2025 ANNUAL REPORT

AFT pharmaceuticals

Working to improve your health

"AFT is a growing multinational pharmaceutical company that develops, markets, and distributes a broad portfolio of pharmaceutical products across a wide range of therapeutic categories."

Contents

This report provides a summary review of AFT's operational and financial performance for the year to 31 March 2025. It should be read in conjunction with the company's financial statements on pages 63 to 96 of this report. The information provided in this report has been compiled in accordance with relevant law, rules, and corporate governance recommendations for investor reporting.

Financial information has been prepared in accordance with appropriate accounting standards and has been audited by Deloitte Limited.

Throughout this report we have focused on what we believe matters most to our stakeholders and our business. We have endeavoured to ensure all information is accurate through internal verification and other approval processes.

David Flacks
Chair

Dr Hartley Atkinson
Managing Director

Investing for the future – we have extended our reach around the world, expanded our product range, and added new medicines to a research and development portfolio that promises better health outcomes. We have delivered, and continue to focus on, long-term sustainable growth.

Record revenue with sights set on $300m milestone

$208.0m ▲

Total revenue, rose 6% from $195.4 million in FY 24, with strong growth in all territories offset by lower licensing income

$17.6m ▼

Operating profit down from an operating profit of $24.2 million in FY 24 as AFT invests for growth and sees lower licensing income

$14.5m ▼

Net debt[1] at 31 March 2025 within the target of 1X EBITDA

$20.9m ▼

EBITDA[2] of down from $26.2 million

1.8 cents ▲

Dividend per share, up 0.2 cents on 1.6 cents in FY24

$15.0m ▲

Research and development expenditure up from $12.4 million

OUR STRATEGIC ACHIEVEMENTS

Maxigesic tablets launched in the US, following on from the launch of Maxigesic IV.

Crystaderm launched in China and **Maxigesic IV** licensed to Xizang Weixinkang Pharmaceutical Co.

New Business Hubs in Singapore, Hong Kong, South Africa, the US, Canada, Europe, and the UK establish a clear roadmap for growth.

Research and Development programme extended to 13 separate projects following the addition of two projects over the last year

[1] Net debt is net interest bearing liabilities less cash and cash equivalents.

[2] EBITDA is a non-GAAP measure of financial performance. It is defined and reconciled to AFT's standard profit measure under New Zealand GAAP of Net Profit After Tax on page 35 of this report.

AUSTRALIA

Revenue: $127.1 million

up 17%

Operating profit 25.5 million up 65%

Key growth drivers: Eyecare, pain relief, iron supplements, and prescription.

NEW ZEALAND

Revenue: $53.8 million

up 10%

Operating profit $8.8 million up 20.5%.

Key growth drivers: Eyecare, pain relief, dermatology and prescription.

ASIA

Revenue: $11.1 million

up 4%

Operating profit $1.8 million down from $2.5 million.

Key drivers: Supplements particularly via the online cross border e-commerce channel.

INTERNATIONAL

Revenue: $16.0 million

down 42%

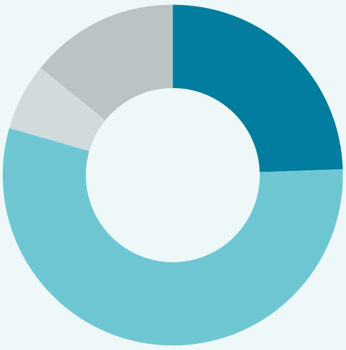
Operating loss $(7.3) million down from $8.5 million operating profit.

Key drivers: Lower licensing income and growth investments.

A Growing Contribution From Our Global Operations

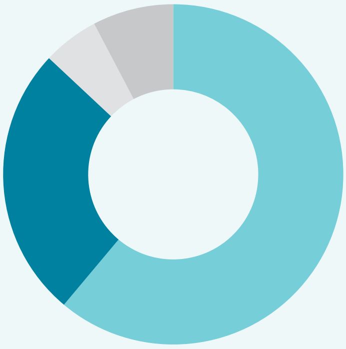
FY24 Revenue

New Zealand	24.9%
Australia	55.4%
Asia	5.5%
International	14.2%



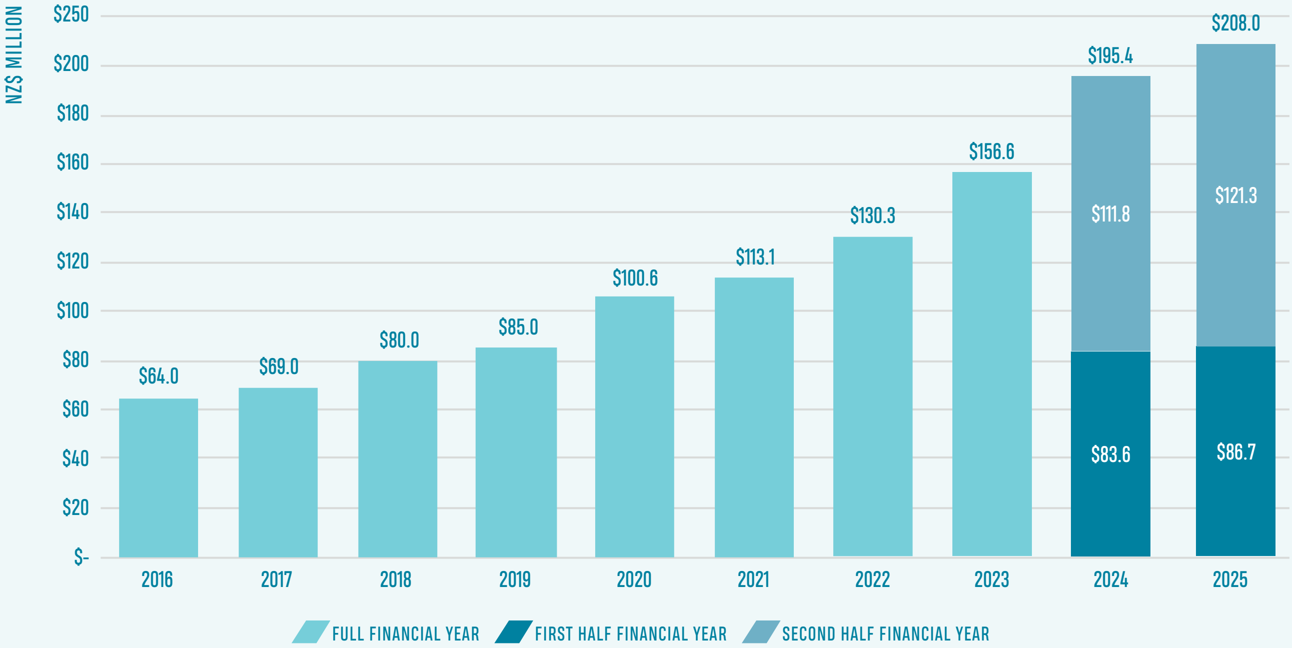
FY25 Revenue

New Zealand	25.9%
Australia	61.1%
Asia	5.3%
International	7.7%



Extending Our Record of Growth in Revenue and Earnings

AFT Pharmaceuticals Revenue



We are seeing interest growing in our R&D portfolio with some twenty agreements under discussion.

Investing for the future; growing strongly

DEAR SHAREHOLDERS,

AFT has delivered another strong result, delivering another year of record revenue with annual sales exceeding $200 million and we are now firmly focused on achieving our revenue target of $300 million by the end of the 2027 financial year.

We have delivered continued strong growth in our core Australasian business, while our Asia and International businesses have recovered strongly from the one-off events that weighed on the first half of the year - the destocking by several of our largest customers and a since resolved doctors' strike in South Korea.

We have continued to invest for the long-term significantly advancing our strategy to extend our reach across multiple geographies and added to our research and development (R&D) pipeline. These efforts have come at the cost of short-term earnings growth, but we are convinced they will deliver growth in long term shareholder value.

Highlights for the year include launching Maxigesic tablets in the US, following on from the intravenous form of the medicine, Maxigesic IV; the launch of our proprietary antiseptic cream in mainland China, and the completion of multiple licensing agreements around the world including Maxigesic IV in China, and Brazil.

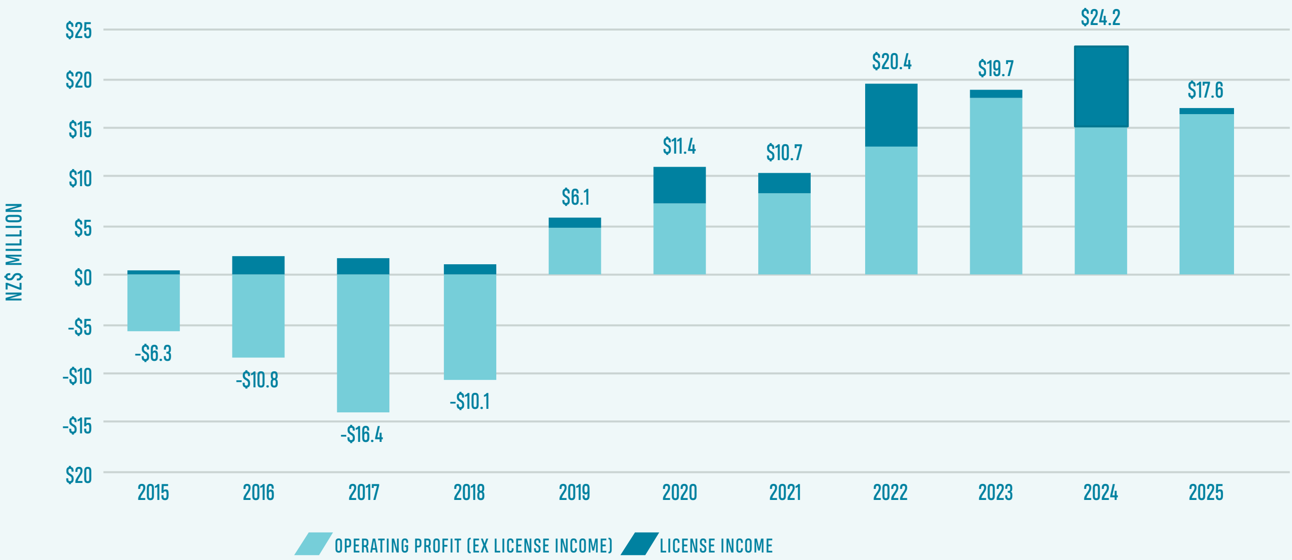
We are also pleased with the progress we are making with AFT's business operations we have established in Singapore, Hong Kong, South Africa, the US, Canada, Europe, and the UK. We have a roadmap for growth in each of these markets founded on a portfolio of our own products and medicines we are in-licensing.

Our own products for these markets now include a significant development programme of injectable drugs with a potential market value of over US$400 million. Our approach to these new markets avoids an over-exposure to the US and at present we do not see a significant impact of new US tariffs to our business.

Our research and development programme now extends to 13 separate projects following the addition of two projects over the last year — a novel topical keloid scar treatment and a new treatment for iron infusions. Together these projects offer entry into markets with a considerable value, for example the iron injection market is forecast to reach US$7.4 Billion by 2033.

We are seeing interest growing in our R&D portfolio with some twenty agreements under discussion, including signed term sheets. We are confident, based on these foundations AFT has reached an inflexion point and can further extend its decades long record for growth and value creation.

AFT Operating Profit*



* FY20 normalised to exclude non-cash valuation gain

Financial Results

Revenue from the sale of existing products, new products and product royalties grew by 11% to $207.4 million from $186.9 million in FY 24. The 17% growth in the Australian business and the 10% growth in the New Zealand business made the largest contribution to the increase in group revenue.

The Asia and International businesses recovered in the second half after the one-off events flagged in the first half of the year — the destocking by several of our largest customers and the disruptions to demand for Maxigesic IV.

Asia revenue recovered from the first half decrease and rose by 4% to $11.1 million from $10.7 million in FY 24. The second half sales in Asia were 50% greater than 1H 25 sales and 26% greater than 2H 24, all consistent with the significant expected recovery.

International sales in 2H 25 were 83% greater than 1H 25 but finished 20% below last year's. Sales in 2H 25 were 19% greater than 2H 24, again a rise consistent with the expected recovery.

"... with a significant number of licensing agreements under discussion, including signed term sheets, we anticipate higher licensing milestone payments in FY 26."

Total revenue, which includes licensing income of $0.7 million rose 6% to $208.0 million from $195.4 million in FY 24. Licensing income was less than FY 24's $8.5 million, a figure buoyed by a one-off $6 million payment related to the launch of Maxigesic IV in the US. However, with a significant number of licensing agreements under discussion, including signed term sheets, we anticipate higher licensing milestone payments in FY 26.

Gross Margin on product sales and royalties of 44% improved by 1 percentage point (FY 24, 43%), driven by the revenue growth in the higher margin OTC products. The overall gross margin which includes license income reduced to 44% (FY 24, 45%).

Operating expenses increased by $10.0 million over FY 24 with the increase reflecting start-up funding for the new business hubs in North America, the United Kingdom, and South Africa; marketing for new products and markets; and an increase in research and development expenditure to $15.0 million from $12.4 million in FY 24.

The result was an operating profit of $17.6 million, down from an operating profit of $24.2 million in FY 24, the latter benefiting from the higher licensing fees. Excluding, license fees operating profits increased 7% to $17.0 million from $15.7 million in FY 24 despite the extra expenditure to drive future business growth. EBITDA of $20.9 million was down from $26.2 million in FY 24, while net profit after tax fell from $15.6 million to $12.0 million.

Governance

We have continued to advance AFT's governance and sustainability framework. This year we have further evolved how we report against the Aotearoa New Zealand Climate Standards. Notably, we have advanced our emissions reduction plan to deliver on targets consistent with limiting warming to 1.5 degrees above pre-industrial levels in line with New Zealand's commitment to the Paris Agreement to the United Nations and achieve net zero emissions by 2050.

This – our second climate risk assessment – also affirmed the finding of the first assessment that climate change represents a relatively low risk to the sustainability of our operations. An overview of our climate risk assessment can be found on page 32 to 33 of this report, and our full climate statement in compliance with the Aotearoa New Zealand Climate Standards can be found in Appendix 1 starting on page 102 of this report.

In November Allison Yorston joined the board as an Independent Non-Executive Director. The appointment fills the vacancy left by Anita Baldauf who retired from the Board at the shareholders meeting in August. Allison is currently Director of Marketing at Griffins Snacks and brings to AFT extensive marketing experience that will assist the company as we grow and consolidate our position in Australasia and build our presence internationally. We also thank Anita for her contributions to the company.

Finally, it is with deep regret that we note the passing of Dr Doug Wilson in March of this year (see page 10). Doug joined the board of the company in 2012 before AFT's initial public offer until his retirement in August 2022. Doug played a key role in shaping AFT's R&D knowledge and strategy during a period of significant growth and international expansion and is deeply missed.

Balance Sheet And Dividend

AFT remains well funded. Net debt at the end of March 2025 was $14.5 million down from $18.9 million at the end of 1H 24 and $16.2 million at the end of FY 24. Net debt is within the company's target range of 1X EBITDA.

Directors have resolved to declare a dividend of 1.8 cents per share, up from 1.6 cents a share in FY 24. The dividend recognises the strong outlook for the company and that earnings in FY 25 were depressed by the one-off events in the first half of the period.

Outlook

AFT is expecting to extend its growth record in FY 26 as it drives towards its aspirational target of $300 million revenue by the end of FY 27.

AFT is well positioned to achieve this target. While the global trading environment is looking more difficult, we are confident that we can continue to overcome these challenges by focusing on what we do best — identifying unmet clinical needs and then in-licensing or developing medicines and then commercialising them to improve health globally. Importantly, we are protecting ourselves from one-off events in single markets with the increasing geographic and product diversification of our operations.

We have a strong programme of new products in our core Australasian markets and see continued opportunities for growth across the existing portfolio. This growth will also be supported by product launches especially in international markets, building momentum in our new business hubs which will move into profitability and the commercialisation of products now in development.

We are looking forward with confidence and expect operating profit for the FY 26 year to range from $20 million to $24 million.

David Flacks
Chair

Dr Hartley Atkinson
Managing Director

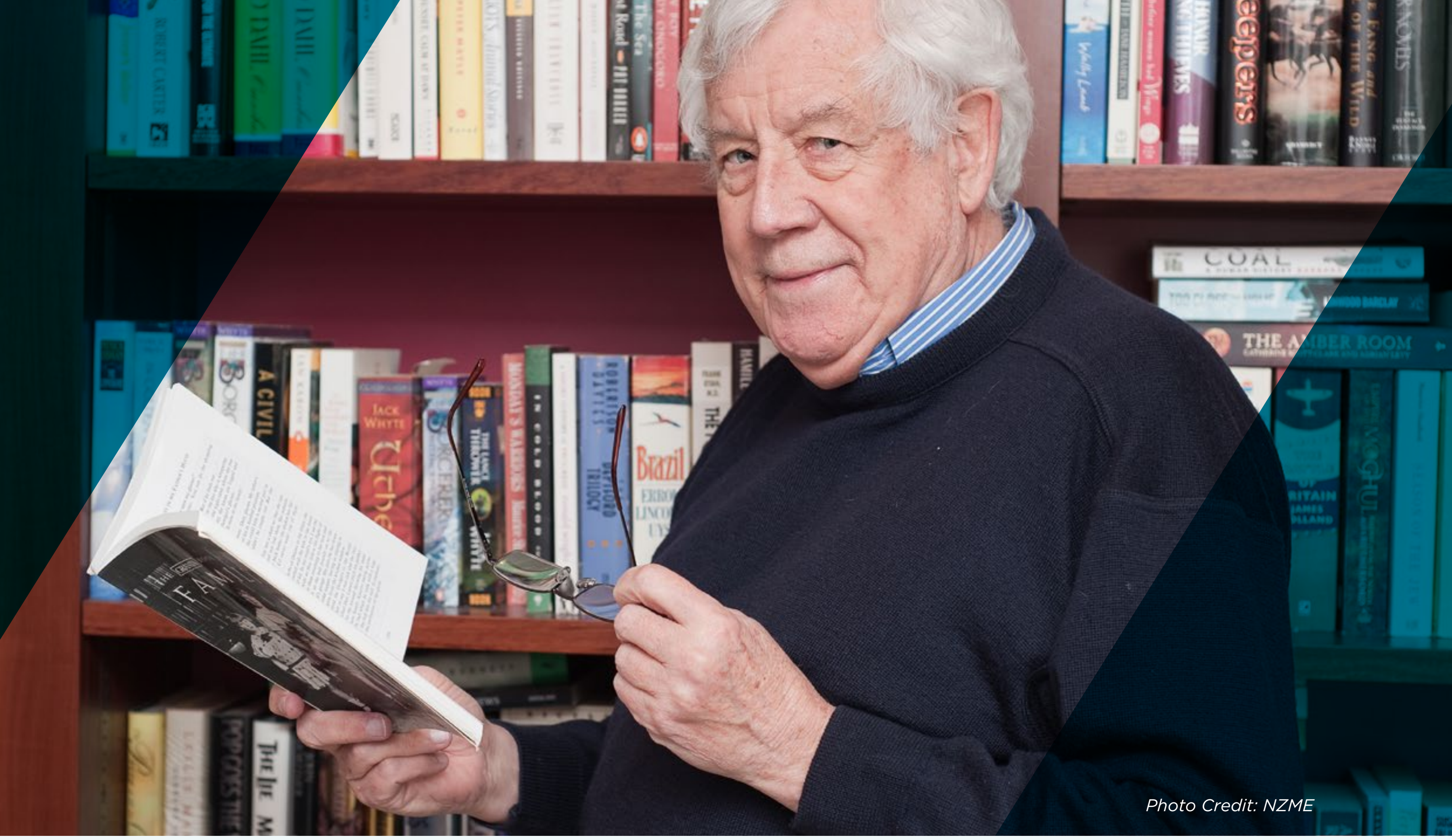


Photo Credit: NZME

TRIBUTE: FORMER AFT DIRECTOR DR DOUG WILSON MNZM

Strategic Insight That Left a Lasting Legacy

AFT Pharmaceuticals acknowledges with regret the passing of Dr Doug Wilson, a New Zealand physician, academic author, and leading expert in the field of ageing. Doug, who served as an Independent Non-Executive Director on the AFT Board between 2012 and 2022 passed away in March 2025.

Doug joined the AFT Board ahead of the company's initial public offering in 2015 and played a key role in shaping AFT's R&D expertise and strategy during a period of significant growth and international expansion.

Doug brought to AFT decades of international pharmaceutical experience, including senior roles at Boehringer Ingelheim, where he served as Head of Medical Research and Regulatory Affairs, later assuming responsibility for global drug development. He chaired Boehringer Ingelheim's International Medical Committee, overseeing the medical aspects of all drugs in development globally, and led their International Labelling Committee for marketed drugs.

His strategic insight, and deep understanding of the international pharmaceutical industry and pharmaceutical development which he willingly shared with all the relevant AFT staff was instrumental in helping guide the company through its early public years and beyond.

In 2021 he was named the Senior New Zealander of the year. And then in recognition of his outstanding service to health and seniors, Doug was awarded the New Zealand Order of Merit in the 2022 New Year's Honours List.

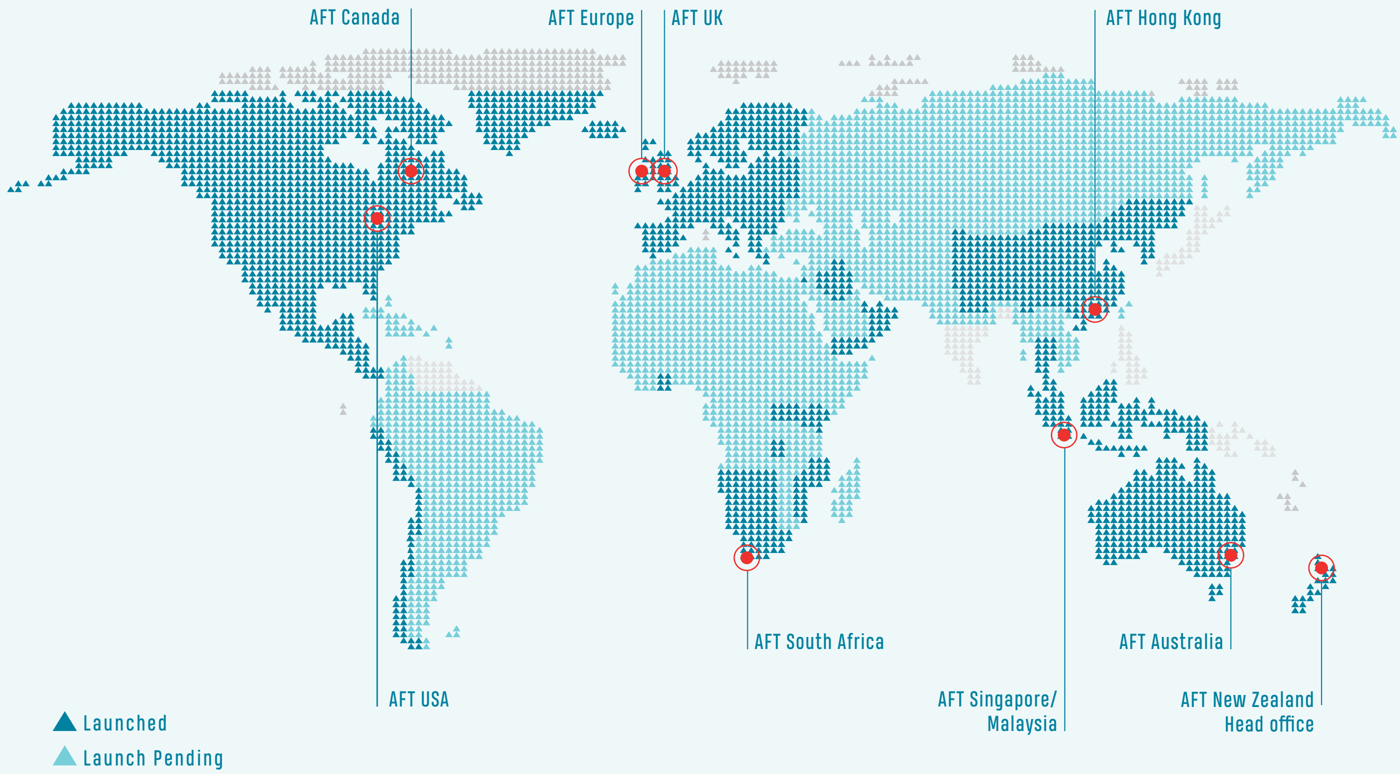
Beyond his contributions to AFT, Doug was an internationally respected specialist in the field of ageing. He consulted widely on new drug development, advised pharmaceutical companies globally, and was a passionate advocate for healthy ageing. He authored several children's books, as well as two acclaimed non-fiction works on ageing – *Ageing for Beginners and Ageing Well (2021)* – where he championed positive intergenerational relationships and proactive approaches to health and financial security in later life.

Doug also produced his own podcast series and was a regular contributor to Radio New Zealand's Saturday Morning programme. He was an active member of the Age Friendly Steering Group with the Taupō District Council, part of the World Health Organisation's programme on age-friendly cities.

AFT wishes to express its sincere gratitude for the tremendous contribution Doug made to the company's development, and to acknowledge the enduring legacy he leaves both within AFT and in the broader community he served so passionately. He will be deeply missed.

AFT's Global Reach

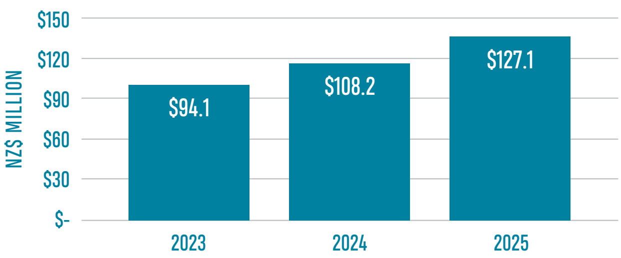
A decades long record of growth and global expansion



Australia

NEW PRODUCT LAUNCHES SUPPORT GROWTH

Australian Revenue



Revenue:
$127.1m
up 17%

Operating profit
$25.5m
from $15.5 million up 65%

Revenue in Australia grew 17% to $127.1 million from $108.2 million in FY 24. Market growth was led by eyecare, pain relief, iron supplements, and the broad portfolio of injectables and prescription.

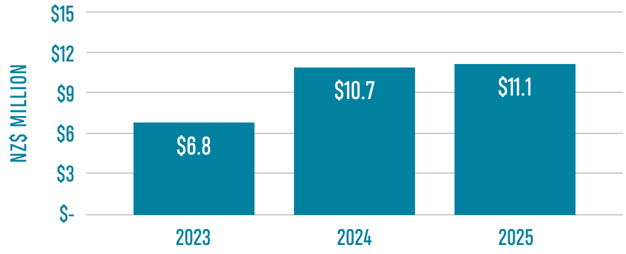
Growth is primarily driven by existing products with new product launches complementing, but not driving, growth over the last year. The planned pipeline of products will contribute as they become established in the market. AFT continues to add products to this pipeline through our active business development activities around the globe, in addition to our own R&D pipeline which we foresee will further strengthen and grow our Australian business.

Australian operating profit was up strongly to $25.5 million from $15.5 million in FY 24. This improvement in profit followed on from the significant investment last year in new product promotion and the doctor field force. It is not foreseen that significant additional headcount will be required in Australia which will assist in improving operating leverage in our largest market.

ASIA

CRYSTADERM MAKING A MARK IN CHINA

Asia Revenue



Revenue:
$11.1m
up 4%

Operating profit
$1.8m
down from $2.5 million

Asian revenue was up to $11.1 million from $10.7 million in FY 24. We have benefited from good growth in the iron and vitamin supplements on the online cross border e-commerce into China, and the launch of Crystaderm into mainland China late in the financial year. These gains were diluted in 1H 25 by a doctors' strike in South Korea, which weighed on demand for Maxigesic IV. Operating profit is down to $1.8 million from $2.5 million in the prior year, reflecting the increased spending on marketing and business development initiatives.

Making A Mark In China

New research shows that AFT is achieving success, amongst global pharma, in China that belies its size. In 2024, according to a report compiled by MybioBD Management Consulting Co., AFT medicines – the antiseptic cream Crystaderm and Maxigesic IV – accounted for two of the just 19 developed medicines in-licensed into China in 2024. AFT was also the only company that achieved more than one deal.

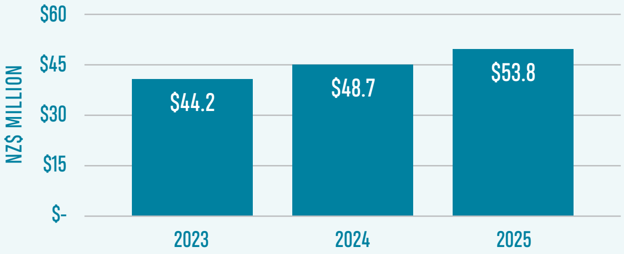
One of our local distributors, Hainan Haiyao, successfully launched Crystaderm in China in March this year, after signing the distribution agreement in July 2024. Additionally, we have completed a further four distribution agreements with Hainan for Vitamin C LipoSachets, Vitamin D LipoSachets, Ferro LipoSachets and Kiwisoothe tablets.

These products are launching initially in the Lecheng Free Trade Zone but launches in Mainland China are planned over the next 12 months to make a total of five launches into China within a year. Meanwhile, Xizang Weixinkang Pharmaceutical Co Ltd (WXK), an established hospital injectables focused company in China and listed on the Shanghai Stock Exchange main board, was licensed to distribute Maxigesic IV in this market in September 2024. WXK and AFT are presently pursuing regulatory approval for the medicine in China.

New Zealand

SEEING BROAD-BASED GROWTH

New Zealand Revenue



Revenue:
$53.8m
up 10%

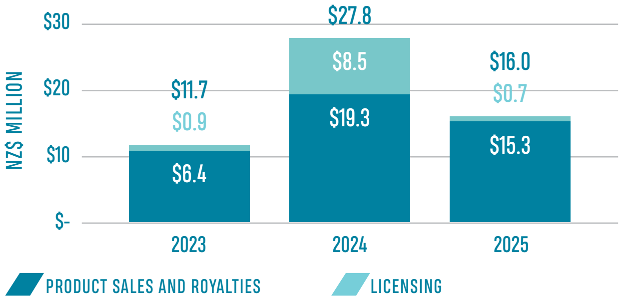
Operating profit
$8.8m
up20.5%

Revenue in New Zealand grew 10% to $53.8 million from $48.7 million in FY 24. Market growth was led by eyecare, pain relief, dermatology, and the broad portfolio of injectables and prescription. New Zealand operating profit improved to $8.8 million from $7.3 million in the same period of the prior year, driven by the revenue growth.

International

LAYING THE FOUNDATIONS IN NEW MARKETS

International Revenue



Revenue:
$16.0m
down 42%

Operating profit/(loss)
($7.3m)
down from $8.5 million

Revenue from product sales and royalties in the international business was $15.4 million compared to $19.3 million in FY 24. This result was driven by a few large customers, reducing inventory in 1H 25 in response to an improving supply chain outlook. Sales in 2H 25 were 86% greater than 1H 25, consistent with the expected recovery, as the impact of destocking receded.

Licensing income of $0.7m was $7.8 million down on the $8.5 million of the prior year which included the $6 million milestone payment following the launch of Maxigesic IV in the US. Licensing income has an element of lumpiness in terms of timing. We expect ongoing licensing income will contribute to earnings and contribute to offsetting R&D expenditure albeit lagging in terms of timing.

Including licensing income, we recorded an operating loss of $(7.3) million compared to an $8.5 million profit in FY 24. The fall reflected lower license payments as well as the lower product sales gross profit and the increased costs associated with the establishment and operation (selling and distribution costs) of our new business hubs in the UK, North America, and South Africa together with an increase in expensed R&D investment.

New operations will not be immediately profitable but as the businesses develop, we can see the potential for significant contributions especially given the significant market sizes in the UK and North America (primarily Canada for our operations). There is a significant pipeline in development, and we are pleased to be filing our first three developments within this current financial year starting from next month.

Building Revenue Momentum In New Markets.

Maxigesic IV is launched in North America[1] and we have also launched the rapid dissolving form of the medication alongside several of our OTC medicines.

