



AFC GROUP HOLDINGS LIMITED
(Listed on the NZX: AFC)
Suite A, Level 15, Tower 2, 205 Queen Street
Auckland CBD
Auckland
Ph: +64 (09) 930-0245

Director's report

The Directors are pleased to present an improved result for the 12 months ended 31 March 2023 after a severe slowdown impacted by the spread of COVID-19.

Unaudited Financial Results Summary

The financial statements of AFC Group Holdings Limited ("AFC Group") are still in the process of being audited for the year ended 31 March 2023, and the company is not aware of any likely qualification.

AFC Group achieved revenue growth during the FY2023 period, which was 159% higher than the prior financial year ended 31 March 2022. This is due to the fact that the company has been actively increasing its sales channels in both domestic and overseas markets. The re-opening of borders has contributed to an increase in customers and revenue generated.

The Group reports an unaudited net loss of \$0.18 million for the year. This compares with a net loss of \$0.74 million for the previous year. The majority of expenses were identified as employee salaries, sales incentives, and depreciation expenses. The Company's dividend policy is not to pay dividends, and the company is accordingly not proposing to pay any dividends for the period ended 31 March 2023.

In FY2023, a positive net cash inflow of 0.06 million from operating activities has been recorded for the first time since being hit hard by COVID-19. For the

year ended 31 March 2023, the net assets were NZ\$0.37 million, and fixed assets were NZ\$1.48 million. The annual sales revenue for the year ended 31 March 2023 was NZ\$1.08 million. The market capitalisation value was NZ\$3.66 million.

Please refer to the attached Unaudited Annual Results Announcement for detailed results.

Outlook

The FY2023 result was in line with the board's expectations. AFC Group is aware of how uncertain the future is. However, the Group has developed a list of actions to get through the current difficult situation, enable future revenue growth and return value to our shareholders:

AFC Longview Limited ("AFCLV" and "Longview Estate")

1. AFCLV continues to explore its sales channels and marketing campaign. The company changes its pricing strategy for the White Diamond wine to target high-end customers and increase sales.
2. Longview Estate actively participated in wine exhibitions, such as Winetopia and NZ Wine Roadshows, to promote wine and increase sales.
3. AFCLV is committed to developing export markets by launching marketing campaigns, such as free wine knowledge courses, White Diamond wine tastings for the business elite, bundling of White Diamond wines with high-end travel, and establishing White Diamond partnerships.
4. Longview Estate has taken actions to cut costs, such as better work schedules, organisation and people management.
5. AFCLV has around \$0.45 million in domestic sales contracts to be fulfilled in FY2024.

AFC Biotechnology Manufacture Co Ltd (“AFCBIO”)

1. AFCBIO will cooperate with distributors to launch marketing campaigns in the domestic market. AFCBIO has signed a significant distribution contract with a new distributor. The sales are expected to increase in FY2024.
2. AFCBIO will focus on the promotion and sales of its key products (DD Masks). The re-opening of borders will continue to bring in more customers to AFCBIO, thus generating more sales.
3. AFCBIO will continue its cost management actions to control costs.

AFC Group Holdings Limited (“AFC”)

1. All directors will voluntarily receive no director fees in FY2024 to support the business development.
2. AFC has cut down its rent costs by renting a lower-cost office and will remain that way.
3. AFC will attend the 6th China International Import Expo (CIIE) to promote the group and its products.
4. AFC continues to help and provide more opportunities for New Zealand small and medium enterprises to enter the Chinese market. AFC Group has actively participated in China (Anhui) 5G International Food City and the "EFOODLINE" global e-commerce platform.

On behalf of the Directors of AFC, the Company extends its thanks to the shareholders for their support of the Company.

Annual Report and Annual Meeting

AFC expect to release our Annual Report before the end of June, and we are planning to hold our Annual Meeting in early September 2023.

On behalf of the Board of Directors.

HAO LONG

CFO

30/05/2023

For Further Information

Please contact Mr Howard Long

howard.long@afc.nz

+64- 21- 244-8000