY WHOLESALERS RUSSELLS
TerryWhite Chemmart
GOOD PRICE PHARMACY WAREHOUSE
healthSAVE pharmacy
Pharmacy Choice
Discount Cincotta Chemist — Famous for value, famous for care.
minfos
DoseAid Medication Management Solutions
intellipharm

Institutional Healthcare

EBOS HEALTHCARE
symbion Hospital Services
HPS
Zest
onelink
CLINECT BRINGING GLOBAL LOCAL
Warner & Webster
Vital Medical Supplies
lmt

Contract Logistics

HEALTHCARE LOGISTICS | CLINICAL TRIALS

Consumer Products

Endeavour CONSUMER HEALTH
red seal
Faulding
GRAN'S REMEDY
Allersearch
nature's kiss Anti-Flamme
FLORADIX
Quitnits

Animal Care

Animal Care

masterpet never met a pet we didn't get
BlackHawk
vitapet
Lyppard Australia Pty Ltd
ANIMATES Everything for Pets
aristopet ANIMAL HEALTH

DISASTER RELIEF COVID-19

Like many businesses across Australia and New Zealand, EBOS felt the significant impacts of COVID-19. New challenges have emerged, bringing about changes to our daily lives, the ways in which we work and the demands placed upon us as we all work to overcome this global pandemic.

While this period has not been without its complexities, in many ways, EBOS can consider itself fortunate. EBOS' wholesale, distribution and retail healthcare businesses are essential services, playing an integral role in maintaining the continued supply of medicines and healthcare products to communities across Australia and New Zealand. This ensured our Healthcare business remained open and operational throughout the government-imposed shutdowns, continuing to support the health and wellbeing of the citizens across both countries. During March and April, Symbion, along with the other members of the National Pharmaceutical Services Association (NPSA), distributed more than 70 million PBS medicines across Australia. In March, the total number of medicines distributed were up by 70% when compared with the same time in the previous year.

However, throughout this crisis, we have never wavered in our commitment to our customers and the communities we serve. Our workforce of more than 3,700 employees has demonstrated strength and resilience in responding to these challenges to ensure that we continued to deliver the healthcare, animal care and consumer products that New Zealanders and Australians rely upon every day.

Importantly, we enacted plans and implemented measures focussed heavily on ensuring the health and safety of our employees during the pandemic, as detailed on the page opposite.

On the frontline of healthcare, our pharmacist partners were instrumental in the successful COVID-19 response across both Australia and New Zealand. Their resilience and commitment to the health of their communities cannot be overstated and they demonstrated an incredible ability to adapt to changing circumstances. Numerous examples of innovation have surfaced from across EBOS, including TWC pharmacists in the rural South Australian community of Naracoorte who provided a home delivery service for the elderly and raised money to purchase essential products for those unable to leave their homes.

COVID-19 HEALTH AND SAFETY

General

- the immediate introduction of strict travel restrictions for all employees;
- banning external visitors to all EBOS offices and critical warehouse sites;
- introduction of additional hygiene, health monitoring, social distancing, temperature checking and cleaning practices across all sites and offices;
- specific protocols were developed for each business unit for the management of a confirmed case of COVID-19 at a site or office;
- substitution plans were developed should a senior executive of EBOS be unable to work due to COVID-19;
- regular and agile internal communications for all employees updating them on related developments;
- regular reporting of suspected or confirmed cases to the Pandemic Response Team in relation to symptoms, medical assessment and testing;
- personal safety and protection messages and advice on mental health and wellbeing for both employees and their families were also implemented;
- free flu vaccinations available for all employees; and
- employee assistance program lines available 24/7.

Critical Sites and Distribution Centres

- locking down all critical warehouse sites with only employees and essential contractors allowed on site;
- Personal Protective Equipment (PPE) was issued to all employees;
- adjustment of shifts where possible to reduce the risk of cross-infection;
- all persons entering the site to comply with the health disclosure statement prior to entry;
- thermal cameras installed at specific sites to monitor body temperature of all personnel prior to entering the workplace;
- communications displayed on noticeboards and regular warehouse floor talks on personal hygiene, physical distancing and other safety measures;
- provision of disposable masks and hand sanitiser to use away from work; and
- poster campaign on 'Doing our bit to stop the spread'.

Working from Home (WFH)

- all employees provided resources and equipment required for their home office;
- support to employees on how to manage their daily working life at home;
- HR and IT team support to assist all employees in the WFH transition;
- support for managers through e-learn on managing Distributed Teams;
- mental health and wellbeing via online internal wellness portal; and
- engagement initiatives such as 'Activate August' a step challenge for all employees to participate in, a Resilience Project webinar, Pilates and mindfulness sessions.

Returning to Office

- risk assessment of all sites conducted prior to employees returning to the workplace;
- consultation with managers and teams on safe return to work plans for those returning to non-critical sites;
- information provided to employees on safety measures in regard to personal hygiene, physical distancing, health monitoring and working teams to minimise the risk of infection in office locations; and
- maintaining teams WFH where possible especially in high-risk areas.

DISASTER RELIEF
NEW ZEALAND VOLCANIC ERUPTION AND MEASLES OUTBREAK

In December 2019, the volcanic island Whakaari (White Island) off the coast of New Zealand erupted, tragically claiming the lives of 21 people and injuring 26 others.

As a key partner in the New Zealand healthcare supply chain, EBOS' hospital distribution business Onelink had a critical role to play in responding to the Whakaari eruption. Onelink services the main hospital where patients were admitted and worked in conjunction with local health authorities to provide emergency specialised burns dressings and theatre supplies required to treat the injured.

In an incredibly high-pressure situation, Onelink's teamwork, experience and commitment shone through, helping to support a coordinated response to care for the injured.

Just a few months prior to the Whakaari eruption, EBOS was called on to support a measles outbreak in New Zealand that also affected communities in Samoa.

In New Zealand, there were more than 2,000 confirmed cases during 2019, with EBOS playing a key role in assisting the NZ Ministry of Health with the supply of measles vaccinations to help combat the outbreak.

At the height of the outbreak in September and October, Healthcare Logistics and ProPharma processed more than 114,000 doses of the measles vaccine. In addition, our teams worked in conjunction with the National Crisis Centre to coordinate the daily supply of the vaccine to priority groups.

In Samoa, EBOS International helped quell the spread of measles by assisting in the delivery of ventilators to a local hospital and supported the medical laboratory at the Tupua Tamasese Meaole Hospital by expediting deliveries to the laboratory.

AUSTRALIAN BUSHFIRES

In late 2019 and through the first two months of this year, Australia was devastated by a major bushfire emergency that significantly impacted almost every state and territory. The fires burned a total of 18.6 million hectares, destroyed 3,500 homes and resulted in the tragic loss of at least 34 lives and an estimated one billion wildlife.

Throughout the crisis, EBOS played a critical role in supporting communities across Australia as they battled these fires. Our teams coordinated with federal, state and local authorities to provide vital medicines and emergency healthcare products to the worst impacted areas. We also donated supplies to people in need, including those caring for the large number of injured animals.

EBOS also provided significant financial assistance for recovery efforts in addition to donating products including hydration tablets, masks, eye drops, ice bricks, eskies and sanitation products for those in need. This financial aid included donations to BlazeAid, which focuses on replacing burnt fencing; injured wildlife care organisation WIRES; and support for independent pharmacies impacted by the fires. Further, TerryWhite Chemmart, together with its network partners and EBOS, made a significant donation to the Australian Red Cross Bushfire Appeal.

For our healthcare distribution businesses, road closures and constantly changing conditions presented significant challenges in delivering medicines into affected communities. In some cases, this required the redirection of distribution routes by more than 500 kilometres around the closures and staging of stock in refrigerated trailers to ensure deliveries could be made during the small windows when roads were open.

EBOS' Animal Care business also had a key role to play in ensuring the continued supply of products to support the care of wildlife injured in the bushfires. Working with support agencies, including the RSPCA and Animal Aid, EBOS coordinated the delivery of items such as food, veterinarian products, crates, bowls, beds and collars into fire-affected communities. In addition, EBOS donated more than $100,000 worth of goods to support animals and pet owners impacted by the fires.

The support EBOS was able to provide communities impacted by the fires would not have been possible without the dedication of our teams across Australia, who worked as one in response to ever changing conditions and challenges to support our customers during this time.

ENVIRONMENT, SOCIAL AND GOVERNANCE

As the largest healthcare and animal care company in New Zealand and Australia, EBOS acknowledges that we have significant responsibilities as a leading corporate citizen to manage our business in a manner that reflects the expectations of our communities.

In the 2019-20 financial year, EBOS, under the guidance of the Board and Executive Leadership Team, commenced the implementation of a formal Environmental, Social and Governance (ESG) program to set out the organisation's standards for responsible corporate practice and formalise the measures that will ensure we maintain our social licence to operate.

More so than at any time in the past, corporate organisations need to be acutely aware of the responsibilities they have to the community. Equally, there is a growing expectation that organisations will adopt a formal approach to delivering and managing these responsibilities.

EBOS already undertakes a wide variety of initiatives that fall within the ESG framework; however, the purpose of undertaking a formal, structured ESG program is to ensure all of this activity is consolidated and can be accurately reported on. This will help ensure our approach remains aligned to the objectives set out in the framework and that we continue to meet the expectations of our stakeholders in being responsible corporate citizens.

Under the ESG framework, the Board sets out three key areas of focus (opposite).

The ESG framework will be guided by an ESG Steering Committee, which will work to identify and assess our current performance across these areas and set out recommended targets that are measurable and achievable.

ENVIRONMENT

EBOS' performance as a steward of nature.

- Furthering our relationship with Greenfleet to offset EBOS' carbon footprint.
- Development of a Climate Statement.
  - > Increasing the use of renewable energy.
  - > Lowering our carbon footprint.
  - > Improving waste management.
  - > More efficient water usage.

SOCIAL

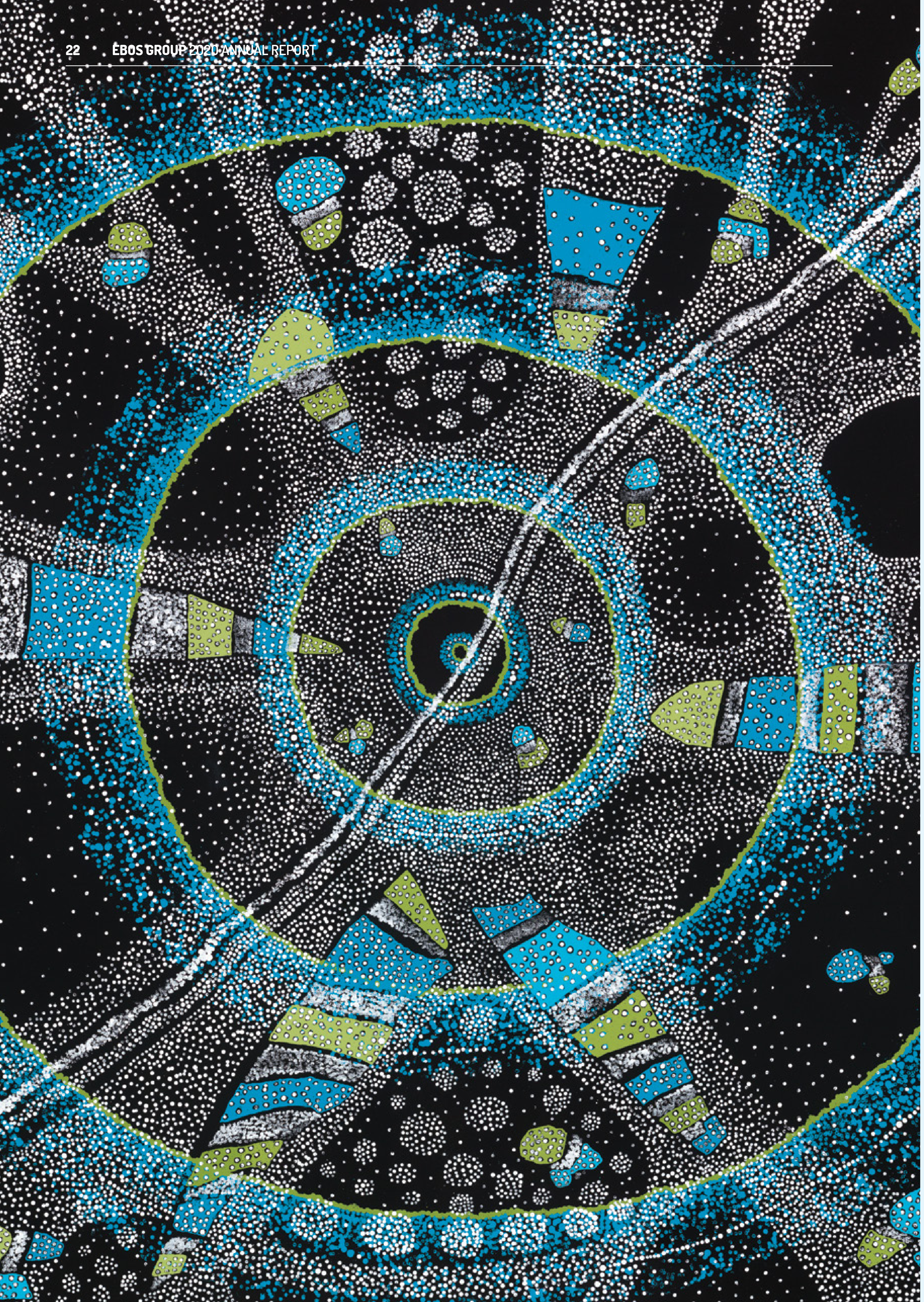
Manage relationships with stakeholders and the community.

- Promoting health and wellbeing among our employees.
- Furthering our commitment to gender equality and employee diversity.
- Fostering positive culture and engagement among our employees.
- Implementation of our Australian Reconciliation Action Plan (RAP).
- Supporting community and selected charitable causes.
- Growing customer relationships.

GOVERNANCE

How our company is governed.

- Executive and non-executive employee remuneration.
- Fostering diversity on the Board.
- Operating a profitable business.
- Responsible procurement strategies and processes.
- Maintaining adherence to modern slavery and ethical trade laws.
- Reporting integrity.
- Ensuring legal compliance.



EBOS LAUNCHES AUSTRALIAN RECONCILIATION ACTION PLAN

In 2020, EBOS was pleased to launch its first Reconciliation Action Plan (RAP) as part of our commitment to reconciliation between Aboriginal and Torres Strait Islander peoples and the broader Australian population.

For EBOS, reconciliation is a journey – one of understanding and embracing Aboriginal and Torres Strait Islander peoples and their cultures and forging deeper connections between Indigenous and non-Indigenous Australians.

In developing and implementing the RAP, EBOS consulted closely with Reconciliation Australia, to develop our own unique principles and vision for reconciliation. EBOS was also pleased to engage with former Australian Rules Football star and celebrated Indigenous artist Gavin Wanganeen to bring this vision to life through his colourful and deeply meaningful artwork.

Gavin's artwork, entitled *Shooting Star*, tells a unique story of looking down through the stars and the Milky Way to Country or home. In this instance, it is the view down to EBOS and a recognition of EBOS' work in the healthcare and animal care industries.

Beyond the artwork, EBOS has set out a clear vision for reconciliation, which is:

- To create a society that is fair, equal and just for all Australians, where relationships are strengthened between Aboriginal and Torres Strait Islanders and non-Indigenous peoples, for the benefit of all Australians.
- We seek to understand and embrace reconciliation at EBOS and develop a greater understanding of Aboriginal and Torres Strait Islander peoples and their cultures.

In line with this vision, EBOS has set out a series of key objectives for the RAP, which are to:

- Build organisational awareness of Aboriginal and Torres Strait Islander peoples, cultures, histories, knowledge, rights and achievements.
- Support career opportunities for Aboriginal and Torres Strait Islander peoples in our businesses.
- Build relationships with Aboriginal and Torres Strait Islander peoples, communities and organisations to support our reconciliation journey.
- Recognise dates of significance relating to Aboriginal and Torres Strait Islander peoples and participate and celebrate National Aboriginal and Islander Day Observance Committee (NAIDOC) Week to promote awareness of histories and communities.
- Establish and maintain a RAP Working Group to implement the initiatives outlined in our RAP.

EBOS is excited to commence this journey and has developed a clear plan to ensure reconciliation, cultural understanding and equality becomes more deeply embedded in our business as we work towards a more reconciled Australia.

***Shooting Star* by Gavin Wanganeen**

CHARITY AND COMMUNITY

Community is central to everything we do at EBOS – it is at the heart of our business and underlines the critical role we play in improving the health and wellbeing of people and animals across New Zealand and Australia.

As part of this, EBOS maintains a deep commitment to making a difference in the communities where we operate. Through various charitable initiatives and engagement with not-for-profits and local organisations, EBOS seeks to give back to the communities that continue to support us, every day. In 2019-20, EBOS supported 23 charities through the Match-Funding program and 28 charities in total. Some of the key highlights are detailed below.

BACKTRACK BOUNDS AHEAD ON MISSION TO HELP AUSSIE YOUTH

Since being founded in 2006, in Bernie Shakeshaft's shed in the regional New South Wales town of Armidale, BackTrack Youth Works has grown to become recognised as one of Australia's most successful support programs for disadvantaged youth.

Working with kids who are at a real risk of falling through the cracks of society, BackTrack aims to keep them alive, out of jail and enable them to chase their hopes and dreams. Under Bernie's leadership as founder and CEO, BackTrack has forged a new beginning for more than 1,000 young people. The program has achieved incredible success, with 87% of participants gaining either full-time employment or going on to engage in training and further education, while the juvenile crime rates in Armidale have dropped by 35%.

Since its early days, when the program involved at-risk youth in Armidale being given a dog to care for in order to instil in them principles of responsibility and a sense of purpose, BackTrack has grown significantly. The organisation has now expanded to offer programs in five regional towns across New South Wales that provide training, education and work experience designed to build confidence and develop real-world skills that translate to meaningful lives and long-term employment. In 2020, these efforts culminated in Bernie being named as Australia's Local Hero as part of the Australian of the Year Awards.

However, while the organisation has developed significantly, the core mission remains the same and the dogs are as important as ever.

Since 2014, Masterpet has been a proud supporter of BackTrack and is honoured to be part of the mission to help young Aussies who have lost their way in life through a shared love of dogs and the life changing benefits and unconditional love they provide. Masterpet continues to feed the 36-strong pack of BackTrack dogs with premium Black Hawk food at no cost and covers all the vet bills for their health checks.

"People that own dogs and whose lives are wrapped up around them understand what we do better than most," Bernie said.

"I think these kind of partnerships shine a strong and positive light on two organisations who are working hand in hand in Australia to provide solutions for young people who are doing it tough, while supporting wonderful working dogs in the process".

SUPPORTING MALPA FOR SIX YEARS

For thousands of years the Ngangkari – the traditional Aboriginal healers in Central Australia – have passed on their skills to young children. The idea of children being 'doctors' is deeply embedded in Indigenous culture and life. Now this idea is getting a new injection of life with the MALPA Young Doctors' project.

The project employs respected community members to teach both the traditional and contemporary ways of creating healthy communities. Grade four Aboriginal and non-Aboriginal students participate in the 15-week project where they are empowered to become health leaders to their younger peers and their community. This helps create stronger communities and even opens career pathways in health.

