



# INVESTOR PRESENTATION MAY 2022

**A|F|T** *pharmaceuticals*  
*Working to improve your health*

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

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# AFT is Expanding Globally From a Strong and Growing Australasian Core

## Rest of the World

AFT developed IP commercialised with **46**  
global partners. Present in **100+** territories

## Asia

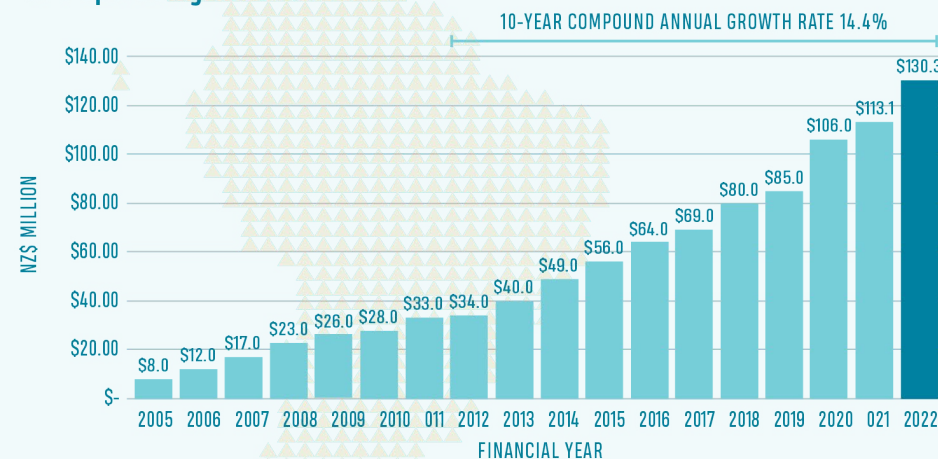
**10+** products across four therapeutic areas  
Sold through **2** licensees and distribution partners

## Australasia

**130** products across seven therapeutic areas  
Distribution via wholesalers to **6,000** pharmacies



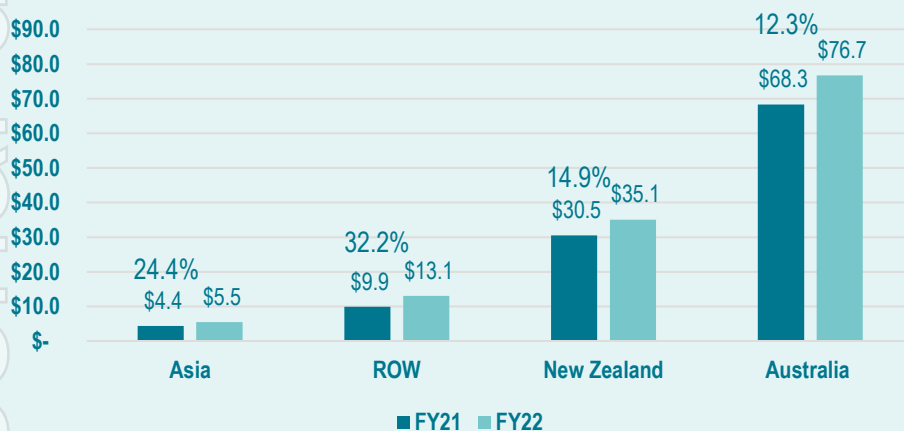
## AFT Operating Revenue



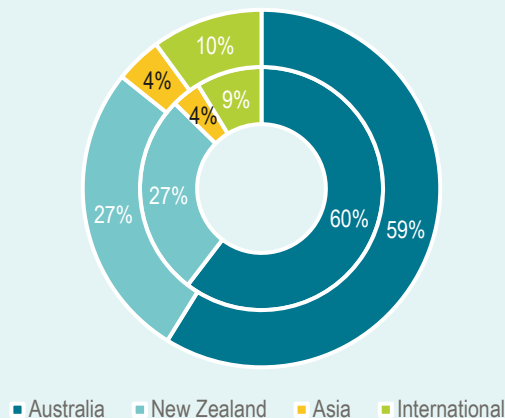
# FY22 Highlights: Building on a Strong Record of Growth

- Annual operating revenue up 15.2% to \$130.3 million from \$113.1 million with all regions posting double digit growth, underpinned by AFT's unique IP.
- Operating profit \$20.4 million up from \$10.7 million with stronger second half as anticipated
- Net profit after tax \$19.8 million up from \$7.8 million
- COVID represented a significant headwind in all markets

