



AFT PHARMACEUTICALS

Annual Meeting
3 August 2018



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CHAIRMAN'S INTRODUCTION



ORDER OF MEETING

- A Chairman's Address
 - B Chief Executive Officer's Presentation
 - C Shareholder Questions
 - D Ordinary Resolutions
-

Directors' and Executives' Introductions



CHAIRMAN'S ADDRESS

- A Overview of Financials**
 - B Licensing and registrations**
 - C Keys to growth**
 - D Corporate governance**
-

FINANCIAL HIGHLIGHTS (NZ\$)



Operating revenue

\$80.1m

Operating loss

(\$10.1m)

Licensing income

\$1.8m

Cash available at 31 March 2018

\$6.8m

MAXIGESIC



125 countries

Maxigesic currently licensed in or distributed.

10 countries

Maxigesic sold and launched in Australia, Brunei, Israel, Italy, Malta, New Zealand, Serbia, Singapore, United Arab Emirates, and United Kingdom.

CLINICAL TRIAL PROGRAMME FY2018



7 countries

Australia, Jordan, Mexico, New Zealand, Russia, United Kingdom, United States.



7 studies



900+ patients

CEO Presentation



SUMMARY OF AFT BUSINESS

Established Business [1997] and growing AU & NZ



Significant further potential growth

- Growing OTC Products
- Growing Maxigesic post Codeine switch in AU & NZ post switch



Development of Key Innovative Products with Global Potential

The most significant growth opportunity: Growing Key Innovative Products outside ANZ via Distributors & Licensees.

Large Target Markets for Key Innovative Products



Maxigesic Tablets – Target Market US\$10.4B

Maxigesic IV – Target Market > US\$800M

Maxigesic other oral dose forms – Target Market US\$3.7B

Maxiclear PE – Target Market US\$1B



Development NasoSURF Medical Device

Patented Ultrasonic Powered Drug Delivery Device

Significant Number of Drug Delivery Indications.

Market research in USA has identified potential US\$1.2B for first targeted development

