



AFT PHARMACEUTICALS

Investor Presentation: H1 FY2017

November 2016



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H1 FY2017 HIGHLIGHTS

111

countries that *Maxigesic* is licensed in – up from 98 at the end of FY2016

6

countries that *Maxigesic* is launched and sold in

12

number of clinical studies AFT have running in FY2017

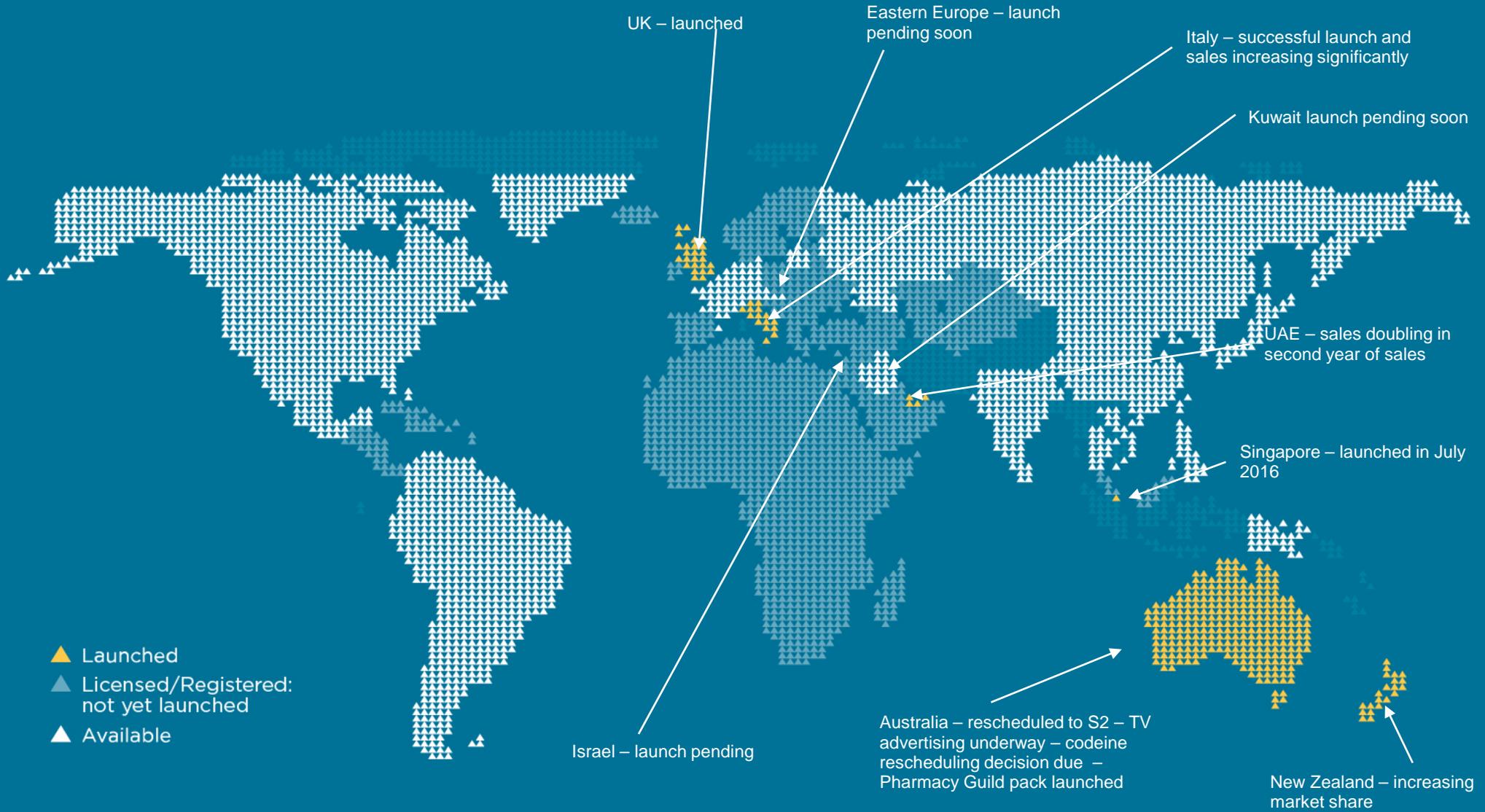
\$30.5m

total income for H1 FY2017*

\$16.1m

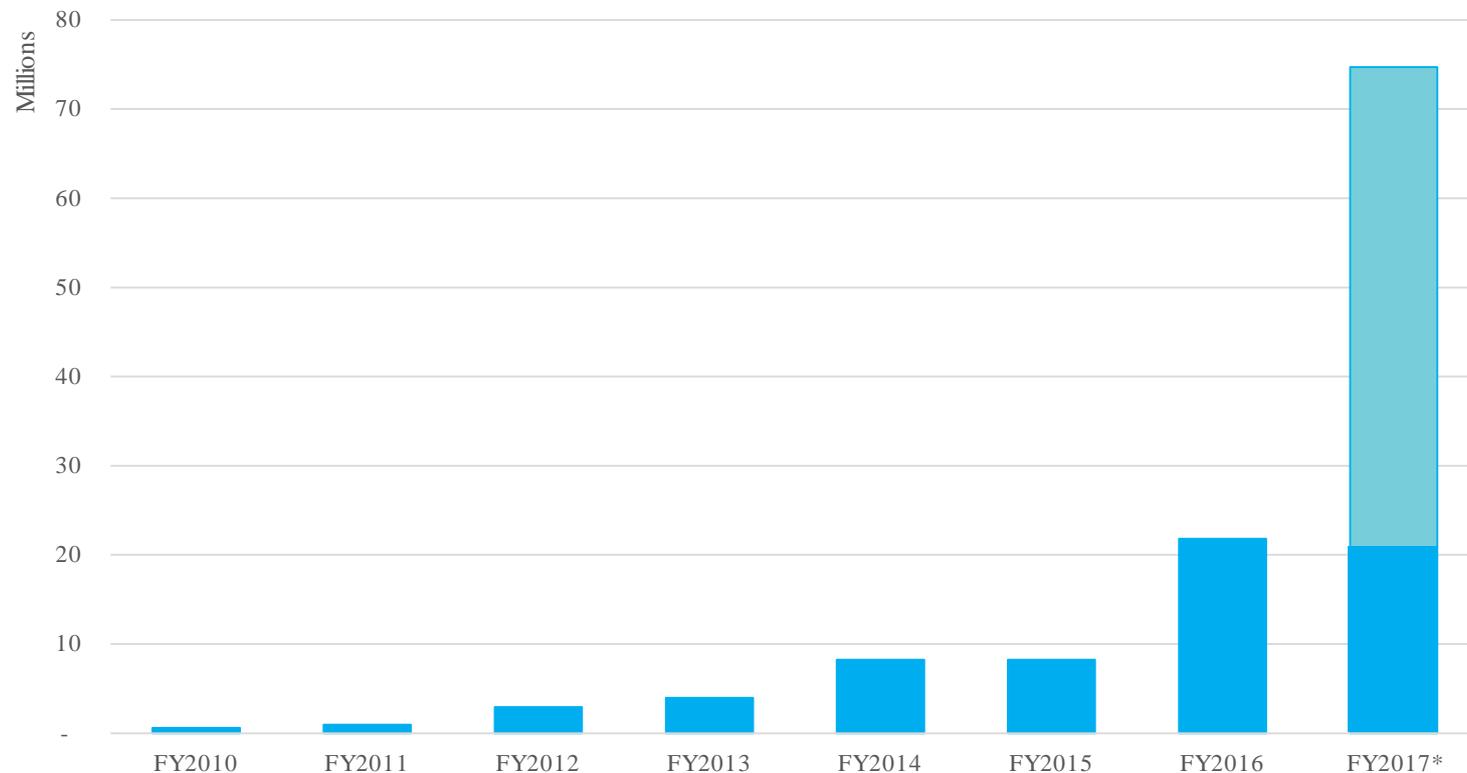
available cash as at 30 September 2016 – down from \$28.1m at the end of FY2016

MAXIGESIC UPDATE



MAXIGESIC TABLET SALES PROGRESS TO DATE

Maxigesic Tablets Sold Per Year



* Note FY2017 sales estimate is based upon actual first six months (shown in darker blue), current orders and licensee / AFT estimated orders for the remainder of FY2017

Forward sales estimates from existing licensees indicate that sales are likely to increase significantly over the next 5 years

MAXIGESIC HIGHLIGHTS

Additional out-licensing and distribution agreements for *Maxigesic* oral dose forms have been secured to increase the number of countries from 98 as at 31 March 2016 to 111 as at 30 September 2016.

