



Working to improve your health

1H FY2022 Investor presentation

18 November 2021

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All amounts are disclosed in New Zealand dollars (NZ\$) unless otherwise indicated.

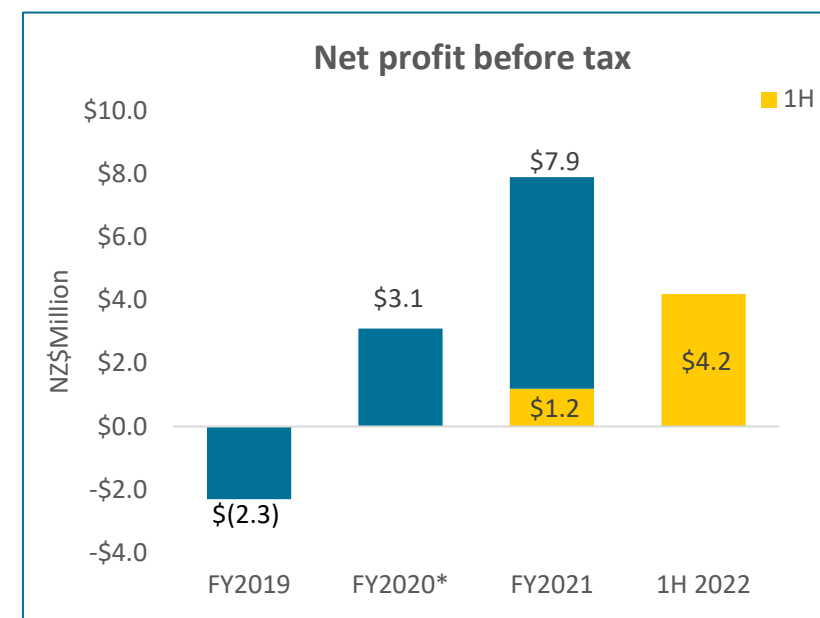
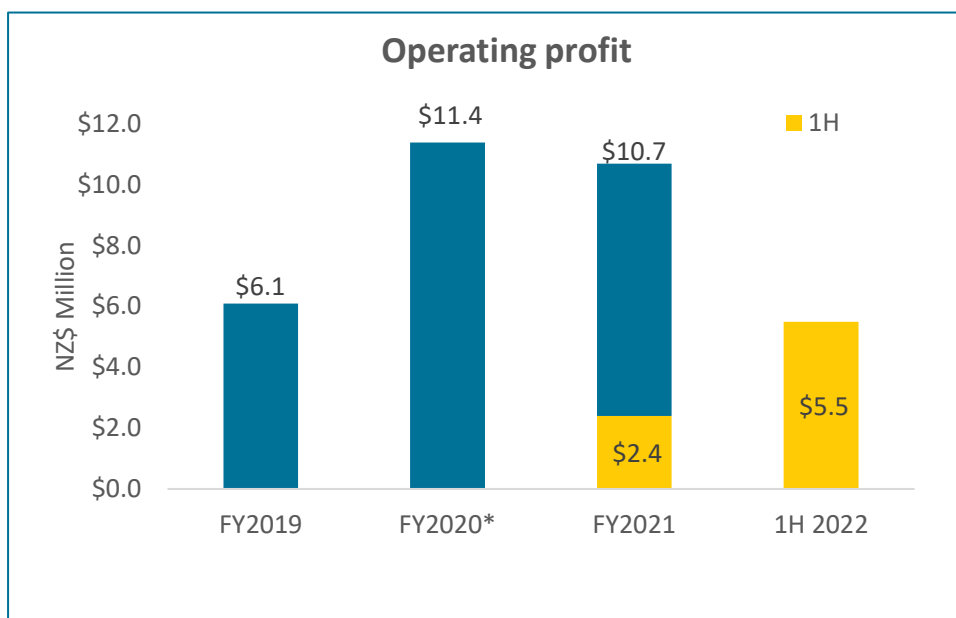
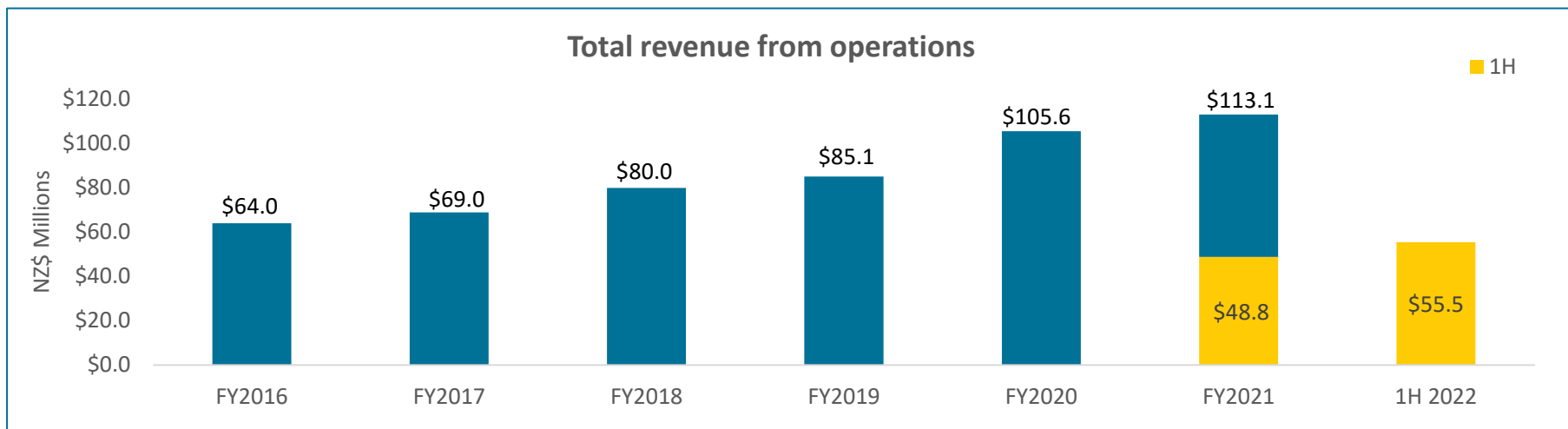
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Delivering growth in a COVID-19 headwind