Focus development of key indication initially



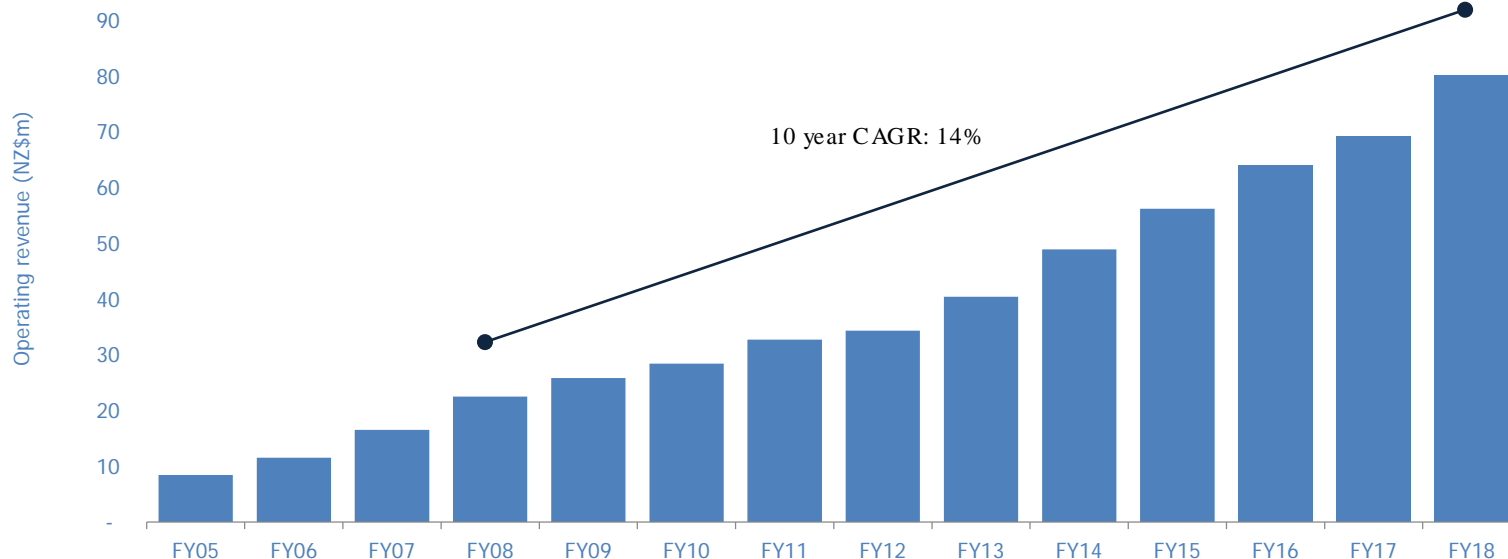
Development Pascomer

Significant orphan drug indication. Confirmed now in both USA & EU

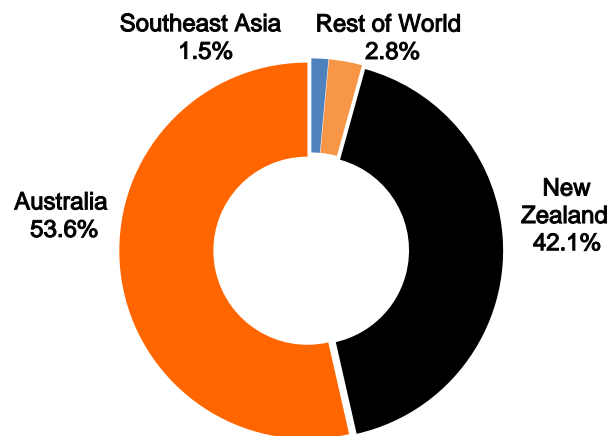
Further progress underway

FINANCIAL PERFORMANCE – REVENUE GROWTH

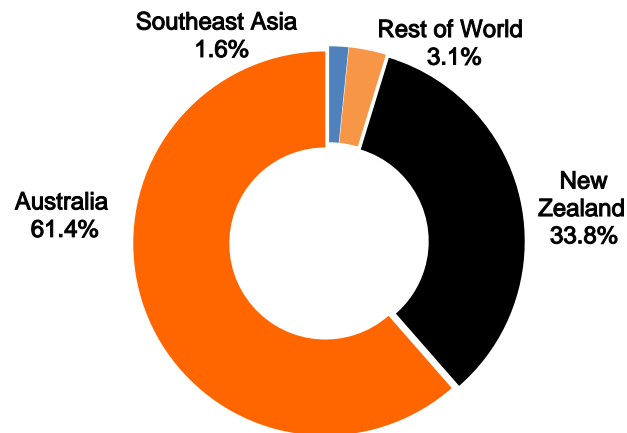
Operating revenue, FY2005 – FY2018



FY2017 Operating revenue by region



FY2018 Operating revenue by region

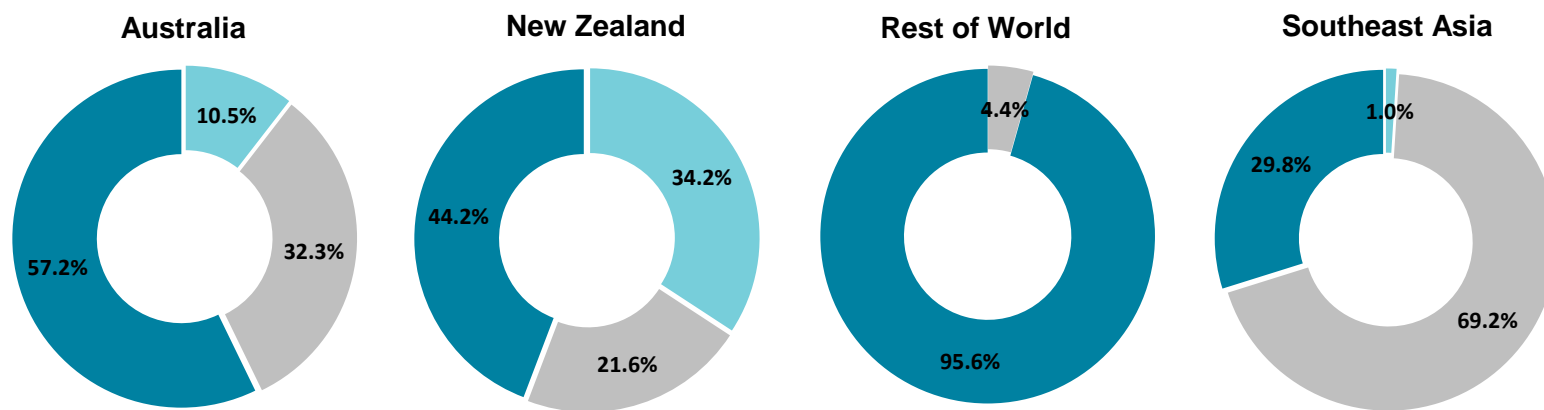


FINANCIAL PERFORMANCE – REVENUE BY REGION AND CHANNEL

Operating revenue by region, FY2016 – FY2018

NZ\$000's	FY2016	% of total	FY2017	% of total	FY2018	% of total
Australia	31,224	48.8%	37,063	53.6%	49,193	61.4%
YoY growth			18.7%		32.7%	
New Zealand	31,135	48.6%	29,167	42.1%	27,095	33.8%
YoY growth			-6.3%		-7.1%	
Rest of World	1,007	1.6%	1,968	2.8%	2,496	3.1%
YoY growth			95.5%		26.8%	
Southeast Asia	648	1.0%	1,005	1.5%	1,286	1.6%
YoY growth			55.1%		28.0%	
Total Operating Revenue	64,014	100%	69,205	100%	80,071	100.0%
YoY growth	13.8%		8.1%		15.7%	

Operating revenue by channel by region, FY2018



FINANCIAL PERFORMANCE – SUMMARY P&L

NZ\$'000's year ended 31 March	2018	% of revenue	2017	% of revenue
Revenue	80,071		69,205	
Cost of Sales	(45,880)	57.3%	(43,207)	62.4%
Gross Profit	34,191	42.7%	25,998	37.6%
Other Income	2,235	2.8%	2,659	3.8%
Selling and distribution expenses	(28,533)	35.6%	(25,964)	37.5%
General and administrative expenses	(8,308)	10.4%	(5,851)	8.5%
