

FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED
ANNUAL SHAREHOLDERS' MEETING
28 AUGUST 2024

ADDRESS BY SCOTT ST JOHN
CHAIR

I'd like to begin my address by thanking our people, our customers and our clinical partners.

Approximately 20 million patients were treated with Fisher & Paykel Healthcare products over the past year. Behind that number is a cast of thousands working tirelessly to get our products to where they're needed and administer care to patients. As a Board, we applaud your efforts.

We announced a pleasing performance for the 2024 financial year back in May. We saw a return to our trajectory of growth following several years of changing demand patterns.

Full-year operating revenue was \$1.74 billion, up 10 per cent over the prior year, or 8 per cent in constant currency. Reported net profit after tax was \$132.6 million, impacted by three abnormal items: the valuation of the company's land at Karaka, the removal of tax deductions for the depreciation of buildings, and the voluntary limited recall of Airvo 2 and myAirvo 2 devices manufactured before August 2017. Underlying net profit after tax, which excludes these abnormal items, was \$264.4 million, a 6 per cent increase over the previous financial year, or 5 per cent in constant currency.

Hospital product group revenue for the full year was \$1.1 billion, a 6 per cent increase compared to the previous year, or 5 per cent in constant currency. We saw consumable sales return to patterns we were accustomed to seeing prior to COVID.

Homecare product group revenue for the full year was a record \$652.3 million, 18 per cent higher than the previous year, or 16 per cent in constant currency. The Evora Full mask has continued to support growth in North America and Europe.

There is positive momentum on the new product front across both product groups – our investment in R&D continues to bear fruit. In the Hospital space, we've recently launched the Airvo 3 and 950 systems into the US, and we gained FDA approval for our new Optiflow Duet nasal cannula. In Homecare, our mask portfolio has been strengthened with the additions of F&P Solo and F&P Nova Micro.

We made good headway in our efforts to return to our long-term margin targets. Underlying gross margin, which excludes the provision for the product recall, was 61.1 per cent, compared to 59.8 per cent a year earlier. Lower freight costs, manufacturing efficiencies and pricing all contributed to this gain.

Returning to 65 per cent gross margin and 30 per cent operating margin remains a priority for the business. I have confidence we will get there through our normal behaviours of continuous improvement – we have a demonstrable track record of

steady margin gains prior to the distortion we saw through the pandemic. We are determined to achieve this recovery in a way that does not divert resources in the near term, nor compromise our long-term growth aspirations. This is a balancing act, and I am pleased with our progress so far.

The Board approved a dividend of 23.5 cents per share for the second half, which was paid to shareholders on the 10th of July. This took the total dividend for the 2024 financial year to 41.5 cents per share, an increase of 2 per cent over the previous financial year.

There were a number of significant non-financial milestones achieved through the year as well – I'll call out two in particular that relate to our infrastructure expansion. We formally opened our third building in Mexico last September, and we were privileged to be there for the occasion as a Board. And just last month we received final regulatory clearance for our manufacturing facility in Guangzhou, China. The site is now operational.

Environmental and social responsibility remains firmly on the agenda at the Board level, and we have created a dedicated session in every Audit & Risk Committee meeting for discussion of these matters. We have continued to expand our reporting in this area, and many of you may have seen our first Climate-Related Disclosures in accordance with the External Reporting Board's new standards in New Zealand in our annual report. In these disclosures, we identify climate-related risks and opportunities for our business.

Coming back to the present day, we updated the market on Friday with our latest line of sight for the 2025 financial year. I'll leave Lewis to comment on that update in more detail shortly.

Turning now to your Board.

We farewelled Donal O'Dwyer at the end of December following 11 years of incredibly valuable service to Fisher & Paykel Healthcare.

We welcomed Graham McLean to the Board in October last year, and he has brought with him a significant amount of experience in the medical devices industry, including more than a decade and a half in regional leadership roles with Stryker. He will speak to his election later in the agenda.

We also welcomed Charlotte Walshe into the fold at the beginning of this calendar year as part of the Future Directors programme. We remain supporters of this initiative, which offers emerging New Zealand directors an opportunity to develop governance experience.

And more recently, we announced the appointment of Mark Cross to the Board, with effect from 1 October 2024. Mark is a global, strategic thinker with strong financial acumen. He is currently chair of both the Chorus board and the ACC Investment Committee, while also serving as a director for Xero.

Mark's appointment will bring the Board up to full strength given my departure. As indicated back in March this year, I am retiring from the Board of Fisher & Paykel Healthcare at the close of this meeting.

The highly capable Neville Mitchell has been elected by the Board to become chair. Neville has been a director since 2018 and has led our Audit & Risk Committee since 2020. He has outstanding credentials, including more than 20 years as Chief Financial Officer at Cochlear. He is currently on the Board of Sigma Healthcare and Sonic Healthcare – two large listed healthcare businesses. I have every confidence in his ability to lead the Board going forward.

I am incredibly encouraged by the current state of the business – in my view, F&P is in the strongest position we have been in during my time on the Board.

We are well placed to capitalise on the considerable addressable markets we have in front of us. Holding to our processes, remaining focused on execution, and keeping an eye on long-term sustainable outcomes will continue to deliver exceptional outcomes for patients, partners and our shareholders.

Thank you to my fellow directors, and all those throughout the business that I've crossed paths with, for a thoroughly enjoyable nine years as director. It has been a privilege to have had a front-row seat in the growth of this special company and I will continue to watch on with keen interest as a shareholder.

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

Please refer to separate PowerPoint slide presentation.