Since 2014, EBOS has provided over 1,400 health packs which are presented to students during the project graduation ceremonies. The packs include essential health items such as antiseptic creams, cotton buds, hand sanitiser, toothbrushes and toothpaste, tissues, bandaids, tweezers, fungal cream, eye drops, vitamins, sunscreen and other items.

"When the kids are handed the health packs at graduation they are just ecstatic", said Don Palmer, MALPA CEO.

"To be equipped with health supplies that they can take home to their families and communities is so valuable".

The MAPLA Young Doctors' project was founded to address the vast inequality in health between Aboriginal and non-Aboriginal Australians.

BUSINESS HIGHLIGHTS

Healthcare

The 2020 financial year was a period of strong growth for EBOS' Healthcare business. Highlights throughout the period included increased wholesale revenues, reignited growth of our TerryWhite Chemmart pharmacy network, EBOS' expansion into the medical device sector and further developments in our Healthcare Logistics and Institutional Healthcare businesses.

EBOS continues to build on our commitment to delivering leading healthcare solutions to communities across New Zealand and Australia. Our commitment is underpinned by a proven strategy of investing for growth, pursuing targeted acquisitions in core and adjacent markets, and disciplined capital management.

The year also saw the business face significant challenges, with COVID-19 stretching our Healthcare businesses to the limit. However, with the investments we have made in technology and infrastructure over the past decade, the business was able to not only withstand the added pressure, but also use the experience to improve on processes and to be more agile. Ultimately, we learned from gaps that may have appeared during the peak of the pandemic, which at times saw order volumes up 70% year on year. Looking ahead, we are confident that we can meet the needs of our customers, no matter the situation we face.

With the commencement of supply to the Chemist Warehouse pharmacy network in July 2019, EBOS recorded substantially higher sales volumes within our Australian Community Pharmacy wholesale business. This additional volume was integrated seamlessly within our business over the first six months of the financial year, ensuring we were well positioned to respond to the significant supply chain pressures created by the Australian bushfire crisis and COVID-19. In total, EBOS distributed more than 342 million medicines and healthcare products to customers across Australia and New Zealand in the year ended 30 June 2020.

EBOS CONTINUES TO BUILD ON OUR COMMITMENT TO DELIVERING LEADING HEALTHCARE SOLUTIONS TO COMMUNITIES ACROSS NEW ZEALAND AND AUSTRALIA.

June 2020 also marked a significant milestone for EBOS' wholesale distribution business, Symbion, with the completion of negotiations for the 7th Community Pharmacy Agreement (CPA). Symbion, together with members of the NPSA, was actively engaged in negotiations with the Department of Health and the Federal Health Minister in respect of a successful outcome. The new CPA, which runs until July 2025, provides EBOS' wholesale business with additional certainty due to a $92 million increase in Community Service Obligation (CSO) funding.

Throughout 2020, EBOS was integral in responding to significant early-season demand for flu vaccinations through our Healthcare Logistics, EBOS Healthcare and Symbion businesses. Working closely with health authorities in New Zealand and Australia, EBOS distributed nearly 4 million vaccine doses at the time of reporting, compared to 2.8 million in the 2019 season.

EXPANSION INTO ANZ'S MEDICAL DEVICE MARKET

During the 2020 financial year, EBOS announced a significant addition to the business with the acquisition of LMT ("Life. Movement. Technology.") and National Surgical, which marked EBOS' entry into the Australian and New Zealand medical devices sector.

The acquisition is an initial entry point for EBOS into the $8 billion sector and provides a strong platform for growth in a new pillar of our Healthcare portfolio.

Over the last 25 years, LMT and National Surgical have built a strong presence in Australia and New Zealand, providing products and services to the Orthopaedic, Spine, Neuro, ENT, Plastics and, most recently, the Sports Medicine community.

Medical device distribution presents a natural adjacency to EBOS' existing capabilities and offers strong economic fundamentals and promising organic growth rates. Consistent with our proven strategy, EBOS Devices will continue to grow its presence through further bolt-on acquisitions.

TERRYWHITE CHEMMART SURGES AHEAD

TerryWhite Chemmart (TWC) continued to build momentum as Australia's leading professional service pharmacy network during the 2020 financial year. EBOS delivered strong like-for-like sales growth at 4%, dispensary sales were up 6% and the network grew by a further 26 pharmacies during the period.

The continued focus on delivering a differentiated brand position and 'Real Chemistry' to Australian community pharmacy resulted in improvements in brand awareness and greater customer satisfaction. This has seen TWC voted as the #1 pharmacy for customer satisfaction by Roy Morgan in each month since November 2019.

The business also increased focus on digital health technology and innovation. New downloads of TWC's Health App increased by 246% and the introduction of a click-and-collect service through the app saw average weekly orders double in the space of a month. In June 2020, the company also launched an improved ecommerce solution, providing more convenience and strengthening the customer experience.

TWC established key partnerships during the period with Drive Yello and Qantas. The partnership with delivery provider Drive Yello boosted home delivery capacity across the TWC store network, while the major partnership with Qantas Frequent Flyer offers customers the ability to earn Qantas Points for purchases made across TWC's expansive network of community pharmacies.

In 2020, TWC also reinforced its position as the leading pharmacy provider of flu vaccinations, administering over 575,000 vaccinations. Central to the TWC brand proposition is a continuing commitment to industry leading pharmacist professional development, which saw 400 pharmacists attend the TWC Masterclass in-house event, supported further through full-year online development and resources.

BUSINESS HIGHLIGHTS

ENDEAVOUR CONSUMER HEALTH POSITIONS FOR GROWTH

This financial year focussed on product and brand development, providing the business with a springboard for future growth across New Zealand, Australian and Asian markets.

In response to consumer demand, Red Seal developed and launched its first range of whitening toothpastes. The brand continued to reinforce its presence in the Australian grocery market with the entry of this new product into Woolworths supermarkets in March 2020. The year also saw the ongoing success of the Red Seal Hot and Cold Brew tea range, with the cold brew, in particular, filling a growing market niche.

Supporting the brand's presence in Australian grocery, Red Seal partnered with the Moonlight Cinema to deliver a summer experiential campaign that included on site sampling competitions and partnerships with key influencers to drive customer engagement on social media.

In New Zealand, Red Seal launched the '*Incredible Inside*' marketing campaign underlining the brand's revamped ethos; 'When you put incredible in, you get incredible out'. The campaign was aired on New Zealand television and was supported by a strong online presence, including a website dedicated to providing health tips during COVID-19.

During the year, Red Seal also obtained certification from global sustainability program UTZ for certification of its range of teas. UTZ promotes sustainable farming practices of coffee, cocoa, tea and hazelnuts and is the largest program of its kind in the world, featuring on more than 10,000 product packages in over 116 countries. Red Seal aims to have at least 90% of its range of teas UTZ-certified by 2024.

EBOS also opened a new shared distribution centre and manufacturing plant in Auckland for Consumer Products, underlining our commitment to continuing to invest in our core operations.

The 10,000m^2 facility houses Red Seal toothpaste manufacturing operations and provides significant storage capacity for our Endeavour Consumer Health business. The site represents the consolidation of six separate New Zealand locations, enabling more streamlined stock management and increased delivery efficiencies for our customers. It is as a result of these investments that we continue to provide an exceptional level of service to our customers and keep up with demand, even under testing conditions.

EBOS also expanded its global footprint with the opening of a shared Endeavour Consumer Health and Animal Care office in Shanghai, China. This office will support both businesses' operations, servicing their growing customer bases and positioning EBOS well for increased scale and business development opportunities in the region.

DRIVING GROWTH IN ANIMAL CARE

EBOS' Animal Care business reinforced strong relationships in domestic and global consumer markets throughout the year, building upon our commitment to delivering trusted animal care products to pet owners across New Zealand, Australia and Asia.

The commencement of operations at Lyppard's new veterinary wholesale facility in Sydney, continued growth of Black Hawk in New Zealand and Australia, growth of Vitapet treats sales in grocery and an increase in Lyppard's market share were among the key highlights across the business during the past 12 months.

Investment in marketing activity has seen the Black Hawk brand continue to gain respect as a thought leader in the space of animal care and pet nutrition. Reinforcing the brand's mandate that '*Every Ingredient Matters*' was central to the brand's marketing activity through the 2020 financial year.

The brand enlisted Australian health and nutrition social figure, Luke Hines, to provide expert advice in conjunction with Black Hawk vet Dr Lee to help customers further understand the importance of a healthy diet based on real ingredients and the overall wellness of our animals. Black Hawk's new marketing campaign focussed on the emotional connection between pets and their owners. The beautifully shot television commercial resonated with consumers across Australia and New Zealand and was supported by a strong digital and social media presence.

The campaign was reinforced with community partnerships including Black Hawk sponsoring the Moonlight Cinema, the country's largest outdoor cinema experience, as well as the brand's longer term sponsorship activations at the Royal Melbourne and Sydney Easter Shows and the 4 Paws Marathon.

During the year, Black Hawk also launched its first wet cat food, offering cat owners Australian-made, grain-free options that feature top quality natural ingredients. The range includes six new products, covering all life stages including kitten, adult and mature cats, as well as a variety of meat protein options.

In August 2019, Black Hawk officially launched in Thailand as the brand continued its expansion into an increasing number of Asian consumer markets.

Lyppard's new 3,500m^2 facility in New South Wales commenced operations at the end of 2019. The new site provides the business with significantly increased scale compared to its former site and is ideally located in a strategic transport corridor. Under recent supply chain pressures, this helped ensure the continual supply of animal medicine to veterinarians across the state.

OUR BOARD

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1. ELIZABETH COUTTS, INDEPENDENT CHAIR

ONZM, BMS, FCA

Elizabeth Coutts was appointed to the EBOS Group Limited Board in July 2003. She is Chairman of the Remuneration Committee and a member of the Audit and Risk Committee. She is Chair of Ports of Auckland Ltd, Oceania Healthcare Ltd and Skellerup Holdings Limited and Director of EBOS Group subsidiaries in New Zealand and Member, Marsh New Zealand Advisory Board.

Elizabeth is a former Chairman of Meritec Group, Industrial Research, and Life Pharmacy Limited, former director of Air New Zealand Limited, the Health Funding Authority, Sanford Limited, the Yellow Group of Companies and Tennis Auckland Region Incorporated, former Deputy Chairman of Public Trust, former board member of Sport NZ, former member of the Pharmaceutical Management Agency (Pharmac), former Commissioner for both the Commerce and Earthquake Commissions, former external monetary policy adviser to the Governor of the Reserve Bank of New Zealand, immediate past President of the Institute of Directors Inc. and former Chief Executive of the Caxton Group of Companies.

2. NICK DOWLING, INDEPENDENT DIRECTOR

BCA (Hons); BA

Nick was appointed to the EBOS Group Limited Board in February 2020. Nick is currently the Chief Operating Officer at Balmoral Australia, a family office engaged in the tourism, wine, maritime services and investment sectors. Prior to Balmoral Australia, Mr Dowling was Managing Director and CEO, Australia and New Zealand and at New Hope Group Co. Ltd, a private Beijing based corporation engaged in agribusiness and food, real estate and infrastructure, chemicals, finance and investment. He has also held senior roles at UBS, Goldman Sachs, JP Morgan and Morgan Stanley. He currently sits on the Advisory Board of AEH Group and is a director of a number of Balmoral Australia companies.

3. STUART MCGREGOR

BCOM, LLB, MBA

Stuart McGregor was appointed to the EBOS Group Limited Board in July 2013. He is a member of the Audit and Risk Committee. Stuart was educated at the University of Melbourne and the London School of Business Administration, gaining degrees in Commerce and Law. He also completed a Master of Business Administration at the University of Melbourne.

Currently, Stuart is a director of Symbion Pty Ltd and other EBOS Group subsidiaries.

Over the last 30 years, Stuart has been Company Secretary of Carlton United Breweries, Managing Director of Cascade Brewery Company Limited in Tasmania and Managing Director of San Miguel Brewery Hong Kong Limited. In the public sector, he served as Chief of Staff to a Minister for Industry and Commerce in the Federal Government and as Chief Executive of the Tasmanian Government's Economic Development Agency. He was formerly a director of Primelife Limited and Donaco International Limited.

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4. STUART MCLAUCHLAN, INDEPENDENT DIRECTOR

Stuart was appointed to the EBOS Group Limited Board in July 2019. He is Chairman of the Audit and Risk Committee and a member of the Remuneration Committee. Stuart is a Chartered Fellow of the Institute of Directors and a past President. He is a Chartered Accountant, partner of GS McLauchlan & Co, and a Fellow of the Institute of Chartered Accountants Australia and New Zealand. He is currently chairman of Scott Technology Ltd, ADInstruments Ltd and UDC Finance Ltd. He is also a director of Argosy Properties Ltd as well as a number of private companies. He is also a governor of the New Zealand Sports Hall of Fame, and Member, Marsh New Zealand Advisory Board. He was formerly a director of Ngai Tahu Tourism Ltd.

5. SARAH OTTREY, INDEPENDENT DIRECTOR

BCOM

Sarah was appointed to the EBOS Group Limited Board in September 2006. She is a member of the Remuneration Committee. Sarah is Chair of Whitestone Cheese Limited and a director of Skyline Enterprises Limited and subsidiaries, Mount Cook Alpine Salmon Limited, Christchurch International Airport Ltd and Sarah Ottrey Marketing Limited. She is a past board member of the Public Trust and the Smiths City Group. Sarah has held senior marketing management positions with Unilever and Heineken.

6. PETER WILLIAMS

Peter Williams was appointed to the EBOS Group Limited Board in July 2013. Peter has been an executive of The Zuellig Group since 2000. Peter is a director of Pharma Industries Limited, Green Cross Health Limited and CB Norwood Pty Ltd. He is also a director of Cambert, a company marketing health and personal care products in South East Asia.

FINANCIAL SUMMARY

EBOS has delivered record revenue and earnings as well as an excellent operating cash flow result for the year.

Group revenue increased to $8.8 billion, up 26.5% on the prior year, benefiting from growth across all of EBOS' businesses. The increase in revenue for the year was primarily attributable to significantly higher sales volumes in our Community Pharmacy and Institutional Healthcare businesses.

While COVID-19 did cause a period of unprecedented demand during March 2020, the overall financial impact of the pandemic was broadly neutral for FY20.

During the year, EBOS continued to invest in both organic and inorganic growth opportunities with a total investment of $73.5 million for the year. This spend included a beachhead acquisition into the Australasian Medical Devices market and a new facility for our Consumer Products distribution and manufacturing operations in New Zealand.

Underlying Earnings Before Net Finance Costs, Tax, Depreciation and Amortisation (EBITDA) of $296.6 million grew by $34.9 million representing an increase of 13.4%. Reported EBITDA of $333.6 million was significantly higher than last year by $83.2 million, although this increase included a $39.6 million benefit from the introduction of the new accounting standard for leases.

Underlying Net Profit After Tax (NPAT) attributable to shareholders increased by 16.5% to $168.3 million. Reported NPAT increased by $24.8 million or 18.0% from that of the prior year to $162.5 million.

For clarity, the comparative results presented above are shown on both an underlying and reported (statutory) basis.

Underlying NPAT results exclude the negative impact of the new accounting standard for leases ($5.5 million), non-recurring costs incurred of $2.6 million (NPAT impact of $2.1 million) and the one-off tax benefit recognised during the year ($1.7 million).

HEALTHCARE

The Healthcare business reported a 27.4% increase in revenue above last year which contributed to a 14.8% increase in underlying EBITDA for the year.

In Australia, Healthcare revenue increased by $1.7 billion (+33.1%) and underlying EBITDA increased 19.6%, underpinned by the performance of our Community Pharmacy, Institutional Healthcare and Contract Logistics businesses.

New Zealand Healthcare revenue grew by 8.5%, however, underlying EBITDA was affected by cost increases in labour and freight and softer overseas demand for our consumer products impacted by regulatory changes in the daigou export channel.

ANIMAL CARE

The Animal Care business recorded an underlying EBITDA increase of 8.3% for the year, as the business continued its momentum of solid growth.

Animal Care revenue of $425.1 million, representing an increase of $43.1 million (+11.3%), was attributable to sales growth from our branded products businesses and higher sales volumes by our Australian veterinary wholesale business, Lyppard. Lyppard's sales growth was attributable to both customer growth and a full year's contribution from our recently acquired Therapon business.

The increase in sales of our key brands, Black Hawk, 12.3%, and Vitapet, 15.1%, during the year was achieved on the back of our continued investment in brand awareness across both Australia and New Zealand.

OPERATING CASH FLOW, NET DEBT AND RETURN ON CAPITAL EMPLOYED

EBOS has reported operating cash flows before capital expenditure of $229.2 million. This cash result reflects EBOS' increased earnings for the period, while maintaining an ongoing focus and commitment to industry leading working capital management.

Net capital expenditure for the year of $28.9 million included the development of a new Consumer Products distribution and manufacturing facility in Auckland and continued investment across EBOS' warehouse operations. This new manufacturing facility will allow for further capacity of the manufacture of Red Seal toothpaste to supply both domestic and international sales channels.

In March 2020, EBOS successfully extended the maturity tenor of approximately $200 million of term debt facilities for a further three years. At the same time, EBOS also increased the facility limit of the extended facility to $250 million, allowing for further funding capacity as we continue to seek investment opportunities as part of our growth strategy.

Return on Capital Employed (ROCE) of 17.1% (+1.2%) and a net debt to EBITDA ratio of 1.11x (down 0.30x), excluding the impact of the new lease accounting standard, represented a strong improvement on June 2019. The improvement in these key ratios is reflective of both the strong earnings growth and excellent operating cash flows generated for the year.

ACQUISITION

During the year, EBOS acquired the LMT/National Surgical Group for $34.0 million. This acquisition represented a beachhead investment into the $8 billion Australia and New Zealand medical devices sector.

DIVIDENDS

The Directors are pleased to announce a final FY20 dividend of NZ 40.0 cents per share which equates to a full-year dividend of NZ 77.5 cents per share, an increase of 8.4% on the prior year.

The record date for the final dividend is 25 September 2020 and the dividend will be paid on 9 October 2020. The final dividend will again be imputed to 25% for New Zealand tax resident shareholders and will be fully franked for Australian tax resident shareholders. The Board confirms that the Dividend Reinvestment Plan (DRP) will be operational for the final dividend, and shareholders can elect to take shares in lieu of a dividend at a discount of 2.5% to the volume weighted average price (VWAP).

FINANCIAL REPORT

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KEY

Key judgements and other judgements made

Subsequent event

Risks

Accounting policy

Explanatory note

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of EBOS Group Limited are pleased to present to shareholders the financial statements for EBOS Group Limited and its controlled entities (together the 'Group') for the year to 30 June 2020.

The Directors are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Group as at 30 June 2020 and the results of their operations and cash flows for the year ended on that date.

The Directors consider the financial statements of the Group have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting 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 Financial Markets Conduct Act 2013.

