



# INVESTOR PRESENTATION

1H FY2023

24 NOVEMBER 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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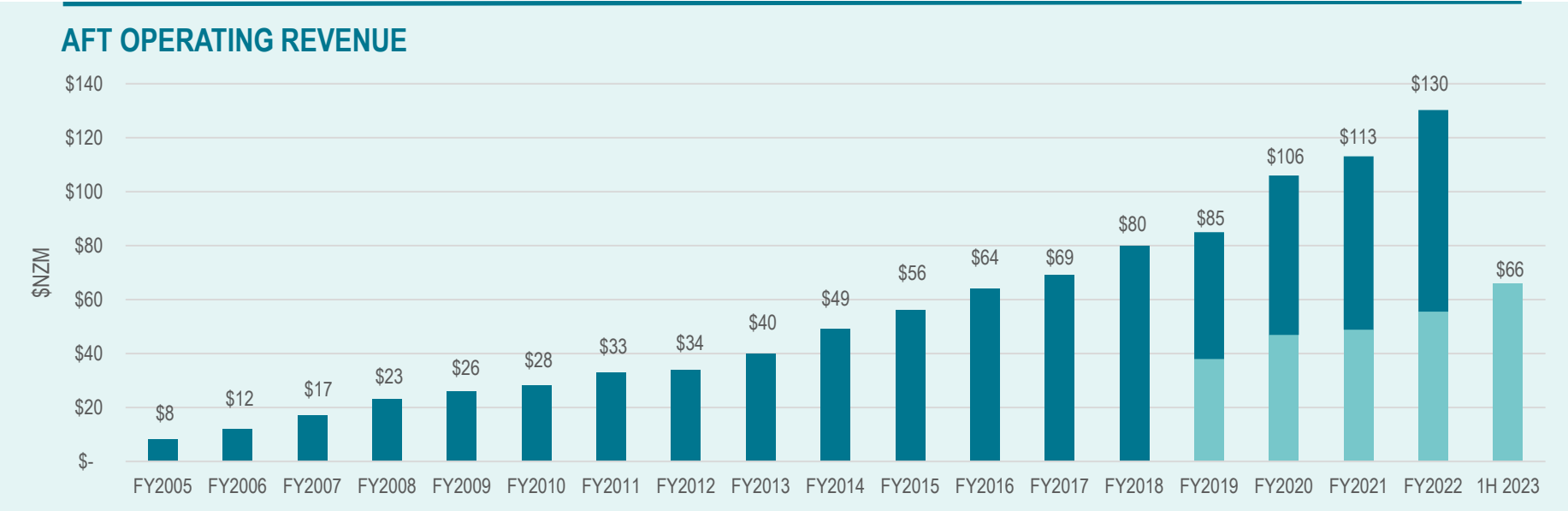
# Growing Globally From a Strong Australasian Core

**Australasia:** 150+ products across seven therapeutic areas distributed via 6,800 pharmacies

**Asia:** A broad range of products sold

**Rest of the World:** AFT developed IP commercialised in 51 countries (including ANZ) and agreements in more than 100 territories

In the first half of FY2023 AFT delivered revenue growth of **18%** lifted by organic growth, the launch of **11 new** products in Australasia and continued international expansion with our patented family of Maxigesic pain relief medicines.