Clinical Trials for *Maxigesic* oral dose forms are on track with studies running in Amman, Jordan; various centres in New Zealand; Cardiff, Wales; Melbourne, Australia; Mexico City; Mexico.

Additional technology has been in-licensed and development is underway for **two new** *Maxigesic* oral dose forms.

An IND (Investigational New Drug) Application has been successfully opened with the FDA for *Maxigesic IV*. First clinical study under the IND **successfully completed** in Christchurch, New Zealand. The pivotal Phase 3 study is **underway** in the United States (Texas and Maryland).

Additional IP has been developed for *Maxigesic IV* which, assuming granted, will prolong IP protection significantly.

An additional 10 out-licensing agreements are under negotiation and a number expected to be announced during the current financial year.

There are currently 111 countries out-licensed for *Maxigesic* oral dose forms and 80 for *Maxigesic IV*.

Upfront, regulatory and sales milestones are seen to increasingly contribute from new and existing agreements especially for larger territories.



NasoSURF NEBULISER

DRUG DELIVERY AND TREATMENT OF SINUS CONDITIONS

Product description	A handheld ultrasonic nasal mesh nebuliser for the intranasal delivery of medication and treatment of chronic sinusitis
Rationale for investment in product	<ul style="list-style-type: none"> To expand our existing allergy and hospital product ranges locally Significant global potential for drug delivery Sinusitis and Post Sinus Surgery to be established with clinical data (in vitro shows vastly improved sinus penetration cf. standard therapies)
Current status	<ul style="list-style-type: none"> Engineering batches under production now
Our near term plans	<ul style="list-style-type: none"> FDA pre-IND prepared FDA Class I medical device filing by end calendar year 2016 Distribution studies <ul style="list-style-type: none"> — healthy volunteers calendar year 2016 — patients calendar year 2016 Conscious sedation PK studies calendar year 2017 Conscious sedation clinical studies calendar year 2017 Licensing negotiations planned for calendar year 2017

The *NasoSURF* Nebuliser has desirable features over currently marketed nebulisers, which are not approved for delivery of specific drugs intranasally and do not possess a number of the advantages of the *NasoSURF* Nebuliser



Sales will be generated from:

- 1) device sales;
- 2) a per use charge administered through RFID (radio frequency identifier) cards; and
- 3) consumables

Selected Comments on Local Markets



- NZ Maxigesic defined Pharmacy Market share growing at 18% per annum
- NZ Maxigesic Pharmacy Market Share is now 6.5% (Paracetamol and/or Ibuprofen Tablets)
- AU sales increased almost twofold over the 3 months post rescheduling 1 July 2017 – weighted distribution 94%
- AU await key codeine rescheduling decision pre-Xmas 2016



- AU Ferro-Tabs and Ferro-F Tabs delisted from PBS
- AU Ferro tablet sales remained stable following marketing campaign post delisting



- AU Hylo sales growing 160% H1 FY17 versus PCP
- NZ Hylo sales growing 75% H1 FY17 versus PCP



- AU Crystaderm weighted distribution 79%
- AU Crystaderm promotional program underway November 2016



- AU Out of stock for a significant product cost A\$1.4m sales
- NZ Metoprolol stock problems cost NZ\$0.6m sales
- AU taken over five contracts from other suppliers for hospital drugs that they cannot supply
- Secured >A\$3M new hospital supply contracts starting in 2H FY2017

