2023 ANNUAL REPORT

AFT pharmaceuticals

Working to improve your health


Developing innovative products that make a real difference to your health.
AFT pharmaceuticals
Working to improve your health

Contents

This report provides a summary review of AFT's operational and financial performance for the year to 31 March 2023 and should be read in conjunction with the company's financial statements on pages 44 to 73 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.

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 around the world.

Record revenue and a maiden dividend

FY23 Highlights

$156.6 million

Operating revenue up 20% on the prior year lifted by strong product sales growth in all regions and market channels.

$19.7 million

Operating profit in line with the prior year, which included $6.7 million of licensing income.

$10.7 million

Net profit after tax down from $19.8 million in the prior year amid higher finance costs and a return to paying tax.

$29.9 million

Net debt[1] in line with $29.3 million at the end of March 2022, with investments for growth funded through operating cash flows.

1.1 cents per share

Maiden dividend declared, reflecting confidence in future growth.

1. Net debt is interest bearing liabilities of $34.6 million less cash of $4.7 million.

FY23 operational highlights

AUSTRALIA

Revenue:
$94.1 million
UP 23%

Operating profit
up 23%
to $19.3 million

Key drivers:

OTC medicines including, pain, eyecare and vitamins.

Hospital channel

NEW ZEALAND

Revenue:
$44.0 million
UP 26%

Operating loss
of $0.8 million

Key drivers:

OTC medicines including, pain, eyecare and vitamins.

Hospital and prescription channels

ASIA

Revenue:
$6.8 million
UP 24%

Operating profit
up 25%
$0.8 million

Key drivers:

OTC channel

Online via Tmall

Maxigesic

INTERNATIONAL

Revenue:
$11.7 million
DOWN 11%

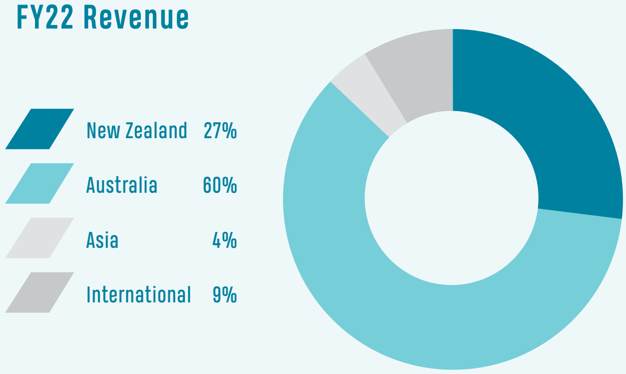
Operating profit
down 89%
$0.5 million

Key drivers:

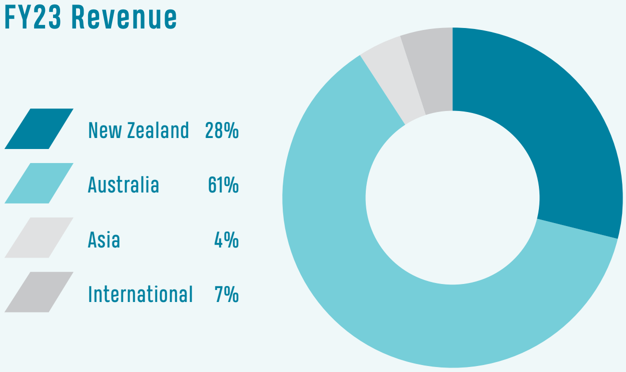
Lower licensing income

71% growth in product sales and royalties

FY22 Revenue

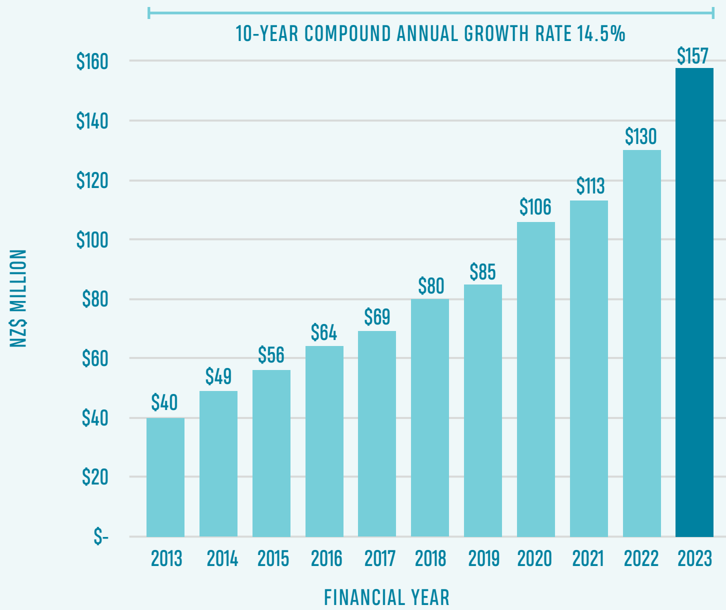


FY23 Revenue

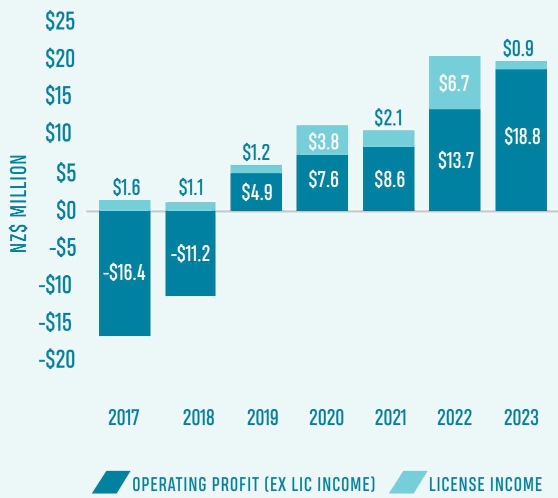


Extending our record of growth and profitability

AFT Pharmaceuticals Revenue



AFT Operating Profit[1]



[1] Excluding head office costs

Maiden dividend declared as outlook strengthens

$200 MILLION ROLLING TWELVE-MONTH STRETCH REVENUE TARGET CLEARLY IN SIGHT

Dear shareholders,

We are delighted to report on the progress AFT has made over the last year. We have again generated record revenue and extended what has been an uninterrupted record of revenue growth.

We have again executed well on our strategy of identifying and then meeting health needs with in licensed and proprietary medicines in our Australasian markets and offshore. We have extended our product portfolio and the development pipeline and continue to extend our reach into new markets, including the US, the world's most important healthcare market and China.

Our achievements this year and our confidence that the company can continue to grow have brought AFT to the point that it is now ready to begin paying dividends. Accordingly, we have this year declared a maiden dividend of 1.1 cents per share payable in July.

Financial Results

Annual operating revenue reached $156.6 million up 20% from the $130.3 million in the same period a year ago, amid strong growth both in the core Australasian business and global product sales.

AFT achieved the result despite a significant reduction in licensing income, which amounted to $6.7 million in the prior year. Excluding licensing income of $0.9m, revenue from product sales and royalties increased by a significant 26% to $155.8 million from $123.6 million in the prior year.

Operating profit from product sales, royalties excluding licensing income rose 38% to $18.8 million from $13.6 million in the prior year, despite the investment of $8 million in sales and marketing to capitalise on growth opportunities. These investments included a new sales force in Australia targeted at general practitioners and an expanding presence in international markets.

Operating profit including licensing income was $19.7 million in line with the prior year's $20.4 million and – as previously signalled – was lower than originally expected due to delays in obtaining US regulatory approval for Maxigesic IV®, the intravenous form of our patented pain relief medicine.

EBITDA[1] of $21.4 million was in line with the prior year's result. Net profit after tax was $10.7 million, down from the $19.8 million in the same period a year ago, primarily reflecting a return of taxation expenses with the previous tax losses now fully utilised but also to a lesser extent higher finance costs.

Operational Achievements

Following 22 new product launches during the year, our Australasian portfolio now extends to more than 150 medicines, spanning seven therapeutic areas ranging from pain management through to eyecare, dermatology and gastrointestinal medicines, among others. We are also on track with our target to launch a further 68 new products by the end of the 2026 financial year.

Our international portfolio, which is founded on our family of patented Maxigesic pain relief medicines, continues to expand in both scale and scope. Maxigesic is now sold in 61 countries globally in a variety of dose forms. We this year registered a patented prescription fast release tablet version of our Maxigesic pain relief medicine with the US Food and Drug Administration (FDA), a first for a New Zealand company.

The FDA is meanwhile considering our application for registration of Maxigesic IV. Earlier this month it confirmed receipt of a complete response to its review questions. It also provided a 17 October 2023 PDUFA date, the date at which the regulator must respond to our application.

Taking advantage of the tight funding conditions faced by biotechs around the world and our cash flows, we have acquired two new projects for our development portfolio, covering topical treatments for strawberry birthmarks and drug-resistant eye infections.

1. EBITDA is non-GAAP measure of earnings before interest tax depreciation and amortisation. It is defined and reconciled to GAAP measure of net profit after tax on page 35 of this report.

"Our international portfolio, which is founded on our family of patented Maxigesic pain relief medicines, continues to expand in both scale and scope."

David Flacks | Chairman **Dr Hartley Atkinson** | Co-Founder and Managing Director

“ We this year registered a patented prescription fast release tablet version of our Maxigesic pain relief medicine with the US Food and Drug Administration, a first for a New Zealand company.”

Our development pipeline, a foundation of our future growth, now encompasses 21 different products, targeting therapeutic applications with significant addressable markets. The projects include nine Maxigesic dose forms and several are at an advanced stage.

Supported by our consistently strong top line revenue growth and our ability to sustain strong gross margins, we this year decided to increase investment in product promotion and distribution to ensure we fully captured the potential of our portfolio.

We launched a new Australian sales force directed at general practitioners. We increased marketing expenditure associated with new product launches, launched a broad range of our products into China via the cross-border ecommerce platform Tmall Global and expanded our international business including the creation of a majority owned subsidiary, AFT Pharmaceuticals UK.

This investment in distribution and product promotion alongside our investment in research and development has diluted our earnings for the 2023 financial year. However, we remain confident the investment will be a key driver of growth and shareholder value.

We have already seen the investment in Australia deliver good revenue growth. We expect to see the same in international markets in the coming year and expect both factors to drive growth in operating profit margins.”

Regional Performance

The core Australasian business made the biggest contribution to growth, adding $26.4 million in incremental revenue. The combined Australian and New Zealand markets, presently AFT’s largest, grew revenue by 23.5% to $138.1 million, from $111.8 million in the prior year, further demonstrating their strength and ongoing growth potential.

The international business grew strongly with revenue from product sales and royalties rising 71% to $10.8 million from $6.4 million in the same period a year ago. Total international revenue of $11.7m was down on the prior year’s $13.1 million, which was boosted by $6.7 million of licensing revenue.

Dose forms of Maxigesic are now sold in 61 countries up from 46 at the end of March 2022 and the company continues to advance the commercialisation of line extensions.

The Asian business meanwhile has seen strong growth in the OTC business as the expanded distribution of our products in Singapore starts to deliver on its promise. The Asian business also benefited from strong sales of Maxigesic in Malaysia, launches in Korea and Indonesia and strong growth in sales of our OTC products on our Tmall site.

Further detail on the performance of individual markets is contained on pages 10 to 13 of this report.

Research and Development

Our research and development programme has continued to strengthen the foundations for AFT’s future growth.

The two new patent-protected development projects added this year, a topical treatment for strawberry birthmarks and an eye drop targeted at drug resistant superbugs, if successfully advanced, have significant global sales potential.

The development portfolio now encompasses 21 products, which offers AFT access to significant global markets. This broad diversification of products provides some protection as development paths are never smooth and are often unpredictable.

We are in a strong position, by virtue of being a profitable pharma company, to acquire rights to new projects on attractive terms due to tight global funding conditions.

Nevertheless, we continue to take a disciplined approach to the programme. Research and development expenditure (expensed and capitalised) in the 2023 financial year was $11.8 million compared to $10.4 million in the previous year.

Balance Sheet and Dividend

AFT remains well funded. Net debt at the end of the financial year was $29.9 million in line with the $29.4 million at the end of September 2022 and $29.3 million at the end of March 2022.

However, it is higher than the target of one times EBITDA, due to the increased investment in our distribution networks, lower-than-expected licensing income and the company maintaining higher inventory levels to manage the ongoing, albeit easing, supply chain disruptions.

The maiden dividend of 1.1 cent per share represents 11% of net profit after tax, lower than the policy to pay 20% to 30% of (normalised) net profit after tax. Directors determined a below-policy pay out was appropriate given our growth opportunities, the capital required to fund them, and the desire to reduce debt to our target levels.

The record date for dividend entitlements is 19 June 2023, and the payment date is 4 July 2023.

Sustainability and People

AFT has this year continued to advance its sustainability agenda by beginning to introduce objective and robust measures of performance in the ESG areas that are material to our business. We understand measurement is an important step to help AFT to refine our priorities, better manage risks, and identify opportunities for innovation. It also promotes transparency and helps stakeholders understand how we are managing our sustainability risks and opportunities.

Measurement of our performance in the areas we have identified as our priorities is also the logical precursor to the next stage in the evolution of our strategy – the establishment of robust targets for improvement that are meaningful and material to our business and our stakeholders. In the coming financial year this includes accounting for, and developing strategies to manage, our greenhouse gas emission.

Supporting and developing our people and promoting a diverse and inclusive culture that makes AFT attractive to talented people are at the heart of our approach. And while we are ever vigilant to ensure we deliver on these goals, we recognise AFT's good fortune in having a team that is so committed to the company's success.

We are proud of the way the team has embraced the challenges of the last year and delivered such and outstanding result for all of our stakeholders. On behalf of the board and shareholders we thank them for their efforts

"Our near-term rolling twelve-month stretch revenue target of $200 million is clearly in sight"

Outlook

AFT expects the momentum we have seen in the 2023 financial year to continue in the new financial year, supported by successful execution of our planned product launches, continuing growth in the existing portfolio, and the investments we have made to strengthen our global distribution networks. We also expect this growth to drive growth in operating profit.

For the year to the end of March 2024 we expect to generate operating profits of between $22 million and $24 million. The final outcome is subject to the successful execution of launches in Australasian and International markets. The guidance does not include $6 million of licensing income which is expected in the first half of calendar year 2024 on the launch of Maxigesic IV in the US.

We continue to progress commercialisation plans for Maxigesic Rapid Tablets in the US market. The approach we take in this market could also influence our results, but presently it is too early to be able to estimate the impact.

AFT has entered the new financial year well positioned to extend its record of growth. Our near-term rolling twelve-month stretch revenue target of $200 million is clearly in sight, as we continue to build our presence in our domestic markets and exploit the opportunities we see in international markets.

We look forward to providing a further update at our annual shareholders' meeting in August.