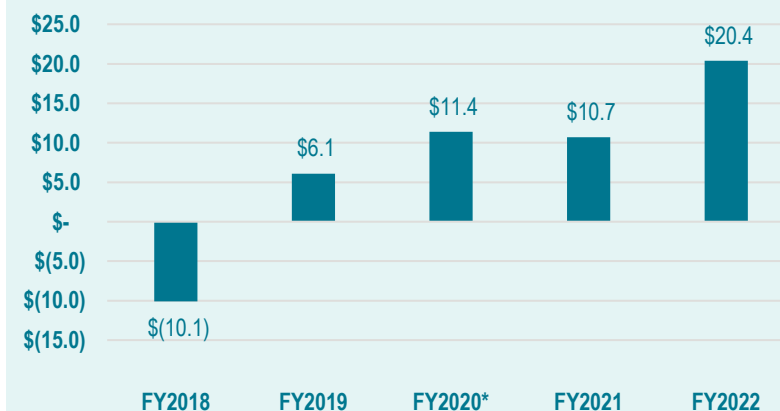
## AFT revenue by region



## Revenue by region



## AFT operating profit

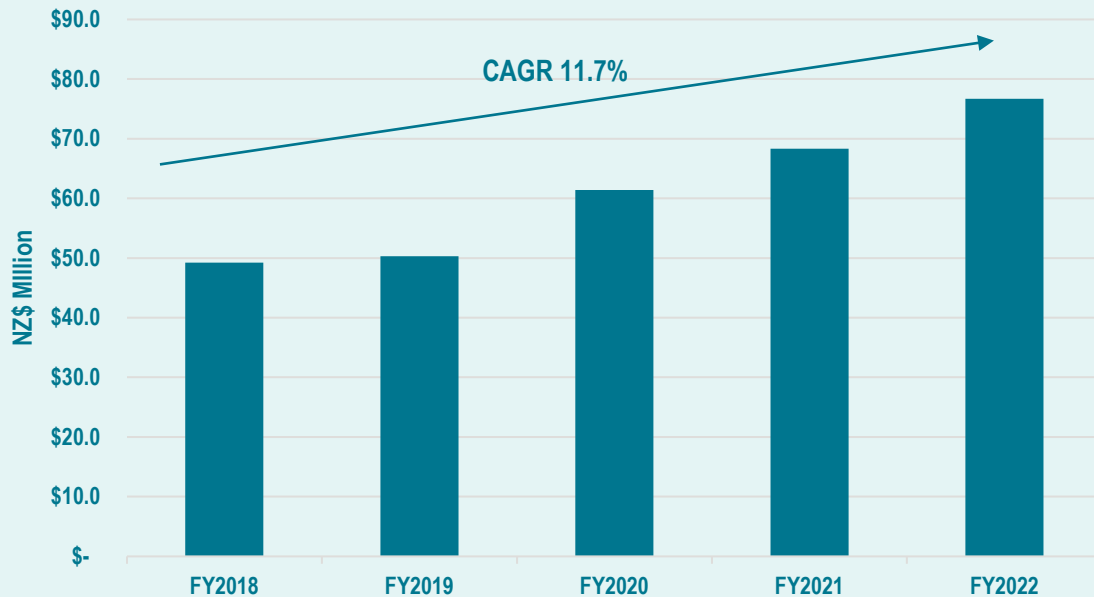


\*FY20 normalised to exclude \$9.8m gain on de-recognition of equity accounted investment and recognition of net assets acquired at fair value in a step acquisition

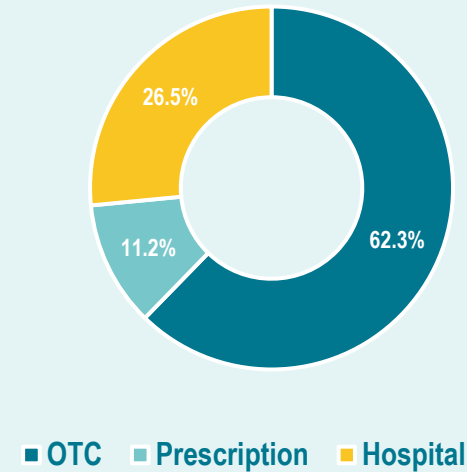
# Australia: New Product Launches Drive Growth

- Australian sales up 12.3% to \$76.7 million from \$68.3 million – 59% of group operating revenue across 70 products.
- Double digit growth across all channels despite Covid-19 restrictions.
- Revenue growth assisted by new launches (including deferred). At least 20 products are planned to launch in FY23.
- Maxigesic sales grew, eyecare range continues to deliver good growth in the OTC channel.