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

The financial statements are signed on behalf of the Board by:

Elizabeth Coutts
Chair

Stuart McLauchlan
Director

19 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

Deloitte.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion	We have audited the consolidated financial statements of EBOS Group Limited and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 30 June 2020, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, the accompanying consolidated financial statements, on pages 40 to 90, present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2020, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').
Basis for Opinion	We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm carries out other assignments for the Group in the area of taxation compliance services. These services have not impaired our independence as auditor of the Group. In addition to this, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. The firm has no other relationship with, or interest in, the Group.
Audit Materiality	We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Group financial statements as a whole to be AUD $11.5m.
Key Audit Matters	Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Goodwill and Indefinite Life Intangible Asset Impairment Assessment	
The Group has $970m of goodwill and $123m of indefinite life intangible assets, including brands of $95m, on the balance sheet at 30 June 2020 as detailed in note B1 to the financial statements. The carrying values of goodwill and indefinite life intangible assets are dependent on the future cash flows expected to be generated by the underlying businesses, and there is a risk if these cash flows do not meet the Group's expectations that the assets may be impaired. The Group tests goodwill and indefinite life intangible assets at least annually by determining the recoverable amount (the higher of value-in-use or fair value less costs to sell) of the individual assets where possible, or otherwise the cash generating units to which the assets belong and comparing the recoverable amounts of the assets to their carrying values. The impairment assessment models prepared by the Group contain a number of significant assumptions. Changes in these assumptions might lead to a change in the carrying value of indefinite life intangible assets and goodwill. The Group has assessed the recoverable amount of brands based on fair value using the relief from royalty method. The key assumptions applied in the above models are: • Annual revenue and expense growth rates for the 5 year forecast period; • pre-tax discount rates; • royalty rates; and • terminal growth rates. The Group has assessed the recoverable amount of each cash generating unit ("CGU") or group of CGU's to which goodwill has been allocated based on value-in-use models. The key assumptions applied in the value-in-use models are: • Annual revenue and expense growth rates for the 5 year forecast period; • pre-tax discount rates; and • terminal growth rates. We have included the impairment assessments of goodwill and indefinite life intangible assets as a key audit matter due to the significance of the balances to the financial statements and the level of judgement applied by the Group in determining the key assumptions used to determine the recoverable amounts.	We considered whether the Group's methodology for assessing impairment is compliant with NZ IAS 36: *Impairment of Assets*. We focussed on testing and challenging the suitability of the models and reasonableness of the assumptions used by the Group in conducting their impairment reviews. Our procedures included: • Agreeing a sample of future cash flows to Board approved forecasts; • Challenging the reliability of the Group's revenue and expense growth rates by comparing the forecasts underlying the growth rates to historical forecasts and actual results of the underlying businesses (where applicable). This also included consideration of the impact of COVID-19 on both forecast revenue and profitability of the CGU's; and • Assessing the reasonableness of key assumptions and changes to them from previous years. We used our internal valuation specialists to assist with evaluating the models and challenging the Group's key assumptions. The procedures of the specialist included: • Evaluating the appropriateness of the valuation methodology; • Testing the mathematical integrity of the models; • Evaluating the Group's determination of the pre-tax discount rates and royalty rates used in the models through consideration of the relevant risk factors for each CGU, the cost of capital for the Group, and market data on comparable businesses; and • Comparing the terminal growth rates to market data for the industry sectors. We evaluated the sensitivity analysis performed by management to consider the extent to which a change in one or more of the key assumptions could give rise to impairment in the goodwill and indefinite life intangible assets.

Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit 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.

Our responsibility is to read the other information and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

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

This description forms part of our auditor's report.

Restriction on use

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's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Mike Hawken, Partner
For Deloitte Limited
Christchurch, New Zealand

19 August 2020

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FINANCIAL STATEMENTS

Consolidated Income Statement

The Consolidated Income Statement presents income earned and expenditure incurred by the Group during the financial year in determining profit.

For the financial year ended 30 June 2020	Notes	2020 A$'000	2019 A$'000
Revenue	A1(a)	8,765,540	6,930,360
Income from associates	F2	3,355	4,203
Profit before depreciation, amortisation, net finance costs and tax expense (EBITDA)		333,599	250,410
Depreciation	A1(b)	(56,870)	(16,438)
Amortisation	A1(b)	(16,276)	(15,623)
Profit before net finance costs and tax expense		260,453	218,349
Finance income		1,387	1,927
Finance costs – borrowings		(23,657)	(27,261)
Finance costs – leases	H6	(8,126)	-
Profit before tax expense		230,057	193,015
Tax expense	A3	(68,541)	(56,288)
Profit for the year		161,516	136,727
Profit for the year attributable to:			
Owners of the Company		162,518	137,700
Non-controlling interests		(1,002)	(973)
		161,516	136,727
Earnings per share:			
Basic (cents per share)	A4	100.6	89.8
Diluted (cents per share)	A4	100.6	89.8

NOTES TO THE FINANCIAL STATEMENTS ARE INCLUDED ON PAGES 46 TO 90.

Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income presents profit for the year, plus gains and losses that are not recognised in the Consolidated Income Statement and instead are required to be taken directly to reserves within equity.

For the financial year ended 30 June 2020	2020 A$'000	2019 A$'000
Profit for the year	161,516	136,727
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge (losses)	(2,414)	(9,432)
Related income tax	766	2,784
Movement in foreign currency translation reserve	(7,378)	12,013
	(9,026)	5,365
Items that will not be reclassified subsequently to profit or loss:		
Movement on equity instruments fair valued through other comprehensive income	926	370
Total comprehensive income net of tax	153,416	142,462
Total comprehensive income for the year is attributable to:		
Owners of the Company	154,418	143,435
Non-controlling interests	(1,002)	(973)
	153,416	142,462

NOTES TO THE FINANCIAL STATEMENTS ARE INCLUDED ON PAGES 46 TO 90.

Consolidated Balance Sheet

The Consolidated Balance Sheet presents a summary of the Group's assets, liabilities and equity at the end of the financial year.

As at 30 June 2020	Notes	2020 A$'000	2019 A$'000
Current assets			
Cash and cash equivalents		244,778	166,620
Trade and other receivables	C1	1,022,587	897,796
Prepayments		12,484	9,603
Inventories	C2	737,699	723,517
Current tax refundable		2,177	83
Other financial assets – derivatives	G2	109	611
Total current assets		2,019,834	1,798,230
Non-current assets			
Property, plant and equipment	D1	173,704	174,463
Capital work in progress	D2	5,783	6,508
Prepayments		327	650
Deferred tax assets	A3(b)	131,039	54,348
Goodwill	B1(a)	969,623	947,055
Indefinite life intangibles	B1(b)	122,500	123,582
Finite life intangibles	B1(d)	43,792	46,569
Right of use assets	H6	222,931	-
Investment in associates	F2	46,679	41,074
Other financial assets		10,578	9,733
Total non-current assets		1,726,956	1,403,982
Total assets		3,746,790	3,202,212
Current liabilities			
Trade and other payables	C3	1,413,914	1,288,319
Bank loans	E3	246,921	168,307
Lease liabilities	H6	33,846	-
Current tax payable		17,505	12,883
Employee benefits		42,774	40,805
Other financial liabilities – derivatives	G2	12,629	10,717
Total current liabilities		1,767,589	1,521,031

Consolidated Balance Sheet continued

As at 30 June 2020	Notes	2020 A$'000	2019 A$'000
Non-current liabilities			
Bank loans	E3	324,916	364,038
Lease liabilities	H6	203,300	-
Trade and other payables	C3	3,988	13,941
Deferred tax liabilities	A3(b)	128,825	57,330
Employee benefits		7,298	6,612
Total non-current liabilities		668,327	441,921
Total liabilities		2,435,916	1,962,952
Net assets		1,310,874	1,239,260
Equity			
Share capital	E1	961,486	931,811
Share-based payments reserve		6,601	3,937
Foreign currency translation reserve		(18,170)	(10,792)
Retained earnings		372,012	323,635
Equity instrument fair valued through other comprehensive income		(128)	(1,054)
Cash flow hedge reserve		(6,854)	(5,206)
Equity attributable to owners of the Company		1,314,947	1,242,331
Non-controlling interests		(4,073)	(3,071)
Total equity		1,310,874	1,239,260

Consolidated Statement of Changes in Equity

The Consolidated Statement of Changes in Equity presents the components of capital and reserves of the Group and explains the movements in each component during the financial year.

For the financial year ended June 2020	Notes	Share capital A$'000	Share-based payments A$'000	Foreign currency translation reserve A$'000	Retained earnings A$'000	Equity instruments fair valued through other comprehensive income reserve A$'000	Cash flow hedge reserve A$'000	Non-controlling interests A$'000	Total A$'000
Balance at 1 July 2018		763,636	2,144	(22,805)	308,499	(1,424)	1,442	21,352	1,072,844
Profit for the year		-	-	-	137,700	-	-	(973)	136,727
Other comprehensive income for the year, net of tax		-	-	12,013	-	370	(6,648)	-	5,735
Payment of dividends	E2	-	-	-	(99,336)	-	-	-	(99,336)
Share-based payments		-	1,793	-	-	-	-	-	1,793
Dividends reinvested	E1	5,719	-	-	-	-	-	-	5,719
Institutional placement	E1	165,493	-	-	-	-	-	-	165,493
Share issue costs	E1	(3,037)	-	-	-	-	-	-	(3,037)
Arising on acquisition of remaining non-controlling interest	B2	-	-	-	-	-	-	(46,678)	(46,678)
Transfer of non-controlling interest		-	-	-	(23,228)	-	-	23,228	-
Balance at 30 June 2019		931,811	3,937	(10,792)	323,635	(1,054)	(5,206)	(3,071)	1,239,260
Balance at 1 July 2019		931,811	3,937	(10,792)	323,635	(1,054)	(5,206)	(3,071)	1,239,260
Profit for the year		-	-	-	162,518	-	-	(1,002)	161,516
Other comprehensive income for the year, net of tax		-	-	(7,378)	-	926	(1,648)	-	(8,100)
Payment of dividends	E2	-	-	-	(114,141)	-	-	-	(114,141)
Share-based payments		-	2,664	-	-	-	-	-	2,664
Dividends reinvested	E1	23,032	-	-	-	-	-	-	23,032
Employee LTI shares exercised	E1	6,353	-	-	-	-	-	-	6,353
Employee share plan shares issued	E1	358	-	-	-	-	-	-	358
Employee share issue costs	E1	(68)	-	-	-	-	-	-	(68)
Balance at 30 June 2020		961,486	6,601	(18,170)	372,012	(128)	(6,854)	(4,073)	1,310,874

NOTES TO THE FINANCIAL STATEMENTS ARE INCLUDED ON PAGES 46 TO 90.

Consolidated Cash Flow Statement

The Consolidated Cash Flow Statement presents the cash generated and used by the Group during the financial year.

For the financial year ended 30 June 2020	Notes	2020 A$'000	2019 A$'000
Cash flows from operating activities			
Receipts from sale of goods and services		8,725,652	7,032,507
Interest received		1,387	1,927
Dividends received from associates	F2	630	1,394
Payments for purchase of goods and services		(8,397,655)	(6,834,753)
Taxes paid		(69,037)	(55,271)
Interest paid		(31,785)	(27,261)
Net cash inflow from operating activities	E5	229,192	118,543
Cash flows from investing activities			
Sale of property, plant and equipment		369	7,703
Purchase of property, plant and equipment		(18,310)	(27,239)
Payments for capital work in progress		(5,918)	(5,735)
Payments for intangible assets		(5,053)	(1,227)
Investment in associates		(3,694)	-
Acquisition of subsidiaries	B2	(40,868)	(93,445)
Investment in other financial assets		143	(110)
Net cash (outflow) from investing activities		(73,331)	(120,053)
Cash flows from financing activities			
Proceeds from issue of shares	E1	29,675	168,175
Proceeds from borrowings	E5	40,630	23,077
Repayment of borrowings	E5	(1,236)	(74,955)
Repayment of lease liabilities	H6	(31,957)	-
Dividends paid to equity holders of parent		(111,834)	(99,932)
Net cash (outflow)/inflow from financing activities		(74,722)	16,365
Net increase in cash held		81,139	14,855
Effect of exchange rate fluctuations on cash held		(2,981)	1,896
Net cash and cash equivalents at the beginning of the year		166,620	149,869
Net cash and cash equivalents at the end of the year		244,778	166,620

NOTES TO THE FINANCIAL STATEMENTS ARE INCLUDED ON PAGES 46 TO 90.

Notes to the consolidated financial statements

For the financial year ended 30 June 2020.

INTRODUCING THIS REPORT

The notes to the financial statements include information that is considered relevant and material to assist the reader in the understanding of the financial performance and financial position of EBOS Group Limited and its controlled entities (together 'the Group' or 'EBOS').

Information is considered relevant and material if:

- the amount is significant because of its size and nature;
- it is important to assist the readers understanding of the results of EBOS;
- it helps to explain to the reader the changes in the business and/or operations of EBOS; or
- it relates to an aspect of operations that is important to the future performance of EBOS.

EBOS Group Limited ('the Company') is a profit-oriented company incorporated in New Zealand, registered under the Companies Act 1993 and dual listed on both the New Zealand Stock Exchange and the Australian Securities Exchange.

Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice ('GAAP'). They comply with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable reporting standards as appropriate for profit oriented entities.

The financial statements comply with International Financial Reporting Standards ('IFRS').

EBOS is a Tier 1 for-profit entity in terms of the New Zealand External Reporting Board Standard A1.

The Company is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013, and its financial statements comply with this Act.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair value of the consideration given in exchange for assets.

The information is presented in thousands of Australian dollars, unless otherwise stated.

Critical accounting estimates and judgements

In the process of applying the Group's accounting policies and the application of accounting standards, EBOS has made a number of judgements and estimates. The estimates and underlying assumptions are based on historic experience and various other factors that are considered to be appropriate under the circumstances.

Therefore, there is an inherent risk that actual results may subsequently differ from the estimates made.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates that are considered material to understanding the performance of EBOS are found in the relevant notes to the financial statements. Key judgements have been made in regards to assumptions that support the impairment assessment for goodwill and indefinite life intangibles (note B1) and the identification and valuation of intangibles recognised on acquisitions (note B2).

INTRODUCING THIS REPORT CONTINUED

Basis of consolidation

The Group's financial statements comprise the financial statements of EBOS Group Limited, the parent company, combined with all the entities that comprise the Group, being its subsidiaries (listed in note F1) and its share of associate investments (listed in note F2). The financial statements of the members of the Group, including associates, are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are consolidated on the date on which control is obtained to the date on which control is lost.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances are eliminated on consolidation.

Adopting of new and revised standards and interpretations

In the current year, the Group adopted all mandatory new and amended standards and interpretations.

During the period, NZ IFRS 16 Leases (*NZ IFRS 16*) has been adopted. A summary of the effect of the change in accounting policy and disclosures resulting from the application of the new standard is described below.

NZ IFRS 16 Leases

In the current year, the Group has applied NZ IFRS 16 Leases, effective 1 July 2019. NZ IFRS 16 (replaces NZ IAS 17 'Leases') sets out the principles for the recognition, measurement, presentation and disclosure of leases. It requires lessees to account for all leases under a single on balance sheet model, similar to accounting for finance leases under NZ IAS 17.

The adoption of NZ IFRS 16 results in the Group recognising a right of use (ROU) asset and corresponding liability for all leases with a term of more than 12 months, excluding low value assets. Operating lease expense is replaced by depreciation expense on the ROU assets and interest expense on the lease liabilities as they amortise.

The Group applied NZ IFRS 16 on 1 July 2019 using the modified retrospective (full simplified) transition method. At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the incremental borrowing rate (IBR) as at 1 July 2019. ROU assets are measured equal to lease liabilities, adjusted for initial direct costs incurred when entering into the leases, less any incentives received on commencement date. Comparative periods were not restated.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Consolidated Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

INTRODUCING THIS REPORT CONTINUED

Adopting of new and revised standards and interpretations continued

The Group remeasures the lease liability (and makes a corresponding adjustment to the related ROU asset) whenever:

- the lease term has changed or if there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day less any lease incentives receivable and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located and restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and a corresponding amount added to the ROU asset.

ROU assets are depreciated over the shorter period of either the lease term or the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Group expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The ROU assets are presented as a separate line in the Consolidated Balance Sheet.

The Group applies NZ IAS 36 *Impairment of Assets* to determine whether a ROU asset is impaired and accounts for any identified impairment loss under this standard.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'operating lease rental expenses' in the Consolidated Income Statement.

As a practical expedient, NZ IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease associated non-lease components as a single arrangement.

The expense that would previously be recorded as an operating lease expense moved from being included in operating expenses, to depreciation and finance expense from 1 July 2019.

The impact on net earnings before income tax of an individual lease over its term remains the same, however, the new standard results in a higher expense in early years, and lower in later years of a lease as compared to the straight line expense profile of an operating lease under NZ IAS 17.

IBR is the rate of interest that a lessee would have to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar environment. The IBR was determined based on the interest rate on the external borrowing facilities available to the Group adjusted for the weighted average lease term.

The weighted average IBR applied to lease liabilities on 1 July 2019 was 3.41%.

INTRODUCING THIS REPORT CONTINUED

Adopting of new and revised standards and interpretations continued

The aggregate lease liability and ROU asset recognised in the consolidated statement of financial position as at 1 July 2019 and the Group's operating lease commitment at 30 June 2019 can be reconciled as follows:

Lease liability recognised on transition	**A$'000**
Future minimum lease payments under non-cancellable operating leases as at 30 June 2019	193,402
Future lease payments on renewal options that are reasonably certain	93,756
Effect of discounting	(41,537)
Lease liability as at 1 July 2019	**245,621**

Right of Use Asset recognised on transition	**A$'000**
Land and buildings	225,624
Office, Plant and equipment	8,576
Motor Vehicles	2,746
Right of Use Assets as at 1 July 2019	**236,946**

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- leases with a term of less than 12 months have been considered short-term leases;
- leases with a remaining term of 12 months or less from the date of application have been accounted for as short term leases even though the initial term of the leases from lease commencement date may have been more than 12 months; and
- a lessee may use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Foreign currency

Functional currency

The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which that entity operates ('the functional currency').

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the Consolidated Income Statement for the period.

Foreign operations

On consolidation, the assets and liabilities of EBOS' overseas operations are translated at the exchange rate at the reporting date. Income and expense items are translated at the average rates for the period. Exchange differences arising are recognised in the foreign currency translation reserve (in equity), and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the reporting date.

Other Accounting Policies

Other accounting policies that are relevant to the readers understanding of the financial statements are included throughout the following notes to the financial statements.

SECTION A: EBOS PERFORMANCE

Section Overview

This section explains the financial performance of EBOS by:

a) displaying additional information about individual items in the Consolidated Income Statement;

b) presenting further analysis of EBOS' operating segments by revenue and expenses; and

c) providing an analysis of the components of EBOS' tax balances for the year and the current imputation credit account balance.

A1. Revenue and expenses

(a) Revenue

Revenue consisted of the following items:

	2020 A$'000	2019 A$'000
Community Pharmacy	5,090,153	3,704,123
Institutional Healthcare	2,565,111	2,292,697
Contract Logistics Services	74,107	63,012
Contract Logistics Sales	638,149	454,987
Consumer Products	115,438	113,931
Interdivisional eliminations	(142,530)	(80,434)
Healthcare	8,340,428	6,548,316
Animal Care	425,112	382,044
	8,765,540	6,930,360

Recognition and measurement

Community Pharmacy and Institutional Healthcare

Revenue is derived from the supply of human healthcare products to pharmacies, hospitals and other healthcare providers in Australia and New Zealand, in accordance with agreed terms with the customer. Following delivery of the goods, the customer obtains control as it has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of loss in relation to the goods.