Research and development expenses	(8,230)	10.3%	(11,227)	16.2%
Equity accounted loss of joint venture entity	(1,494)	1.9%	(414)	0.6%
Operating Loss	(10,139)		(14,799)	
Finance Income	125		347	
Finance Costs	(2,652)		(3,878)	
Loss before tax	(12,666)		(18,330)	
Tax benefit/(expense)	(58)		(58)	
Loss after tax	(12,724)		(18,388)	

FINANCIAL PERFORMANCE – SUMMARY Balance Sheet

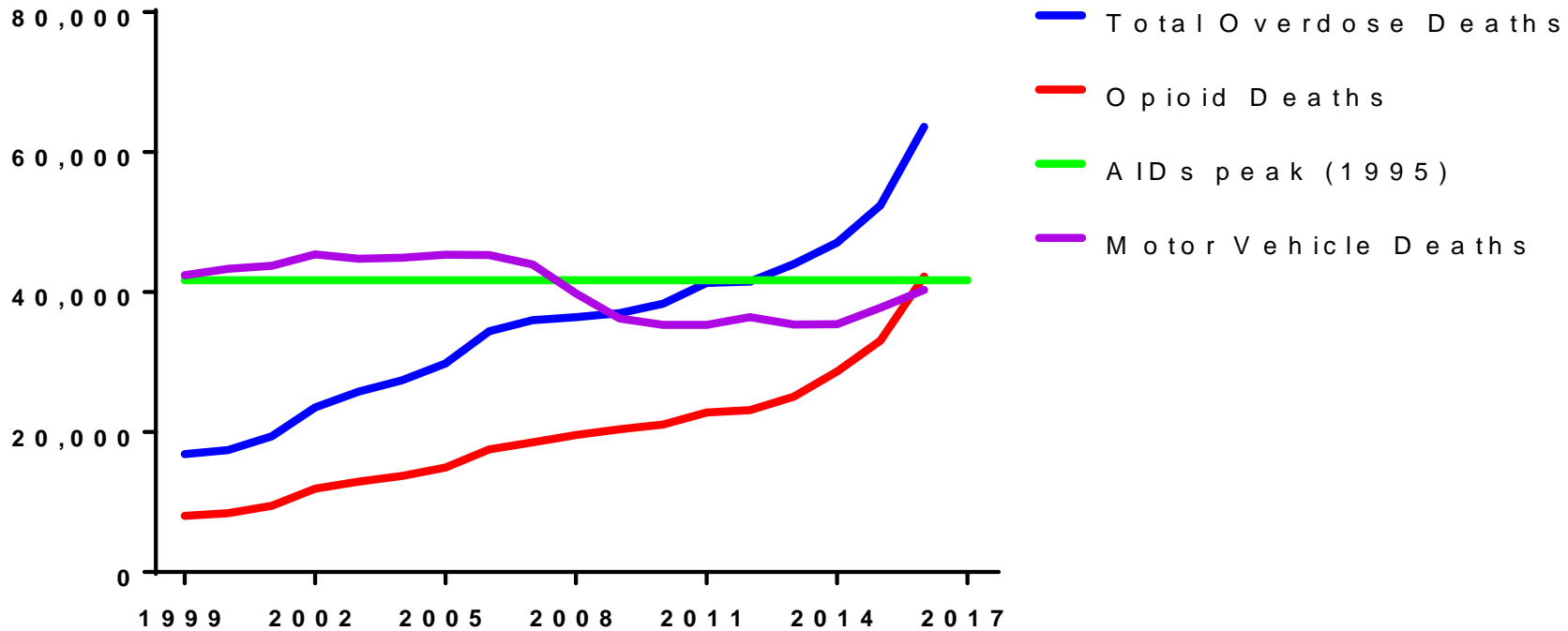
NZ\$'000's year ended 31 March	2018	2017
ASSETS		
Current Assets		
Inventories	24,412	22,198
Trade and other receivables	16,954	16,051
Cash and cash equivalents	6,770	15,905
Derivative assets	176	-
Total current assets	48,312	54,154
Non-current Assets		
Property, plant and equipment	330	386
Intangible assets	5,118	2,548
Deferred income tax assets	708	610
Investment in joint venture entity	2,134	627
Total assets	56,603	58,325
LIABILITIES		
Current liabilities		
Trade and other payables	17,391	14,549
Provisions	1,098	564
Current income tax liability	118	112
Derivative liabilities	-	204
Total current liabilities	18,607	15,429
Non-current liabilities		
Interest bearing liabilities	30,654	23,426
Total liabilities	49,261	38,855
Equity		
Share Capital	63,743	62,944
Retained earnings	(57,644)	(44,025)
Share options reserve	430	295
Redeemable preference share reserve	483	-
Foreign currency translation reserve	330	256
Total equity	7,342	19,470
Total liabilities and equity	56,603	58,325