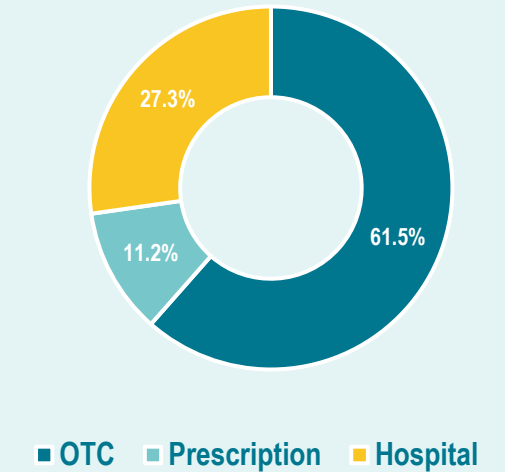
Australia revenue



AU FY21 channel



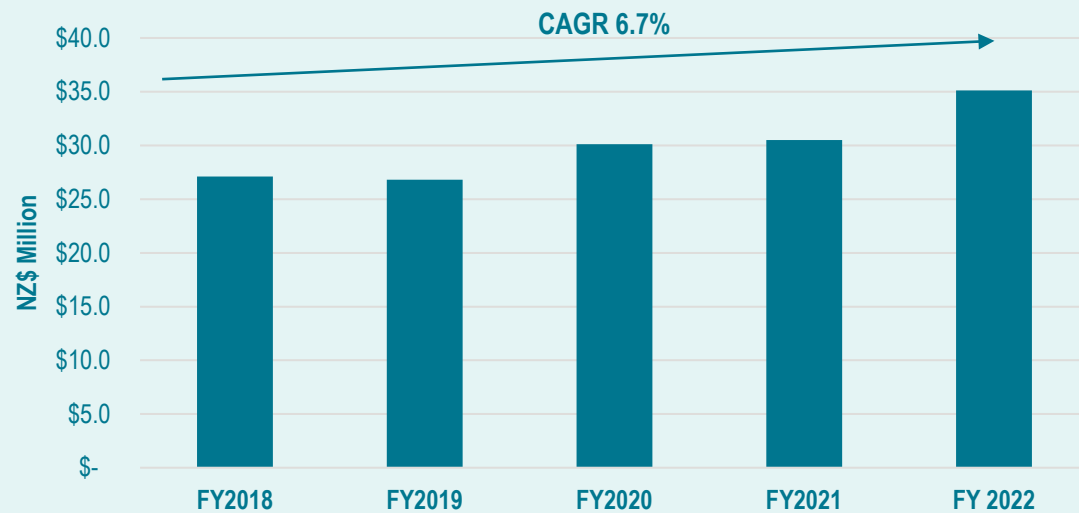
AU FY22 channel



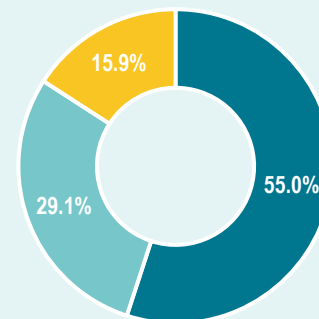
# New Zealand: Strong Growth as Country Recovers From Covid

- New Zealand sales up 15.1% to \$35.1 million from \$30.5 million – 27% of group operating revenue across 130 products.
- Revenue growth assisted by an increase in over-the-counter (OTC) sales as Covid restrictions eased as well as launches of new products.

## New Zealand revenue

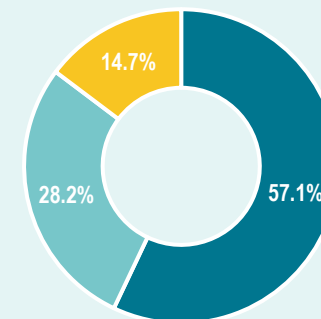


## NZ FY21 channel



■ OTC ■ Prescription ■ Hospital

## NZ FY22 channel

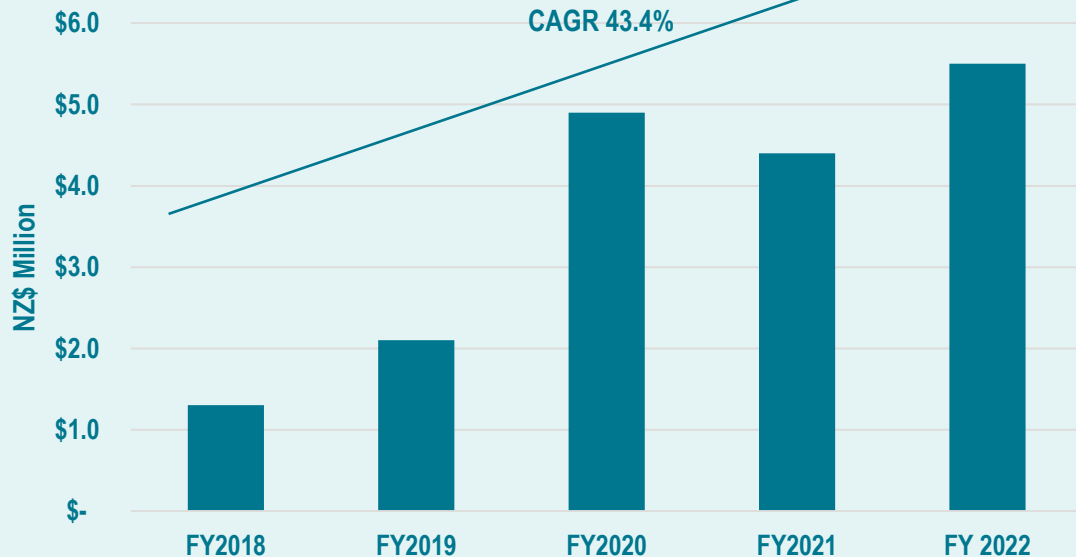


■ OTC ■ Prescription ■ Hospital

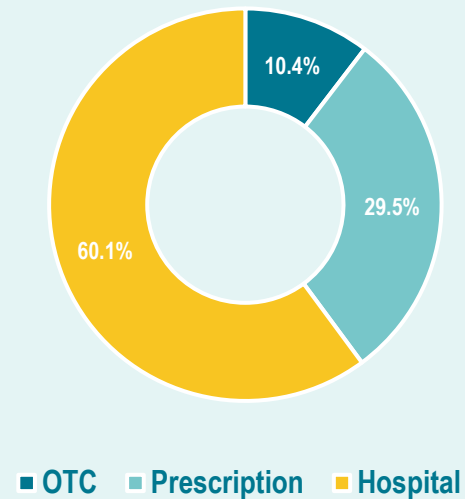
## Asia: Sales Lifted by Hospital Channel Growth

- Sales in Asia up 24.7% to \$5.5 million from \$4.4 million – representing 4% of group operating revenue.
- Hospital and prescription channels grew 32% due primarily to strong anti-bacterial sales.
- OTC channel flat with growth in sales in Malaysia offset by lower sales in Singapore, which had benefited from the prior year from pandemic stockpiling of Maxigesic.

