

**FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED**  
**ANNUAL SHAREHOLDERS' MEETING**  
**24 AUGUST 2022**

**ADDRESS BY SCOTT ST JOHN, CHAIR**

To open this year's address, I want to start by thanking our customers and clinical partners, the people on the front lines who are using Fisher & Paykel Healthcare products to care for their patients.

I would also like to thank the people of Fisher & Paykel Healthcare for their commitment. They have had to be incredibly adaptable to meet the challenges caused by demand surges, supply chain issues and high rates of absenteeism due to illness.

As you know, the 2022 financial year was another extraordinary year. The company continued to respond to waves of COVID-19-driven demand across the globe, and F&P products were used by healthcare professionals to treat approximately 20 million patients.

To put it into perspective, full-year operating revenue for the 2019 financial year was just over \$1 billion – for the first time ever. For the 2020 financial year, it was over \$1.2 billion, and for the 2021 financial year it increased to nearly \$2 billion.

In May, we reported another strong performance for the 2022 financial year, with revenue of \$1.68 billion and net profit after tax of \$376.9 million. While this was a decline year-on-year from 2021, it was still a strong performance in terms of both revenue and net profit after tax. The Board approved a final dividend of 22.5 cents per share, which was paid on the 6<sup>th</sup> of July. The total dividend for the 2022 financial year, then, was 39.5 cents per share, an increase of 4% from 2021.

In the Hospital product group, revenue was \$1.21 billion for the full year, a decline of 19% from FY21 and 19% in constant currency. Again, to put it in context, this was an 88% reported increase compared to the 2019 financial year, before the pandemic.

Homecare revenue was \$469.5 million for the full year, which was a 1% increase over the previous financial year, or 2% in constant currency. Reported revenue for OSA masks was up 3%, or 4% in constant currency for the year, and up 6% for the second half.

Gross margin decreased by 59 basis points to 62.6% for the full year, down 147 basis points in constant currency, and operating margin was 30.1%.

As you know, the company updated the market last Friday and provided guidance on the first half of the 2023 financial year. Lewis will take you through that in more detail in his address.

The most important point to note is that the fundamentals of our business and our strategy have not changed. We believe it is essential that we continue to make a significant investment in our R&D activities and sales teams, and we remain committed to our aspiration of doubling constant currency revenue every five to six years. We also remain committed to our building program. Our buildings are getting close to capacity, and in order to take advantage of new opportunities, we need more space. We are researching options to purchase land for a second New Zealand campus, and are progressing an additional overseas manufacturing facility. We will update you on those plans as soon as we can.

Turning now to your Board.

Last October we welcomed Lisa McIntyre to the Board as a non-executive director, adding a wealth of experience in health, strategy, finance, technology transformation and data analytics. Lisa is an experienced company director with a deep understanding of international markets and a reputation for insight, integrity and transparency.

Cather Simpson joined the Board in June 2022, bringing her extensive experience in scientific research and involvement in high-tech companies. Cather is a professor of physics and chemical sciences at the University of Auckland and a partner at Pacific Channel, an early-stage investment company. She also serves on a number of advisory boards related to research and technology.

Lisa and Cather are up for election today, so you will hear from them later in the meeting.

Director Geraldine McBride has announced her intention to retire from the Board with effect from the close of today's meeting. Geraldine has served as an independent director since August 2013, and she has been a valuable presence on the Board during a period of significant growth for our company. We have benefitted greatly from her experience, drawn from a successful career working with some of the world's largest technology players.

I'd like to give her the chance to say a few words about her tenure on the Board. Geraldine?

*[Geraldine speaks]*

Geraldine, on behalf of the Board, shareholders and all stakeholders, thank you for your significant contribution.

With the appointments of Lisa and Cather, and Geraldine's retirement, we maintain seven non-executive directors. Board succession is a priority for us, and we continue to seek directors globally with medical device experience.

Fisher & Paykel Healthcare continues to support the Future Directors program, which gives people with governance potential the opportunity to participate on a board. Our new Future Director is Tracey Barron, who joined on the 1st of June. Tracey has more than 25 years of experience across a broad range of health-related roles, with Southern Cross Group, Counties Manukau District Health Board, the New Zealand Ministry of Health, and Pharmac, and she has been a director of a number of healthcare businesses.

The Board operates with the support of three subcommittees, which are the Audit & Risk Committee, the People & Remuneration Committee and the Quality, Safety & Regulatory Committee. The Chairs of each of those committees – Neville, Pip and Donal – will now provide an update on the past year. Neville and Donal are standing for re-election as a Director of the Board at this meeting, so they will also say a few words about that.