Extending the foundations for AFT's future growth

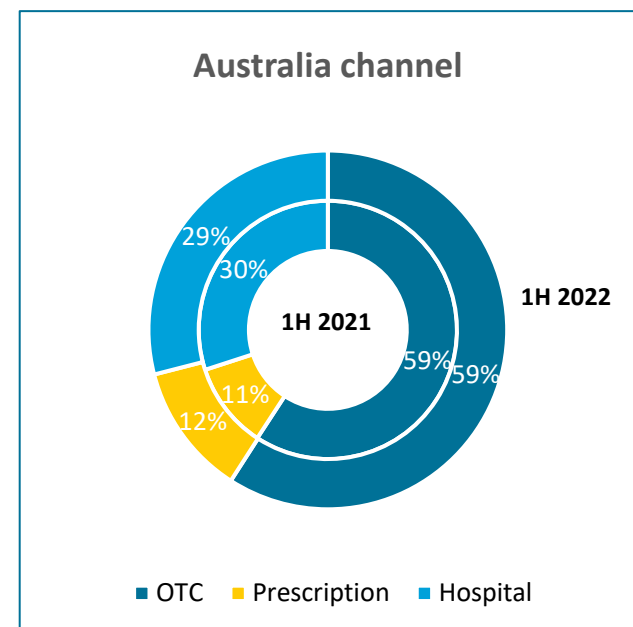
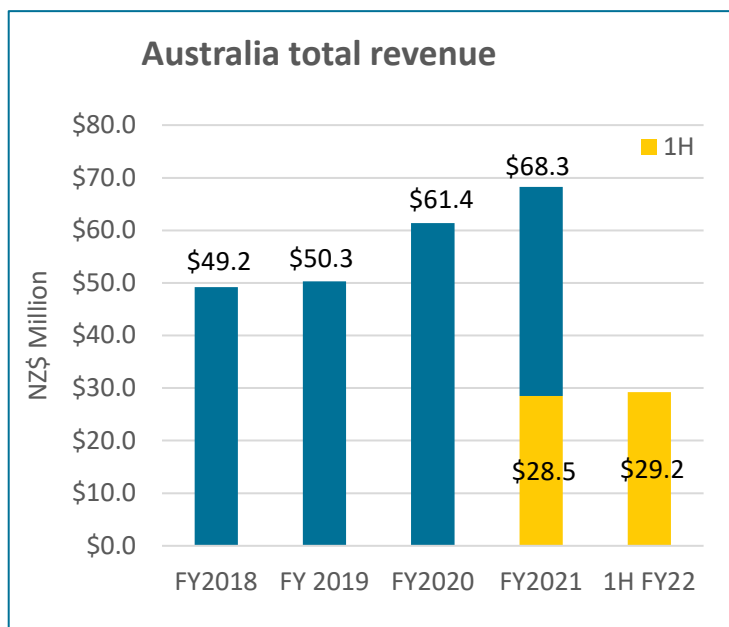
- Core Australasian markets supported by new product launches and consolidation of leadership position across therapeutic focus areas.
- Maxigesic® commercialisation momentum continues
 - Sustained market leadership in Australia
 - Maxigesic IV® licenses extend including the landmark licensing deal with Hikma in the US and registrations now in 29 countries.
 - Tablets now sold in 46 countries with Switzerland, Greece and Lithuania added.
- Accelerating Asia and E-Commerce
- Development portfolio expands with trials for a new application of Pascomer and ongoing development of Maxigesic dose forms and NasoSurf