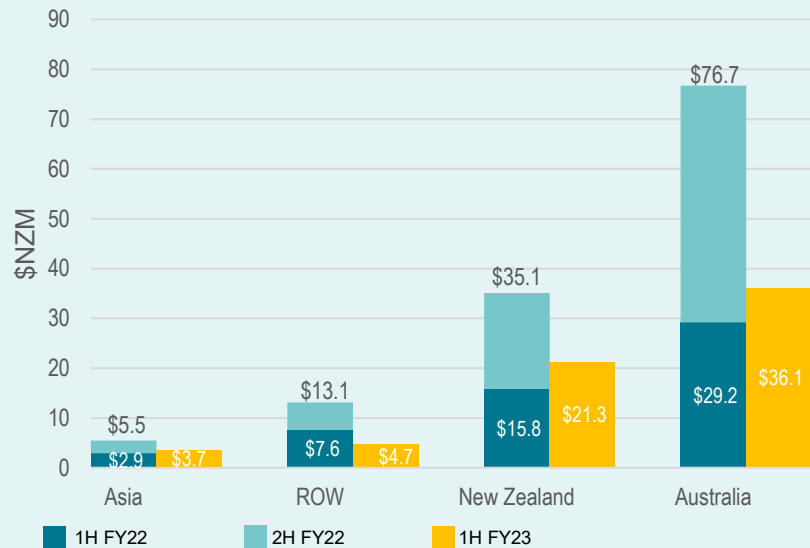




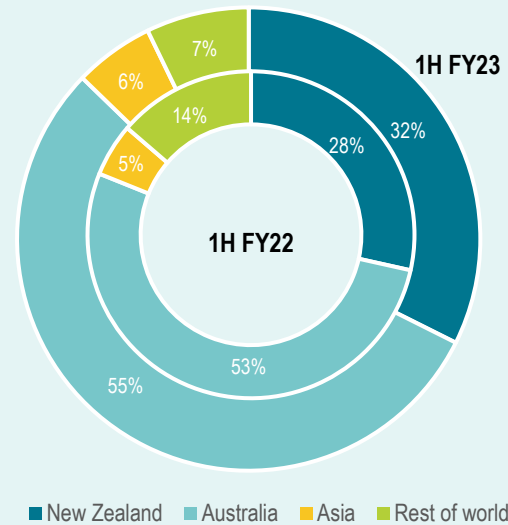
# 1H FY2023 Highlights: Delivering Strong Organic Growth

- Half-year operating revenue **\$65.8 million**, up 18.4% from \$55.5 million lifted by new products launches and organic growth – with revenue from product sales and royalty income up 30%.
- Operating profits **\$3.5 million**, down from \$5.5 million due to lower licensing income.
- Net profit after tax **\$1.5 million**, down from \$4.2 million.