With our warm regards,

David Flacks
Chair

Dr Hartley Atkinson
Co-Founder
and Managing Director

AFT's operations globally are expanding in scale and scope

NEW ZEALAND – GROWTH ACROSS ALL CHANNELS

NEW ZEALAND SNAPSHOT

REVENUE	PRODUCTS
$44.0m	150+
UP 26% ON THE PRIOR YEAR	across seven therapeutic categories: pain, eyecare, medicated vitamins, allergy, gastrointestinal health, dermatology, and hospital

DISTRIBUTION 900 PHARMACIES

New Zealand revenue grew a strong 26% to reach $44.0 million from $35.1 million in the prior year, while the operating loss (including head office costs) was $0.8 million against a $0.1 million loss in the prior year.

We also saw strong growth across all channels, with the OTC segment, growing by 15% to $23.0 million. The pain relief category also benefited growth in the entire Maxigesic range.

The hospital channel saw growth of 20%, and the prescription channel of 50% following the post covid recovery in general practitioner and hospital demand.

AUSTRALIA – SALES SUPPORTED BY NEW PRODUCT LAUNCHES

AUSTRALIA SNAPSHOT

REVENUE	PRODUCTS
$94.1m	**85+**
UP 23% ON THE PRIOR YEAR	ACROSS SEVEN THERAPEUTIC CATEGORIES

DISTRIBUTION 6,800 PHARMACIES

Revenue in Australia grew a strong 23% to reach $94.1 million from $76.7 million in the prior year, while operating profit rose 23% to $19.3 million from $15.7 million last financial year.

Growth was led by the OTC channel, which rose by 30% to $61.2 million. It benefited from continued strong growth in the pain-relief segment.

We successfully launched the Maxigesic hot drink sachet and growth has continued in the broader Maxigesic range. The pain segment was also helped by the removal of comparative advertising restrictions on Maxigesic, following AFT prevailing in a court case appeal against Reckitt Benckiser at the start of 2022.

Eyecare and vitamins also made important contributions, and we are pleased to report that we are seeing the early impact of the new investment in our distribution capabilities. Over the year we introduced 22 new products to the Australian market.

The hospital channel grew by 14% to $24 million with good growth in injectables and the prescription channel grew by a modest 5% to $9 million.

ASIA – EXTENDING OUR OTC FOOTPRINT

ASIA SNAPSHOT

REVENUE	DISTRIBUTION
$6.8m up 24% on the prior year	DISTRIBUTORS AND ONLINE VIA TMALL

Revenue in Asia grew a strong 24% to reach $6.8 million from $5.5 million in the prior year, while operating profit also rose 25% to $0.8 million from $0.6 million in the prior year.

Over the last year we have continued to build the scale of the Asian business and recently expanded the team in Hong Kong as it fulfils a new function as the head office for the Asian region.

The OTC channel led the growth particularly with high demand for Maxigesic in Malaysia. The Tmall business is now starting to make a meaningful contribution to revenue.

Our 'Kiwi Health Global Flagship Store', has been launched under China's Cross Border E-Commerce initiative. It is carrying a broad range of AFT's OTC products including Maxigesic, Vitamin C Lipo Sachet, Vitamin D Lipo Sachet, Ferro Sachet, Crystaderm and the long-lasting Crystawash Extend among others.

Finally, with the registration of Crystawash Extend in China we are now exploring ways to reach deeper into the Chinese market using domestic distribution channels and we are in the final stages of the registration process for one of our R&D projects on page 16 to 19 which we believe could have significant upside. We have also seen strong growth in the hospital channel, with Maxigesic IV seeing strong acceptance in the market particularly in South Korea.

INTERNATIONAL – COVID PRESSURES EASING

INTERNATIONAL SNAPSHOT

REVENUE
$11.7m
DOWN 11%
ON THE PRIOR YEAR

100+
COUNTRIES
WITH MAXIGESIC
DISTRIBUTION
AGREEMENTS

61 COUNTRIES
WHERE MAXIGESIC IS SOLD

The Maxigesic commercialisation programme continues with revenue from product sales and royalties up 71% to $10.8m.

Maxigesic is now sold in 61 countries, up from 46 at the end of March 2022. Over the year, the intravenous form of Maxigesic IV was licensed in Canada, Iraq, Kurdistan, Columbia, Peru, and Chile and registered in Pakistan and nine additional countries in Eastern Europe. It was meanwhile launched in Ireland, France, Italy, Indonesia, Korea, Nordics, Netherlands and Panama.

The new unique Maxigesic hot-drink sachet, has been launched in Australia in two strengths, whilst the first launch of Maxigesic oral liquid occurred in Italy in January.

We have now achieved licensing and distribution of Maxigesic in various dose forms in many of the world's most significant markets, including the US where we are on the verge of commercialising the intravenous form of Maxigesic on page XX. Consequently, our focus is now on growing our in-market sales post launch.

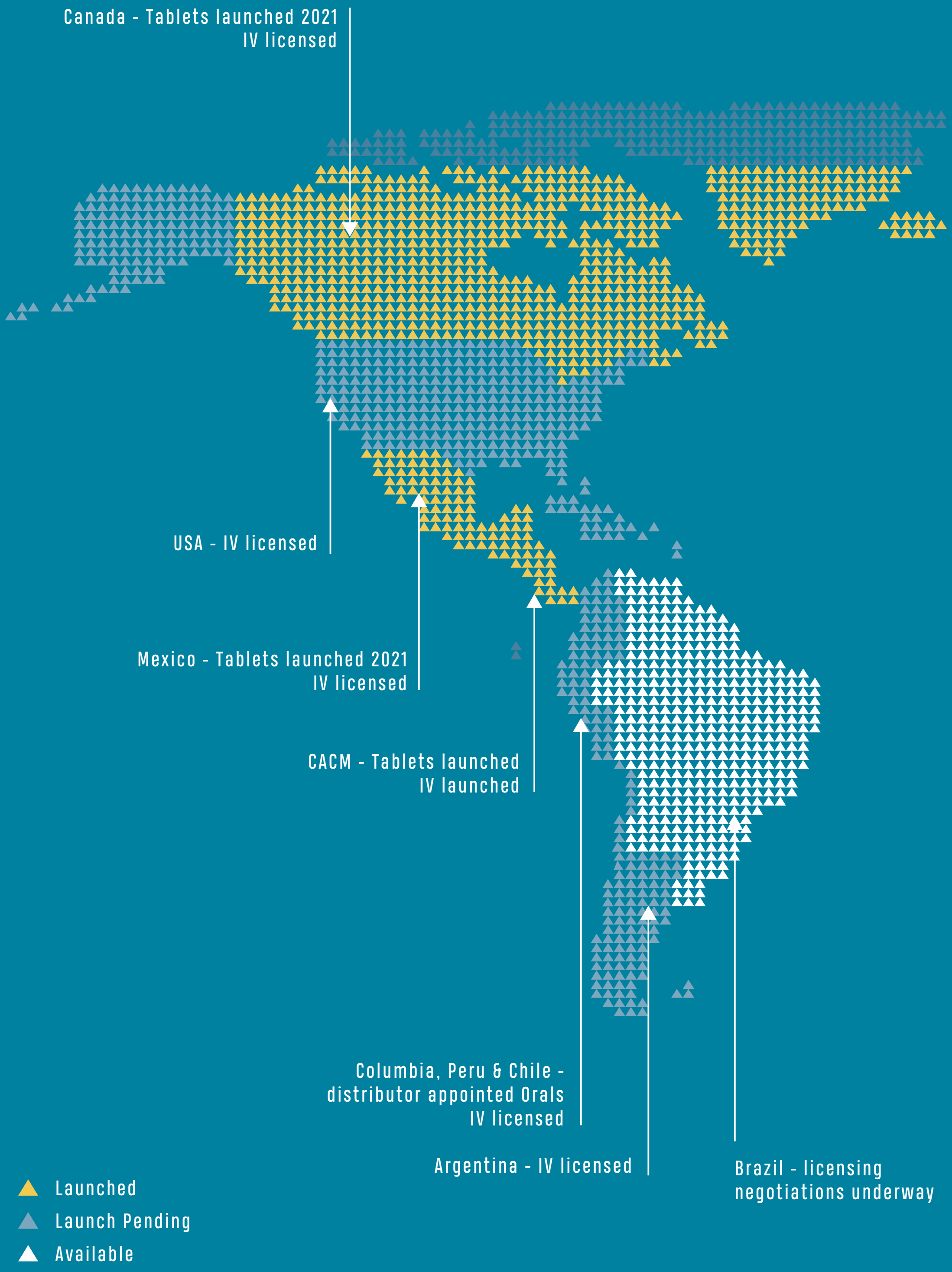
We have invested in the international business, broadening its scope beyond Maxigesic. Notably we have recently established AFT Pharmaceuticals UK in collaboration with our long-time partner Edge Pharmaceuticals. In addition to Maxigesic IV we are seeking to launch a targeted range of products in that market,.

Additionally, we now have two dedicated staff in Europe to improve coordination with license holders in European markets and we launched online with Amazon in the US with our patented Lipo sachet range.

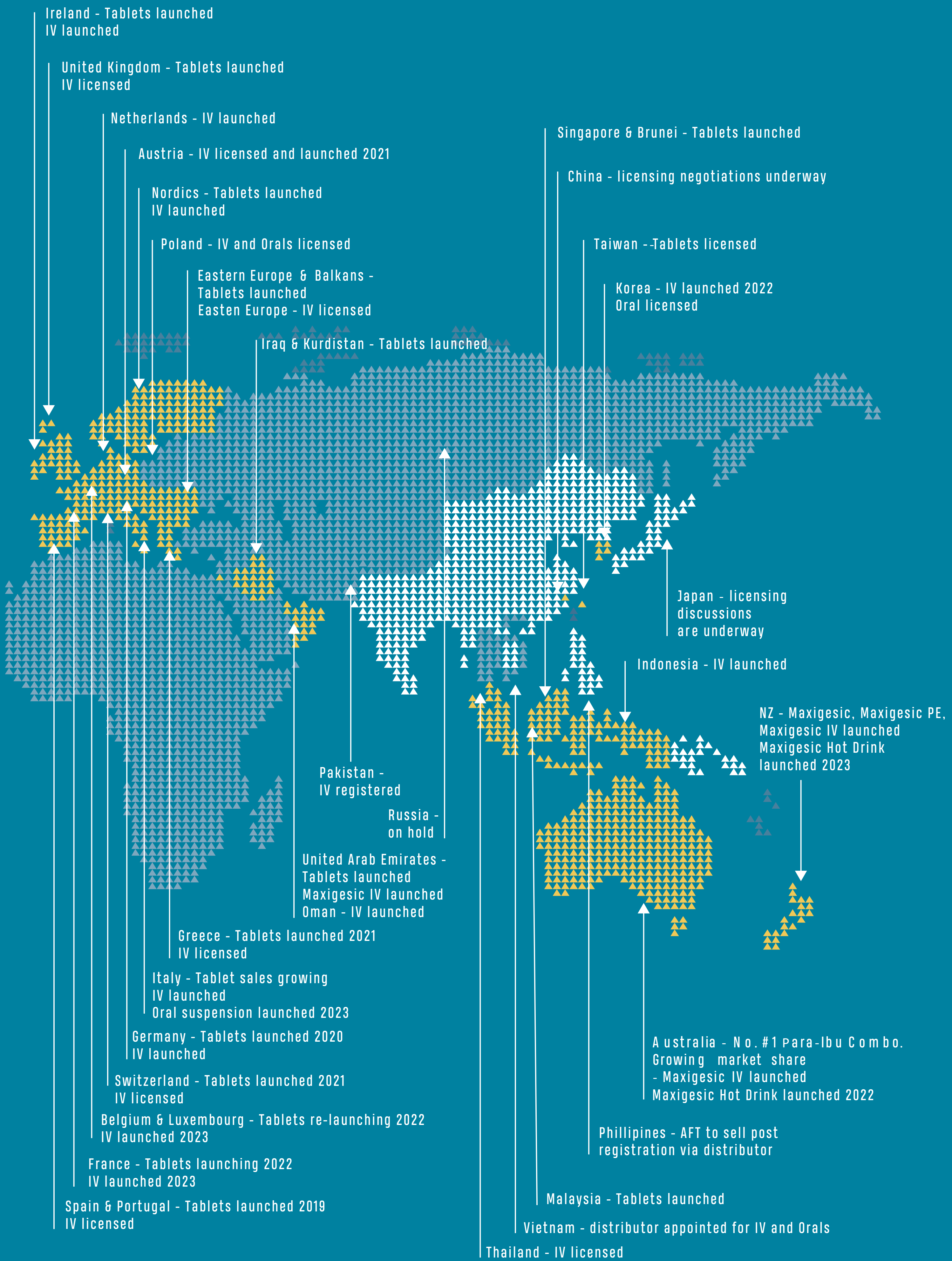
Product	Maxigesic Tablets		Maxigesic IV		Maxigesic Oral Solution*		Maxigesic Sachet	
Territories	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Licensed	100+	100+	100+	100+	100+	100+	100+	100+
Registered	66	52	43	37	14	2	2	1
Sold in	55	46	21	7	1	0	2	1

Maxigesic Global Update

Extending our reach into a US$59 billion market[1]



[1] www.expertmarketresearch.com/reports/analgesics-market


Ireland - Tablets launched
IV launched
United Kingdom - Tablets launched
IV licensed
Netherlands - IV launched
Austria - IV licensed and launched 2021
Nordics - Tablets launched
IV launched
Poland - IV and Orals licensed
Eastern Europe & Balkans -
Tablets launched
Easten Europe - IV licensed
Iraq & Kurdistan - Tablets launched
Singapore & Brunei - Tablets launched
China - licensing negotiations underway
Taiwan - -Tablets licensed
Korea - IV launched 2022
Oral licensed
Japan - licensing
discussions
are underway
Indonesia - IV launched
NZ - Maxigesic, Maxigesic PE,
Maxigesic IV launched
Maxigesic Hot Drink
launched 2023
Pakistan -
IV registered
Russia -
on hold
United Arab Emirates -
Tablets launched
Maxigesic IV launched
Oman - IV launched
Greece - Tablets launched 2021
IV licensed
Italy - Tablet sales growing
IV launched
Oral suspension launched 2023
Germany - Tablets launched 2020
IV launched
Switzerland - Tablets launched 2021
IV licensed
Belgium & Luxembourg - Tablets re-launching 2022
IV launched 2023
France - Tablets launching 2022
IV launched 2023
Spain & Portugal - Tablets launched 2019
IV licensed
Australia - No. #1 Para-Ibu Combo.
Growing market share
- Maxigesic IV launched
Maxigesic Hot Drink launched 2022
Phillipines - AFT to sell post
registration via distributor
Malaysia - Tablets launched
Vietnam - distributor appointed for IV and Orals
Thailand - IV licensed

R&D portfolio development

PORTFOLIO EXPANDS, EXTENDING AFT'S GROWTH OPPORTUNITIES

Our research and development programme has continued to strengthen the foundations for AFT's future growth. We are pleased to have secured approvals for two of our products in the world's two largest healthcare markets.

In April the US Food and Drug Administration registered our rapid release tablet form of Maxigesic, the first time a New Zealand pharmaceutical company has received approval for a patented, locally developed prescription medicine.