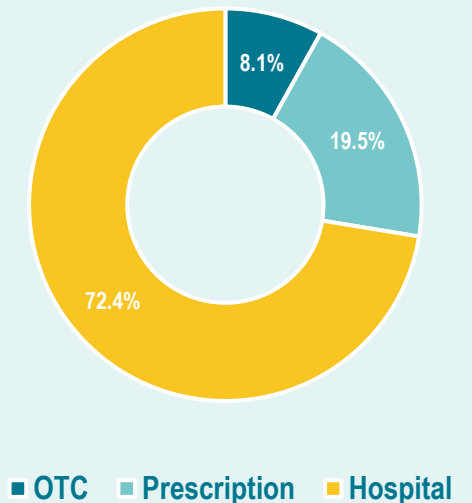
Asia revenue



Asia FY21 channel

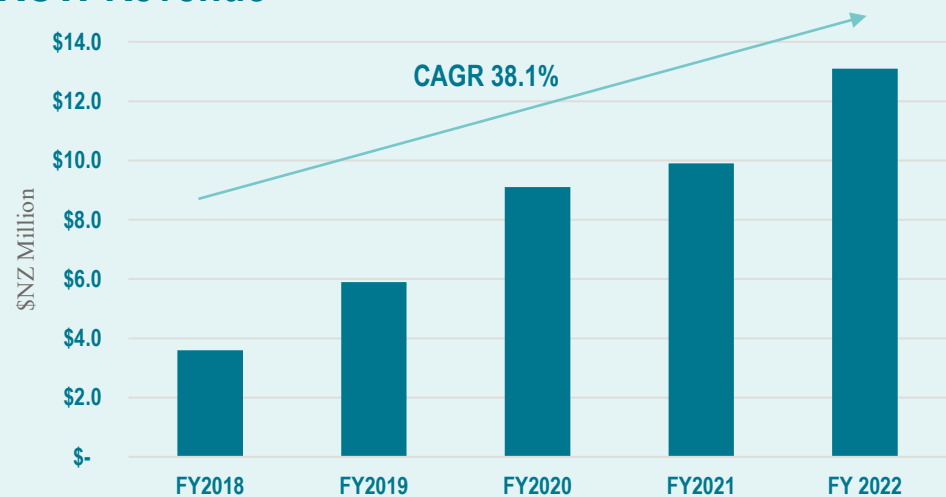


Asia FY22 channel

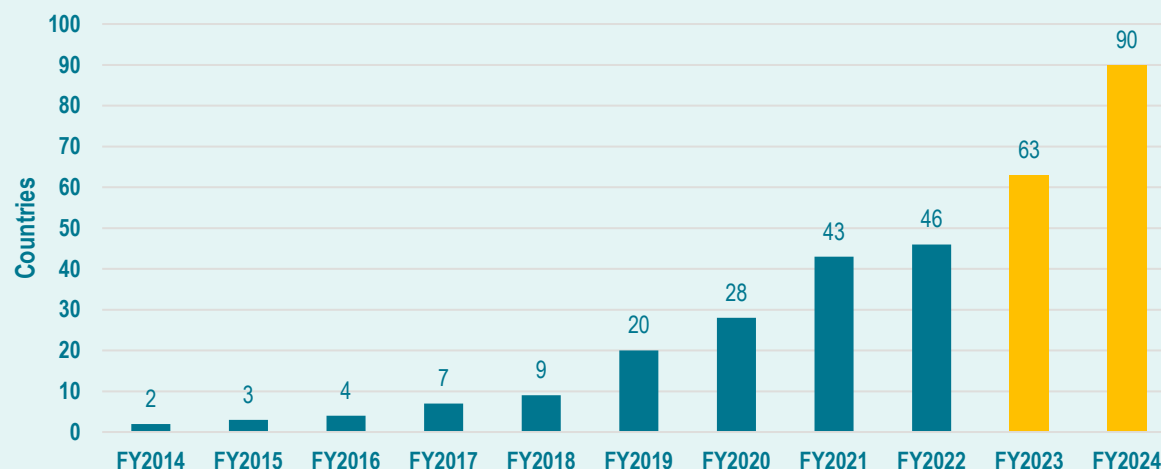


# International Maxigesic Roll Out Continues to Drive Revenue

## ROW Revenue



## Countries where Maxigesic is sold and ordered



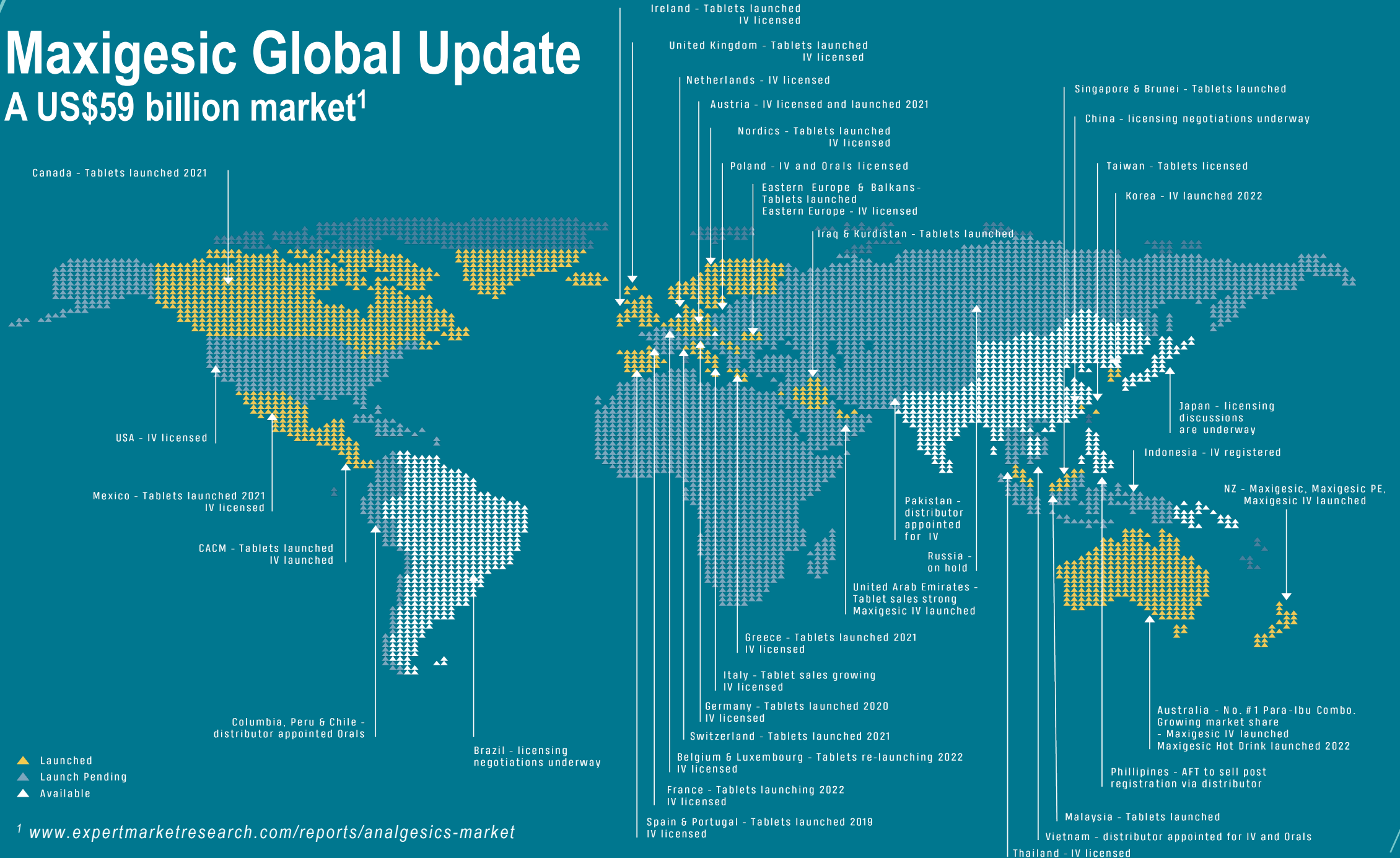
- Strong revenue growth lifted by licensing of Maxigesic IV in the US to Hikma Pharmaceuticals
- US FDA approval pending for Maxigesic IV and Maxigesic tablets
- US sales of Maxigesic IV due to begin this financial year
- Maxigesic hot drink sachet launched in Australia, a unique and premium product
- Maxigesic tablets launched in Switzerland and Greece
- Maxigesic IV launched in Germany and Austria

Product	Maxigesic tablets		Maxigesic IV		Maxigesic oral		Maxigesic hot drink	
Territories	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Licensed	100+	100+	100+	100+	100+	100+	100+	100+