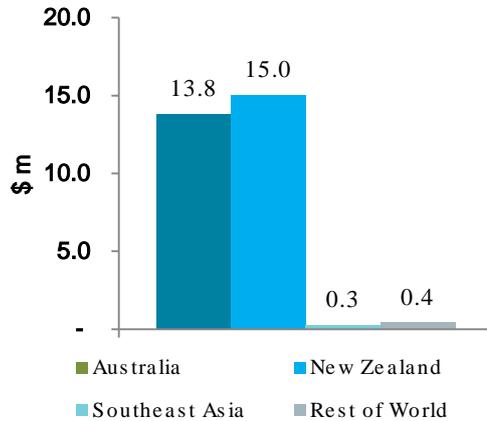


- AU Key OTC development registration delayed due to requirement for additional study. Now expected to be launched in FY2018 instead of FY2017
- NZ Pharmacy market contracted 1H 2017 between 4-8%

REVENUE GROWTH

Operating revenue by region, H1 FY2016 – H1 FY2017

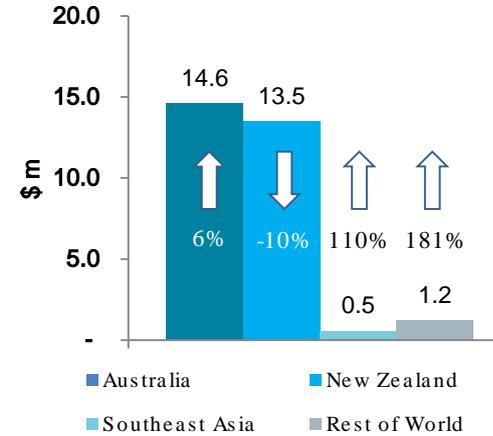
H1 FY2016



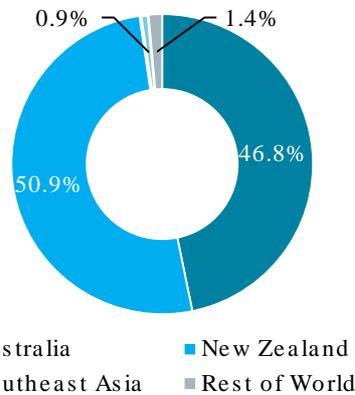
FY2016 Annual



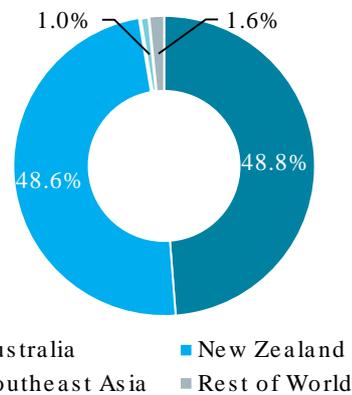
H1 FY2017



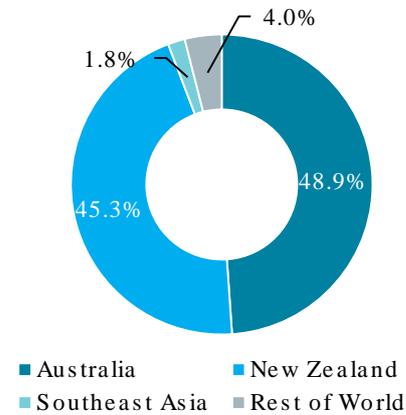
H1 FY2016



FY2016 Annual



H1 FY2017



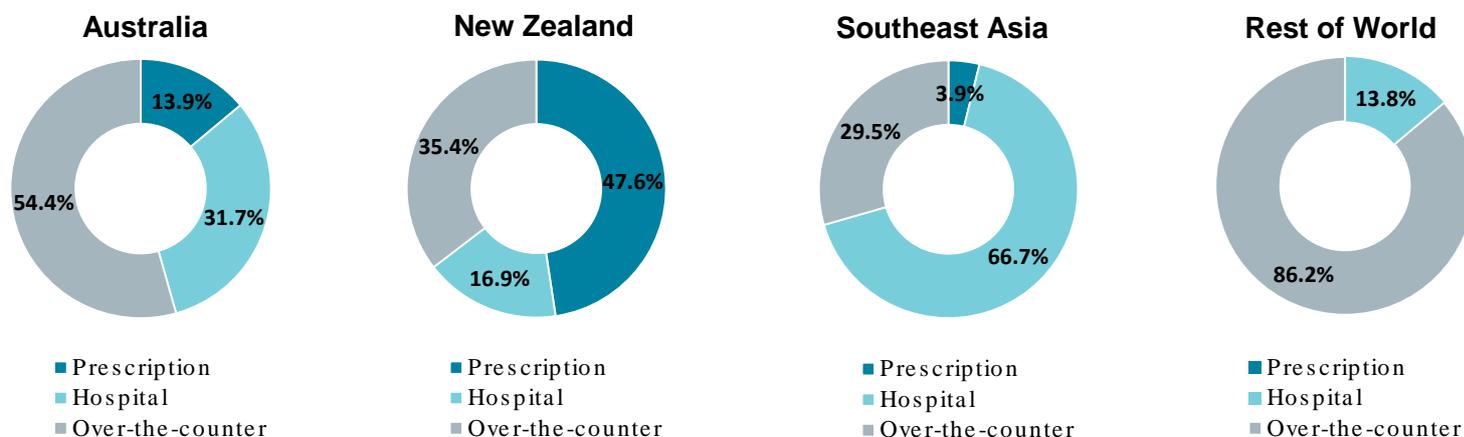
- Underlying Australian growth 17%
- Australian launches of new over the counter products
- Australian out of stock effect 11%
- New Zealand Pharmacy Retail Channel down 6%
- New Zealand out of stock effect 4%
- Southeast Asia doubled with over the counter product launches
- Rest of World trebled on *Maxigesic* sales and royalties
- Rest of World is now 4% of group revenue

REVENUE BY REGION AND CHANNEL

Operating revenue by region, H1 FY2017 versus H1 FY2016

NZ\$000's Half Year to 30 September	H1 FY2017	% of total	H1 FY2016	% of total
Australia YoY growth	14,569 5.4%	48.9%	13,823	46.8%
New Zealand YoY growth	13,498 -10.2%	45.3%	15,034	50.9%
Southeast Asia YoY growth	543 109.7%	1.8%	259	0.9%
Rest of World YoY growth	1,177 175.6%	4.0%	427	1.4%
Total Operating Revenue YoY growth	29,787 0.8%	100.0%	29,543	100.0%

Operating revenue by channel by region, FY2016



- *Crystaderm, RestoraNail, ZoRub and Myconail launched in Australia*
- *Strong Hospital sales in Australia and new products launched*