In early May we received notification from the FDA that it would respond to AFT's request for registration of the intravenous form, Maxigesic IV, in October of this year.

Meanwhile in March we gained approval to sell our long-lasting hand sanitiser Crystawash Extend in China.

The development portfolio now encompasses nine primary projects. This broad diversification of products provides protection as development paths are never smooth and are often unpredictable, as the experience with our nasal nebuliser NasoSURF has shown on page 18.

During this financial year, we have added two major projects to our pipeline, the first, the development of a topical treatment for strawberry birthmarks and secondly an eye drop targeted at drug resistant superbugs. Both of these patent-protected projects, if successfully developed, have significant global sales potential.

An important factor in this expansion has been a reduction in the availability of development capital to capital consuming biotechnology companies amid the downturn in international financial markets. AFT, as a profitable company, is able to fund all of its projects from its existing cashflows. We continue to evaluate additional opportunities.

We continue to take a disciplined approach to the programme. Research and development expenditure (expensed and capitalised) in the 2023 financial year was $11.8 million compared to $10.4 million in the previous year.

PRODUCT	ROUTE ADMIN / DUE FORM	STAGE FORMULATION MANUFACTURING	CLINICAL DEVELOPMENT	REGULATING FILING	COMMERCIALIZATION
Pain					
Maxigesic	IV USA			Target approval late 2023	
Maxigesic	Dry Stick		Target completion in 2023		
Maxigesic	Day/Night			Target filing 2023	
Maxigesic	Cold, Flu & Sinus Kit				Already launched in Australia
Nasosurf Intranasal					
Eyecare					
Antibiotic Eyedrop					
Dermatology					
Project SD	Topical			Filed	
Strawberry birthmarks	Topical				
Gastroenterology					
Project KW	Tablets			Target filing 2023	
Project KW	Sachet			Target filing 2023	
Project KW	Combo		Targeted in 1H 2024		
Project BT	Enema			Target filing 2023	
CBD					
				Timeline confidential	

"AFT as a profitable company is able to fund all of its projects from its existing cashflows."

Maxigesic:

Development work on the additional dose forms of Maxigesic continues as we seek to build the widest portfolio of paracetamol-ibuprofen combination products available globally.

We are targeting further global registrations of:

- Maxigesic Rapid (patent expiry 2039), a rapid release tablet form;
- Maxigesic Dry Stick Sachets, (paten t expiry 2036), sachets of flavoured granules that can be taken without water;
- Maxigesic Cold & Flu: Sinus & Pain Kit launched in Australia (patent expiry 2037); and
- Maxigesic Day/Night (patent expiry 2036).

NasoSURF:

Our NasoSURF nasal nebuliser project struck some manufacturing problems during the financial year, and we are now switching to an additional manufacturer in Australia to assist in resolving these issues. We continue to expect to complete the first human study this year and to make an FDA New Drug Application (NDA) in 2024.

Pascomer:

We completed our initial Pascomer clinical study examining the potential of the medicine in the treatment of facial angiofibromas. The evidence, while compelling, did not reach the threshold sufficient for registration as a treatment in the US, however we still see potential for this medicine in other markets and have already filed several regulatory approvals.

We have also started a pilot study examining the efficacy of the medicine in the treatment of Port Wine Stain birthmarks. The study is in the early stages, but should the development be successful it offers a potentially larger market opportunity than treatments for facial angiofibromas. We expect the pilot study to be completed this calendar year.

Antibiotic Eye Drop:

Following in-licensing of a key technology from the US based company, Latitude Pharmaceuticals, we are advancing work to go to the US FDA with data for a pre-IND meeting early next year. Latitude and AFT estimate the market potential of the medicine to be as large as US$1 billion.

Project SD:

The development work has been completed and the first regulatory filings have already been made and we are planning further filings. Potential markets are estimated to be around US$200 million.

Project BT:

The development work has been completed for this project and some further manufacturing optimization work is underway before planned regulatory filings during this year. Potential markets are estimated to be around US$200 million.

Project KW:

The project, focused on the gastrointestinal tract, comprises three separate developments. The first two, a tablet and a sachet, are advancing at an Italian based manufacturer with dossiers planned to be available this calendar year. The third is planned to be initiated this calendar year depending on progress with the first two. The project is targeting a market segment of US$700 million.

Strawberry Birthmarks:

In cooperation with Massey Ventures, the IP commercialisation arm of Massey University, and the Gillies McIndoe Research Institute, we have also started the development program for a novel patented topical treatment for strawberry birthmarks which are skin growths seen in new-borns.

This project, which seeks to exploit the synergistic action of two well-known heart medicines (beta blockers and angiotensin-converting enzyme inhibitors) in the treatment of the birthmarks. We are aiming to submit an Investigational New Drug (IND) application to the United States Food and Drug Administration in 2024.

Project CBD:

Our medicinal cannabis (CBD) program is progressing well but given the highly competitive nature of this market opportunity in the key target Australian market, we will not disclose details until, and if, we are able to secure an OTC approval in Australia.

This represents a lucrative opportunity for the company, with some estimating the Australian OTC CBD market alone to be worth some A$250 million a year. Although it is not crucial to be first to market, it will be an important milestone for the company that can achieve this target.

Working to Improve Your Health

OUR COMMITMENTS TO OUR STAKEHOLDERS

AFT Pharmaceuticals has delivered a decades-long record of 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 are critical to our long-term ability to create value and improve the health of the customers and communities we serve.

In 2022 we completed an analysis of the material issues to our business and our stakeholders. On the back of this work, we established a sustainability framework that we are now using to prioritise our efforts to realise opportunities, manage the risks to our business, and ensure we are creating shared value with our stakeholders.

This year we have further evolved the sustainability framework by beginning to introduce objective and robust measures of performance in the ESG areas that are material to our business. We understand measurement is an important step to help AFT to refine our priorities, better manage risks, and identify opportunities for innovation. It also promotes transparency and helps stakeholders understand how we are managing our sustainability risks and opportunities.

Measurement of our performance in the areas we have identified as our priorities is also the logical precursor to the next stage in the evolution of our strategy – the establishment of robust targets for improvement that are meaningful and material to our business and our stakeholders.

"ESG considerations are critical to our long-term ability to create value and improve the health of the customers and communities we serve."

ENVIRONMENTAL SOCIAL AND GOVERNANCE HIGHLIGHTS

OUR PRODUCTS

150
MEDICINES TARGETED AT SEVEN THERAPEUTIC AREAS

61
COUNTRIES WHERE OUR PRODUCTS ARE SOLD

7,700
PHARMACIES ACROSS AUSTRALASIA THAT DISTRIBUTE OUR PRODUCTS

$11.8m
SPENT ON RESEARCH AND DEVELOPMENT, UP FROM $10.4 MILLION IN FY22

OUR PEOPLE

64% : 36%
FTE FEMALE TO MALE RATIO

0
INSTANCES OF CONCERN REVEALED BY GENDER PAY PARITY REVIEW

0 hrs
LOST TIME TO INJURY

OUR BUSINESS

Instituted
A SUPPLIER CODE OF CONDUCT

0
PRODUCT RECALLS

90%+
OF OUR SUPPLIERS ATTESTED TO COMPLIANCE WITH OUR MODERN SLAVERY POLICY

99%
OF PACKAGING WASTE IN OUR WAREHOUSES DIVERTED FROM LANDFILL

MEASURING THE SUSTAINABILITY OF OUR OPERATIONS

AFT's Sustainability Framework

AFT's framework clearly sets out our material ESG issues and identifies what we see are the six priorities for the business. Underneath each of the six priorities we have identified areas of focus, which set out what we will do to deliver on our priorities. For the first time we have this year we have listed the metrics we are using to measure our performance. We expect to evolve and refine these measures in line with the evolution of our ESG framework.

The framework and our performance against it are led by the CFO and overseen by the Board. It is used to guide internal decision making and investment and track progress and report publicly. We use this framework to guide our investment in and delivery of sustainability across the three ESG pillars. The priority areas demonstrate where we can create value for the business and our stakeholders.

As in previous years, we continue to map our business and community initiatives onto the United Nation's Sustainable Development Goals to show how our efforts fit within a global vision for positive change.

OUR MISSION: WORKING TO IMPROVE YOUR HEALTH

AFT is committed to enhancing the health and wellbeing of people and communities in the markets we serve and operating a sustainable business.

Our Strategies

ENVIRONMENT

PRIORITY

Waste minimisation

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

AREAS OF FOCUS

Improving our consumer packaging

How we measure performance:

- Continuous improvements in reducing packaging weight
- Introducing recycled material into our packaging
- Making more of our packaging recoverable

Reducing waste in the supply chain

How we measure performance:

- Reducing packaging consumption
- Reducing material towards landfill

SOCIAL

PRIORITY

Working to improve health and wellbeing

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

AREAS OF FOCUS

Better health and wellbeing for patients and communities

How we measure performance:

- Product reach and breadth of therapeutic applications
- Philanthropic work

Best quality and safety systems for manufacturing and distributing medicines

How we measure performance:

- Compliance with best practice standards in medicine manufacture
- Our pharmacovigilance practices and relationships with our regulators
- Product recalls

Innovation in response to need

How we measure performance:

- Investment in research and development
- Product development portfolio
- Patent portfolio depth

GOVERNANCE

PRIORITY

Best practice corporate governance

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

AREAS OF FOCUS

Complying with all relevant and legal listing requirements

How we measure performance:

- Regulatory and governance code compliance
- Training and education

ESG reporting and transparency

How we measure performance:

- Policy adherence by the board and management

	ENVIRONMENT	SOCIAL	GOVERNANCE
PRIORITY	Understanding climate related risks and taking action 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	Supporting and developing our people 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	Ethical and sustainable value chains 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
AREAS OF FOCUS	**Undertaking a climate risk assessment** How we measure performance: • Preparing to report against the Aotearoa New Zealand Climate Standards **Working with suppliers to take climate action** How we measure performance: • Preparing to report against the Aotearoa New Zealand Climate Standards	**Developing our people** How we measure performance: • Training • Staff turnover • Wellbeing support **Diversity and inclusion** How we measure performance: • Compliance with our code of culture and ethics • Compliance with our policy suite • Monitoring gender, culture identity, nationality to ensure diversity. • Living wage, parental leave, and pay parity commitments **Health and safety** How we measure performance: • Health and safety policy compliance • Supplier Code of Conduct compliance • Lost time to injury reporting	**ESG performance in our value chain** How we measure performance: • Compliance with our Supplier Code of Conduct and our Modern Slavery commitments **Ethical marketing and sales practices** How we measure performance: • Compliance with our code of culture and ethics, our anti-bribery and corruption policies

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 goals were established in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030. At AFT we believe we can meaningfully contribute to the six of the goals.

More information on the goals can be found here: https://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.

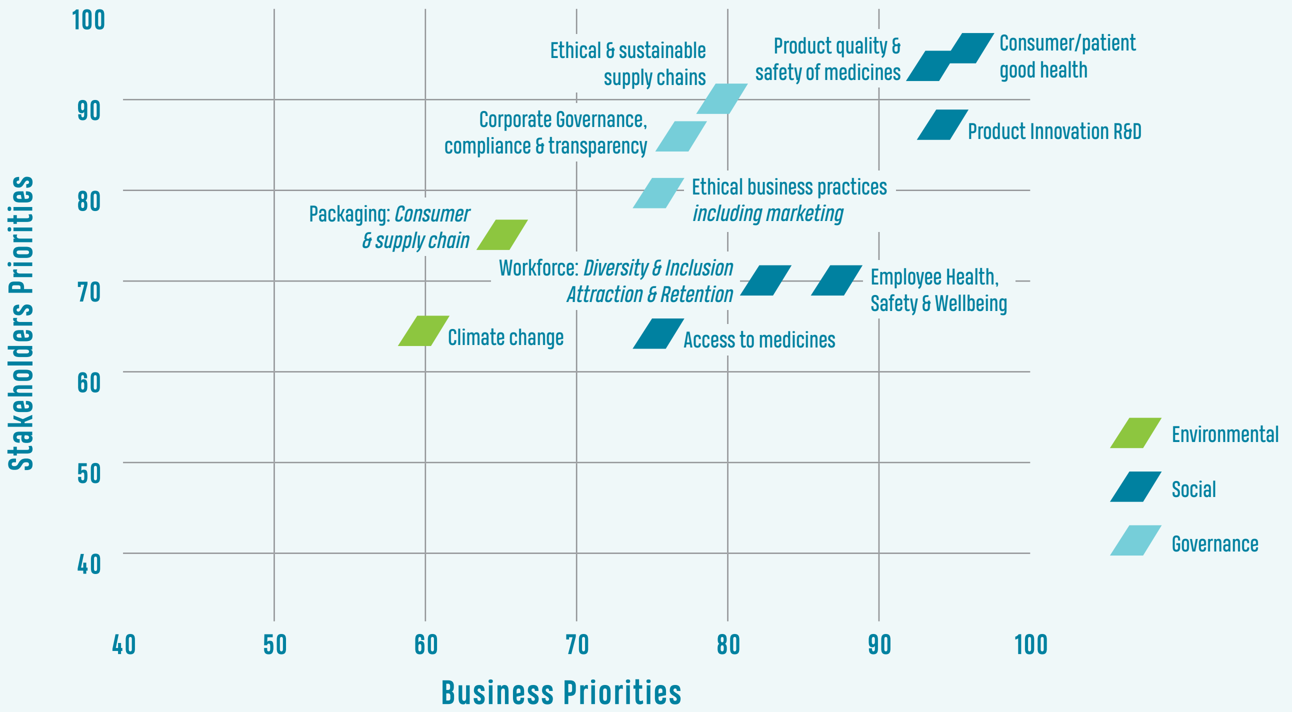
Climate Action Take urgent action to combat climate change and its impacts.

HOW WE SET OUR PRIORITIES

Our ESG framework is built on a thorough analysis of the material sustainability issues facing AFT that matter most to our business and our stakeholders.

It also follows from an analysis of those areas where we can have the greatest impact. In the context of our status as a publicly listed company, 'material' matters are those that a reasonable person would consider having an impact on the company's valuation or the sustainability of our operations. However, 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. The culmination of this analysis is the materiality matrix below.

ESG matters material to AFT's business



[10]*Ethical and sustainable supply chains are categorised as a governance issue, as it encompasses the management oversight of both environmental and social performance of contract manufacturers, license holders and other suppliers.*

1. Improving Health and Wellbeing

Focus areas:

- Better health and wellbeing for patients and communities
- Best practice quality and safety systems for manufacturing and distributing medicines.
- Innovation in response to patient need.

Extending our reach with new and innovative medicines

Improving the health of our customers is the reason we exist, and we are determined to be good to our word by researching, developing, commercialising, and distributing medicines and other healthcare products that are proven to deliver tangible improvements. We will never lean on pseudo-science or spin to imply efficacy.

