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FINANCIAL RESULTS FOR 1H27

AFT delivers ongoing double digit revenue growth and record earnings

HIGHLIGHTS

- 1H27 revenue up 25.0%[1] to $143.6 million (1H26: $114.9 million).
- Product sales and royalties up 26.2% to $142.6 million (1H26: $113.0 million).
- Double digit revenue growth across the business: Australia (31.4%), New Zealand (11.1%), International (15.7%) and Asia (35.2%).
- Licensing income of $1.1 million (1H26: $1.9 million), reflecting continued out-licensing activity, specifically Maxigesic IV was extended to include Japan and the Philippines.
- Adjusted EBITDA of $15.5 million (1H26: $6.6 million) and adjusted operating profit of $13.3 million (1H26: $4.7 million) as earnings growth offset ongoing significant investment in international business hubs and R&D.
- Net profit after tax increased 151.6% to $6.9 million (1H26: $2.7 million).
- Balance sheet remains solid. Net bank debt of $31.4 million is up on 1H26 ($20.9 million).
- Maiden interim dividend of 1.0 cent per share declared.
- FY27 adjusted operating profit guidance is expected to reach at least the upper end of $28 million to $32 million; targeting at least $300 million revenue.

AFT Pharmaceuticals (NZX: AFT; ASX: AFP), New Zealand's largest locally based pharmaceuticals company[2], today announces solid progress towards its revenue target of at least $300 million in FY27 after reporting ongoing double-digit growth across all its territories in 1H27.

It also announces 1H27 adjusted operating profit rose 180.5% to $13.3 million well ahead of $4.7 million in 1H26.

AFT Pharmaceuticals Chair David Flacks said: "AFT has delivered another strong result, reflecting the ongoing strength of our core Australasian business and the benefits of our increasing geographic and product diversification.

"We have continued to invest for long-term value creation - progressing international hubs, executing licensing opportunities, and advancing a portfolio of valuable innovative products that can support our ambition to exceed $300 million sales this financial year."

[1] All increases are against the 1H26 result unless otherwise stated
[2] https://tin100.com/reports/2025-tin-report/

"Our first interim dividend marks an important milestone for AFT. Our decision is underpinned by stronger earnings, confidence in the company's outlook and our commitment to disciplined investment for long-term growth."

Co-Founder and Managing Director Dr Hartley Atkinson said: "This result demonstrates continued execution against our strategy. We continue to grow in our established markets, and we are building a wider, more diversified AFT through disciplined international expansion, out-licensing the intellectual property from our extensive R&D programmes. Reflecting this confidence, we remain on track to at least deliver on our $300 million revenue goal for FY27."

FINANCIAL RESULTS

Total 1H27 revenue, which includes licensing income, rose 25.0% to $143.6 million from $114.9 million in 1H26. Growth was driven by i) strong momentum in Australia; ii) ongoing steady expansion in New Zealand; iii) contribution from AFT's International and Asian hubs as they scale up, although it is noted that International sales are significantly weighted toward the 2H27 period.

Australasia remained the cornerstone of AFT's earnings and cash generation, growing revenue by 25.4% to reach $118.5 million. In the Australian market we saw ongoing broad-based strength especially across OTC brands whilst noting the assistance of favourable forex tailwinds. New Zealand delivered steady growth with continued opportunities across key categories.

International and Asian markets recorded ongoing growth of revenue, respectively rising by 15.7% (to $14.9 million) and 35.2% (to $10.2 million) reflecting ongoing execution on expansion initiatives. However, International sales are weighted towards the second half of FY27 with a number of launches contributing or starting during this time period.

Licensing income was $1.1 million as AFT also progressed out-licensing agreements for Maxigesic IV in Japan and the Philippines.

Gross margin improved marginally to 43.8% (1H26: 43.2%), reflecting primarily portfolio mix.

Operating expenses increased as planned as AFT continued to fund growth initiatives ($51.1 million vs $44.3 million in pcp), including (i) start-up and ongoing scaling costs for international hubs; (ii) investments to support launches; and (iii) higher expenditure to advance R&D projects. Importantly ongoing increased operating leverage was achieved with overall expenses lower as a proportion of sales at 35.6% (1H26 38.6%).

The resulting adjusted operating profit was up 180.5% to $13.3 million (1H26: $4.7 million), and EBITDA was $15.5 million (1H26: $6.6 million). Operating profit at $12.0 million includes a non-cash asset write down of $1.2 million for the NasoSURF project, as the group has decided to reprioritise resources onto other R&D projects. Net profit after tax was $6.9 million (1H26: $2.7 million).

Further details on the performance of AFT is contained in the Interim Report 2027 also released to the NZX and ASX today.

INTERNATIONAL DEVELOPMENT

AFT continued to advance its strategy of building international business hubs in markets that share similar commercial and regulatory dynamics to its Australasian operations. The exception to this strategy is the USA where selected products will be launched by AFT and the remainder licensed out to partners with more significant commercial reach.

The company continued progress from FY26 growing in-market operations across the UK, Europe, North America, and South Africa. Some key operational elements continued to be bedded down in these markets during 1H27 and more significant sales progress is planned for 2H27.

In the United Kingdom, sales have progressed and we are preparing for a number of new OTC launches during 2H27.

In Europe, the portfolio of injectables acquired from an insolvent company in FY25 has been progressed, with launches made but the most significant ones will occur in 2H27.

In North America, AFT is preparing for several OTC product launches in Canada and has hired a Key Account Manager to drive execution of growth plans. In the US, the key project is Combogesic Rapid which is being distributed through Mark Cuban's Cost Plus platform, while Hikma continues to distribute Combogesic IV. The Combogesic Rapid launch occurred at the end of 1H27 so it is still too early to judge progress.