In the UK we are making steady progress with Maxigesic tablets through pharmacies and Amazon. During the period we were approved as a supplier to the UK's National Health Service (NHS) and our first round of contract bids for hospital injectable medicines were 100% successful with first sales commencing February 2025.

We see this as an encouraging sign given the significant size of the UK hospital injectable market. Sales of Maxigesic IV, like the US, will require inclusion of the medicine in hospital formularies, these have started, and we are confident of closing in on larger hospital groups in the coming months.

In Europe we continue to make significant progress in commercialising the products that we acquired last year with a significant number of licensing agreements signed for Austria, France, Germany, Ireland, Italy, and the Nordics. Sales of these new products have commenced and will continue to roll out across this financial year. We believe that we will recoup our initial acquisition investment by around the end of this financial year; an attractive investment outcome.

Our 70% owned South African operation, AFT Pharmaceuticals South Africa Ltd is still in the early stages of development. We have acquired an existing South African Health Products Regulatory Authority license. This acquisition has fast tracked the AFT subsidiary's approval to sell pharmaceuticals by two years, and we plan for sales to the private hospital market to start during either the latter half of FY 26 or FY 27 depending upon the speed of the regulatory authorities in approving transfer of existing product licenses.

AFT also has access to a significant pipeline of products in approval through its other shareholder, Edge Pharmaceuticals. The South African private hospital market is similar in size to the whole Australian hospital market so again it offers an attractive expansion opportunity.

Strong Licensing Interest

We are seeing strong global interest for our medicines. At present we are engaged in some 20 out-licensing discussions, which we expect to progress in FY 26. These discussions cover:

- The Maxigesic family of medicines, where we are gradually filling in gaps in the global footprint
- Products that have recently emerged from our development programme including Crystaderm, Capsaicin pain relieving cream, and our Micolette microenema.
- A portfolio of 24 hospital injectables that we are developing through AFT Pharmaceuticals Sinoject. Together these injectables target a significant market for our operations in Australia, New Zealand, Singapore, Hong Kong, South Africa, Canada, and UK worth more than US$450 million. Securing a significant pipeline for all of our territories is an important strategic aim. Out-licensing discussions have been initiated in other markets such as the EU and Middle East where the target market is worth over US$1 billion.
- Niche injectables that we acquired in 2024 from a bankrupt German company where we have already secured some agreements and additionally are working on further distribution agreements in selected EU markets.

[1] In the US and several other markets Maxigesic is sold as Combogesic, however for simplicity we refer to the medicine in this release with the name familiar to Australasian audiences.

Extending our research and development pipeline

PROJECT[1]	PATENT	PARTNERSHIP AND APPLICATION
Hospital injectables Targeted range of 24 injectables	N/A	Edge Pharmaceuticals. Injectables offer strong opportunities. (AFT affiliates alone – AU, NZ, SG, MY, HK, ZA, CA, UK- offer a target market of **US$450M**)
Antibiotic Eye Drop	2037 & 2044	For drug resistant infections: - Conjunctivitis, Keratitis, Post Kpro prophylaxis
Iron Infusion Injectable	2032 & TBC	Late-stage development with Hyloris Pharmaceuticals targeting a **US$7.4B**[2] global market
Pascomer	2040/2044	Port Wine Stains (AFT) & Facial Angiofibroma (Partner)
Strawberry Birthmarks	2041 & 2044	Gillies McIndoe & Massey Ventures
Burning Mouth Syndrome	TBC	Hyloris Pharmaceuticals
Vulvar Lichen Sclerosis	TBC	Hyloris Pharmaceuticals
Keloid Scars, topical scars	2041	Gillies McIndoe and Massey Ventures
NasoSURF for Conscious Sedation	2036	Multiple potential applications

[1] In order of maturity

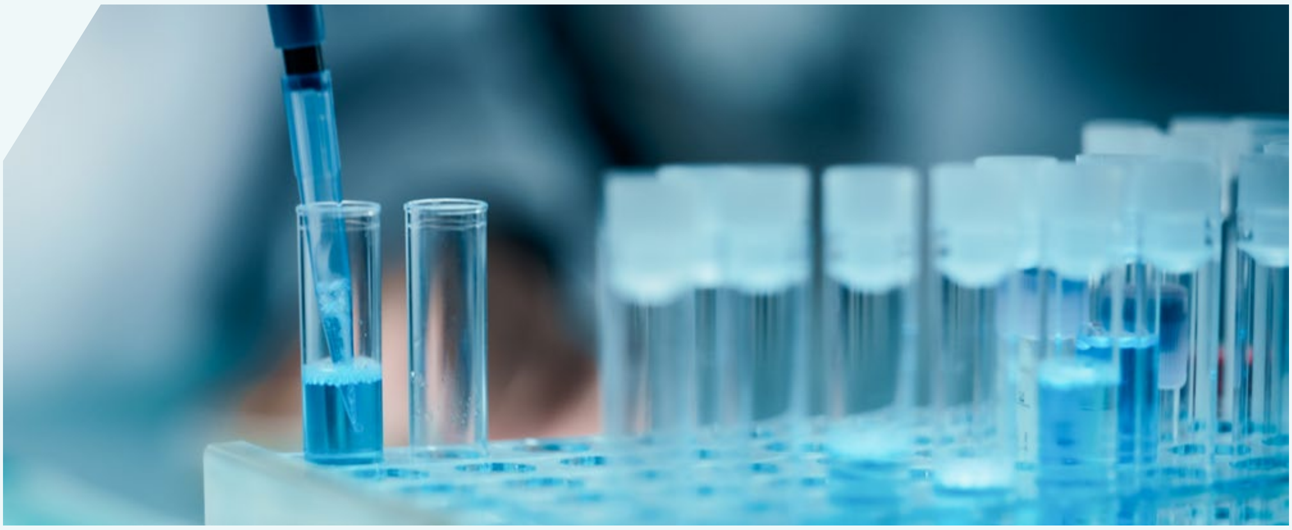
[2] www.biospace.com/intravenous-iron-drugs-market-size-to-worth-around-us-7-41-billion-by-2033

AFT has extended its research and development pipeline. Towards the end of FY 25 we strengthened our partnership with Belgium's Hyloris Pharmaceuticals with an agreement to in-license and complete development of a late-stage novel innovative injectable iron deficiency therapy.

AFT and Hyloris are now collaborating on three different projects, while our R&D program now extends to 13 separate projects, all of which offer potential significant growth opportunities.

Five of these projects (multiple Maxigesic dose forms, Capsaicin creams, Crystaderm, Kiwisoothe and Micolette) are in or entering the commercialisation phase while the others are longer term but offer significant upside, provided the R&D programs are successful. The five projects in the commercialisation phase are driving the significant number of licensing negotiations that AFT presently has underway.

FY 25 R&D expenditure (expensed and capitalised) rose to $15.0 million from $12.4 million in FY 24, all of which has been funded through earnings with the increase reflecting the addition of new projects to the portfolio.



SUSTAINABILITY

Working to improve your health

AFT Pharmaceuticals has delivered a decades-long record of sales growth built on integrity and a clear purpose of working to improve the health of our customers and the communities we serve.

It is a mission that has at its heart a commitment to sustainability, the maintenance of corporate governance practices that are aligned with best practice and high ethical standards, and a determination to contribute positively to environmental and social outcomes.

We understand accounting for and managing ESG considerations is critical to our long-term ability to create value and improve the health of the customers and communities we serve.

We established a formal sustainability framework in 2022 following the completion of an analysis of the material issues to the business. Since then, we have evolved the framework to ensure we work towards the opportunities it identifies, manage the risks to our business, and create shared value with our stakeholders.

The key evolution in the current year has been that of our programme to report against the Aotearoa New Zealand Climate Standards. Notably this year we have advanced our emissions reduction plan to deliver on targets consistent with limiting warming to 1.5 degrees Celsius above pre-industrial levels.

These targets are in line with New Zealand's commitment to the Paris Agreement to the United Nations and achieve net zero emissions by 2050. The changes build on the work last year to measure our Greenhouse Gas Emissions (GHG) emissions; and understand our climate-related risks and opportunities.

An overview of our climate reporting is covered on pages 32 and 33 of this report, while our climate statement in compliance with the Aotearoa New Zealand Climate Standards is provided in Appendix 1 on Pages 102 to 122.

AFT's Sustainability Framework

Our Mission: Working to Improve Your Health

AFTs sustainability framework is aligned with its commitment to operating sustainably and enhancing the health and wellbeing of the people and communities in the markets we serve.

It sets out our material ESG issues and identifies what we see are the six priorities for the business. The priority areas demonstrate where we believe we can create the most value for our business, investors, and other stakeholders.

Underneath each of the six priorities, we have identified areas of focus, which set out what we will do to deliver on our priorities. We have detailed the metrics we use to measure our performance.

In some of these areas, we have established targets. We expect to evolve and refine these measures and targets in line with the evolution of our ESG framework.

The development of the framework and our performance against it is led by the CFO and overseen by the Board. As in previous years, we aim to align our business and community initiatives onto the United Nations Sustainable Development Goals.

	SOCIAL	GOVERNANCE	GOVERNANCE
PRIORITIES	1. Working to improve health and well being	2. Best practice corporate governance	3. Ethical and sustainable value chains
AREAS OF FOCUS	**Better health and wellbeing for patients and communities**	**Complying with all relevant legal and listing requirements**	**ESG performance in our value chain**
	Performance measures: • Product reach and breadth of therapeutic applications • Product portfolio expansion • Contributions to communities	**Performance measures:** • Regulatory and Governance Code compliance • Training and education	**Performance measures:** • Compliance with our Supplier Code of Conduct and our Modern Slavery commitments • Supplier visits
	Best quality and safety systems for manufacturing and distributing medicines	**ESG reporting and transparency**	**Ethical marketing and sales practices**
	Performance measures: • Compliance with best practice standards in medicine manufacture • Our pharmacovigilance practices and relationships with our regulators • Monitoring for counterfeit medicines • Product recalls	**Performance measures:** • Policy adherence by the Board and Management • Governance of climate risk	**Performance measures:** • Compliance with our Code of Culture and Ethics and our Anti-bribery and Corruption Policy • Compliance with regulatory advertising codes.
	Innovation in response to need **Performance measures:** • Investment in research and development • Product development portfolio • Compliance with clinical trial standards		

UN Sustainable Development Goals

The UN Sustainable Development Goals are a collection of 17 interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all. The United Nations General Assembly established these goals in 2015. At AFT we believe we can contribute to six of the goals.

More information on the goals can be found here: sdgs.un.org/goals

Good Health and Wellbeing
Ensure healthy lives and promote well-being for all at all ages.

Gender Equality
Achieve gender equality and empower all women and girls.

Decent Work and Economic Growth
Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

Reduced Inequalities
Reduce inequality within and among countries.

Responsible Production and Consumption
Ensure sustainable consumption and production patterns.

Climate Action
Take urgent action to combat climate change and its impacts.

	SOCIAL	ENVIRONMENT	ENVIRONMENT
PRIORITIES	4. Supporting and developing our people	5. Understanding our climate risks and taking action	6. Waste minimisation
AREAS OF FOCUS	**Developing our people**	**Undertaking a climate risk assessment**	**Improving our consumer packaging**
	Performance measures: • Training • Staff turnover • Wellbeing support	**Performance measures:** • Reporting against the Aotearoa New Zealand Climate Standards	**Performance measures:** • Continuous improvements in reducing packaging weight • Introducing recycled material into our packaging • Making more of our packaging recoverable
	Diversity and inclusion	**Working with suppliers to take action**	**Reducing waste in the supply chain**
	Performance measures: • Compliance with our Code of Culture and Ethics • Compliance with our Employment Policy suite • Remunerating fairly and transparently • Monitoring gender, culture identity, nationality to ensure diversity. • Living wage, parental leave, and pay parity commitments	**Performance measures:** • Reporting against the Aotearoa New Zealand Climate Standards	**Performance measures:** • Reducing packaging consumption • Reducing material towards landfill
	Health and safety		
	Performance measures: • Health and Safety Policy compliance • Supplier Code of Conduct compliance • Lost time to injury reporting		

Materiality: How We Set Our Priorities

AFT has built its Sustainability Framework and ESG reporting programme on a robust process of assessing what is material to the company. As a publicly listed company, material matters are those that a reasonable person would consider impacting on the company's valuation or the sustainability of our operations.

In line with best practice ESG standards, we also considered those topics that reflect AFTs most significant contribution to, and impacts on, the economy, environment, and people.

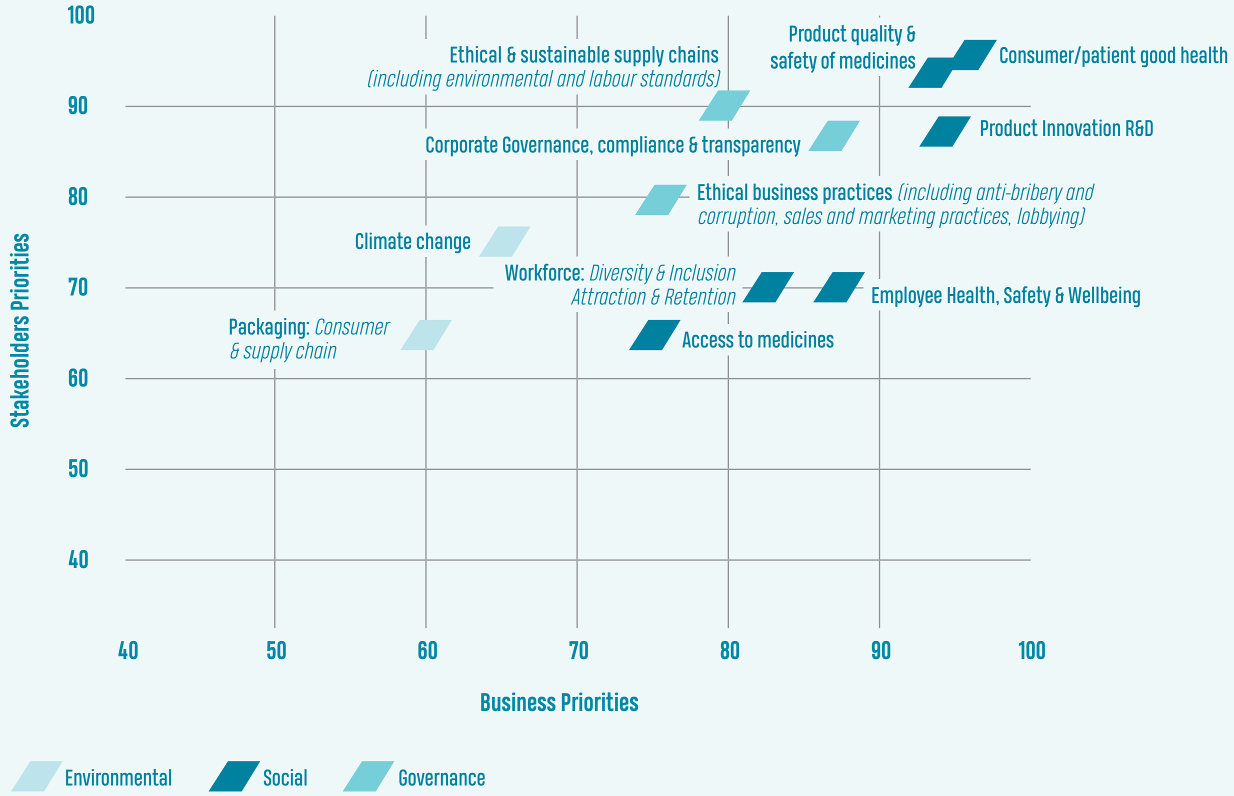
To develop and review our materiality assessment, we use the support of an independent consultancy. We reviewed materiality topics in the global and pharmaceutical industry against our business operations.

We also reviewed media, stakeholder, and investor commentary on AFT's business. This enabled the creation of a list of potential material topics. From there, we interviewed external stakeholders and investors on their perceptions of materiality and the relative significance of these topics.

Management then reviewed this feedback; the topics; and their relative importance to business strategy and value creation. The assessment was then presented to the Board for input and approval.

AFT used the NZX ESG Guidance Note to inform this approach. AFT first reported on materiality in its FY22 Annual Report. We reviewed this materiality assessment externally in FY24.

ESG Matters Material to AFT's Business



Our Stakeholders

AFT considers the interests of a broad range of stakeholders. We recognise that this is pivotal to operating a sustainable business and creating long-term value.

Patients & Customers
They are the focus of the company's efforts: to improve healthcare outcomes.

Employees
AFT is its people; their well-being is fundamental to successful execution of our strategy.

Investors & Lenders
Investors and lenders support our business financially.

Healthcare Providers
They are crucial in spreading sustainable healthcare practices that align with the company's health improvement goals.

Regulators
We work with them to ensure compliance with health, safety, and other sustainability standards and support our work to provide health solutions.

Suppliers, Distributors & Vendors
They produce our products, take them to market and help us to operate our business. We work with them to ensure ethical sourcing and environmental stewardship.

Local Communities
Engagement with communities helps to align company operations with local health needs, enhancing our social license.

Government Agencies
We work with them to support public health policy initiatives.

Media
It plays a role in communicating the company's health initiatives to the public.

PRIORITY 1:

Working to Improve Health and Wellbeing

FOCUS AREA:

Better Health and Wellbeing for Patients and Communities

Improving the health of our customers is the reason we exist, we work to research, develop, commercialise, and distribute medicines and other healthcare products that deliver healthcare improvements.

Performance:

- We expanded our portfolio of medicines and the geographies where we operate.
- We contributed to causes and people that promote the health and wellbeing in the communities in which we operate.

Extending Our Reach With New And Innovative Medicines

Our portfolio of 150 plus medicines spans our seven core therapeutic categories of pain, eyecare, vitamins, allergy, gastrointestinal medications, dermatology, and hospital products. The portfolio continues to expand with the launch of additional new products in FY25. We have also expanded the territories where our products are sold in more than 80 countries.

Access To Medicines

We recognise access to medicines is an important issue. We work hard to ensure a continuous and uninterrupted supply of our critical products to our customers and markets by holding significant stock holdings as opposed to a just-in-time delivery schedule. During the period we did not suffer any significant supply interruptions.

Using Promotion For Good

AFT regularly leverages its promotional budget to deliver profile and goodwill to deserving charities.

Alongside Chemist Warehouse our Australian business joined a charity gala in aid of the Save Our Sons Duchenne Foundation, an organisation dedicated to improving the lives of young Australian boys living with Duchenne and Becker Muscular Dystrophy. This builds on work in the prior year with Chemist Warehouse, to raise money for charities sponsored by the New Zealand Super Rugby Franchises.

SAVE OUR SONS

DUCHENNE FOUNDATION

Wesleyan Medicine Mission

We once again supported Wesleyan Medicine Mission to Bougainville led by Dr. Amanda Mitchell and Michelle Yates, alongside the Wesleyan Methodist Church of Bougainville. It was the organisation's eighth mission to Bougainville.

During the two weeks on the ground the mission provided 10 medical clinics in faith-based facilities in 9 different locations. It provided 641 one-on-one consultations in Tok Pigin to individuals, some of whom had multiple medical issues but lacked the resources to solve them.

Michelle Yates at a clinic in Bougainville, a trip supported by AFT.

FOCUS AREA:

Innovation in Response to Need

Performance:

- Research and Development expenditure was $15.0 million.
- Our product development portfolio increased to 13 key research and development programs from 9 in the prior year.
- All clinical trials are conducted within international codes and standards.

We work to create innovative medical solutions in areas of high unmet need, creating future value for the business. We achieve this by leveraging our global partnerships and by developing our own intellectual property.

In the past year, we spent $15.0 million on research and development, an increase on the spending in the prior year. These resources have been devoted to advancing our research and development portfolio towards commercialisation.

AFT's research and development pipeline now extends to 13 separate projects — 5 largely completed and 8 underway — from 9 in the prior year. The latest addition was a new iron infusion therapy product in early March 2025 (see below).

All these projects offer strong potential to further accelerate our long-term growth and support the global diversification of the business across the OTC, Hospital and Prescription channels and across multiple markets internationally.

Meeting International Clinical Trial Standards

AFT is committed to ensuring all its clinical trials are conducted in a manner that not only respects the participants but also produces reliable, meaningful, and internationally accepted data, thereby contributing to the advancement of medical knowledge and the development of new treatments.

All our trials are conducted within the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) guidelines and specifically the ICH E6 and E8 standards (see below)

These standards cover the ethical and scientific quality of designing, conducting, recording, and reporting trials that involve human subjects. They also provide for a unified standard to facilitate the mutual acceptance of clinical data by regulatory authorities in the core ICH regions, which include the European Union, Japan, and the United States, and are recognised globally by many countries including New Zealand, Australia, and many countries in Asia.

In these countries these standards are overseen and administered by independent regional oversight bodies such as the US Food and Drug Administration. Meanwhile, wherever we conduct clinical research, it is always overseen by ethical research bodies.

FOCUS AREA:

Best Practice Quality and Safety Systems for Manufacturing and Distributing Medicines

Performance:

- No products were sold into markets without meeting regulatory requirements.
- No notifications of concern were received in relation to counterfeit medicines.
- We made no product recalls.
- No inspections of our manufacturing sites by regulators have revealed any concern concerning medicines that we are selling.

Delivering Safe And Quality Medicines

Medicine safety and quality are at the foundations of our business, our financial well-being, and our corporate reputation.

We also understand that the multiple national regulators that approve our products for sale, as well as our customers and sales and distribution partners, will accept nothing less.

Whenever we take a new medicine to market or in-license a product we must meet the stringent regulatory requirements set and administered by national food and medicine regulators.

Registration of a medicine requires independent analysis and approval of the therapeutic claims we make by relevant regulators and the evidence and research we have undertaken to make those claims.

Registration also requires AFT to file and update safety information with regulators and maintain product traceability information. It also requires compliance with Good Manufacturing Practice (GMP) to ensure our products are consistently produced, controlled, and shipped according to nationally mandated quality standards.

ICH
harmonisation for better health

The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) aims to achieve greater harmonisation worldwide for the development and approval of safe, effective, and high-quality medicines in the most resource-efficient manner. It specifies several key standards relevant to AFT including good clinical practice, general considerations for clinical trials and good manufacturing practice.

ICH E6: Good Clinical Practice (GCP)

The ICH E6 guideline provides a unified standard to facilitate the mutual acceptance of clinical data by regulatory authorities in the ICH regions, which include the European Union, Japan, and the United States.

ICH E8: General Considerations For Clinical Trials

The ICH E8 guideline provides general considerations for the conduct of clinical trials, emphasising the importance of scientific quality in the design, conduct, recording, and reporting of clinical trials. It aims to ensure that clinical trials are ethically justifiable and scientifically sound.

We are dedicated to managing and complying with regulatory processes and overseeing our research and development processes.

We and our licensees monitor the markets in which we operate for counterfeits or copies of our medicines. Meanwhile, anti-tamper devices in our packaging such as seals, and blister packs protect us against product interference, and we continually review new technologies and practices to ensure we evolve with the industry.

We operate a Board-level committee, the Regulatory and Product Development Oversight Committee, which oversees our regulatory and product risk management framework.

The committee charter is available on the investor section of our website. Over the last year we have maintained our strong record for product safety and quality.

No products have been sold into the market without meeting regulatory requirements, we have received no notifications of concern in relation to counterfeits, nor have we issued any product recalls.

Good Manufacturing Practice Regulators Enforcing Manufacturing Standards

Good Manufacturing Practice (GMP) is a baseline requirement we and international regulators impose on all suppliers of medicines. It plays a crucial role in ensuring the quality of pharmaceutical products, focusing on minimising risks inherent in pharmaceutical production that cannot be eliminated through testing the final product.

GMP practices are primarily specified by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) (see page above). They cover all aspects of production, from the raw materials, facilities, and equipment to the training and personal hygiene of staff.

While GMP does not specifically target environmental matters, it can also indirectly contribute to environmental safety through the efficient use of resources and the reduction of waste production, as the practices encourage the efficient and responsible use of raw materials and energy.

GMP standards are enforced by national regulatory food and drug regulators. These agencies conduct regular inspections and audits of pharmaceutical manufacturing facilities to ensure compliance, and where breaches of process are found, they have a range of enforcement actions at their disposal that range from fines to mandating a cessation of production.

CASE STUDY:

Improving patient care: iron infusion

A novel injectable to treat iron deficiency that has the potential to make iron infusions more tolerable is the latest project added to our product development portfolio.

The late-stage research and development program for the New Chemical Entity (NCE) is a collaboration with Belgium's Hyloris Pharmaceuticals, the commercialisation partner for the intravenous form
of our Maxigesic pain relief medicine. The iron injectable product holds out the potential for some significant and unique features to alleviate iron deficiency, a common condition that affects 15% of the world population.

It offers AFT and its partners entry into a market, which is forecast to more than double from around US$3.2 billion in 2023 to US$7.4 billion in 2033[1]. The NCE Injectable Iron is a well-advanced project having completed Phase 2b trials.

Once commercialised it will extend AFT's strong position in iron medicines in the over-the-counter channel, into the prescription channel. AFT's current OTC portfolio includes Ferro-liquid, FerroTab, Ferro-F-Tab, Ferro-sachets, Ferro Liposachets and FerroMalt which cumulatively represents a significant position in the Australasian iron medicines market.

1 www.biospace.com/intravenous-iron-drugs-market-size-to-worth-around-us-7-41-billion-by-2033

PRIORITY 2:

Best Practice Corporate Governance

The Board and Management of AFT are committed to ensuring that the company maintains corporate governance practices in line with best practice and adheres to the highest ethical standards.

FOCUS AREA:

Complying With all Relevant Legal And Listing Requirements

FOCUS AREA:

ESG Reporting And Transparency

Performance:

- We have reviewed all key governance policies and received management confirmation of compliance.
- The Board and its standing committees have reviewed and evaluated their performance and considered training needs.
- No issues of concern or policy breaches have been notified to the Board in relation to our Code of Culture and Ethics, Modern Slavery, Securities Trading, Conflicts of Interest, Whistleblowing and Market Disclosure policies.
- We have complied with all disclosure standards.

The AFT Board has this year continued to evolve AFTs corporate governance framework to ensure it is aligned with advances in global and regional expectations and regulations.

Key developments in our governance framework over the last year have included the further evolution of our sustainability framework. This has seen the company further embedding oversight and management of climate-related risks and opportunities into Board and company policy and procedures including:

- Regular meetings of the Climate Governance Working Group, the management led committee that assesses and manages climate related risks and opportunities and reports to the Board on these matters regularly.
- The formulation of a carbon reduction plan aligned with a 1.5 degrees Celsius warming pathway
- The completion of AFTs second climate statement in compliance with the Aotearoa New Zealand Climate Standards. A summary of the disclosure is included in this section and the climate statement is in Appendix 1 on pages 102 to 122 of this report.

AFTs governance charters and policies can be found in the Investor Centre on the Company's website.

PRIORITY 3:

Ethical and Sustainable Value Chains

AFT is committed to operating an ethical and sustainable supply chain. Our supply chains are extensive and sometimes complex, with a high proportion of products sourced from large and reputable pharmaceutical companies and manufacturers based in regions including Europe, North America, India, and Asia. Due to the extent of these networks, it is critical to provide appropriate governance and oversight of them.

FOCUS AREA:

ESG Performance Of Our Value Chain

Performance:

- Our key product suppliers have confirmed their compliance with our Supplier Code of Conduct and our Modern Slavery Policy.
- The visits we have made to suppliers during the year have not revealed any instances of concern related to ESG performance in our value chain.

AFT has put in place a broad range of measures related to our commitments to ethical and sustainable value chains. At the heart of these measures is a comprehensive system of monitoring and control across AFT, the companies that it controls and its supply chain. Specifically, the Board Charter requires the Board to review and ratify group systems of internal compliance and control to determine the effectiveness of those systems.

The Board also operates an Audit and Risk Committee (ARC) to assist with its responsibilities and commitments. The ARC, among other things, is charged with assisting the board in overseeing managements implementation of the Company’s risk management framework and that management has appropriate processes for identifying, responding to, and regularly reporting on risks (including Modern Slavery and climate-related risks) and that those processes are operating effectively.

We also have a range of internal policies and codes that set standards for Directors, employees, consultants, contractors, interns, and secondees of AFT Pharmaceuticals and our related companies that are focused on the management of these risks.

They notably include:

- A Code of Culture and Ethics.
- A Modern Slavery Policy to address potential Modern Slavery risks in our business and in our supply chain.
- An Anti-Bribery and Anti-Corruption policy.
- A Whistle Blowing Policy.

We operate a Supplier Code of Conduct that among other things, requires attestation to our Modern Slavery Policy (see above), compliance with applicable, national, and international laws and international labour standards, and strong environmental practices.

It also requires suppliers to observe and model ethical business practices; and establish and follow effective policies and procedures to promote workplace health and safety.

Our key suppliers have attested compliance with our Supplier Code of Conduct and Modern Slavery policy. In addition, ahead of engaging new suppliers we undertake due diligence to ensure we select and collaborate with those that align with our values and the way we do business.

We also periodically visit key manufacturing sites, and none of these visits have revealed any instances of concern. All manufacturers of our medicines are required to operate under GMP requirements (see page 24).

For further detail on our approach, please see our Governance Statement on pages 42 to 57 of this report and the governance section of our website.

FOCUS AREA:

Ethical Marketing And Sales Practices

AFT is committed to following ethical sales and marketing practices in all the markets where we operate and license our products. We understand this commitment is vital to maintaining trust in our business.

Performance:

- No notification of breaches of regulatory advertising codes in any of the markets where our products were sold.

The sale and marketing of our products is regulated in all the markets where we sell our products or where we out-license them to third parties.

In Australia, our largest market, the marketing, and advertising of pharmaceutical consumer products is largely governed by the Therapeutic Goods Advertising Code. For prescription medicines we observe the Medicines Australia Code of Conduct. Both regimes are overseen by the regulator, the Therapeutic Goods Administration.

Similarly, in New Zealand, our practices align with the Therapeutic and Health Advertising Code. In both markets we regularly engage third parties to ensure compliance and have processes in place to ensure compliance with broader regulations.

Beyond these regions, we are committed to complying with local codes. Licensees' adherence to relevant legal frameworks and sales and marketing codes form part of our contractual engagement with them

PRIORITY 4:

Supporting and Developing Our People

AFT is committed to ensuring equal opportunity for all its people regardless of race, nationality, gender, sexual orientation, age, religion, or physical ability. We are also committed to developing our people through education, training and providing workplace flexibility, including flexible work hours to accommodate employee needs.

FOCUS AREA:
Diversity And Inclusion

Performance:

- Strong gender, age, cultural diversity across AFTs workforce.
- We have a loyal and stable workforce.
- Annual internal review reveals no gender remuneration disparities.
- All staff and contractors are paid at least the living wage.

We recognise that building a culture of diversity, accountability, and fair reward will deliver improved business performance and help to ensure we can attract and retain highly skilled people. These commitments are underpinned by Board-level policies including a Code of Culture and Ethics, Diversity & Inclusion, Remuneration and Whistleblowing, all of which are available on the investor section of our website.

We are proud of the diversity we have achieved at AFT and believe it is one of our core strengths. As at the end of March 2025 we had 119 employees up from 110 in FY 24.

Our workforce continues to reflect the diversity of New Zealand and Australia and the other markets where we operate. At the end of March 2025, the team hailed from 33 different cultural identities and 22 birth countries, with a gender split of 61% women and 39% men and an age spread of employees ranging from 21 years to 71 years.

Gender Composition of AFT's Workforce

The respective numbers and proportions of men and women at various levels within the AFT workforce as of 31 March 2025 and 31 March 2024 are set out in the table below:

	Female				Male			
	2025[1]		2024[1]		2025[1]		2024[1]	
Directors	2	33%	2	33%	4	67%	4	67%
Officers[2]	4	50%	4	50%	4	50%	4	50%
Workforce	73	61%	69	63%	46	39%	41	37%

[1] Figures at the end of the relevant financial year.

[2] Officers are considered to be the Managing Director and his direct reports. Managing Director Hartley Atkinson and Chief of Staff Marree Atkinson are included in both the number of Directors and the number of Officers.