FINANCIAL PERFORMANCE – SUMMARY Cashflow

NZ\$'000's year ended 31 March	2018	2017
Net cash used in operating activities	(10,904)	(19,062)
Net cash used in investing activities	(5,855)	(1,598)
Net cash generated from financing activities	7,600	9,042
Net increase in cash	(9,159)	(11,618)
Impact of foreign exchange on cash and cash equivalents	24	(457)
Opening cash and cash equivalents	15,905	27,980
Closing cash and cash equivalents	6,770	15,905

Maxigesic – Why is it an important product?

Deaths in USA from opioid overdose



Source: US National Center for Health Statistics, CDC Wonder

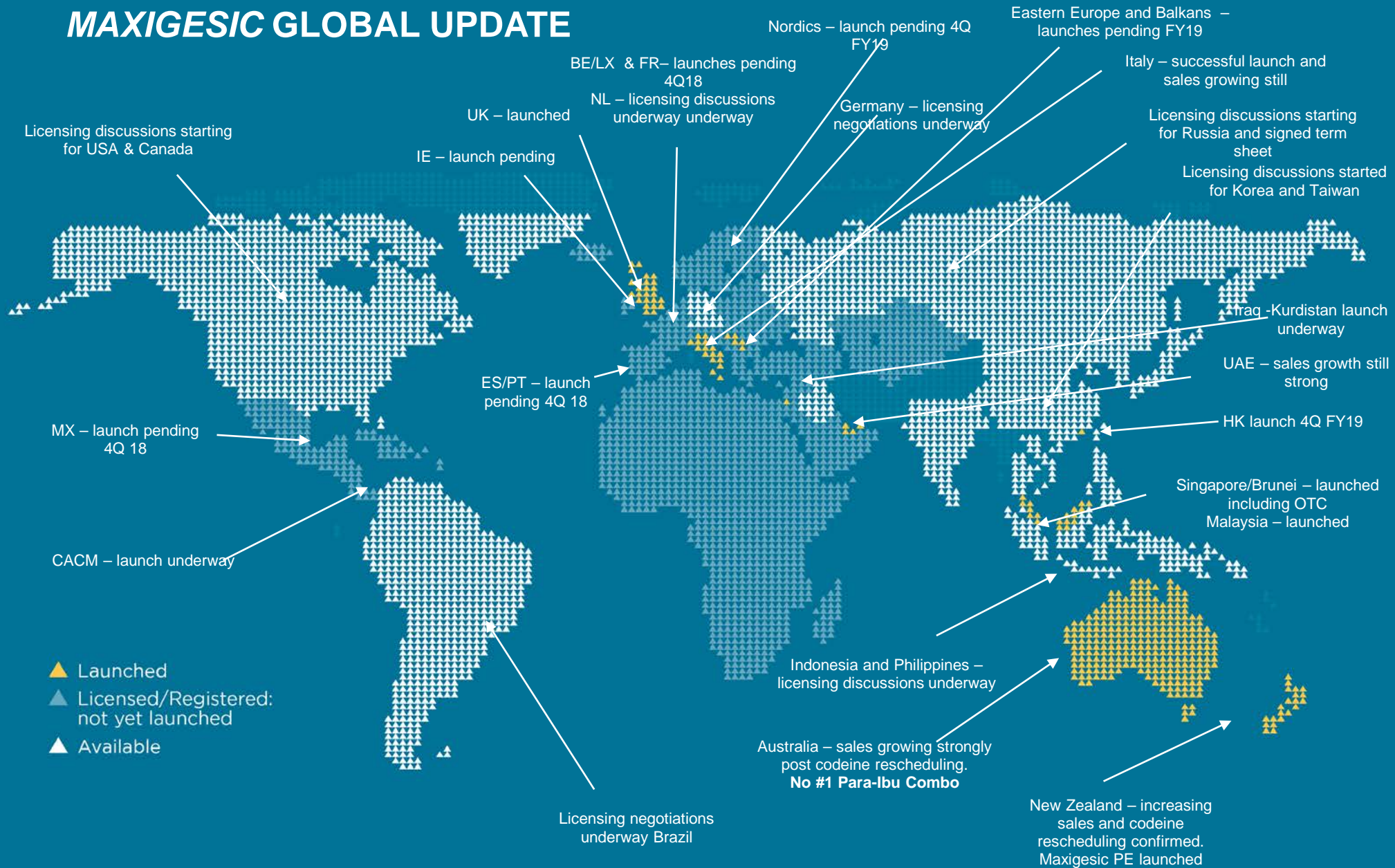
Maxigesic – Development Progress Report

Dose Form	August 17	August 18