Our portfolio of medicines now extends to 150 products, up from 130 at the same time a year ago. It spans our seven core therapeutic categories of pain, eyecare, vitamins, allergy, gastrointestinal medications, dermatology, and hospital products. It is also continuing to expand with the launch of 68 new products slated for launch between the current financial year (FY24) and the end of the 2026 financial year. Our products have been sold in 61 countries, up from 46 at the same time a year ago and we have licensees for our products in more than 100 countries worldwide.

In the past year alone, we spent $11.8 million on research and development, an increase on the $10.4 million spent in the prior year. This level of spending is in line with our spending over the last two decades. These resources have been devoted to tracking and responding to our customers' needs, funding clinical trials to prove the efficacy of our Maxigesic family of pain relief medicines and other products such as Pascomer, our treatment for a disfiguring and distressing skin disease. We are also reaching out to clinicians and other healthcare professionals to inform them about, and encourage the use of, our products.

We apply the same standards to the products we in license from our networks around the world. Leveraging our global partnerships, we identify solutions to meet hitherto unmet needs in our home markets of Australia, New Zealand and turn only to those products where there is a body of evidence that attests to the benefits they offer.

Finally, all research and clinical trials are conducted and are subject to ethical and patient safety standards that are administered by independent oversight bodies such as the US Food and Drug Administration, Australia's Therapeutic Goods Administration, New Zealand's Medicines, and Medical Devices Safety Authority, among many others. Where we are conducting clinical research, it is always overseen by ethical research oversight bodies.

Supporting academic research

In an ongoing recognition of the extent to which we rely on New Zealand educational and research institutions to train the people we need to grow and thrive; we provide financial support. AFT has a long-standing association with and provides support to the University's Medical Health Science Professor Brian Anderson, who specialises in paediatric anaesthesia, paediatric intensive care paediatric and pharmacology. Our approach with all philanthropic work is aligned with the company's determination to work in partnership with organisations and people who are involved in our business and to gift to areas where we believe we can have the greatest impact.

Access to Medicines

We recognise access to medicines is an important equity issue. We have a strong history of working with clinicians who engage regularly with our business to identify countries, communities, and charities that most need access to our products. We also supply a number of rare medicines vital to the health and well-being of the populations we serve.

Late last year we worked with the Australian government to deliver emergency supplies of our medicine fomepizole to Indonesia to help children poisoned by a tainted cough syrup sourced from India (not an AFT product). Batches of the syrup were tainted with ethylene glycol, the effects of which can be mitigated by fomepizole. In the middle of weekend towards the end of last year we worked with the Australian government to get the only supplies of fomepizole available in Australia from our warehouse in Sydney to Jakarta to treat the children.

Indonesian health authorities taking delivery of our medicine fomepizole.

Product Safety and Quality

Efficacy of a medicine means nothing without the highest standards of product safety and quality. We recognise them as being 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 around the world and 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 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.

A member of the executive team is dedicated to managing and complying with regulatory process while another oversees our research and development processes. We and our licensees monitor the markets in which we operate to ensure counterfeits or copies of our medicines are not being sold. Meanwhile our brands and 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 risk management framework and the company's product labelling system. The committee charter is available on the investor section of our website.

We have over the last year maintained our strong record for product safety and quality. No products have been sold into the market without the required regulatory approvals, we have received no notifications of concern in relation product counterfeits, nor have we issued any product recalls.

2. Best practice corporate governance

Focus areas:

Complying with all relevant legal and listing requirements

ESG Reporting and transparency

AFT Pharmaceuticals is committed to maintaining corporate governance standards in line with best practice and high ethical standards. This commitment recognises good governance is fundamental to our business success. Our governance framework puts in place clear standards of oversight and risk management and ensures accountability to all our stakeholders.

We have continued to evolve our governance framework and it is now embedded as a key pillar of our broader sustainability framework (see above). This year we have introduced a Supplier Code of Conduct (see Ethical and Sustainable Value Chains below). This policy builds on the introduction of a Modern Slavery Policy and Statement and an Anti-Bribery and Anti-Corruption Policy in the prior year. For the first-time we are reporting objective measures of performance across key areas as the first step towards developing strategies and robust targets for improvement that are meaningful and material to our business and our stakeholders. This includes our ongoing preparations to report against the new Aotearoa New Zealand Climate Standards.

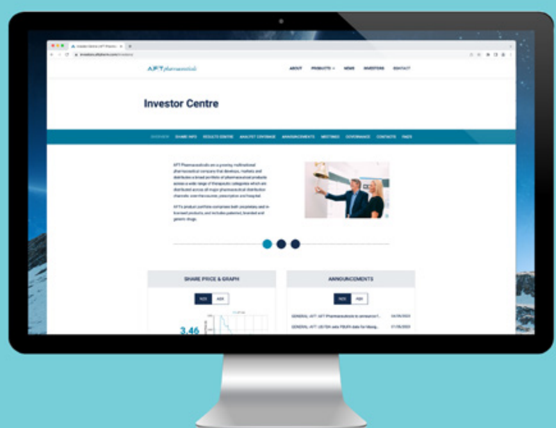
The Board has reviewed all key governance policies during the year and received management assurance of compliance with them. All employees have received training and refresher courses on key policies (see Supporting and Developing our People below). Meanwhile, as at the time of preparation of this report, we have received no reports of bribery or corruption, nor any breaches or issues of concern related to the company's Code of Culture and Ethics, Modern Slavery, Securities Trading, and Market Disclosure Policies.

NZX and ASX Listing Rules

We continue to ensure that our governance framework is aligned with our obligations as a listed company and the prevailing standards of good corporate behaviour. The AFT Board has had regard to the NZX Listing Rules and a number of corporate governance recommendations when establishing its governance framework, including the Third and Fourth Editions of the Australian Securities Exchange (ASX) Corporate Governance Council Principles and Recommendations (notwithstanding AFT is not required to follow these recommendations due to its ASX Foreign Exempt Listing) and the current NZX Corporate Governance Code (NZX Code).

The NZX Listing Rules require AFT to formally report its compliance against the recommendations contained in the NZX Code as dated 17 June 2022 or voluntarily report against the code as dated 1 April 2023. AFT has elected to do the latter. We have set out in our 2023 Corporate Governance Statement how we have implemented the recommendations in the new code. Except to the extent outlined in the Corporate Governance Statement, the Board considers that AFT's corporate governance structures, practices and processes have followed all their recommendations in the new NZX Code in the financial year ended 31 March 2023.

AFT's Corporate Governance Statement, our governance charters and policies can be found in the Investor Centre on our website. 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.



Visit investors.aftpharm.com/Investors

3. Ethical and Sustainable Value Chains

Focus areas:

ESG performance of our value chain

Ethical marketing and sales practices

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, the United States and India and Asia. Due to the extent of these networks, we recognise the supply chain represents a reputational and financial risk to the business.

This year we introduced a Supplier Code of Conduct. The code applies to all suppliers of both products and services to AFT, including their parent, subsidiaries, affiliates, and subcontractors. The code requires suppliers among other things to:

- comply with applicable national, and international laws;
- observe and model ethical business practices;
- ensure all workers are treated in a manner consistent with international human rights standards, including the UN Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, and the International Labour Organisation Core Conventions; and
- establish and follow effective policies and procedures to promote workplace health and safety.

The code also requires suppliers to attest to compliance with the code and allows for inspections by AFT. Meanwhile in 2022 the company introduced a Modern Slavery Policy to ensure that our supply chain was free of intolerable practices such as slavery, servitude, forced or compulsory labour and human trafficking. The policy requires that the entities that AFT controls: comply with all applicable laws and regulations; address Modern Slavery risks in our supply chain and business operations; and sets minimum standards for employees and those who work on our behalf.

Notably it requires that compliance with the Modern Slavery Policy – and compliance with applicable Modern Slavery laws and regulations – be embedded within supplier contracts and give AFT the capacity to cease dealing with a counterparty if it is found in breach of either. The policy also requires AFT and our business units to monitor suppliers to ensure compliance with the policy and transparently report on the steps we take to address Modern Slavery risks in our operations and supply chains.

In the 2023 financial year AFT sent all suppliers a copy of the Modern Slavery Policy and requested they attest to compliance with it. So far more than 90% have attested to compliance and we are following up with the remainder. The Modern Slavery Policy and AFT's second Modern Slavery Statement issued in compliance with the Australian Modern Slavery Act 2018 (Ch) and our Supplier Code of Conduct can be found in the investor centre on our website.

4. Supporting and developing our people

Focus areas:

- Developing our people
- Diversity and inclusion
- Health and safety

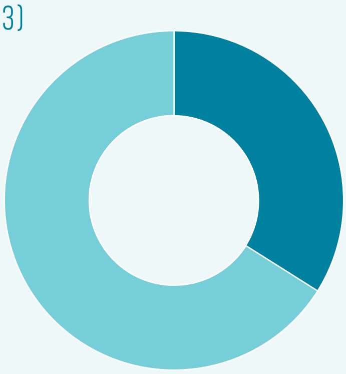
AFT is committed to ensuring equal opportunity for all its people regardless of race, nationality, gender, sexual orientation, age, religion, or physical ability. We are also committed to developing our people through education, training and providing workplace flexibility, including flexible work hours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

We make these commitments recognising 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 2023 we had 100 employees from 34 different cultural backgrounds and 27 birth countries, with a gender split of 66% women and 34% men and an age spread of employees ranging from 21 years to more than 70 years (average age of 42 years 9 months old). We also benefit from a loyal and stable workforce, with staff turnover across the financial year of 12% a figure that is consistent with prior years.

Employees by Gender Diversity

(%, as at 31 March 2023)



Gender composition of AFT's workforce

The respective numbers and proportions of men and women at various levels within the AFT workforce as at 31 March 2023 and 31 March 2022 are set out in the table below:

	Female				Male			
	2023		2022		2023		2022	
Directors[1]	2	33%	2	33%	4	67%	4	67%
Officers[1]	4	50%	4	40%	4	50%	6	60%
Workforce	64	64%	59	61%	36	36%	38	39%

[1] Officers are considered to be the CEO 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 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.

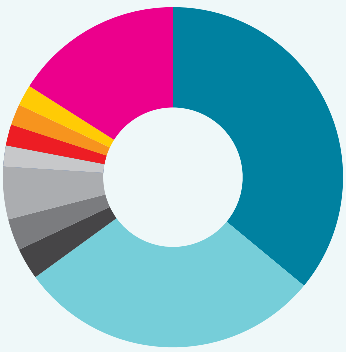
These efforts are supported by an ongoing programme to educate our team on the importance of creating a diverse and inclusive environment and providing awareness of the potential for unconscious bias in people management processes. This includes a formal managers' training programme provided by an external company for maintaining our current diversity of culture, age, and gender across departments.

Our team is also supported by continuous workplace policy development. We have this year updated our maternity policy where AFT will match government contributions in all of the territories where we operate, effectively doubling the statutory entitlements of all our employees. This year we also introduced a Family Violence policy to provide time and support to any employees associated with violence in the home.

We actively monitor the diversity of our workforce. Our aim is to ensure that our workforce continues to benefit from this broad range of perspective and backgrounds, and we report quarterly to the board on the number of employees, gender, age, birth country and cultural identity.

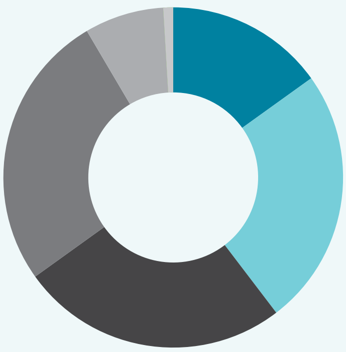
Employees by Birth Country Diversity
(%, as at 31 March 2023)

Australia	36%
New Zealand	29%
India	3%
China	3%
United Kingdom	5%
Malaysia	2%
Phillipines	2%
Germany	2%
Switzerland	2%
Other	16%



Employees by Age Diversity
(%, as at 31 March 2023)

21-30	16%
31-40	25%
41-50	25%
51-60	26%
61-70	7%
70+	1%



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, culture region 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. This review also considered deviations from company averages and targets to understand whether any unconscious bias was occurring in recruitment or promotion.

We are comfortable that we have achieved gender pay equity, 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 correct the imbalance over time, where possible. We are meanwhile committed to paying the living wage, but reflecting the capabilities and skills of our people, the vast majority receive remuneration well in excess of this level.

The remuneration of our Directors and Executive Directors are overseen by the Board and the company's Remuneration and Nominations Committee as detailed in our Corporate Governance Statement.

Developing our people

We continue to upskill our people recognising the role it plays 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. All professional development undertaken by our staff is paid for by AFT, this has included courses for pharmacists, accountants, and lawyers to ensure their continued education and professional memberships are maintained.

Community

This year in Australia we worked with the Chemist Warehouse to raise money for the women's mental health charities the Liptember Foundation and the men's mental health charity Gotcha 4 Life. We contributed 5% of the total gross sale proceeds of Maxigesic tablets sold through Chemist Warehouse over the promotional period.

The Liptember Foundation runs a campaign each September dedicated to raising funds and awareness for women's mental health. The Gotcha 4 Life foundation aims to reduce the rate of suicide in men across Australia. It does this by providing support to organisations like Lifeline by recruiting and training more male counsellors. It also aims to have appropriately trained teachers reach out to schools and develop programs that show how boys and adolescent men can 'open up'. Through both promotions we contributed a total of A$20,000 to the charities.

liptember.

Meanwhile, in the wake of the Auckland floods this year we donated packs of our hand sanitiser Crystawash, and the long-lasting version Crystawash Extend to Northshore communities to protect them as they worked often in polluted waters to repair the damage of the flooding.

This philanthropic work builds on past contributions to charities working to improve eyecare in Nepal (Eyes4Everest), delivering medicines to communities in Vietnam (AusViet Charity Foundation) and East Timor (Carmelite Nuns) and providing medicine to help combat scabies in Bougainville (Wesleyan Medical Mission) among others. We also provide medicines to firefighters involved in combatting bushfires each season in Australia and to support services during the recent flooding across New Zealand.

Health and safety

AFT has adopted 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 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. 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 flu vaccinations and 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 health and safety targets and our progress on them below.

Indicator	Target	Performance
Lost time to injuries	0	Achieved
Total recordable injuries	0	Achieved

5. Waste minimisation

Focus areas:

Improving our consumer packaging

Reducing waste in the supply chain

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, particularly of supply-chain and distribution, consumer, and hospital packaging. We have also instituted recycling systems at our offices.

We are looking at the packaging material used throughout the supply chain. Our report for this year includes the primary and secondary packaging which we previously did not report on. Primary packaging is the material that contacts the medicine. Secondary packaging is the external packaging which encloses the primary packaging. The primary packaging is regulated according to strict pharmacopeial standards and consequently most of our products cannot be manufactured from recycled material. For example, the glass material used to pack pharmaceutical products, especially those for parenteral administration must be made of specialist glass with high hydrolytic resistance.