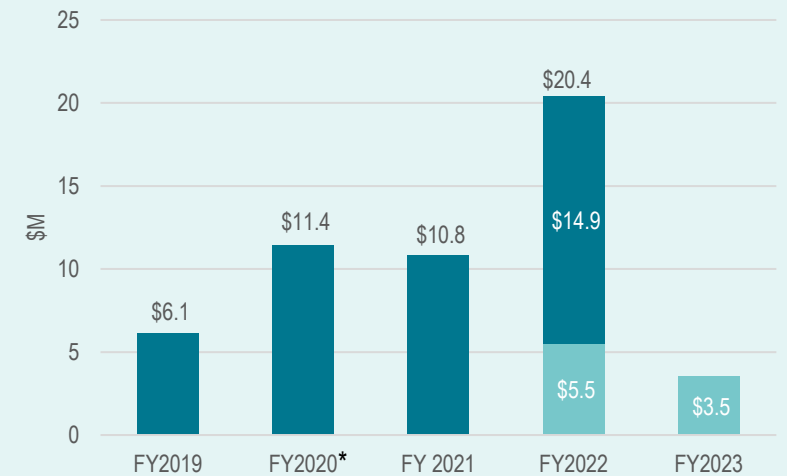
### REVENUE BY REGION



### REVENUE BY TERRITORY



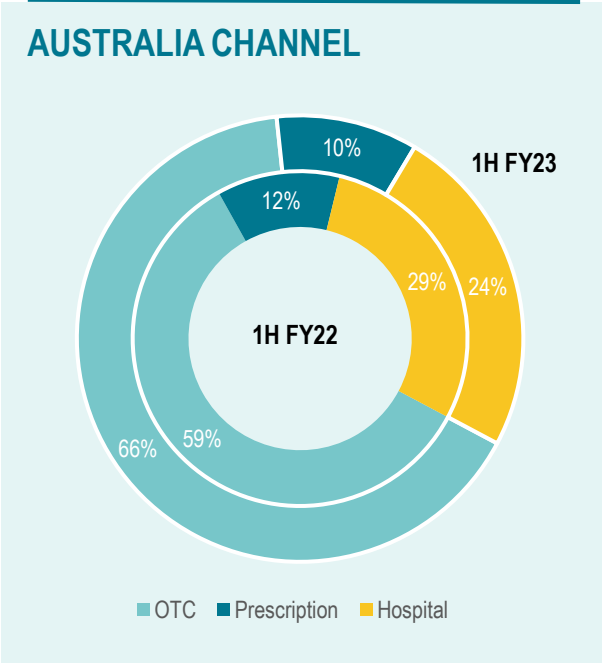
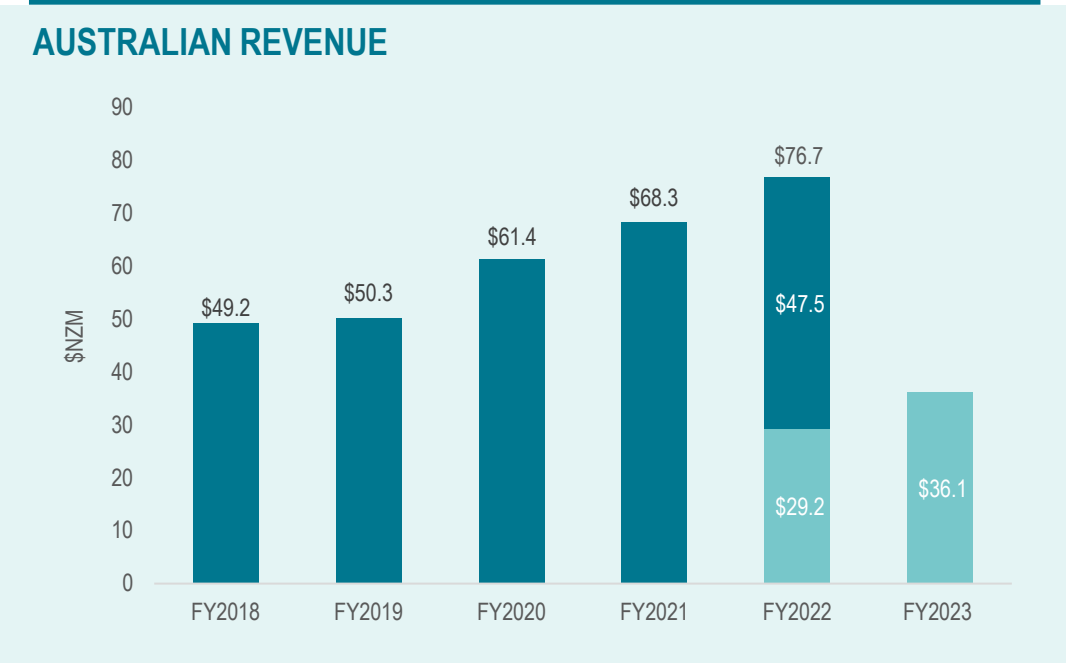
### AFT GROUP OPERATING PROFIT



\*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: Sales Accelerating Following Recent Product Launches

- Sales in Australia accelerated to \$36.1 million, up 24% from \$29.2 million, benefiting from normalisation of trading to pre-COVID levels and 11 product launches.
- OTC channel the standout performer, up 36.9% to \$23.5 million; hospital and prescription channels delivering steady growth.