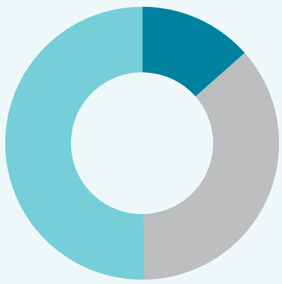
Our success on these diversity measures reflects our determination to promote a culture that is free from discrimination, harassment, and victimisation. It also reflects our focus on emphasising the accountability of AFT Pharmaceuticals leaders to cultivate a culture of inclusion in which the strengths of every individual are recognised and valued.

These efforts are supported by an ongoing programme to educate our team on the importance of creating a diverse and inclusive environment and providing awareness of the potential for unconscious bias in people management processes. Our team is also supported by continuous workplace policy development.

We monitor the diversity of our workforce. Given that we are an internationally focussed business, we aim to ensure that our workforce continues to benefit from this broad range of perspectives and backgrounds, and we report quarterly to the board on the number of employees and the spread of gender, age, birth country, and cultural identity.

Employees by Age Diversity

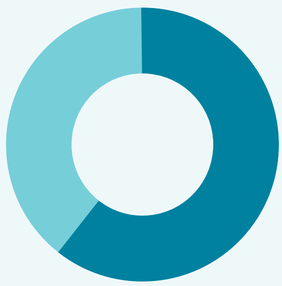
(%, as at 31 March 2025)



Under 30	13%
30-44	36%
45 and over	50%

Employees by Gender Diversity

(%, as at 31 March 2025)



Female	61%
Male	39%

Remuneration And Gender Pay Equity

We strive to ensure all employees and contractors receive equal and fair treatment in all aspects of the Company's employment policies and practices and that they are incentivised towards the success of the company.

We hire the best person for the job, regardless of gender, age, and culture, and incentivise our people in a way that is aligned with the long-term success of the company.

To ensure we deliver on these commitments we undertake an annual merits-based remuneration review, which provides visibility to management in relation to the parity of working conditions and pay across the workforce.

The review compares our core (directly comparable roles) with other listed companies of a similar market cap each year. We also manually check each person is being paid according to their role within the company and cross check there is no disparity between male and female where they are employed for the same role.

We are comfortable that we have achieved gender pay equity through a series of reviews detailed in previous reports, but it is clear that in some teams there is over-representation of one gender over the other.

However, this reflects the higher applicant rate of those genders when recruiting new members to teams. This factor is taken into consideration when making future hires, with the aim to improve the balance over time, where possible. We are meanwhile committed to paying the living wage at a minimum but reflecting nature of our business and the capabilities and skills of our people, the vast majority receive remuneration well above this level.

Further detail is covered in the remuneration section on pages 58 to 62 of this report.

FOCUS AREA:

Developing Our People

We continue to upskill our people recognising the role they play in maintaining our competitive advantage and building the company's reputation as a great place to work.

In addition to the formal induction processes into our company culture and policies, we support our staff in pursuing development of skills in their chosen fields.

AFT pays for all professional membership fees such as pharmacists, accountants, and lawyers to ensure their continued education and professional memberships are maintained.

AFT staff after completing a sweep of the Takapuna beach

Building Culture

We actively work to create a team spirit and culture of engagement in our offices. An example of our efforts is the ongoing programme to take our share of responsibility for keeping the beach in front of our Takapuna Auckland office clean and free from plastic pollution.

AFT staff volunteers again spent several sessions over the year picking up rubbish on the beach and disposing of it responsibly. This is an ongoing initiative driven by the AFT Social Committee, which not only supports our local area but also builds awareness and stewardship of our environment. We also have monthly meetings to celebrate birthdays and staff anniversaries as well as cultural celebrations.

FOCUS AREA:

Health And Safety

AFT has a Health and Safety Policy and both the Board and Management are committed to promoting a safe and healthy working environment for everyone working in or interacting with AFTs business.

Performance:

Health and Safety indicator	Target	2025[1]	2024[1]
Lost time to injuries	Zero	Achieved	Achieved
Total recordable injuries	Zero	Achieved	Achieved

[1] Year to the end of March

AFT has recorded zero lost time to injuries and zero recordable injuries over the last five years.

Our Health and Safety Policy requires AFT people to endeavour to take all practicable steps to provide a working environment that promotes health and wellbeing, while minimising the potential for risk, personal injury, ill health, or damage.

AFT operates an employee-led Health and Safety Committee, and it meets regularly to monitor and manage health and safety risks, including hazards, within the business. We assist employee health by providing vaccinations and we train our people in first aid and responses to emergencies such as cardiac arrests.

We undertake monthly audits of health and safety practices and performance, and the outcomes of these audits are reported to the Board. We have a strong record in health and safety as evidenced by our performance against health and safety targets above. Health and safety in our supply chain is covered through standards laid out in the Supplier Code of Conduct.

PRIORITY 5:

Understanding Our Climate-Related Risks and Taking Action

We are committed to understanding and transparently communicating to our stakeholders the implications of climate change on our business. We are also committed to ensuring the measures we are taking to mitigate the material risks, leverage the opportunities presented and reduce our GHG emissions are robust, and evidence based.

FOCUS AREA:

Undertaking a Climate-Risk Assessment

Performance:

- We completed our second climate risk assessment, and our second climate statement in compliance with the Aotearoa New Zealand Climate Standards (see pages 102 to 122).
- We measured our GHG emissions and reviewed the physical and transitional impacts of climate change and the material risks and opportunities to our business.
- We affirmed our findings that business model, and strategy is largely resilient to future climate related risks.

Assessing Our Climate Risk

In completing our second climate risk assessment, we have leveraged external expertise to ensure we have the capability to understand the risks and opportunities of climate change and manage these appropriately. The risk assessment involved undertaking a process of scenario analysis to understand the anticipated impact of climate change on our business model and strategy under various global warming scenarios.

The most significant physical risks to the business continue to be the potential for extreme weather to disrupt manufacturing and distribution. Meanwhile our transition to a low emissions future could be hampered by a misalignment in medical and climate change regulation. Nevertheless, we believe we are well prepared to refine and implement our strategy to manage climate related risks and opportunities.

Based on our second disclosure and our current information, AFT continues to believe our business model and strategy is largely resilient to future climate related risks.

AFT's Greenhouse Gas Emissions

Over the FY25 year our combined Scope 1 and 2 emissions (disclosed below and in Appendix 1 on pages 102 to 122 of this report) have seen a reduction of 12.5% principally due to a reduction in fuel use in our fleet. AFT's GHG emissions are presented as tonnes of carbon dioxide equivalents (tCO_2e). No base year restatements have been made.

Scope	Category	Emission source	$t\ CO_2e$		% change from base year
			FY24	FY25	
Scope 1	Direct emissions and removals	Mobile combustion	331.16	290.33	-12.33%
		Refrigerant leakages	0.60	N/A**	N/A
Total Scope 1			**331.76**	**290.33**	**-12.49%**
Scope 2	Indirect emissions from imported energy	Purchased electricity (location-based)	18.57	16.19	-12.81%
		Purchased electricity (market-based)	17.32	18.74	+8.20%
Total Scope 2*			**18.57**	**16.19**	**-12.81%**
Total Scope 1 and 2*			**350.33**	**306.52**	**-12.51%**
GHG emissions intensity* (Scope 1+2 per $million revenue)			**1.87**	**1.48**	**-20.86%**

* Reported using a location-based methodology.

** Excluded in FY25 as the emission source has been identified as de minimis (<1%).

Our emissions inventory covers the period 1 April 2023 to 31 March 2024, and 1 April 2024 to 31 March 2025. An equity share consolidation approach has been used. The inventory has undergone independent assurance from Toitū Envirocare to ensure accuracy and completeness.

We have decided to defer the disclosure of our Scope 3 emissions until we report our results for the year to the end of March 2026. We decided it prudent to take this approach, allowed under an adoption provision to the Aotearoa New Zealand Climate Standards in November 2024, given the complexity of the task and the ongoing Ministry of Business Innovation and Employment consultation on the regime.

FOCUS AREA:

Working With Suppliers Committed To Climate Action

We are committed to mitigating the risks and taking advantage of the opportunities of climate change and aligning our business model with a future that's climate resilient.

Performance:

- Climate change matters were included in strategic planning processes, and we have begun to take action that is founded on robust evidence and an understanding of what matters most to our stakeholders.
- We have affirmed science-aligned targets for our Scope 1, 2 and 3 emissions, consistent with limiting global warming to 1.5 degrees Celsius.
- We have developed a carbon reduction plan for Scope 1 and 2 emissions.

Climate Change Strategy

AFT has affirmed its commitment to responsible environmental stewardship by taking steps to manage our climate-related risks and reduce GHG emissions.

Our near-term commitments are to reduce Scope 1, Scope 2, and Scope 3 by 42% by 2030 on a FY24 base year. Our Scope 1 target will be achieved primarily by transitioning our existing fleet from internal combustion engines to hybrid electric and battery vehicles. Our Scope 2 target commitment will be achieved through purchasing certified renewable energy instruments for both our New Zealand and Australian offices. We have yet to develop a plan to achieve our longer-term net zero target.

Further detail is covered in AFT's Climate Statement in Appendix 1 on pages 102 to 122 of this report.

PRIORITY 6:

Waste Minimisation

AFT is working to minimise the waste it generates. Our immediate approach towards this vision and to make a meaningful difference is to take a life-cycle approach to packaging from manufacture to disposal, with a keen focus on supply-chain, distribution, consumer, and hospital packaging.

FOCUS AREA:

Improving Our Consumer Packaging

FOCUS AREA:

Reducing Waste In The Supply Chain

AFT is a member of the Australian Packaging Covenant Organisation (APCO), which partners with government and industry to reduce the harmful impact of packaging on the environment.

It achieves this by promoting sustainable design and recycling initiatives, waste to landfill reduction activities and circular economy projects. Our latest APCO assessment of our organisational efforts recognises AFT as 'leading' in its efforts against the organisation's goals, an improvement on its rating of 'advanced' in FY 24.

We achieved 'beyond best practice', the highest APCO rating for the governance of our packaging strategy and the design and procurement of packaging and our management of on-site waste. Our initiatives to integrate recycled content into our packaging was rated as advanced, while we achieved a 'good progress' rating against our goals for disposal labelling and the recoverability of our packaging.

Our report covers primary packaging (the material that contacts the medicine), secondary packaging (encompasses the primary packaging) and the outer packaging.

Primary packaging is regulated according to strict pharmacopeial standards and therefore poses unique challenges to our recoverability efforts. However, despite these challenges, 64% of our packaging (encompassing both primary and secondary packaging) now contains recycled materials. The latest APCO report will be available on our website when finalised.

Performance:

Governance and Strategy
APCO Rating: **'Beyond Best Practice'**

AFT has integrated sustainable packaging strategies into its procurement processes. We have achieved all the APCO 2025 goals with our clear strategy for packaging sustainability, internal and external communication of the strategy and objectives, and participation in initiatives to promote packaging sustainability.

Design and Procurement
APCO Rating: **'Beyond Best Practice'**

All our packaging was reviewed against sustainability principles, in line with the prior year and optimised for material efficiency

Recycled Content
APCO Rating: **'Advanced'**

We maintained our efforts to use recycled materials in packaging. More than 65% of our packaging has at least some packaging made from recycled material up substantially on the prior year's 24%.

Recoverability
APCO Rating: **'Good Progress'**

We advanced our efforts in recycling with 98% of packaging materials designed to be recyclable, steady on the prior year's result of 97%.

Disposal Labelling
APCO Rating: **'Good Progress'**

We enhanced consumer guidance by lifting the disposal labelling on packaging to 20.4% from 15% last year and we expect this number to continue to increase.

On-site Waste
APCO Rating: **'Beyond Best Practice'**

We maintained our strong record of waste management on-site, with 99% of waste now recyclable.

Problematic Materials:
APCO Rating: **'Advanced'**

The introduction of the Pharmacycle, Teracycle and RedCycle schemes in Australia, which allows the recycling of PVC blister packs and PET for bottles that are required to protect the integrity of our medicines, represents a substantial advance in removing problematic materials from our supply chain.

Reconciliation of EBITDA to GAAP

AFTs standard profit measure prepared under New Zealand GAAP is net profit after tax. AFT has used the non-GAAP profit measure of EBITDA when discussing financial performance in this document.

AFT directors and management believe that this measure provides useful information as it is used internally to evaluate performance of business units, to establish operational goals and to allocate resources.

Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by AFT in accordance with NZ IFRS.

GAAP to Non-GAAP reconciliation		
NZ$'000's Year ended 31 March	**2025**	**2024**
Net profit after tax attributable to owners of the parent	11,962	15,609
Less: Finance income	(25)	(66)
Add back: Interest costs	2,821	3,686
Add back: Other finance loss/(gain)	(1,182)	(1,404)
Add back: Depreciation	994	(1,003)
Add back: Amortisation	1,675	(1,010)
Add back: Income tax expense/(benefit)	4,634	6,410
EBITDA	**20,879**	**26,248**

GOVERNANCE

An Experienced and Skilled Board

AFT has an experienced and balanced Board with a diverse range of skills. It comprises an Independent Chairman, three other Non-Executive Independent Directors and two Executive Directors. Their names and information about their skills, experience, and background, together with information about AFT's management team, are set out below and on the following pages.

David Flacks

CHAIRMAN

Appointed 22 June 2015

David has a number of governance roles and has been chair of AFT since the IPO in 2015. David is also chair of the Suncorp New Zealand group of companies and is a Director of Todd Corporation and a number of environmentally focused pro bono organisations. He is a former chair of the NZ Markets Disciplinary Tribunal and the NZX Regulatory Governance Committee and a former member of the Takeovers Panel. He is a Director of boutique corporate law firm Flacks & Wong. David was for many years a Senior Corporate Partner at Bell Gully and was General Counsel and Company Secretary of Carter Holt Harvey during the 1990's. He is a law graduate from Cambridge University.

Dr Hartley Atkinson

CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTOR, AND CO-FOUNDER

Appointed 4 September 1997

Hartley founded AFT in 1997. Before founding AFT, Hartley worked at Swiss multinational pharmaceutical company, Roche, for eight years where he held positions as Sales & Marketing Director, Medical Director, Product Manager and Medical Manager. Prior to his work at Roche, Hartley was a Drug Information Pharmacist and Researcher at the Department of Clinical Pharmacology, Christchurch Hospital. Hartley is the author of a number of scientific publications and his work has been published in the prestigious New England Journal of Medicine. Hartley holds a doctorate in Pharmacology, a Masters in Pharmaceutical Chemistry with distinction, and a Degree in Pharmacy, all from the University of Otago.

Marree Atkinson

CHIEF OF STAFF, EXECUTIVE DIRECTOR, AND CO-FOUNDER

Appointed 4 September 2012

Marree has been involved in all aspects of AFT's business since its establishment in 1997, including roles in sales, regulatory affairs, customer services and logistics. Marree's role as Chief of Staff sees her involved in the day-today running of AFT's head office including managing staffing requirements and special projects involving AFT's head and affiliate offices. Marree is a registered nurse previously practising at Waikato Hospital.

Andrew Lane

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed 28 September 2023

Andrew has more than 30 years' experience of leadership in the global pharmaceuticals industry with expertise across a broad range of disciplines including finance, manufacturing, sales, marketing, and strategy. Most recently he was Global President of Abbott Laboratories Pharma Division where he led a multi-billion-dollar operation that had 30 manufacturing plants, 12 Innovation and Development sites and 40,000 staff covering more than 100 countries. Before that he was Vice President of Takeda, Asia Pacific, where he managed the company's operations in 12 countries, which included three factories and 2,000 staff. He has also held senior roles with multi-national pharmaceutical companies Nycomed, DKSH, Novartis, and Sandoz.

Allison Yorston

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed 12 November 2024

Allison brings to AFT more than 20 years of blue-chip fast-moving consumer goods, telecommunications and retail marketing experience gained across Australia and New Zealand at senior management and C-suite levels. She has managed brand turnarounds and grown and developed marketing teams to deliver share gains in competitive markets and is experienced at managing multi-brand portfolios including both product and corporate brands. She is currently Director of Marketing at Griffins Snacks and is a former Director of the Australian Beverages Council and a former Chief Marketing Officer at Suntory Beverage & Food Oceania. Prior to Suntory she held senior marketing roles at Vodafone, Fonterra and Sanitarium. Allison is a Graduate of the Australian Institute of Company Directors Course and a member of the AICD.

Dr Ted Witek

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed 23 December 2020

Ted served Boehringer Ingelheim Pharmaceuticals for nearly 25 years in clinical research and leadership roles, including CEO of its Canadian and Portuguese operations. Ted was also Chief Scientific Officer & Senior Vice President, Corporate Partnerships, at Innoviva and on the Board of Directors of Canada's Research-Based Pharmaceutical Companies. He is currently Professor & Senior Fellow at the University of Toronto's School of Public Health & Leslie Dan Faculty of Pharmacy. He holds a Doctor of Public Health from Columbia University and a Master of Public Health from Yale University and an MBA from Henley Management College in the UK.

Our Senior Management Team

Malcolm Tubby

CHIEF FINANCIAL OFFICER

Malcolm is a qualified Chartered Accountant in the United Kingdom, Australia, and New Zealand and has a wealth of senior corporate governance expertise, including roles in significant public companies as Chief Financial Officer. He has experience in senior positions in public and private companies in pharmaceuticals, beverages, insurance and aged care facilities in Australia and New Zealand, Malcolm has been involved with AFT since its foundation.

Ioana Stanescu

CHIEF SCIENTIFIC OFFICER

Ioana joined AFT in 2012 and has overall responsibility for AFT's research and development. She has over 30 years' experience in the pharmaceutical industry including positions such as Vice President Quality Assurance & Regulatory Affairs and Head of Vaccine Business Area in Finland, and a WHO Adviser within Central and Eastern Europe. She has also coordinated several European Union funded research grants and was selected as an Expert by the European Health Committee Council of Europe to participate in a research study in 1999.

Vladimir Ilievski

REGULATORY AFFAIRS MANAGER

Vladimir holds a master's degree in pharmacy from the University of Ljubljana, Slovenia, where he started his career as a pre-clinical researcher before moving to New Zealand. Prior to joining AFT in 2006, Vladimir worked for Douglas Pharmaceuticals in various roles including as a Quality Control and Quality Assurance Analyst and as a Regulatory and Senior Regulatory Associate. Vladimir has responsibility for product registrations in countries in Australasia, Asia, the Middle East, Canada and the United Kingdom.

Louise Clayton

DIRECTOR
INTERNATIONAL BUSINESS

Louise joined AFT in 2017 and is responsible for global international business development, alliance management and marketing. Louise has more than 20 years' experience in driving international brands within sales, brand marketing, product sourcing, new product development, and new market expansion. Her core focus is global expansion, brand growth and alliance management through strong partnerships with licensees, distributors, and AFT affiliates.

Scott Crawford

GENERAL MANAGER
PROMOTED PRODUCTS

Scott joined AFT in 2013 and is responsible for sales in Australia and New Zealand across all channels including hospital, primary care, pharmacy, supermarkets, petrol, and convenience. His role as General Manager ANZ involves the coaching and development of account managers, field supervisors and trade marketing across Australia and New Zealand. Scott has more than 20 years' experience in fast-moving consumer goods in both Australia and New Zealand and has previously held roles with Red Bull, Ferrero Confectionery, Smiths Snackfoods and National Foods.

Murray Keith

GROUP MARKETING MANAGER

Murray joined AFT Pharmaceuticals in 2011 and is responsible for managing our marketing function, with a primary focus on the Australian and New Zealand markets. His extensive marketing career prior to joining AFT includes a range of roles working across a number of blue-chip brands and companies, including Nestlé, Lion Nathan, Bay of Plenty Rugby, Nestlé Purina, New Zealand Lotteries and Fonterra Brands.

Corporate Governance Statement

The Board and management of AFT Pharmaceuticals Limited ('AFT' or 'the Company') are committed to ensuring that the Company maintains corporate governance practices in line with best practice and adheres to the highest ethical standards. The Board has had regard to the NZX Listing Rules and a number of corporate governance recommendations when establishing its governance framework, including:

- the NZX Corporate Governance Code as dated 31 January 2025 ('NZX Code'); and
- the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (notwithstanding AFT is not required to follow these recommendations owing to its ASX Foreign Exempt Listing).

The NZX Listing Rules require AFT to formally report its compliance against the recommendations contained in the NZX Code and it sets out in this Corporate Governance Statement how it has implemented the recommendations in the current version of the NZX Code.

Except to the extent outlined in this Corporate Governance Statement, the Board considers that AFT's corporate governance structures, practices and processes have followed all the recommendations in the NZX Code in the financial year ended 31 March 2025.

For ease of reference, relevant sub-headings in this Corporate Governance Statement include a reference to the primary relevant recommendation(s) in the NZX Code to which the disclosures under that sub-heading relate.

This is a general guide only, and disclosures under a particular sub-heading are not limited solely to the recommendation(s) referred to in that sub-heading.

AFT's governance charters and policies can be found in the Investor Centre on the Company's website (https://investors.aftpharm.com/investors/). AFT's corporate governance charters and policies have been approved by the Board and are regularly reviewed by the Board and amended (as appropriate) to reflect developments in corporate governance practices.

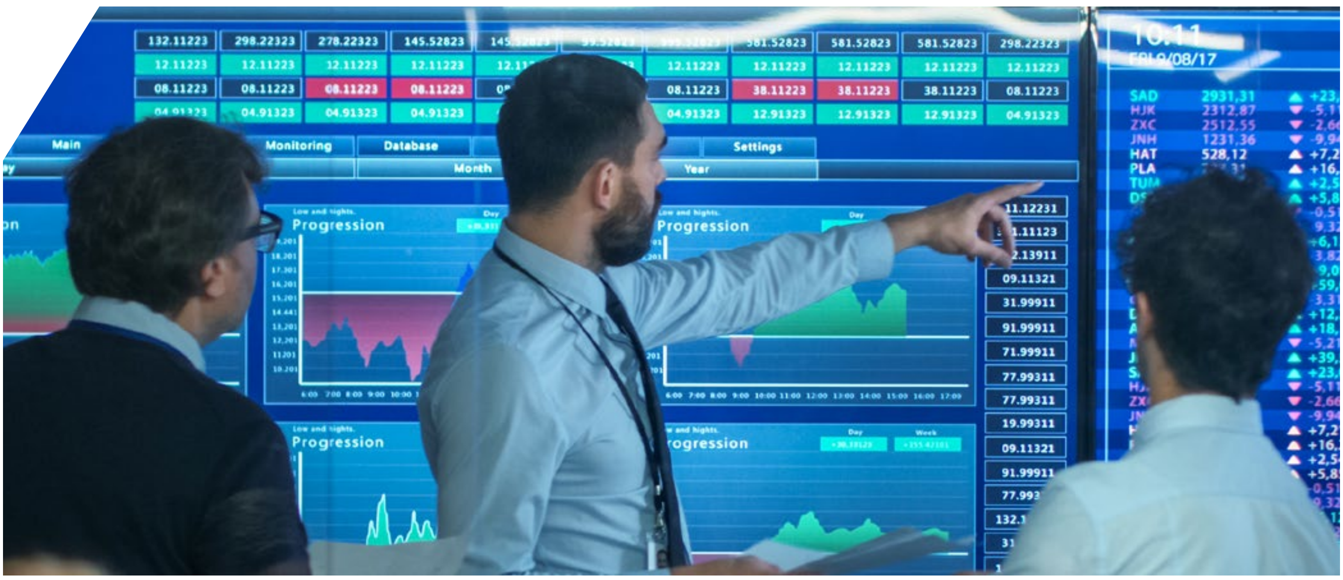
This Corporate Governance Statement was approved by the Board on 22 May 2025 and is current as at that date.

David Flacks
Chair

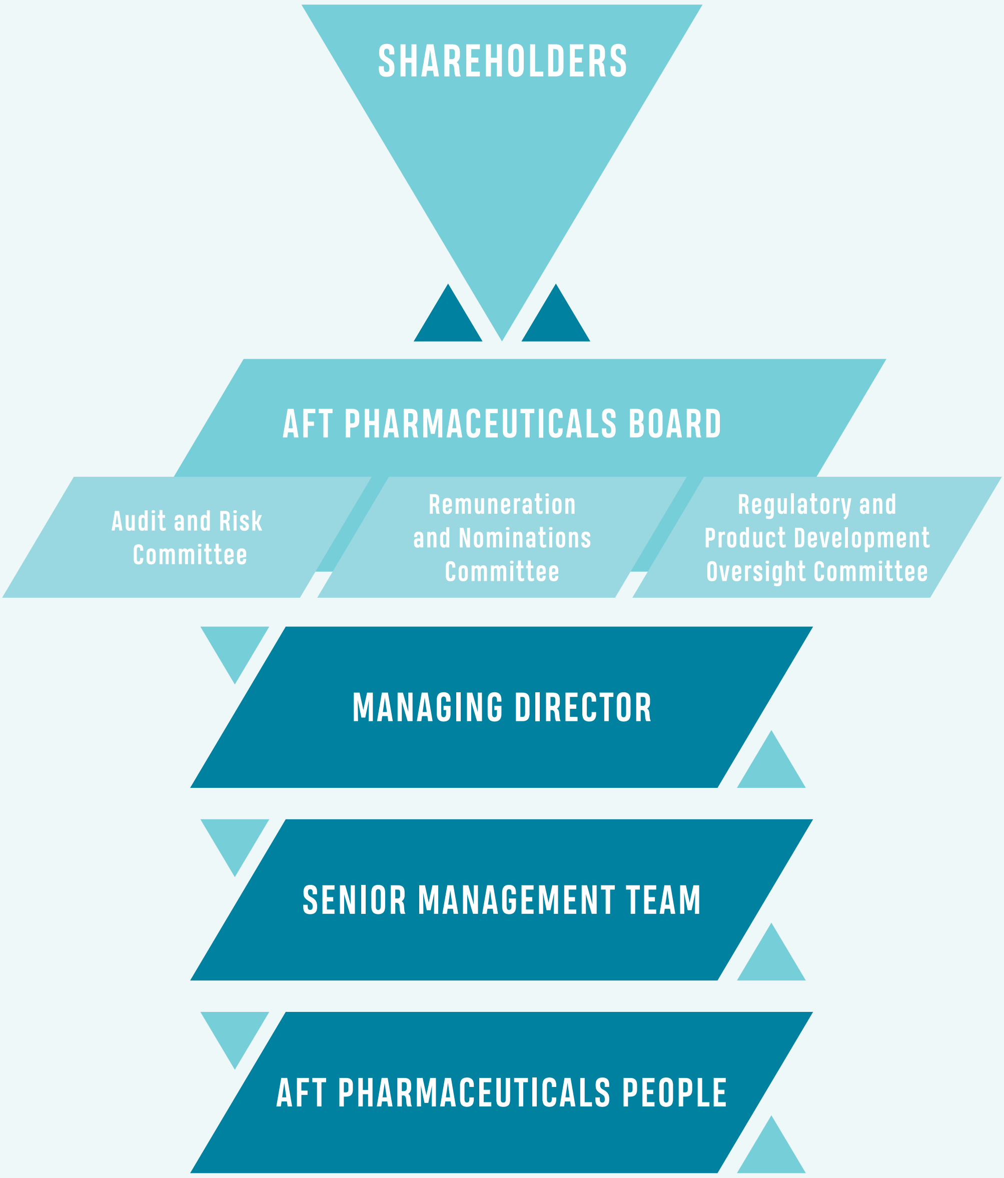
Stock Exchange Listings

AFT is incorporated in New Zealand and is listed on the NZX Main Board and on the Australian Securities Exchange ('ASX') as an ASX Foreign Exempt Listing. As an ASX Foreign Exempt Listing, AFT needs to comply with the NZX Listing Rules (other than as waived by NZX) but does not need to comply with the vast majority of the ASX Listing Rule obligations.

NZX ASX AUSTRALIAN SECURITIES EXCHANGE



Overview of AFT's Governance Structure



The AFT Board of Directors has been appointed by shareholders to protect and enhance the long-term value of AFT and to act in the best interests of AFT and its shareholders.

The Board is the ultimate decision-making body of the Company and is responsible for the corporate governance of it. The role and responsibilities of the Board are set out in the Board Charter, which can be found in the Investor Centre on the Company's website.

The Board currently comprises a Non-Executive Chair, three other Non-Executive Directors, and two Executive Directors, as detailed in the Investor Centre on the Company's website and pages 38 and 39 of this report.

The Board has established three standing Board committees to assist in the execution of the Board's responsibilities:

- Audit and Risk Committee;
- Remuneration and Nominations Committee; and
- Regulatory and Product Development Oversight Committee.

PRINCIPLE 1:

Ethical Standards

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

Code of Culture And Ethics

(Recommendation 1.1)

The Board recognises that high ethical standards and behaviours are central to good corporate governance. It has implemented a Code of Culture and Ethics ('the Ethics Code') to guide the behaviour of its Directors, Senior Managers, and Employees.

The Ethics Code establishes the framework by which Directors and staff of AFT are expected to conduct their professional lives by facilitating behaviour and decision-making that meets AFT's business goals and is consistent with AFT's values, policies, and legal obligations.

The Ethics Code is available to staff on AFT's intranet and forms part of the induction process for new employees. Existing staff receive refresher courses at least once every three years. Regular reminders are provided to staff about the application of the Ethics Code.

The Ethics Code addresses:

- AFT's values and commitments to establishing an inclusive culture;
- conflicts of interest;
- receipt of gifts;
- corporate opportunities;
- confidentiality;
- behaviours and responsibilities;
- proper use of AFT property and information;
- compliance with laws and AFT policies; and
- reporting issues regarding breaches of the Ethics Code, legal obligations, or other AFT policies; and
- additional Director responsibilities.

AFT encourages staff to report any concerns they have about compliance with the Ethics Code, AFT policies, or legal obligations. It achieves this with staff-wide communications and has established a designated email address, that is directed to the personal emails of all Non-Executive Independent Directors, for staff to confidentially raise any concerns they may have.

The Board holds six-monthly reviews of the Ethics Code and expects any incidents arising under the Ethics Code to be brought to Directors' attention immediately. AFT's process for managing any breach of the Ethics Code is detailed in the Ethics Code.

In addition, AFT has implemented the following stand-alone policies to support the application of the Ethics Code and define the process for raising concerns about actual, suspected, or anticipated wrongdoings within the AFT group of companies:

- Diversity and Inclusion Policy;
- Anti-Bribery and Anti-Corruption Policy;
- Whistleblowing Policy;
- Conflicts of Interest Policy;
- Modern Slavery Policy; and
- Supplier Code of Conduct.

The Ethics Code and the policies listed above are available in the Investor Centre on the Company's website.

Securities Trading Policy

(Recommendation 1.2)

The Company is committed to ensuring that its people comply with legal requirements not to trade AFT securities while in possession of inside information. AFT's Securities Trading Policy accordingly applies to all Directors, Officers, Employees, and Contractors of AFT and its subsidiaries.

The Securities Trading Policy seeks to ensure that those subject to the Policy do not trade in AFT securities if they hold undisclosed price-sensitive information. The Policy sets out additional rules, which includes the requirement to seek Company consent before trading and prescribes certain black-out periods during which trading in the Company's securities is prohibited.

Compliance with the Securities Trading Policy is monitored through the consent process, through education and periodic reminders and via notification by AFT's share registrar when any Director or Senior Manager trades in AFT securities.

All trading by Directors and Senior Managers (as defined by the Financial Markets Conduct Act 2013) is required to be disclosed to NZX and in AFT's Interests' Register.

AFT's Securities Trading Policy is available in the Investor Centre on the Company's website.

PRINCIPLE 2:

Board Composition and Performance

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

Role Of The Board

(Recommendation 2.1)

The business and affairs of the Company are managed under the direction of the Board of Directors. At a general level, the Board is elected by shareholders to:

- provide leadership to the Company;
- build sustainable value for shareholders;
- establish the Company's values and objectives;
- develop major strategies for achieving the Company's objectives;
- manage financial and non-financial risks including those associated with sustainability and climate;
- determine the overall policy framework within which the business and Company are operated; and
- monitor management's performance and remuneration with respect to these matters.

The Board has adopted a Board Charter that regulates internal Board procedure and describes the Board's specific roles and responsibilities. The Board delegates management of the day-to-day affairs and responsibilities of the Company to the management team under the leadership of the Chief Executive Officer ('CEO'), to deliver on the strategic direction and goals determined by the Board. The Chief Executive Officer has, in some cases, formally delegated certain authorities to his direct reports within set limits.