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 recognises AFT as 'advanced' in its efforts against the organisation's goals. This is the same overall rating as the prior year. We achieved the majority of packaging goals we set in 2022 covering the development of strategies to increase the sustainability and recoverability of our packaging, our efforts to recycle waste at our warehouses and our elimination of problematic materials in the supply chain. We made key advances in the design and procurement of packaging category, with 98.7% of our packaging optimised for material efficiency. However, we have more work to do in improving the labelling on our packaging to help consumers understand how to dispose of it at the end of its life. The full 2023 APCO report will be available on our website when finalised.

98.7%

OF OUR PACKAGING IS DESIGNED TO BE RECOVERABLE AT END OF LIFE

AFT's Packaging Progress

Area of Focus	Key Metrics
Governance and strategy	Packaging sustainability is integrated into our business strategies.
Design and procurement	100% of our packaging reviewed against sustainable packaging guidelines. 98.7% of our packaging has been optimised for material efficiency.
Recycled content	31% of our packaging has at least some packaging made from recycled material.*
Recoverability	98.7% of our packaging is designed to be recoverable at end of life.
On site waste	99% of our packaging waste in our warehouses is reused or recycled.
Problematic materials	1.3% single use packaging in our supply chain.

* Most of our packaging in primary packaging is regulated according to strict pharmacopeial standards and consequently has to be made from non-recyclable material.

6. Understanding our climate-related risks and taking action

Focus areas:

Undertaking a climate-risk assessment

Working with suppliers committed to climate action

The majority of our greenhouse gas emissions directly attributable to the business are in the distribution of our products via sea, land, and air freight modes of transport. We are committed to understanding and communicating to shareholders the implications of climate change on our business and what we are doing to mitigate the risks and take advantage of the opportunities.

In 2022 AFT began preparations to report against the new Aotearoa New Zealand Climate Standards in the 2024 financial year. AFT has resolved the Board will have oversight of our climate related risks and opportunities alongside its oversight of the company's broader ESG framework. Our climate related risks are to be considered as part of the Board's annual strategic review and to be integrated into our strategy and risk management framework. Responsibility for delivering against those strategic goals and monitoring and managing climate related risks will be delegated to the Managing Director in accordance with the existing delegations as set out in AFT's Board Charter.

We have engaged Toitu Envirocare to assist with the measurement and independent audit of the company's greenhouse gas emissions. Monitoring of AFT's progress against climate-related strategic goals and assessing climate related risks, including the measures and targets relevant to monitoring progress, will be embedded within our existing corporate reporting systems and processes.

The Board will be assisted in its oversight of climate related risks and opportunities by the Audit and Risk Committee. Meanwhile, the Board will consider the extent to which it has the skills and competencies to provide oversight of climate related risks and opportunities as part of the Board's annual evaluation process.

Reconciliation of EBITDA to GAAP

AFT's 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**	**2023**	**2022**
Net profit after tax attributable to owners of the parent	10,654	19,848
Less: Finance income	(13)	(4)
Add back: Interest costs	2,873	2,435
Add back: Other finance loss/(gain)	1,010	(727)
Add back: Depreciation	808	827
Add back: Amortisation	916	260
Add back: Income tax expense/(benefit)	5,145	(1,163)
EBITDA	**21,393**	**21,476**

Directors

David Flacks

CHAIRMAN

Appointed 22 June 2015

David has a number of governance roles and has been chair of AFT since the company's initial public offer in 2015. David is also chair of the Suncorp New Zealand group of companies. He is a director of Todd Corporation, and a number of environmentally focused pro bono organisations. He is a former chair of the NZX Markets Disciplinary Tribunal and a former member of the Takeovers Panel. He is also 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 1990s. 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 that Hartley was a Drug Information Pharmacist and Researcher at the Department of Clinical Pharmacology, Christchurch Hospital. Hartley is the author of more than 30 scientific publications and his work has been published in the prestigious The 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.

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 above and on the following pages.

Anita Baldauf

INDEPENDENT DIRECTOR

Appointed 4 November 2020

Anita brings to AFT a broad and international experience in FMCG and Corporate Finance. Her 22-year career at Nestlé and L'Oréal (Laboratoires Innéov), mostly as CFO in multiple developed and developing countries, gave her a rich expertise in finance and investor relations, compliance and governance, international business as well as people development, and value-based leadership. Anita is impassioned about driving impact, particularly in the area of Wellbeing and mental health. She is a Fellow of the Edmund Hillary Fellowship, where she is advising and supporting New Zealand and international start-ups and impact ventures as they navigate through the challenges of exponential change, rapid growth, and their aim for impact and sustainability.

Jon Lamb

INDEPENDENT DIRECTOR

Appointed 4 September 2012

Jon has led the strategic planning, marketing and restructuring of various companies throughout his career, including Beecham, Nylex, Fletcher Challenge, and the New Zealand Kiwifruit Marketing Board.

He is a and a former Director of Vorionyx, a New Zealand company that developed an antiviral drug designed to combat AIDS.

His is a Director of an Australian cannabis company and Deputy Chair of Australian diagnostic company ATF Group.

Jon has been involved with AFT since 2004, firstly as a consultant, and then in his current capacity as a Director.

Jon is a Member of the Institute of Directors and has a Diploma from the Marketing Institute of the UK (now the Chartered Institute of Marketing).

Dr Ted Witek

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed 23 December 2020

Ted served Boehringer Ingelheim Pharmaceuticals for nearly 25 years where he held various pharmacology and clinical research positions, including Director of Respiratory and Immunology Clinical Research leading to his roles as President and CEO of Boehringer Ingelheim's Canadian and Portuguese operations. He led the Global Operating Team for Spiriva serving as Co-Chair of the Global Alliance with Pfizer. Ted also was Chief Scientific Officer & Senior Vice President, Corporate Partnerships, at Innoviva (Formerly Theravance, Inc.). He also served on the Board of Directors of Canada's Research-Based Pharmaceutical Companies (Rx&D) including Chair of the Health Technology Assessment and Public Relations Committee. He was appointed to the Ontario Health Innovation Council, an advisor to the Design for Health Program at OCAD University. He is currently an Adjunct Professor & Senior Fellow at the University of Toronto's School of Public Health & Leslie Dan Faculty of Pharmacy. He serves as Director of the DrPH program. Ted is the author of more than 100 scientific papers as well as several chapters and books.

Management Team

Malcolm Tubby

CHIEF FINANCIAL OFFICER

Malcolm is a qualified Chartered Accountant in the United Kingdom and New Zealand with 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

DIRECTOR RESEARCH AND DEVELOPMENT

Ioana has overall responsibility for AFT's research and development. She has over 25 years' experience in the pharmaceutical industry, including positions as Vice President Quality Assurance & Regulatory Affairs and Head of Vaccine Business Area at FIT Biotech Ltd, 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 Illievski

REGULATORY AFFAIRS MANAGER

Vladimir holds a Masters 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 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 and the United Kingdom.

Louise Clayton

DIRECTOR INTERNATIONAL BUSINESS

Having worked with brands within the supplement, over the counter, health and beauty channels, Louise has significant experience in driving international brands through a variety of roles encompassing sales, brand marketing, product sourcing, new product development, and new market expansion. With over 20 years' experience with international business, key accounts, sales and marketing teams, Louise has a core focus on brand growth and development within local and international markets.

Scott Crawford

GENERAL MANAGER PROMOTED PRODUCTS

Scott joined AFT in 2013 and is responsible for the Promoted Products Sales in Australia and New Zealand across all retail channels including Primary Care, Pharmacy, Supermarkets, Petrol, and Convenience. His role as General Manager of Promoted Products involves the coaching and development of account managers, field supervisors and trade marketing across ANZ. Scott has over 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 has since been 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.

AFT Pharmaceuticals Limited Consolidated Financial Statements

for the Year Ended 31 March 2023

Financial Statements Contents

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 2023, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 44 to 73, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

We are independent of the 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 and the provision of taxation advice, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be $1.5 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

Recoverability of Pascomer Intellectual Property
As disclosed in Note 12, the Group has intellectual property with a carrying value of $12.5m as well as capitalised development cost of $2m in relation to the Pascomer product at 31 March 2023.
The recoverability of the intellectual property associated with the Pascomer product depends upon successful clinical trials and registration. The recoverable amount is determined based on a fair value less costs of disposal methodology, using a risk adjusted net present value model (the 'valuation'). The model reflects key assumptions regarding the development and marketing of the product. The valuation methodology uses significant inputs which are not based on observable market data.
In the prior year the fair value less costs of disposal was determined by an independent valuer. In the current year, the valuation was determined by the Directors. This year the Directors have assessed:
• whether there have been any material changes in the key assumptions in the model since the previous independent valuation, and
• the possible impact, if any, arising from the claim against the Company, as disclosed in note 21.
We identified this as a key audit matter because of the significance of the intellectual property to the Group's consolidated financial statements, the judgement involved in determining the recoverable amount of the intellectual property, and the consideration of any potential impact of the continued legal claim.
	We evaluated the Group's recoverable amount assessment for the Pascomer intellectual property. In performing our procedures, we:
	• Obtained an understanding of the relevant controls over the valuation process including controls around the methodology adopted, the data used and the setting of key assumptions.
	• Challenged the key assumptions in the valuation by:
	  • Considering the timing of when successful clinical trials may be completed and the product registered by understanding the milestones achieved to date and the Group's progress against plans.
	  • Evaluating and challenging the Group's assessment of whether the key assumptions in the model should have changed since the date of the independent valuer's report.
	  • Working with our internal valuation specialist to assess whether the valuation method and discount rate assumptions continued to be appropriate.
	• Assessed the sensitivity of the valuation to changes in key assumptions.
	• Inquired with and inspected correspondence from the Group's external legal counsel to understand the status of the legal claim disclosed in Note 21, and to consider whether there could be any impact on the recoverable amount of the Intellectual property.

Other information

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

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

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

Directors' responsibilities for the consolidated financial statements

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

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

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

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

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

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

This description forms part of our auditor's report.

Restriction on use

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

Deloitte Limited

Bryce Henderson, Partner
for Deloitte Limited
Auckland, New Zealand
22 May 2023

Consolidated Income Statement

For the Year Ended 31 March 2023

	Note	2023 $'000	2022 $'000
Revenue	4	156,641	130,314
Cost of sales		(83,658)	(68,539)
Gross profit		**72,983**	**61,775**
Other income		-	225
Selling and distribution expenses		(36,543)	(28,330)
General and administrative expenses		(11,123)	(7,774)
Research and development expenses		(5,648)	(5,507)
Net operating profit		**19,669**	**20,389**
Finance income		13	4
Interest costs	7	(2,873)	(2,435)
Other finance (loss)/gain	7	(1,010)	727
Profit before tax		**15,799**	**18,685**
Income tax (expense)/benefit	13	(5,145)	1,163
Profit after tax attributable to owners of the parent		**10,654**	**19,848**
Earnings per share			
Basic and diluted earnings per share ($)		$0.10	$0.19

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

Consolidated Statement of Comprehensive Income

For the Year Ended 31 March 2023

	Note	2023 $'000	2022 $'000
Profit after tax		**10,654**	**19,848**
Other comprehensive income			
Items that may be subsequently reclassified to profit and loss:			
Foreign exchange difference on translation of foreign operations		(168)	13
Other comprehensive loss for the year, net of tax		**(168)**	**13**
Total comprehensive income		**10,486**	**19,861**

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

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2023

	Note	Share capital $'000	Share options reserve $'000	Foreign currency translation reserve $'000	Restated Retained earnings $'000	Total equity $'000
Balance 31 March 2021		**77,197**	**274**	**381**	**(41,264)**	**36,588**
Restatement of deferred tax	2	-	-	-	5,564	5,564
Balance 31 March 2021 restated		**77,197**	**274**	**381**	**(35,700)**	**42,152**
Profit after tax		-	-	-	19,848	19,848
Other comprehensive income		-	-	13	-	13
Total comprehensive income		**-**	**-**	**13**	**19,848**	**19,861**
Issue of share capital	17, 20	409	(113)	-	-	296
Movement in share options reserve		-	(1)	-	-	(1)
Balance 31 March 2022		**77,606**	**160**	**394**	**(15,852)**	**62,308**
Profit after tax		-	-	-	10,654	10,654
Other comprehensive income		-	-	(168)	-	(168)
Total comprehensive income		**-**	**-**	**(168)**	**10,654**	**10,486**
Issue of share capital	17, 20	634	(161)	-	-	473
Movement in share options reserve		-	1	-	-	1
Balance 31 March 2023		**78,240**	**-**	**226**	**(5,198)**	**73,268**

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

Consolidated Balance Sheet

As at 31 March 2023

	Note	2023 $'000	Restated 2022 $'000
ASSETS			
Current assets			
Inventories	10	42,397	33,500
Trade and other receivables	9	46,718	36,002
Cash and cash equivalents		4,749	7,940
Derivative assets	23	736	100
Total current assets		**94,600**	**77,542**
Non-current assets			
Property, plant and equipment	11	450	484
Intangible assets	12	45,627	38,093
Right of use assets	11	2,915	2,876
Deferred income tax assets	13	4,471	8,329
Total non-current assets		**53,463**	**49,782**
Total assets		**148,063**	**127,324**
LIABILITIES			
Current liabilities			
Trade and other payables	15	31,658	19,160
Provisions	16	4,147	4,143
Lease liabilities	14	571	542
Current income tax liability		834	844
Derivative liabilities	23	107	361
Interest bearing liabilities	14	2,458	4,000
Total current liabilities		**39,775**	**29,050**
Non-current liabilities			
Lease liabilities	14	2,820	2,766
Interest bearing liabilities	14	32,200	33,200
Total non-current liabilities		**35,020**	**35,966**
Total liabilities		**74,795**	**65,016**
EQUITY			
Share capital	17	78,240	77,606
Retained earnings/(losses)		(5,198)	(15,852)
Share options reserve	20	-	160
Foreign currency translation reserve		226	394
Total equity		**73,268**	**62,308**
Total liabilities and equity		**148,063**	**127,324**

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

On behalf of the Board on 22 May 2023

David Flacks
Chair

Dr Hartley Atkinson
Founder and Chief Executive Officer

Consolidated Statement of Cash Flows

For the Year Ended 31 March 2023

	2023 $'000	Restated 2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	146,801	128,702
Payments to suppliers and employees	(133,836)	(114,329)
Tax paid	(1,336)	(221)
Net cash generated from operating activities	**11,629**	**14,152**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(197)	(329)
Purchase of intangible assets	(8,980)	(5,256)
Net cash used in investing activities	**(9,177)**	**(5,585)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	475	295
Payment for lease liabilities	(593)	(879)
New borrowings	-	5,000
Borrowings repaid	(4,000)	(4,500)
Interest received	13	4
Interest paid on lease liabilities	(235)	(263)
Interest costs paid on borrowings	(2,638)	(1,933)
Net cash used in financing activities	**(6,978)**	**(2,276)**
Net (decrease)/increase in cash	(4,526)	6,291
Impact of foreign exchange on cash and cash equivalents	(123)	101
Opening cash and cash equivalents	7,940	1,548
Closing cash and cash equivalents	**3,291**	**7,940**
Made up of:		
Cash and cash equivalents	4,749	7,940
BNZ Overdraft	(1,458)	-
	3,291	**7,940**

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

Reconciliation of Profit After Tax with Net Cash Flow From Operating Activities

For the year ended 31 March 2023

	2023 $'000	2022 $'000
Profit after tax	**10,654**	**19,848**
Non-cash items and items classified as financing activities		
Depreciation	170	150
Depreciation ROU assets	638	634
Amortisation	916	260
Intangible disposals	530	-
Impact of foreign exchange on cash and cash equivalents	-	78
Share options expense	-	13
Interest on lease liabilities	235	-
Interest and finance expense	2,638	2,084
Unrealised (gain)/loss on foreign currency movements	(934)	(268)
Provision for tax expense	3,742	(1,175)
Interest received	(13)	-
Movement in working capital		
(Increase)/decrease in inventories	(8,897)	154
(Increase)/decrease in trade and other receivables	(10,716)	(4,963)
Increase/(decrease) in trade and other payables, provisions	12,666	(2,663)
Net cash generated from operating activities	**11,629**	**14,152**

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

Notes To The Financial Statements

For The Year Ended 31 March 2023

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 2023.