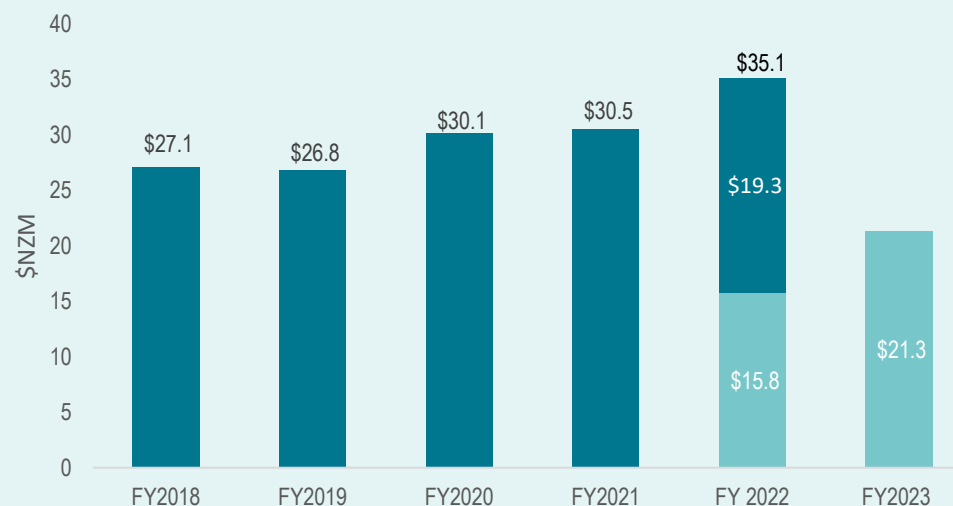


# New Zealand: Strong Organic Growth Across All Channels

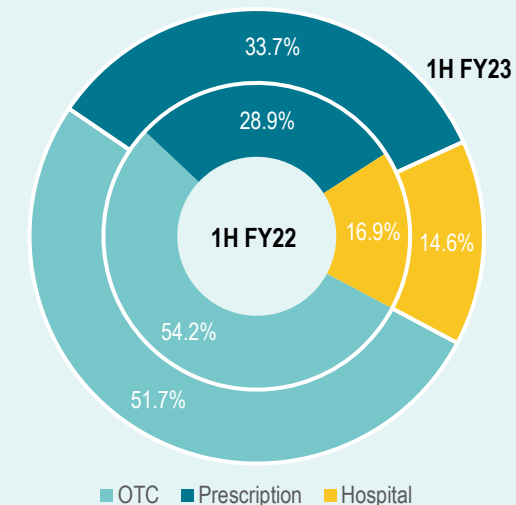
- Revenue in New Zealand grew across all channels rising to \$21.3 million, up 35% from \$15.8 million.
- Revenue growth lifted by strong post Covid organic product growth, a 28.5% increase in the OTC business and a strong contribution from the allergy and pain-relief categories.



### NEW ZEALAND REVENUE



### NEW ZEALAND CHANNEL



# Driving Australasian Growth With New Products and Salesforce Investment

- Portfolio of product launches for our Australasian business.
- During 1H FY23, 5 OTC products, including Maxigesic hot drink sachets, launched, and 6 hospital products
- During 2H FY23, an additional 14 OTC products and 1 Rx product will be launched.
- By end of FY2025, expect to have launched a total of 76 products since the start of FY2023.
- Investing an additional NZ\$10 million (Forecast FY23 vs FY22 Actual) in sales and distribution to support new product launches for AU-NZ and dedicated GP sales force for AU