The Board regularly monitors and reviews management's performance in the execution of its delegated responsibilities and the appropriateness of its delegated authority policy.

Board Membership, Size, And Composition

(Recommendation 2.2, 2.3)

The size of the Board is determined by the Board from time to time, in accordance with the limitations prescribed in the NZX Listing Rules and in accordance with the provisions of AFT's Constitution and the Board Charter.

As at 31 March 2025 the Board comprised six Directors:

Director	Role
David Flacks	Non-Executive Director and Chair
Allison Yorston	Non-Executive Director
Andrew Lane	Non-Executive Director
Dr Ted Witek	Non-Executive Director
Hartley Atkinson	Executive Director and Chief Executive Officer
Marree Atkinson	Executive Director and Chief of Staff

The average tenure of Non-Executive Directors at the date of this report is four years. A biography of each Director, their qualifications and relevant experience can be found on pages 38 and 39 of this report and in the Investor Centre on the Company's website.

The Board has delegated to the Remuneration and Nominations Committee the responsibility for identifying and recommending Director candidates for the approval of the Board. When recommending candidates, the Committee takes into account factors it deems appropriate, including the diversity of background, experience, and qualifications of the candidates.

When appointing Directors, the Board undertakes appropriate background checks. Newly appointed Directors are required to enter into letters of appointment, setting out the terms of their appointments.

As AFT operates in specialised markets, the Board believes that it is important to have Directors with a broad range of experience and skills, gained both locally and internationally, that are appropriate to meet its objectives.

The Board has developed (and periodically reviews and updates) a comprehensive skills matrix to inform Board succession planning and considers each Director's experience against identified industry specific and broader governance-related skills. Industry-specific skills identified as being particularly relevant include:

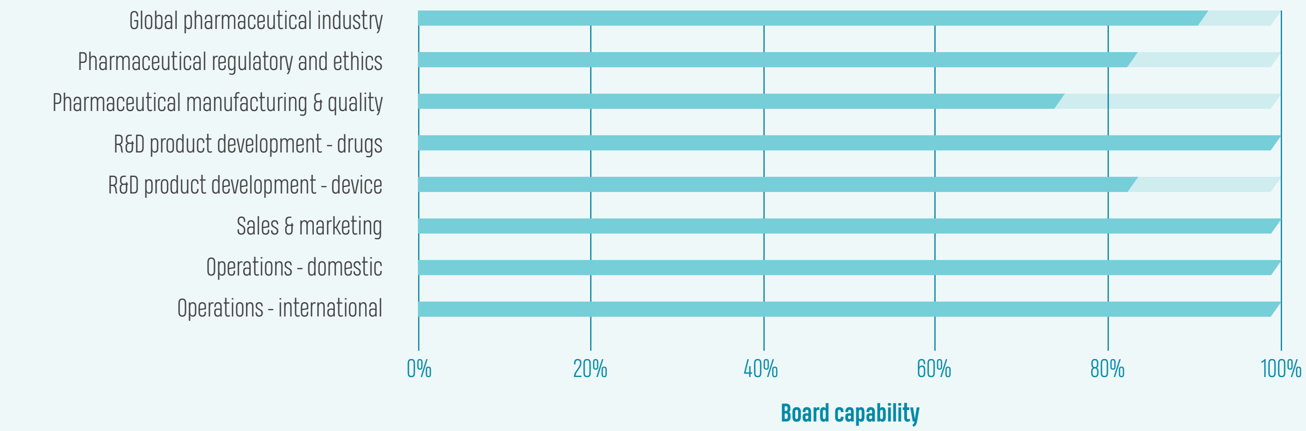
- global pharmaceutical industry experience;
- pharmaceutical regulatory and ethics experience;
- research and development product development for drugs and devices;
- commercial operations experience – both domestic and international; and
- pharmaceutical sales and marketing.

A summary of the board's assessment of its aggregate capability against these criteria is set out below, with an assessment of 100% representing very high Board capability. The Board arrived at these assessments by calculating the aggregate scores of the three most highly skilled Directors in each of these domains.

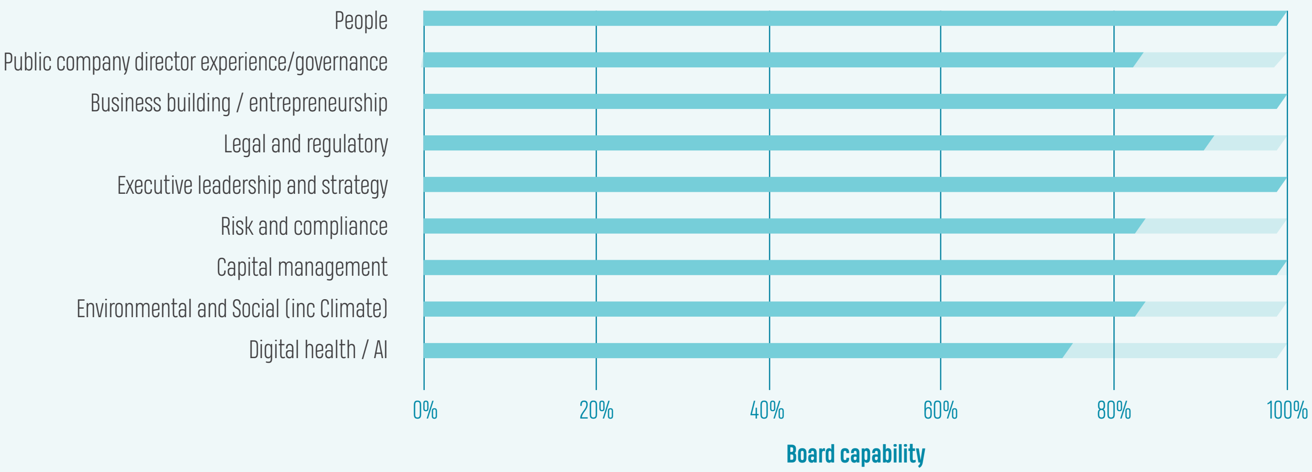
This approach recognises that a diversity of skills is important to delivering best practice governance and that it is unrealistic and unnecessary for all Directors to be highly skilled in each of the relevant domains. It also balances these considerations against the need to ensure a diversity of well-informed perspectives is brought to bear on any issue brought before the Board.

Board Capability

Board Skills Specific to AFT Pharmaceuticals



Generic Board Skills



Board Appointment, Training, And Evaluation

(Recommendation 2.6, 2.7)

The procedure for the appointment and removal of Directors is ultimately governed by the Company's Constitution and relevant NZX Listing Rules.

A person may be appointed as a Director by the Board or by appointment at a meeting of shareholders.

A Director appointed by the Board must not hold office (without standing for re-election) past the next Annual Shareholders Meeting following their appointment. Directors are otherwise subject to the rotation requirements set out in the NZX Listing Rules.

At the end of AFT's Annual Shareholders Meeting on 2 August 2024, Anita Baldauf retired from the Board. She was replaced by Allison Yorston on 12 November 2024. Additionally, in accordance with the rotation requirements of the NZX Listing Rules, Independent Directors David Flacks and Dr Ted Witek were re-elected to the Board at the 2024 Annual Shareholders Meeting. Independent Director Andrew Lane, who was appointed to the Board in September 2023, was also elected to the Board at the meeting.

At the time of appointment, each Director receives a copy of AFT's Corporate Governance Manual (comprising all AFT's core governance documents) and is introduced to the business through a tailored induction programme.

All Directors are regularly updated on relevant industry and Company issues and undertake training to remain current on how to best perform their duties as Directors of AFT.

During the Board's annual evaluation process, training needs are considered to assist Directors to remain upskilled on the business and industry and legislative developments. All Directors have access to Senior Management to discuss issues or obtain information on specific areas or items to be considered at a Board meeting or other areas they consider appropriate.

The Board, Board Committees and each Director have the right to seek Independent professional advice at AFT's expense to assist them in carrying out their responsibilities. During the financial year ended 31 March 2025, the Board undertook a review of its own and its committees' composition and performance to ensure they are effectively governing AFT and monitoring AFT's performance in the interests of shareholders.

Independence Of Directors

(Recommendation 2.4, 2.8, 2.9, 2.10)

A majority of AFT's Directors are Independent. The factors the Company takes into account when assessing the independence of its Directors are set out in the NZX Code and the Board Charter and include factors such as the Director's professional and personal relationships with the Company and its subsidiaries and the Director's length of tenure as applicable.

Generally, a Director is considered to be Independent if that Director is not an employee of AFT and does not have any direct or indirect interest, position, association, tenure, or relationship that could reasonably influence, or be perceived to influence, in a material way, the Director's capacity to:

- bring an independent view to decisions in relation to AFT;
- act in AFT's best interests; and
- represent the interests of AFT's shareholders generally.

The Board has determined, based on information provided by Directors regarding their interests and the criteria specified in the Board Charter, and for the purposes of the NZX listing rules that at 31 March 2025 (and the date of this Annual Report), each of David Flacks, Allison Yorston, Andrew Lane, and Dr Ted Witek is an Independent Director.

None of the criteria, as set out in table 2.4 of the NZX Corporate Governance Code that may cause a Board to determine that a Director is not Independent applied to any of these Independent Directors.

The Board has also determined that Hartley Atkinson and Marree Atkinson are not Independent Directors owing to also being executives of the Company; and, in Hartley Atkinson's case, he is also a trustee of a substantial product holder of the Company, and each of Hartley and Marree is a discretionary beneficiary of that substantial product holder.

The Board will review any determination it makes on a Director's independence on becoming aware of any new information that may affect that Director's independence.

For this purpose, Directors are required to ensure they immediately advise AFT of any new or changed relationship that may affect their independence or result in a conflict of interest.

The Board supports the separation of the role of Chairman and Chief Executive Officer. The current Chairman has been elected by the Board from the Independent Directors, in accordance with the terms of the Board Charter. The Chairman's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the Chief Executive Officer.

Conflicts Of Interest

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and perceived) between their duty to AFT and their own interests. The Board Charter and the Conflicts of Interest Policy outline the Board's policy on conflicts of interest. AFT maintains an Interests' Register in which relevant disclosures of interest and securities dealings by the Directors are recorded.

Directors' interest disclosures are carried in the Statutory Information Section on pages 97 to 100 of this report.

Company Secretary

The Company Secretary, Malcolm Tubby, is responsible for supporting the effectiveness of the Board by ensuring that its policies and procedures are followed and for coordinating the completion and dispatch of the Board agendas and papers. The Company Secretary is accountable to the Board, via the Chair, on all governance matters.

Diversity And Inclusion

(Recommendation 2.5)

The Board recognises that building diversity across AFT will deliver enhanced business performance.

AFT has adopted a Diversity and Inclusion Policy and is committed to achieving diversity in the skills, attributes and experience of its Board members, management, and staff across a broad range of criteria (including, but not limited to, culture, gender, and age).

AFT is proud to have a workforce consisting of many individuals with diverse skills, values, backgrounds, ages, genders, and ethnicities, and experiences. The Company works to ensure that its selection processes for recruitment and employee development opportunities are free from bias and are based on merit.

The Board as a whole is responsible for overseeing and implementing the Diversity and Inclusion Policy but has delegated to the Remuneration and Nominations Committee the responsibility to develop and to recommend measurable objectives to the Board that are designed to adhere to the Policy.

AFT's Diversity and Inclusion Policy is implemented by promoting the following principles:

- reviewing progress against measurable diversity objectives and initiatives developed by AFT to deliver outcomes consistent with the Policy;
- promoting a working environment free from discrimination, harassment, and victimisation;
- emphasising the accountability of AFT's leaders to cultivate a culture of inclusion in which the strengths of every individual are recognised and valued;
- raising employee awareness of workplace diversity by designing, delivering, and measuring the effectiveness of programmes that promote workforce diversity, inclusion, and gender equity;
- striving to ensure that all employees and contractors receive equal and fair treatment in all aspects of the Company's employment policies and practices;
- promoting a culture that empowers employees to act in accordance with the Policy; and
- regularly benchmarking AFT's diversity standpoint, status, and objectives against appropriate external comparators.

The Board has conducted its annual assessment of its diversity objectives and the Company's progress towards achieving these objectives in respect of the financial year ended 31 March 2025.

The steps AFT took during the year to develop and maintain a diverse and inclusive working environment and fair remuneration, including gender pay gap reporting, are detailed on page 29 of this report. In accordance with the NZX listing rules it also lists on those pages the gender composition of the Directors and Officers at balance date alongside the gender composition of its workforce.

In the year ahead (the financial year ending 31 March 2026) the Company will continue to monitor and benchmark against the diversity and inclusion objectives agreed by the Board for the financial year ended 31 March 2026.

PRINCIPLE 3:

Board Committees

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

The Board uses committees to deal with issues requiring detailed consideration, thereby enhancing the efficiency and effectiveness of the Board. However, the Board retains ultimate responsibility for the functions of its committees and determines each committee's roles and responsibilities.

The current committees of the Board are:

- Audit and Risk Committee;
- Remuneration and Nominations Committee; and
- Regulatory and Product Development Oversight Committee.

Details of the roles and responsibilities of these committees are described in their respective charters and summarised below. The committee charters are available in the Investor Centre on the Company's website.

From time to time the Board may constitute an ad-hoc committee to deal with a particular issue that requires specialised knowledge and experience. Proceedings of each committee meeting are reported back to the Board to allow other Directors to question committee members and to keep apprised on matters being considered by each committee.

Audit And Risk Committee

(Recommendation 3.1, 3.2)

The primary function of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities relating to the Company's risk management and internal control framework, the integrity of its financial and non-financial reporting (including reports on sustainability, corporate social responsibility, and environmental activities) and the Company's auditing processes and activities.

Under the Audit and Risk Committee Charter, the Committee must be comprised of a minimum of three members. All members of the Committee must be Non-Executive Independent Directors. At least one Independent Non-Executive Director on the Committee must have an accounting or financial background. Further, the Chairman of the Committee is required to be Independent and not be the Chairman of the Board.

Employees are not permitted to attend meetings of the Audit and Risk Committee without an invitation. The Chairman of the Committee should not have a long-standing association with AFT's external audit firm as a current, or retired, audit partner or senior manager at the firm.

The current members of the Committee are Andrew Lane (Chairman), David Flacks and Allison Yorston. All members are Independent, Non-Executive Director. Andrew Lane is considered to have a financial background for the purposes of the NZX Listing Rules.

The Audit and Risk Committee held four formal Committee meetings during the financial year ended 31 March 2025

Remuneration And Nominations Committee

(Recommendation 3.3, 3.4)

The Remuneration and Nominations Committee's role is to oversee remuneration policies and practices at AFT, oversee management succession planning, consider the composition of the Board, and recommend candidates to fill Board vacancies as and when they arise.

The Committee is also tasked with annually monitoring and evaluating the Company's performance with respect to its Diversity and Inclusion Policy.

Under the Remuneration and Nominations Committee Charter, the Committee must be comprised of a minimum of three members, a majority of whom are Independent Directors. Management of the Company are not permitted to attend the Remuneration and Nominations Committee unless invited.

The Chairman of the Committee is required to be Independent. The current members of the Committee are Andrew Lane (Chairman), David Flacks and Ted Witek.

The Remuneration and Nominations Committee held two meetings during the financial year ended 31 March 2025 and carried out other functions via circular resolution.

Regulatory And Product Development Oversight Committee

(Recommendation 3.5)

The Regulatory and Product Development Oversight Committee's role is to, at least bi-annually, review the Company's regulatory risk management framework relating to product development; oversee the Company's strategy relating to key clinical and product development projects and monitor the Company's compliance framework against applicable regulations regarding the sale and distribution of pharmaceutical products.

Committee members also meet frequently on an informal basis to discuss regulatory and new product development matters. The functioning of the Committee complements the monthly monitoring undertaken by the Board on the status of new product development and filings. Under the Regulatory and Product Development Oversight Committee Charter, the Committee must be comprised of a minimum of three members. The current members of the Committee are Ted Witek (Chairman), Hartley Atkinson, and Marree Atkinson.

The Regulatory and Product Development Oversight Committee met twice during the financial year ended 31 March 2025.

Board And Committee Attendance

(Recommendation 3.5)

The Board met for ten regularly scheduled meetings during the financial year ending 31 March 2025. There were also separate meetings of the Board Committees during the year. In addition, the Board and management met during the year to undertake strategic planning.

Director	Board	Audit and risk committee	Remuneration and nomination committee	Regulatory and New Product Development Oversight Committee[1]
Dr Hartley Atkinson	10/10	-	-	2/2
Marree Atkinson	10/10	-	-	1/2
David Flacks	10/10	4/4	2/2	-
Andrew Lane	10/10	4/4	2/2	-
Dr Ted Witek[3]	10/10	2/4	2/2	2/2
Allison Yorston[4]	4/10	0/4	-	-
Anita Baldauf[2]	4/10	1/4	-	-

[1] Committee members also met frequently through-out the year on an informal basis to discuss regulatory and new product development matters.

[2] Anita Baldauf retired from the Board and the ARC on 2 August 2024. She was replaced on 12 November 2024 on the Board by Allison Yorston.

[3] Ted Witek joined the ARC on 19 Nov 2024 and retired on 20 March 2025.

[4] Alison Yorston joined the ARC on 20 March 2025

Control Transaction Guidelines

(Recommendation 3.6)

AFT's Independent Directors have received legal advice on their Directors' duties, and the process to be followed, in the event of a takeover offer. The Board has formally adopted this advice as the protocols to be applied in the event of a control transaction Any takeover of AFT shares would require the support of the Atkinson Family Trust, which at present holds approximately 69% of the shares on issue.

PRINCIPLE 4:

Reporting and Disclosure

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

AFT is committed to the promotion of investor confidence by ensuring that the trading of Company shares takes place in an efficient, competitive, and informed market. The Board is tasked with ensuring the integrity of financial and non-financial reporting to shareholders and other stakeholders.

Market Disclosure Policy

(Recommendation 4.1)

AFT's Market Disclosure Policy establishes the Company's procedures for meeting the continuous disclosure requirements of both the NZX Main Board and the ASX. A copy of the Market Disclosure Policy is available in the Investor Centre on the Company's website. In addition to the procedures set out in that Policy, Directors and Management consider at each meeting whether there are any issues that require disclosure to the market.

Governance Policy Availability

(Recommendation 4.2)

AFT's governance charters and policies and its code of ethics can be found in the Investor Centre on the Company's website.

Financial And Non-Financial Reporting

(Recommendation 4.3, 4.4)

The Board is responsible for ensuring the integrity of its financial and non-financial reporting. AFT is committed to providing shareholders and other stakeholders with a balanced and, clear, objective, understandable and easily accessible assessment of its performance, business model, strategic objectives, and its progress against them. To achieve these goals the Company reports a range of financial and non-financial information at each results announcement and in its full-year reports.

Reporting Oversight

The Audit and Risk Committee closely monitors financial and other reporting risks in relation to the preparation of the financial statements and accompanying non-financial information.

With the assistance of management, the Audit and Risk Committee works to ensure that the financial statements and accompanying non-financial information are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting and other material risks.

As part of this process, the Chief Executive Officer and Chief Financial Officer are required to state in writing to the Board that, to the best of their knowledge, the Company's financial reports and accompanying non-financial statements:

- present a true and fair view of the Company's financial condition and operational performance;
- are in accordance with the relevant accounting standards; and
- are founded on a sound system of risk management and internal controls that are operating effectively.

The Board receives copies of all material announcements made to the NZX and ASX.

Non-Financial Environmental Social And Governance ('ESG') Reporting

(Recommendation 4.4)

AFT has incorporated strategies to account for and manage the ESG factors that are material to the Company's ability, and commitment, to create value long-term. It is also reporting its progress against those strategies in a way that is aligned with the Company's broader reporting standards and commitments.

The Company has aligned its ESG reporting to the United Nations Sustainable Development Goals, which reflect the most urgent global environmental, political, and economic challenges.

AFT has completed and regularly reviews its systematic and robust assessment of the ESG issues that are material to the Company and continues to evolve the breadth and depth of measures against which it can assess the Company's performance in managing these issues.

The Company has for the second year issued a climate statement (on pages 102 to 122 of this report) made in accordance with the new Aotearoa New Zealand Climate Standards.

These disclosures are overseen by the Board. Further detail is covered in the sustainability section (on pages 16 to 34) of this report.

PRINCIPLE 5:

Remuneration

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

AFT is committed to remunerating its Non-Executive Directors, Executive Directors, and employees fairly, transparently, and reasonably. The policies, procedures and outcomes on these commitments are detailed in the Company's Remuneration Report on page 58 to 62 of this report.

Director Remuneration And Senior Executive Remuneration

(Recommendations 5.1, 5.2, 5.3)

Please see pages 58 to 62 of this report for Non-Executive Director and Executive Director and Senior Executive remuneration governance and the relevant disclosures.

PRINCIPLE 6:
Risk Management

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

Risk Management Framework

(Recommendation 6.1)

Like other businesses, AFT manages a range of risks that have the potential to impact its performance, operations, reputation, and customers' safety. While some risks can never be eliminated, AFT works hard to identify their significance and manage them.

AFT has designed and implemented a risk framework for the oversight and management of financial and non-financial business risks, as well as related internal compliance systems that are designed to:

- optimise the return to, and protect the interests of its stakeholders;
- safeguard the Company's assets and maintain its reputation and social licence to operate;
- improve the Company's financial and operating performance;
- fulfil the Company's strategic objectives; and
- manage the risks associated with the sale and distribution of pharmaceutical products.

The Board has ultimate responsibility for AFT's risk management and internal control system, setting the 'tone at the top' with regards to risk culture. It reviews the risk management framework and risk register at least twice a year.

The Audit and Risk Committee and Regulatory and Product Development Oversight Committee, under delegation from the Board, assists the Board in discharging its responsibilities.

The Audit and Risk Committee monitors compliance with the overarching risk and compliance framework, while the Regulatory and Product Development Oversight Committee oversees the Company's regulatory risk management framework regarding the development, quality assurance and sale and distribution of pharmaceutical products.

The Audit and Risk Committee, in conjunction with management, regularly reports to the Board on the effectiveness of the Company's management of its material business risks and whether the risk management framework and systems of internal compliance and control are operating effectively and efficiently in all material respects.

The Audit and Risk Committee conducts six-monthly reviews of AFT's risk management framework and principal risks register and satisfies itself that AFT's approach to risk is sound. Information regarding AFT's internal audit functions can be found under the section headed "Internal Audit Function" below.

Principal Risks

(Recommendation 6.2)

AFT's current principal risks and their mitigations are summarised below. AFT's risk management framework has positioned AFT well to respond to the challenges the Company faces. Further detail is included in the sustainability section of this report on pages 16 to 34

Risk	AFT mitigates this risk by:
Regulatory Approval Delay or failure in the development, manufacture, commercialisation, or regulatory approval process for AFT products.	– Adopting a low risk and low-cost development programme. – Using multiple manufacturing sites for our key products and maintaining close working relationships with our suppliers. – Engaging both in-house and external regulatory experts in our key markets. – Monitoring regulatory timetables and maintaining regular dialogue with licensees to anticipate and manage delays proactively. where necessary.
Competition Competition of pharmaceutical products and devices.	– Product innovation. – Diversification of our product portfolio. – Maintaining a broad range of distribution channels, partners, and geographies.
Intellectual Property Intellectual Property infringement and protection for AFT products.	– Taking actions to protect our IP, including filing patent applications, and entry into confidentiality agreements with licensees, suppliers, and employees to protect trade secrets. – Undertaking extensive "freedom to operate" reviews before we make our IP applications to ensure that they do not infringe any other IP and are protectable. – Regularly monitoring pharmaceutical patent registrations.
Third Parties Reliance on third parties for the manufacture, distribution, and licensing of AFT products	– Using multiple manufacturers where possible for our key products. – Operating an inventory policy of holding a minimum of three months' inventory to minimise interruption of supply. – Being selective in our choice of distribution and licensing partners and having performance obligations in our commercial agreements. – Requiring all suppliers to attest to compliance with our Supplier Code of Conduct and our Modern Slavery Policy, which together require third party suppliers to foster and encourage respect for Human & Labour Rights, Ethical Business Practices, Environmental Responsibility, Product and Service Quality and Safety. The policy and the code also require suppliers to report on any ethical sourcing risks, including Modern Slavery risks, in their supply chains.
Product Liability Product liability and risks associated with marketing drugs and conducting clinical trials.	– Adopting compliance and regulatory systems to monitor our compliance with applicable laws and regulations. – Manufacturing products in compliance with Good Manufacturing Practice and other relevant regulatory requirements, including supplying products for use only with approved Certificates of Analysis. – Maintaining and regularly reviewing a register of known adverse events. – Focusing on novel dose forms, combinations, and delivery systems of approved drugs, meaning clinical trial risks are relatively low. – Contracting out clinical trials to specialists. – Implementing a comprehensive product, clinical trial, and contamination insurance programme. – Ensuring that product labelling declares reported risks and ensuring that adverse events are incorporated in the product package insert, in accordance with licensors' advice, and local regulatory accepted rules and labels.

Risk	AFT mitigates this risk by:
Growth Strategy Failure to execute growth strategy.	– Adopting expansion strategies that are scalable and are not capital intensive, for example using out-licensing and distributor arrangements in markets where the company has not elected to maintain a presence. – Closely monitoring our personnel, internal company structures and systems to ensure they remain appropriate to support our growth plans. – Regular review and close monitoring of progress of growth strategies against business plans and targets.
Capital Management	– Closely monitoring forecasts, cash flows and our financial covenants to ensure they are not breached. – Actively monitoring key revenue growth plans. – Managing the mix of equity capital and borrowings. – Maintaining an active investor relations program should a further equity raise be considered.
Key Personnel Loss	– Succession planning and promoting a culture of diversity and inclusion. – Adopting a competitive remuneration policy designed to assist us in retaining key personnel. – Carefully selecting our personnel to ensure that they fit with our culture and growth plans.
Health and Safety Risks	– Adopting a Health and Safety Policy and monitoring performance against it. The Board and management are committed to promoting a safe and healthy working environment for everyone working in/or interacting with AFT's business. The Health and Safety Policy requires AFT people to endeavour to take all practicable steps to provide a working environment that promotes health and wellbeing, while minimising the potential for risk, personal injury, ill health, or damage. – Agreeing a detailed (Board-approved) programme of work, which aims to ensure AFT remains compliant with its health and safety obligations. The Board is updated on health and safety (including wellness) matters and metrics at each Board meeting and there is a detailed review on health and safety risks each quarter. – Operating an employee-led Health and Safety Committee. The committee meets regularly to monitor and manage health and safety risks, including hazards, within the business, and inform Board reporting. Further detail on the Company's management of health and safety risks is covered on page 31 of this report.
Cyber Risk	– Maintaining robust systems and processes to support our information and communication technology (ICT) system security. – Commissioning regular independent reviews of our ICT systems. – Maintaining and regularly reviewing business continuity and disaster recovery plans and systems. – Promoting a culture of cybersecurity in the organisation through regular training; and communication.
Climate Change Risk	– Embedding oversight and management of climate related risks within the Board Charter and the incorporation of programmes to manage these risks into the Company's strategy. – Transparently reporting its approach and strategies to identify monitor and manage climate related risks and opportunities. – Further detail is covered in the climate statement on pages 102 to 122 of this report.

PRINCIPLE 7:
Auditors

"The Board should ensure the quality and independence of the external audit process."

External Auditor Independence

(Recommendation 7.1)

AFT has adopted an Audit Independence Policy that requires, and sets out the criteria for, the external auditors to be independent. The Policy recognises the importance of facilitating frank dialogue between the Audit and Risk Committee, the auditor and management.

The Policy prescribes the services that can and cannot be undertaken by the external auditors, which are designed to ensure that services provided by AFT's external auditors do not conflict, and are not perceived as conflicting, with their independent role.

The Policy also requires that the key audit partner be changed at least every five years so that no person shall be engaged in an audit of AFT for more than five consecutive years. AFT engaged a new audit firm in February 2018 and in accordance with this Policy and in accordance with NZX Listing Rule 2.13.3 rotated to a new audit partner for the year to 31 March 2023.

The Audit and Risk Committee Charter requires the Committee to facilitate the continuing independence of the external auditor by assessing the external auditor's independence and qualifications and overseeing and monitoring its performance. This involves monitoring all aspects of the external audit, including the appointment of the auditor, the nature and scope of its audit, and reviewing the auditor's service delivery plan.

In carrying out these responsibilities the Audit and Risk Committee meets regularly with the auditor without Executive Directors or management present.

The auditor is restricted in the non-audit work it may perform, as detailed in the Auditor Independence Policy. In the last financial year, the audit firm has undertaken specific non-audit work. Details of this work are covered on page 79 of this report.

None of that non-audit work is considered to have compromised (or been seen to have compromised) the independence of the auditor. For further details on the audit and non-audit fees paid and work undertaken during the period, refer to page 79 in the Financial Statements of this report.

The Audit and Risk Committee regularly monitors the ratio of fees for audit to non-audit work.

Internal Audit Function

(Recommendation 7.3)

AFT does not have a dedicated internal auditor. Instead, internal controls are managed on a day-to-day basis by the finance team. Compliance with internal controls is reviewed annually by AFT's auditors who provide feedback on AFT's control environment, which is reviewed by the finance team and Board.

The Board and finance team regularly consider how AFT can improve its internal audit and risk management practices during AFT's annual governance review, bi-annual risk reviews, preparation of interim and full-year financial statements and following AFT's annual audit.

PRINCIPLE 8:

Shareholder Rights and Relations

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

Information For Shareholders

(Recommendation 8.1, 8.2)

AFT is committed to maintaining a full and open dialogue with its shareholders (and other interested stakeholders). The Company has in place an investor relations programme to facilitate effective two-way communication with shareholders.

The aim of the Company's communication programme is to ensure fair recognition of the value the company creates, provide stakeholders with information to help them accurately assess the company's performance and prospects. It also seeks to enable shareholders to actively engage with the Company and exercise their rights in an informed manner.

The Company facilitates communication with shareholders through written and electronic communication, and by facilitating shareholder access to Directors, Management, and the Company's auditors.

The Company provides shareholders with communication through the following channels:

- the Investor Centre on the Company's website;
- full-year and half-year results and/or reports;
- the Annual Shareholders Meeting;
- regular disclosures on Company performance and news via the NZX and ASX online disclosure platforms;
- disclosure of presentations provided to analysts, investors, and the media during regular briefings; and
- engagement with media and social media.

The Company's website is an important part of the Company's communication programme. Included on the website is a range of information relevant to shareholders and others concerning the financial position, operation, and governance of the Company, including information about the Company and its history, biographies of the Company's Directors and senior management, the Company's Constitution, Board Charter (and the charters of the various committees) and other corporate governance policies of the Company.

Shareholders may, at any time, direct questions, or requests for information to Directors or management through the Company's website or by sending an email to: investor.relations@aftpharm.com

The Company provides shareholders with the option to receive communications from, and send communications to, the Company and its share registrar electronically. A majority of AFT's shareholders have elected to receive electronic communications.

Shareholder Voting Rights

(Recommendation 8.3)

In accordance with the Companies Act 1993, AFT's Constitution and the NZX Listing Rules, AFT refers major decisions which may change the nature of AFT to shareholders for approval.

In the financial year ended 31 March 2025, there were no such transactions requiring shareholders' approval under the Companies Act 1993, AFT's Constitution and/or the NZX Listing Rules.

As required by the NZX Listing Rules, AFT conducts voting at its shareholder meetings by way of polls, reflecting the principle of one share, one vote. Further information on shareholder voting rights is set out in AFT's Constitution.

Annual Shareholders Meeting

(Recommendation 7.2, 8.2, 8.5)

AFT's 2025 Annual Shareholders Meeting is currently intended to be held in early August 2025. Shareholders will be given an opportunity to participate, vote and ask questions and comment.

In addition, the Company's auditors, Deloitte, will be available to answer any questions about their audit report. A Notice of Meeting will be posted on AFT's website as soon as possible and will be posted to shareholders at least 20 working days prior to the meeting.