Strategic and operational update

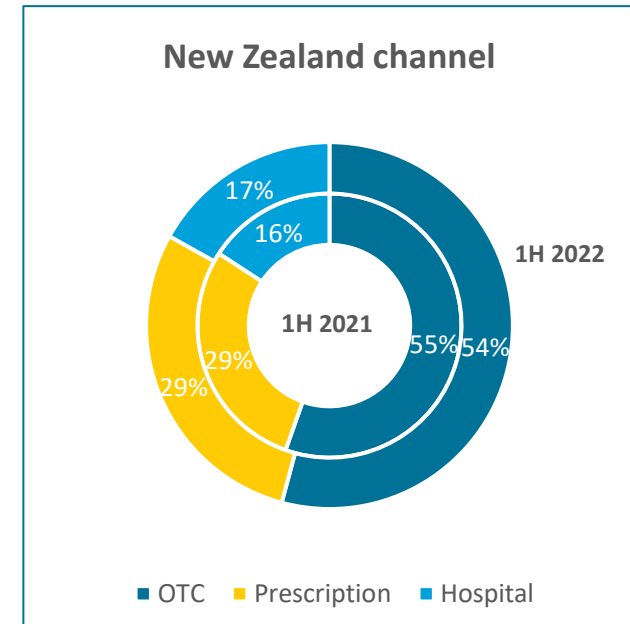
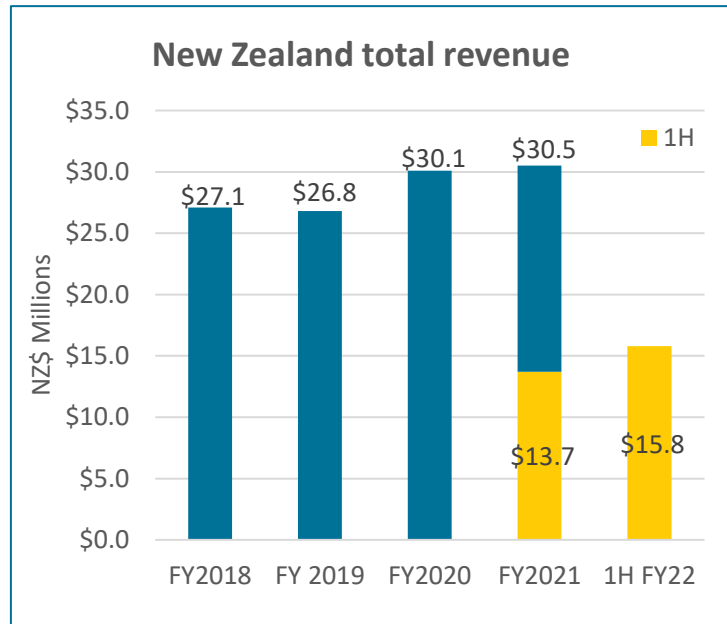


Australia grows despite lockdowns



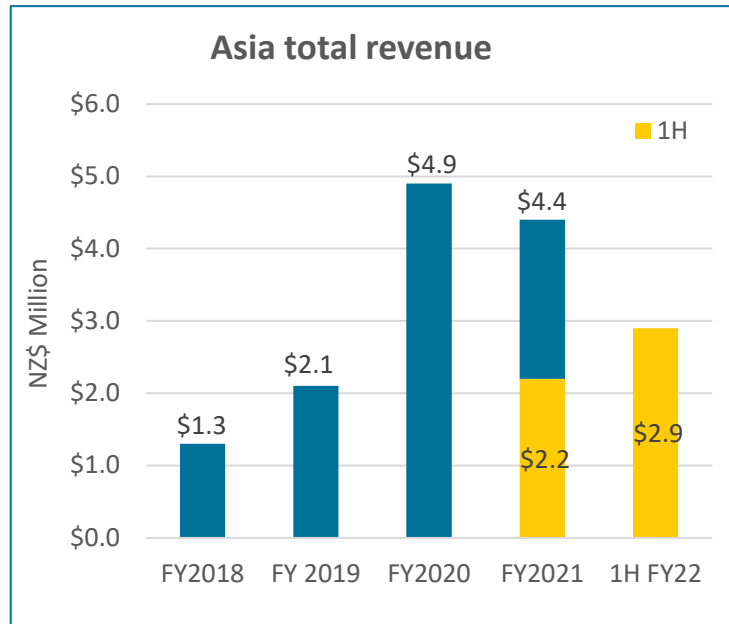
- Maxigesic and eyecare ranges lead growth and drive a positive half year outcome
- OTC revenue growth hindered by COVID-19 particularly the Eastern states
- Product launches delayed in the first half planned for the second half of the year
- 30new product launches planned between now and the end of FY23