*[Committee updates]*

Before I close, I would like to thank you, our shareholders, for your long-term commitment to Fisher & Paykel Healthcare. Your investment made a life-changing difference during the COVID-19 pandemic, and your continued investment will help the company put innovative new products in the hands of healthcare providers for generations.

I will now invite Lewis, our Managing Director and CEO, to say a few words.

**ADDRESS BY LEWIS GRADON  
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**

Thanks Scott. I'd like to echo Scott's acknowledgement of the doctors, nurses, respiratory therapists and other healthcare professionals who have been caring for patients through some very difficult years.

I also want to thank the people of Fisher & Paykel Healthcare. The disruptions have continued this year, from illness-related absenteeism and isolation requirements to global supply chain issues, and managing manufacturing capacity in the face of all that. Our people have shown tremendous resilience and we are hoping that the most acute phase of the pandemic is behind us now.

Last Friday, we updated the share market and provided revenue guidance for the first half of this current 2023 financial year, which ends on the 30<sup>th</sup> of September. We said that at current exchange rates, and assuming a continuation of trading conditions from the first four months, we expect operating revenue for the first half of the 2023 financial year to be approximately \$670 million and net profit after tax to be approximately \$85 million to \$95 million dollars.

This would be a 17% *increase* on pre-pandemic levels, as revenue in the first half of 2020 was \$570.9 million. It would be a decline in revenue compared to the first half of the last financial year, which we are lapping and was \$900 million – remembering that the last financial year had a significant benefit from COVID.

Our half-year guidance assumes the following in constant currency: First, that hospital hardware revenue reduces to a pre-pandemic level by the end of the half. Second, that new applications consumables revenue is about 75% of the first half last year, which had those COVID Delta hospitalisation waves, and that is still above pre-pandemic levels. And third, that invasive consumables revenue is approximately equal to the first half last year.

As we said in May and repeated in our market update last week, we sold around 10 years' worth of hardware in two years to hospitals around the world. Our customers also purchased a considerable amount of hospital consumables in preparation for each wave of COVID-19. However, during the most recent waves of the Omicron variant, there is very clear data that

hospitalised patients have required less intense respiratory support, and so we believe customer stock levels have been elevated during our first half, which impacts our sales in the short term.

As Scott explained, this does not change our long-term strategy in any way. Before the pandemic, our long-term goal was to sustainably double constant currency revenue every five to six years. Our aspiration hasn't changed. We are continuing to invest in R&D and our global sales force, and to plan for success we are bringing forward some of our building plans.

These plans are highlighted in a video we showed to employees at our results announcement in May, and we'd like to share that video with you now.

[*Play video*]

As you saw in the video, we launched two new products to facilitate the use of Optiflow in anesthesia applications, expanding the total addressable market opportunity for our Optiflow high flow therapy. I want to point out for you that the number of patients annually who could benefit from Optiflow *during anesthesia* is similar to the number of patients who could benefit from Optiflow for respiratory support – and that's about 50 million patients each year, so we have a long way to go yet.

These new anesthesia products, together with the Airvo 3 and Evora Full mask for OSA, are two examples of our focus on the future and our determination to keep innovating for patients. New products like the ones featured in the video don't just happen – so we believe it is essential that we continue to grow our investment in R&D. This year that includes funding clinical trials for our home respiratory support products and advancing the development of new surgical technologies.

In addition to R&D, we are continuing to invest in growing our sales teams to support the significant hospital hardware already in the market, as well as our expanded product offering in anesthesia. Over the last three years we have already expanded our direct sales and distribution presence from 39 countries to 53 countries.

Last year our Optiflow therapy was used to treat approximately 7 million patients out of a potential 50 million respiratory and 50 million anesthesia patients who could benefit each

year. Our business is built on changing clinical practice, but never before in our history have we changed clinical practice with such a significant advantage. Today, our customers already have our hardware. They already have experience using it. And now, they have access to clinical data and clinical practice guidelines independent from COVID-19 that have grown exponentially. Because of this, we are confident that we can continue to build on our 50-year track record in changing clinical practice.

Now, before closing, I'd like to remind you that I am standing for re-election as a Director of your Board at this meeting. I have been with Fisher & Paykel Healthcare for 39 years now, the last six years as your Managing Director and CEO. I believe that my experience and knowledge of the company and our industry will continue to bring value to the Board. I am as enthusiastic and committed as ever to our company strategy, our aspirations, and to delivering results for shareholders. With your support, I look forward to continuing to deliver on this commitment as Managing Director.

With that, I would like to thank our customers, our suppliers, and our clinical partners, who are critical to our success. And as always, I am grateful to you, our shareholders, for supporting our purpose, our values and our team. We are all looking forward to everything that is ahead, and we're glad you're on board with us.

Thank you.