A receivable is recognised by the Group when it passes control of the goods, which is when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is made.

The transaction price may be adjusted for customers who pay their account in full, earlier than what standard credit terms would require, or for incremental costs incurred in obtaining a sales contract which are recognised over the contractual period. Under the Group's standard terms with customers, product returns, refunds and provision for warranties are in accordance with local requirements. Accumulated experience has been used to determine that such returns are not significant.

A1. Revenue and expenses continued

(a) Revenue continued

Recognition and measurement

Contract Logistics

Sales: Sales consist of the sale of human healthcare products to a wide range of healthcare customers (wholesalers, pharmacies and medical centres), in accordance with agreed terms with the customer.

A receivable is recognised by the Group when it passes control of the goods which is when the goods are confirmed to be on sold by the customer, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is made.

Under our standard terms with customers product returns, refunds and provision for warranties provided are in accordance with local requirements. Accumulated experience has been used to determine that such returns are not significant.

Service fees: Revenue is derived from the provision of logistics services for a fee to overseas based healthcare manufacturers for their operating activities in Australia and New Zealand. Service fees are typically charged for storage of manufacturer's inventory holdings and pick, pack and delivery services provided over a period of time, typically on a monthly basis, as specified within contractual rates agreed with the manufacturer.

The performance obligation is satisfied either at a point in time or over time, as applicable, at which point the right to consideration becomes unconditional, as only the passage of time is required before payment is made.

Consumer Products

Revenue is derived from the supply of agency products and EBOS' own branded human healthcare products, such as Red Seal, Grans Remedy, Faulding, Natures Kiss and Quitnits, to pharmacies and supermarkets in Australia and New Zealand and overseas distributors for export markets. Following delivery of the goods, the customer obtains control as it has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of loss in relation to the goods.

A receivable is recognised by the Group when it passes control which is when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is made.

The transaction price may be adjusted for customers who pay their account in full, earlier than what standard credit terms would require. Under the Group's standard terms with customers product returns, refunds and provision for warranties are in accordance with local requirements. Accumulated experience has been used to determine that such returns are not significant.

Animal Care

Revenue is derived from the supply of animal care products to pet retail and vet clinics across Australia and New Zealand. Upon delivery of the goods, the customer assumes full control as it has complete discretion over the manner of distribution and pricing of goods, has the primary responsibility when on-selling the goods and bears the risks of loss in relation to the goods.

A receivable is recognised by the Group when it passes control of the goods, which is when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is made.

Under the Group's standard terms with customers product returns, refunds and provision for warranties are in accordance with local requirements. Accumulated experience has been used to determine that such returns are not significant.

A1. Revenue and expenses continued

(b) Expenses

Profit before tax expense has been arrived at after charging the following expenses by nature:

	2020 A$'000	2019 A$'000
One-off items [1]	(2,600)	(11,212)
Cost of sales	(7,843,282)	(6,121,500)
Writedown of inventory	(4,450)	(2,570)
Impairment (loss)/gain on trade and other receivables	(1,095)	341
Depreciation of property, plant and equipment	(19,523)	(16,438)
Depreciation on right of use assets	(37,347)	-
Amortisation of finite life intangibles	(16,276)	(15,623)
Operating lease and rental expenses	(5,091)	(42,796)
Donations	(419)	(210)
Employee benefit expense	(302,535)	(283,024)
Defined contribution plan expense	(17,222)	(15,985)
Other expenses	(258,602)	(207,197)
Total expenses	(8,508,442)	(6,716,214)

[1] 2020: One-off items comprise merger and acquisition costs incurred. 2019: One-off items comprise merger and acquisition, warehouse transition and restructuring costs incurred, $14.1m, net of a gain on the sale of excess land held, $2.9m, during the year.

Recognition and measurement

Impairment
EBOS reviews the recoverable amount of its tangible and intangible assets, including goodwill, at each balance date. If the carrying value of an asset exceeds the recoverable amount, an impairment expense is recognised in the income statement.

Tangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of future cash flows expected to be generated by the asset (value in use).

Depreciation and amortisation
Depreciation is provided for on a straight line basis on all property, plant and equipment other than freehold land, at depreciation rates calculated to allocate the assets' cost less estimated residual value, over their estimated useful lives. Refer to note D1 for the useful lives used in the calculation of depreciation.

Amortisation is charged on a straight line basis over the estimated useful life of finite life intangibles. Refer to note B1(d) for the useful lives used in the calculation of amortisation.

Operating lease expenses
EBOS leases certain land, buildings, plant and equipment. Operating leases are where the lessor rather than EBOS has effectively retained the substantial risk and benefit of ownership of a leased item. Operating lease payments are included in the determination of profit or loss in equal instalments over the period of the lease. Lease incentives received are recognised on a straight line basis over the lease period. From 1 July 2019, this policy only applies to short term and low value leases.

A1. Revenue and expenses continued

(b) Expenses continued

Employee expenses
Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and employee incentives for services rendered. Provisions are recognised when it is probable they will be settled and can be measured reliably. They are carried at the remuneration rate expected to apply at the time of settlement and discounted to the present value of the expected payment to the employee at balance date.

Net finance costs
Finance costs include bank interest and amortisation of costs incurred in connection with borrowing facilities. Finance costs are expensed immediately as incurred, using the effective interest method, unless they relate to acquisition and development of qualifying assets, in which case they are capitalised.

Interest income is recognised on a time-proportionate basis using the effective interest method.

A2. Segment information

(a) Reportable segments

EBOS GROUP LIMITED

Healthcare Segment
Sale of healthcare products in a range of sectors, own brands, retail healthcare, pharmacy services and wholesale activities.

Animal Care Segment
Sale of animal care products in a range of sectors, own brands, retail and wholesale activities.

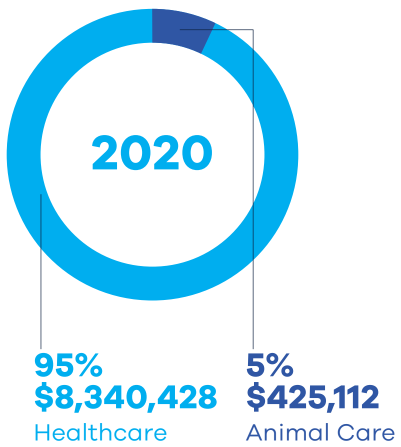
Corporate Segment
Includes net funding costs and central administration expenses that have not been allocated to the Healthcare or Animal Care segments.

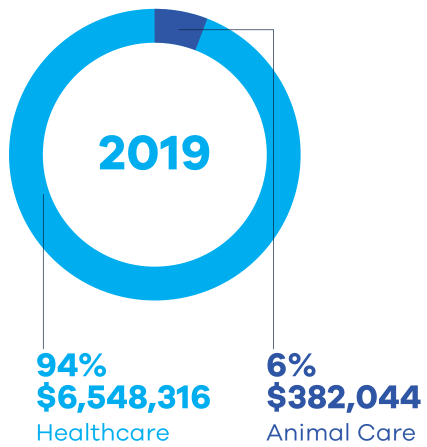
EBOS' major products and services are the same as the reportable segments, i.e. Healthcare and Animal Care, with no major products and services allocated to corporate.

(b) Segment revenues and results

The following is an analysis of EBOS' revenue and results by reportable segment:

Revenue from external customers (A$'000)

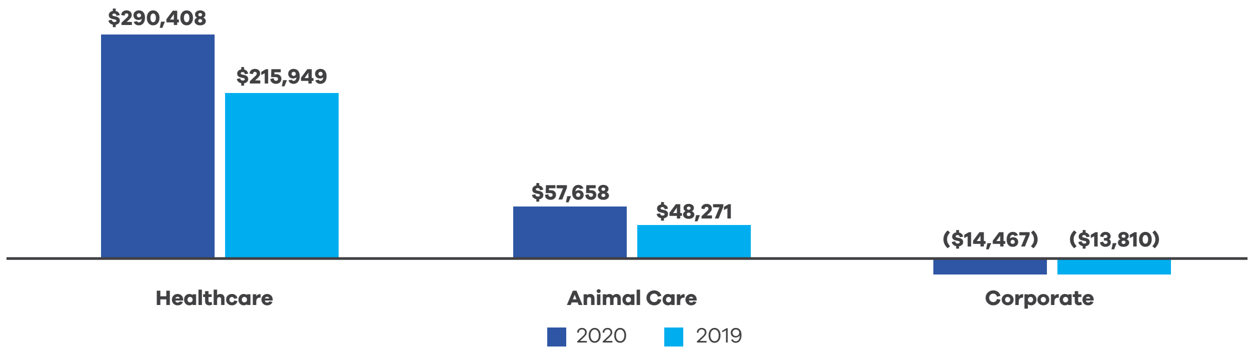




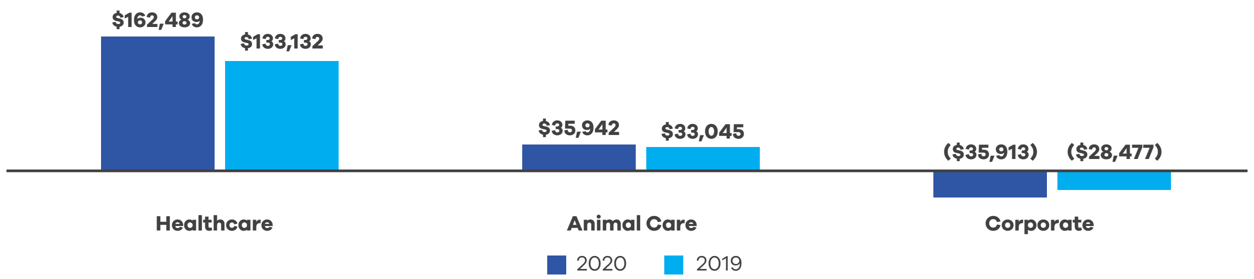
A2. Segment information continued

(b) Segment revenues and results continued

EBITDA (A$'000)



Net profit/(loss) after tax for the year attributable to owners of the Company (A$'000)



Associate information:

	2020 A$'000	2019 A$'000
Included in the segment results above is income from associates:		
Animal Care	2,661	3,573
Healthcare	694	630
Total income from associates	3,355	4,203

A2. Segment information continued

(b) Segment revenues and results continued

The following is an analysis of other financial information by reportable segment:

	Healthcare		Animal Care		Corporate	
	2020 A$'000	2019 A$'000	2020 A$'000	2019 A$'000	2020 A$'000	2019 A$'000
Depreciation of property, plant and equipment	(18,724)	(15,698)	(799)	(740)	-	-
Depreciation on right of use assets	(31,012)	-	(5,193)	-	(1,142)	-
Amortisation of finite life intangibles	(14,416)	(13,464)	(1,860)	(2,159)	-	-
Net finance costs	-	-	-	-	(30,396)	(25,334)
Tax (expense)/benefit	(64,769)	(54,628)	(13,864)	(12,327)	10,092	10,667

(c) Geographical information

EBOS operates in two principal geographical areas: New Zealand and Australia.

EBOS' revenue from external customers by geographical location and information about its segment assets (non-current assets), excluding investments in associates and deferred tax assets, are detailed below:

	Australia		New Zealand		Group	
	2020 A$'000	2019 A$'000	2020 A$'000	2019 A$'000	2020 A$'000	2019 A$'000
Continuing operations						
Revenue from external customers	7,045,396	5,345,133	1,720,144	1,585,227	8,765,540	6,930,360
Non-current assets	1,194,822	1,014,531	354,416	294,029	1,549,238	1,308,560

(d) Information about major customers

No revenues from transactions that are with a single customer amount to 10% or more of EBOS' revenues (2019: Nil).

Recognition and measurement

The reportable segments of EBOS have been identified in accordance with NZ IFRS 8 '*Operating Segments*'.

The Group's operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The accounting policies of EBOS have been consistently applied to the operating segments. Profit before depreciation, amortisation, net finance costs and tax expense (EBITDA) is the measure reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance.

Assets are not allocated to operating segments as they are not reported to the chief operating decision-maker at a segment level.

A3. Taxation

(a) Tax expense recognised in Consolidated Income Statement

	2020 A$'000	2019 A$'000
Tax expense comprises:		
Current tax expense:		
Current year	72,459	55,602
Adjustments for prior years	(665)	(2,375)
	71,794	53,227
Deferred tax (credit)/expense:		
Current year	(3,181)	1,086
Adjustments for prior years	(72)	1,975
	(3,253)	3,061
Total tax expense	68,541	56,288
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit before tax expense	230,057	193,015
Tax expense calculated at 28% (2019: 28%)	64,416	54,044
Non-deductible expenses	2,635	872
Effect of different tax rates of subsidiaries operating in overseas jurisdictions	3,953	3,001
(Over) provision of tax expense in prior years	(737)	(400)
Other adjustments	(1,726)	(1,229)
Total tax expense	68,541	56,288

The tax rates used are principally the corporate tax rates of 28% (2019: 28%) payable by New Zealand and 30% (2019: 30%) payable by Australian corporate entities on taxable profits under tax law in each jurisdiction.

A3. Taxation continued

(b) Deferred tax assets and liabilities

Taxable and deductible temporary differences arise from the following:

	2020 A$'000	2019 A$'000
Gross deferred tax liabilities:		
Property, plant and equipment	(6,169)	(7,425)
Other payables	(1,074)	(911)
Other financial assets – derivatives	(73)	(142)
Right of use assets	(66,488)	-
Intangible assets	(55,021)	(48,852)
	(128,825)	(57,330)
Gross deferred tax assets:		
Property, plant and equipment	13,611	12,553
Other payables	34,461	31,998
Other financial assets – derivatives	3,775	2,843
Lease liabilities	68,596	-
Intangible assets	9,597	6,583
Tax losses carried forward	999	371
	131,039	54,348

(c) Imputation credit account balances

	2020 A$'000	2019 A$'000
Imputation credit account balances Imputation credits available directly and indirectly to shareholders of the parent company	7,531	7,573

Imputation credits allow EBOS to pass on to its shareholders the benefit of the New Zealand income tax it has paid by attaching imputation credits to the dividends it distributes, reducing shareholders' net tax obligations.

Recognition and measurement

Income tax expense is the income tax assessed on taxable profit for the year.

Taxable profit differs from profit before tax reported in the Consolidated Income Statement as it excludes items of income and expense that are taxable or deductible in other years (temporary differences) and also excludes items that will never be taxable or deductible (permanent differences).

Income tax expense components are current income tax and deferred tax.

A3. Taxation continued

Deferred tax is income tax that is expected to be payable or recoverable in the future as a result of the unwinding of temporary differences. These arise from differences in the recognition of assets and liabilities for financial reporting and for the filing of income tax returns.

Deferred tax is recognised on all temporary differences, other than those arising:

- from goodwill;
- from the initial recognition of assets and liabilities in a transaction (other than in a business combination) that affects neither the accounting nor taxable profit or loss; and
- investments in associates and subsidiaries where EBOS is able to control the reversal of the temporary differences and such differences are not expected to reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the year when a liability is settled or an asset realised, based on tax rates and tax laws that have been enacted or substantively enacted at balance date.

A deferred tax asset is recognised to the extent it is probable that future taxable profits will be available to use the asset. This is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in the future to utilise the deferred tax asset.

A4. Earnings per share

		Basic earnings per share		Diluted earnings per share	
		2020 A$'000	2019 A$'000	2020 A$'000	2019 A$'000
Earnings used in the calculation of total earnings per share	A$'000	162,518	137,700	162,518	137,700
Weighted average number of ordinary shares for the purposes of calculating earnings per share	No. (000's)	161,557	153,320	161,557	153,320
Earnings per share	Cents	100.6	89.8	100.6	89.8

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the company by the weighted average number of ordinary shares on issue during the year excluding shares held as treasury stock. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

SECTION B: KEY JUDGEMENTS MADE

Section Overview

This section identifies the balances and transactions to which key judgements have been made by EBOS in the preparation of these financial statements. Key judgements have been made in regards to the estimates for future cash flows for goodwill and indefinite life intangibles impairment assessment purposes, and the identification of intangible assets and recognition of goodwill for business acquisitions.

B1. Goodwill and intangibles

(a) Goodwill

	2020 A$'000	2019 A$'000
Gross carrying amount		
Balance at beginning of financial year	947,055	893,796
Recognised from business acquisition during the year	27,706	43,749
Adjustment due to finalisation of acquisition in the prior year	-	650
Effects of foreign currency exchange differences	(5,138)	8,860
Net book value	969,623	947,055

Recognition and measurement

Goodwill arising on the acquisition of a subsidiary is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously-held equity interest (if any) in the acquiree over the fair value of the identifiable net assets recognised.

Goodwill is not amortised, but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of EBOS' CGUs or groups of CGUs expected to benefit from the synergies of the combination.

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The recoverable amount is the higher of fair value less cost to sell and value in use. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is first allocated to reduce the carrying amount of any goodwill and then to the other assets of the unit on a pro-rata basis. Any impairment loss on goodwill is recognised immediately in profit or loss and is not subsequently reversed.

B1. Goodwill and intangibles continued

(b) Indefinite life intangibles

	TerryWhite Chemmart Brands A$'000	Other Healthcare Brands A$'000	Franchise Network A$'000	Animal Care Brands A$'000	Healthcare Trademarks A$'000	Total A$'000
Gross carrying amount						
Balance at 1 July 2018	36,550	33,419	10,954	24,967	15,827	121,717
Acquisitions through business combinations	-	-	-	-	-	-
Effects of foreign currency exchange differences	-	961	-	248	656	1,865
Balance at 30 June 2019	36,550	34,380	10,954	25,215	16,483	123,582
Effects of foreign currency exchange differences	-	(557)	-	(144)	(381)	(1,082)
Balance at 30 June 2020	36,550	33,823	10,954	25,071	16,102	122,500

Recognition and measurement

Indefinite life intangible assets represent purchased brands, trademarks and a franchise network asset that are initially recognised at fair value. These intangible assets are tested annually for impairment on the same basis as for goodwill.

Judgement: useful lives of indefinite life intangible assets

The Directors have assessed these brands, trademarks and a franchise network asset as having an indefinite useful life. In coming to this conclusion, the expected expansion of these assets across other products and markets, the typical product life cycle of these assets, the stability of the industry in which the assets are operating, the level of maintenance expenditure required and the period of legal control over these assets has been considered.

B1. Goodwill and intangibles continued

(c) Cash-generating units

The carrying amount of goodwill and indefinite life intangibles allocated to CGUs or groups of CGUs is as follows:

	Goodwill		Indefinite life intangibles	
	2020 A$'000	2019 A$'000	2020 A$'000	2019 A$'000
Healthcare Australia [1]	642,710	624,914	12,689	12,746
Healthcare New Zealand [2]	68,295	69,911	21,146	21,646
Healthcare: Pharmacy/Logistics NZ [3]	88,769	90,870	16,102	16,483
Healthcare: TerryWhite Group [4]	20,306	10,999	47,492	47,492
Animal Care [5]	149,543	150,361	25,071	25,215
	969,623	947,055	122,500	123,582

[1] Australian Consumer, Hospital, Pharmacy, Primary Healthcare sectors.

[2] New Zealand Consumer, Hospital, Primary Healthcare, Aged Care and International Product Supplies.