Registered	52	49	37	21	2	0	1	0
Sold	46	43	7	3	0	0	0	0



# Maxigesic Global Update

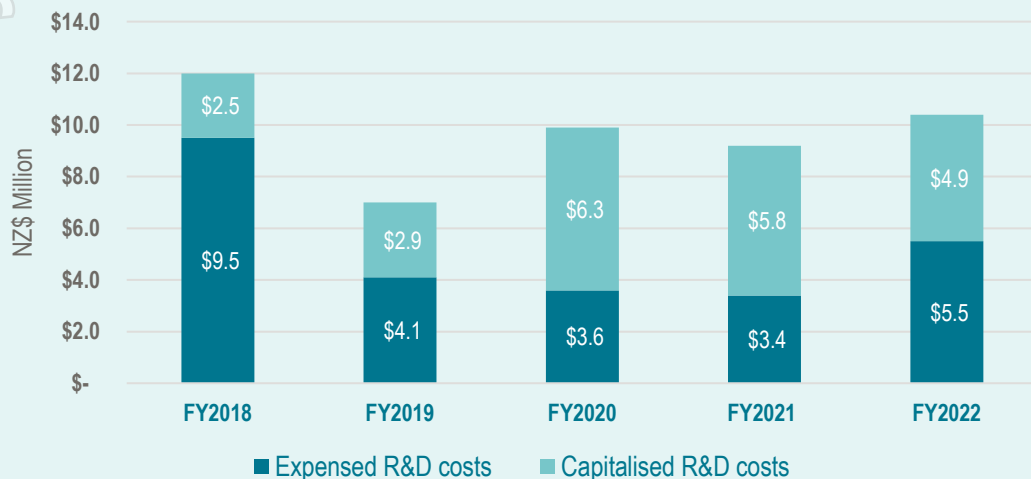
## A US\$59 billion market<sup>1</sup>



<sup>1</sup> [www.expertmarketresearch.com/reports/analgesics-market](http://www.expertmarketresearch.com/reports/analgesics-market)

# Investing in a Strong Research and Development Pipeline

## Research and development



**R&D Expenditure to Rise to \$12m as FY23 Pipeline Grows**

### PASCOMER

Dermatology medicine

- Treatment of facial angiofibroma associated with tuberous sclerosis complex and other non-orphan indications
- Clinical studies under way and due to deliver first results in mid-22
- Development partner Timber Pharmaceuticals (US)

### NasoSURF

Ultrasonic nasal mesh nebuliser used for the intranasal delivery of medication and treatment of sinus conditions