REMUNERATION

Remuneration

AFT Pharmaceuticals remuneration policies are targeted at supporting the company to attract, retain and motivate high calibre people to achieve AFT Pharmaceuticals' business objectives and create shareholder value. They are guided by the principles that remuneration practices should:

- be clearly aligned with AFT Pharmaceuticals' values, culture, risk appetite and corporate strategy;
- support the attraction, retention, and engagement of employees;
- be understood by employees;
- be equitable and flexible;
- appropriately reflect market conditions and organisational context;
- recognise individual performance and competency, rewarding individuals for achieving high performance; and
- recognise team and company performance and the creation of shareholder value

Remuneration Governance

AFT's policies regarding the remuneration of Directors and its people are set out in the Board Charter and the company's Remuneration Policy, both of which are available on the Investor Centre on the company's website. There have been no changes to the Company's approach to remuneration during the period.

As detailed in the Board Committee Section (page 49 of this report), the governance arrangements relating to remuneration are overseen by the Board's Remuneration and Nominations Committee.

Director Remuneration

Non-Executive Director Remuneration

The current maximum total monetary sum permitted to be paid by the Company by way of Non-Executive Directors' fees is $575,000 per annum. This sum has not been increased since it was approved by shareholders in 2015.

Non-Executive Directors' fees were last reviewed and increased at the May 2024 Board meeting and are detailed in the table below.

Committee fees were held steady at that meeting and are payable to Non-Executive Directors, as detailed in the table below. Non-Executive Directors' fees are still within the $575,000 per annum limit noted above.

Directors may hold shares in the Company, the details of which are set out in the Statutory Information section on pages 97 to 100 of this report. It is the Company's policy to encourage Directors to hold shares in the Company.

The Non-Executive Directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings or otherwise in connection with AFT's business. No retirement allowances will be paid to the Non-Executive Directors on their retirement.

The current approved fixed annual fees payable to Non-Executive Directors are detailed in the table below.

Governance body	Position	Fees per annum	
Period to the March		**FY2025[1]**	**FY2024**
Board of Directors	Chair	$150,000	$142,000
	Director	$80,000[2]	$77,000
Audit and Risk Committee	Committee Chair	$20,000[3]	$20,000
	Committee Member	$6,000[3]	$6,000
Remuneration and Nominations Committee	Committee Chair	$7,500	$7,500
	Committee Member	$6,000[3]	$6,000
Regulatory and Product Development Oversight Committee	Committee Chair	$15,000[4]	$15,000
	Committee Member	$6,000	$5,000

[1] All fees are paid in NZD unless stated.

[2] Fee payable to non-United States (US) based Directors. US-based Directors receive USD$80,000.

[3] Fee payable to non-US based Directors. US based Directors receive USD$6,000.

[4] Fee payable to non-US based Directors. US based Directors receive USD$15,000.

Non-Executive Directors received the following Directors' fees, remuneration and other benefits from the Company in the financial year ended 31 March 2025:

Non-Executive Director	David Flacks	Dr Ted Witek[2]	Andrew Lane	Allison Yorston[3]	Anita Baldauf[4]
Non-Executive Director Board fees	$150,000	$134,943	$80,000	$30,521	$26,667
Audit and Risk Committee fees	$6,000	$4,200	$20,000	181	$2,000
Remuneration and Nomination Committee fees	$6,000	$10,120	$7,500	–	–
Regulatory and Product Development Oversight Committee fees	–	$25,301	–	–	–
Shares and other payments or benefits[1]	–	–	–	–	–
Total remuneration[1]	**$162,000**	**$174,564**	**$107,500**	**$30,701**	**$28,667**

[1] In addition to Directors' fees, AFT meets costs incurred by Non-Executive Directors that are incidental to the performance of their duties. This includes paying the costs of Directors' travel. As these costs are incurred by AFT to enable Directors to perform their duties, no value is attributable to them as benefits to Directors for the purposes of this table.

[2] Fees disclosed in NZD. Ted Witek receives fees paid in USD. These fees have been converted into NZD in the above table, calculated at an weighted average exchange rate of 1 : 0.5928. Ted Witek joined as an ARC member on 19 November 2024 and retired on 20 March 2025.

[3] Allison Yorston joined the Board on 12 November 2024 and joined the Audit and Risk Committee on 20 March 2025.

[4] Anitia Baldauf retired from the Board on 2 August 2024

Executive Director Remuneration

The remuneration of the Executive Directors – Managing Director and Chief Executive Hartley Atkinson and Executive Director and Chief of Staff Marree Atkinson – is covered in the 'Senior Executive Remuneration' section below.

Senior Executive Remuneration

Remuneration Policy

AFT has adopted a formal Remuneration Policy, the purpose of which is to outline the remuneration principles that apply to all employees to ensure that remuneration practices within AFT are fair and appropriate for the organisation and its Directors and employees.

AFT's Remuneration Policy supports the Company to attract, retain and motivate high-calibre people to achieve the Company's business objectives and create shareholder value. The Remuneration Policy is available in the Investor Centre on the Company's website.

Under AFT's remuneration framework, remuneration paid to the Chief Executive Officer and Senior Officers includes a mix of the following fixed and variable components:

- Fixed remuneration, which includes base salary and employer KiwiSaver (or overseas equivalent) contributions (where relevant) and relates to the base requirements of the role.
- A discretionary Short-Term Incentive (STI) may be offered to some employees, at the discretion of the CEO (or be offered to the CEO and/or Chief of Staff, at the discretion of the Board). AFT's short-term incentive is performance based, with any short-term incentive plan payment being conditional on satisfaction of pre-determined Company and individual performance objectives.
- Potential short-term incentive payments are generally between 10% to 30% of base salary, depending on seniority and role, and this increases to 75% for the Chief Executive Officer.
- A Long-Term Incentive (LTI) Plan may be offered, generally only to permanent senior management, as approved by the Board. AFT currently operates an option scheme. This is designed to attract and retain senior managers within the business and to align the interests of management with shareholder interests.

Under the LTI Plan, participants are granted options to acquire ordinary shares in AFT. One option will give the participant the right to subscribe for (or otherwise purchase) one ordinary share, subject to meeting any vesting conditions set by the Board and payment of the exercise price. The Board has an absolute discretion to invite employees to participate in the LTI Plan and to set the terms and conditions of options at the time they are granted.

The maximum aggregate number of options that may be granted under the LTI Plan is 5% of the total number of ordinary AFT shares on issue immediately after the issue of options, unless shareholder approval is obtained. With respect to AFT's LTI Plan, no Director or employee is permitted to enter into financial products or arrangements that operate to limit the economic risk of their vested or unvested entitlements.

In addition, AFT may offer provisions that have a monetary benefit to employees but are not considered part of remuneration.

Each year an internal review against our public company peers is carried out to benchmark salaries with market increases and adjustments made accordingly.

The Remuneration and Nominations Committee is responsible for reviewing the remuneration of the Company's senior executives in consultation with the CEO. The Company's senior executives are subject to regular performance reviews.

The performance of senior executives is reviewed by the CEO who meets with each senior executive to discuss their performance, as measured against key performance targets (both financial and non-financial) previously established and agreed with that executive.

During the financial year ended 31 March 2025, performance reviews took place in accordance with this process.

Chief Executive And Chief Of Staff Remuneration

The Executive Directors, Hartley Atkinson and Marree Atkinson, receive remuneration and other benefits in their respective executive roles as CEO and Chief of Staff and, accordingly, do not receive Directors' fees.

Their remuneration packages are set by the Board to reflect the scope and complexity of each role, with reference to comparative market data. The executive Directors' performance is reviewed by the Board annually. During the financial year ended 31 March 2025, performance reviews took place in accordance with that process. No termination payments are payable to the Executive Directors in the event of serious misconduct.

During the financial year ended 31 March 2025, Hartley Atkinson, and Marree Atkinson's remuneration both comprised a fixed cash component and an at-risk short-term incentive. The breakdown of the short-term incentive and the performance hurdles required to achieve them are set out below. Neither Executive Director was issued any form of long-term incentive during the financial period.

The table below sets out the total remuneration and value of other benefits earned by, or paid to, each Executive Director of AFT during, and in respect of, the financial years ended 31 March:

Base salary		Taxable benefits		Short-term incentive[1]		Long-term incentive[2]		Total remuneration	
FY2025	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Dr Hartley Atkinson									
$730,300	$670,000	–	–	$340,695	$304,785	–	–	$1,070,995	$974,785
Maree Atkinson									
$260,000	$161,250	–	–	$12,094	$10,920	–	–	$272,094	$175,438

[1] The short-term incentives (STI) paid in each year was earned in the prior year and paid in the year stated. The short-term incentive for the FY2025 year has not been finalised.

[2] Neither Executive Director was issued any form of long-term incentive during the financial period.

Executive Director remuneration, including short-term performance incentives, is set with reference to the company's strategic objectives and the factors material to delivering on those objectives.

For Hartley Atkinson these objectives include company revenue and profit targets; key innovative product development; and key product registration and licensing. For Maree Atkinson these objectives include company revenue and profit targets; human resources objectives; and overhead cost savings.

Employee Remuneration

The table below sets out the number of employees or former employees of AFT and its subsidiaries, not being Directors of AFT, who, in their capacity as employees received remuneration and other benefits during the financial year ended 31 March 2025 totalling at least $100,000 per annum. The remuneration of those employees paid outside of New Zealand has been converted into New Zealand dollars.

The table includes base salaries and short-term incentives paid during the financial year ended 31 March 2025 and long-term incentives vested or exercised during the financial year ended 31 March 2025. The table does not include long-term incentives that have been granted, but which have not yet been vested.

Where the individual is a KiwiSaver member, contributions of 3% of gross earnings towards that individual's KiwiSaver scheme are included in the table. Where the individual works in Australia, contributions of 9.5% of gross earnings towards Australian Superannuation are included in the table.

Remuneration range (NZD)	Total number of employees
100000 - 110000	24
110001 - 120000	11
120001 - 130000	9
130001 - 140000	9
140001 - 150000	5
160001 - 170000	1
170001 - 180000	4
180001 - 190000	1
190001 - 200000	1
210001 - 220000	2
220001 - 230000	2
240001 - 250000	1
260001 - 270000	2
280001 - 290000	1
320001 - 330000	1
390001 - 400000	1
490001 - 500000	1
Total employees and former employees earning more than $100k	**76**

Employee Long-Term Incentive Scheme

At 30 April 2025 AFT had issued 164,000 options with an exercise price of $3.46 as part of the company's Long-Term Incentive scheme (LTI). Certain of the options vest (and therefore become available for exercise) over one or more minimum vesting periods, the details of which are particular to each option holder (during which time the option holder must remain employed by the Company).

Vesting of some of the options is also conditional on one or more performance hurdles, specific to the option holder. However key objectives include meeting their budget for the financial year and being employed by the company and the CEO's assessment of a person's overall performance.

The Options have a final exercise date of the date four years and two months from the Grant Date of the options.

AFT Pharmaceuticals Limited

CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31 March 2025

Deloitte.

Independent Auditor's Report

To The Shareholders Of AFT Pharmaceuticals Limited

Opinion

We have audited the consolidated financial statements of AFT Pharmaceuticals Limited and its subsidiaries (the 'Group'), which comprise the consolidated balance sheet as at 31 March 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements, on pages 67 to 96, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board.

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 Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no relationship with or interests in the entity.

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 $2 million.

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
Revenue recognition – Rebate accrual Revenue is recognised net of volume discounts, other rebates and various other payments to customers for promotional support. Volume discounts and rebates not invoiced at reporting date are estimated based on various arrangements with customers and estimated depletions during the period. High levels of judgement are required at year end to estimate the accrual for rebates. As disclosed in note 4 and 9, the value of outstanding rebates as at 31 March 2025 was $10,414k (2024: $11,258k). The rebate accrual is a key audit matter due to increasing sales volumes and the high levels of judgement involved in the calculation of the outstanding rebate accrual. Management must estimate the mix of sales that will ultimately be made to each end user in order to calculate the rebate accrual as well as the time lag between the sale of the product and its respective rebate claim.	In performing our procedures, we: • Held discussions with management to update our understanding of the various arrangements with customers in place and the process for estimating the rebates; • Understood the relevant controls over the accrual and associated revenue recognition; • Obtained management's calculation of the outstanding rebates at balance date and checked the calculation for mathematical accuracy; • Evaluated key judgements and assumptions including considering actual historical sales and claims history by product; and • Developed an independent expectation of the accrual balance, and compared it to the accrual recorded to evaluate the appropriateness of the year end accrual position.

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/assurance-standards/auditors-responsibilities/audit-report-1-1/

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

Bryce Henderson, Partner

for Deloitte Limited

Auckland, New Zealand

22 May 2025

Consolidated Income Statement

For the Year Ended 31 March 2025

	Note	2025 $'000	2024 $'000
Revenue	4	208,021	195,411
Cost of sales		(116,308)	(107,139)
Gross profit		**91,713**	**88,272**
Other Income		753	528
Selling and distribution expenses		(51,095)	(45,256)
General and administrative expenses		(12,228)	(11,215)
Research and development expenses		(11,495)	(8,094)
Operating profit		**17,648**	**24,235**
Finance income		25	66
Interest costs	7	(2,821)	(3,686)
Other finance gain / (loss)	7	1,182	1,404
Profit before tax		**16,034**	**22,019**
Income tax expense	13	(4,634)	(6,410)
Net Income		**11,400**	**15,609**
Profit is attributable to:			
Equity holder of the parent		11,962	15,609
Non-controlling interests		(562)	-
Earnings per share			
Basic and diluted earnings per share ($)	18	$0.11	$0.15

The accompanying Notes form an integral part of the consolidated Financial Statements.

Consolidated Statement Of Comprehensive Income

For the Year Ended 31 March 2025

	Note	2025 $'000	2024 $'000
Profit after tax		**11,400**	**15,609**
Other comprehensive income			
Foreign exchange difference on translation of foreign operations		(342)	(67)
Other comprehensive loss for the year, net of tax		(342)	(67)
Total comprehensive income		**11,058**	**15,542**
Total comprehensive income is attributable to:			
Equity holder of the parent		11,620	15,542
Non-controlling interests		(562)	-
		11,058	**15,542**

The accompanying Notes form an integral part of the consolidated Financial Statements.

Consolidated Statement Of Changes In Equity

For the Year Ended 31 March 2025

	Note	Share capital	Share options reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance 31 March 2023		**78,240**	**-**	**226**	**(5,198)**	**73,268**	**-**	**73,268**
31 March 2024								
Profit after tax		-	-	-	15,609	15,609		15,609
Other comprehensive income		-	-	(67)	-	(67)		(67)
Total comprehensive income		**-**	**-**	**(67)**	**15,609**	**15,542**	**-**	**15,542**
Conversion of preference shares		-	-	-	-	-		-
Issue of share capital	17,20	-	139	-	-	139		139
Movement in share options reserve		-	-	-	-	-		-
Dividends paid		-	-	-	(1,154)	(1,154)		(1,154)
Balance 31 March 2024		**78,240**	**139**	**159**	**9,257**	**87,795**	**-**	**87,795**
								-
31 March 2025								
Profit after tax		-	-	-	11,962	11,962	(562)	11,400
Other comprehensive income		-	-	(342)	-	(342)	-	(342)
Total comprehensive income		-	-	**(342)**	**11,962**	**11,620**	**(562)**	**11,058**
Issue of share capital		-	-	-	-	-	-	-
Movement in share options reserve		-	41	-	-	41	-	41
Transfer to retained earnings		-	(139)	-	-	(139)	-	(139)
Dividends paid		-	-	-	(1,678)	(1,678)	-	(1,678)
Balance 31 March 2025		**78,240**	**41**	**(183)**	**19,541**	**97,639**	**(562)**	**97,077**

The accompanying Notes form an integral part of the consolidated Financial Statements.

Consolidated Balance Sheet

As at 31 March 2025

	Note	2025 $'000	2024 $'000
ASSETS			
Current assets			
Cash and cash equivalents		11,110	12,040
Trade and other receivables	9	48,564	44,222
Inventories	10	48,476	49,057
Derivative assets	23	192	408
Total current assets		**108,342**	**105,727**
Non-current assets			
Property, plant and equipment	11	479	363
Intangible assets	12	58,223	53,459
Right of use assets	11	2,771	3,458
Deferred tax	13	-	2,250
Total non-current assets		**61,473**	**59,530**
Total assets		**169,815**	**165,257**
LIABILITIES			
Current liabilities			
Trade and other payables	15	33,105	34,140
Provisions	16	5,665	7,331
Lease liabilities	14	728	796
Related party loan	14	1,083	-
Current income tax liability		2,675	3,801
Total current liabilities		**43,256**	**46,068**
Non-current liabilities			
Lease liabilities	14	2,586	3,194
Interest bearing liabilities	14	25,600	28,200
Deferred tax	13	1,296	-
Total non-current liabilities		**29,482**	**31,394**
Total liabilities		**72,738**	**77,462**
EQUITY			
Share capital	17	78,240	78,240
Retained earnings/(losses)		19,541	9,257
Share options reserve	20	41	139
Foreign currency translation reserve		(183)	159
Equity attributable to equity holder of the parent		**97,639**	**87,795**
Non-Controlling Interests		(562)	-
Total equity		**97,077**	**87,795**
Total liabilities and equity		**169,815**	**165,257**

The accompanying Notes form an integral part of the consolidated Financial Statements.

On behalf of the Board on 22 May 2025

David Flacks
Chair

Dr Hartley Atkinson
Founder and Chief Executive Officer

Consolidated Statement Of Cash Flows

For the Year Ended 31 March 2025

	2025 $'000	2024 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	204,766	194,552
Payments to suppliers and employees	(189,376)	(164,469)
Tax paid	(2,214)	(1,222)
Net cash generated from operating activities	**13,176**	**28,861**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(281)	(116)
Purchase of intangible assets	(6,670)	(9,411)
Net cash used in investing activities	**(6,951)**	**(9,527)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,678)	(1,154)
Payment for lease liabilities	(820)	(859)
Borrowings repaid	(2,600)	(5,000)
Related party loan	1,083	
Interest received	25	66
Interest paid on lease liabilities	(279)	(307)
Interest costs paid on borrowings	(2,542)	(3,379)
Net cash used in financing activities	**(6,811)**	**(10,633)**
Net increase/(decrease) in cash	(586)	8,701
Impact of foreign exchange on cash and cash equivalents	(344)	48
Opening cash and cash equivalents	12,040	3,291
Closing cash and cash equivalents	**11,110**	**12,040**

The accompanying Notes form an integral part of the consolidated Financial Statements.

Reconciliation Of Profit After Tax With Net Cash Flow From Operating Activities

	2025 $'000	2024 $'000
Profit after tax	**11,400**	**15,609**
Non-cash items and items classified as financing activities		
Depreciation	163	201
Depreciation ROU assets	831	802
Amortisation	1,675	1,010
Intangible disposals	231	569
Share options expense	41	139
Interest on lease liabilities	279	307
Interest and finance expense	2,542	3,380
Unrealised loss on foreign currency movements	81	220
Provision for tax expense	2,420	5,188
Interest received	(25)	(66)
Movement in working capital		
(Increase)/decrease in inventories	581	(6,660)
(Increase)/decrease in trade and other receivables	(4,342)	2,496
Increase/(decrease) in trade and other payables, provisions	(2,701)	5,666
Net cash generated from operating activities	**13,176**	**28,861**

The accompanying Notes form an integral part of the consolidated Financial Statements.

Notes To The Financial Statements

For The Year Ended 31 March 2025

1. Reporting Entity

AFT Pharmaceuticals Ltd (the “Company” or “Parent”) together with its subsidiaries (the “Group”) is a pharmaceutical distributor and developer of pharmaceutical intellectual property. The Company is incorporated and domiciled in New Zealand, it is registered under the Companies Act 1993. The address of the Company’s registered office is 129 Hurstmere Road, Takapuna, New Zealand.

The Company is an FMC reporting entity under the Financial Markets Conduct Act 2013 and is listed on both the NZX and ASX.

These consolidated financial statements were approved for issue by the Board of Directors on 22 May 2025.

2. Basis of Preparation And Principles Of Consolidation

Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with the requirements of the Companies Act 1993, Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. As Group consolidated financial statements are prepared and presented for the Parent and its subsidiaries, separate financial statements for the Company are not required to be prepared under the Companies Act 1993.

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The Group is a for-profit entity for the purposes of complying with NZ GAAP. The consolidated financial statements comply with New Zealand equivalents to IFRS Accounting Standards (‘NZ IFRS’), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with IFRS Accounting Standards (‘IFRS’).

Basis of accounting

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

Functional and presentation currency

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

Foreign currency transactions and balances

The results and balance sheets of all foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from New Zealand dollars are translated into the presentation currency as follows:

- Monetary assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions, and
- Exchange differences arising are recognised in other comprehensive income and accumulated in equity in a foreign exchange translation reserve.
- Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at the balance date and the results of all subsidiaries for the year then ended.

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

Critical accounting estimates and judgements

In applying the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant estimates are disclosed in each of the applicable notes to the financial statements and are designated with an E symbol.

Material accounting policy information

Material accounting policies are disclosed in each of the applicable notes to the financial statements and are designated with an AP symbol. All mandatory amendments have been adopted in the current year. None of the amendments had a material impact on these financial statements.

Standards and interpretations in issue not yet effective

At the date of authorisation of these financial statements, the Group has not applied new and revised NZ IFRS standards and amendments that have been issued but are not yet effective. It is not expected that the adoption of these standards and amendments will have a material impact on the financial statements of the Group.

In April 2024, the International Accounting Standards Board introduced IFRS 18 Presentation and Disclosure in Financial Statements (effective for reporting periods beginning on or after 1 January 2027). This standard replaces IAS 1 Presentation of Financial Statements. An equivalent, NZ IFRS 18 was issued on 23 May 2024. NZ IFRS 18 also applies to reporting periods (including interim periods) beginning on or after 1 January 2027 and will replace NZ IAS 1. Management are still assessing the impact and note this may change the presentation of primary statements.

Goods and Services Tax (GST)

The income statement and the statement of comprehensive income have been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of accounts receivable and payable, which include GST invoiced. All components of the statement of cash flows are stated exclusive of GST.

3. Significant Transactions And Events In The Financial Year

The Group received confirmation from the Inland Revenue Department that its application for amending each of the 2018 to 2022 income tax returns for capitalised product development expenditure, to be treated as deductible, was approved. The Group has therefore calculated the current tax and deferred tax expense on that basis.

In addition, the Group made an application to amend each of the 2018 to 2022 income tax returns for capitalised product registration expenditure, to be treated as deductible. The Inland Revenue Department declined the opportunity to offer a determination on this application, and in respect of both deductions made by the Group in the 2023 income tax year and the intention to do so in subsequent claim years. Further detail can be found in note 13, Income Tax.

In the 2024 annual report the Group provided an overview of a judgement made by the High Court of Auckland, and an appeal that arose from an aspect of the Courts judgement. An update can be found in note 21, Contingent Assets and Liabilities.

There were no other significant transactions and events during the current year.

4. Revenue From Operations

	2025 $'000	2024 $'000
Sale of goods	204,827	185,495
Royalty income	2,527	1,377
Licensing Income	667	8,539
Total revenue from operations	**208,021**	**195,411**

AP E

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties:

- The sale of goods, excluding GST and discounts, are recognised when control of the product is transferred to the customer at a point in time. For discounts not invoiced at reporting date, these are estimated based on agreements with customer and estimated depletions during the period.
- Licensing income, the Group has entered into a number of out-licencing contracts whereby the Group's obligations are the provision of territorial rights to the company's intellectual property and the provision and support of the documentation required to enable registration of the product in the territory. The Group typically receives an upfront fee, milestone payments for specific registration and/or development-based outcomes, and sales-based milestones or royalties as consideration for the license.

  Licenses coupled with other services, must be assessed to determine if the license is distinct (that is, the customer must be able to benefit from the IP on its own or together with other resources that are readily available to the customer, and the Group's promise to transfer the IP must be separately identifiable from other promises in the contract). If the license is not distinct, then the license is combined with other goods or services into a single performance obligation. Revenue is then recognised as the Group satisfies the combined performance obligation.

A license will either provide:

- A right to access the entity's intellectual property throughout the license period, which results in revenue that is recognised over time;

  or
- A right to use the entity's intellectual property as it exists at the point in time in which the license is granted, which results in revenue that is recognised at a point in time. For sales- or usage-based royalties that are attributable to a license of IP, the amount is recognized at the later of:
  - when the subsequent sale or usage occurs; and
  - the satisfaction or partial satisfaction of the performance obligation to which some or all of the sales or usage-based royalty has been allocated.
- Royalty revenue is recognised on an actual and accrual basis in accordance with the substance of therelevant agreement provided that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably.

5. Joint Operations

Hyloris Pharmaceuticals SA and AFT have been collaborating in the development of the Maxigesic IV product. AFT has now licensed the product to a number of partners covering multiple countries. Maxigesic IV is protected by several granted and pending patent applications. Under the terms of the development collaboration agreement between Hyloris and AFT, Hyloris is eligible to receive a thirty five percent share on any product related revenues, such as license fees, royalties, milestone payments, received by AFT. The arrangement constitutes a joint operation whereby the Group recognises, in relation to its interest in the joint operation, its share of assets and liabilities in the consolidated statement of financial position and share of revenue earned and expenses incurred in the consolidated income statement. The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in the joint operation in accordance with the NZ IFRS standards applicable to the particular assets, liabilities, revenues and expenses.

AP

Interests in joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

6. Segment Reporting

	Operating Segments					
	Australia $'000	**New Zealand $'000**	**Asia $'000**	**Rest of World $'000**	**Head Office $'000**	**Total $'000**
31 March 2025						
Revenue - Sale of goods	127,101	53,789	9,997	13,940	-	204,827
Revenue - Royalties	-	-	1,092	1,435	-	2,527
Revenue - Licensing	-	-	-	667	-	667
Total revenue	**127,101**	**53,789**	**11,089**	**16,042**	**-**	**208,021**
Other income	-	-	-	753	-	753
Depreciation - ROU assets	511	58	-	-	262	831
Depreciation - Other	20	-	-	-	143	163
Amortisation	-	-	-	1,676	-	1,676
Operating profit / (loss)	**25,475**	**8,761**	**1,779**	**(7,322)**	**(11,045)**	**17,648**
Finance income	-	-	-	-	25	25
Interest expense - Loans	-	-	-	-	(2,542)	(2,542)
Interest expense - Lease liabilities	(96)	(10)	-	-	(173)	(279)
Other finance gains/(losses)	-	-	-	-	1,182	1,182
Profit / (loss) before tax	**25,379**	**8,751**	**1,779**	**(7,322)**	**(12,553)**	**16,034**
Total assets	**55,542**	**50,403**	**5**	**63,865**	**-**	**169,815**
ROU assets	814	142	-	-	1,815	2,771
Property plant and equipment	159	-	-	-	320	479
Pascomer IP	-	-	-	12,500	-	12,500
Other intangible assets	-	-	-	45,723	-	45,723
Total liabilities	**12,829**	**28,340**	**-**	**2,388**	**27,886**	**71,443**
Capital expenditure*	**154**	**-**	**-**	**6,670**	**127**	**6,951**

* Capital expenditure includes both intangible and tangible asset additions.

	Operating Segments					
	Australia $'000	New Zealand $'000	Asia $'000	Rest of World $'000	Head Office $'000	Total $'000
31 March 2024						
Revenue - Sale of goods	108,209	48,719	10,023	18,544	-	185,495
Revenue - Royalties	-	-	671	706	-	1,377
Revenue - Licensing	-	-	-	8,539	-	8,539
Total revenue	**108,209**	**48,719**	**10,694**	**27,789**	**-**	**195,411**
Other income	-	-	-	528	-	528
Depreciation - ROU assets	483	57	-	-	262	802
Depreciation - Other	15	-	-	-	186	201
Amortisation	-	-	-	1,010	-	1,010
Operating profit / (loss)	**15,510**	**7,277**	**2,504**	**8,555**	**(9,611)**	**24,235**
Finance income	1	-	-	-	65	66
Interest expense - Loans	-	-	-	-	(3,379)	(3,379)
Interest expense - Lease liabilities	(112)	(9)	-	-	(186)	(307)
Other finance gains/(losses)	-	-	-	-	1,404	1,404
Profit/(loss) before tax	**15,399**	**7,268**	**2,504**	**8,555**	**(11,707)**	**22,019**
Total assets	**53,587**	**51,099**	**3**	**55,905**	**4,663**	**165,257**
ROU assets	1,292	88	-	-	2,078	3,458
Property plant and equipment	25	-	-	3	335	363
Pascomer IP	-	-	-	12,500	-	12,500
Other intangible assets	-	-	-	40,959	-	40,959
Total liabilities	**12,559**	**29,510**	**2**	**820**	**34,571**	**77,462**
Capital expenditure	**1**	**-**	**2**	**9,414**	**111**	**9,528**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). For the purposes of NZ IFRS 8, the CODM is a group comprising the Board of Directors, together with the Chief Executive Officer, the Chief of Staff, the Chief Financial Officer and the Director of International Business Development. Management report on operating segments net of intersegment revenue so that the revenue amount reflects the end customer's reportable geography. Intersegment transactions are eliminated for Management reporting. This has been determined on the basis that it is this group that determines the allocation of the resources to segments and assesses their performance.

The Group has four operating segments based on geographical locations reportable under NZ IFRS 8, as described below, which are the Group's strategic groupings of business units. The following summary describes the operations in each of the Group's reporting segments:

- **New Zealand** – Includes the sales and distribution activity relating to the New Zealand market.
- **Australia** – Includes the sales and distribution activity relating to the Australian market.
- **Asia** – Includes the sales and distribution activity relating to the Asian market.
- **Rest of World** – Includes the out-licensing of IP developments to markets in which the Group does not have a presence and the export of products to export markets. The costs of research and development and new market development activity not specific to the other segments are expensed to this segment.

Head Office – Head Office functions include maintaining all supplier relationships, procurement of inventory, regulatory activity, governance, marketing activity and finance activity.

Major Customers – Revenues from one customer of the Australian segment (being a licensed wholesaler) represents approximately NZ$40.3m (2024 NZ$45.9m) and from one customer of the New Zealand segment (also being a licensed wholesaler) represents approximately NZ$38.1m (2024: NZ$24.5m) of the Group's total revenues.

7. Operating Profit

	Note	2025 $'000	2024 $'000
Profit before tax		**16,034**	**22,019**
After charging the following specific expenses			
Finished goods materials included in cost of sales		115,371	105,217
Inventory write off included in cost of sales		937	1,922
Fees paid to auditors	8	335	292
Short term rental expenses - premises		161	154
Share options expense		(41)	139
Short term employee emoluments (*)			
Selling and distribution expenses		11,509	10,102
General and administration expenses		3,791	3,197
Research and development expenses		4,050	3,187
		19,350	**16,486**
Research and development expenses			
Business development		5,716	3,286
New market development		1,728	1,620
		7,444	**4,906**
Depreciation			
Plant and machinery		104	142
Furniture and fittings		35	24
Vehicles		24	35
ROU equipment		3	12
ROU vehicles		448	412
ROU buildings		380	378
		994	**1,003**
Amortisation			
Patents		207	196
Software		1	2
Development costs		1,087	739
Registration costs		380	73
		1,675	**1,010**
Finance costs			
Interest on borrowings		2,542	3,379
Interest on ROU liabilities		279	307
Foreign exchange (gains)/losses		(725)	(1,106)
Derivative (gains)/losses		(435)	(287)
Other financing costs/(gains)		(22)	(11)
		1,639	**2,282**
* This includes contributions recognised as an expense for defined contributions		912	883

8. Fees Paid To Auditors

	2025 $'000	2024 $'000
Audit of financial statements		
Audit of annual financial statements	288	247
Review of interim financial statements	47	45
Total fees paid to Deloitte	**335**	**292**

9. Trade And Other Receivables

	2025 $'000	2024 $'000
Trade receivables	53,610	52,263
Less provision for customer rebates	(10,414)	(11,258)
	43,196	**41,005**
Expected credit loss	-	-
Prepayments & sundry debtors	5,368	3,217
Total trade and other receivables	**48,564**	**44,222**

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For rebates not invoiced at reporting date, these are estimated based on agreements with customers and estimated depletions during the period. High levels of judgement are required at year end to estimate the accrual for rebates. Management must estimate the mix of sales that will ultimately be made to each end user in order to calculate the rebate accrual as well as the time lag between the sale of the product and its respective rebate claim.