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 International Financial Reporting 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 International Financial Reporting 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:

- 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.

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.

Significant accounting policies

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 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.

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.

Comparative Information

In some cases comparative information has been restated to conform to this years presentation.

Prior period restatements

Statement Of Cashflows

The Group has determined that, for the purposes of the Statement of Cash Flows, the bank overdraft should be classified as cash and cash equivalents because it forms an integral part of the Group's cash management. Movements in the bank overdraft will therefore not be shown as a financing cashflows.

The prior period has been restated to conform with this presentation. As a result, net cashflows from financing activities for the year ended 31 March 2022 have increased by $1,638k with the contra entry to March 2021 closing cash and cash equivalents. The bank overdraft in March 2022 was nil resulting in no change to closing cash and cash equivalents at that date.

Deferred taxation

The group company in New Zealand sells inventory to the other group company located in Australia. In preparing the consolidated financial statements, the Group eliminates any unrealised profit relating to intragroup sales where the inventory is still held by the Group at balance date. Where the New Zealand company has recorded a current tax liability in relation to these unrealised profits, the Group should also record a deferred tax asset for the deduction that will be received by the Group company in Australia when the inventory is sold to customers. In prior reporting periods, there was no deferred tax recognised in relation to the elimination of unrealised intragroup profits between NZ and Australia. The restatement has resulted in the recognition of a deferred tax asset of $5.6 million at both 31 March 2021 and 31 March 2022. Since the amount of unrealised profit did not change between 31 March 2021 and 31 March 2022, there is no impact to the consolidated income statement for the year ended 31 March 2022.

The adjustments to the consolidated financial positions at 31 March 2021 and 31 March 2022 are as follows:

	31 March 2021	Adjustment	Restated 31 March 2021
Deferred tax asset	724	5,564	6,288
Retained earnings	(41,264)	5,564	(35,700)

	31 March 2022	Adjustment	Restated 31 March 2022
Deferred tax asset	2,765	5,564	8,329
Retained earnings	(21,416)	5,564	(15,852)

Additionally, the tax disclosure in prior year included an incorrect breakdown between the amounts of deferred tax relating to provisions and recognised tax losses. The table below shows the restated deferred tax assets at 31 March 2022 as disclosed in note 13:

Deferred tax assets related to:	**31 March 2022**	**Adjustment**	**Restated 31 March 2022**
Provisions	1,850	(1,126)	724
Recognised tax losses	915	1,126	2,041
Stock profit eliminations	-	5,564	5,564
Total deferred tax asset	**2,765**	**5,564**	**8,329**

3. Significant Transactions and Events in the Financial Year

No significant transactions and events occurred during the current year.

4. Revenue from Operations

	2023 $'000	2022 $'000
Sale of goods	154,947	123,090
Royalty income	821	480
Licensing Income	873	6,744
Total revenue from operations	**156,641**	**130,314**

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 income is recognised on an actual and accrued basis in accordance with the substance of the relevant agreement if 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 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	Total $'000
31 March 2023					
Revenue - Sale of goods	94,117	44,027	6,814	9,989	154,947
Revenue - Royalties	-	-	-	821	821
Revenue - Licensing	-	-	-	873	873
Total revenue	**94,117**	**44,027**	**6,814**	**11,683**	**156,641**
Other income	-	-	-	-	-
Depreciation - ROU assets	370	268	-	-	638
Depreciation - Other	24	146	-	-	170
Amortisation	-	916	-	-	916
Operating profit	**19,291**	**(840)**	**773**	**445**	**19,669**
Finance income	-	13	-	-	13
Interest expense - Loans	(56)	(2,495)	(87)	-	(2,638)
Interest expense - Lease liabilities	(55)	(180)	-	-	(235)
Other finance gains/(losses)	17	(1,027)	-	-	(1,010)
Profit / (loss) before tax	**19,197**	**(4,529)**	**686**	**445**	**15,799**
Total assets	**51,423**	**83,635**	**3**	**13,002**	**148,063**
ROU assets	865	2,050	-	-	2,915
Property plant and equipment	38	412	-	-	450
Pascomer IP	-	-	-	12,500	12,500
Other intangible assets	-	-	-	33,127	33,127
Total liabilities	**60,209**	**11,376**	**2,530**	**680**	**74,795**
Capital expenditure *	**11**	**9,166**	**-**	**-**	**9,177**

Notes To The Financial Statements (Continued)

For The Year Ended 31 March 2023

	Operating Segments				
	Australia $'000	New Zealand $'000	Asia $'000	Rest of World $'000	Total $'000
31 March 2022					
Revenue - Sale of goods	76,669	35,072	5,487	5,862	123,090
Revenue - Royalties	-	-	-	480	480
Revenue - Licensing	-	-	-	6,744	6,744
Total revenue	**76,669**	**35,072**	**5,487**	**13,086**	**130,314**
Other income	-	-	-	225	225
Depreciation - ROU assets	391	243	-	-	634
Depreciation - Other	32	117	1	-	150
Amortisation	-	259	-	-	259
Operating profit	**15,685**	**(73)**	**618**	**4,159**	**20,389**
Finance income	-	4	-	-	4
Interest expense - Loans	-	(2,088)	(84)	-	(2,172)
Interest expense - Lease liabilities	(72)	(191)	-	-	(263)
Other finance gains/(losses)	(258)	1,003	(18)	-	727
Profit /(loss) before tax	**15,355**	**(1,345)**	**516**	**4,159**	**18,685**
Total assets restated	**41,764**	**73,114**	**14**	**12,432**	**127,324**
ROU assets	646	2,230	-	-	2,876
Property plant and equipment	50	433	1	-	484
Pascomer IP	-	-	-	12,500	12,500
Other intangible assets	-	-	-	25,593	25,593
Total liabilities	**5,362**	**57,838**	**1,848**	**(32)**	**65,016**
Capital expenditure *	**37**	**5,928**	**-**	**-**	**5,965**

* Capital expenditure includes both intangible and tangible asset additions.

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. 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 head office function for the Group, supplier relationships and procurement of all stock for the Group, all regulatory activity, governance, all marketing activity and all finance activity. The sales and distribution activity principally relate 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. The CODM considers the benefit from the intangible assets with relate predominantly to future Rest of World sales.

• **Major Customers** – Revenues from one customer of the Australian segment (being a licensed wholesaler) represents approximately NZ$52.0m (2022 NZ$37.9m) and from one customer of the New Zealand segment (also being a licensed wholesaler) represents approximately NZ$22.9m (2022: NZ$16.1m) of the Group's total revenues.

7. Net Operating Profit

	Note	2023 $'000	2022 $'000
Profit before tax		**15,799**	**18,685**
After charging the following specific expenses			
Finished goods materials included in cost of sales		82,811	67,688
Inventory write off included in cost of sales		847	851
Auditor fees	8	275	255
Short term rental expenses - premises		127	137
Share options expense		-	13
Short term employee emoluments (*)			
Selling and distribution expenses		8,200	7,344
General and administration expenses		2,919	2,895
Research and development expenses		2,651	2,529
		13,770	**12,768**
Research and development expenses			
Business development		1,260	1,088
New market development		1,736	1,890
		2,996	**2,978**
Depreciation			
Plant and machinery		95	85
Furniture and fixtures		23	20
Vehicles		52	45
ROU equipment		16	55
ROU vehicles		285	289
ROU buildings		337	333
		808	**827**
Amortisation			
Patents		40	129
Software		4	9
Development costs		799	49
Registration costs		73	73
		916	**260**
Finance costs			
Interest on borrowings		2,638	2,172
Interest on ROU liabilities		235	263
Foreign exchange losses/(gains)		3,143	(642)
Derivative (gains)/losses		(2,131)	(269)
Other financing costs/(gains)		(2)	184
		3,883	**1,708**
* This includes contributions recognised as an expense for defined contributions		607	583

8. Fees Paid to Auditors

	2023 $'000	2022 $'000
Audit of financial statements		
Audit of annual financial statements	220	210
Review of interim financial statements	49	39
Total fees for audit and review services	**269**	**249**
Other services		
Tax R&D services	6	6
Total fees paid to Deloitte	**275**	**255**

9. Trade and Other Receivables

	2023 $'000	2022 $'000
Trade receivables	59,682	40,751
Less provision for customer rebates	(20,064)	(10,885)
	39,618	**29,866**
Provision for bad debt	-	-
Prepayments and sundry debtors	7,100	6,136
Total trade and other receivables	**46,718**	**36,002**

Ageing of overdue trade debtors	1-30 Days $'000	31-60 Days $'000	61-90 Days $'000	90+ Days $'000	Total $'000
31 March 2023	1,088	325	411	1,040	2,864
31 March 2022	3,432	623	748	259	5,062

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 2023	Current $'000	Current to 1 month $'000	Greater than 1 month $'000	Total $'000
Expected loss rate	*	*	0.03%	
Gross carrying amount	56,818	1,088	1,776	59,682
Expected credit loss allowance provision				-
As at 31 March 2022	**Current $'000**	**+1 Month $'000**	**>1 Month $'000**	**Total $'000**
Expected loss rate	*	*	0.03%	
Gross carrying amount	35,689	3,432	1,630	40,751
Expected credit loss allowance provision				-

*Expected credit losses are negligible.

The average credit period on sale of goods is 44 days (2022: 45 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.

AP

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 (2022: nil).

10. Inventories

	2023 $'000	2022 $'000
Total net inventories	**42,397**	**33,500**

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
(a) Cost							
Balance at 01 April 2021	**1,114**	**435**	**174**	**3,519**	**1,009**	**188**	**6,439**
Additions	48	26	255	(8)	81	(1)	401
Disposals	-	-	-	-	(43)	-	(43)
Balance at 31 March 2022	**1,162**	**461**	**429**	**3,511**	**1,047**	**187**	**6,797**
Additions	159	38	-	-	677	-	874
Disposals	(6)	-	(228)	-	(445)	(143)	(822)
Balance at 31 March 2023	**1,315**	**499**	**201**	**3,511**	**1,279**	**44**	**6,849**
(b) Accumulated depreciation							
Balance at 01 April 2021	**(952)**	**(313)**	**(153)**	**(645)**	**(483)**	**(107)**	**(2,653)**
Depreciation	(85)	(20)	(45)	(333)	(289)	(55)	(827)
Disposals	-	-	-	-	43	-	43
Balance at 31 March 2022	**(1,037)**	**(333)**	**(198)**	**(978)**	**(729)**	**(162)**	**(3,437)**
Depreciation	(95)	(23)	(52)	(337)	(285)	(16)	(808)
Disposals	5	-	168	-	445	143	761
Balance at 31 March 2023	**(1,127)**	**(356)**	**(82)**	**(1,315)**	**(569)**	**(35)**	**(3,484)**
(c) Carrying amounts							
Balance at 31 March 2022	**125**	**128**	**231**	**2,533**	**318**	**25**	**3,360**
Balance at 31 March 2023	**188**	**143**	**119**	**2,196**	**710**	**9**	**3,365**

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 re-measured 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 re-measured 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.

Notes To The Financial Statements (Continued)

For The Year Ended 31 March 2023

12. Intangible Assets

	Pascomer IP $'000	Trademarks $'000	Capitalised registration $'000	Capitalised development $'000	Patents $'000	Software $'000	Total $'000
(a) Cost							
Balance at 01 April 2021	**12,500**	**809**	**4,625**	**12,751**	**3,240**	**533**	**34,458**
Additions	-	152	939	3,994	551	-	5,636
Disposals	-	(3)	-	-	-	-	(3)
Reclassification	-	2	-	162	(164)	-	-
Balance at 31 March 2022	**12,500**	**960**	**5,564**	**16,907**	**3,627**	**533**	**40,091**
Additions	-	223	2,023	6,347	387	-	8,980
Disposals	-	(81)	(24)	(120)	(442)	-	(667)
Balance at 31 March 2023	**12,500**	**1,102**	**7,563**	**23,134**	**3,572**	**533**	**48,404**
(b) Accumulated amortisation							
Balance at 01 April 2021	**-**	**-**	**(142)**	**(102)**	**(978)**	**(516)**	**(1,738)**
Amortisation	-	-	(73)	(49)	(129)	(9)	(260)
Disposals	-	-	-	-	-	-	-
Balance at 31 March 2022	**-**	**-**	**(215)**	**(151)**	**(1,107)**	**(525)**	**(1,998)**
Amortisation	-	-	(73)	(799)	(40)	(4)	(916)
Disposals	-	-	-	-	137	-	137
Balance at 31 March 2023	**-**	**-**	**(288)**	**(950)**	**(1,010)**	**(529)**	**(2,777)**
(c) Carrying amounts							
Balance at 31 March 2022	**12,500**	**960**	**5,349**	**16,756**	**2,520**	**8**	**38,093**
Balance at 31 March 2023	**12,500**	**1,102**	**7,275**	**22,184**	**2,562**	**4**	**45,627**

E

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 Pascomer intellectual property is carried 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, taking into account the inherent uncertainties of both the successful conclusion of clinical trials and its ultimate successful registration.

During the period, the Group has assessed 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 commercialising its Pascomer for this orphan indication with the FDA during this period. Nobelpharma have also applied for approval in the EU and the European Medicines Agency (EMA) committee for medicinal products in human use has recommended granting marketing authorisation.

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.

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 has assessed the recoverability of the Pascomer IP carrying value of $12.5m plus Pascomer capitalised development costs of $2m by reviewing the key assumptions made by independent registered valuer, Edison Investment Research Limited, in April 2022. Based on this review it has determined that there have been no material changes to these assumptions in the period through to 31 March 2023. A range of independent expert valuations were presented in the November 2022 High Court case (see the contingent liability note 21) none of which undermined these assumptions.