Oral Tablets EU	In registration in 10 EU countries [AT, BE, DE, ES, FR, HR, NL, IE, LX, PT]	Finalised registration in 25/28 EU states Filed remaining EU - CY, EL, LT
Oral Tablets USA	Filed with FDA	Submitted final responses Submitted study manuscripts
Oral Rapid	Started formulation development	Completed pilot scale batches Completed PK studies
Oral Liquid	Pivotal study underway	Completed pivotal study Regulatory submissions to start Submitted 2 study manuscripts
Intravenous	Study pending completion	275 patient completed in USA Manuscript in preparation First regulatory submissions made
Hot Drink	Completed initial PK study	Pilot batches made and on stability Regulatory submissions 1Q 19
Dry Stick	Development underway	Patent submitted Regulatory Submissions 2Q 19

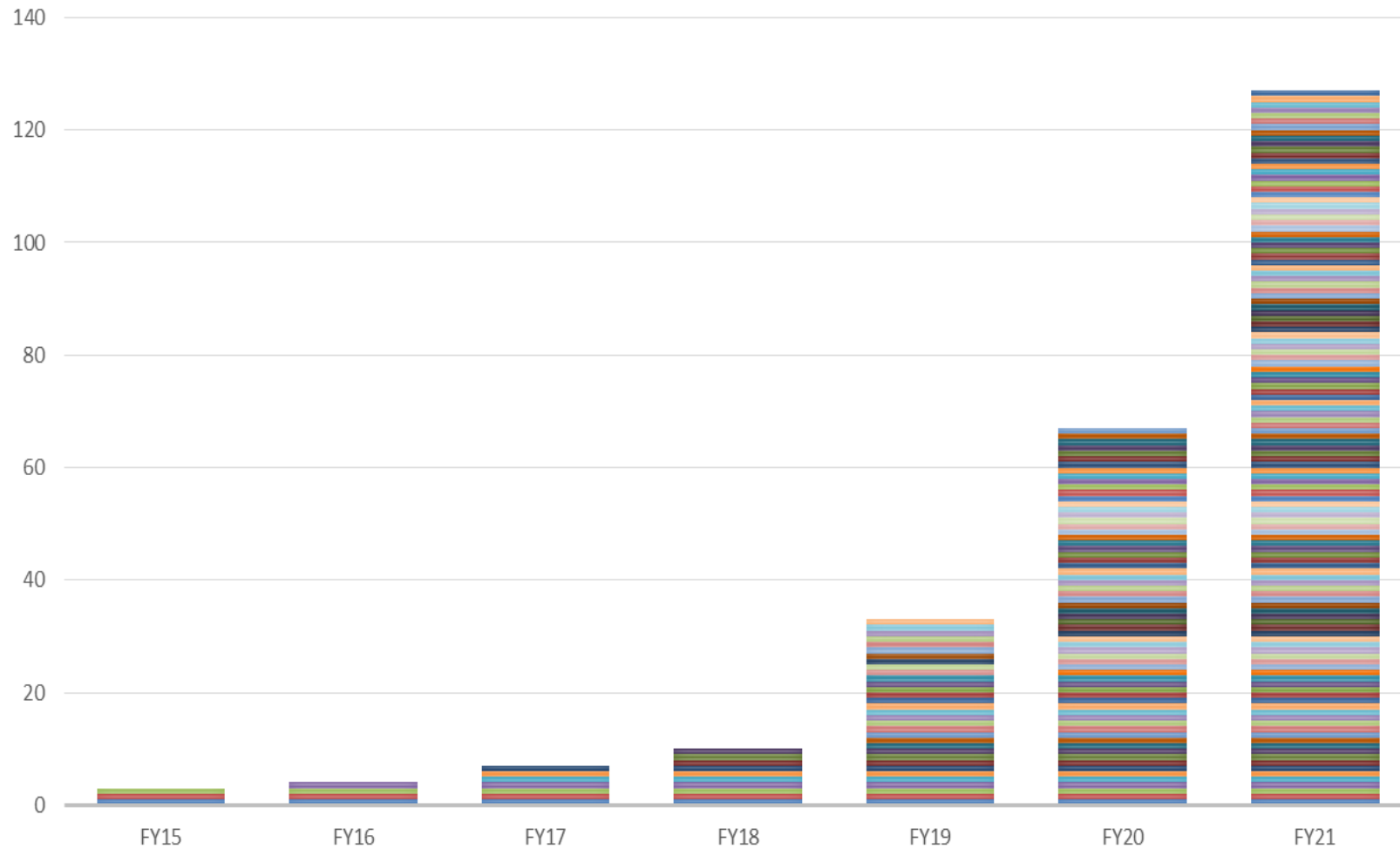
Maxigesic – Clinical Trial Progress since IPO