Ageing of overdue trade debtors	1-30 Days $'000	31-60 Days $'000	61-90 Days $'000	90+ Days $'000	Total $'000
31 March 2025	2,785	336	840	306	4,267
31 March 2024	2,259	460	90	281	3,090

All balances are expected to be settled within the next 12 months.

The expected credit loss (ECL) allowance provision has been determined as follows:

As at 31 March 2025	Current $'000	Current to 1 month $'000	Greater than 1 month $'000	Total $'000
Expected loss rate	*	*	0.03%	
Gross carrying amount	49,343	2,785	1,482	53,610
Expected credit loss allowance provision				-
Short term loss allowance provision				-
Long term loss allowance provision				-
As at 31 March 2024	**Current $'000**	**+1 Month $'000**	**>1 Month $'000**	**Total $'000**
Expected loss rate	*	*	0.03%	
Gross carrying amount	49,173	2,259	831	52,263
Expected credit loss allowance provision				-
Short term loss allowance provision				-
Long term loss allowance provision				-

*Expected credit losses are negligible.

The average credit period on sale of goods is 54 days (2024: 52 days). No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

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The Group has applied the simplified approach to providing for expected credit losses, which requires the recognition of a lifetime expected loss provision for trade and other receivables. NZ IFRS 9 requires the Group to consider future potential credit losses and consider items such as forecasted economic conditions.

The Group does not expect any significant expected credit losses due to the nature of the distribution and regulatory licensing structure of the industry.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as forecast direction of conditions at the reporting date.

As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base. Bad debt expense for the current year was nil (2024: nil).

10. Inventories

	2025 $'000	2024 $'000
Inventory on hand	50,212	50,046
Provision for obsolescence	(1,736)	(989)
Total inventories	**48,476**	**49,057**

AP

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

11. Property, Plant And Equipment

	Plant and machinery $'000	Furniture and fixtures $'000	Vehicles $'000	ROU Buildings $'000	ROU Vehicles $'000	ROU Equipment $'000	Total $'000
Cost							
Balance at 30 March 2023	**1,315**	**499**	**201**	**3,511**	**1,279**	**44**	**6,849**
Net foreign currency exchange differences	16	2	1	10	18	-	47
Additions	104	12	-	397	937	14	1,464
Disposals	(3)	-	-	-	(359)	-	(362)
Balance at 30 March 2024	**1,432**	**513**	**202**	**3,918**	**1,875**	**58**	**7,998**
Net foreign currency exchange differences	3	-	-	-	18	-	21
Additions	79	202	-	6	149	(45)	391
Disposals	(2)	-	-	-	(250)	-	(252)
Balance at 31 March 2025	**1,512**	**715**	**202**	**3,924**	**1,792**	**13**	**8,158**
Accumulated depreciation							
Balance at 30 March 2023	**(1,127)**	**(356)**	**(82)**	**(1,315)**	**(569)**	**(35)**	**(3,484)**
Net foreign currency exchange differences	(13)	2	(9)	(17)	-	(1)	(38)
Depreciation	(142)	(24)	(35)	(378)	(412)	(12)	(1,003)
Disposals	2	-	-	-	347	-	349
Balance at 30 March 2024	**(1,280)**	**(378)**	**(126)**	**(1,710)**	**(634)**	**(48)**	**(4,177)**
Net foreign currency exchange differences	(3)	-	-	(5)	-	-	(7)
Depreciation	(104)	(35)	(24)	(380)	(448)	(3)	(994)
Disposals	-	-	-	-	225	45	270
Balance at 31 March 2025	**(1,387)**	**(413)**	**(150)**	**(2,095)**	**(857)**	**(6)**	**(4,908)**
Carrying amounts							
Balance at 30 March 2024	**152**	**135**	**76**	**2,207**	**1,241**	**10**	**3,821**
Balance at 31 March 2025	**125**	**302**	**52**	**1,829**	**935**	**7**	**3,250**

AP

All plant and equipment is stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the diminishing value method which apportions the cost of the assets over their useful lives. The Group has the following classes of property, plant & equipment and depreciation rates:

Category	Depreciation rate (%)
Plant and Machinery	21% to 80%
Furniture and fixtures	9% to 60%
Vehicles	26% to 36%

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

Gains and losses on disposal are determined by comparing proceeds to carrying amounts and are included in the consolidated income statement.

AP

Lease accounting

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (leases less than 12 months duration), and leases of low value assets. For these leases the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the Group uses its incremental borrowing rate.

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 (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of use asset) whenever: The lease term has changed or 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

If or when 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 re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change due to a change in a floating interest rate, in which case a revised discount rate is used)

If or when 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 right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day 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 or 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. The costs are included in the related right-of-use asset.

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

The right-of-use assets are presented as a separate line in the balance sheet.

The Group applies NZ IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment losses.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use 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 “general and administrative expenses” in the income statement.

See note 14 for interest bearing liability analysis and note 23 for lease maturity analysis.

12. Intangible Assets

	Pascomer IP $'000	Trademarks $'000	Capitalised registration $'000	Capitalised development $'000	Patents $'000	Software $'000	Total $'000
Cost							
Balance at 30 March 2023	**12,500**	**1,102**	**7,563**	**23,134**	**3,572**	**533**	**48,404**
Additions	-	178	1,328	7,500	405	-	9,411
Disposals	-	(46)	(319)	(199)	(5)	-	(569)
Balance at 30 March 2024	**12,500**	**1,234**	**8,572**	**30,435**	**3,972**	**533**	**57,246**
Additions	-	557	1,238	4,408	467	-	6,670
Disposals	-	(26)	(46)	(122)	(37)	-	(231)
Balance at 31 March 2025	**12,500**	**1,765**	**9,764**	**34,721**	**4,402**	**533**	**63,685**
Accumulated amortisation							
Balance at 30 March 2023	**-**	**-**	**(288)**	**(950)**	**(1,010)**	**(529)**	**(2,777)**
Amortisation	-	-	(73)	(739)	(196)	(2)	(1,010)
Disposals	-	-	-	-	-	-	-
Balance at 30 March 2024	**-**	**-**	**(361)**	**(1,689)**	**(1,206)**	**(531)**	**(3,787)**
Amortisation	-	-	(380)	(1,087)	(207)	(1)	(1,675)
Disposals	-	-	-	-	-	-	-
Balance at 31 March 2025	**-**	**-**	**(741)**	**(2,776)**	**(1,413)**	**(532)**	**(5,462)**
							-
Carrying amounts							-
Balance at 30 March 2024	**12,500**	**1,234**	**8,210**	**28,747**	**2,766**	**2**	**53,459**
Balance at 31 March 2025	**12,500**	**1,765**	**9,023**	**31,945**	**2,989**	**1**	**58,223**

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Pascomer IP

The Group acquired the remaining 50% of Dermatology Specialties Limited Partner ("DSLP") and its general partner DSGP Limited, from its joint venture partner Tardimed Sciences on 5 July 2019 and these have been fully consolidated from this date. DSLP was originally formed for the development and commercialisation of the product, Pascomer, which uses the active ingredient Rapamycin for the topical treatment of indications commencing with facial angiofibromas in tuberous sclerosis.

As a result of the transaction, the Group retained the rights to the intellectual property, future product sales and royalties.

The Group also entered into an out-license agreement with Timber Pharmaceuticals LLC, under which the Group has received revenues from the upfront milestone and expects to receive future revenues from development, registration and commercial milestones as well as product sales and royalties.

Considering the inherent uncertainties of both the successful conclusion of clinical trials and the successful registration with orphan status, the Group has recognised the Pascomer intellectual property at its fair value of $12.5m at the time of the FY2019 business combination. It is being assessed for impairment on an annual basis.

Since initial acquisition, the group continually assesses the progress of Pascomer. In April 2022 the US Food and Drug Administration (FDA) approved a topical treatment indicated for facial angiofibroma (FA) associated with Tuberous Sclerosis Complex (TSC) developed by Japan's Nobelpharma. This means that Nobelpharma has gained exclusivity for a period of seven years in USA which will prevent AFT filing its Pascomer for this orphan indication with the FDA during this period. Nobelpharma also gained approval in the EU in May 2023 and exclusivity for a period of ten years.

The clinical trial study was issued in July 2022 and showed Pascomer delivered statistically significant [$p<0.05$] benefits against the clinically relevant investigator Global Assessment (IGA), FASI and patient-physician improvement scales. However, the medicine did not reach the threshold on the IGA scale that the US Food and Drug Administration (FDA) considered necessary for its registration in the United States (US) as a treatment for FA. At around the same time Timber Pharmaceuticals LLC terminated its agreements with AFT.

The clinical trial program for non-orphan drug Pascomer indications, including Port Wine Stain (PWS) will continue and the significant formulation patent for Pascomer has been granted in Australia until November 2040 which will form the basis of further patent filings around the world.

The Group assessed the recoverability of the Pascomer IP carrying value of $12.5m plus Pascomer capitalised development costs of $2.8m by reviewing the key assumptions made by independent registered valuer, Edison Investment Research Limited in February 2024, which had been commissioned by the board. The material assumptions made in that review were:

a) the successful clinical trials and registration in the US, Europe and Australasia

b) The period used for the discounted cash flow is out to 2043

c) The discount rate used 12.5%

d) For PWS the addressable market was taken as 0.7 million patients in the USA, 1.95 million in Europe and 0.1 million in Australasia. It was assumed there was no growth in the patient base and a peak penetration of 2.5% in all markets with a probability of success of 30%.

The valuation methodology used significant inputs which were not based on observable market data, and therefore the valuation technique was classified as level 3 of the fair value hierarchy.

The Group also considered the possible impact, if any, arising from the appeal made against the high court judgement detailed in note 21 Contingent Assets and Liabilities.

The Groups valuation indicates sufficient headroom such that a reasonably possible change to the key assumptions and possible impact of the high court appeal is unlikely to result in an impairment of the Pascomer assets. For further assurance the Group had the prior year valuation and assumptions reviewed in the current year, by an appropriate specialist with prior expertise in the report, and remains confident in the carrying value included.

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Research and development

Research is the original and planned investigation undertaken with the prospect of gaining new knowledge and understanding. This includes direct and overhead expenses for research, pre-clinical trials and costs associated with clinical trial activities. All research costs are expensed when incurred.

Development is the application of research findings to a plan or design for the production of new or substantially improved processes or products prior to the commencement of commercial production. When a project reaches the stage where it is reasonably certain that future expenditure can be recovered through the process or products produced, expenditure that is directly attributable or reasonably allocated to that project is recognised as a development asset. The asset will be amortised from the date of commencement of commercial production of the product to which it relates on a straight-line basis over the life of the relevant patent or period of expected benefit. Development assets are reviewed annually for any impairment in their carrying value.

Development and registration projects are regularly reviewed throughout the year by a staff committee comprising the CEO, CFO, GM Development and Financial Controller. The status of each project is measured against the requirements of NZ IAS 38 and the relevant costs incurred during the financial year are capitalised where projects meet those criteria. The criteria considered in this assessment are:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.

b) the Group's intention to complete the intangible asset and use or sell it.

c) the Group's ability to use or sell the intangible asset.

d) how the intangible asset will generate probable future economic benefits. Among other things,

e) the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

f) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

g the Group's ability to measure reliably the expenditure attributable to the intangible asset during its development.

Finite useful life

Acquired patents, capitalised development costs, capitalised registration costs and software have a finite life and are carried at cost less accumulated amortisation. Patents are amortised over a useful economic life of 20 years, capitalised development costs and capitalised registration costs over the period of expected benefit which is usually between 5 and 10 years, and software over 3 to 4 years.

Indefinite useful life

Acquired trademarks are considered to have indefinite useful lives. They are carried at cost less accumulated impairment. Indefinite useful life assets are tested for impairment annually or when impairment indicators exist. The assets carrying amount is written down immediately to its' recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount.

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Indefinite useful life assets are tested for impairment annually and whenever there are indicators of impairment while finite useful life assets are tested only when there are indicators of impairment.

13. Income Tax

	2025 $'000	2024 $'000
Tax expense		
Profit before tax	**16,034**	**22,019**
Tax calculated at domestic tax rates applicable	4,490	6,166
Adjustment due to different tax rates of subsidiaries operating in different jurisdictions	602	313
Tax on expenses not deductible	21	79
Tax on losses recognised	(787)	-
Prior year tax adjustment	308	(148)
Tax expense	**4,634**	**6,410**
Comprising		
Current tax:		
Current tax on profits for the year	1,088	4,206
Adjustment for current tax of prior year	-	(17)
Deferred tax	3,546	2,221
	4,634	**6,410**
Deferred tax balance		
Deferred tax (liability)/asset	**(1,296)**	**2,250**
Deferred tax (liability)/asset	**(1,296)**	**2,250**

Deferred tax assets relating to unused tax loss carry-forwards and to Deductible temporary differences are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences. As at 31 March 2025, the Group recognised deferred tax assets on temporary differences totalling $nil (2024 $2,250k) since it was foreseeable that temporary differences could be offset against future taxable profits. On the basis of the approved business plans of subsidiaries, the Group considers it probable that temporary differences can be offset against future taxable profits. There is no expected change in capital structure in the near future which is expected to affect the recoverability of the recognised deferred tax assets.

The movement in deferred tax is:

	Provisions $'000	Recognised Total Tax losses $'000	Intangible Assets $'000	Stock Profit Elimination $'000	Total $'000
31-Mar-23	**605**	**-**	**-**	**3,866**	**4,471**
Movements	196	-	(2,167)	1,344	(627)
Recognition of losses	-	-	-	-	-
Prior period adjustments	-	-	(1,594)	-	(1,594)
31-Mar-24	**801**	**-**	**(3,761)**	**5,210**	**2,250**
Movements	298	-	(4,767)	923	(3,546)
Prior period adjustments	-	-	-	-	-
31-Mar-25	**1,099**	**-**	**(8,528)**	**6,133**	**(1,296)**

AP

Current and deferred income tax

The income tax expense or benefit for the year is the tax payable on the current period's taxable income (based on the national income tax rate for each jurisdiction) adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Based on the Inland Revenue's confirmation, that capitalized product development expenditure from 2018 to 2022 was deductible in the year incurred, the Group has calculated the current and deferred tax expense on that basis in the current year and included a deduction approximating to $4.5 million.

The Group has obtained further independent tax advice that reinforces the group's position that capitalized product registration costs are also deductible in the year incurred for tax purposes. The Group has calculated the current and deferred tax balances using this, and earlier independent advice, for 2023 and subsequent tax years. As Inland Revenue declined to provide a determination for capitalized product registration costs incurred from 2018 to 2022, the Group has made no deduction for those costs for tax purposes.

14. Interest Bearing Liabilities

	2025 $'000	2024 $'000
Current lease liabilities	728	796
Non-current lease liabilities	2,586	3,194
Related party loan	1,083	-
BNZ overdraft	-	-
BNZ Term loans current portion	-	-
BNZ Term loans non-current portion	25,600	28,200
Total	**29,997**	**32,190**

	2025 $'000	2024 $'000
Opening balance of BNZ loan	28,200	33,200
BNZ loans drawn down	-	-
Repayment of principal	(2,600)	(5,000)
Closing balance	**25,600**	**28,200**

On 30 September 2022 the BNZ facility was renewed for a further three-year term through to April 2026. The facility retains a) the $18.2 million term loan, b) the $10.0 million working capital facility, c) the $3.0 million overdraft and d) the $5.0 million Business Finance Scheme Loan (BFS). The maturity date for the BFS is May 2026. Interest on the term loan and working capital facility is the BNZ CCAF or CARL plus a margin of 1.45%. Interest on the overdraft is the BNZ market connect base rate plus a margin of 1.00%. Interest on the BFS is fixed at 2.30%. The non fixed interest rates are reset on a quarterly basis.

As at year end the Group overdraft facility was nil (2024: nil). All covenants relating to the BNZ facility have been complied with during the year.

The related party loan from Edge Group is an open term interest only loan providing working capital in the United Kingdom. Interest is calculated based on AFT's borrowing rate plus a margin of 1.45%.

AP

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

15. Trade And Other Payables

	2025 $'000	2024 $'000
Trade payables	25,115	25,328
GST/VAT payable	1,544	2,476
Employee entitlements	2,589	2,043
Other payables and accruals	3,857	4,293
Total	**33,105**	**34,140**

16. Provisions

	2025 $'000	2024 $'000
Opening balance of supplier rebates at 1 April	7,331	4,147
Prior period provision utilised to date	(6,179)	(2,035)
Provision utilised	(1,343)	(4,436)
Additional provisions required	5,856	9,655
Closing balance of supplier rebates at 31 March	**5,665**	**7,331**

AP

Supplier rebates are based on profit sharing arrangements with suppliers which are estimated on achieving expected set margin targets and the majority are expected to be utilised within the next 12 months. These are included as an expense in cost of sales.

17. Share Capital

Ordinary shares are classified as equity.

	2025 Shares	2024 Shares	2025 $'000	2024 $'000
Ordinary share capital	104,866,260	104,866,260	81,406	81,406
Less capital raising costs	-	-	(3,166)	(3,166)
Total	**104,866,260**	**104,866,260**	**78,240**	**78,240**

	2025 Shares	2024 Shares	2025 $'000	2024 $'000
Share capital at beginning of the year	104,866,260	104,866,260	78,240	78,240
Issue of ordinary shares for exercised share options	-	-	-	-
Total	**104,866,260**	**104,866,260**	**78,240**	**78,240**

Ordinary shares

No shares were issued during the period (2024: no shares were issued).

Staff share options

During the period no staff share options were exercised (2024: no staff share options were exercised,).

18. Earnings Per Share

	2025 $'000	2024 $'000
Earnings used in the calculation of basic and diluted earnings per share		
Profit after tax	11,962	15,609
Less Redeemable Preference shares dividend	-	-
Net Profit after tax attributable to Ordinary shareholders	**11,962**	**15,609**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	104,866,260	104,866,260
Earnings per share		
Basic profit per share ($)	$0.11	$0.15
Diluted profit per share ($)	$0.11	$0.15

AP

Basic earnings per share is computed by dividing net earnings by the weighted average number of ordinary shares outstanding during each period.

19. Dividends Per Share

On 4 July 2024 payment of a dividend of 1.6 cent per share or approximately $1.7 million was paid, this was not imputed. A maiden dividend of 1.1 cents per share, or approximately $1.2 million, was declared to the ordinary shareholders during the prior year.

20. Staff Share Options

	2025		2024	
	Average exercise price $ per share	**Options**	**Average exercise price $ per share**	**Options**
Balance at beginning of year	3.46	510,000	3.46	510,000
Issued	3.46	-	3.46	-
Forfeited	3.46	-	3.46	-
Exercised *	3.46	-	3.46	-
Lapsed	3.46	(345,600)	3.46	-
Balance at end of year**	**3.46**	**164,400**	**3.46**	**510,000**

* Weighted average share price for options exercised during the period $nil (2024: $nil)

** Of the 164,400 outstanding options, none are currently exercisable (2024: nil)

Share options outstanding at the end of the year have the following expiry dates, exercise dates and exercise prices:

			2025	2024
Expiry month	**Exercisable month**	**Exercise price**		
May 2026	May 2024	3.46	-	168,600
May 2027	May 2025	3.46	-	168,600
May 2028	May 2026	3.46	164,400	172,800
Total share options outstanding			**164,400**	**510,000**

The weighted average remaining contractual life of options outstanding at the end of the period was 3.2 years (2024: 3.2 years)

Share options reserve	2025 $'000	2024 $'000
Balance at beginning of year	139	-
Current year amortisation	41	139
Transferred to ordinary share capital		-
Options lapsed transferred to retained earnings	(139)	-
Balance at end of year	**41**	**139**

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The Company has a share option plan for employees of the Group. In accordance with the terms of the plan, as approved by the directors, certain employees on 5 May 2023 were granted share purchase options.

- Each employee share option converts into one ordinary share of the Company on exercise.
- No amounts are paid or payable by the recipient on receipt of the option.
- The options carry neither rights to dividends nor voting rights.
- Options may be exercised at any time from the date of vesting to the date of their expiry.
- The number of options granted is calculated in accordance with the performance-based formula approved by the directors at previous Board meetings.

The formula rewards employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria including the following financial and operational measures:

- Market share
- Net profit
- Target sales thresholds; and
- Product registration and licensing targets.

Staff share options are valued at fair value at the grant date as calculated using the Black Scholes model.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

21. Contingent Assets And Liabilities

The Group has provided a guarantee to Investec Limited for the lease premises AFT Pharmaceuticals (AU) PTY Limited occupies in Sydney, Australia. A deposit of AUD$84,000 is held with NAB bank as security for this lease.

The Group has provided a guarantee to Robt Jones Investment Holdings Ltd of $100,000 as security over the leased office premises at 129 Hurstmere Road, Takapuna. Auckland.

The Group placed NZD$75,000 on term deposit with BNZ bank as security for a guarantee issued by BNZ in favour of the NZX.

The High Court of Auckland made judgement in late August 2023 in a case brought against the Company by a former contractor to the Company, PBL Solutions Limited (PBL), in Southeast Asia. In essence the case involved PBL's opportunity to participate in Pascomer drug development opportunities. As part of the judgement the Court ruled AFT is not required to account to PBL for any profit which AFT may earn from the application of Pascomer for treatment of nonorphan conditions such as Port Wine Stain (PWS). PBL appealed this aspect of the judgement, and a hearing took place in February 2025. A judgment has yet to be received from that hearing. The group included the appeal as one of its factors in assessing the carrying value of the Pascomer IP, and the valuation indicates sufficient headroom such that a reasonably possible change to the key assumptions is unlikely to result in an impairment of the Pascomer assets. The key assumptions have remained materially the same as those reported in the March 2024 annual report. These include successful clinic trials and registration in the US, Europe, and Australasia; cashflows out to 2043 at a discount rate of 12.5% and for PWS, consistent addressable markets in the US, Europe, and Australasia. The Group continue to assume no growth in the patient base, peak penetration of 2.5% and a success probability of 30%.

22. Capital Commitments

The Group has no capital commitments at 31 March 2025 (31 March 2024: nil).

23. Financial Risk Management

Managing financial risk

The Group's activities expose it to various financial risks as detailed below.

• **Market risk**

Management is of the opinion that the Group's exposure to market risk at balance date is defined as:

Risk factor description	Description	Sensitivity
Currency risk	Exposure to changes in foreign exchange rates on assets, liabilities, revenue and expenses	As below
Interest rate risk	Exposure to changes in interest rates on borrowings	As below
Other price risk	No commodity securities are bought, sold or traded	Nil

• **Foreign exchange risk**

The Group benefits from the use of derivative financial instruments to manage foreign currency exposures. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates at year end and the contract exchange rates, considered level 2 of the fair value hierarchy.

The Group sells and purchases goods and services to and from overseas customers and suppliers in several currencies, primarily AUD, USD, EUR and GBP which exposes the Group to foreign currency risk. The Group manages foreign currency risk through use of derivative arrangements, in particular forward exchange contracts. The exposure is monitored on a regular basis based on Group foreign exchange policies, which allow for up to 50% forward cover out for twelve months. Future revenues from markets outside Australasia will be denominated primarily in USD and EUR which will provide an increasing natural hedge against costs.

In the current year net foreign exchange losses totalled $1,182k (2024: gain $1,404k). The balance of gains/losses are derived from the restatement of monetary balances at the spot rate on the period-end balance date of 31 March 2025 and settlement of transactions during the period.

In total, the Group had financial assets and liabilities denominated in the following currencies:

	2025		2024	
Currency	Assets NZD$'000	Liabilities NZD$'000	Assets NZD$'000	Liabilities NZD$'000
AUD	41,353	4,859	41,798	5,834
USD	5,412	4,867	3,777	7,337
MYR	470	1	514	1
GBP	850	442	494	315
EUR	5,318	7,637	2,908	5,526
SGD	1,033	30	558	9
CNY	12	41	19	88
BND	-	-	8	-
HKD	3	2	2	4
YEN	-	9	-	-
CHF	-	-	8	-

In total, the Group had financial assets and liabilities denominated in the following currencies:

Forward Foreign Exchange Contracts

Buy currency	Buy currency amount '000	Sell amount NZD$'000	Buy amount NZD$'000	Fair value NZD$'000
EUR	600	1,066	1,140	74
USD	500	816	874	58
Sell currency	**Sell currency amount $'000**	**Buy amount NZD$'000**	**Sell amount NZD$'000**	**Fair value NZD$'000**
AUD	11,400	12,580	12,520	60
Total asset as at 31 March 2025				**192**
Total liability as at 31 March 2025				**-**

The following forward foreign exchange contracts were held at 31 March 2024:

Forward Foreign Exchange Contracts

Buy currency	Buy currency amount '000	Sell amount NZD$'000	Buy amount NZD$'000	Fair value NZD$'000
EUR	4,870	8,644	8,838	194
GBP	3,650	5,913	6,084	171
USD				-
Sell currency	**Sell currency amount $'000**	**Buy amount NZD$'000**	**Sell amount NZD$'000**	**Fair value NZD$'000**
AUD	10,540	11,564	11,521	43
Total asset as at 31 March 2024				**408**
Total liability as at 31 March 2024				**-**

- **Interest rate risk**

Borrowings are at a mixture of floating base rates plus a margin determined by the Group's performance against covenant adherence levels, which exposes the Group to cash flow interest rate risk. There are no specific derivative arrangements to manage this risk.

- **Credit risk**

Financial instruments, which potentially subject the Group to credit risk, principally consist of accounts receivable and cash and cash equivalents. Regular monitoring is undertaken to ensure that the credit exposure remains within the Group's normal terms of trade.

The Group has one significant concentration of credit risk at 31 March 2025, with the largest debtor being AU$11.1m (31 March 2024: AU$15.93m). The value is stated net of expected rebates. There has been no past experience of default and no indications of default in relation to this debtor.

The Group's cash and short-term deposits are placed with high credit quality financial institutions. Accordingly, the Group has no significant concentration of credit risk other than bank deposit. At balance date, bank deposits at each financial institution as a percentage of total assets were; 1.9% with Bank of New Zealand at 31 March 2025 (2024 overdraft position), and 4.0% at NAB Bank (2024: 3.8%). The carrying value of financial assets represents the maximum exposure to credit risk.

- **Liquidity risk**

Liquidity risk is the risk that the Group may encounter difficulty in raising funds at short notice to meet its commitments and arises from the need to borrow funds for working capital. The directors monitor the risk on a regular basis and actively manage the cash available to ensure the net exposure to liquidity risk is minimised.

The liquidity/maturity profile of the liabilities (inclusive of derivative assets and liabilities) is as follows:

31 March 2025	< 1 year $'000	1-2 years $'000	2-5 years $'000	> 5 years $'000	TOTAL $'000
Trade and other payables	(33,105)	-	-	-	(33,105)
Borrowings	(2,248)	(27,015)	-	-	(29,263)
Lease liabilities	(1,073)	(948)	(1,772)	(1,271)	(5,064)
Derivative instruments (outbound)	(14,402)	-	-	-	(14,402)
Derivative instruments (inbound)	14,594	-	-	-	14,594
Total	**(36,234)**	**(27,963)**	**(1,772)**	**(1,271)**	**(67,240)**

31 March 2024	$'000	$'000	$'000	$'000	$'000
Trade and other payables	(34,609)	-	-	-	(34,609)
Borrowings	(2,542)	(2,542)	(33,500)	-	(38,584)
Lease liabilities	(1,010)	(852)	(1,539)	(1,098)	(4,499)
Derivative instruments (outbound)	(26,078)	-	-	-	(26,078)
Derivative instruments (inbound)	26,486	-	-	-	26,486
Total	**(37,753)**	**(3,394)**	**(35,039)**	**(1,098)**	**(77,284)**

Fair Values

The carrying values of trade receivables, trade payables and borrowings approximate their fair values because of their short terms to maturity or interest reset dates. Trade receivables are valued net of provision and trade payables are valued at their original amounts by contract.

24. Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to its shareholders and to maintain a strong capital base to support the development of its business. The Group meets these objectives through a mix of equity capital and borrowings. The level and mix of capital are determined by the Group's internal Corporate Governance policies.

Under the BNZ facility, there is a covenant requirement that the facility, comprising an overdraft and letter of credit facility, must not exceed the total of 70% of acceptable debtors plus 50% of acceptable stock. Additional covenants include a requirement for a minimum principal and interest cover ratio, a minimum net leverage ratio and a maximum capital expenditure (capex) and research and development (R&D) ratio. Covenant reporting is required on a quarterly basis. The Group was compliant with all BNZ covenants during the period.

25. Investment in Subsidiaries

	Interest held			
	2025 %	2024 %	Country of incorporation	Principal activities
AFT Pharmaceuticals (AU) Pty Ltd	100%	100%	Australia	Distribution of pharmaceuticals in Australia
AFT Pharmaceuticals (S.E. Asia) Sdn Bhd	100%	100%	Malaysia	Registration of pharmaceuticals in Malaysia
AFT Orphan Pharmaceuticals Limited	65%	65%	New Zealand	No activity
AFT Limited Partner Limited	100%	100%	New Zealand	Sole partner in Dermatology Specialties LP
Dermatology Specialties Limited Partnership	100%	100%	New Zealand	No activity
DSGP Limited	100%	100%	New Zealand	General partner of Dermatology Specialties LP
AFT Dermatology Limited	100%	100%	New Zealand	Distribution of pharmaceuticals
AFT Pharmaceuticals (EUR) Limited	100%	100%	Ireland	Distribution of pharmaceuticals in Europe
Kiwi Health Pty Ltd	100%	100%	Australia	Distribution of pharmaceuticals in Asia
AFT Pharma UK Limited	70%	70%	United Kingdom	Distribution of pharmaceuticals in the UK
AFT Pharmaceuticals (HK) Limited	100%	100%	Hong Kong	No activity
AFT Pharmaceuticals (CAN) Limited	70%	70%	Canada	Distribution of pharmaceuticals in Canada
AFT Pharmaceuticals US Inc	100%	100%	USA	Distribution of pharmaceuticals in the US
AFT Pharmaceuticals (SA) Limited	100%	-	South Africa	No activity
AFT Pharmaceuticals Sinoject Limited	70%	-	New Zealand	No activity

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The consolidated financial statements incorporate the assets and liabilities and the results of the parent and its subsidiaries controlled during the period.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the subsidiaries of the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

26. Significant Events After Balance Sheet Date

On May 23 2024 the board approved the payment of a dividend of 1.8 cents per share of approximately $1.9 million. This will not be imputed.

There were no other significant events after balance sheet date.

27. Related Parties

The Group had related party relationships with the following entities:

Related party	Nature of relationship
Atkinson Family Trust	AFT Chief Executive Officer, Hartley Atkinson, is a Trustee / Discretionary Beneficiary of Atkinson Family Trust. AFT Chief of Staff, Marree Atkinson, is a Discretionary Beneficiary of Atkinson Family Trust"
Edge Group	Minority shareholder of AFT Pharma UK Limited. Related party loan see note 14

Key management compensation	**2025 $'000**	**2024 $'000**
Director fees	503	501
Executive salaries	1,756	1,558
Short term benefits	480	416
Key management compensation	**2,739**	**2,475**
Related Party Loan	**1,083**	**-**

Total remuneration of $264K was paid by the Group to close family members of the key management personnel for individuals that were employed by the Group in the year ended 31 March 2025 (2024: $200K).