[3] New Zealand Pharmacy Wholesaler and Logistic Services.

[4] Australia – TerryWhite Group.

[5] New Zealand and Australia Animal Care.

For the year ended 30 June 2020, the Directors have determined that there is no impairment of any of the CGUs containing goodwill, brands, trademarks or the franchise network asset (2019: Nil).

Key judgement: impairment assessment assumption

The recoverable amounts of cash generating units is determined on the basis of value in use calculations. The recoverable amount calculations are most sensitive to changes in the following assumptions:

Revenue	Estimated by management based on revenue achieved in the period immediately before the start of the assessment period and adjusted each year for any anticipated growth.
Operating costs	Estimated by management based on current trends at the start of the assessment period and adjusted for expected changes in the business or sector in which the business operates.
Discount rates	Estimated by management based on a current market assessment of the time value of money, cost of capital and risks specific to the asset to which the cash flows generated by that asset are being assessed.

B1. Goodwill and intangibles continued

(c) Cash-generating units continued

Key estimate: value-in-use calculation

The value-in-use calculation uses cash flow projections based on financial forecasts, approved by the Board and management covering a five year period, including terminal value, and managements past experience. The following estimates were used in the value-in-use calculation:

	2020	2019
Goodwill		
Annual revenue growth rates	2.5% - 6.3%	2.5% - 7.0%
Allowance for increases in expenses	2.2% - 6.0%	1.8% - 5.8%
Pre-tax discount rates	12.5% - 13.8%	12.3% - 13.8%
Terminal growth rate	2.5%	2.5%

Key estimate: value-in-use calculation

The fair value of indefinite life intangibles has been calculated using the relief from royalty method. The following estimates were used:

Indefinite life intangibles		
Annual revenue growth rates	3.0% - 6.9%	2.5% - 7.0%
Allowance for increases in expenses	2.2% - 6.0%	1.8% - 5.6%
Royalty rate	3.0% - 11.8%	3.0% - 11.8%
Pre-tax discount rates	13.3% - 20.8%	13.3% - 20.8%
Terminal growth rate	2.5%	2.5%

Management has carried out a sensitivity analysis and believe that any reasonably possible change in the key assumptions would not cause the book value of any of the CGUs, or groups of CGUs, to exceed their recoverable amount.

B1. Goodwill and intangibles continued

(d) Finite life intangibles

	Other A$'000	Customer relationships/ contracts A$'000	Total A$'000
Gross carrying amount	19,063	106,874	125,937
Accumulated amortisation and impairment	(13,949)	(65,419)	(79,368)
Balance at 30 June 2019	5,114	41,455	46,569
Gross carrying amount	31,959	106,874	138,833
Accumulated amortisation and impairment	(16,421)	(78,620)	(95,041)
Balance at 30 June 2020	15,538	28,254	43,792

Aggregate amortisation recognised as an expense during the year:

	2020 A$'000	2019 A$'000
Customer relationships and contracts	13,201	12,238
Other	3,075	3,385
	16,276	15,623

Recognition and measurement

Finite life intangible assets are recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over their estimated useful life.

Judgement: useful lives of finite life intangible assets

In determining the estimated useful life of finite life intangible assets (of a period of between one to 12 years) the following characteristics have been assessed: (i) expected expansion of the usage of the assets, (ii) the typical product life cycle of these assets, (iii) the stability of the industry in which the assets are operating, and (iv) the level of maintenance expenditure required. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

B1. Goodwill and intangibles continued

(e) Goodwill and intangibles accounting policies

Accounting policies

At each balance sheet date, EBOS reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, EBOS estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, other than for Goodwill, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised as income immediately. Impairment losses cannot be reversed for goodwill.

B2. Acquisition information

The following material acquisitions of subsidiaries took place during the year:

Name of business acquired	Principal activities	Date of acquisition	Cost of acquisition A$'000
2020:			
100% of the business assets of LMT Surgical Pty Ltd and National Surgical Pty Ltd (LMT Group)	Healthcare	September 2019	29,080

B2. Acquisition information continued

	Carrying value A$'000	Fair value adjustment A$'000	Fair value on acquisition A$'000
Current assets			
Trade and other receivables	4,265	(255) [1]	4,010
Prepayments	746	-	746
Inventories	14,070	(1,371) [2]	12,699
Current tax refundable	138	-	138
Non-current assets			
Property, plant and equipment	2,684	(703) [3]	1,981
Deferred tax assets	263	795 [4]	1,058
Right of use assets	4,077	-	4,077
Current liabilities			
Bank overdraft	(1,352)	-	(1,352)
Trade and other payables	(6,960)	(323) [5]	(7,283)
Lease liabilities	(4,219)	-	(4,219)
Current tax payable	(82)	-	(82)
Employee benefits	(1,390)	-	(1,390)
Non-current liabilities			
Bank loans	(996)	-	(996)
Deferred tax liabilities	(17)	-	(17)
Net assets acquired	**11,227**	**(1,857)**	**9,370**

B2. Acquisition information continued

	Carrying value A$'000	Fair value adjustment A$'000	Fair value on acquisition A$'000
Goodwill on acquisition			19,710
Total consideration			29,080
Plus bank overdraft acquired			1,352
Deferred purchase consideration			(3,500)
Net cash outflow from acquisition			**26,932**

Judgements made:

1. To recognise the fair value of trade and other receivables on acquisition.
2. To recognise the fair value of inventories on acquisition.
3. To recognise the fair value of property, plant and equipment on acquisition.
4. To recognise deferred tax assets on acquisition.
5. To recognise the fair value of trade and other payables on acquisition.

Recognition and measurement

Acquisition of subsidiaries and businesses are accounted for using the acquisition method.

The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by EBOS in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant NZ IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Goodwill arising on acquisition

Goodwill arose on the acquisition of the LMT Group because the cost of acquisition included a control premium paid. In addition, goodwill resulted from the consideration paid for the benefit of future expected cash flows above the current fair value of the assets acquired and the expected synergies and future market benefits expected to be obtained. These benefits are not recognised separately from goodwill as the expected future economic benefits arising cannot be reliably measured and they do not meet the definition of identifiable intangible assets.

The LMT Group was acquired as it is a profitable Australasian medical device business which the Group believes fits strategically with its Australasian healthcare business assets.

Impact of the acquisition on the results of the Group for the period ended 30 June 2020

The LMT Group contributed $1,124,000 to the Group profit for the period. Group revenue for the period includes $26,442,000 in respect of the LMT Group. Had the LMT Group acquisition been effective at 1 July 2019, the revenue of the Group from continuing operations would have been $8,774,944,000 and the profit for the period would have been $161,640,000.

B2. Acquisition information continued

Impact on the Consolidated Cash Flow Statement of all acquisitions during the year:

	2020 A$'000	2019 A$'000
Subsidiaries acquired		
Consideration		
Cash and cash equivalents	39,516	48,364
Deferred purchase consideration	(2,073)	4,347
Total consideration	37,443	52,711
Represented by		
Net assets acquired	9,737	8,312
Goodwill on acquisition	27,706	44,399
Total consideration	37,443	52,711
Net cash outflow on acquisition of subsidiaries and non-controlling interests		
Cash and cash equivalents consideration	39,516	48,364
Non-controlling interest	-	46,678
Less cash and cash equivalents acquired	-	(1,597)
Plus bank overdraft acquired	1,352	-
Net cash consideration paid	40,868	93,445

SECTION C: OPERATING ASSETS AND LIABILITIES USED BY EBOS

Section Overview

This section provides further analysis on the significant operating assets and liabilities of EBOS. These balances comprise the material net working capital balances used by EBOS to run its day to day operating activities.

C1. Trade and other receivables

	2020 A$'000	2019 A$'000
Trade receivables (i)	997,450	879,551
Other receivables	37,940	32,050
Allowance for expected credit losses (ii)	(12,803)	(13,805)
	1,022,587	897,796

Recognition and measurement

Trade receivables are measured on initial recognition at fair value and are subsequently carried at amortised cost. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The Directors believe that the carrying amount of trade and other receivables approximates their fair value.

(i) Trade receivables are non-interest bearing. Interest may be charged on outstanding overdue balances in accordance with the terms and conditions under which goods are supplied. Trade debtors generally have terms of 30 days.

(ii) Provision for expected credit losses

	Not due A$'000	30–60 days A$'000	60–90 days A$'000	90+ days A$'000	Total A$'000
Trade receivables – total	953,573	31,541	5,128	7,208	997,450
Provision for expected credit losses – total	(654)	(3,865)	(2,963)	(5,321)	(12,803)

C1. Trade and other receivables continued

Recognition and measurement

The Group recognises a loss allowance for expected credit losses ('ECL') on trade receivables. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group measures the provision for ECL using the simplified approach to measuring ECL, which uses a lifetime expected loss allowance for all trade receivables. The Group determines lifetime ECLs for groups of trade receivables with shared credit risk characteristics. Groupings are based on customer, trading terms and ageing.

An ECL rate is determined based on the historic credit loss rates for the Group, adjusted for other current observable data that may materially impact the Group's future credit risk. This other observable data includes specific factors in relation to each debtor or general economic conditions of the industry in which the debtors operate.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable basis that a more lagging default criterion is more appropriate.

C2. Inventories

	2020 A$'000	2019 A$'000
Raw materials – at cost	2,459	1,746
Finished goods – at cost	735,240	721,771
	737,699	723,517

Recognition and measurement

Inventories consist of raw materials (for the manufacturing operations of EBOS) and finished goods. Inventories are recognised at the lower of cost, determined on a weighted average basis, and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

C3. Trade and other payables

	2020 A$'000	2019 A$'000
Current		
Trade payables	1,296,851	1,190,599
Other payables	112,485	91,069
Deferred purchase consideration	4,578	6,651
	1,413,914	1,288,319
Non-current		
Other payables	3,988	13,941
	3,988	13,941

Recognition and measurement

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

Trade and other payables, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Trade payables are unsecured and are generally settled within the month following the invoice date.

SECTION D: CAPITAL ASSETS USED BY EBOS TO OPERATE OUR BUSINESS

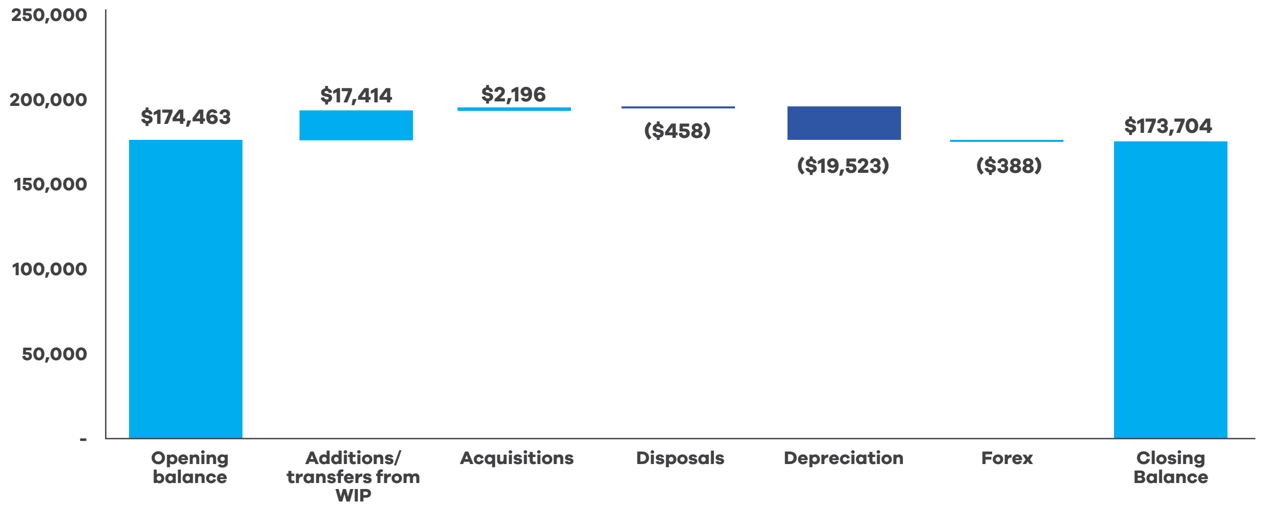
Section Overview

This section explains what capital assets, such as property, plant and equipment, that EBOS uses to operate its business activities. This section also describes the material movements in capital assets during the year.

D1. Property, plant and equipment

	Freehold land A$'000	Buildings A$'000	Leasehold improvements A$'000	Plant and equipment A$'000	Office equipment, furniture and fittings A$'000	Total A$'000
Cost	28,690	40,385	34,900	100,063	28,025	232,063
Accumulated depreciation	-	(6,660)	(9,867)	(29,263)	(11,810)	(57,600)
Balance at 30 June 2019	28,690	33,725	25,033	70,800	16,215	174,463
Cost	28,649	42,437	38,421	104,287	31,985	245,779
Accumulated depreciation	-	(7,882)	(12,204)	(36,360)	(15,629)	(72,075)
Balance at 30 June 2020	28,649	34,555	26,217	67,927	16,356	173,704

Reconciliation of the carrying amount from the beginning to the end of the year (A$'000)



D1. Property, plant and equipment continued

Recognition and measurement

Property, plant and equipment is initially recorded at cost. Cost includes the original purchase consideration and those costs directly attributable to bringing the item of property, plant and equipment to the location and condition for its intended use. After recognition as an asset, property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment assets, other than freehold land, is calculated on a straight-line basis. This allocates the cost or fair value amount of an asset, less any residual value, over its estimated useful life.

Judgements and estimates – useful lives

EBOS estimates the remaining useful life of assets as follows:

- Buildings: 20 to 50 years.
- Leasehold improvements: two to 15 years.
- Plant and equipment: two to 20 years.
- Office equipment, furniture and fittings: two to 10 years.

The residual value and useful lives are reviewed and if appropriate, adjusted at each reporting date.

D2. Capital work in progress

	2020 A$'000	2019 A$'000
Capital work in progress	5,783	6,508
	5,783	6,508

Capital work in progress relates to buildings under construction and software development. The additional cost to complete the projects is estimated at $4,492,000 (2019: $6,317,000).

SECTION E: HOW WE FUND THE BUSINESS

Section Overview

This section explains how EBOS funds its operations and shows the sources of other available facilities that it may call upon if required to fund its operational or future investing activities.

Capital management

EBOS manages its capital, meaning total shareholders' funds, to provide appropriate returns to shareholders whilst maintaining a capital structure that safeguards its ability to remain a going concern and optimises the cost of capital.

E1. Share capital

	2020 No. 000's	2020 Total A$'000	2019 No. 000's	2019 Total A$'000
Fully paid ordinary shares				
Balance at beginning of financial year	161,708	931,811	152,539	763,636
Dividend reinvested – October	415	9,301	-	-
Dividend reinvested – April	724	13,731	286	5,719
Issue of shares to staff under employee share plan	17	358	-	-
Employee share issue costs	-	(68)	-	-
Institutional placement – May 2019	-	-	8,883	165,493
Institutional placement costs	-	-	-	(3,037)
Shares vested under the long term executive incentive scheme (Note H4)	-	6,353	-	-
	162,864	961,486	161,708	931,811

	2020 No. 000's	2019 No. 000's
Treasury stock		
Opening stock	1,225	1,225
Share scheme – shares fully vested	(600)	-
Share scheme – shares forfeited	(40)	-
	585	1,225

Recognition and measurement

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.

E2. Dividends

Recognition and measurement

Dividends are approved by the Board in New Zealand dollars. Dividends recognised in the Statement of Changes in Equity are converted from New Zealand dollars to Australian dollars at the exchange rate applicable on the date the dividend was approved.

Unrecognised dividends are converted at the exchange rate applicable on the reporting date.

	2020		2019	
	A$ Cents per share	Total A$'000	A$ Cents per share	Total A$'000
Recognised amounts				
Fully paid ordinary shares:				
Final – prior year	35.0	56,378	32.4	49,057
Interim – current year	35.9	57,763	33.2	50,279
Dividends per share	70.9	114,141	65.6	99,336
Unrecognised amounts				
Final dividend	37.4	60,846	35.4	57,205

Subsequent event

A dividend of NZ 40.0 cents per share was declared on 19 August 2020 with the dividend being payable on 9 October 2020. The anticipated cash impact of the dividend is approximately $51.7m (2019: $50.6m).

The following table shows dividends approved in New Zealand dollars:

	2020 NZ$ Cents per share	2019 NZ$ Cents per share
Recognised amounts		
Fully paid ordinary shares:		
Final – prior year	37.0	35.5
Interim – current year	37.5	34.5
Dividends per share	74.5	70.0
Unrecognised amounts		
Final dividend	40.0	37.0

New Zealand dollar dividends paid to equity holders of the parent are translated into Australian dollars and disclosed in the cash flow statement at the foreign currency exchange rate applicable on the date they are paid.

E3. Borrowings

	2020 A$'000	2019 A$'000
Current		
Bank loans – securitisation facility (i)	179,408	168,307
Bank loans (ii)	67,513	-
	246,921	168,307
Non-current		
Bank loans (ii)	324,916	364,038

(i) EBOS, through a subsidiary company, has a trade debtor securitisation facility of $400.0m (2019: $400.0m) of which $220.6m was unutilised at 30 June 2020 (2019: $231.7m). The securitisation facility involves providing security over the future cash flows of specific trade receivables, which meet certain criteria, in return for cash finance on a contracted percentage of the security provided. As recourse, in the event of default by a trade debtor, remains with EBOS, the trade receivables provided as security and the funding provided are recognised on the EBOS Consolidated Balance Sheet.

At 30 June 2020, the value of trade receivables provided as security under this securitisation facility was $226.9m (2019: $212.5m). The net cash flows associated with the securitisation program are disclosed in the Consolidated Cash Flow Statement as cash flows from financing activities.

Subsequent event

Subsequent to 30 June 2020, the Group extended the $400m trade debtor securitisation facility for a further three years. The maturity date of the facility is now August 2023.

(ii) EBOS has gross bank term loan facilities of $692.7m (2019: $635m), of which $300.3m was unutilised at 30 June 2020 (2019: $270.9m). In March 2020, the Group refinanced approximately $200m of bank term loans and working capital facilities. The facility limit was increased to $250m and the maturity date was extended to March 2023.

EBOS is in full compliance with its debt facility financial covenants. All bank loans, excluding the securitisation facility, are secured by a charge over the assets of EBOS.

Recognition and measurement

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received plus issue costs associated with the borrowing. After initial recognition, these loans and borrowings are subsequently measured at amortised cost using the effective interest method which allocates the cost through the expected life of the loan or borrowing. The fair value of non-current borrowings is approximately equal to their carrying amount.

Bank loans are classified as current liabilities unless EBOS has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

E4. Borrowings facilities maturity profile

As at 30 June 2020, EBOS had unrestricted access to the following lines of available credit:

Facility	A$millions	Maturity
Term debt facilities ($AUD)	$58.0	< 1 year
Term debt facilities ($NZD)	$41.8	< 1 year
Term debt facilities ($AUD)	$50.0	1–2 years
Term debt facilities ($AUD/$NZD)	$542.9	2–3 years
Securitisation facility ($AUD) (i)	$400.0	< 1 year

(i) Subsequent to balance date this facility was extended to August 2023 – refer note E3.