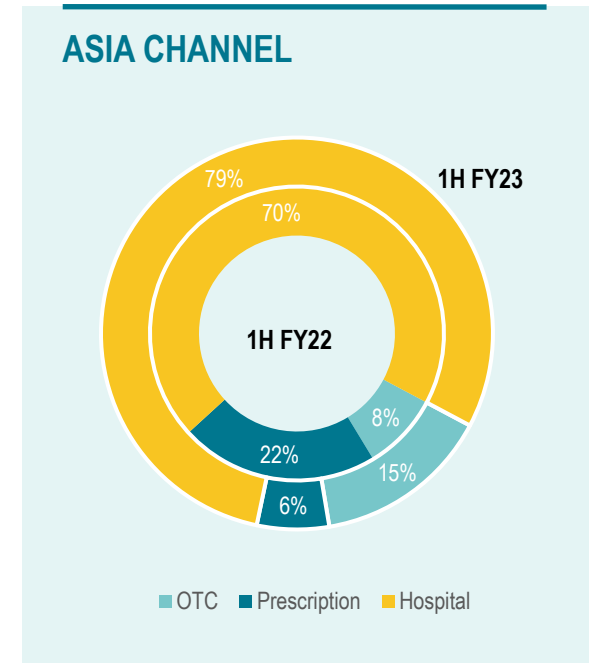
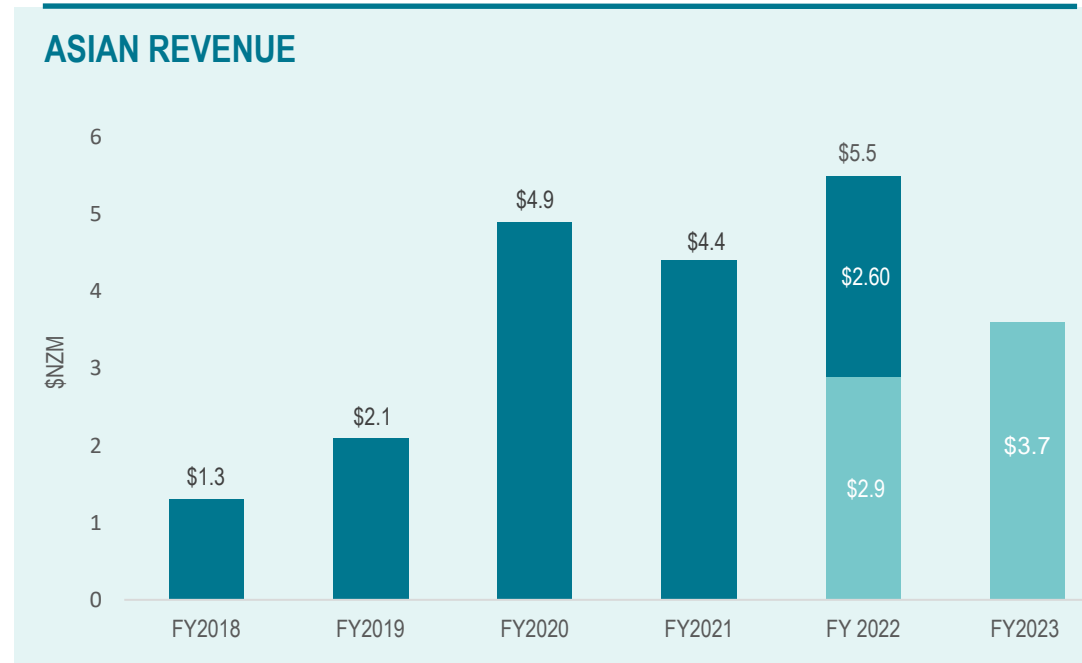
## Australasian product launch pipeline