Clinical Trial	Type	No. of Subjects	Territories
AFT-MX13A	Phase 1 PK Study (Maxigesic 325 Tablets - fasting)	30	Jordan
AFT-MX13B	Phase 1 PK Study (Maxigesic 325 Tablets - fed)	30	Jordan
AFT-MX-16A	Phase 1 PK Study (Maxigesic Rapid - fasting)	30	Jordan
AFT-MX-16B	Phase 1 PK Study (Maxigesic Rapid - fed)	30	Jordan
AFT-MXCF-03	Phase 3 Efficacy (Maxigesic PE 2.5)	276	NZ, UK
AFT-MXIV-06	Phase 1 PK (Maxigesic IV)	30	NZ
AFT-MXIV-07	Phase 3 Efficacy (Maxigesic IV)	276	USA
AFT-MX-14A	Phase 1 PK Study (Maxigesic Oral Suspension)	30	Jordan
AFT-MX-14B	Phase 1 PK Study (Maxigesic Oral Suspension)	30	Jordan
AFT-MX-12	Phase 3 Efficacy (Maxigesic Oral Suspension)	262	NZ, AUS, Mexico
TOTAL Trials	10 Clinical Trials (7PK, 3 Efficacy)	1024	Jordan, NZ, USA, AUS, Mexico, UK