Statutory Disclosures

DIRECTOR INTEREST DISCLOSURES

Shareholder Director Officer Or Trustee

Directors have given general notices disclosing interests in the Company's Interest Register pursuant to section 140(2) of the Companies Act 1993. All of those interests (and any changes to interests) notified and recorded in the Interests Register during the financial year ended 31 March 2025 are set out below:

Director	Entity	Relationship
Hartley Atkinson	AFT Orphan Pharmaceuticals Limited	Director
	AFT Pharmaceuticals (AU) Pty Limited	Director
	AFT Pharmaceuticals (SE Asia) SDN BHD	Director
	Atkinson Family Trust	Trustee and Discretionary Beneficiary of the trust which holds shares in AFT
	AFT Limited Partner Limited	Director
	DSGP Limited	Director
	Dermatology Specialties, L.P.	Director of AFT Limited Partner Limited
	AFT Dermatology Limited	Director
	AFT Pharmaceuticals (EUR) Limited	Director
	AFT Pharma UK Limited	Director
	Kiwi Health Pty Limited	Director
	AFT Pharmaceuticals (HK) Limited	Director
	AFT Pharmaceuticals (CAN) Limited	Director
	AFT Pharmaceuticals US, Inc	Director
	AFT Pharmaceuticals SA (Pty) Limited	Director
	AFT Pharmaceuticals Sinoject Limited	Director
	Hama Holdings	Director (17 May 2024)
Marree Atkinson	Atkinson Family Trust	Discretionary Beneficiary of the trust, which holds shares in AFT
	HAMA Holdings	Director (17 May 2024)
David Flacks	Vero Liability Insurance New Zealand Limited	Director and Chairman
	Flacks & Wong Limited	Director
	Vero Insurance New Zealand Limited	Chairman and Director
	Todd Corporation Limited	Director
	Angel Association of New Zealand	Chairman (1 April 2024)
	Asteron Life	Director (Ceased April 2025)
Ted Witek	Trudell Medical International	Director
	Lumira Ventures	Special advisor
	Kuano Limited	Director
Allison Yorston	Suntory Beverage & Food Oceania	Chief Marketing Officer (Ceased 11 April 2025)
	Australian Beverages Council Ltd	Director (Ceased 21 March 2025)
	Griffins Snacks	Director of Marketing, Griffins Snacks (14 April 2025)

At the end of AFT's Annual Shareholders Meeting on 2 August 2024, Anita Baldauf retired from the Board. She was replaced by Alison Yorston on 12 November 2024. At the time of her retirement. Her entries in the interest register included her role as a Director for Smart Design Limited (a company contracted to AFT for services) and her role as a Director for Future Ready NZ Limited.

Interest In Transactions With The Company And Use Of Information

No directors have disclosed interests in transactions with the company for the purposes of section 140 (1) of the Companies Act 1993 during the financial year ending 31 March 2025, nor have any Directors requested to disclose or use Company Information provided to them in their capacity as Directors as required under section 145 (3) of the Companies Act 1993.

Acquisitions Or Disposals Of Shares In AFT

During the year ending 31 March 2025, the following directors disclosed the acquisition of relevant interests in AFT ordinary shares as required under sections 146-149 of the Companies Act 1993.

- On 27 November 2024 Hartley Atkinson (jointly with Colin McKay) as trustees of the Atkinson Family Trust, disclosed the acquisition of 10,132 shares in AFT.
- On 27 November 2024 Andrew Lane disclosed that he had acquired 95,000 shares in AFT in his own name.

Relevant Interests In AFT's Shares

In accordance with the NZX Listing Rule 3.7.1 (d), at 31 March 2025, Directors had a relevant interest in AFT ordinary shares as follows:

Director[1]	Shareholder	Number	Share of issued capital
Hartley Atkinson	Hartley Atkinson & Colin Mckay	72,041,741	68.699%
	Hama Holdings Limited	867,826	0.828%
		72,909,567	**69.526%**
David Flacks	David Mark Flacks & Adina Rita Betty Halpern	158,764	0.151%
	JBWere (NZ) Nominees Limited	20,000	0.019%
		178,764	**0.170%**
Andrew Lane	Andrew Hamish Lane	95,000	0.091%
		95,000	**0.091%**

Remuneration And Other Benefits

Directors' remuneration and other benefits in the financial year ended 31 March 2025 are detailed in on pages 58 to 62 of this report. For the purposes of section 161 of the Companies Act 1993, the following entries were made in the Interests Register in relation to the payment of remuneration and other benefits to Directors during the financial year ended 31 March 2025:

Director	Remuneration and other benefits
Anita Baldauf[1], David Flacks, Andrew Lane, Ted Witek	The increase in Directors fees to take effect on 1 April 2024, on the terms set out in the 21 May 2024 Board paper.
Hartley Atkinson, Marree Atkinson	The payment of remuneration and the provision of other benefits by the Company to each of Hartley Atkinson and Marree Atkinson on the terms set out in a letter of amendment to the relevant employment agreement and the 21 May 2024 Board paper.
Hartley Atkinson, Marree Atkinson	The payment of Short-Term Incentive (STI) remuneration by the Company to each of Hartley Atkinson and Marree Atkinson on the terms set out in a letter of STI notification.

[1] Anita Baldauf retired from the Board on 2 August 2024

Indemnity And Insurance

For the purposes of section 162 of the Companies Act 1993, an entry was made in the Interests Register in relation to insurance effected for Directors of AFT, in relation to any act or omission in their capacity as Directors on 31 October 2024. AFT provides insurance for Directors of AFT, in relation to any act or omission in their capacity as Directors on 31 October 2024 and costs incurred by that Director in relation to defending and settling a claim.

Subsidiary Company Directors

The following table lists the subsidiaries of AFT and the people held office as Directors of subsidiary companies as at 31 March 2025:

Subsidiary	Directors
AFT Pharmaceuticals (AU) Pty Limited	Hartley Atkinson, Raymond MacGregor, Donald Mackenzie.
AFT Pharmaceuticals (EUR) Limited	Hartley Atkinson, Eddie Townsley
AFT Pharma UK Limited	Hartley Atkinson, Vivian Hansen, Samer Taslaq.
AFT Pharmaceuticals (SE Asia) SDN BHD	Hartley Atkinson, Dion Seng Peng
AFT Limited Partner Limited	Hartley Atkinson
DSGP Limited	Hartley Atkinson
Dermatology Specialties, L.P.	DSGP
AFT Dermatology Limited	Hartley Atkinson
Kiwi Health Pty Limited	Hartley Atkinson, Raymond MacGregor.
AFT Pharmaceuticals (HK) Limited	Hartley Atkinson
AFT Pharmaceuticals (CAN) Limited	Hartley Atkinson
AFT Pharmaceuticals US, Inc	Hartley Atkinson
AFT Orphan Pharmaceuticals Limited	Hartley Atkinson, Andrew Moore, Giles Moss, Malcolm Tubby.
AFT Pharmaceuticals (SA) Limited	Hartley Atkinson, Vivian Hansen
AFT Pharmaceuticals Sinoject Limited	Hartley Atkinson

Shareholdings

As at 30 April 2025 there were 104,866,260 ordinary shares on issue, each conferring on the registered holder the right to vote on any resolution at a meeting of shareholders, held as follows:

Size of shareholding	Holders	Proportion of total holders	Shares	Share of issued capital
1 - 1,000	933	44.40%	393,774	0.38%
1,001 - 5,000	709	33.75%	1,845,332	1.76%
5,001 - 10,000	238	11.33%	1,779,079	1.70%
10,001 - 50,000	171	8.14%	3,481,233	3.32%
50,001 - 100,000	19	0.90%	1,393,470	1.33%
100,001 - and over	31	1.48%	95,973,372	91.52%
TOTAL	**2,101**	**100.00%**	**104,866,260**	**100.00%**

As at 30 April 2025 there were 14 individuals holding a total of 164,400 options to acquire shares issued by AFT under its employee long-term incentive scheme. The options are unlisted and carry no voting rights.

Subsidiary Directors Remuneration

- Raymond McGregor received A$12,000 during the year ended 31 March 2025 in his capacity as a Director of AFT Pharmaceuticals (AU) Pty limited.
- Donald MacKenzie received A$50,000 during the year ended 31 March 2025 in his capacity as a Director of AFT Pharmaceuticals (AU) Pty limited.
- JED Pharma received EUR$12,000 during the year ended 31 March 2025 in relation to Eddie Townsley acting as Directors of AFT Pharmaceuticals(EUR) Limited.

Top 20 Shareholders

The top twenty holders of AFT's ordinary shares as at 30 April 2025 are as follows:

Name	Shares	Share of issued capital
Hartley Atkinson & Colin Mckay	72,041,741	68.70%
Accident Compensation Corporation - NZCSD	7,498,335	7.15%
Forsyth Barr Custodians Limited	5,315,534	5.07%
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited - NZCSD	1,688,572	1.61%
BNP Paribas Nominees (NZ) Limited - NZCSD	1,096,790	1.05%
BNP Paribas Nominees (NZ) Limited - NZCSD	1,046,390	1.00%
New Zealand Depository Nominee Limited	877,928	0.84%
Hama Holdings Limited[1]	867,826	0.83%
MMC - Queen Street Nominees Limited Acf Salt Long Short Fund - NZCSD	768,123	0.73%
Forsyth Barr Custodians Limited	506,409	0.48%
FNZ Custodians Limited	495,601	0.47%
MMC Limited - NZCSD	420,554	0.40%
Custodial Services Limited	362,369	0.35%
Garrett Smythe Limited	336,612	0.32%
JP Morgan Nominees Australia Limited	300,000	0.29%
Joeri Yvonne Jozef Sels	212,832	0.20%
Jbwere (Nz) Nominees Limited	206,990	0.20%
FNZ Custodians Limited	193,348	0.18%
MMC - Queen Street Nominees Ltd Acf Salt Funds Management	189,000	0.18%
David Mark Flacks & Adina Rita Betty Halpern	158,764	0.15%

[1] Hama Holdings is an entity linked to the Atkinson Family Trust.

Substantial Product Holders

According to notices given to AFT under the Financial Markets Conduct Act 2013, the following persons were substantial product holders in AFT at 31 March 2025 in respect of the number of quoted voting products noted below. As at the balance date 31 March 2025 there were 104,866,260 ordinary shares on issue:

Substantial Product Holder	Number of ordinary shares in which the relevant interest is held	Share of class held as at the date of last notice
Hartley Campbell Atkinson and Colin McKay as Trustees of the Atkinson Family Trust	72,909,567[1]	69.51%
Accident Compensation Corporation (ACC)	7,523,033	7.174%

[1] Includes the holdings of the Atkinson Family Trust and Hama Holdings

NZX Waivers And Exercise Of Powers

AFT was not granted any NZX Waivers during the financial year ending 31 March 2025, nor did it rely on waivers granted in any prior period. Similarly, NZX did not exercise any of its powers under NZX Listing Rule 9.9.3 to cancel, halt or suspend the listing or quotation of AFT's Quoted Financial Products, or refer AFT, any of its Directors, or any Associated Person to the NZX Markets Disciplinary Tribunal or any statutory or government body.

Donations

During the financial reporting period AFT contributed $5,000 to North Shore MP Simon Watts

Credit Rating

AFT does not currently have an external credit rating status.

APPENDICES

APPENDIX 1
AFT FY 25 Climate Statement

Statement Of Compliance

AFT Pharmaceuticals (AFT) is a climate reporting entity under the Financial Markets Conduct Act 2013. Our climate-related disclosures for the period 1 April 2024 – 31 March 2025 on Pages 102 to 122 comply with the Aotearoa New Zealand Climate Standards (NZ CS) issued by the External Reporting Board. All figures and commentary relate to the full year ending 31 March 2025, unless otherwise indicated.

AFT has elected to use the following adoption provisions available under NZ CS 2:

- Adoption provision 2: Anticipated financial impacts
- Adoption provision 4: Scope 3 GHG emissions
- Adoption provision 5: Comparatives for Scope 3 GHG emissions
- Adoption provision 7: Analysis of trends
- Adoption provision 8: Scope 3 GHG emissions assurance

This disclosure contains climate-related and other forward-looking statements and metrics, which are not and should not be considered guarantees, predictions or forecasts of the future-related outcomes or financial performance. These statements are subject to known and unknown risks, uncertainties, and other factors, many of which are beyond AFT's control. Readers are cautioned not to place undue reliance on such statements considering the significant uncertainty in climate metrics and modelling that limit the extent to which they are useful for decision-making, and the many underlying risks and assumptions may cause actual outcomes to differ materially.

David Flacks
Chair

Dr Hartley Atkinson
Managing Director

GOVERNANCE

BOARD
Oversight of climate-related risks and opportunities

CLIMATE GOVERNANCE WORKING GROUP
Assess and manage climate-related risks and opportunities

AFT PHARMACEUTICALS PERSONNEL
Support and operationalise activities to address climate-related risks and opportunities

Board of Directors	AFT's Board is responsible for overseeing climate-related risks and opportunities, progress towards and achievement of climate-related metrics and targets, and incorporating climate-related risks and opportunities into the business strategy.
Climate Governance Working Group	The Climate Governance Working Group is responsible for assessing and managing climate-related risks and opportunities. This group consists of key management positions and is responsible for assessing and reviewing climate-related risks and opportunities, monitoring progress and engaging with the Board about climate-related risks and opportunities.
AFT Pharmaceuticals personnel	AFT's personnel have specific knowledge not necessarily held by members of the Climate Governance Working Group. The Climate Governance Working Group engage other AFT employees in management of climate-related risks and opportunities when required. AFT personnel will implement operational changes to the strategy determined by the Board and Climate Governance Working Group.

Board Oversight

AFT's Board of Directors is responsible for overseeing climate-related risks and opportunities, progress towards and achievement of climate-related metrics and targets, and incorporating climate-related risks and opportunities into the business strategy.

The Board is informed about AFT's climate-related risks and opportunities at Board meetings through papers and presentations from the Chief Financial Officer and external experts. Climate-related risks and opportunities are a standing agenda item at all board meetings.

In January, the Board also received a presentation from Oxygen Consulting on proposed changes to the Climate-related Disclosures Regime and the potential implications on AFT and progress towards the preparation of the FY25 climate statement including the scenario analysis process undertaken.

The Board sets, monitors progress against, and oversees achievement of AFT's metrics and targets through papers and presentations at Board meetings. In June, the Board reviewed and approved AFT's carbon reduction plan which includes AFT's emissions reduction targets and initiatives to be implemented to achieve them.

When developing AFT's business strategy, the Board and Executive Management Team attend an annual two-day session immediately prior to the Annual General Meeting (AGM). As part of this strategic planning, climate-related risks and opportunities are considered in the development of the strategy. In FY25, commitment to responsible environmental stewardship by measuring GHG emissions and mitigating climate-related risks are included within the business strategy as strategic initiatives.

The Board ensures it has the appropriate skills to competencies available to provide oversight of climate-related risks and opportunities through knowledge building and engaging external experts where required. Climate change governance capability is also established through current and former governance, management, and academic experience in climate change and the environment, including:

- **David Flacks** – Vero Liability Insurance New Zealand Limited (Chairman), Vero Insurance New Zealand Limited (Chairman), Todd Corporation (Director), Member of Chapter Zero New Zealand
- **Andrew Lane** – Abbot Laboratories (Chairman of Pharma Division ESG Committee)
- **Ted Witek** – Trudell Medical International (Director), Professor of Public Health (Environmental Science) at the University of Toronto, American Thoracic Society Fellow (Environmental & Occupational Health Section)
- **Allison Yorston** – Suntory Beverage & Food Oceania (ESG Committee)

David Flacks has also completed the Institute of Directors' Climate Change Governance Essentials course.

Environment and Social (incl. Climate) is listed as a skill in AFT's Board skills matrix, which is reviewed periodically.

Performance against AFT's climate-related metrics and targets are not incorporated into any remuneration policies.

Management's Role

AFT's Climate Governance Working Group is responsible for assessing and managing climate-related risks and opportunities. The group consists of key management positions including the Chief Executive Officer, Chief Financial Officer, Manager Financial Planning and Analysis, Head of Global Logistics and Inventory, and the Supply Manager. The Group's responsibilities include:

- Assigning climate-related responsibilities to management-level positions;
- Integrating, reviewing and updating climate-related risks and opportunities within AFT Pharmaceuticals' risk management framework and strategy resilience;
- Working with AFT's personnel and external stakeholders to operationalise its activities to address climate-related risks and opportunities;
- Monitoring AFT's progress on its climate-related risks and opportunities;
- Meeting quarterly and as required to ensure the effective progress of AFT's climate-related activities;
- Engaging with the Board as required on AFT's progress against its climate-related activities.

Other key management positions attend meetings and assist the group as required and operationalise activities to address climate-related risks and opportunities.

Scenario analysis process

1. DEVELOP PROJECT CHARTER
2. REVIEW AND CONFIRM HEALTH SECTOR SCENARIOS
3. REVIEW EXISTING AND IDENTIFY NEW RISKS AND OPPORTUNITIES
4. ASSESS THE ANTICIPATED FINANCIAL IMPACTS OF RISKS AND OPPORTUNITIES FOR MATERIALITY

STRATEGY

Current Impacts

AFT experienced no material climate-related physical or transition impacts in FY25.

Over the period we recorded four significant extreme weather events upstream of our value chain that resulted in delayed shipments, but these impacts did not present any material financial impact on AFT.

Scenario Analysis

Scenario analysis process

The purpose of the scenario analysis process undertaken was to identify and assess AFT's climate-related risks and opportunities and test the resiliency of our current business model and strategy under different scenarios.

In FY25, AFT continued their engagement with Oxygen Consulting, who have expertise in climate change and sustainability, to support our process. This primarily involved reviewing and confirming use of the health sector-level climate change scenarios to ensure they remained plausible and challenging, reviewing our existing and identifying any new climate-related risks and opportunities, and assessing their anticipated financial impacts for materiality through meetings and workshops facilitated by Oxygen Consulting.

No part of AFT's value chain was excluded from the process. No modelling was undertaken.

Scenarios

In collaboration with Tonkin & Taylor and other climate reporting entities in the healthcare sector, AFT contributed to the Technical Working Group (TWG) supporting the development of the health sector-level climate change scenarios in 2023 - 2024. The approach to developing the scenarios was based on resources from the Taskforce for Climate Related Financial Disclosures (TCFD) and the New Zealand External Reporting Board. Six steps were undertaken, with a series of workshops being held with the TWG as the project progressed.

AFT elected to use the three scenarios developed at the sector-level as part of its entity-level scenario analysis process, focusing on both the global and New Zealand-specific parameters in line with the scope of its operations, manufacturing, distribution networks and end users. These scenarios were chosen due to AFT's involvement in their development and to allow for meaningful comparison of climate statements.

Health sector scenario development process

1. Agree focal question & "scope"
2. Agree scenario archetypes
3. Identify & rank driving forces
4. Map drivers to archetypes
5. Draft narratives
6. Quality check & review

Health Sector Scenarios

Category	Ambitious and Orderly	Delayed and Disorderly	Hothouse World
IPCC Shared Socio-economic Pathway (SSP)	SSP1-1.9	SSP2-4.5	SSP3-7.0
Summary	The world shifts towards a more sustainable and socially inclusive path, which respects environmental boundaries and emphasises human health and wellbeing. With growing recognition that climate change is causing a global health emergency, emissions decline globally from 2025–2050 through the implementation of ambitious and coordinated climate action across countries.	The world follows a path in which social, economic, and technological trends do not shift markedly from current patterns. While global ambition and rhetoric is high, the implementation of climate action is variable across countries.	With resurgent nationalism around the world, policies shift over time to become increasingly oriented towards domestic and regional priorities. There is declining public investment in health and education, with countries focusing on achieving their own energy, water and food security at the expense of international cooperation.
Severity of physical climate impacts	Lowest (but not none)	Moderate to high	Highest
Severity of transition-related impacts	Moderate (greatest in short-term)	Low initially, then very high	Lowest (steadily increasing, but also giving businesses more time to adapt)
Consumer sentiment	Rapid re-orientation towards sustainable lifestyles, as characterised by a focus on wellbeing and conscious consumption including low carbon and local production.	High levels of rhetoric but limited changes to consumption patterns initially. As wealth disparity increases, high wealth individuals able to access and afford highly specialized products. Low income individuals forced to prioritise basic needs.	Highly material, but high inequality means limited purchasing power for many.
Direct impacts from climate hazards	Extreme weather events, felt most by rural areas including water borne disease. Increased fire risk leading to lower air quality temporarily. Minor increase in distribution and ecology of infectious diseases, water-borne and vector-borne diseases, insects and pests.	The severity, frequency and duration of fire weather increases with drought conditions and increased afforestation. Regular fires lead to declining air quality, particularly in rural communities, which increases the incidence of respiratory disease between 2050–2100.	Frequent wildfires impact air and water quality causes an increased number of hospitalisations due to asthma and respiratory diseases. Rise in extreme heat events throughout the century. Vector borne diseases also affected – new species establish in NZ and cause outbreaks.
Financial impact of supply chain disruptions	Lowest	High – fuel price shocks and impacts from extreme weather events	Frequent extreme events, regular shortages. Drives move towards Australasian production in pharmaceuticals

Health Sector Scenarios (continued...)

Category	Ambitious and Orderly	Delayed and Disorderly	Hothouse World
Policy reaction to climate change	Immediate and smooth (well signalled)	Delayed, abrupt and onerous	Uncoordinated and reactive, focused on adaptation rather than mitigation
Regional policy variation	Low	High, gap between developed and developing countries on action	High, focused on domestic priorities and regional rivalry
Socioeconomic context	Income inequalities reduced, both in NZ and between countries	Erosion of public services, increase in poverty, increase in traditional healing practices due to this	High levels of inequality, breakdown in social cohesion
Global warming	2041–2060: 1.6°C, 2081–2100: 1.4°C	2041–2060: 2.0°C, 2081–2100: 2.7°C	2041–2060: 2.1°C, 2081–2100: 3.6°C
Carbon price	2050: NZ$250 tCO_2e	2050: NZ$250 tCO_2e	2050: N/A
NZ GDP impact	Moderate GDP impacts	High GDP impacts	High GDP impacts
NZ population	2050: 6.13m	2050: 6.13m	2050: 6.93m
Percentage NZ >65 years old	2050: 23.3%	2050: 23.3%	2050: 21.4%

Time Horizons

The short, medium, and long term time horizons included in the health sector-level climate span to 2100 to align with projected climate physical impacts over this period.

AFT's time horizons align with our strategic planning horizons and financial decision-making.

Time horizon		Alignment with strategic planning horizons and financial decision-making
Short-term	**Less than 1 year** (aligned with stock planning and budget cycles)	Managing any physical disruption from extreme weather events. Putting in place initiatives to manage GHG emissions and climate-related risks and opportunities.
Medium-term	**Next 1- 3 years** (aligned with supplier and manufacturing management)	Monitor possible transitional risks. Monitor and mitigate any climate-related risks relating to manufacturing and distribution, through strategy, risk management process and contingency planning.
Long-term	**Next 3 – 10 years** (aligned with AFT strategy and product development cycles).	Monitor and manage any transitional risks (which may accelerate depending on context).
		AFT continues to mitigate the impacts of potential physical risk (which may become more pronounced) and may need to evolve in response.
Very Long-term	**Next 11 – 75 years** (aligned with scenario timeframes)	Focus on the continued mitigation of physical risks resulting from climate change, such as sea level rise, frequent extreme weather events, and permanent changes in temperature patterns.

Climate-Related Risks

Our climate-related risks are those we may experience under any of the three scenarios we have analysed.

Risk	Type	Relevant scenario	Time horizon	How AFT is managing each risk
Extreme weather events may cause interruptions to AFT's product manufacturing and distribution.				
AFT's business model relies on contract manufacturing, third-party freight, and third-party logistics providers. Extreme weather events such as flooding and storms may cause interruptions to AFT's product manufacturing and distribution, which may be temporary or sustained in nature. This may impact AFT's ability to manufacture products, extend lead times, extend delivery timeframes, and reduce overall access to products for our customers. AFT expects to experience greater business impacts in the event of sustained interruptions that extend beyond 3 weeks.	Physical	Hot House World	Long-term – Very long-term	1. Multiple manufacturing sites. 2. Managing stock holdings. 3. Ability to utilise different transit routes. 4. Multiple suppliers for active ingredients. 5. Ability to source key products from different manufacturing sites at pace. 6. Assessing climate-related risks of potential suppliers.
Changing customer requirements that favour climate-related and ESG performance may lead to the loss of existing market access and the inability to access new markets.				
AFT has begun to observe changing tender requirements from prospective customers surrounding climate-related and ESG performance, including requirements for net zero targets, and expects to see these requirements continue over time. If AFT is unable to sufficiently demonstrate how it is transitioning to a low-emissions economy and meet customer requirements, this may lead to the loss of existing market access and the inability to access new markets. The potential loss of existing market access could cause revenue decline and reduced profit margins. The extent of the impacts this may have on AFT is dependent on the contract(s) that are lost.	Transition	Orderly & Disorderly	Short-term – Long-term	1. Net zero target in place. 2. GHG emissions reduction plan in place. 3. Preparing annual climate statements.
The transition to a low-emissions economy may lead to a misalignment between climate change and medical regulation across jurisdictions.				
As the world continues to transition to a low-emissions economy and changes are made to medical and climate change regulation over time, this may cause a misalignment across jurisdictions. Regulation focused on green packaging specifications may be at odds with medical regulation that is designed to ensure the efficacy and safety of pharmaceutical products. Pharmaceutical companies may be required to change its product packaging to ensure it meets the requirements of different jurisdictions which may cause production delays and extend lead times. We would expect this to be well signalled with adequate transition times, however in a disorderly transition this may not be communicated sufficiently by regulators.	Transition	Disorderly	Short-term – Long-term	1. Monitoring regulation direction. 2. Engaging with regulators.

Climate-related risks (continued...)

Risk	Type	Relevant scenario	Time horizon	How AFT is managing each risk
AFT may fail to appropriately and accurately report its climate-related performance.				
Increasing and changing requirements to report AFT's climate-related performance publicly presents the risk that AFT is unable to meet these requirements or fails to do so correctly. In FY25, AFT is required to report its climate-related performance under the Financial Markets Conduct Act 2013. In the event that AFT fails to appropriately and accurately report its climate-related performance, AFT may face financial penalties and experience reputational damage.	Transition	Disorderly	Short-term - Medium-term	1. Engaging third-party support to prepare climate statements. 2. Growing climate change capability.

Climate-Related Opportunities

Our climate-related opportunities are those that may be presented under any of the three scenarios we have analysed.

Opportunity	Relevant scenario	Time horizon	How AFT is harnessing each opportunity
Opportunity to harness product demand spikes following extreme weather events such as flooding or storms.			
Following extreme weather events, AFT may experience short demand spikes and an increase in sales, particularly in more vulnerable regions.	Hot House World	Very long-term	1. Managing stock holdings. 2. Engage CMOs if and when this opportunity arises.
Opportunity for new products that address new and exacerbated health issues caused by acute and chronic climate change impacts.			
As mean temperatures increase and weather patterns continue to change over time, AFT may observe negative health outcomes associated with cascading climate-related impacts. AFT may have the opportunity to market new products that target these health issues, but this will be assessed in the future if they arise.	Hot House World	Very long-term	1. Integrate into product and R&D strategy if and when this opportunity arises.
Opportunity for AFT to access to new finance streams.			
AFT has the opportunity to access new finance products such as sustainability linked loans. This includes the opportunity to convert AFT's existing debt facility into a sustainability linked loan, which would allow AFT to access interest rate benefits and decrease capital costs.	Disorderly	Medium-term - Long-term	1. Engage with financial institutions where appropriate.
Opportunity for AFT to grow access to new markets by demonstrating its transition to a low-emissions economy.			
AFT has begun to observe changing requirements from prospective customers surrounding climate-related and ESG performance, including requirements for net zero targets, and expects to see this continue over time. As AFT transitions to a low-emissions economy by reducing its GHG emissions and addressing its climate-related risks and opportunities, this may increase AFT's ability to grow access new markets.	Orderly	Short-term - Long-term	1. Net zero target in place. 2. GHG emissions reduction plan in place. 2. Preparing annual climate statements.

Transition Planning

Our business model and strategy

AFT is a growing multinational pharmaceutical company that develops, markets and distributes a broad portfolio of pharmaceutical products across a wide range of therapeutic categories which are distributed across all major pharmaceutical distribution channels: over-the-counter (OTC), prescription and hospital. Our product portfolio comprises both proprietary and in-licensed products, and includes patented, branded, and generic drugs.

Our business model involves developing and in-licensing products for sale by dedicated sales teams in markets of Australia, New Zealand, United Kingdom, Canada and the USA, for some products. For selected EU nations, Singapore and Hong Kong we engage in Tender Contracts. Elsewhere, we license products to local enterprises and distributors. Consistent with pharmaceutical industry practice, we generate revenue primarily through the sale of products and through royalties received from our out-licensing and distribution arrangements.

We use third-party manufacturers to manufacture all our products. Where practicable, we engage multiple manufacturing sites for any one product to mitigate any potential interruption to the supply chain. Product quality is monitored through an internal risk-based quality assurance programme to augment the rigorous industry and regulatory Good Manufacturing Practice (GMP) certification systems.

International Expansion & Market Reach	• Continue to build the geographic presence in which AFT products are sold. • New regional business hubs to support operations in those area. • Utilize out-licensing and distributor agreements where direct sales aren't feasible or optimal.
Product Portfolio & Innovation	• Building and continuously innovating a select portfolio of existing and in-licensed, patented products. • Launch line extensions of key products like Maxigesic to cover various dosage forms and consumer needs. • Advance R&D pipeline to include new projects and therapies across a range of therapeutic areas.
Operational Excellence & Efficiency	• Improve gross margins and cost-effectiveness. • Optimise inventory levels and manage supply chain challenges effectively. • Implement measures for more efficient manufacturing and distribution.
Financial Discipline & Capital Management	• Maintain a strong balance sheet and financial health. • Maintain net debt levels at a manageable level. • Invest strategically in growth opportunities, both organically and through acquisitions/ partnerships. • Return value to shareholders through dividend payouts.
Ethical & Sustainable Practices	• Commit to responsible environmental stewardship by measuring emissions and mitigating climate-related risks. • Ensure ethical and compliant operations throughout the value chain. • Promote diversity, inclusion, and fair treatment for all employees and stakeholders.

Value chain

PHARMACEUTICAL MANUFACTURERS	AFT	DISTRIBUTION	CUSTOMERS
• Contract Manufacturers (CMOs) - Australia - China - Europe - India - North America - Other	• Research & Development • Regulatory Compliance • Quality Assurance • Sales & Marketing • Third-Party Logistics • Warehousing	• Wholesalers Australia, New Zealand, United Kingdom • Licensees • Pharmaceutical Companies • International Distributors	• Hospital • Pharmacy • Retail • Ecommerce

Climate Transition Plan Framework

Our climate transition plan framework describes the transition planning aspects of our business model and strategy. Development of our plan has been informed by the scenario analysis processes we have undertaken in FY24 and FY25, the climate-related risks and opportunities we have identified, and our carbon reduction plan.

The transition plan aspects of our strategy are embedded in our existing business model, strategy, sustainability framework, and carbon reduction plan.

Tactical responses to each climate-related risk and opportunity have been provided alongside each risk and opportunity in the Climate-related risks and Climate-related opportunities sections respectively.

Climate Transition Plan Framework

<table>
<tr><th colspan="4">Our Goal: Net-Zero by 2050</th></tr>
<tr><th></th><th>Decarbonise our business</th><th>Manage risks and harness opportunities</th><th>Work to improve health and wellbeing</th></tr>
<tr><td>Ambition</td><td>We are committed to reducing GHG emissions in-line with what is needed to limit warming to 1.5 degrees and reach net-zero by 2050.</td><td>We are committed to managing our climate-related risks and harnessing our climate-related opportunities to ensure long-term business resilience in the transition to a low-emissions, climate-resilient future.</td><td>We are committed to providing positive health and wellbeing outcomes for patients and communities by growing our product reach, maintaining quality and safety systems, and innovating in response to need.</td></tr>
<tr><td>Actions</td><td>• Measure and publicly report our GHG emissions annually.
• Implement our carbon reduction plan.
• Engage with our suppliers to reduce GHG emissions.</td><td>• Manage physical risks by maintaining multiple manufacturing sites, good stock holdings, diverse transit route options, and multiple suppliers for active ingredients and production of products.
• Monitor changing customer and regulatory ESG requirements and maintain robust ESG practices that keep pace with these requirements.
• Monitor product demand trends and health trends, and maintain good stock holdings to ensure we can respond to demand spikes and integrate any opportunities into our R&D strategy.</td><td>• Grow our product reach and breadth of therapeutic applications.
• Comply with best practice standards and regulation in medicine manufacture and clinical trials.
• Continue investment in research and development.</td></tr>
<tr><td>Metrics and Targets</td><td colspan="3">Near-term:
1. Reduce scope 1 GHG emissions by 42% by 2030 on a FY24 base year. In-line with a 1.5 degrees of warming pathway*.
2. Reduce scope 2 GHG emissions by 42% by 2030 on a FY24 base year. In-line with a 1.5 degrees of warming pathway*.
3. Reduce scope 3 GHG emissions by 42% by 2030 on a FY24 base year. In-line with a 1.5 degrees of warming pathway*.
Long-term:
4. Reduce scope 1, 2, and 3 GHG emissions by 90% by 2050 on a FY24 base year and neutralise residual GHG emissions through use of permanent removals. In-line with a 1.5 degrees of warming pathway*.</td></tr>
<tr><td>Accountability</td><td colspan="3">The Board is responsible for overseeing climate-related risks and opportunities, progress towards and achievement of climate-related metrics and targets, and incorporating climate-related risks and opportunities into the business strategy.
The Climate Governance Working Group is responsible for assessing and reviewing climate-related risks and opportunities, monitoring progress and engaging with the Board about climate-related risks and opportunities.</td></tr>
</table>

* See the GHG emissions targets section on Page 117 for more details on our climate-related targets.