New Zealand benefits from fewer restrictions

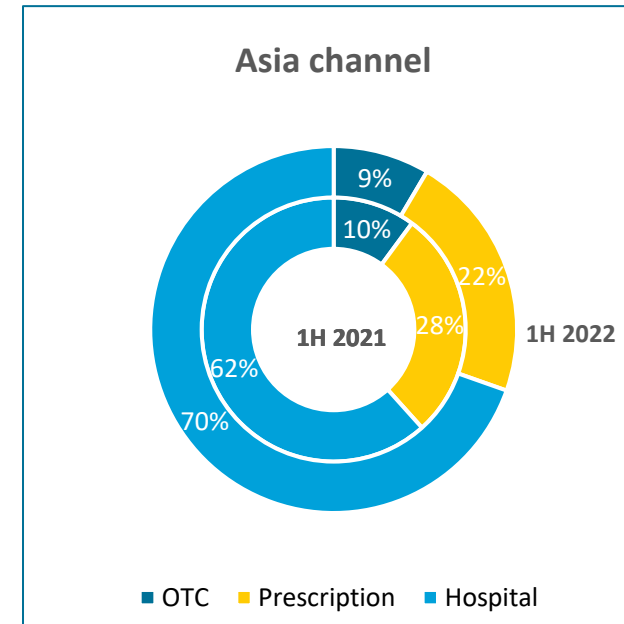


- Growth led by the OTC channel (up 13%) and reflects a period of more normal trading, with Vitamin C Liposachets and Maxigesic leading growth
- The hospital channel grew 23% lifted by antibiotic sales
- The prescription channel grew 15% with the return to a period of more normal activity

Hospital/Rx channel underpins Asian result

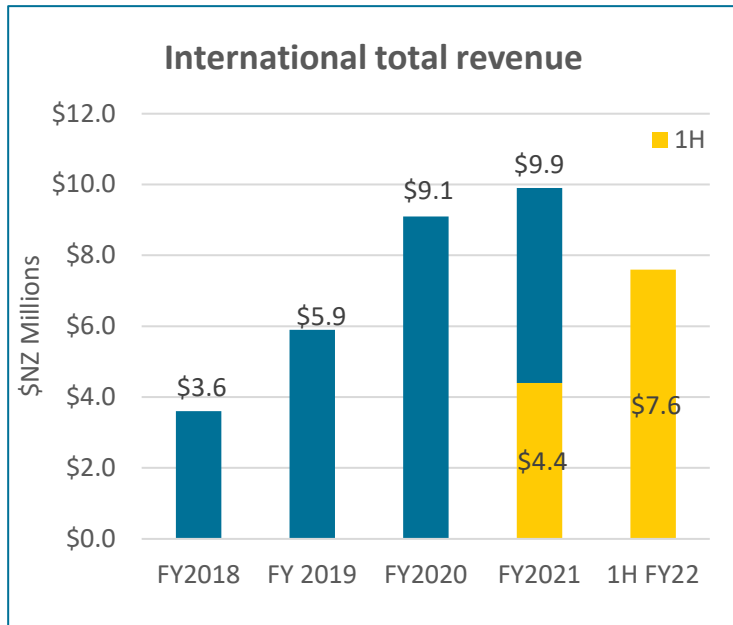


32%

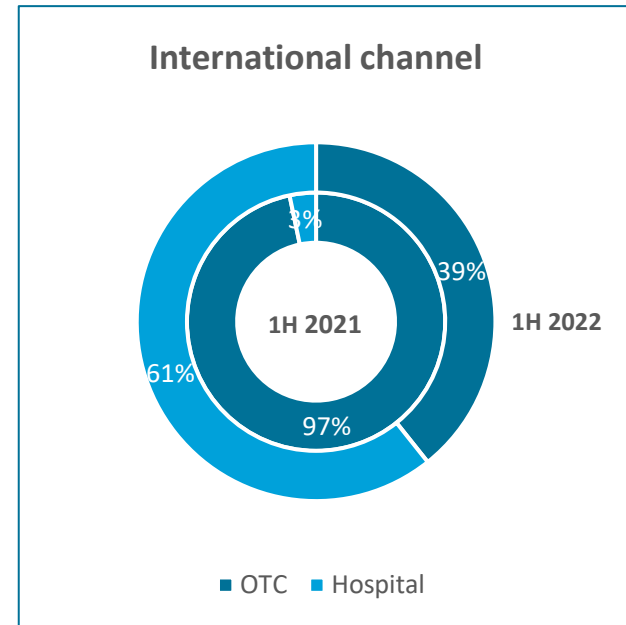


- Hospital/Rx sales rise 32% due to strong anti-bacterial sales
- TMall store, aimed at reaching into China and building brand recognition, making a growing contribution to OTC sales. To be extended
- Growth diluted by weaker sales to Singapore of Maxigesic, which stockpiled the medicine in the prior year.
- ASX-listed McPherson's to pick up OTC distribution in Singapore

