



*Working to improve your health*

**AFT Pharmaceuticals  
2024 Annual Meeting  
Milford Cruising Club**

**Friday, 2 August 2024**

**Chairman's Address**

**[Slide 7: Record revenue amid International expansion and portfolio growth – speaker David Flacks**

I am proud to report that AFT has delivered another year of significant growth and expansion.

Full-year operating revenue increased by 25% to \$195.4 million. Revenue is more than four times the revenue we were generating at the time of our IPO and our listing on the NZX/ASX at the end of 2015.

We also delivered record earnings. EBITDA rose by 22% to \$26.2 million, and our operating profit increased by 23% to \$24.2 million.

Our products are now sold in more than 70 countries, and we have seen robust topline growth across all territories. We are particularly pleased with our progress in the United States and China, the world's largest pharmaceutical markets.

The intravenous form of our Maxigesic pain relief medicine went on sale in the United States earlier this year, triggering a \$6 million licence payment from our distributor Hikma Pharmaceuticals.

We are now working towards the US launch of Maxigesic Rapid, a rapid dissolving form of the medicine. In June we signed our first US distribution agreement for Maxigesic Rapid with Alexso, an established pharmaceutical distribution company, and we expect further distribution agreements to follow.

Meanwhile, as we announced in early July, having secured a distribution agreement of our topical antiseptic Crystaderm with the Shenzhen stock-exchange listed Hainan Haiyao Co., we are now ready to make our first steps into the Chinese domestic market. We see it as just the first step in this important territory.

These launches and the broader growth across all regions underscore the effectiveness of our strategy and our proven and unique ability to consistently identify and address unmet health needs across the world.

Alongside these achievements we have continued to invest for future growth.

As Hartley will discuss in detail shortly, these efforts have seen the launch of new products in our core Australasian markets; the expansion of new business operations in North America, Europe, the UK and Asia and the addition of several new projects to our development pipeline.

**[Slide 8: Significant financial improvement since IPO – speaker David Flacks]**

Our performance in the 2024 financial year represents an extension of a decades-long record of growth.

The diagram on the left shows the continued growth in AFT shareholder equity. It reached a low of \$5 million in the 2019 financial year. Since then, it has grown steadily to almost \$90 million in the latest financial year. Over the same period our debt-to-equity ratio has also significantly improved.

This success is not only attributable to the growth of Maxigesic in international markets, it also reflects strong growth in Asia across a range of products, and importantly our stellar growth in Australasia - the engine of our business.

By way of example, at IPO we had about 100 products in New Zealand and 45 products in Australia. As of today, these numbers stand at 150 products on shelf in New Zealand and more than 85 in Australia. More importantly, we continue to expect strong growth in the coming years both through in-licensing and through commercialising our own intellectual property.

Our payment of a maiden dividend last year and the significant increase in the dividend this year is a tangible demonstration of the Board's confidence in the company's prospects.

As Hartley will discuss in detail later, we are now looking to the next target of \$300 million revenue.

In light of such a positive outlook and such an enduring record, it should come as no surprise that we are disappointed with the current share price.

Our shares are now trading at around \$3. This price is only slightly higher than the \$2.80 at which we issued shares in the company at the initial public offer.

We acknowledge that our growth trajectory has not always been smooth. Our international roll out has not proceeded at the pace we anticipated. There have been delays to some development projects. Our earnings have not always met market expectations as we have prioritised growth or faced the normal volatility in demand that is in the nature of our business.

We understand investor frustrations with these challenges. But to value the company's shares at a price that is largely unchanged from when we joined the NZX and ASX is inconsistent with the progress we have made.

Again your board believes AFT has created significant value through substantial growth, ongoing investments in R&D and now through the payment of dividends.

I can assure you that Hartley, I and the rest of the Board, and the entire management team are focused on ensuring that the value we have created is recognised and we are working hard to make this happen.

### **[Slide 9: Sustainability and governance – speaker David Flacks]**

Putting in place a governance framework that is focused on long-term sustainability is at the centre of the Board's efforts. Over the last year we have continued to evolve this framework in line with best practice and align it with the interests of our stakeholders.

The biggest change this year has been the completion of our first climate risk assessment and the initial disclosure required under the Aotearoa New Zealand Climate Standards.

As part of these efforts, we have modified our governance framework to ensure the systematic assessment and management of the company's climate-related risks and opportunities. At the centre of this program is a standing management led committee – The Climate Governance Working Group – which updates the board quarterly on its activities.

We are committed to playing our part to assist in the global efforts to limit greenhouse gases and mitigate the impact of climate change. To this end we have established targets for Scope 1 and 2 emissions, consistent with limiting global warming to a 1.5-degree increase and we are actively developing our emissions reduction plan.

I want to make it clear that our approach to sustainability - and our reporting of it - is founded on a clear sense of prioritising the sustainability matters that are material to the business.

We settled on our priorities – set out on the top left of this slide - through a rigorous programme of engagement with all our stakeholders in 2022. We followed up with stakeholders again this year to ensure our assessment remained robust.

We report on our progress on these matters in detail in our annual report, but I just want to discuss a few important highlights.

Our top priority is “working to improve health and wellbeing”. The best measure of our success in this domain is the progress we have made with sales growth and the expansion of our product portfolio.

One development we are particularly excited about is the planned launch in Australia and New Zealand of a cold and flu medicine that incorporates the restricted decongestant Pseudoephedrine.

The AFT formulation incorporates a technology that limits criminal extraction of the decongestant which is used as a key ingredient in the manufacture of methamphetamine.

This is an innovation that not only meets demand for effective cold and flu medicines. It is also one that helps to protect the 7,000 plus pharmacies across Australasia that stock our products. Many pharmacists fear the new availability of Pseudoephedrine will see criminals target their businesses.

In other areas we have further embedded processes to ensure we operate ethical and sustainable supply chains and minimise our environmental footprint. These efforts have seen our key product suppliers attest to compliance with our supplier code of conduct and our modern slavery policy.

We have also met the majority of our goals to increase the sustainability of our packaging.

Finally, we have continued to build a culture that is aimed at retaining the immense talent we already have in the business and bringing in new talent to advance our strategy. This is a culture that celebrates diversity, fairness, and performance.

By way of illustration, we have a very diverse team. Our 110 employees hail from 24 countries and represent 37 cultural identities. 60% of our team are women and 40% are men.

AFT is fortunate to benefit from a talented team committed to the company and its success. I want to thank the team for their dedication and hard work over the past year.

Before closing I want to touch on changes within the boardroom.

As I mentioned earlier, we welcomed Andrew Lane to the Board in September 2023. Andrew has brought to the company more than 30 years' experience in the global pharmaceuticals industry with expertise across a broad range of areas. He is helping us to sharpen our focus in a number of critical areas. Andrew will address you ahead of his election to the Board.

Meanwhile Anita Baldauf, who joined the Board in 2020, retires at the conclusion of this meeting. I want to thank her for her service, her perspectives on international markets and finance have been of great value as we have extended our global footprint.

I also want to acknowledge the rest of the board, and our Managing Director Hartley Atkinson, in particular, for their efforts and commitment to the company's success.

Finally I want to acknowledge shareholders. AFT is a strong and growing company and I want to thank you for your continuing support.

I will now invite Hartley to address the meeting.

*Released for and on behalf of AFT Pharmaceuticals Limited by Chief Financial Officer  
Malcolm Tubby*

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