The recoverable amount of Pascomer is determined based on the fair value less costs of disposal methodology, using a risk-adjusted net present value (NPV) based on a series of key assumptions on the development and marketing of the product per below.

a) the successful clinical trials and registration in the US, Europe and Australasia, including the timing thereof.

b) The period used for the discounted cash flow is broken down for the two indications the drug is aiming to treat, Angiofibromas (FA) and Port Wine Stain (PWS)

- Out to 2040 in Australia for FA in TSC

- Out 15 years for PWS

c) The discount rate (post tax) used 12.5%.

d) For FA in TSC the addressable market has been taken as 1 in 6,000 in Australia, with a probability of success of 70%.

e) For PWS the addressable market has been taken as 1.0 million patients in the USA, 3.15 million in Europe and 0.1 million in Australasia. It is assumed there is no growth in the patient base and a peak penetration of 2.5% in all markets with a probability of success is 40%.

This valuation methodology uses significant inputs which are not based on observable market data, and therefore this valuation technique is classified as level 3 of the fair value hierarchy.

The groups 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.

In addition, the group has also considered the possible impact if any arising from the claim made against the company as noted in the contingent liability note 21 for a 35% profit impact dilution. This does not show indications of impairment.

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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 asset's carrying amount is written down immediately to it's 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

	2023 $'000	Restated 2022 $'000
Tax expense		
Profit before tax	**15,799**	**18,685**
Tax calculated at New Zealand tax rates	4,424	5,232
Adjustment due to different tax rates of subsidiaries operating in different jurisdictions	166	92
Tax on expenses/(income) not deductible/(assessable)	16	(137)
Tax on losses recognised	-	(6,496)
Prior year tax adjustment	185	-
Non-resident withholding tax	354	146
Tax expense/(benefit)	**5,145**	**(1,163)**
Comprising		
Current tax	1,287	878
Deferred tax	3,858	(2,041)
	5,145	**(1,163)**
Deferred tax balance		
Deferred tax asset	4,471	8,329
Deferred tax asset	**4,471**	**8,329**

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 2023, the Group recognised deferred tax assets on temporary differences totalling $4,471 (2022 $8,329k) 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:

	Restated Provisions $'000	Restated Recognised Total Tax losses $'000	Restated Stock Profit Elimination $'000	Restated Total $'000
31-Mar-21 (Restated)*	**724**	**-**	**5,564**	**6,288**
Movements	-	-	-	-
Recognition of losses	-	2,041	-	2,041
31-Mar-22 (Restated)*	**724**	**2,041**	**5,564**	**8,329**
Movements	(119)	-	(1,698)	(1,817)
Utilisation of losses	-	(2,041)	-	(2,041)
31-Mar-23	**605**	**-**	**3,866**	**4,471**

* Refer to Note 2 for information relating to this restatement.

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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. 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.

14. Interest Bearing Liabilities

	2023 $'000	2022 $'000
Current lease liabilities	571	542
Non-current lease liabilities	2,820	2,766
BNZ overdraft	1,458	-
BNZ Term loans current portion	1,000	4,000
BNZ Term loans non-current portion	32,200	33,200
Total	**38,049**	**40,508**

	2023 $'000	2022 $'000
Opening balance of BNZ loan at 1 April	37,200	36,700
BNZ loans drawn down	-	5,000
Repayment of principal	(4,000)	(4,500)
Closing balance at 31 March	**33,200**	**37,200**

The BNZ loans have a general security over the assets of the Group.

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 which will reduce by a final $1 million on 30 June 2023, 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 drawn down by $1,458k.

All covenants relating to the BNZ facility have been complied with during the year.

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

	2023 $'000	2022 $'000
Trade payables	22,185	12,068
GST payable	3,483	2,117
Employee entitlements	1,939	1,852
Other payables and accruals	4,051	3,123
Total	**31,658**	**19,160**

16. Provisions

	2023 $'000	2022 $'000
Opening balance of supplier rebates at 1 April	4,143	4,461
Prior period provision utilised	(3,440)	(3,886)
Current period provision utilised	(1,600)	(4,093)
Additional provisions required	5,044	7,661
Closing balance of supplier rebates at 31 March	**4,147**	**4,143**

AP

Supplier rebates are based on profit sharing arrangements with suppliers which are estimated on achieving expected set margin targets and 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.

	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary share capital	104,866,260	104,697,260	81,406	80,770
Less capital raising costs	-	-	(3,166)	(3,164)
Total	**104,866,260**	**104,697,260**	**78,240**	**77,606**

	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Share capital at beginning of the year	104,697,260	104,583,875	77,606	77,197
Issue of ordinary shares for exercised share options	169,000	113,385	634	409
Total	**104,866,260**	**104,697,260**	**78,240**	**77,606**

Ordinary shares

169,000 exercised staff share options detailed below were the only shares issued during the current period.

Staff share options

Staff share options were exercisable at the price of $2.80 each, being the issue price of a share at the time of the company's initial listing on NZX and ASX. The vesting period was generally up to four years from date of issue, however this varies according to various performance criteria. Other than in limited circumstances options are forfeited if an employee leaves the Group before the options vest.

During the period 169,000 staff share options were exercised, raising $475k (2022: 113,385 staff share options were exercised, raising $295k).

All remaining staff share options lapsed on 30 June 2022.

AP

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, employees at the time of the Company's initial NZX and ASX listing in December 2015 and again in June 2018, 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.

18. Earnings Per Share

	2023 $'000	2022 $'000
Earnings used in the calculation of basic and diluted earnings per share	-	-
Profit after tax	10,654	19,848
Net Profit after tax attributable to Ordinary shareholders	**10,654**	**19,848**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	104,848,510	104,681,253
Basic and diluted profit per share ($)	$0.10	$0.19

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

No dividends have been declared to the ordinary shareholders during the current or prior year.
Refer to subsequent events note.

20. Staff Share Options

	2023		2022	
	Average exercise price $ per share	**Options**	**Average exercise price $ per share**	**Options**
Balance at beginning of year	2.80	330,000	2.80	465,000
Issued	2.80	-	2.80	-
Forfeited	2.80	-	2.80	-
Exercised *	2.80	(169,000)	2.80	(113,385)
Lapsed **	2.80	(161,000)	2.80	(21,615)
Balance at end of year	**2.80**	**-**	**2.80**	**330,000**

* Weighted average share price for options exercised during the period $3.77 (2022: $4.30)
** There are no options currently exercisable (2022: 300,000)

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

			2023	2022
Expiry month	**Exercisable month**	**Exercise price**		
June-2022	March 2019	2.80	-	25,000
June-2022	March 2020	2.80	-	175,000
June-2022	March 2022	2.80	-	100,000
June-2022	Various	2.80	-	30,000
Total share options outstanding			**-**	**330,000**

There are no options outstanding at the end of the period (2022: average remaining contractual life at end of period was 3 months)

Share options reserve	2023 $'000	2022 $'000
Balance at beginning of year	(160)	(274)
Current year amortisation	(1)	(13)
Transferred to ordinary share capital	161	113
Options lapsed transferred to retained earnings	14	
Balance at end of year	**-**	**(160)**

21. Contingent Assets and Liabilities

Contingent Assets

In April 2022, the Australian High Court turned down the application by UK based Reckitt Benckiser to appeal a judgement that found AFT was justified in making a series of claims in relation to the efficiency of its pain relief tablets. AFT has costs orders in its favour. The costs are in the process of being recovered. The inflow of economic benefits is probable, but not virtually certain and cannot be quantified at this time.

Contingent Liabilities

In December 2019, the Company renewed its guarantee of AFT Pharmaceuticals (AU) Pty Limited for its five-year lease extension contract with Investec Limited for the premises occupied 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 issued by BNZ in favour of the NZX.

The claim against the Company by a former contractor to the Company in Southeast Asia, was heard in the High Court at Auckland. The Contractor owns a 35% shareholding in AFT Orphan Pharmaceuticals, and the Company owns the balance of 65%. The hearing concluded in December 2022 and the judgment has not yet been issued.

The substance of the claim is that AFT Orphan Pharmaceuticals rather than the Company, should have had the opportunity to pursue the Pascomer drug development opportunity. See the Company's NZX/ASX Release 5 June 2020. The former contractor seeks 35% of the net present value of the Pascomer opportunity for sales globally and for both orphan and non-orphan indications, as a lump sum payment or alternatively by way of royalties. The former contractor has valued its claim of a 35% interest as within the range of US$53 million to US$67 million.

The Group's lawyers advise that they consider that the claim lacks merit. The Company considers that Pascomer was properly pursued by the Company and that AFT Orphan Pharmaceuticals' business was confined to selling developed orphan products in the Southeast Asian market.

The Company also disputes the valuation attributed to the Pascomer drug development opportunity by the former contractor for the purposes of assessing its claim for compensation. The Company considers that valuation and the former contractor's claim (even if it were to be successful) to be grossly exaggerated for a number of reasons. The Company's liability, should the former contractor succeed, would then need to take into account not just a realistic valuation, but a range of off-setting factors. No provision has been made in these financial statements for the claim as the Group does not consider that there is any probable loss. The Group is aware that there are inherent uncertainties in litigation.

22. Capital Commitments

The Group has no capital commitments at 31 March 2023 (31 March 2022: 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 $1,010k (2022: gain $911k). 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 2023 and settlement of transactions during the period.

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

	2023		2022	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	NZD$'000	**NZD$'000**	**NZD$'000**	**NZD$'000**
AUD	29,512	8,732	23,801	4,740
SGD	947	10	2,315	4,787
MYR	435	6	151	2
EUR	1,116	7,990	630	2
GBP	153	-	787	2,716
USD	8,101	6,643	12	130
CNY	10	-	-	-
HKD	-	1	-	-
CHF	4	-	-	-
YEN	-	2	-	-

The following forward foreign exchange contracts were held at 31 Mar 2023:

Forward Foreign Exchange Contracts

Buy currency	Buy currency amount '000	Sell amount NZD$'000	Buy amount NZD$'000	Fair value NZD$'000
EUR	2,095	3,497	3,648	151
GBP	505	974	999	25
USD	3,280	5,330	5,223	(107)
Sell currency	**Sell currency amount $'000**	**Buy amount NZD$'000**	**Sell amount NZD$'000**	**Fair value NZD$'000**
AUD	17,390	19,248	18,688	560
Total asset as at 31 March 2023				**736**
Total liability as at 31 March 2023				**(107)**

The following forward foreign exchange contracts were held at 31 Mar 2022:

Forward Foreign Exchange Contracts

Buy currency	Buy currency amount '000	Sell amount NZD$'000	Buy amount NZD$'000	Fair value NZD$'000
EUR	6,750	11,308	10,981	(327)
GBP	500	980	946	(34)
USD	2,800	3,963	4,033	70
Sell currency	**Sell currency amount $'000**	**Buy amount NZD$'000**	**Sell amount NZD$'000**	**Fair value NZD$'000**
AUD	19,100	20,718	20,688	30
Total asset as at 31 March 2022				**100**
Total liability as at 31 March 2022				**(361)**

- **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 2023, with the largest debtor being AU$27.27m (31 March 2022: AU$17.02m). 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; an overdraft position with Bank of New Zealand at 31 March 2023 (2022 2.72%), and 2.8% at NAB Bank (2022: 3.5%). 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 2023	< 1 year $'000	1-2 years $'000	2-5 years $'000	> 5 years $'000	TOTAL $'000
Trade and other payables	(31,658)	-	-	-	(31,658)
Borrowings	(5,279)	(2,788)	(35,454)	-	(43,521)
Lease liabilities	(799)	(722)	(1,394)	(1,446)	(4,361)
Derivative instruments (outbound)	(29,049)	-	-	-	(29,049)
Derivative instruments (inbound)	29,678	-	-	-	29,678
Total	**(37,107)**	**(3,510)**	**(36,848)**	**(1,446)**	**(78,911)**

31 March 2022	$'000	$'000	$'000	$'000	$'000
Trade and other payables	(19,160)	-	-	-	(19,160)
Borrowings	(5,604)	(28,758)	(5,230)	-	(39,592)
Lease liabilities	(759)	(594)	(1,244)	(1,794)	(4,391)
Derivative instruments (outbound)	(36,969)	-	-	-	(36,969)
Derivative instruments (inbound) *	36,708	-	-	-	36,708
Total	**(25,784)**	**(29,352)**	**(6,474)**	**(1,794)**	**(63,404)**

* The comparative information has been restated to align with current period presentation

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			
	2023 %	**2022 %**	**Country of incorporation**	**Principal activities**
AFT Pharmaceuticals (AU) Pty Ltd	100%	100%	Australia	Distribution of pharmaceuticals in Australia
AFT Pharmaceuticals Singapore Pte Ltd	-	100%	Singapore	No longer required, struck off 9 March 2023
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%	-	United Kingdom	Distribution of pharmaceuticals in the UK No activity during the period.

AP

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

A new issue of 510,000 options was granted on May 21 2023. These represent approximately 0.5% of the ordinary shares on issue.

The exercise price is the market value of the plan shares on the grant date, being the volume weighted average price per plan share calculated from trades through the NZX Main Board over the five trading days before the grant date.

The features remain the same as those recorded in the staff options note of these financial statements.

They vest and become exercisable in three sperate tranches in May 2024, May 2025 and May 2026. Expiry in two years post vesting.

On May 22 2023 the board approved the payment of a maiden dividend of 1.1 cent per share of approximately $1.2 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	The Trust is a substantial product holder of ordinary shares in the Company. 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

Key management compensation	2023 $'000	2022 $'000
Directors fees	472	470
Executive salaries	1,416	1,337
Short term benefits	443	389
Options expense	32	147
Key management compensation	**2,363**	**2,343**

Key management includes external directors, the Chief Executive Officer, the Chief of Staff, the Chief Financial Officer and the Director of International Business Development. These positions are mainly responsible for planning, controlling and directing the activities of the business.

Statutory Disclosures

Corporate Governance

The Board and management of AFT Pharmaceuticals Limited (AFT or the Company) are committed to ensuring that AFT 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 current NZX Corporate Governance Code ('NZX Code'); and
- the Third and Fourth Editions of the ASX Corporate Governance Council 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. For the financial year ended 31 March 2023, AFT may elect to either report against the version of the NZX Code as dated 17 June 2022 or to report against the current version of the NZX Code as dated 1 April 2023. AFT has elected to do the latter. How it has implemented the recommendations in the current version of the code is set out in AFT's 2023 Corporate Governance Statement.

Except to the extent outlined in that statement, the Board considers that AFT's corporate governance structures, practices and processes have followed all of the recommendations in the new NZX Code in the financial year to 31 March 2023.

AFT's Corporate Governance Statement and governance charters and policies can be found on the investor centre of 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.

Stock Exchange Listings

AFT 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.

AFT is incorporated in New Zealand.

Non-Executive Director Remuneration

AFT's shareholders have approved a total cap of $575,000 per annum for non-executive Directors' fees, for the purposes of the NZX Listing Rules. This annual fee pool has not been increased since it was approved by shareholders in 2015.

Additional information about the remuneration payable to directors is set out in AFT's Corporate Governance Statement, which is located on the investor centre of the Company's website.