Maxigesic drives international licensing and sales revenue



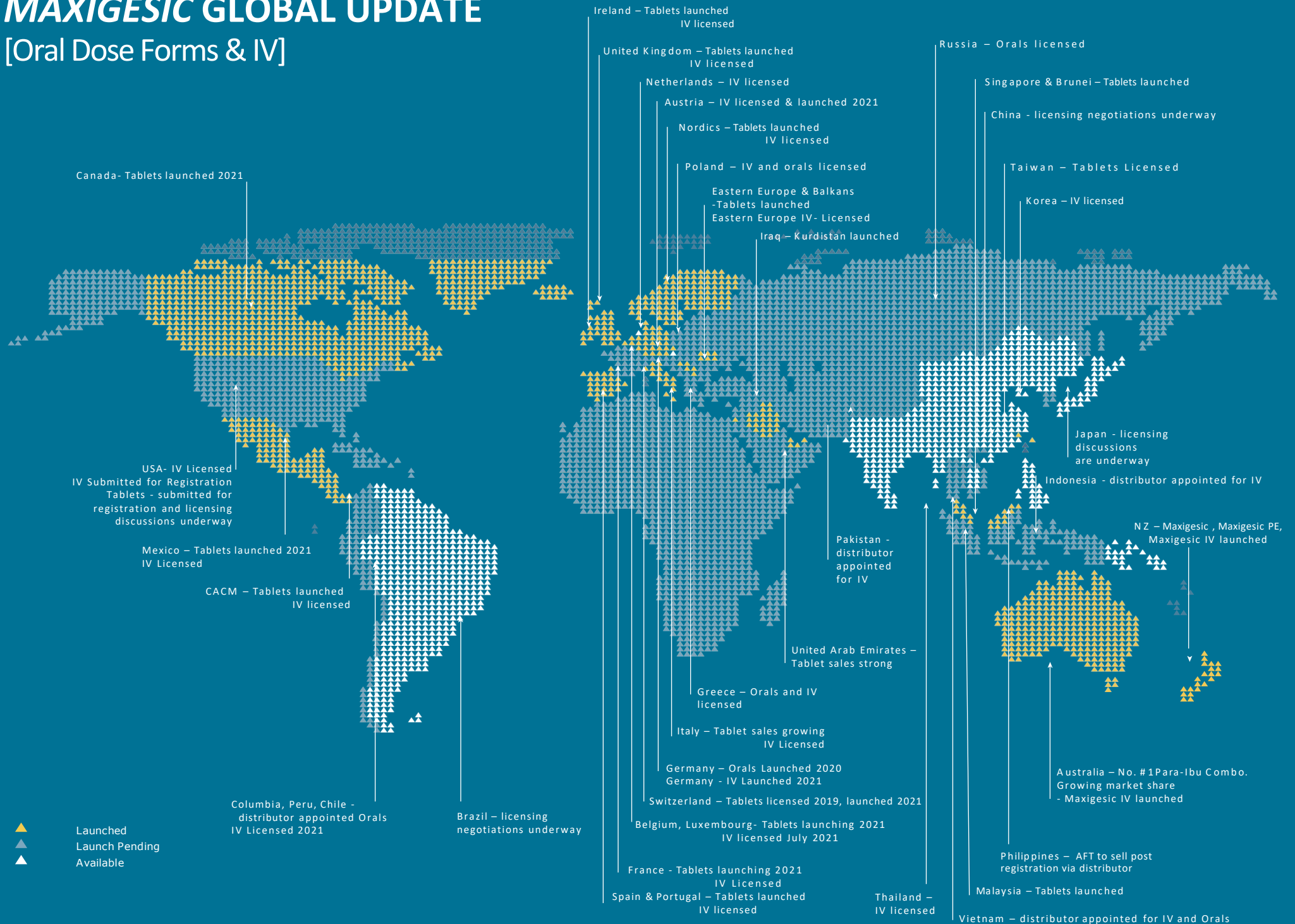
74%



- Maxigesic IV licensing income drives strong total revenue growth
- Product sales down 35% to \$2.6 million as the prior year benefited from stock pipeline fills.
- Sales improving as markets move to living with COVID-19.
- Royalties more than doubled

MAXIGESIC GLOBAL UPDATE

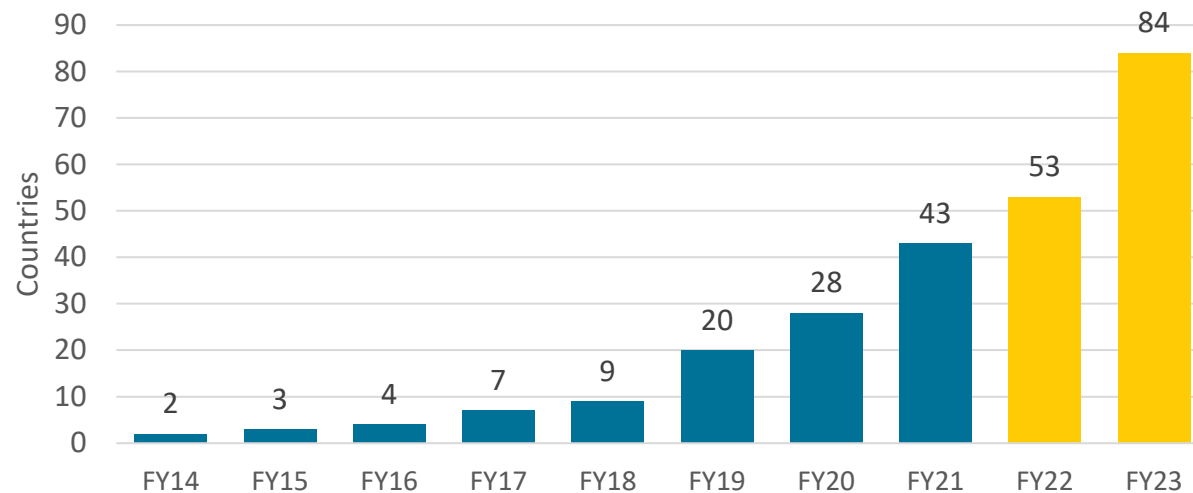
[Oral Dose Forms & IV]



