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FINANCIAL RESULTS FOR THE YEAR TO 31 MARCH 2025

AFT sees strong FY 26 as revenue reaches new record

AFT Pharmaceuticals (NZX:AFT, ASX:AFP) today reports it has again achieved another year of record revenue with annual sales exceeding $200 million[1] and it is now firmly focused on its revenue target of $300 million by the end of the 2027 financial year.

The diversified pharmaceuticals company reports continued strong growth in its core Australasian business, while the expected robust recovery in its Asia and International businesses during the second half year, have lifted revenue for the year to the end of March 2025 to another record of $208.0 million, a 6% increase over FY 24.

Operating profits have meanwhile reached $17.6 million in line with guidance given at the half year, lifted by the growth in revenue and expansion of product margins. These gains were diluted by the significant one-off events flagged in 1H 25, including destocking by several of our largest customers and a since resolved doctors' strike in South Korea that impacted both sales and earnings.

A video of Dr Hartley Atkinson discussing a summary of the result can be viewed at the following link: https://bit.ly/AFTPharmaceuticals_FY25.

HIGHLIGHTS

- Full year operating revenue up 6% to $208.0 million, lifted by 11% growth in product sales and royalties across all territories and $0.7 million of licensing income
- Strong Australian sales growth of 17%, offset by the one-off factors of destocking and interruptions to demand for Maxigesic IV in 1H 25
- EBITDA[2] of $20.9 million down 20% and operating profit of $17.6 million down 27%, in line with guidance given at the half year
- Operating profit in Australia rose 65% following growth investments made last year delivering the expected benefits
- Net profit after tax decreases 23% to $12.0 million
- Balance sheet strong with net debt of $14.5 million down from $16.2 million at the end of FY 24 and $29.9 million at the end of FY 23 despite significant investments for growth
- Consistent with confidence in outlook an increased dividend declared of 1.8 cents per share, (1.6 cents declared FY 24)
- $200 million revenue exceeded and now focused on the $300 million target

[1] All comparisons are to FY 24 and all figures are in New Zealand dollars unless otherwise stated.
[2] EBITDA is a non-GAAP measure of financial performance. It is defined and reconciled to AFT's standard profit measure under New Zealand GAAP of Net Profit After Tax in the 2025 Annual Report released to the NZX and ASX today.

- Ongoing significant investment with FY 26 guidance for increased operating profit of $20 million to $24 million.

AFT Pharmaceuticals Chair David Flacks said: "AFT has delivered another strong result, especially when considered against the one-off disruptions in the first half of the year.

"We have grown in our core Australasian and Asian markets. We have meanwhile continued to invest for the long-term with the addition of new medicines to our product development portfolio and an expanded offer in the markets in which we operate. We are looking to the new financial year with confidence."

Co-Founder and Managing Director Dr Hartley Atkinson said: "Aside from delivering continued strong growth in our core Australasian businesses we have significantly advanced our strategy to extend our reach across multiple geographies and added to our research and development (R&D) pipeline. These efforts have come at the cost of short-term earnings growth, but we are convinced they will deliver growth in long term shareholder value.

"Highlights for the year include launching Maxigesic tablets in the US, following on from the intravenous form of the medicine, Maxigesic IV; the launch of our proprietary antiseptic cream in mainland China, and the completion of multiple licensing agreements around the world including Maxigesic IV in China, and Brazil. In a credit to our out-licencing activities we were identified as the only company in the world last year to secure two licensing agreements into China, the world's second largest pharma market[3].

"We are also pleased with the progress we are making with AFT's business operations established in Singapore, Hong Kong, South Africa, the US, Canada, Europe, and the UK. We have a roadmap for growth in each of these markets founded on a portfolio of our own products and medicines we are in-licensing.

"Our own products for these markets now include a significant development programme of injectable drugs with a potential market value of over US$400 million. Our approach to these new markets avoids an over-exposure to the US and at present we do not see a significant impact of new US tariffs to our business.

"Finally, we have extended our research and development programme to 13 separate projects following the addition of two projects over the last year — a novel topical keloid scar treatment and a new treatment for iron infusions. Together these projects offer entry into markets with a considerable value, for example the iron injection market is forecast to reach US$7.4 Billion by 2033[4].

"We are seeing interest growing in our R&D portfolio with some twenty agreements under discussion, including signed term sheets. I am confident, based on these foundations AFT has reached an inflexion point and can further extend its decades long record for growth and value creation."

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[3] https://mp.weixin.qq.com/s/ElG5Fjx2xAllqO_LbY88Xw

[4] https://www.biospace.com/intravenous-iron-drugs-market-size-to-worth-around-us-7-41-billion-by-2033

FINANCIAL RESULTS
Revenue from the sale of existing products, new products and product royalties grew by 11% to $207.4 million from $186.9 million in FY 24. The 17% growth in the Australian business and the 10% growth in the New Zealand business made the largest contribution to the increase in group revenue.