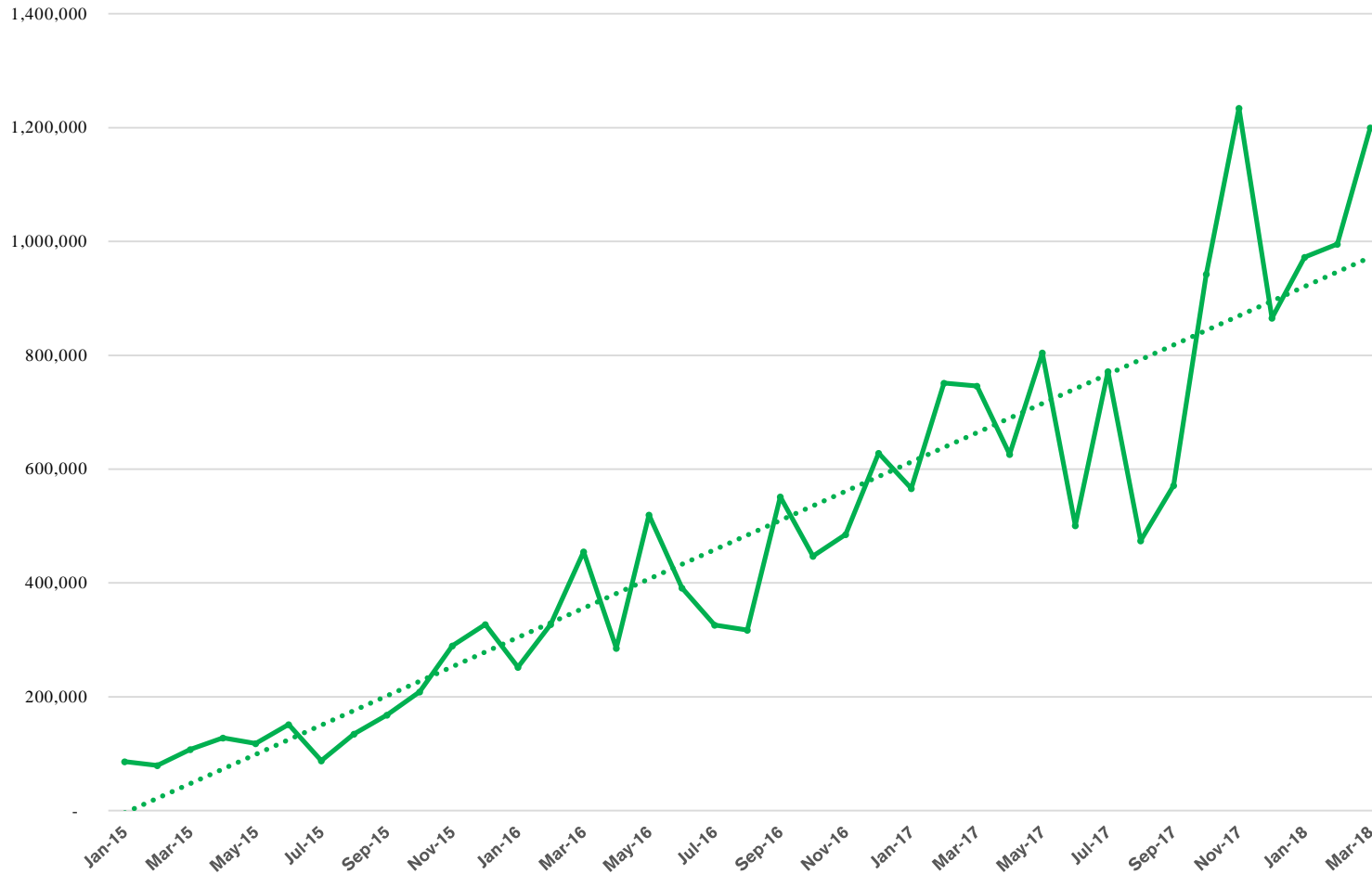
MAXIGESIC GLOBAL UPDATE



Maxigesic countries launched and launch plan

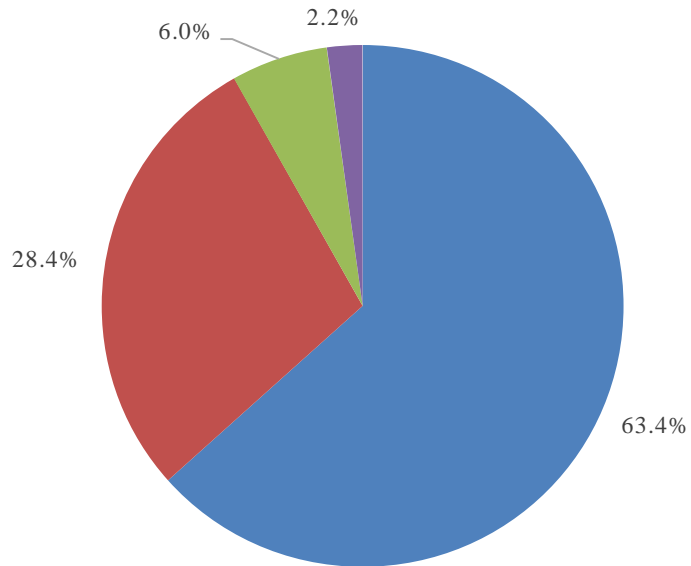


EXAMPLE OF MAXIGESIC LICENCEE PROGRESS TO DATE – tablet sales per month



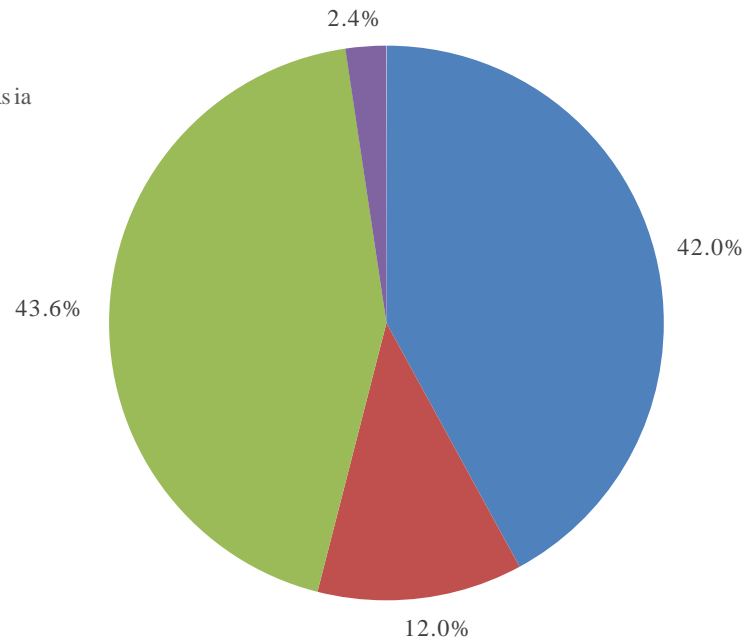
International Sales to Grow

Net Revenue FY'19



■ Australia ■ New Zealand ■ International ■ Southeast Asia

Net Revenue FY'23



MAXIGESIC: Australian growth strategy

Codeine switch occurred 1st February 2018.

Maxigesic attained market leadership in the Paracetamol-Ibuprofen category post switch despite being significantly outspent by multinational competitors

Consumer market research indicates further upside still available

- Evidence of significant codeine stock-piling and patients to look for alternatives over the next 6-12 months

- Evidence of significant number of patients with short term pain currently being treated with Rx prescribed codeine

- Evidence of a significant number of patients switching to grocery sourced single analgesics

AFT sales force targeting additional codeine users identified by market research



MAXIGESIC: GOING FORWARDS

Additional out-licensing and distribution agreements for **Maxigesic** oral dose forms have been secured to increase the number of countries to **125** from **110**.

Some additional countries still to be added – Up to about **12**

Advanced discussions underway including contract negotiations

Numerous **Maxigesic** registrations underway which are required before many launches can occur

Launches have been delayed due to regulatory procedures in EU

Maxigesic Income

Product sales to Licensees

Royalties from Licensee Net Sales

Event and sales milestones

SUMMARY: Drive sales by

[1] Increasing sales in existing territories

[2] Launch in new territories

[3] Launch additional dose forms

[4] Gather milestone payments



NasoSURF NEBULISER: Going Forwards

Product description	<p>A handheld ultrasonic nasal mesh nebuliser primarily for the intranasal delivery of medication</p>