Maxigesic roll out continues across the world

TARGETED MAXIGESIC FY 2022-2023

Maxigesic countries sold and ordered*

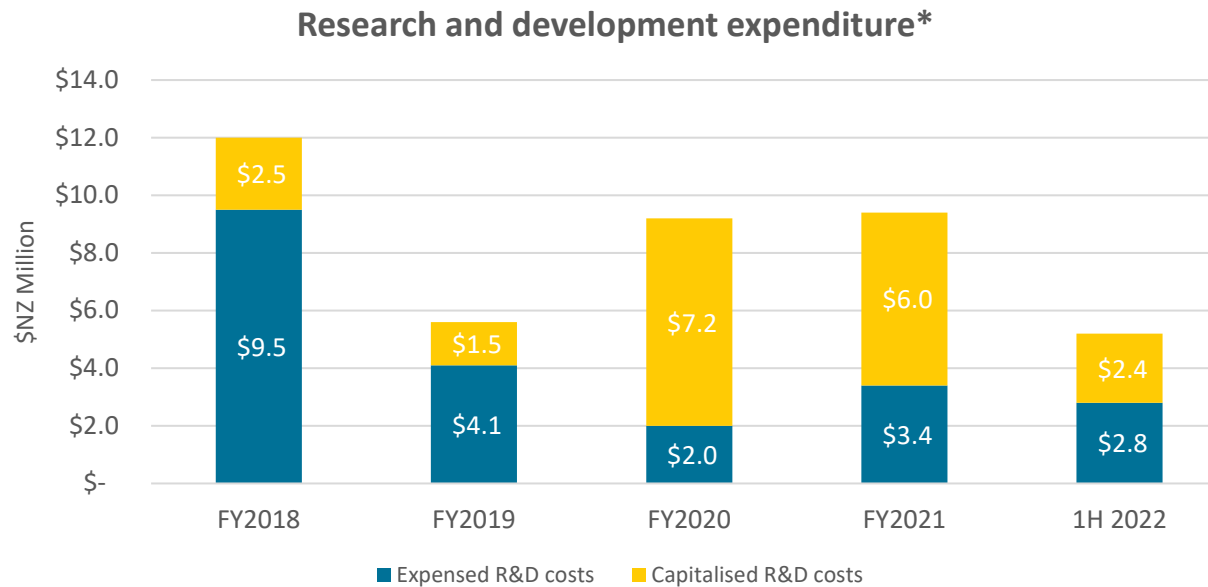


FY 2022 progress to date:

- **Tablets:** Launched in Switzerland, Greece and Lithuania
- **Maxigesic IV:** launched in Germany and Austria
- **Oral Liquid:** Registered in Italy and Malta.

Product	Maxigesic Tablets		Maxigesic IV		Maxigesic Oral Solution	
	31 Oct 2021	31 March 2021	31 Oct 2021	31 March 2021	31 Oct 2021	31 March 2021
Territories	31 Oct 2021	31 March 2021	31 Oct 2021	31 March 2021	31 Oct 2021	31 March 2021
Licensed	100+	100+	100+	100+	100+	100+
Registered	51	49	29	21	2	0
Sold in	46	43	5	3	0	0

R&D investment lays foundation for future growth



- **Maxigesic dose forms:**
 - Maxigesic Cold & Flu final studies underway this year
- **Pascomer:** Treatment of facial angiofibromas
 - Licensed for North America to Timber Pharmaceuticals and Europe to Desitin
 - Global Phase II/III study patient enrolment closed now despite the pandemic
- **NasoSURF:** Intranasal drug delivery instead of an injection
 - Clinical studies of the first dose form to commence in FY22
- **Other products:**
 - Other products in development: Medicinal Cannabis, Crystawash Extend, Crystaderm



Financial performance



Licensing income lifts earnings; investments for growth

Six months to 30 September	2021 NZ\$ (000)	2020 NZ\$ (000)	Change (%)
Total revenue from operations	\$55,513	\$48,821	13.7%
Gross profit	\$26,705	\$20,332	31.3%
Gross profit/revenue	48.1%	41.6%	
Operating expenses and other income	\$(21,214)	\$(17,910)	18.4%
Operating profit	\$5,491	\$2,422	126.7%
Operating profit /revenue (%)	9.9%	5.0%	
Net finance expense	\$(1,059)	\$(1,193)	(11.2)%
Finance expense/revenue (%)	(1.9)%	(2.4)%	
Tax (expense)	\$(250)	\$(37)	
Net profit after tax	\$4,182	1,192	250.8%
Revenue from product sales and royalties	\$50,706	\$48,524	4.5%
Gross profit from product sales and royalties	\$21,898	\$20,035	9.3%
Gross profit from product sales and royalties/revenue	43.2%	41.3%	

