



News release
5 August 2016

Chairman's address to the 2016 Annual Meeting

The financial year ending 31 March 2016 was a milestone year for AFT. I joined AFT just over a year ago and planning was already underway for AFT's capital raising and IPO.

The IPO process was an excellent process. The board went through a thorough due diligence on the company, we engaged well with our advisers and the regulators – and we were delighted with the outcome of the IPO and thank you, our new shareholders, for your support.

We raised approximately \$32m for the company at a listing price of \$2.80 and we commenced trading on both the NZX and the ASX on 22 December 2015.

That money will enable us to grow the company by developing our suite of products and enabling us to continue our offshore expansion. We are already putting the money to good use – with clinical trials, further R&D and licensing in more countries.

Your board held an excellent strategy day earlier in the week. We heard from the senior executive team and spent time considering where we have come from as an organisation and how we plan to execute on our growth strategies. There was plenty of time spent challenging each other and asking lots of questions.

The keys to our growth are:

- 1) to complete the development of our key innovative products, including clinical trials;
- 2) registration of those key products into markets around the world;
- 3) to grow our existing Australasian business through further product development and licensing of products; and
- 4) to expand our South East Asian business.

Hartley will provide more detail on these initiatives in his presentation.

I would just like to comment briefly on our board composition. We are a diverse board and bring a mix of skills as you will hear from each director shortly. Hartley and Marree have been involved since day 1 – nearly 20 years ago – and their family trust still owns over 70% of the company. Nate and Jim are both from the United States – which is to become a key market for AFT as we develop our products. As you will hear, Doug has a great background in drug development and regulatory affairs. Jon has worked in a number of pharmaceutical companies in strategic planning and marketing roles. We feel we have a well balanced board looking after the interests of all our shareholders. We regularly review the composition of the board and will continue to do so. And we are committed to having robust governance and risk and compliance frameworks. We have three standing board committees – the audit and risk committee; the remuneration and nominations committee, and we also have a regulatory and product development oversight committee – which oversees our regulatory risk management framework relating to product development, monitors our compliance with regulators, and oversees our key clinical and product development projects.

Looking at our headline numbers for FY16, these show total income of \$65.8m with operating revenue of \$64m and \$1.8m of licensing income, with an operating loss of \$9m and cash available of over \$28m.

This year, we are continuing to do what we said we would do in our product disclosure statement – our IPO document. For example, we targeted that by mid 2018 we would be selling our products in over 100 countries. Well by 31 March 2016, we were licensed in or selling products in 98 countries and that

number has now increased to 109 countries – and we are working to increase this number. We are on track to file our Nebuliser nasal device in the US later this calendar year and are on track for filing our first line extension for Maxigesic also this calendar year.

Fellow shareholders, your company is in good heart and in good hands. I personally would like to thank Hartley for his vision and strategic thinking. And for putting in place an excellent management team. AFT has transitioned well from a private company into the listing company environment and your board is determined to ensure that your capital is used well and that AFT continues to grow for the benefit of all shareholders.

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