Carbon Reduction Plan

Our carbon reduction plan supports the achievement of our near-term GHG emissions target commitments across scope 1 and 2.

Target commitment 1: Reduce scope 1 GHG emissions by 42% by 2030 on a FY24 base year.

Target commitment 2: Reduce scope 2 GHG emissions by 42% by 2030 on a FY24 base year.

The scope 3 aspects of our carbon reduction plan (target commitment 3) have not been disclosed as AFT has elected to use Adoption provision 4: Scope 3 GHG emissions. In working towards this disclosure requirement, AFT has begun to engage our suppliers to understand the emissions across our value chain.

AFT has not yet developed a formal carbon reduction plan to support the achievement of our long-term target commitment.

Scope 1

Our scope 1 target commitment will be achieved primarily by transitioning our existing vehicle fleet from internal combustion engine (ICE) vehicles to hybrid and battery electric vehicles. The following assumptions are built into the reduction pathway:

- All existing vehicles travel the same distance annually from FY25 to FY30.
- All existing ICE vehicles transition to hybrid electric or battery electric vehicles upon lease dates ending.
- Some existing vehicles are removed from the vehicle fleet.

Our ability to execute the reductions is also dependent upon the accessibility of hybrid and battery electric vehicles across the target period, which is out of our control.

Scope 2

Our scope 2 target commitment will be achieved through market-based contractual instruments that meet the GHG Protocol's Scope 2 Quality Criteria for both our New Zealand and Australian offices across the target period. We do not yet have an accurate timeline of when these contractual instruments will be implemented.

Financial Planning

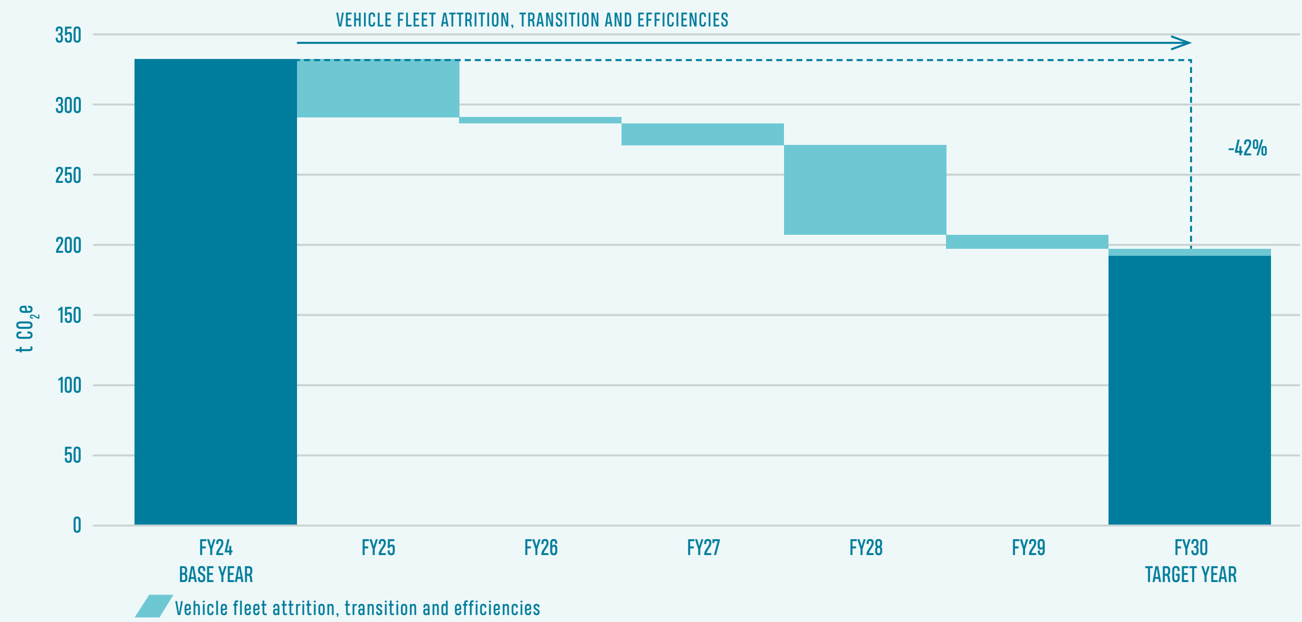
The scope 1 and 2 aspects of our carbon reduction plan will be achieved through operational expenditure.

AFT's primary use of capital is for the research and development (R&D) phases of products. As such, climate-related risks and opportunities are not currently being used as inputs for AFT's capital deployment and funding decision-making processes.

Climate Resilience

Based on the scenario analysis process we have undertaken, the climate-related risks and opportunities we have identified, and the transition planning aspects of our strategy, AFT believes our business model and strategy is largely resilient to future climate-related risks under different scenarios. As such, we do not currently anticipate a fundamental change in our business model or strategy is required in the near-term to ensure we are able to thrive in a low-emissions future.

Scope 1 reduction pathway



RISK MANAGEMENT

Identification And Assessment Of Climate-Related Risks

AFT undertook scenario analysis to identify and assess the scope, size and impact of our climate-related risks and opportunities. The scenario analysis process undertaken in described in the Strategy section. No part of AFT's value chain was excluded from the process.

As part of the scenario analysis process undertaken in FY24, AFT identified a broad range of potential climate-risks and opportunities that could plausibly impact our business under any scenario. We then used the scenarios to explore the anticipated impact of each risk or opportunity under different conditions through workshops and meetings.

To prioritise the severity of each risk under a particular scenario, we evaluated their likelihood and consequence, where 'likelihood' related to the speed of onset, or the time horizon in which the risk or opportunity was expected to occur, and 'consequence' related to the potential financial, regulatory, operational, staffing and/or customer impacts on AFT. This consequence scale was used as it is used to assess all other enterprise risks across AFT.

Opportunities were also prioritised using the same method under each scenario, where the consequence on the business would result in a positive financial outcome for AFT.

In FY25, AFT reviewed our existing register of climate-related risks to understand if the existing risks remained relevant under any of the scenarios and if any new risks have emerged. Through this process, we consolidated many of our existing risks and removed some we no longer considered financially material.

No modelling was undertaken as part of these processes and the assessment was qualitative in nature only.

Risk assessment matrix

Consequence					
	Severe/catastrophic	Very high	High	Medium	Low
	Major	High	High	Medium	Low
	Moderate	Medium	Medium	Low	Low
	Minor	Low	Low	Low	Very low
	Insignificant	Very low	Very low	Very low	Very low
		Short term	**Medium term**	**Long term**	**Very long term**
		Likelihood			

Management Of Climate-Related Risks

In identifying and assessing our climate-related risks, we recognise that many of these risks are interconnected to other existing risks being managed through our risk management framework. As a result, our climate-related risks have been incorporated into our risk register, either separately or as inputs to other risks in the register and are monitored alongside and with equal priority to other risks.

The management responses in place to mitigate and manage our climate-related risks are described alongside each risk in the Strategy section and are embedded in our climate transition plan framework.

AFT will undertake a scenario analysis exercise on an annual basis to identify and assess new and existing climate-related risks and update our risk management framework accordingly.

METRICS AND TARGETS

GHG Emissions

AFT's FY25 GHG emissions inventory has been prepared in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (2004). In our FY24 climate statement, our FY24 GHG emissions inventory was prepared in accordance with ISO 14064-1:2018.

GHG emissions are presented as tonnes of carbon dioxide equivalents (t CO_2e). No base year restatements have been made.

Scope	Category	Emission source	t CO_2e		% change from base year
			FY24	FY25	
Scope 1	Direct emissions and removals	Mobile combustion	331.16	290.33	-12.33%
		Refrigerant leakages	0.60	N/A**	N/A
Total Scope 1			**331.76**	**290.33**	**-12.49%**
Scope 2	Indirect emissions from imported energy	Purchased electricity (location-based)	18.57	16.19	-12.81%
		Purchased electricity (market-based)	17.32	18.74	+8.20%
Total Scope 2*			**18.57**	**16.19**	**-12.81%**
Total Scope 1 and 2*			**350.33**	**306.52**	**-12.51%**
GHG emissions intensity* (Scope 1+2 per $million revenue)			**1.87**	**1.48**	**-20.86%**

* Reported using a location-based methodology.

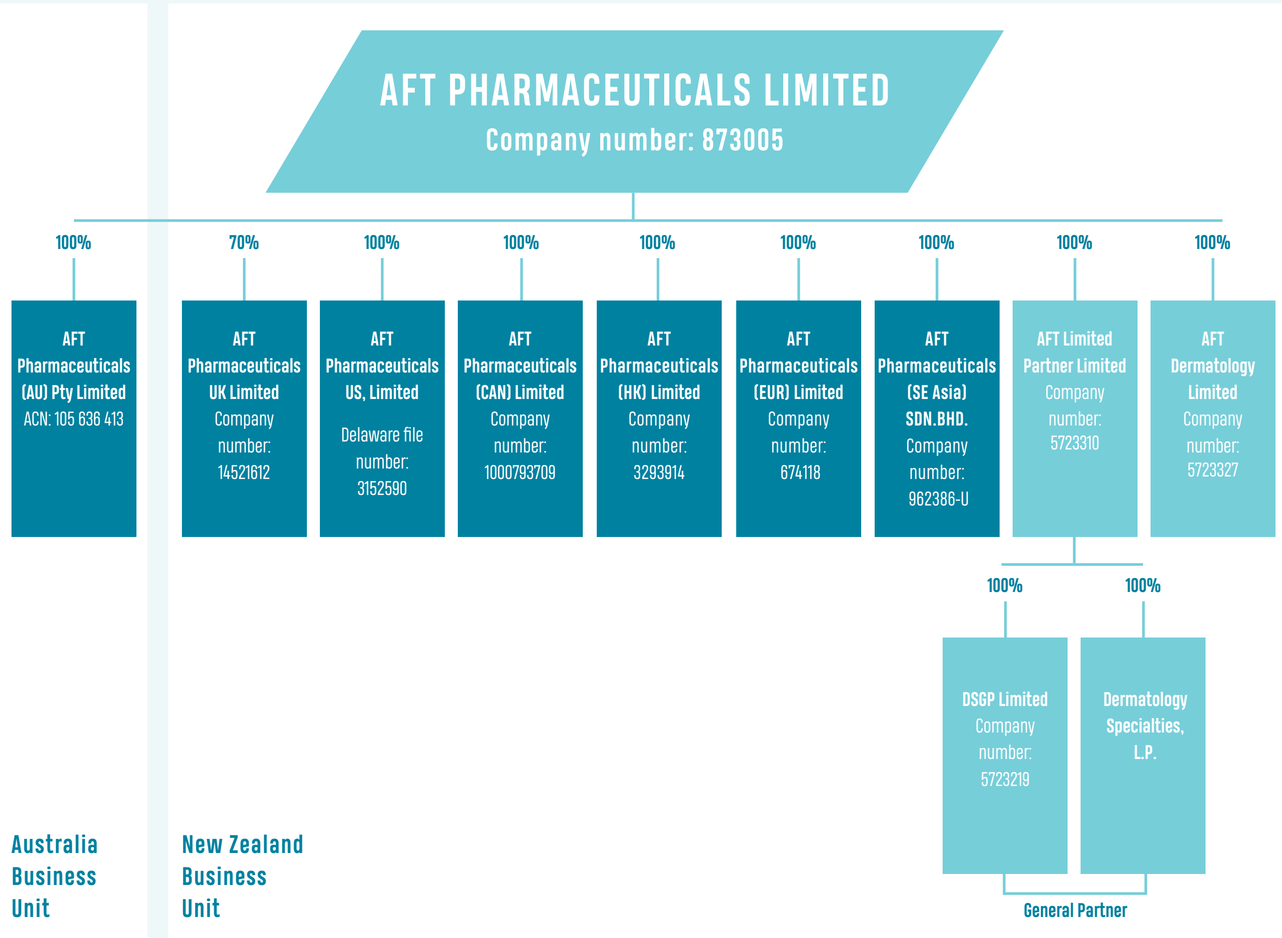
** Excluded in FY25 as the emission source has been identified as de minimis (<1%).

Detail	Approach
Measurement period	1st April 2024 to 31st March 2025
Base year	1st April 2023 to 31st March 2024 (FY24)
Assurance	Reasonable assurance issued by Toitū Envirocare
Preparation standard	GHG Protocol Corporate Accounting and Reporting Standard (2004)
Consolidation approach	Equity share consolidation approach
Organisational boundaries	See Figure Organisational and Reporting Boundaries diagram
Emissions factors and Global Warming Potential (GWP)	Emission factors and Global Warming Potentials were sourced from: • New Zealand Ministry for the Environment 2024 (IPCC Fifth Assessment Report, GWP100) • BraveTrace Residual Supply Mix 2023/24 • Australia DCCEW 2024 (IPCC Fifth Assessment Report, GWP100)

Metrics and Targets (continued...)

Detail	Approach
Calculations	GHG emissions were calculated using the following methodology GHG emissions = activity data x emissions factor Where applicable, unit conversions applied when processing the activity data has been disclosed. There are systems and procedures in place that will ensure applied quantification methodologies will continue in future GHG emissions inventories.
Exclusions	Refrigerant leakages have been excluded as an emission source from our scope 1 inventory as it has been identified as de minimis (<1%). No facilities, operations or assets have been excluded from this scope 1 and 2 emissions inventory. AFT has elected to use Adoption provision 4: Scope 3 GHG emissions.
Uncertainty	There is inherent uncertainty in measuring GHG emissions as the methodologies used are based on estimates, judgements and limited data. GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Organisational and Reporting Boundaries



New Zealand Registered entities *Overseas registered entities* *Climate Reporting Operational Boundary*

Emission Sources, Methodologies, Uncertainties, And Assumptions

Scope	Category	Emission source	Activity	Methodologies, uncertainties and assumptions	Emission factor source
1	Direct emissions and removals	Mobile combustion	Regular petrol; Premium petrol; Diesel	Activity data (litres) has been sourced from supplier reports and internal finance systems. We have assumed all supplier reports are accurate and all additional fuel spend has been captured within our internal financial tracking systems. There is a high level of uncertainty in regard to the spend based activity data relative to the fuel card report, but it represents a smaller proportion of activity. Activity data was only available for 10 months of the reporting period. This has been extrapolated out to 12 months. We believe the available activity data is a fair representation of activity, but applying a 10+2 approach presents inherent uncertainty.	Ministry for the Environment 2024 Guide (IPCC Fifth Assessment Report, GWP100)
2	Indirect emissions from imported energy	Imported electricity	Purchased electricity	Activity data (kWh) has been sourced from supplier invoices. We have assumed all supplier invoices are accurate and electricity usage has been captured. Data was only available for 11 months of the reporting period for New Zealand specific data and 10 months for Australian specific data. These have been extrapolated out to 12 months. We believe the available activity data is a fair representation of activity, but applying a 10+2 approach presents inherent uncertainty.	Ministry for the Environment 2024 Guide (IPCC Fifth Assessment Report, GWP100) BraveTrace Residual Supply Mix 2023/24 Australia DCCEW 2024 (IPCC Fifth Assessment Report, GWP100)

GHG Emissions Targets

Target commitment			Coverage	Performance against target	Alignment with limiting warming to 1.5 degrees Celsius	Use of offsets
1	Reduce scope 1 GHG emissions by 42% by 2030 on a FY24 base year.	Near-term	100% of scope 1	12.49% absolute decrease on FY24	These targets have been set using the Science Based Targets initiative (SBTi) Corporate Near-Term Criteria. The target method used is the cross-sector absolute contraction approach. The scope 1 and 2 targets are consistent with reductions required to limit warming to below 1.5 degrees Celsius.	Achievement of these targets do not rely on offsets.
2	Reduce scope 2 (market-based) GHG emissions by 42% by 2030 on a FY24 base year.	Near-term	100% of scope 2	8.20% absolute increase on FY24		
3	Reduce scope 3 GHG emissions by 42% by 2030 on a FY24 base year.	Near-term	100% of scope 3*	Not reported due to the use of Adoption provision 4: Scope 3 GHG emissions	The scope 3 targets are consistent with reductions to limit warming to below 1.5 degrees Celsius, but do not meet the SBTi's minimum boundary requirements as only a limited number of scope 3 emission sources are included. While the targets have been developed in in-line with this methodology by using the SBTi's publicly available Corporate Near-Term Criteria and Corporate Near-Term Tool, the targets have not been submitted to or validated by the SBTi.	
4	Reduce absolute scope 1, 2, and 3 GHG emissions by 90% by 2050 on a FY24 base year and neutralise residual GHG emissions through use of permanent removals.	Long-term	100% of scope 1, 2, and 3*	Not reported due to the use of Adoption provision 4: Scope 3 GHG emissions	This target has been set using the Science Based Targets initiative (SBTi) Corporate Net-Zero Standard. The target method used is the cross-sector absolute reduction pathway, which is consistent with the reductions required to limit warming to below 1.5 degrees Celsius. The scope 3 boundary does not meet the SBTi's scope 3 minimum boundary requirements as only a limited number of scope 3 emission sources are included. While the target has been developed in in-line with this methodology by using the SBTi's publicly available Corporate Net-Zero Standard Criteria and Corporate Net-Tero Tool, the targets have not been submitted to or validated by the SBTi.	Achievement of the 90% reduction does not rely on offsets. The residual unabated 10% will be neutralised through the use of permanent removals and storage.

* Limited categories only.

Industry-Based Metrics

Emission source	Scope	Unit	Consumption	
			FY24	FY25
Regular petrol	1	L	125,648.71	105,365.89
Premium petrol	1	L	15,201.70	14,057.29
Diesel	1	L	1,115.99	2,428.62
Electricity	2	kWh	117,787.00	111,610.99

AFT has not reported HFC-134A refrigerant in FY25 due to this emission source being excluded from our GHG emissions inventory for FY25 on the basis that this has been identified as de minimis (<1%). This change does not result in a material effect on our current climate-related disclosures.

Vulnerability To Climate-Related Risks

Risk	Type	Business activities or assets vulnerable
Extreme weather events may cause interruptions to AFT's product manufacturing and distribution.	Physical	Vulnerability will depend on the nature, scale, location, and duration of the extreme weather event(s). Historic extreme weather events have had a negligible impact on AFT's product manufacturing and distribution processes.
Changing customer requirements that favour climate-related and ESG performance may lead to the loss of existing market access and the inability to access new markets.	Transition	Currently unable to measure vulnerability as the anticipated impact of this risk is dependent upon future climate-related and ESG performance expectations of our customers.
The transition to a low-emissions economy may lead to a misalignment between climate change and medical regulation across jurisdictions.	Transition	Currently unable to measure vulnerability as the anticipated impact of this risk is dependent upon the specific regulation misalignment that occurs.
AFT may fail to appropriately and accurately report its climate-related performance.	Transition	Currently unable to measure vulnerability.

AFT outsources the manufacture and distribution of its products across multiple suppliers and geographies. This diversification, along with other management responses in place, limits overall vulnerability to climate-related risks.

Alignment To Climate-Related Opportunities

Opportunity	Business activities or assets aligned
Opportunity to harness product demand spikes following extreme weather events such as flooding or storms.	Currently unable to measure alignment as this opportunity is reactive in nature and is dependent on the nature, scale, location, and direction of extreme weather events.
Opportunity for new products that address new and exacerbated health issues caused by acute and chronic climate change impacts.	New products aligned: 0 products
Opportunity for AFT to access to new finance streams.	% of AFT's debt facility aligned: 100% may be aligned
Opportunity for AFT to grow access to new markets by demonstrating its transition to a low-emissions economy.	New contracts that included specific climate-related requirements: 1 contract

AFT does not currently use an internal carbon price.

Management remuneration is not currently linked to climate-related risk and opportunities nor incorporated into remuneration policies. AFT will continue to monitor this in the future.

INDEPENDENT ASSURANCE REPORT
Toitū Verification

To the intended users

Organisation subject to audit:	AFT Pharmaceuticals Limited
Audit Criteria:	+ Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), + GHG Protocol: Scope 2 Guidance, + Aotearoa New Zealand Climate Standards (NZ CSs) - issued by External Reporting Board (XRB), + NZ SAE 1: Assurance Engagements over Greenhouse Gas Emissions Disclosure - issued by External Reporting Board (XRB),
Responsible Party:	AFT Pharmaceuticals Limited
Intended users:	Internal and external stakeholders
Registered address:	Level 1, 129 Hurstmere Road, Takapuna, Auckland, 0622, New Zealand
Inventory period:	01/04/2024 to 31/03/2025

Conclusion

VERIFICATION EMISSIONS - REASONABLE ASSURANCE
We have obtained all the information and explanations we have required. In our opinion, the emissions, removals and storage defined in the inventory report, in all material respects:
+ comply with the audit criteria; and
+ provide a true and fair view of the emissions inventory of the Responsible Party for the stated inventory period.

Basis of verification opinion

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

Verification

We have undertaken a verification engagement relating to gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty on pages 114-116 for the financial year ended 31 March 2025 . Additionally, our assurance engagement does not extend to targets or emissions reduction progress, of which details may be referenced within pages 1-113, 117-118 and 123-125. The scope of emissions and level of assurance are disclosed below.

The GHG emissions Report provides information about the greenhouse gas emissions of the organisation for the defined measurement period and is based on historical information. This information is stated in accordance with the requirements of Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).

Emphasis of matter

Without qualifying our opinion expressed above, we wish to draw the attention of the intended users the following disclosures on page 115 which, in our judgement, are of such importance that they are fundamental to user's understanding of the GHG disclosures :

+ As disclosed in note named Uncertainty on page 115 of the climate statements, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Other matters

Other matters that have not been disclosed in the GHG disclosures, that in our judgement are relevant to the intended users:

Comparative Information

+ The comparative GHG disclosures (that is GHG disclosures for the periods ended 31 March 2024 have not been the subject of an assurance engagement undertaken in accordance with New Zealand Standard on Assurance Engagements 1: Assurance Engagements over Greenhouse Gas Emissions Disclosures ('NZ SAE 1'). These disclosures are not covered by our assurance conclusion.

+ The comparative periods for 31 March 2024 have been assured by Toitū Envirocare in a separate assurance engagement in accordance with ISO 14064-3: 2019 issued by International Organization for Standardization.

Responsible Party's Responsibilities

The Management of the Responsible Party is responsible for the preparation of the GHG disclosure in accordance with Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and Aotearoa New Zealand Climate Standards (NZ CSs)- Climate-Related Disclosures. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of a GHG disclosure that is free from material misstatement, whether due to fraud or error.

Responsibilities of verifiers

Our responsibility as verifiers is to express a verification opinion to the agreed level of assurance on the inventory report, based on the evidence we have obtained and in accordance with the audit criteria. We conducted our verification engagement as agreed in the pre-audit engagement letter, which defines the scope, objectives, criteria and level of assurance of the verification.

The International Standard ISO 14064-3:2019 requires that we comply with ethical requirements and plan and perform the validation and verification to obtain the agreed level of assurance that the GHG emissions are free from material misstatements. We are not permitted to prepare the GHG statement as this would compromise our independence.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the ISO 14064-3:2019 Standards will always detect a material misstatement when it exists. The procedures performed on a limited level of assurance vary in nature and timing from, and are less in extent compared to reasonable assurance, which is a high level of assurance.

Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

Existence of relationships

Other than in our capacity as assurance practitioners, and the provision of the assurance for this engagement , we have no relationship with, or interests, in the responsible party.

Verification strategy

Our verification strategy used a combined data and controls testing approach. Evidence-gathering procedures included but were not limited to:
+ activities to inspect the completeness of the inventory;
+ interviews of site personnel to confirm operational behaviour and standard operating procedures;
+ reconciling fleet fuel consumption level from reported to supplier's statement;
+ review of electricity consumption;
+ reviewing emission factors for accuracy and appropriateness;
+ evaluating the overall presentation of the selected disclosures.
The data examined during the verification were historical in nature.

Verification level of assurance

GHG PROTOCOL CATEGORIES

GHG SCOPE	tCO_2e	LEVEL OF ASSURANCE
Scope 1	290.33	Reasonable
Scope 2 (location-based)	16.19	Reasonable
Scope 2 (market-based)	18.74	Reasonable
TOTAL INVENTORY (location-based)	306.52	

Responsible party's greenhouse gas assertion (claim)

AFT Pharmaceuticals Limited has measured its scope1 and 2 greenhouse gas emissions in accordance with GHG Protocol in respect of its global operations.

Other information

The responsible party has a duty for the provision of Other Information. The Other Information may include climate statements around governance, strategy and risk management, emissions management, targets, emissions management, reduction plan and other sections within the annual report covering Chair and Managing Director's reports, Governance, Remuneration, Sustainability, Business Focus Method, consolidated financial statements and Appendix 2, but does not include the information we verified, and our auditor's opinion thereon.

Our assurance engagement does not extend to any other information included, or referred to, in the climate statements on pages 1-113, 117-118 and 123-125. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it. Our responsibility is to read and review the Other Information, and consider whether the Other Information is materially inconsistent with the information we verified, or our knowledge obtained during the verification.

Independence and quality management standards applied

This assurance engagement was undertaken in accordance with NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures issued by the External Reporting Board (XRB). NZ SAE 1 is founded on the fundamental principles of independence, integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also complied with the following professional and ethical standards and accreditation body requirements:

+ ISO 14065: 2020 – General principles and requirements for bodies validating and verifying environmental information;
+ ISO 14066: 2023 – Greenhouse gases — Competence requirements for teams validating and verifying environmental information;
+ ISO 17029: 2019 – Conformity assessment — General principles and requirements for validation and verification bodies;
+ IAF MD4:2023 - For the Use of Information and Communication Technology (ICT) for Auditing/Assessment Purposes;
+ Joint Accreditation System of Australia and New Zealand Accreditation Requirements

	VERIFIED BY	INDEPENDENT REVIEWER	ENGAGEMENT LEADER
Name:	Sen Ma	Billy Ziemann	Osana Robertson
Position:	Verifier, Toitū Envirocare	Independent reviewer	Toitū Envirocare
Signature:			

Date verification audit: 25 March 2025

Date opinion expressed: 22 May 2025

Location: Wellington

APPENDIX 2

MATERIAL SUSTAINABILITY MATTERS DEFINITIONS:

AFT has built its Sustainability Framework and ESG reporting programme on a robust process of assessing what is material to the company. As a publicly listed company, 'material' matters are those that a reasonable person would consider impacting the company's valuation or the sustainability of our operations.

In line with best practice ESG standards, we also considered those topics that reflect AFT's most significant impacts on the economy, environment, and people. We have followed a robust process to identify and manage the material sustainability matters. Our definitions of them are set out below.

Definition	Description
Consumer/patient good health	• Responsive to customer needs, health sector developments, and tracking consumer trends and purchasing habits. • Expanding the range of products aimed at enhancing the health and well-being of consumers. • Enhancing the proper use of products by healthcare professionals and patients. • Creating business value and social impact through the use of medicines. This topic includes AFT providing products that can provide alternative pain relief to opioids.
Product quality and safety of medicines	• Ensuring product safety and quality, including through design, traceability of materials, manufacture, communications, and reporting. • Disclosure of safety information. • Preventing the distribution of counterfeit drugs. • Mitigating the risk of a product recall, liability issues, loss of reputation, and reduced revenue. Relationships with regulators and regulatory compliance.
Product innovation / R&D	• Creating innovative medicines and medical solutions in areas with high unmet medical needs. Creating future value for the business. • Ensuring R&D and testing are done safely and in compliance with all regulatory requirements. • Ensuring the mental and physical health of employees and clinical trial participants. Meeting all animal welfare requirements.
Corporate governance, compliance, and transparency	• A commitment to comply with all laws, including competition laws and best practice governance and the recommended governance codes and rules that apply in each region. • Monitoring the supply chain for the same. • Compliance and transparency also refer to cyber security and privacy. • The independence and effectiveness of the Board of Directors are regularly reviewed. • Directors understand and monitor ESG strategy, metrics, and performance, including climate-related risks.
Ethical and sustainable supply chains (including environmental and labour standards)	• Working with suppliers on sustainability performance and managing risks for AFT's brand and operations. This is across the areas of ethics, labour, environment, health and safety, and management systems. Specifically on labour, this includes compliance with AFT's Modern Slavery policy. On environment, this includes compliance with our Supplier Code of Conduct, which includes water use.

Definition	Description
Ethical business practices (including anti-bribery & corruption, sales and marketing practices, lobbying)	• Policies and practices to prevent bribery, corruption, counterfeiting, and conflicts of interest. • A culture of openness and support with raising concerns. Ethical marketing - codes of ethics and shareholder transparency.
Employee health, safety, and wellbeing	• Ensuring compliance with local health and safety regulations. • Emergency and disaster preparedness, safe machinery, equipment and facilities, staff training, biosafety, and protection from hazardous substances and chemicals. Supportive return to work or post-accident policies. • Requiring best practices in the supply chain through Supplier Code of Conduct.
Workforce (Diversity and Inclusion, Retaining and Attraction)	• Ensuring equal opportunity regardless of race, nationality, gender, sexual orientation, age, religion, or disability, including into positions within management, the Board of Directors. Pay parity assessments are in place. • Policies to prevent sexual harassment and workplace bullying, a safe and supportive complaints process, code of conduct, and flexible working. Whistleblowing policy. Policies in place to attract and retain highly skilled employees.
Access to medicines	• Ensuring a stable and resilient supply of products to patients. Prioritising R&D in areas of specific need.
Climate change	• Climate change mitigation (reducing emissions through the value chain), climate change adaptation (assessing risks to the value chain associated with a changing climate), reporting emissions and climate-related risks, and compliance with regulatory requirements (Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act).
Packaging (consumer and supply chain)	• Taking a life-cycle approach to packaging from manufacture to disposal, particularly of supply-chain/distribution packaging, consumer packaging, and hospital packaging

Directory

AFT is a company incorporated with limited liability under the New Zealand Companies Act 1993 (Companies Office registration number 873005).

Registered Offices	Level 1, 129 Hurstmere Road, Takapuna, Auckland 0622, New Zealand. +64 9 488 0232 www.aftpharm.com 113 Wicks Road, North Ryde NSW 2113, Australia. +61 2 9420 0420
Principal Administration Offices	New Zealand: Level 1, 129 Hurstmere Road, Takapuna, Auckland 0622, New Zealand. +64 9 488 0232 Australia: 113 Wicks Road, North Ryde NSW 2113, Australia. +61 2 9420 0420 United Kingdom: 133 Whitechapel High Street, London, UK
Directors – at the date of this Annual Report	Dr Hartley Atkinson Marree Atkinson David Flacks Andrew Lane Dr Ted Witek Allison Yorston
Share Registrar:	Computershare Investor Services Limited Level 2, 159 Hurstmere Road, Takapuna, Auckland 0622, New Zealand. +64 9 488 8777 enquiry@computershare.co.nz Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067, Australia. +61 3 9415 4083 enquiry@computershare.co.nz
Financial Auditor	Deloitte Limited Deloitte Centre, 1 Queen Street, Auckland 1140, New Zealand. +64 9 303 0700
Greenhouse Gas Auditor	Toitū Envirocare The Former, 87 Albert Street, Auckland Central, Auckland 1010, New Zealand. 0800 366 275
Legal Counsel	Harmos Horton Lusk Level 33, Vero Centre, 48 Shortland Street, Auckland 1140, New Zealand. +64 9 921 4300

Financial Calendar

Annual Meeting	August 2025
Half-year end	30 September 2025
Half-year end results announcement	November 2025
Financial year end	31 March 2026

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AFT pharmaceuticals
Working to improve your health