- Pharmacokinetic proof of concept underway, results due during FY23
- Addressable market, initial application ~ US\$1 billion<sup>1</sup>

### PROJECT HS

Analgesic medicine

- Dossier due to be filed with ex-ANZ regulators in 2022
- Addressable market US\$30 million<sup>1</sup>

### PROJECT BT

Gastrointestinal medicine

- Dossier due to be filed in ex-ANZ in 2022
- Addressable market US\$200 million<sup>1</sup>

### PROJECT KW

Gastrointestinal medicine

- Developing two formulations and AFT IP position
- Early-stage development
- Addressable market in excess of US\$700 million<sup>1</sup>

### PROJECT SD

Dermatology medicine

- Looking to develop and license in new territories
- Low development risk
- Dossier due to be filed in ex-ANZ in 2022
- Addressable market US\$200 million<sup>1</sup>

### MEDICINAL CBD

Application confidential

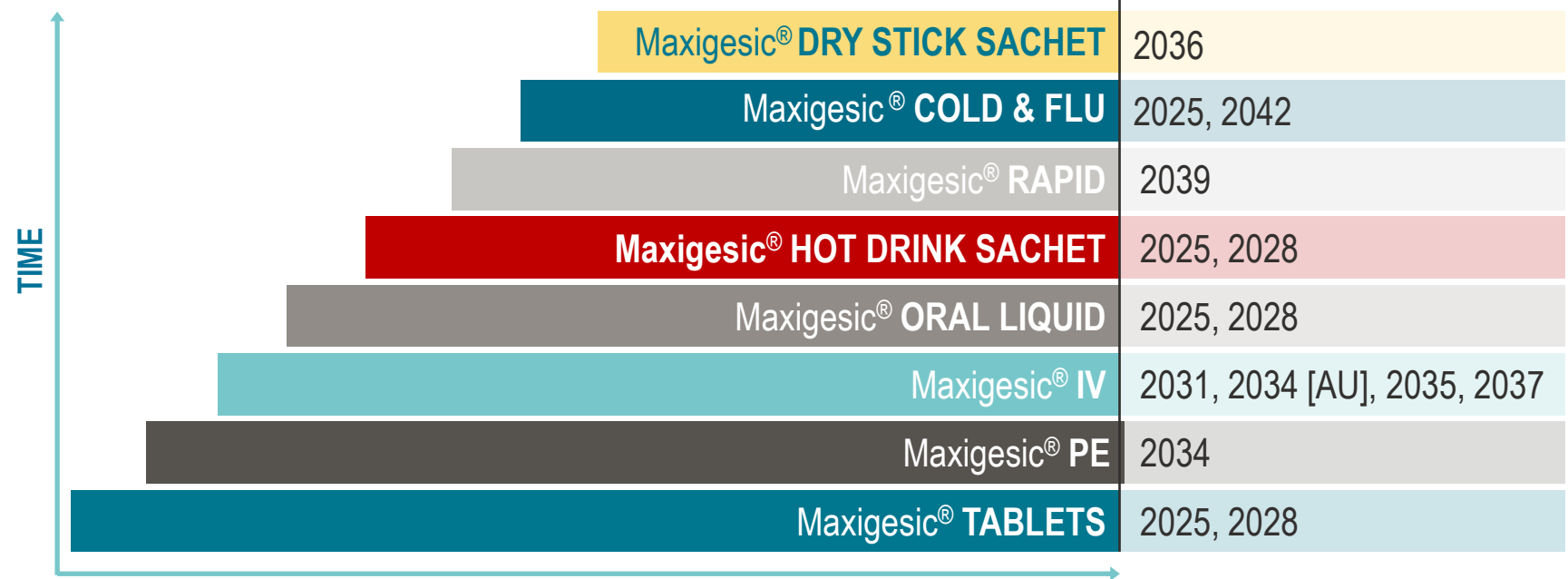
- Partner Setek
- Ongoing product development work
- Addressable market US\$3 billion<sup>1</sup>

<sup>1</sup> Company estimate

# Building the Maxigesic Addressable Market With New Dose Forms

- Estimated total analgesic market size US\$5.9 billion<sup>1</sup>
- 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

## Maxigesic® family growth



<sup>1</sup> [www.expertmarketresearch.com/reports/analgesics-market](http://www.expertmarketresearch.com/reports/analgesics-market)

\*Maxigesic IV is a prescription product for hospital use \*\*Management estimates

# Solid Operating Profit in a Challenging Year

NZ\$'000's year ended 31 March	2022	Revenue %	2021	Revenue %
Revenue	130,314		113,105	
Gross profit	61,775	47.4%	48,741	43.1%
Operating expenses and other income	(41,386)	31.8%	(38,033)	33.6%
Operating profit	20,389		10,708	
Finance expenses and other income	(1,704)		(2,821)	
Tax	1,163		(105)	
<b>Profit after tax</b>	<b>19,848</b>		<b>7,782</b>	
<b>Revenue from product sales and royalties</b>	<b>123,570</b>		<b>110,980</b>	
<b>Gross profit from product sales and royalties</b>	<b>55,031</b>	<b>44.5%</b>	<b>46,615</b>	<b>42.0%</b>

- Delivered 15% Revenue growth with margins benefiting from US licensing income
- Profit after tax benefits from utilization of prior tax losses