Solid progress continues to be made across Asia with new launches and ongoing growth in key markets. Two key markets, Japan and Philippines have now been added with out-licensing deals for Maxigesic IV but regulatory approvals in both countries will need to be first concluded.

AFT South Africa successfully integrated the Pharma Dynamics hospital products which were acquired with full control in this half year. We experienced initial integration challenges which has impacted the 1H27 sales contribution but progress has been made, and we expect a significant contribution to start in 2H27. Additionally, a sales force has been hired to represent the products to customers in the South African Private Hospital sector. A significant amount of work has gone into AFT South Africa, and progress will start to show in the 2H27 results.

RESEARCH AND DEVELOPMENT

1H27 R&D expenditure (expensed and capitalised) was $12.8 million (1H26: $9.5 million), reflecting increased investment across our diversified R&D portfolio. As flagged at the end of FY26, we have significantly increased R&D expenditure in line with our FY27 expectation of $22-25 million.

AFT continues to progress multiple late-stage programmes and the expanded pipeline:

- The partnership with Stablepharma UK to develop room-temperature storage versions of several fridge-stored injectables — opening a potential global market worth in excess of US$6 billion. The first two fridge free drugs are in

development and progressing well. We are adding another two drugs to the pipeline during 2H27.

- Intravenous iron: Following the positive Phase III trial, AFT and its development partners successfully opened the IND (Investigational New Drug) with the US Food and Drug Administration (FDA) and included Japan in the programme following multiple PMDA meetings in Tokyo. Separately the IND has been filed in China and we await feedback. The large global study involving 1,366 patients of numerous ethnicities across multiple geographies (New Zealand, China, India, Japan, Armenia, Europe and USA) has been initiated with the first sites started. The project targets an addressable market estimated at US$7.41 billion.

- Pascomer/Scomara: Regulatory resubmissions for the Facial Angiofibroma indication successfully achieved tentative approval from US FDA. The US launch is delayed presently until exclusivity for a competitor product expires early 2029. However, registrations are underway in other territories where exclusivity provisions are not present, so we expect sales to begin in FY28. Additionally, the commercially more significant Port Wine Stain Indication Phase II study is underway in both Spain and USA.

- Migraine Treatment: the formulation project is underway with the target to file a dossier in the 2027 calendar year.

- Antibiotic eyedrop and Topical Strawberry Birthmarks: AFT is aiming to open the IND with the US FDA to support first-in-human studies in the 2027 calendar year.

- Topical Keloid Scars: Formulation work is continuing.

- Maxigesic and Maxigesic IV paediatric: Studies for paediatric populations following FDA approval of the paediatric study plans are now underway as planned.

- Injectables pipeline: The Sinoject pipeline continues as planned with first product launches anticipated in FY28.

- Two developments primarily aimed at the Australian market with high sales potential are progressing well. A significant clinical study of 240 patients has been completed with highly successful results and work is underway for a subsequent regulatory filing. The next study for a further product is underway and pending a successful conclusion would be filed next calendar year.

- The novel injectable formulation treatment which would compete in a market estimated presently to be around US$2 billion growing to US$3-3.7 billion by 2032-2034 is also well underway, and provided trial product batches are successful in terms of stability, then AFT will execute its option agreement with Massey University and commence the full development programme.

We continue to hold strong confidence in the potential for our R&D pipeline and recently engaged Pitt St, an Australian based research organisation providing issuer-sponsored equity research on ASX-listed life sciences companies since 2016.

Evaluation of the existing business and three of the eight key R&D projects reached a valuation of between NZ$12.63 – NZ$16.42 (base – bull case), emphasising the latent value in our extensive R&D pipeline. This is further reinforced by the ongoing R&D progress during 1H27. The Pitt Street research can be found on our investor website: https://www.aftpharm.com/news/pitt-st-research-initiates-coverage-on-aft-pharmaceuticals/

AFT continues to invest in a significant in-licensing programme for new products to further bolster its pipeline. Wherever possible the new affiliates are added to this programme where historically the major focus was upon Australasia. Across our business hubs, 90 regulatory filings have been submitted, 115 were in preparation and a further 142 were in the pipeline at the end of 1H27. Long term this represents significant ongoing upside.

BALANCE SHEET AND DIVIDEND

AFT remains well funded with net debt 30 September 2026 of $31.4 million. This is higher than a year ago with net debt last September 2025 being $20.9 million. The rise partly reflects the decision to increase inventory, to support growth and to ensure continuity of supply given the current geopolitical tensions. The company maintains headroom in respect of its bank facilities.

For the first-time in AFT's history and reflecting the strength of the business, the Board has declared a half year dividend of 1.0 cent per share.

OUTLOOK

AFT expects to extend its growth record in FY27 as it drives towards its revenue goal of at least $300 million through (i) continued expansion in Australasian markets; (ii) a strong programme of launches across International hubs in 2H27; (iii) increasing contributions as those hubs scale, with the UK and South Africa expected to make a contribution to earnings in FY27; (iv) continued progress in R&D and regulatory milestones; and (v) an active licensing programme that continues to monetise AFT's intellectual property and broadens the company's geographic reach.

"We are well positioned to continue to grow with significant investments continuing to be made across the business and pleasingly we are now seeing operational leverage as a result of the sales growth," Dr Atkinson said.

AFT expects FY27 adjusted operating profit to reach at least the upper end of $28 million to $32 million guidance.

Released for and on behalf of AFT Pharmaceuticals Limited by Stuart Houliston, Chief Financial Officer.

For more information:

Investors
Dr Hartley Atkinson
Managing Director
Tel: +64 9488 0232

Media
Richard Inder
The Project
Tel: +64 21 645 643