The following table shows the remaining contractual maturity for EBOS' borrowings at balance date. The table includes both interest and principal (undiscounted) cash flows, with total bank loans of $571.8m (2019: $532.3m):

	Less than 1 year A$'000	1–2 years A$'000	2–3 years A$'000	3–4 years A$'000	4–5 years A$'000	5+ years A$'000	Total A$'000
Bank loans							
2020	255,819	39,622	293,091	-	-	-	588,532
2019	16,445	213,821	84,687	261,833	-	-	576,786

Financing activities

	2020 A$'000	2019 A$'000
Bank overdraft facility, reviewed annually and payable at call:		
Amount unused	1,368	1,395
	1,368	1,395
Bank loan facilities with various maturity dates through to May 2023 (2019: May 2023)		
Amount used	571,838	532,345
Amount unused	520,909	510,293
	1,092,747	1,042,638

E5. Operating cash flows

Reconciliation of profit for the year with cash from operating activities:

For the financial year ended 30 June 2020	2020 A$'000	2019 A$'000
Profit for the year	161,516	136,727
Add/(less) non-cash items:		
Depreciation of property, plant and equipment	19,523	16,438
Depreciation on right of use assets	37,347	-
(Gain)/loss on sale of property, plant and equipment	88	(2,267)
Amortisation of finite life intangible assets	16,276	15,623
Share of profit from associates, net of dividends received	(3,355)	(4,203)
Expense recognised in respect of share-based payments	2,664	1,793
Deferred tax	(3,253)	3,061
	69,290	30,445
Movement in working capital:		
Trade and other receivables	(124,791)	19,065
Prepayments	(2,558)	(1,212)
Inventories	(14,182)	(188,435)
Current tax refundable/payable	2,528	1,428
Trade and other payables	115,642	118,648
Employee benefits	2,655	749
Foreign currency translation of working capital balances	210	(1,201)
	(20,496)	(50,958)
Balances classified as investing activities	10,092	(2,951)
Working capital items acquired	8,790	5,280
Net cash inflow from operating activities	229,192	118,543

E5. Operating cash flows continued

Reconciliation of debt:

	1 July 2019 A$'000	Net borrowings A$'000	Borrowings acquired A$'000	Foreign currency movement A$'000	30 June 2020 A$'000
Bank loans	532,345	39,394	996	(898)	571,837

	1 July 2018 A$'000	Net (repayments) A$'000	Borrowings acquired A$'000	Foreign currency movement A$'000	30 June 2019 A$'000
Bank loans	582,270	(51,878)	-	1,953	532,345

Accounting policies

Cash and cash equivalents comprise cash on hand and deposits readily convertible to cash and which are not subject to a significant risk of change in value.

The Consolidated Cash Flow Statement is prepared exclusive of Goods and Services Tax (GST), which is consistent with the method used in the Consolidated Income Statement.

- Operating activities include all transactions and other events that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- Financing activities are those activities relating to changes in the equity and debt capital structure of the Group and those activities relating to the cost of servicing EBOS' equity capital.

SECTION F: EBOS GROUP STRUCTURE

Section Overview

This section provides information to assist in understanding the Group's legal structure and how it affects the financial position and performance of the Group. Details of businesses acquired are presented in **Section B.**

F1. Subsidiaries

The following entities comprise the significant trading and holding companies of the Group:

Parent and head entity: EBOS Group Limited

Subsidiaries (all balance dates 30 June unless otherwise noted)	Country of Incorporation	Ownership Interests and Voting Rights 2020	2019
Pet Care Holdings Australia Pty Ltd	Australia	100%	100%
EBOS Group Australia Pty Ltd	Australia	100%	100%
EBOS Health & Science Pty Ltd	Australia	100%	100%
PRNZ Limited	New Zealand	100%	100%
Pharmacy Retailing NZ Limited	New Zealand	100%	100%
Pet Care Distributors Pty Limited	Australia	100%	100%
Masterpet Corporation Limited	New Zealand	100%	100%
Masterpet Australia Pty Ltd	Australia	100%	100%
Botany Bay Imports and Exports Pty Ltd	Australia	100%	100%
Aristopet Pty Ltd	Australia	100%	100%
EAHPL Pty Limited	Australia	100%	100%
ZHHA Pty Ltd	Australia	100%	100%
ZAP Services Pty Ltd	Australia	100%	100%
Symbion Pty Ltd	Australia	100%	100%
Intellipharm Pty Ltd	Australia	100%	100%
Clinect Pty Ltd	Australia	100%	100%
Lyppard Australia Pty Ltd	Australia	100%	100%
DoseAid Pty Ltd	Australia	100%	100%
Symbion Trade Receivables Trust [1]	Australia	100%	100%
Blackhawk Premium Pet Care Pty Ltd	Australia	100%	100%
Endeavour Consumer Health Limited	New Zealand	100%	100%
Nexus Australasia Pty Ltd	Australia	100%	100%
EBOS PH Pty Ltd	Australia	100%	100%

F1. Subsidiaries continued

Subsidiaries (all balance dates 30 June unless otherwise noted)	Country of Incorporation	Ownership Interests and Voting Rights 2020	2019
TerryWhite Group Pty Ltd	Australia	100%	100%
Chemmart Holdings Pty Ltd	Australia	100%	100%
TW&CM Pty Ltd	Australia	100%	100%
TWC IP Pty Ltd	Australia	100%	100%
PBA Wholesale Pty Ltd	Australia	100%	100%
VIM Health Pty Ltd	Australia	100%	100%
PBA Finance No. 1 Pty Ltd	Australia	100%	100%
PBA Finance No 2 Pty Ltd	Australia	100%	100%
Chem Plus Pty Ltd	Australia	100%	100%
Pharmacy Brands Australia Pty Ltd	Australia	100%	100%
VIM Health IP Pty Ltd	Australia	100%	100%
Tony Ferguson Weight Management Pty Ltd	Australia	100%	100%
Lite Living Pty Ltd	Australia	100%	100%
Alchemy Holdings Pty Ltd	Australia	100%	100%
Alchemy Sub-Holdings Pty Ltd	Australia	100%	100%
HPS Holdings Group (Aust) Pty Ltd	Australia	100%	100%
HPS Hospitals Pty Ltd	Australia	100%	100%
HPS Corrections Pty Ltd	Australia	100%	100%
HPS Services Pty Ltd	Australia	100%	100%
Hospharm Pty Ltd	Australia	100%	100%
HPS IVF Pty Ltd	Australia	100%	100%
HPS Finance Pty Ltd	Australia	100%	100%
HPS Brands Pty Ltd	Australia	100%	100%
Endeavour CH Pty Ltd	Australia	100%	100%
Ventura Health Pty Ltd	Australia	100%	100%
You Save Management Pty Ltd	Australia	100%	100%
Mega Save Management Pty Ltd	Australia	100%	100%
Cincotta Holding Company Pty Ltd	Australia	100%	100%
CC Pharmacy Investments Pty Ltd	Australia	100%	100%
CC Pharmacy Promotions Pty Ltd	Australia	100%	100%
CC Pharmacy Management Pty Ltd	Australia	100%	100%

F1. Subsidiaries continued

Subsidiaries (all balance dates 30 June unless otherwise noted)	Country of Incorporation	Ownership Interests and Voting Rights 2020	2019
Shanghai EBOS Business Co. Ltd	China	100%	100%
ACN 618 208 969 Pty Ltd	Australia	100%	100%
Warner and Webster Pty Ltd	Australia	100%	100%
W & W Management Services PL	Australia	100%	100%
EBOS Medical Devices NZ Limited	New Zealand	100%	-
EBOS Medical Devices Australia Pty Ltd	Australia	100%	-
LMT Surgical Pty Ltd	Australia	100%	-
National Surgical Pty Ltd	Australia	100%	-
Healthcare Supply Partners Pty Ltd	Australia	100%	-

[1] The balance date of all subsidiaries is 30 June aside from the Symbion Trade Receivables Trust which has a balance date of 31 December. The results of the Symbion Trade Receivables Trust ('the Trust') have been included in the Group results for the year to 30 June 2020. The Trust is consolidated as EBOS has the exposure, or rights, to variable returns from its involvement with the Trust and the Group considers that it has existing rights that give it the current ability to direct the relevant activities of the Trust.

F2. Investment in associates

Name of associate company	Principal activities	Date of acquisition	Proportion of shares and voting rights acquired	Cost of acquisition A$'000
Animates NZ Holdings Limited	Animal Care supplies	December 2011	50%	17,353
Good Price Pharmacy Franchising Pty Limited	Healthcare supplies	October 2014	44.18%	7,286
Good Price Pharmacy Management Pty Limited	Healthcare supplies	October 2014	44.18%	7,286

The reporting date for Animates NZ Holdings Limited is 30 June. Animates NZ Holdings Limited is incorporated in New Zealand.

Although the company holds 50% of the shares and voting power in Animates NZ Holdings Limited this entity is not deemed to be a subsidiary as the other 50% is held by a single shareholder, therefore EBOS is unable to exercise control over this entity.

The reporting date for Good Price Pharmacy Franchising Pty Limited and Good Price Pharmacy Management Pty Limited is 30 June. They are incorporated in Australia.

The Group acquired a further 18.41% of shares and voting rights in Good Price Pharmacy Franchising Pty Limited and Good Price Pharmacy Management Pty in April 2020 taking the proportion of shares held from 25.77% to 44.18%.

F2. Investment in associates continued

The summary financial information in respect of the Group's associates is set out below:

	2020 A$'000	2019 A$'000
Statement of Financial Position		
Total assets	88,450	71,983
Total liabilities	(41,314)	(31,643)
Net assets	47,136	40,340
Group's share of net assets	23,267	19,599
Income Statement		
Total revenue	131,730	129,464
Total profit for the year	7,719	9,563
Group's share of profits of associates	3,355	4,203
Movement in the carrying amount of the Group's investment in associates:		
Balance at the beginning of the financial year	41,074	37,009
New investments	3,694	-
Share of profits of associates	3,355	4,203
Share of dividends	(630)	(1,394)
Net foreign currency exchange differences	(814)	1,256
Balance at the end of the financial year	46,679	41,074
Goodwill included in the carrying amount of the Group's investment in associates	23,772	20,430
The Group's share of the contingent liabilities of associates	-	-
The Group's share of capital commitments of associates	-	-

Recognition and measurement

An associate is an entity over which EBOS has significant influence and that is neither a subsidiary nor an interest in a joint venture or joint operation. EBOS has significant influence when it has the power to participate in the financial and operating policy decisions of the investee, but is not in control or joint control over those policies.

Investments in associates are incorporated in the Group's financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the Consolidated Balance Sheet at cost and adjusted for post-acquisition changes in EBOS' share of the net assets of the associate, less any impairment in the value of individual investments and less any dividends. Losses of an associate in excess of EBOS' interest in that associate are recognised only to the extent that EBOS has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over EBOS' share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment.

SECTION G: HOW WE MANAGE RISK

Section Overview

This section describes the financial risks that EBOS has identified and how it manages these risks, to protect its financial position and financial performance. Management of these risks includes the use of financial instruments to hedge against unfavourable interest rate and foreign currency movements.

G1. Financial risk management

The EBOS corporate treasury function provides services to the Group's entities, coordinates access to financial markets, and manages the financial risks relating to the operation of the Group.

EBOS does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by Group policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed by the Board of Directors on a regular basis.

Foreign currency risk

EBOS is exposed to foreign currency risk arising primarily from the procurement of goods denominated in foreign currencies (US dollar, Australian dollars, Thai baht, Euro and British pound).

Foreign exchange rate exposures are managed utilising forward foreign exchange contracts.

It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions typically out to 12 months of the exposure generated. It is the policy of the Group to enter into foreign exchange forward contracts for up to 100% of forecasted foreign currency transactions for the next six months and up to 80% of six to 12 months of forecasted foreign currency transactions.

All forward foreign currency contracts entered into fixed the exchange rate of highly probable forecast transactions, denominated in foreign currencies, and are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable movements in exchange rates.

The Group performs a qualitative assessment of the effectiveness of hedges using the critical terms of the underlying transaction and hedging instrument. It is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

EBOS enters into forward foreign exchange contracts only in accordance with the Board approved treasury policy.

No sources of ineffectiveness emerged from these hedging relationships.

G1. Financial risk management continued

Interest rate risk

EBOS is exposed to interest rate risk as it borrows funds in both New Zealand dollars and Australian dollars at floating interest rates.

The risk is assessed and managed by the use of interest rate swap contracts. EBOS agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable EBOS to mitigate the risk of changing interest rates on debt held.

It is the policy of the Group to enter into interest rate swap contracts to manage interest rate risk associated with floating rate Group borrowings of up to 100% of the exposure generated.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

The Group performs a qualitative assessment of the effectiveness of hedges using the critical terms of the underlying transaction and hedging instrument. It is expected that the value of the interest rate swaps and the value of the corresponding hedged items (floating rate borrowings) will systematically change in opposite direction in response to movements in the underlying exchange rates.

No sources of ineffectiveness emerged from these hedging relationships.

Interest rate swap contracts are only entered into in accordance with the Group's Board approved treasury policy.

Liquidity risk

EBOS is exposed to liquidity risk as it must invest in significant levels of working capital such as inventory and accounts receivable which can impact liquidity unless they are converted to cash.

EBOS manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Refer to note E4 for information on EBOS' borrowings facility maturity profile.

Credit risk

EBOS is exposed to the risk of default in relation to receivables owing from its Healthcare and Animal Care customers, hedging instruments and guarantees and deposits held with banks and other financial institutions.

EBOS has adopted a policy of only dealing with credit worthy counter parties as a means of mitigating the risk of financial loss from defaults. All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.

Trade receivables consist of a large number of customers, spread across diverse sectors and geographical areas. Ongoing credit evaluation is performed on the financial condition of the trade receivables. Credit assessments are undertaken to determine the credit quality of the customer, taking into account their financial position, past experience and other relevant factors. Individual risk limits are granted in accordance with the internal credit policy and authorised via appropriate personnel as defined by the Group's delegation of authority manual.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to EBOS of any credit risk.

EBOS does not have any significant credit risk exposure to any single counter party. The credit risk on liquid funds and derivative financial instruments is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies.

EBOS has not changed its overall strategy regarding the management of risk from 2019.

G2. Financial instruments

Derivatives	2020 A$'000	2019 A$'000
Other financial assets – derivatives (at fair value)		
Forward foreign exchange contracts (i)	109	611
Interest rate swaps (i)	-	-
	109	611
Other financial liabilities – derivatives (at fair value)		
Forward foreign exchange contracts (i)	367	40
Interest rate swaps (i)	12,262	10,677
	12,629	10,717

(i) Designated and effective as a cash flow hedging instrument carried at fair value.

Recognition and measurement

EBOS has categorised these derivatives, both financial assets and financial liabilities, as Level 2 under the fair value hierarchy contained within NZ IFRS 13 Fair Value Measurement. There were no transfers between fair value hierarchy levels during the current or prior periods.

The fair value of forward foreign exchange contracts is determined using a discounted cash flow valuation. Key inputs are based upon observable forward exchange rates, at the measurement date, with the resulting value discounted back to present values.

Interest rate swaps are valued using a discounted cash flow valuation. Key inputs for the valuation of interest rate swaps are the estimated future cash flows based on observable yield curves at the end of the reporting period, discounted at a rate that reflects the credit risk of the various counter parties.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- The fair value of derivative instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

As hedge accounting has been applied for all derivatives, and no hedge ineffectiveness has occurred during the period, the movement in these instruments has been recognised in other comprehensive income. The recognition in profit or loss depends on the nature of the hedge relationship. EBOS designates these derivatives as cash flow hedges of highly probable forecast transactions. Hedging gains or losses are recognised in the profit or loss when the hedged items affect the profit or loss except where they are hedging non-financial items in which case they are recognised as an adjustment to the initial carrying value of the non-financial items (basis adjustment). When a forward contract is used in a cash flow hedge relationship the Group has designated the change in fair value of the entire forward contract, i.e. including the forward element, as the hedging instrument.

G2. Financial instruments continued

Cash flow hedges

At the inception of a hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Outstanding forward foreign currency contracts: nominal value

	2020 A$'000	2019 A$'000
Buy Australian dollars	9,415	9,983
Buy Euro	4,889	3,378
Buy British pounds	4,917	3,203
Buy Thai baht	8,514	7,944
Buy US dollars	32,851	21,354
	60,586	45,862

Outstanding interest rate swap contracts: nominal value

	2020 A$'000	2019 A$'000
Less than 1 year	51,034	26,473
1 to 3 years	264,781	145,815
3 to 5 years	25,000	195,000
Greater than 5 years	-	-
	340,815	367,288

SECTION H: OTHER DISCLOSURES

Section Overview

This section includes the remaining information relating to EBOS that is required to be presented so as to comply with its financial reporting requirements.

H1. Contingent liabilities

	2020 A$'000	2019 A$'000
Contingent liabilities		
Guarantees given to third parties	505	3,002
	505	3,002

H2. Commitments for expenditure

	2020 A$'000	2019 A$'000
Capital expenditure commitments:		
Plant	766	1,127
Software development	-	1,352
	766	2,479

H3. Subsequent events

Subsequent event

Subsequent to year end the Board has approved a final dividend to shareholders. For further details please refer to note E2.

H4. Related party disclosures

Key management personnel compensation

	2020 A$'000	2019 A$'000
Short-term employee benefits	12,173	11,692
	12,173	11,692

EBOS operates a long-term incentive share scheme whereby eligible staff receive performance rights entitling each holder of the performance right to 1 new share per right issued. Performance rights do not vest until performance conditions are met over a three year period. In the current year 205,263 performance rights were issued with a three-year performance period of 1 July 2019 to 30 June 2022 (2019: 180,300 with a three-year performance period of 1 July 2018 to 30 June 2021).

EBOS also operates a long term incentive share plan whereby EBOS provides an interest free, non-recourse loan to participating senior executives in order for those executives to purchase shares in the company. While the shares are issued and held in the executive's name the shares will not vest unless and until performance conditions are met. The executive cannot deal in the shares unless and until those shares vest. All net dividends received in respect of the shares must be applied to the repayment of the interest free loan. In 2018, 625,000 shares were issued with an issue price of NZ$17.35. The performance period in relation to these shares is 1 July 2017 to 30 June 2020.

H5. Remuneration of auditors

All non-audit services provided by the Group's auditor require pre-approval by the Audit and Risk Committee. Before any non-audit services are approved, the Audit and Risk Committee must be satisfied that the provision of such services will not have any influence on the independence of the auditors.