# Cash Flow: AFT Remains Well Funded as Debt Reduction Continues

NZ\$'000's Year ended 31 March	2022	2021
Net cash from operating activities	14,152	750
Net cash used in investing activities	(5,585)	(6,231)
Net cash used/(generated) from financing activities	(3,914)	2,522
<b>Net increase/(decrease) in cash</b>	<b>(4,653)</b>	<b>(2,959)</b>
Impact of foreign exchange on cash and cash equivalents	78	49
Opening cash and cash equivalents	3,209	6,119
<b>Closing cash and cash equivalents</b>	<b>7,940</b>	<b>3,209</b>

- Operating cash flow increases as costs grow at a slower rate than revenue.
- Cash balances increase, and drive down net debt, despite adverse trading environment



## Balance Sheet: Inventory Levels Elevated to Provide Buffer

NZ\$'000's Year ended 31 March	2022	2021
Current assets	69,602	64,693
Cash	7,940	3,209
Non current assets	44,218	37,230
<b>Total assets</b>	<b>121,760</b>	<b>105,132</b>
Current liabilities	25,050	26,941
Current interest bearing liabilities	4,000	5,161
Non-current liabilities	2,766	3,242
Non-current interest bearing liabilities	33,200	33,200
<b>Total liabilities</b>	<b>65,016</b>	<b>68,544</b>
Total equity	56,744	36,588
<b>Total liabilities and equity</b>	<b>121,760</b>	<b>105,132</b>

- Anticipated elevated inventory during FY23 to protect against supply disruptions. This approach has proved valuable.
- Net debt of \$29.3m reduced from \$35.2m a year ago – within targeted net debt range of \$25m-\$30m.
- Moving to new debt target (with the declaration of the dividend policy) of 1x operating profit.

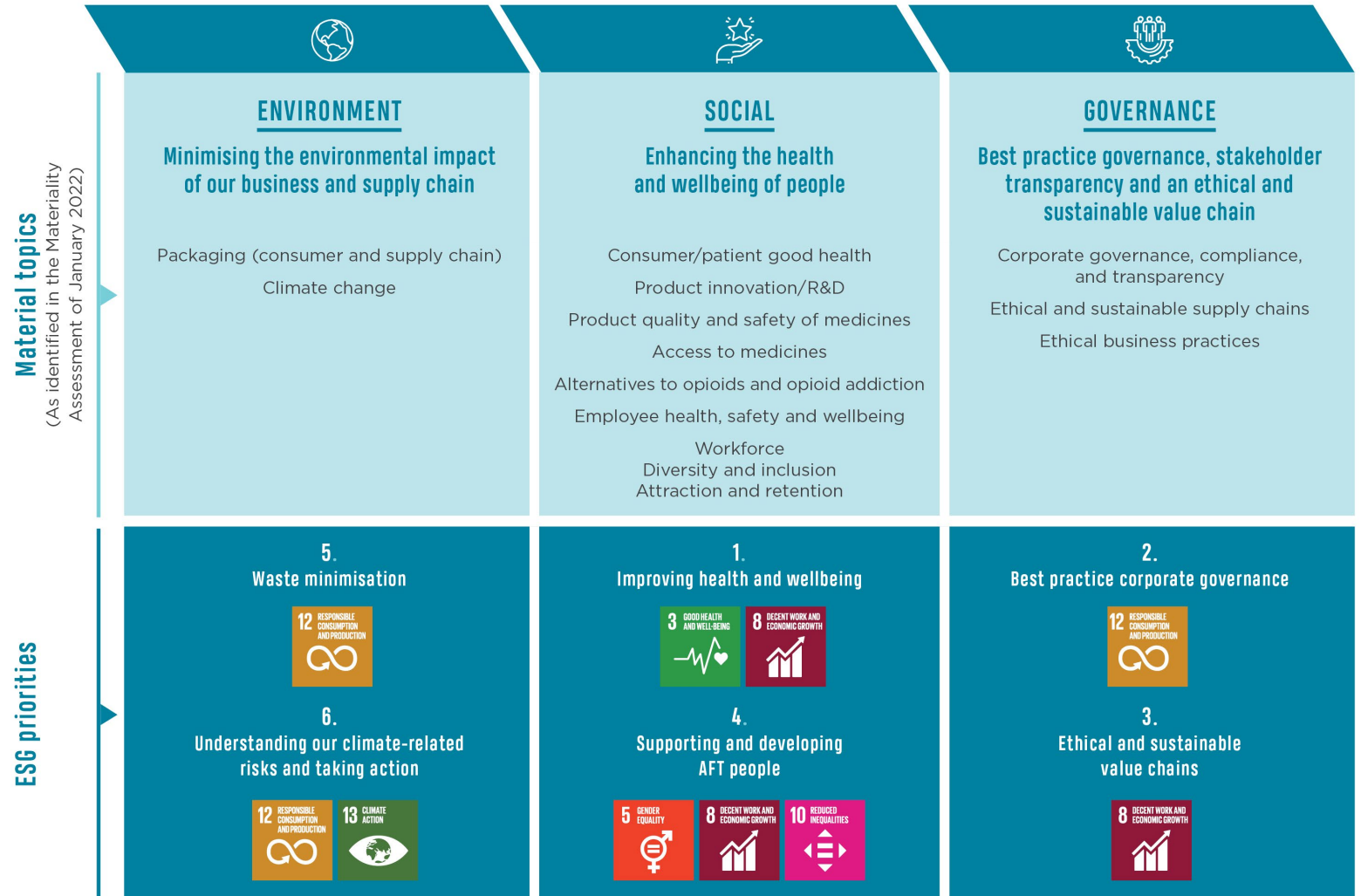
## Dividend Policy: A Statement of Confidence in Our Future