The current approved fixed annual fees payable to non-executive directors are detailed below:

	Position	Fees per annum
Board of Directors	Chair Non-Executive Director	$127,500 $70,000
Audit and Risk Committee	Committee Chair Committee Member	$20,000 $5,000
Remuneration and Nominations Committee	Committee Chair Committee Member	$7,500 $5,000
Regulatory and Product Development Oversight Committee	Committee Chair Committee Member[4]	$15,000 $5,000

Non-executive directors received the following directors' fees, remuneration and other benefits from the Company in the financial year ended 31 March 2023:

Director	Anita Baldauf	David Flacks	Jon Lamb	Dr Doug Wilson[3]	Dr Ted Witek[2]	Total
Non-executive board fees	$70,000	$127,500	$70,000	$14,375	$115,846	
Audit and Risk Committee fees	$5,000	$5,000	$20,000			**$30,000**
Remuneration and Nomination Committee fees		$5,000	$7,500		$8,275	**$20,775**
Regulatory and Product Development Oversight Committee fees				$3,750	$20,687	**$24,437**
Shares and other payments or benefits						
Total remuneration[1]	$75,000	$137,500	$97,500	$18,125	$144,807	**$472,932**

[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. Dr Ted Witek received fees paid in USD. These fees have been converted into NZD in the above table, calculated at an exchange rate of 1: 0.6043

[3] Dr Doug Wilson retired from the board at the company's annual shareholders meeting on 5 August 2022

Executive Director Remuneration

The executive directors, Hartley Atkinson and Marree Atkinson, receive remuneration and other benefits in their respective executive roles as Chief Executive Officer 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.

During the financial year ended 31 March 2023, Hartley Atkinson and Marree Atkinson's remuneration comprised a fixed cash component and an at-risk short-term incentive based on achievement of specified key performance indicators (refer 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 year ended 31 March 2023:

Director	Base salary	Taxable benefits	Subtotal	Short term incentive	Long-term incentive	Total remuneration
Dr Hartley Atkinson[1]	$606,375		$606,375	$324,844[2]		$931,219
Marree Atkinson[1]	$150,000		$150,000	$10,920[3]		$160,920
Total						

[1] Neither executive director was issued any form of long-term incentive during the financial period.

[2] The short-term incentive (STI) stated was earned in FY2022 and paid in FY2023. Hartley Atkinson's short-term incentive for FY2023 has not been finalised.

[3] The short-term incentive stated was earned in FY2022 and paid in FY2023. Marree Atkinson's short-term incentive for FY2023 has not been finalised.

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.

Hartley Atkinson's short-term incentive (STI) component for the period was based on achievement of key performance indicators relating to:

- Company revenue and profit targets;
- Key innovative product development; and
- Key product registration and licensing.

Marree Atkinson's STI component for the period was based on achievement of key performance indicators relating to her role :

- Company revenue and profit targets;
- Human resources objectives; and
- Overhead cost savings.

Similar criteria will be applied for assessing the performance of the executive directors in respect of the financial year ending 31 March 2024.

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 2023 totalling at least $100,000 per annum. The remuneration of those employees paid outside of New Zealand has been converted into New Zealand dollars.

Remuneration range (NZD)			Total number of employees
$100,001	-	$110,000	9
$110,001	-	$120,000	9
$120,001	-	$130,000	7
$130,001	-	$140,000	2
$140,001	-	$150,000	1
$150,001	-	$160,000	-
$160,001	-	$170,000	1
$170,001	-	$180,000	1
$180,001	-	$190,000	2
$190,001	-	$200,000	3
$200,001	-	$210,000	1
$210,001	-	$220,000	-
$220,001	-	$230,000	-
$230,001	-	$240,000	-
$240,001	-	$250,000	-
$250,001	-	$260,000	-
$260,001	-	$270,000	2
$270,001	-	$280,000	-
$280,001	-	$290,000	-
$290,001	-	$300,000	-
$300,001	-	$310,000	-
$310,001	-	$320,000	-
$320,001	-	$330,000	-
$330,001	-	$340,000	1
$340,001	-	$430,000	-
$430,001	-	$440,000	1
Total employees and former employees earning more than $100k			**40**

The table includes base salaries and short-term incentives paid during the financial year ended 31 March 2023 and long-term incentives vested or exercised during the financial year ended 31 March 2023. The table does not include long-term incentives that have been granted, but which have not yet vested.

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

Diversity

The respective numbers and proportions of men and women at various levels within the AFT workforce as at 31 March 2022 and 31 March 2023 and the Board's assessment of AFT's performance against its Diversity and Inclusion Policy is set out in Section 4 of the Sustainability Report on page 29.

Board and Committee Attendance

The table below shows the number of Board and Committee meetings each Director was eligible to attend and attended during the financial year ended 31 March 2023:

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			2/2
Anita Baldauf	10/10	4/4		
David Flacks	10/10	4/4	2/2	
Jon Lamb	8/10	2/4	1/2	
Doug Wilson[2]	1/10			
Dr Ted Witek[3]	10/10		2/2	2/2

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

[2] Doug Wilson retired as an independent non-executive Director at the company's annual meeting on 5 August 2022

[3] Ted Witek was appointed chair of the regulatory and new product development oversight committee on 4 August 2022

Director Independence

As at 31 March 2023 (and the date of this Annual Report), the Board comprised six directors:

- David Flacks – Independent, Non-executive Director and Chairman
- Anita Baldauf – Independent, Non-executive Director
- Jon Lamb – Independent, Non-executive Director
- Dr Ted Witek – Independent, Non-executive Director
- Dr Hartley Atkinson – Executive Director and Chief Executive Officer
- Marree Atkinson – Executive Director and Chief of Staff

Non-Executive Independent Director Dr Doug Wilson retired from the Board at the company's annual meeting on 5 August 2022.

A biography of each director is set out on pages 36 and 37 of this Annual Report.

The Board has determined, based on information provided by directors regarding their interests and the criteria specified in the Board Charter, that as at 31 March 2023 (and the date of this Annual Report), each of David Flacks, Anita Baldauf, Jon Lamb, and Dr Ted Witek is an Independent Director.

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.

Director Interest Disclosures

Shareholder, director, officer or trustee

Directors have given general notices disclosing interests 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 2023 (and subsequently) are set out below:

Director[1]	Entity	Relationship
Dr Hartley Atkinson	AFT Orphan Pharmaceuticals Limited	Director
	AFT Pharmaceuticals (AU) Pty Limited	Director
	AFT Pharmaceuticals (SE Asia) SDN BHD	Director
	Atkinson Family Trust	Trustee/Discretionary Beneficiary (Holds shares in AFT)
	AFT Limited Partner Limited	Director
	DSGP Limited	Director
	Dermatology Specialties, L.P.	Director of AFT Limited Partner Limited
	AFT Dermatology Ltd	Director
	AFT Pharmaceuticals (EUR) Limited	Director
	AFT Pharma UK Limited	Director
	Kiwi Health Pty Ltd	Director
Marree Atkinson	Atkinson Family Trust	Discretionary Beneficiary of Trust (Holds shares in AFT)
Anita Baldauf	Smart Design Ltd	Director (company contracted with AFT for services)
	Future Ready NZ Ltd	Director
David Flacks	Vero Liability Insurance New Zealand Limited	Director
	Vero Liability Insurance New Zealand Limited	Chairman
	Flacks & Wong Limited	Director
	Asteron Life Limited	Director
	Asteron Life Limited	Chairman
	Vero Insurance New Zealand Limited	Director
	Vero Insurance New Zealand Limited	Chairman
	Todd Corporation Limited	Director
	Harmoney Corp Limited2	Director
Jon Lamb	Rivers One Limited	Trustee of Shareholder, with beneficial interest in AFT shares held by Rivers One
	Redvers Limited	Director (company contracted with AFT for services)
	Project X Trustee Limited	Director
	Coronation Equities Limited	Director
	Three dots limited (formerly Nightingale Telemed Limited)	Director
	Zero Waste Seas Ltd (formerly Culture Check Limited)	Director
	Medreleaf NZ Ltd	Director & Shareholder
	Indica Industries NZ Ltd	Director & Shareholder
	BV&RR Trustees Ltd	Director
	Rodney Road Ltd	Director
	Aurora Cannabis Ltd	Director
	Aurora Medicinal Cannabis Ltd	Director
Ted Witek	Trudell Medical International	Director
	Lumira Ventures	Special advisor

[1] Dr Doug Wilson retired as an independent non-executive Director at the company's annual meeting on 5 August 2022. At the date of retirement, his interests disclosed to AFT included being a director of Mainz Consulting Limited (a company contracted to AFT for services) and his membership of Ryman Healthcare's clinical governance committee. On 4 April 2022 he disclosed he was no longer a member of the Malaghan Institute Commercial Committee.

[2] Disclosed sessation of interest 4 August 2022

No directors have disclosed interests for the purposes of section 140(1) of the Companies Act 1993 during the financial year ended 31 March 2023.

Acquisition or disposals of shares in AFT

Directors disclosed no acquisitions or disposals of relevant interests in AFT ordinary shares during the financial year ended 31 March 2023 and therefore no disclosures in accordance with Section 148(2) of the Companies Act 1993 are required.

Relevant interests in AFT's shares

In accordance with the NZX Listing Rules, as at 31 March 2023, directors had a relevant interest in AFT ordinary shares as follows:

Relevant interest in AFT's shares	Number	Share of issued capital
Hartley Atkinson	72,899,435	69.517%
Jon Lamb	303,764	0.290%
David Flacks	178,764	0.170%

Remuneration and other benefits

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 2023:

Date	Director	Remuneration
19/05/2022	Hartley Atkinson Marree Atkinson	The payment of STI remuneration by the Company to each of Hartley Atkinson and Marree Atkinson on the terms set out in a letter of sti notification.
19/05/2022	Anita Baldauf David Flacks Jon Lamb Doug Wilson Ted Witek	The increase in Directors fee's to take effect on April 1 2022 on the terms set out in the May 19 2022 board paper.
19/05/2022	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.

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.

Shareholdings

As at 30 April 2023 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	953	43.54%	415,431	0.40%
1,001 - 5,000	782	35.72%	2,029,461	1.94%
5,001 - 10,000	228	10.42%	1,688,442	1.61%
10,001 - 50,000	173	7.90%	3,407,425	3.25%
50,001 - 100,000	22	1.01%	1,595,708	1.52%
100,001 - and over	31	1.42%	95,729,793	91.29%
TOTAL	**2,189**	**100.00%**	**104,866,260**	**100.00%**

As at 30 April 2023 there were no individuals holding a total of nil options to acquire shares issued by AFT under its employee long-term incentive scheme. The options are unlisted and carry no voting rights.

Top 20 shareholders

Set out below are details of the 20 largest holders of AFT ordinary shares as at 30 April 2023:

Name	Shares	Share of issued capital
HARTLEY ATKINSON & COLIN MCKAY	72,031,609	68.69%
ACCIDENT COMPENSATION CORPORATION - NZCSD	4,855,056	4.63%
MMC LIMITED - NZCSD	2,900,650	2.77%
FORSYTH BARR CUSTODIANS LIMITED	2,754,417	2.63%
FNZ CUSTODIANS LIMITED	2,611,622	2.49%
BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	1,921,635	1.83%
HSBC NOMINEES A/C NZ SUPERANNUATION FUND NOMINEES LIMITED - NZCSD	1,694,603	1.62%
BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	1,099,553	1.05%
HAMA HOLDINGS LIMITED	867,826	0.83%
NEW ZEALAND DEPOSITORY NOMINEE LIMITED	664,489	0.63%
PUBLIC TRUST - NZCSD	571,027	0.54%
CUSTODIAL SERVICES LIMITED	389,920	0.37%
FNZ CUSTODIANS LIMITED	309,301	0.29%
JP MORGAN NOMINEES AUSTRALIA LIMITED	300,000	0.29%
JBWERE (NZ) NOMINEES LIMITED	258,000	0.25%
FORSYTH BARR CUSTODIANS LIMITED	233,900	0.22%
RIVERS ONE LIMITED	221,305	0.21%
HAMISH STEWART ATKINSON & KAREN WINIFRED ATKINSON & ANDREW JOHN MARRIOTT	203,333	0.19%
JOERI YVONNE JOZEF SELS	203,025	0.19%
BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	174,659	0.17%

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 as at 31 March 2022 in respect of the number of quoted voting products noted below. As at the balance date 31 March 2023 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	72,899,435	69.51%

*Includes the holdings of the Atkinson Family Trust and Hama Holdings

Subsidiary Company Directors

The following fees were paid to directors of subsidiary companies during the financial year ended 31 March 2023. No other directors of subsidiary companies received directors' fees:

- Donald MacKenzie received A$50,000 in his capacity as a Director of AFT Pharmaceuticals (AU) Pty Limited.
- Raymond McGregor received A$12,000 in his capacity as a director of AFT Pharmaceuticals (AU) Pty Limited.
- Eddie Townsley received €12,000 in his capacity as a Director of AFT Pharmaceuticals (EUR) Limited (Ireland)

The following people held office as directors of subsidiary companies as at 31 March 2023:

Subsidiary	Directors
AFT Pharmaceuticals (AU) Pty Limited (Australia)	Hartley Atkinson, Raymond MacGregor, Donald MacKenzie
AFT Pharmaceuticals (EUR) Limited (Ireland)	Hartley Atkinson, Eddie Townsley
AFT Pharmaceuticals (SE Asia) SDN BHD (Malaysia)	Hartley Atkinson, Diong Sing Peng
AFT Pharmaceuticals Singapore Pte Limited (Singapore)[1]	Hartley Atkinson, Leong Wai Kuan
AFT Pharma UK Limited	Hartley Atkinson, Vivian Hansen, Samer Taslaq
AFT Orphan Pharmaceuticals Limited	Hartley Atkinson, Andrew Moore, Giles Moss, Malcolm Tubby
AFT Dermatology Limited	Hartley Atkinson
Dermatology Specialties Limited Partnership	DSGP Limited
AFT Limited Partner Limited	Hartley Atkinson
DSGP Limited	Hartley Atkinson
Kiwi Health Pty Limited (Australia)	Hartley Atkinson, Raymond MacGregor

[1] AFT Pharmaceuticals Singapore Pte Limited (Singapore) was struck off on 9 March 2023

NZX Waivers and exercise of powers

AFT was not granted any NZX Waivers during the financial year ending 31 March 2023, 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

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.

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 Mertons, Level 7, 330 Collins Street, Melbourne, Victoria 3000, Australia. +61 3 8689 999
Principal Administration 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 ARBN: 609 017 969
Directors (As at date of this Annual Report)	Dr Hartley Atkinson Marree Atkinson Anita Baldauf David Flacks Jon Lamb Dr Ted Witek
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 3001, Australia. +61 3 9415 4083 enquiry@computershare.co.nz
Auditor	Deloitte, Deloitte Centre, 80 Queen Street, Auckland 1140, New Zealand. +64 9 303 0700
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 2023
Half-year end	30 September 2023
Half-year end results announcement	November 2023
Financial year end	31 March 2024

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AFT pharmaceuticals

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