	2020 A$'000	2019 A$'000
Auditor of the Group (Deloitte)		
Audit of the financial statements	614	679
Audit related services for review of interim financial statements	220	197
Advisory services	-	5
Taxation compliance	6	5
	840	886

H6. Leases

Right of use assets

	Land and buildings A$'000	Office, Plant and equipment A$'000	Motor vehicles A$'000	Total A$'000
Cost				
Balance as at 1 July 2019	225,624	8,576	2,746	236,946
Additions	20,030	1,960	1,342	23,332
Balance as at 30 June 2020	245,654	10,536	4,088	260,278

H6. Leases continued

	Land and buildings A$'000	Office, Plant and equipment A$'000	Motor vehicles A$'000	Total A$'000
Accumulated depreciation				
Balance as at 1 July 2019	-	-	-	-
Depreciation expense	(33,594)	(2,310)	(1,443)	(37,347)
Balance as at 30 June 2020	(33,594)	(2,310)	(1,443)	(37,347)
Net book value				
As at 30 June 2020	212,060	8,226	2,645	222,931

	2020 A$'000
Amounts recognised in profit and loss	
Depreciation on right of use assets	37,347
Finance costs – leases	8,126
Expense relating to short term leases and low value assets	5,091
Lease liabilities	
Current	33,846
Non-current	203,300
Maturity analysis (undiscounted future cash flows)	
Year 1	40,960
Year 2	38,800
Year 3	35,436
Year 4	33,494
Year 5	30,348
Onwards	91,672
	270,710
Cash outflows for leases	
Interest on lease liabilities	(8,126)
Repayments of lease liabilities	(31,957)
Short term leases and low value asset leases	(5,091)
	(45,174)

H6. Leases continued

	2019 A$'000
Operating expenditure commitments:	
Non-cancellable operating lease payments:	
Less than one year	37,996
More than one year and less than five years	108,394
More than five years	47,012
	193,402

Lease arrangements

Prior year operating leases relate to certain land, buildings, plant and equipment, with lease terms of between one to 12 years with options to extend for a further one to 18 years. Operating lease contracts contain market review clauses in the event that EBOS exercises its option to renew. EBOS does not have an option to purchase the leased asset at the expiry of the lease period.

H7. New accounting standards

The Group has adopted all new accounting standards that have become effective during the current year. The adoption of these new standards has had no impact upon these financial statements, aside from that already disclosed in relation to IFRS 16 'Leases'.

ADDITIONAL STOCK EXCHANGE INFORMATION

As at 31 July 2020

Twenty largest shareholders	Fully paid shares	Percentage of paid capital
Sybos Holdings Pte Limited	30,525,721	18.74
HSBC Nominees (New Zealand) Limited – NZCSD HKBN90	13,881,061	8.52
Citibank Nominees (New Zealand) Limited – NZCSD CNOM90	9,275,939	5.70
JP Morgan Chase Bank NA NZ Branch-Segregated Clients Acct – NZCSD CHAM24	8,621,230	5.29
Forsyth Barr Custodians Limited 1 – CUSTODY	6,126,404	3.76
Accident Compensation Corporation – NZCSD ACCI40	6,020,540	3.70
JP Morgan Nominees Australia Limited	4,336,788	2.66
Custodial Services Limited A/C 4	3,963,154	2.43
FNZ Custodians Limited	3,890,843	2.39
National Nominees New Zealand Limited – NZCSD NNLZ90	3,594,337	2.21
Tea Custodians Limited Client Property Trust Account – NZCSD TEAC40	3,304,546	2.03
BNP Paribas Nominees (NZ) Limited – NZCSD COGN40	3,163,120	1.94
BNP Paribas Nominees (NZ) Limited – NZCSD BPSS40	3,054,660	1.88
Custodial Services Limited A/C 3	3,038,930	1.87
HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD HKBN45	2,834,923	1.74
HSBC Nominees A/C New Zealand Superannuation Fund Nominees Limited – NZCSD SUPR40	2,233,229	1.37
HSBC Custody Nominees (Australia) Limited	2,073,350	1.27
Custodial Services Limited A/C 2	1,851,791	1.14
New Zealand Depository Nominee Limited A/C 1 Cash Account	1,845,546	1.13
Whyte Adder No 3 Limited	1,796,425	1.11
	115,432,537	70.88

Substantial product holders and number of securities

The following information is provided in compliance with section 293 of the Financial Markets Conduct Act and the ASX Listing Rules.

Number of ordinary shares	**As at balance date**	**As at 31 July 2020**
	162,864,001	162,869,721

Number of unquoted performance rights	**As at balance date**	**As at 31 July 2020**
	341,995	338,245

ADDITIONAL STOCK EXCHANGE INFORMATION CONTINUED

Substantial holder name*	Ordinary shares as at balance date	Percentage of share capital as at balance date	Ordinary shares as at 31 July 2020	Percentage of share capital as at 31 July 2020
Sybos Holdings Pte Limited	30,525,721	18.74%	30,525,721	18.74%
FMR LLC	14,868,783	9.13%	13,214,395	8.11%

*based on substantial holding notices received by the Company

Distribution of shareholders and shareholdings	Holders	Fully paid ordinary shares	Percentage of paid capital
Size of Holding			
1 to 1,000	4,722	2,017,140	1.24
1,001 to 5,000	3,304	7,842,887	4.82
5,001 to 10,000	755	5,398,418	3.31
10,001 to 100,000	544	11,857,894	7.28
100,001 and over	63	135,753,382	83.35
Total	9,388	162,869,721	100.00

Unmarketable parcels

As at 31 July 2020, there were 184 shareholders (with a total of 2,105 shares) holding less than a marketable parcel of shares based on the closing price of the Company's shares on the ASX of A$20.34. The ASX Listing Rules define a marketable parcel of shares as a parcel of shares of not less than A$500.

Waivers granted from the NZX and ASX Listing Rules

Waivers granted from the application of NZX and ASX Listing Rules are published on the Company's website.

The terms of the Company's admission to the ASX and ongoing listing requires the following disclosures:

1. The Company is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act dealing with the acquisition of shares (including substantial holdings and takeovers).

2. Limitations on the acquisition of securities imposed under New Zealand law are as follows:

(a) In general, securities in the Company are freely transferable and the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeovers, overseas investment and competition.

(b) The New Zealand Takeovers Code creates a general rule under which the acquisition of 20% or more of the voting rights in the Company or the increase of an existing holding of 20% or more of the voting rights of the Company can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances), or compulsory acquisition of a shareholder holding 90% or more of the shares.

(c) The New Zealand Overseas Investment Act 2005 and Overseas Investment Regulations 2005 (New Zealand) regulate certain investments in New Zealand by overseas interests. In general terms, the consent of the New Zealand Overseas Investment Office is likely to be required where an 'overseas person' acquires shares in the Company that amount to 25% or more of the shares issued by the Company, or if the overseas person already holds 25% or more, the acquisition increases that holding.

(d) The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in the Company if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in the market.

Voting Rights

Shareholders may vote at a meeting of shareholders either in person or by proxy, attorney, or representative. In a poll, every shareholder present in person or by proxy, attorney or representative has one vote for each share.

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CORPORATE GOVERNANCE

The Board and management of EBOS Group Limited are committed to ensuring that the Company adheres to best practice and governance principles and maintains high ethical standards.

The 2020 Corporate Governance Statement relating to the Company and its subsidiaries (the Group) can be found at: **https://ebosgroup.gcs-web.com/corporate-governance**. The Corporate Governance Statement refers to a number of codes, policies and charters of the Group. These documents (or a summary of them) can be found in the Group's Corporate Governance Code at **https://ebosgroup.gcs-web.com/corporate-governance.**

For the purposes of compliance with the NZ Companies Act, NZX Listing Rules and NZX Corporate Governance Code dated 1 January 2020 (2020 Code), the following disclosures are included in the Annual Report.

Diversity

The Group has a Diversity Policy, which is set out as Appendix F of the Corporate Governance Code. Under the policy, the Board is responsible for setting measurable objectives for achieving diversity. Set out below is the Board's assessment of the objectives for the 2019/20 year:

Objective	Progress during 2019/20
Aim to increase the proportion of women on the Board as vacancies arise, having regard to the circumstances (including skill requirements) relating to the vacancies.	During the year ended 30 June 2020, the Board appointed Nick Dowling as a new director whose appointment took effect from 1 February 2020. As part of the process to appoint a new director, a number of female candidates were considered. Having regard to the Board's structure and the Board's assessment of skill requirements for the Board and Mr Dowling's extensive experience, it was determined to appoint Mr Dowling. In seeking to appoint any further new directors to the Board, it will have regard to the gender mix of the Board.
Aim to increase the proportion of women in executive and senior management roles as vacancies arise, having regard to the circumstances (including skill requirements) relating to the vacancies.	As at 30 June 2020, the proportion of females that were Officers (as defined in the NZX Listing Rules) was 33%, an increase compared to 30 June 2019 (29%). More broadly, in relation to recruitment for any senior roles within the Group, it is the practice of the Group to ensure that suitably qualified female candidates are identified as part of the recruitment process.
Continue to ensure that the remuneration of females in salaried roles is objectively reviewed against the remuneration of males in comparable roles in order to eliminate inequity based on gender (with such review taking into account relevant experience, qualifications and performance).	A detailed gender pay equity analysis was undertaken in 2018. EBOS expects to conduct a further gender pay equity analysis shortly.
Continue to promote family friendly and flexible work place practices including but not limited to parental leave, flexible return to work arrangements, flexible work arrangements and employee assistance programs.	EBOS continued to promote these policies throughout the year (including by introducing relevant policies to businesses acquired during the year). As part of its review of human resources policies, EBOS also introduced a family domestic violence leave policy during the year. As part of its response to COVID-19 a number of office-based employees worked from home and had flexible workplace arrangements. EBOS will undertake a review to learn more about how to effectively manage flexible arrangements in the future. It is recognised that such policies contribute to retaining talent and reducing staff turnover.

Gender representation

The Group's gender representation as at 30 June 2020 was as follows:

Board	Female %	Female (no.)	Male %	Male (no.)
2018/19	40	2	60	3
2019/20	33.3	2	66.6	4

Officer	Female %	Female (no.)	Male %	Male (no.)
2018/19	29	2	71	5
2019/20	33	3	66	6

Officer has the meaning given in the NZX Listing Rules.

Group	Female %	Male %
2018/19	58	42
2019/20	58	42

Director independence

The Board's assessment of the independence of each person that was a director as at 30 June 2020 is set out below.

Name	Status	Appointment date
Elizabeth Coutts	Independent	July 2003
Nicholas Dowling	Independent	February 2020
Stuart McGregor	Non-independent	July 2013
Stuart McLauchlan	Independent	July 2019
Sarah Ottrey	Independent	September 2006
Peter Williams	Non-independent	July 2013

Elizabeth Coutts, Nicholas Dowling, Stuart McLauchlan and Sarah Ottrey have been determined as Independent[1]. Nicholas Dowling and Stuart McLauchlan were both recently appointed to the Board and do not have relationships which may impact the Board's assessment of their independence. In relation to Elizabeth Coutts and Sarah Ottrey, the Board is unanimously of the view that each director brings, amongst other things, an independent view to decisions in relation to EBOS and that their tenure is not, of itself, an indication that they are no longer Independent.

2020 Code

Under NZX Listing Rule 3.8.1(b), EBOS is required to state in the Annual Report which recommendations in the 2020 Code were not followed in the financial year ended 30 June 2020.

Recommendation	Comment
3.4 – Nomination Committee	The Board does not have a nomination committee. The Board has determined, having regard to the current composition of the Board, that a nomination committee is not currently required. The Board undertakes the functions that were previously delegated to a nominations committee.
5.2 – Remuneration policy	EBOS has a remuneration policy. The policy does not include the relative weightings of remuneration and performance criteria. This information is included in the Company's Corporate Governance Statement (as required under the policy) to ensure it accurately reflects the remuneration structures.

[1] Independent means that the director is considered to be an Independent Director as defined under the NZX Listing Rules and independent having regard to the factors set out in the ASX Corporate Governance Council's Corporate Governance Principles & Recommendations.

REMUNERATON

Remuneration Overview

EBOS Group Limited presents this remuneration overview for the Company and its controlled entities for the year ended 30 June 2020. This overview provides details beyond those required under New Zealand laws and the NZX Corporate Governance Code. The Board considers that it is important to provide an appropriate level of transparency around the Group's approach to remuneration beyond these strict requirements in order to encourage confidence in the Group's executive and non-executive director remuneration processes.

This overview provides details of the Group's approach to remuneration including incentive plans for senior executives that were in place for the reporting year and remuneration received by the CEO.

Remuneration Philosophy and Principles

It is recognised that in order to support the business and its strategy, the Group must attract and retain people of a high calibre. Accordingly, the Board sets the remuneration of directors and executives with regard to this and other business objectives.

Specifically in relation to executives, it is the policy of the Group to align components of executive remuneration with the performance of the Group. Accordingly, executive remuneration comprises fixed and 'at risk' (or performance-based) elements which are both short and long-term in nature. The purpose of this policy is to ensure that the interests of the executives, the Group and its shareholders are aligned during the period over which the business results are realised.

As a result the remuneration framework is structured to promote the long-term sustainable growth of the Group with a significant portion of performance-based executive remuneration awarded as rights to equity.

Remuneration Governance

As set out in the Charter for the Remuneration Committee, the Committee is responsible for reviewing, recommending and, if delegated by the Board, setting, in accordance with the Group's Remuneration Policy and Group practices, all components of the remuneration of the directors and executives. The charter for the Remuneration Committee is included as Appendix C to the Corporate Governance Code which can be found at **https://ebosgroup.gcs-web.com/corporate-governance**.

The Remuneration Committee is responsible for:

- approving the remuneration of executives; and
- recommending non-executive director remuneration to the Board.

The Board is responsible for:

- approving non-executive director remuneration; and
- approval of remuneration policies.

Members of the Remuneration Committee during the year were:

- Elizabeth Coutts (Chair from 15 October 2019);
- Stuart McLauchlan (appointed 15 October 2019);
- Sarah Ottrey; and
- Mark Waller (Chair until 15 October 2019, resigned 15 October 2019).

Executive Remuneration Framework

The Group's remuneration structure for executives, including the CEO, comprises three elements:

- Total Fixed Remuneration (TFR);
- Short-Term Incentive (STI); and
- Long-Term Incentive (LTI).

The following summarises each component of executive remuneration. A summary of the remuneration of the CEO, Mr John Cullity, is set out below.

a. Total Fixed Remuneration (TFR)

Fixed remuneration may include a component of compulsory superannuation contributions for Australian-based executives and KiwiSaver contributions for New Zealand-based executives. Executives fixed remuneration is set by reference to the person's position, performance at EBOS, market data for comparable companies, their qualifications and their experience.

b. Short Term Incentive (STI)

The STI is currently an annual cash payment which is dependent on the achievement of a combination of Group and individual performance measures.

The performance measures are set by reference to the executive's responsibilities and particular projects relevant to that executive and the business or function for which they are responsible. The purpose of the STI is to reward executives for meeting measurable objectives linked to a financial year.

For example, for executives that are responsible for businesses in the Group, their performance measures may be set by reference to the performance of that business and the Group as a whole.

For executives that have functional responsibilities, their performance objectives may be set by reference to the financial performance of the Group.

Table 1: FY2020 STI plan

Feature	Approach
Purpose	Align individual performance with Group objectives. Provide individuals with a competitive market position for total reward (i.e. variable and fixed pay components).
Eligibility	Those considered for participation in the program must be able to impact the performance of their own work area, their business or function and also contribute to the Group's overall performance.
Instrument	Cash
Performance Criteria	The following criteria must be met before any payments are made: • Group Profit Before Tax (PBT) target for the financial year; and where relevant, • Business unit EBIT target for the financial year (Healthcare or Animal Care & Consumer Brands).

c. Long Term Incentive (LTI)

EBOS Group has a long-term incentive plan. The table below sets out the key terms for the LTIs granted during the year ended 30 June 2020.

Table 2: LTI 2019/22 plan

Feature	Approach
Purpose	Align a portion of executives' total remuneration with the medium to long term performance of the Group.
Eligibility	The Remuneration Committee determines whether an LTI plan will operate and the extent (if any) to which each executive is invited to participate in an LTI plan.
Instrument	Performance Rights (PRs) which are rights to acquire ordinary shares in the Company for nil consideration.
Settlement	PRs can be settled either in equity or a cash equivalent at the discretion of the Board.
Performance period	Three years from 1 July 2019 to 30 June 2022.
Vesting conditions	• Continuous employment with the Group; • Growth in the Company's earnings per share in each year of the performance period or cumulatively over the performance period must equal or exceed a specific percentage target.
Dividends and voting rights	PRs do not have voting rights or accrue dividends.

Table 2: LTI 2019/22 plan continued

Feature	Approach
Clawback	The Board has broad discretion to adjust downwards including to zero unvested or vested LTI awards where, in the opinion of the Board, the CEO or an executive has: • acted fraudulently, dishonestly or engaged in gross misconduct or is in breach of their obligations to the Group; • acted in a way that has contributed to material reputational damage to the Group; or • received PRs that have vested as a result of fraud, dishonesty or breach of obligations of any person or as a result of a material misstatement of the financial statements of the Group.
Restriction on hedging	Hedging of PRs by executives is not permitted.
Change of control	Vesting of PRs is subject to Board discretion.
Cessation of employment	Resignation: subject to the Board determining otherwise, unvested PRs are forfeited. Vested PRs remain on foot. Termination for cause: if an Executive's employment is terminated for cause, subject to the Board determining otherwise, unvested and vested performance rights are forfeited. Termination without cause (including circumstances such as redundancy and retirement): the Board shall determine the treatment of unvested performance rights. All vested PRs remain on foot unless otherwise determined by the Board.

d. Executive Remuneration Mix

The Group's Remuneration Policy does not include the relative weightings of remuneration and performance criteria.

As required under the Group's Remuneration Policy, the relative weightings of realised executive remuneration components in the financial year ended 30 June 2020 is set out in the Group's Corporate Governance Statement.

CEO Remuneration

a. Past Financial Performance

The table below presents the financial performance for EBOS Group Limited for the previous 5 financial years.

Table 3: Past Financial Performance

	2020	2019	2018	2017	2016
NPAT [1]	A$162.5m	A$137.7m	A$137.3m	A$125.9m	A$117.0m
Basic EPS	A$100.6cps	A$89.8cps	A$90.4cps	A$83.0cps	A$77.4cps
Share price at end of financial year	NZ$21.61	NZ$23.15	NZ$17.95	NZ$17.50	NZ$16.36
Total dividends in period	NZ$77.5cps	NZ$71.5cps	NZ$68.5cps	NZ$63.0cps	NZ$58.5cps
Total shareholder return [2]	(3.30%)	32.95%	6.49%	10.82%	65.32

Note 1: Net profit after tax attributable to owners of the company.
Note 2: Total shareholder return is calculated as the share price at the end of the year plus dividends declared in relation to that year.

b. Key terms of CEO employment contract

The table below sets out the key terms of Mr Cullity's employment contract.

Table 4: CEO Contract

Contract duration	Notice period – company	Notice period – CEO	Termination provision (where notice provided)	Post-employment restraint
Ongoing until terminated by either party	12 months unless for cause	12 months	12 months	18 months

c. CEO Remuneration Outcomes for FY20

The table below sets out the remuneration outcomes for Mr Cullity during the 2020 and 2019 financial years.

Table 5: Summary of total realised remuneration

Financial year	Fixed remuneration (including superannuation)	STI	LTI
2020	A$1,350,000	A$1,150,000	A$1,000,000
2019	A$1,150,531	A$487,500	-

The amounts set out in this section may differ from the amounts included in Note H4 to the Financial Report and the table of employee remuneration included on pages 102 and 103 which are reported according to accounting standards. The accounting values of remuneration reported may not reflect what a person was actually paid during the financial year, particularly due to the valuation of share based payments and accrual of short term incentives. A summary of total realised remuneration received by Mr Cullity during the year ended 30 June 2020 is set out in Table 5 above.

Fixed remuneration

In the financial year ended 30 June 2020, Mr Cullity received fixed remuneration of A$1,350,000. This includes compulsory superannuation contributions.