- The Board expects the company to continue to grow underpinned by a strong defensible and growing core business in Australasia and a growing international business built on our unique IP.
- On the basis of these strengths, the Board intends to pay on an ongoing basis a dividend equal in the 20 – 30% of normalised Net Profit After Tax (Net Profit After Tax adjusted for extraordinary one-off gains and losses), while maintaining debt at around 1 x operating profit.
- The policy gives AFT sufficient headroom to fund the ongoing significant growth opportunities, signals to shareholders our expectations of the returns they can expect from their investment in the company and demonstrates the discipline they expect in the company's allocation of capital.
- The declaration of any dividend is at the Board's discretion and is subject to AFT's earnings; overall financial condition; the outlook for the industry; future capital requirements or research and development investment expectations.
- We expect to declare a maiden dividend to shareholders in relation to the FY2023 year.

# ESG Focusing on What Matters

**Our Mission:**  
**Working to**  
**Improve Your Health**

**AFT is committed to enhancing the health and wellbeing of people and communities in the markets we serve and operating a sustainable business.**



## Outlook

- Continue to see considerable opportunities for growth and we have significantly increased both our in-licensing and product and R&D pipeline activities
- Expect to see a return to a more normal trading environment as COVID-19 becomes endemic.
- Focus areas for the new financial year on opportunities to accelerate growth:
  - Investments into sales and marketing and e-commerce initiatives both at home and offshore
  - The ongoing roll out of Maxigesic and its line extensions in international markets.
  - Products from our expanded R&D pipeline
- On this basis we now expect operating profit for the year to 31 March 2023 to range between \$27 million and \$32 million.
- The wide range reflects uncertainties from the ongoing international supply chain difficulties, the timing and success of planned product launches, the pace of the roll out of the Maxigesic family of medicines and general economic conditions.





# QUESTIONS





# Appendix 1: Australasian Product Portfolio

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

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



<sup>1</sup> 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	<p>Maxigesic oral dose forms</p> <ul style="list-style-type: none"><li>- Tablets</li><li>- Solution</li><li>- Hot drink sachet</li><li>- Rapid</li><li>- Cold and Flu</li></ul>
Hospital	<p>Maxigesic IV (intravenous)</p> <p>NasoSurf – nasal nebuliser drug delivery</p>
Dermatology	<p>Pascomer – primarily Europe &amp; ANZ</p> <p>Crystawash extend – selected territories such as Canada and Middle East</p> <p>Crystaderm – selected territories such as Canada</p>

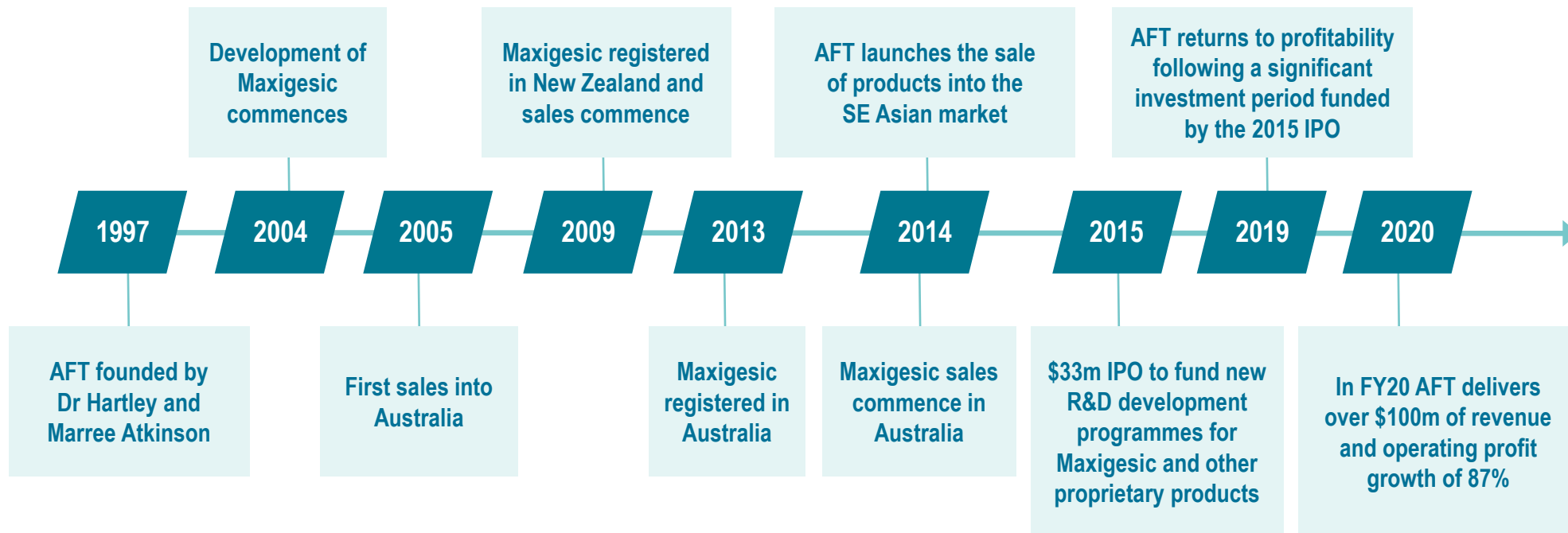


<sup>1</sup> Paracetamol and Ibuprofen

## Appendix 4: 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





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