- Gross profit margins improve due to higher license income and price increases
- Selling and distribution expenses expand with investment into Australasian brands, expected to remain steady as a percentage of Australasian sales going forward
- R&D expenditure rises with investment in NasoSURF development and Australasian in-licensing costs
- Corporate costs also higher due to investing in increased personnel for growth

Balance sheet highlights: debt reduces and cash and equity rise

NZ\$ (000)	Unaudited 30 Sept '21	Audited 31 March '21	Unaudited 30 Sept '20
Inventories	\$34,129	\$33,654	\$35,995
Cash and cash equivalents	\$5,907	\$3,209	\$5,870
Net debt	\$32,592	\$35,152	\$34,277
Total assets	\$105,708	\$105,132	\$93,983
Total equity	\$41,096	\$36,588	\$29,866

- Inventories remain elevated to protect the company against supply disruptions
- Cash position building

Cash flow highlights

Six months to 30 September	2021 NZ\$ (000)	2020 NZ\$ (000)
Net cash from/ (used in) operating activities	\$6,826	\$(2,740)
Net cash used in investing activities	\$(2,770)	\$(3,889)
Net cash from/ (used in) financing activities	\$(1,326)	\$6,704
Net increase/(decrease) in cash	\$2,731	\$75
Impact of forex movements on cash and cash equivalents	\$(33)	\$(324)
Opening cash and cash equivalents	\$3,209	\$6,119
Closing cash and cash equivalents	\$5,907	\$5,870

Summary and outlook



A challenging half year but growth potential remains strong

Positive achievements across all our key markets

- Good growth in New Zealand, Asia
- Good progress commercialising Maxigesic
- Landmark licensing agreements with Hikma for Maxigesic IV in the US and FDA acceptance of the New Drug Application

Covid-19 has impeded our progress

- Supply disruptions delay product launches
- Delays to product launches and regulatory approvals continue
- Lockdowns, travel restrictions and government-imposed limits to patient access disrupts OTC medicine sales



Focus for the remainder of FY22 and outlook



Further drive international sales

- Accelerate number of new countries in which Maxigesic is launched
- Growing sales in newly launched markets such as Canada, Germany, Switzerland
- Launch new line extensions – Maxigesic IV, Hot Drink, Oral Liquid



Extend international licensing

- Finalise Maxigesic licensing agreement discussions in Brazil, China and Japan



Drive Australia and New Zealand sales

- Drive Maxigesic sales and line extensions in AU & NZ such as hot drink
- Ongoing in-licensing to expand ANZ business
- Targeting the launch of circa 30 products before the end of FY23



Financial outlook

- Guidance for FY22 operating profit of \$18 million to \$23 million reaffirmed for the year to 31 March 2022, assuming the maintenance of margins and targeted sales outlook
- Dividend policy remains on the agenda as we progress debt reduction to the target of \$25 million to \$30 million and linked to underlying earnings progress



Appendix 1: Australasian product portfolio

AFT has the #1 selling product (Maxigesic) in the Australian para-ibu¹ combo pain relief. AFT's portfolio includes a combination of 125 proprietary, branded and generic products which address the following therapeutic areas:

Pain	Maxigesic, ParaOsteo, ZoRub OA/HP, Fenpaed, Combolieve Day/Night
Eyecare	Hylo, Novatears, CromoFresh, Opti-soothe Wipes/Mask, VitaPOS
Vitamins	Ferro-liquid, FerroTab, Ferro-F, Ferro-sachets, Lip VitC, CalciTab
Allergy	Loraclear, Histaclear, Fexaclear, Levoclear, Allersoothe, Lorapaed, Becloclear, Steroclear
Gastrointestinal	Gastrosoothe/Forte, LaxTab, Micolette, Nausicalm, DiaRelieve
Dermatology	Crystaderm, Crystawash Hand Sanitizer, Crystasoothe, ZoRub anti-chafing, Decazol, MycoNail, RestoraNail
Hospital	Maxigesic IV, Injectables



¹ Paracetamol and Ibuprofen

Appendix 2: AFT Asian product portfolio

AFT's Asia portfolio includes a range of proprietary, branded and generic products which address the following therapeutic areas:

Pain	Maxigesic
Medicated Vitamins	Ferro-sachets, Lipo VitC, Lipo VitD and expanding pipeline – T Mall
Dermatology	Crystawash Extend Hand Sanitizer, Hemptuary
Hospital	Maxigesic IV, Injectables



Appendix 3: AFT Global product portfolio

AFT is building the global presence of its proprietary and patented products through its network of licensees and distributors.