The Asia and International businesses recovered in the second half after the one-off events flagged in the first half of the year — the destocking by several of our largest customers and the disruptions to demand for Maxigesic IV.

Asia revenue recovered from the first half decrease and rose by 4% to $11.1 million from $10.7 million in FY 24. The second half sales in Asia were 50% greater than 1H 25 sales and 26% greater than 2H 24, all consistent with the significant expected recovery.

International sales in 2H 25 were 83% greater than 1H 25 but finished 20% below last year's. Sales in 2H 25 were 19% greater than 2H 24, again a rise consistent with the expected recovery.

Total revenue, which includes licensing income of$0.7 million rose 6% to $208.0 million from $195.4 million in FY 24. Licensing income was less than FY 24's $8.5 million, a figure buoyed by a one-off $6 million payment related to the launch of Maxigesic IV in the US. However, with a significant number of licensing agreements under discussion, including signed term sheets, we anticipate higher licensing milestone payments in FY 26.

Gross Margin on product sales and royalties of 44% improved by 1 percentage point (FY 24 43%), driven by the revenue growth in the higher margin products. The overall gross margin which includes license income reduced to 44% (FY 24 45%).

Operating expenses increased by $10 million over FY 24 with the increase reflecting start-up funding for the new business hubs in North America, the United Kingdom, and South Africa; marketing for new products and markets; and an increase in research and development expenditure.

The result was an operating profit of $17.6 million, down from an operating profit of $24.2 million in FY 24, the latter benefitting from the higher licensing fees. Excluding license fees, operating profits increased 7% to $17.0 million from $15.7 million in FY 24 despite the extra expenditure to drive future business growth. EBITDA of $20.9 million was down from $26.2 million in FY 24, while net profit after tax fell from $15.6 million to $12.0 million.

Further detail on the performance of AFT's individual markets is contained in our annual report also released to the NZX and ASX today and available at the following link: https://investors.aftpharm.com/Investors/

RESEARCH AND DEVELOPMENT
FY 25 R&D expenditure (expensed and capitalised) rose to $15.0 million from $12.4 million in FY 24, all of which has been funded through earnings with the increase reflecting the addition of new projects to the portfolio.

Towards the end of FY 25 we strengthened our research and development partnership with Belgium's Hyloris Pharmaceuticals with an agreement to in-license and complete development of a late-stage novel innovative injectable iron deficiency therapy.

AFT and Hyloris are now collaborating on three different projects, while our R&D program now extends to 13 separate projects, all of which offer potential significant growth opportunities.

Five of these projects (multiple Maxigesic dose forms, Capsaicin creams, Crystaderm, Kiwisoothe and Micolette) are in or entering the commercialisation phase while the others are longer term but offer significant upside, provided the R&D programs are successful. The five projects in the commercialisation phase are driving the significant number of licensing negotiations that AFT presently has underway.

BALANCE SHEET AND DIVIDEND

AFT remains well funded. Net debt at the end of March 2025 was $14.5 million down from $18.9 million at the end of 1H 24 and $16.2 million at the end of FY 24. Net debt is within the company's target range of 1X EBITDA.

Directors have resolved to declare a dividend of 1.8 cents per share, up from 1.6 cents a share in FY 24. The dividend recognises the strong outlook for the company and that earnings in FY 25 were depressed by the one-off events in the first half of the period.

OUTLOOK

AFT is expecting to extend its growth record in FY 26 as it drives towards its aspirational target of $300 million revenue by the end of FY 27.

"AFT is well positioned to achieve this target. While the global trading environment is looking more difficult, we are confident that we can continue to overcome these challenges by focusing on what we do best — identifying unmet clinical needs and then in-licensing or developing medicines and then commercialising them to improve health globally. Importantly, we are protecting ourselves from one-off events in single markets with the increasing geographic and product diversification of our operations.

"We have a strong programme of new products in our core Australasian markets and see continued opportunities for growth across the existing portfolio. This growth will also be supported by product launches especially in international markets, building momentum in our new business hubs which will move into profitability and the commercialisation of products now in development," Dr Atkinson said.

"We are looking forward with confidence and expect operating profit for the FY 26 year to range from $20 million to $24 million."

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

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About AFT Pharmaceuticals

AFT is a growing New Zealand based 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[5]. Our business model is to develop and in-license products for in our markets of Australia, New Zealand, Singapore, Malaysia, Hong Kong, USA, Canada, EU ex Ireland and UK, 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.