Short Term Incentive (STI) payment

In the financial year ended 30 June 2020, Mr Cullity received an STI payment of $1,150,000. This payment was based on the financial performance of the Group for the prior year (that is, the year ended 30 June 2019) (2019 STI).

With regard to the 2019 STI, a target was set by reference to the Group's 2019 Underlying Profit Before Tax results (Target). The calculation of Mr Cullity's 2019 STI was based on the following criteria:

- If the Group's underlying Profit Before Tax (PBT) results were less than 80% of the Target, no STI was payable.
- If the Group's underlying PBT results were between 80% of the Target and the Target, an STI between 35% and 75% of Mr Cullity's maximum STI entitlement was payable.
- If the Group's underlying PBT results met certain stretch targets above the Target, an STI between 75% to 100% of Mr Cullity's maximum STI entitlement was payable.

Mr Cullity received his maximum STI entitlement under the 2019 STI.

2020 STI

In relation to the STI for the year ended 30 June 2020, a similar structure for the STI was adopted. Mr Cullity's maximum STI entitlement under the 2020 STI is $1,350,000 and it is expected that Mr Cullity will receive the maximum STI entitlement during the 2021 financial year.

Long Term Incentives

During the year ended 30 June 2020, Mr Cullity received long term incentives of A$1,000,000.

The performance conditions for the performance rights granted during the year ended 30 June 2020 are described in section c and Table 2 above.

The maximum LTI opportunity for Mr Cullity in the form of equity instruments for the year ended 30 June 2020 was A$1,000,000.

Long term incentives in the form of equity instruments received by Mr Cullity in previous financial years were:

Table 6: LTIs – Chief Executive Officer

	Performance Period	Instrument
LTI – 2019/2022	1 July 2019 to 30 June 2022	45,455 Performance Rights
LTI – 2018/2021	1 July 2018 to 30 June 2021	47,500 Performance Rights
LTI - 2017/2020	1 July 2017 to 30 June 2020	110,000 loan-backed shares
LTI - 2016/2019	1 July 2016 to 30 June 2019	95,000 loan-backed shares

Vesting of LTI shares

In previous financial years, EBOS operated a long term incentive share plan whereby EBOS provided an interest free, non-recourse loan to participating senior executives, including Mr Cullity, in order for those executives to purchase shares in the Company.

The Group issued 95,000 shares to Mr Cullity as part of the LTI 2016/19 plan (prior to his appointment as Chief Executive Officer). The performance conditions were tested following the end of the performance period and, as the conditions were satisfied, the shares vested during the year ended 30 June 2020. The loan balance in respect of these shares as at 30 June 2020 was NZ$1,529,073.

The Group issued 110,000 shares to Mr Cullity as part of the LTI 2017/20 plan (prior to his appointment as Chief Executive Officer). The performance conditions were tested following the end of the performance period and, as the conditions were satisfied, the shares will vest in August 2020. The loan balance in respect of these shares as at 30 June 2020 was NZ$1,731,202.

Non-Executive Director Remuneration

The remuneration of non-executive directors is set by reference to the time commitment and responsibilities of the non-executive directors (including any commitment as a member of a Board committee) and is set at a level which is designed to attract and retain experienced and qualified Board members and provide appropriate remuneration for their time and expertise. Market rates for non-executive director remuneration for comparable companies (by size, industry classification and/or complexity) are also taken into account.

Non-executive directors do not receive performance-based remuneration.

Total remuneration for non-executive directors is subject to an aggregate fee pool limit of NZ$1,410,000 (including payments made in respect of KiwiSaver and compulsory superannuation contributions) in any financial year. The fee pool was approved by shareholders at the Annual Meeting held on 15 October 2019.

Table 7: Non-executive director fees by position

Position	Fees (NZD)
Chairman	$320,000
Director (other than Chairman)	$160,000
Chair of Audit and Risk Committee	$37,500
Chair of Remuneration Committee	$20,000
Member of Audit and Risk Committee	$17,500
Member of Remuneration Committee	$10,000

Directors' remuneration and other benefits required to be disclosed pursuant to section 211(1) of the Companies Act 1993 for the year ended 30 June 2020 were as follows:

Table 8: Non-executive director fees paid in New Zealand dollars during the year ended 30 June 2020

Director	Base Fee* $	Audit and Risk Committee* $	Remuneration Committee* $	Total $
E Coutts	273,478	23,315	17,092	313,885
N Dowling**	66,374	-	-	66,374
S McGregor	160,000	17,500	-	177,500
S McLauchlan	160,000	26,596	7,092	193,688
S Ottrey	160,000	-	10,000	170,000
P Williams	160,000	-	-	160,000
M Waller##	93,043	5,088	5,815	103,946

*Includes fees as Chair of Board or a Committee.
** Mr Dowling commenced as a director on 1 February 2020.
Mr Waller retired as a director on 15 October 2019.

Employee Payment Bands

Grouped below, in accordance with Section 211 of the Companies Act 1993, are the number of employees or former employees of the Company and its subsidiaries, including those based in Australia, who received remuneration and other benefits in their capacity as employees totalling NZ$100,000 or more during the year.

Employee remuneration (NZ$)	30 June 2020 Number of Employees
100,000–110,000	143
110,000–120,000	74
120,000–130,000	75
130,000–140,000	67
140,000–150,000	52
150,000–160,000	42
160,000–170,000	34
170,000–180,000	14
180,000–190,000	25
190,000–200,000	19
200,000–210,000	22
210,000–220,000	14
220,000–230,000	11
230,000–240,000	8
240,000–250,000	12
250,000–260,000	6
260,000–270,000	5
270,000–280,000	4
280,000–290,000	4
300,000–310,000	4
320,000–330,000	2
330,000–340,000	1
340,000–350,000	3
350,000–360,000	1
360,000–370,000	5
370,000–380,000	3
380,000–390,000	4
400,000–410,000	3
420,000–430,000	1
430,000–440,000	1
440,000–450,000	1
450,000–460,000	2
460,000–470,000	1

Employee remuneration (NZ$)	30 June 2020 Number of Employees
530,000–550,000	1
590,000–600,000	1
640,000–650,000	1
730,000–740,000	1
800,000–810,000	2
810,000–820,000	1
840,000–850,000	1
1,220,000–1,230,000	1
1,280,000–1,290,000	1
1,350,000–1,360,000	1
1,490,000–1,500,000	1
1,690,000–1,700,000	1
3,560,000–3,570,000	1

DIRECTORS' INTERESTS AND DISCLOSURES

Disclosure of interests

In accordance with section 140(2) of the Companies Act 1993, the Directors named below have made general disclosure of interest, by a general notice disclosed to the Board and entered in the Company's interests register during the year ended 30 June 2020, as follows:

E.M. Coutts: Chair of Urwin & Company Ltd, Oceania Healthcare Ltd, Ports of Auckland Ltd and Skellerup Holdings Ltd, Director of Tennis Auckland Region Incorporated, Director of EBOS Group subsidiaries in New Zealand and Member, Marsh New Zealand Advisory Board.

N.W Dowling: Director of ABI Dowling Pty Ltd, Balmoral Australia Pty Ltd, Balmoral Financial Investments Pty Ltd, Balmoral Operations Pty Ltd, BPI Property Investments Pty Ltd and BPI Property Developments Pty Ltd.

S.J. McGregor: Director of Symbion Pty Ltd and other EBOS Group subsidiaries.

S.J. McLauchlan: Chairman of Scott Technology Limited, Analog Digital Instruments Limited, UDC Finance Limited, BPac Clinical Services Ltd, Cargill Hotel 2002 Ltd, Compass Agribusiness Ltd, Foundation Studies Ltd, G S McLauchlan & Co, Otago Community Hospice and Wood Solutions. Director of Argosy Property Ltd, Dunedin Casinos Ltd, NZ Whisky and Scenic Circle Hotels. Governor, NZ Sports Hall of Fame. Member, Marsh NZ Advisory Board.

S.C. Ottrey: Chair of Whitestone Cheese Ltd and Director of Sarah Ottrey Marketing Ltd, Skyline Enterprises Limited and its subsidiaries, Mount Cook Alpine Salmon Limited and Christchurch International Airport Ltd. Member of the Institute of Directors – Otago Southland Branch committee.

P.J. Williams: Executive of The Zuellig Group and director of associated companies, a director of Pharma Industries Ltd, CB Norwood Pty Ltd, Cambert and Green Cross Health Limited.

M.B. Waller: Director of EBOS Group Limited and subsidiaries. Note Mr Waller retired as a director of EBOS Group Limited and subsidiaries on 15 October 2019.

Indemnity and Insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of the Company, the Company has given indemnities to, and has effected insurance for, the Directors and executives of the Company and its related companies which, except for some specific matters that are expressly excluded, indemnify and insure directors and executives against monetary losses as a result of actions undertaken by them in the course of their duties. Specifically excluded are certain matters, such as the incurring of penalties and fines, which may be imposed for breaches of law.

Use of information

There were no notices from directors of the Company requesting to use Company information received in their capacity as directors, which would not otherwise have been available to them.

Share dealings by Directors

The Directors have disclosed to the Board under section 148(2) of the Companies Act 1993 particulars of acquisitions or disposals of a relevant interest in the Company's shares.

Director	Ordinary Shares Purchased/(Sold)	Consideration Paid/(Received) (NZD)	Date of Transaction
Elizabeth Coutts	365	$8,818	11 October 2019
	71,592**	Nil	2 December 2019
	448	$9,076	3 April 2020
Stuart McLauchlan	2,000	$46,000	26 November 2019
	37	$750	3 April 2020
Sarah Ottrey	92	$2,223	11 October 2019
	112	$2,269	3 April 2020

** This acquisition was as a result of Ms Coutts' appointment as a trustee of the EBOS Staff Share Plan.

Directors' shareholdings

Director		30 June 2020	30 June 2019
Elizabeth Coutts	– Indirect/beneficial interest	33,313	32,500
	– Direct non-beneficial interest/trustee of EBOS Staff Share Plan	71,592	Nil
Stuart McLauchlan	– Indirect/beneficial interest	2,037	Nil
Sarah Ottrey	– Indirect/beneficial interest	3,050	3,050
	– Held with associated person	8,380	8,176
Mark Waller**	– Held with associated persons	506,692	506,692
	– Direct non-beneficial interest/trustee of EBOS Staff Share Plan	Nil	71,592

** Mr Waller retired as a director of EBOS Group Limited on 15 October 2019.

Attendance at Board and committee meetings

	Board		Audit & Risk		Remuneration	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Elizabeth Coutts	10	10	3	3	3	3
Nick Dowling##	5	5	-	-	-	-
Stuart McGregor	10	8	3	3	-	-
Stuart McLauchlan	10	8	2	2	2	2
Sarah Ottrey	10	10	-	-	3	3
Peter Williams	10	10	-	-	-	-
Mark Waller**	2	2	1	1	1	1

Nick Dowling joined the Board on 1 February 2020.
** Mark Waller retired from the Board on 15 October 2019.

Disclosures relating to subsidiaries

Subsidiary	Current Directors
ACN 618 208 969 Pty Ltd	J Cullity S McGregor#
Alchemy Holdings Pty Ltd	J Cullity S McGregor#
Alchemy Sub-Holdings Pty Ltd	J Cullity S McGregor#
Aristopet Pty Ltd	J Cullity S Duggan M Waller*
Beaphar Pty Ltd	J Cullity S Duggan M Waller*
BFCMC Pty Ltd	J Cullity S McGregor#
Blackhawk Premium Pet Care Pty Ltd	J Cullity S McGregor#
Botany Bay Imports Exports Pty Ltd	J Cullity S Duggan M Waller*
CC Pharmacy Investments Pty Ltd	J Cullity S McGregor#
CC Pharmacy Management Pty Ltd	J Cullity S McGregor#
CC Pharmacy Promotions Pty Ltd	J Cullity S McGregor#
Chem Plus Pty Ltd	J Cullity S McGregor#
Chemmart Holdings Pty Ltd	J Cullity S McGregor#
Cincotta Holding Company Pty Ltd	J Cullity S McGregor#
Clinect Pty Ltd	J Cullity S McGregor M Waller*
Clinect NZ Pty Limited	J Cullity M Waller*

Subsidiary	Current Directors
Collaboration Medical Clinics Pty Ltd	J Cullity S McGregor#
Collaboration Medical Clinics Investments Pty Ltd	J Cullity M McLoughlin*
Developing People Pty Ltd	J Cullity S McGregor#
DoseAid Pty Ltd	J Cullity S McGregor M Waller*
EAHPL Pty Ltd	J Cullity S McGregor#
EBOS Group Australia Pty Ltd	J Cullity S McGregor#
EBOS Health & Science Pty Ltd	J Cullity S McGregor#
EBOS Medical Devices Australia Pty Ltd	J Cullity S McGregor#
EBOS Medical Devices NZ Limited	E Coutts J Cullity L Hansen S McGregor*
EBOS PH Pty Ltd	J Cullity S McGregor#
Endeavour CH Pty Ltd	J Cullity S McGregor#
Endeavour Consumer Health Limited	E Coutts J Cullity L Hansen M Waller*
Healthcare Supply Partners Pty Ltd	J Cullity
Hospharm Pty Ltd	J Cullity S McGregor#
HPS Brands Pty Ltd	J Cullity S McGregor#

Subsidiary	Current Directors
HPS Corrections Pty Ltd	J Cullity S McGregor#
HPS Finance Pty Ltd	J Cullity S McGregor#
HPS Holdings Group (Aust) Pty Ltd	J Cullity S McGregor#
HPS Hospitals Pty Ltd	J Cullity S McGregor#
HPS IVF Pty Ltd	J Cullity S McGregor#
HPS Services Pty Ltd	J Cullity S McGregor#
Intellipharm Pty Ltd	J Cullity S McGregor M Waller*
Lite Living Pty Ltd	J Cullity S McGregor#
LMT Surgical Pty Ltd	J Cullity S McGregor#
Lyppard Australia Pty Ltd	J Cullity S McGregor M Waller*
Masterpet Australia Pty Limited	J Cullity S Duggan M Waller*
Masterpet Corporation Limited	E Coutts J Cullity S Duggan* L Hansen M Waller*
Masterpet Logistics Pty Ltd	J Cullity S Duggan M Waller*
Mega Save Management Pty Ltd	J Cullity S McGregor#

Subsidiary	Current Directors
National Surgical Pty Ltd	J Cullity S McGregor#
Nexus Australasia Pty Limited	J Cullity S McGregor#
PBA Finance No. 1 Pty Ltd	J Cullity S McGregor#
PBA Finance No. 2 Pty Ltd	J Cullity S McGregor#
PBA Wholesale Pty Ltd	J Cullity S McGregor#
Pet Care Distributors Pty Ltd	J Cullity S McGregor# M Waller*
Pet Care Holdings Australia Pty Ltd	J Cullity S McGregor# M Waller*
Pet Care Wholesalers Pty Ltd	J Cullity S McGregor#
Pets International Pty Ltd	J Cullity S Duggan M Waller*
Pharmacy Brands Australia Pty Ltd	J Cullity S McGregor#
Pharmacy Retailing (NZ) Limited	E Coutts J Cullity L Hansen M Waller*
PRNZ Limited	E Coutts J Cullity L Hansen M Waller*
Richard Thomson Pty Limited	J Cullity S McGregor# M Waller*
Symbion Pty Ltd	J Cullity S McGregor M Waller*

Disclosures relating to subsidiaries continued

Subsidiary	Current Directors
Terry White Group Pty Ltd	J Cullity S McGregor# D Lewis* S Hughes*
Tony Ferguson Weight Management Pty Ltd	J Cullity S McGregor#
TW&CM Pty Ltd	J Cullity S McGregor#
TWC IP Pty Ltd	J Cullity S McGregor#
Ventura Health Pty Ltd	J Cullity S McGregor#
VIM Health Pty Ltd	J Cullity S McGregor#
VIM Health IP Pty Ltd	J Cullity S McGregor#
Vitapet Corporation Pty Limited	J Cullity S Duggan M Waller*
Warner & Webster Pty Ltd	J Cullity S McGregor#
W & W Management Services Pty Ltd	J Cullity S McGregor#
You Save Management Pty Ltd	J Cullity S McGregor#
ZAP Services Pty Ltd	J Cullity S McGregor M Waller*
ZHHA Pty Ltd	J Cullity S McGregor M Waller*
Shanghai EBOS Business Management Co Ltd	J Cullity

* Ceased to be a director during the year ended 30 June 2020.
# Alternate director.

No employee of the Group appointed as a director of the Company or its subsidiaries receives remuneration or other benefits in their role as a director. The remuneration and other benefits of such employees, received as employees, are included in the relevant bandings for remuneration disclosed under employee remuneration range on pages 102 to 103.

Auditor

The Company's auditor, Deloitte, will continue in office in accordance with the Companies Act 1993.

The Directors are satisfied that the provision of non-audit services, during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Companies Act 1993. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note H5 of the financial statements.

Elizabeth Coutts
Chair of Directors

Stuart McLauchlan
Director

DIRECTORY

Registered offices

108 Wrights Road
PO Box 411
Christchurch 8024
New Zealand
Telephone: +64 3 338 0999
Email: ebos@ebos.co.nz

Level 7, 737 Bourke Street
Docklands 3008
PO Box 7300
Melbourne 8004
Australia
Telephone: +61 3 9918 5555
Email: ebos@ebosgroup.com

Website address

www.ebosgroup.com

Directors

Elizabeth Coutts
Independent Director

Nick Dowling
Independent Director

Stuart McGregor

Stuart McLauchlan
Independent Director

Sarah Ottrey
Independent Director

Peter Williams

Senior executives

John Cullity
Chief Executive Officer

Brett Barons
CEO Symbion

Andrea Bell
Chief Information Officer

Simon Bunde
EGM Strategic Operations and Innovation

Janelle Cain
General Counsel

Sean Duggan
CEO Animal Care and Consumer Brands

Leonard Hansen
Acting Chief Financial Officer

David Lewis
EGM Strategy

Jacinta McCarthy
Group GM – Human Resources

Auditor

Deloitte Limited
Christchurch

Securities exchange

EBOS Group Limited shares are quoted on the New Zealand Securities Exchange and the Australian Securities Exchange (NZX/ASX code: EBO).

Share register

Computershare Investor Services Ltd
Private Bag 92119
Auckland 1142
New Zealand
Telephone: +64 9 488 8777

Computershare Investor Services Pty Ltd
GPO Box 3329
Melbourne, Victoria 3001
Australia
Telephone: 1800 501 366

Managing your shareholding online

To change your address, update your payment instructions and to view your Investment portfolio, including transactions, please visit:

www.computershare.com/investorcentre

General enquiries can be directed to:

- enquiry@computershare.co.nz
- Private Bag 92119, Auckland 1142, New Zealand or GPO Box 3329, Melbourne, Victoria 3001, Australia
- Telephone (NZ) +64 9 488 8777 or (Aust) 1800 501 366
- Facsimile (NZ) +64 9 488 8787 or (Aust) +61 3 9473 2500

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

Notice of Annual Meeting

The Annual Meeting of EBOS Group Limited will be held on Tuesday, 13 October 2020 at 2.00 pm, at Addington Raceway & Events Centre, 75 Jack Hinton Drive, Addington, Christchurch, New Zealand.

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