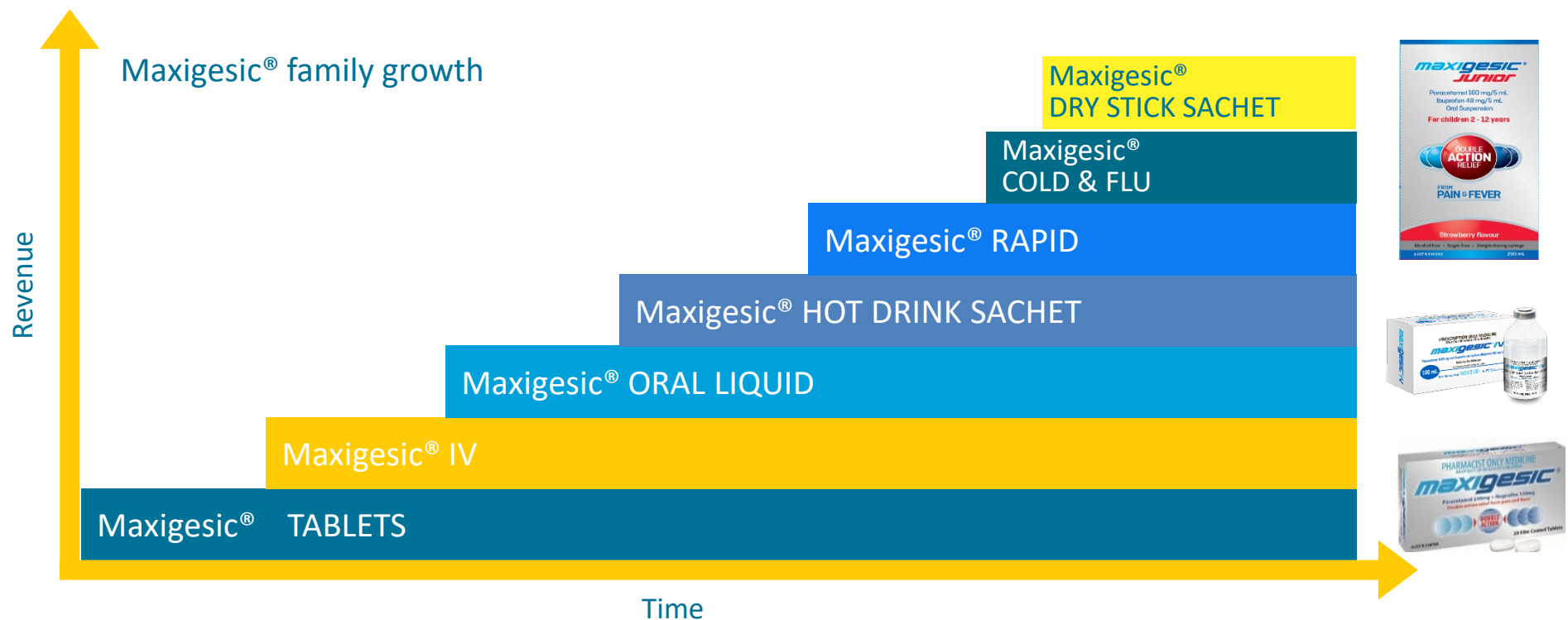
It continues the development of its portfolio of repurposed medicines: Maxigesic, Pascomer, NasoSURF, Crystawash Extend and Crystaderm

Pain	Maxigesic oral dose forms – tablets, solution, hot drink sachet, rapid, cold and flu
Hospital	Maxigesic IV (intravenous) NasoSurf – nasal nebuliser drug delivery
Dermatology	Pascomer – primarily North America & Europe Crystawash extend – selected territories such as Canada & Middle East Crystaderm – selected territories such as Canada



¹ Paracetamol and Ibuprofen

Appendix 4: Maxigesic dose forms extend the market



- Estimated total analgesic market size \$6.2 billion, oral dose forms US\$5.4 billion and injectable forms US\$724 million**
- Maxigesic tablets are patent protected out to 2025-2028, beyond which the brand name is expected to cement Maxigesic's OTC position in the market
- AFT is now leveraging the brand goodwill into Maxigesic variants, including:
 - Maxigesic PE (2034 patent)
 - Maxigesic Hot Drink Sachet (2025, 2028 patent)
 - Maxigesic Dry Stick Sachet (2036 patent)
 - Maxigesic IV (2034 [AU] 2031, 2035, 2037 [Global] patents)
 - Maxigesic Oral Liquid (2025, 2028 patents)
 - Maxigesic Cold & Flu (2025, 2028 patents)
 - Maxigesic Rapid (2039 patents)

Appendix 5: Detailed balance sheet

NZ\$ (000)	Unaudited 30 Sept '21	Audited 31 March '21	Unaudited 30 Sept '20
Current assets	\$66,187	\$67,902	\$58,549
Non-current assets	\$39,521	\$37,230	\$35,434
Total assets	\$105,708	\$105,132	\$93,983
Current liabilities	\$25,422	\$32,102	\$25,948
Non-current liabilities	\$39,190	\$36,442	\$38,149
Total liabilities	\$64,612	\$68,544	\$64,097
Total equity	\$41,096	\$36,588	\$29,866
Total liabilities and equity	\$105,708	\$105,132	\$93,983

Appendix 6: History of AFT Pharmaceuticals

AFT was founded 23 years ago by Dr Hartley and Marree Atkinson. Since then AFT has remained an Atkinson-family controlled business and has grown organically into Australia and internationally

The 2015 IPO raised funds to pursue a more aggressive (and loss-making) R&D-led growth strategy. AFT has now returned to profitability as intended, as the company was prior to IPO