- *Additional factory to address supply issues going forward*
- *Weak New Zealand retail pharmacy channel to be supported by second half promotional program*
- *Maxigesic, Crystaderm, RestoraNail and ferro launched in Southeast Asia*
- *Maxigeisc licencees in Italy, United Kingdom and United Arab Emirates report sales well ahead of expectations*

SUMMARY P&L

NZ\$000's Half Year to 30 September	H1 FY2017	% of revenue	H1 FY2016	% of revenue
Revenue	29,787		29,543	
Cost of Sales	(19,018)	(63.8)%	(19,161)	(64.9)%
Gross Profit	10,769	36.2 %	10,382	35.1 %
Other Income	1,007	3.4 %	1,328	4.5 %
Selling and distribution expenses	(12,575)	(42.2)%	(9,525)	(32.2)%
General and administrative expenses	(3,135)	(10.5)%	(3,302)	(11.2)%
Research and development expenses	(4,276)	(14.4)%	(2,406)	(8.1)%
Equity Accounted Loss of joint venture entity	(210)	(0.7)%	-	-
Underlying Operating Loss	(8,420)	(28.3)%	(3,523)	(11.9)%
Finance Income	291	1.0 %	6	0.0 %
Finance Costs	(1,560)	(5.2)%	(1,754)	(5.9)%
Other gains/(losses)	(1,260)	(4.2)%	(135)	(0.5)%
Loss before tax	(10,949)	(36.8)%	(5,406)	(18.3)%
Tax expense	(51)	(0.2)%	(386)	(1.3)%
Loss after tax	(11,000)	(36.9)%	(5,792)	(19.6)%

- Margins reflect increasing % of higher margin over the counter products
- 85% of the increase in Sales and Marketing is variable on product launches and filings
- Research and development has doubled plus \$2.5m of the *Maxigesic IV* clinical trial was incurred ahead of schedule in March 2016
- Other finance losses are primarily unrealised foreign currency on the strong NZ\$ at 30 Sept
- The tax benefit of the losses is not recognised in the P&L

