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AFT updates earnings guidance

AFT Pharmaceuticals (NZX.AFT, ASX.AFP) today revises its guidance on its financial results for the year to 31 March 2021 following a number of COVID-19 related delays to licensing negotiations and disruptions to the company's global supply and distribution networks.

AFT expects revenue for the 2021 financial year to be around \$110 million, representing an uplift on the prior year's \$105.6 million. Operating profit for the period is expected to be between \$9 million and \$11 million, compared with the prior year's equivalent figure of \$11.4 million¹, lower than the guidance affirmed in November 2020 of \$14 million to \$18 million.

AFT Managing Director Dr Hartley Atkinson said: "We are disappointed to be revising our guidance, a move which, to a large extent, reflects delays to licensing negotiations we expected to conclude in the 2021 financial year.

"The discussions have been hampered by COVID related travel restrictions and the difficulties collaborating across different time zones. We remain confident but cannot guarantee that we can conclude these negotiations with financial benefits which will, if negotiations are successful, accrue in the new financial year.

"Additionally, the revised outlook reflects a broad range of pandemic-related disruptions that by themselves have not taken a material toll on individual business lines, but over the last quarter have cumulatively weighed on our financial results.

"These disruptions have affected the production and shipping of our Maxigesic® pain relief medicine from our suppliers. Several Maxigesic launches have taken longer than expected or have been pushed from February or March into the next financial year.

"Travel-restrictions have delayed regulatory audits of production facilities resulting in flow on delays to Australian launches of key new products.

"We have pivoted to minimise these disruptions by seeking alternative sources of supply and innovated to sell products such as facemasks and developed our long-lasting hand sanitiser Crystawash® Extend.

¹ In the year to 31 March 2020 AFT reported an operating profit of \$21.2 million, a figure which included a \$9.8 million non-recurring gain on the value of assets related to its orphan drug Pascomer. Excluding this gain operating profits were \$11.4 million.

“Meanwhile, we have continued to put in place licensing and distribution agreements that set the company up for the future, including agreements for the intravenous and oral dose forms of Maxigesic and distribution agreements for our orphan drug Pascomer®, a treatment for facial angiofibromas, a symptom of Tuberous Sclerosis Complex.

“Indeed, despite the pandemic we have concluded eight new licensing agreements, covering 22 territories for Maxigesic IV® pain relief medicine and four new agreements covering four territories for the oral form of the medicine. As announced earlier in March, Pascomer, has been licensed in 30 countries across Europe.

“These achievements represent significant progress in trying circumstances and, importantly, continue to strengthen AFT's capacity to build on its record for consistently delivering year-on-year sales growth,” said Dr Atkinson.

“We look forward to providing more detail when we release our audited financial results in May.”

Released for and on behalf of AFT Pharmaceuticals by Chief Financial Officer Malcolm Tubby.

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About AFT Pharmaceuticals

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 which are distributed across all major pharmaceutical distribution channels: over the counter (OTC), prescription and hospital. Our product portfolio comprises both proprietary and in-licensed products, and includes patented, branded, and generic drugs. Our business model is to develop and in-license products for sale by our own dedicated sales teams in our home markets of Australia and New Zealand and in certain Southeast Asian markets, and to out-license our products to local licensees and distributors to over 125 countries around the world. For more information about the company, visit our website www.aftpharm.com