Rationale for investment in product	<ul style="list-style-type: none"> • To primarily expand our existing hospital product ranges locally • Significant global potential based upon market research
Current status	<ul style="list-style-type: none"> • Registered as Class I Device with FDA as planned • Refined design parameters post Human Factor Study • Target Class II Device FDA Filing end 2018 Calendar Year
Our medium term plans	<ul style="list-style-type: none"> • Engineering Pilot batches with enhanced design underway • Distribution studies underway in ANZ • Specific formulation and dose delivery system work underway in France • First Drug PK studies to start late FY2019 • First Drug Clinical Studies to start late FY2019 • Open IND late FY2019 • First drug delivery indication a significant potential market – US\$1.2B in USA alone [Based upon detailed market research studies in USA and UK] • Licensing negotiations during late FY2019

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

SUMMARY OF MEDIUM TERM PLANS

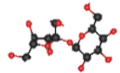


Key aim is to trade profitably during FY19



Further build *Maxigesic* sales post codeine changes and register and launch line extensions

Further build revenues of OTC product sales in Australia and New Zealand



Expansion of ANZ Opportunities

Advancing additional sales opportunities using strong local sales operations
Pursue the emerging medicinal cannabis market



Phased launches of *Maxigesic* in over 110 countries including North America and Europe

Add additional *Maxigesic* dose forms to the initial launches to extend sales



Further licensing agreements for *Maxigesic* and *Maxigesic IV* in larger markets including Europe and North America, selected additional markets

Questions & Answers



Ordinary Resolutions



ORDINARY RESOLUTION 1

1. That the directors are authorised to fix the fees and expenses of Deloitte as auditor for the 2019 financial year.

DAVID FLACKS



ORDINARY RESOLUTION 2

2. That David Flacks be re-elected as a director of AFT.

JIM BURNS



ORDINARY RESOLUTION 3

3. That Jim Burns be re-elected as a director of AFT.

Close of Meeting – thanks for attending