SUMMARY BALANCE SHEET

NZ\$000's	Restated Unaudited as at 30 Sep 2016	Audited as at 31 March 2016	Restated Unaudited as at 30 Sep 2015
ASSETS			
Current assets			
Inventories	21,451	17,686	15,072
Trade and other receivables	12,748	16,288	12,224
Cash and other equivalents	16,054	28,055	10,016
Current income tax asset	19	26	113
Total current assets	50,272	62,055	37,425
Non-current assets			
Property, plant and equipment	421	407	449
Intangible assets	2,450	2,111	1,853
Deferred income tax assets	490	546	45
Derivative assets	-	-	917
Investment in joint venture entity	177	185	-
Total assets	53,810	65,304	40,689
LIABILITIES			
Current liabilities			
Trade and other payables	11,131	10,428	9,684
Provisions	1,841	3,083	2,326
Derivative liabilities	745	402	-
Total current liabilities	13,717	13,913	12,010
Non-current liabilities			
Interest bearing liabilities	22,039	23,161	24,721
Total liabilities	35,756	37,074	36,731
Equity			
Share capital	53,902	53,902	21,736
Retained earnings	(36,637)	(25,637)	(17,748)
Share options reserve	182	65	-
Foreign currency translation reserve	607	(100)	(30)
Total equity	18,054	28,230	3,958
Total liabilities and equity	53,810	65,304	40,689

- Inventory stock build for newly launched over the counter products in Australia and Southeast Asia and promotional program
- Cash holding of \$16m reflecting investment into research and development together with product launches. Minor working capital increase for stock build
- Financial flexibility to increase cash reserves with further draw downs available on the long term facility
- Intangible Assets are primarily capitalised patents and trademarks

SUMMARY CASHFLOW STATEMENT

NZ\$000's, Half Year to 30 September	H1 FY2016	H1 FY2015
Net cash (used in)/generated from operating activities	(10,270)	(3,671)
Net cash (used in) investing activities	(686)	(332)
Net cash generated from financing activities	-	8,117
Net increase in cash	(10,956)	4,114
Impact of foreign exchange on cash and cash equivalents	(1,045)	1,202
Opening cash and cash equivalents	28,055	4,700
Closing cash and cash equivalents	16,054	10,016

- Investment into R&D and new product launches
- Financial flexibility to increase cash reserves with further draw downs available on the long term facility

VALUE DRIVERS

Product / Market	Progress
ANZ business	<ul style="list-style-type: none"> • Launching further OTC products in AU • Continuing growth for <i>Maxigesic</i>
<i>Maxigesic</i> Tabs	<ul style="list-style-type: none"> • Further registrations underway • Increasing launches in new countries • Further development of a novel formulation
<i>Maxigesic</i> Family	<ul style="list-style-type: none"> • Progress with development of IV, OL & Sachets • Licensing agreement for significant territories under negotiation
<i>NasoSURF</i>	<ul style="list-style-type: none"> • First regulatory filing in USA within 2016 • Clinical data generation underway to allow Class IIa filing FY2018 • Plan to undertake licensing negotiations FY2018
<i>Maxiclear PE</i>	<ul style="list-style-type: none"> • Progress with pivotal clinical study • Further licensing agreements pending
<i>Pascomer</i>	<ul style="list-style-type: none"> • Progress with development • Plan to undertake licensing negotiations FY2018

SUMMARY OF NEAR TERM PLANS



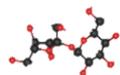
Launch *Maxigesic* in new countries and increase sales



Advance *Maxigesic* registrations in licensed countries and in North America



Complete clinical studies of *Maxigesic* products over FY2017 and FY2018



Naso*SURF* – complete first clinical trials and first regulatory filings
Undertake first licensing negotiations



Build further revenues of new products launched in Australia
Increase *Maxigesic* sales



Break even targeted in the FY2018/FY2019 time frame from increased higher margin product sales in home markets; increased licensing income from existing and new agreements; increased *Maxigesic* sales from existing and new markets



The long term CRG loan has the option for further draw-downs which we have no current plans to exercise.