Year	1H FY23	2H FY23	1H FY24	2H FY24	FY25
Planned launches	11	15	16	11	23



# Asia: McPherson's Distribution Partnership Lifts Asian Sales

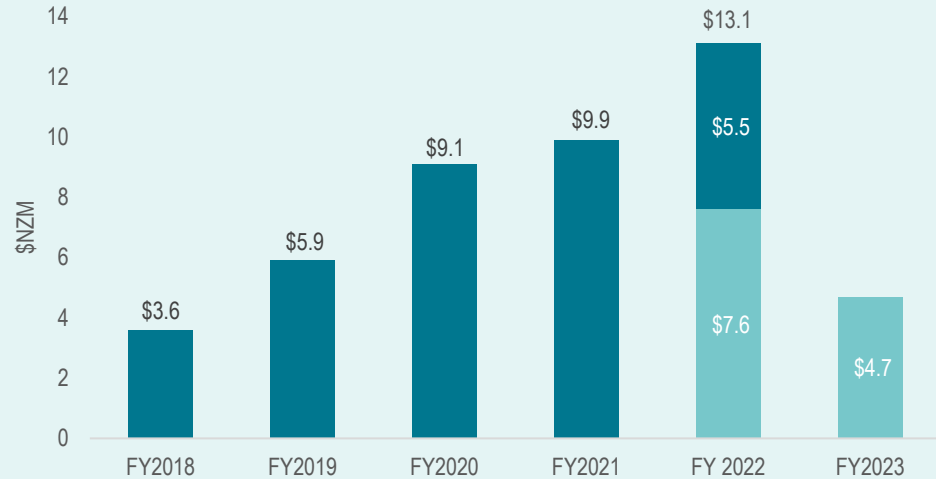
- Sales in Asia rose to \$3.7 million, up 26.1% from \$2.9 million, driven by a more than doubling (115%) of sales in the OTC business, a result of the agreement with ASX-listed McPherson's to drive OTC sales in Singapore and strong Maxigesic sales growth in Malaysia and Hong Kong.
- Asian hospital business also grew strongly (44.1%) building on the momentum of the second half of FY22.



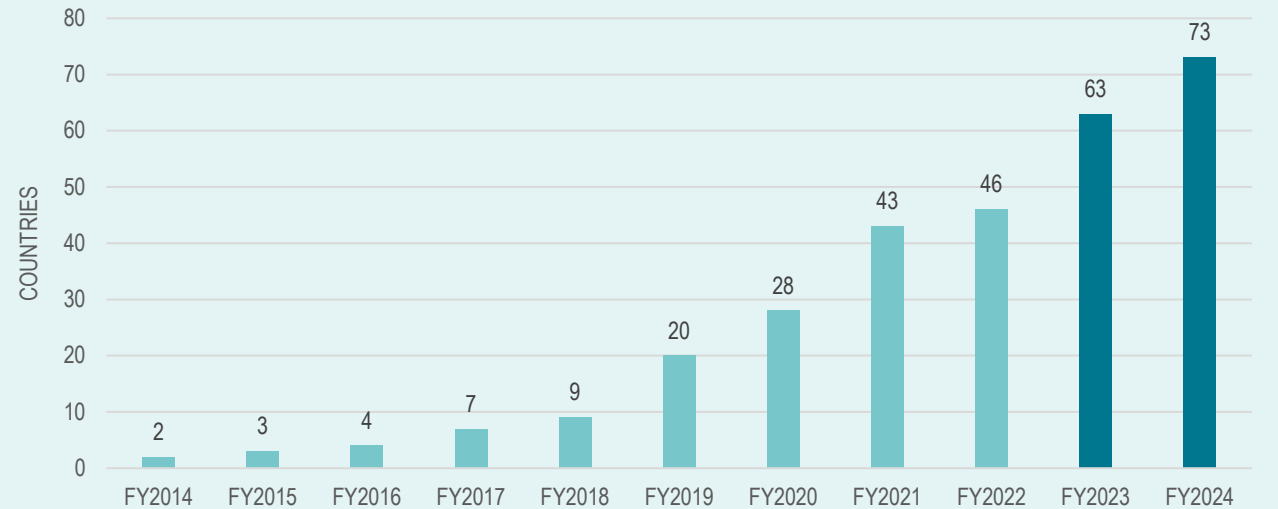


# International: Strong Organic Growth Offset by Lower Licence Income

## INTERNATIONAL REVENUE



## COUNTRIES WHERE MAXIGESIC IS SOLD AND ORDERED

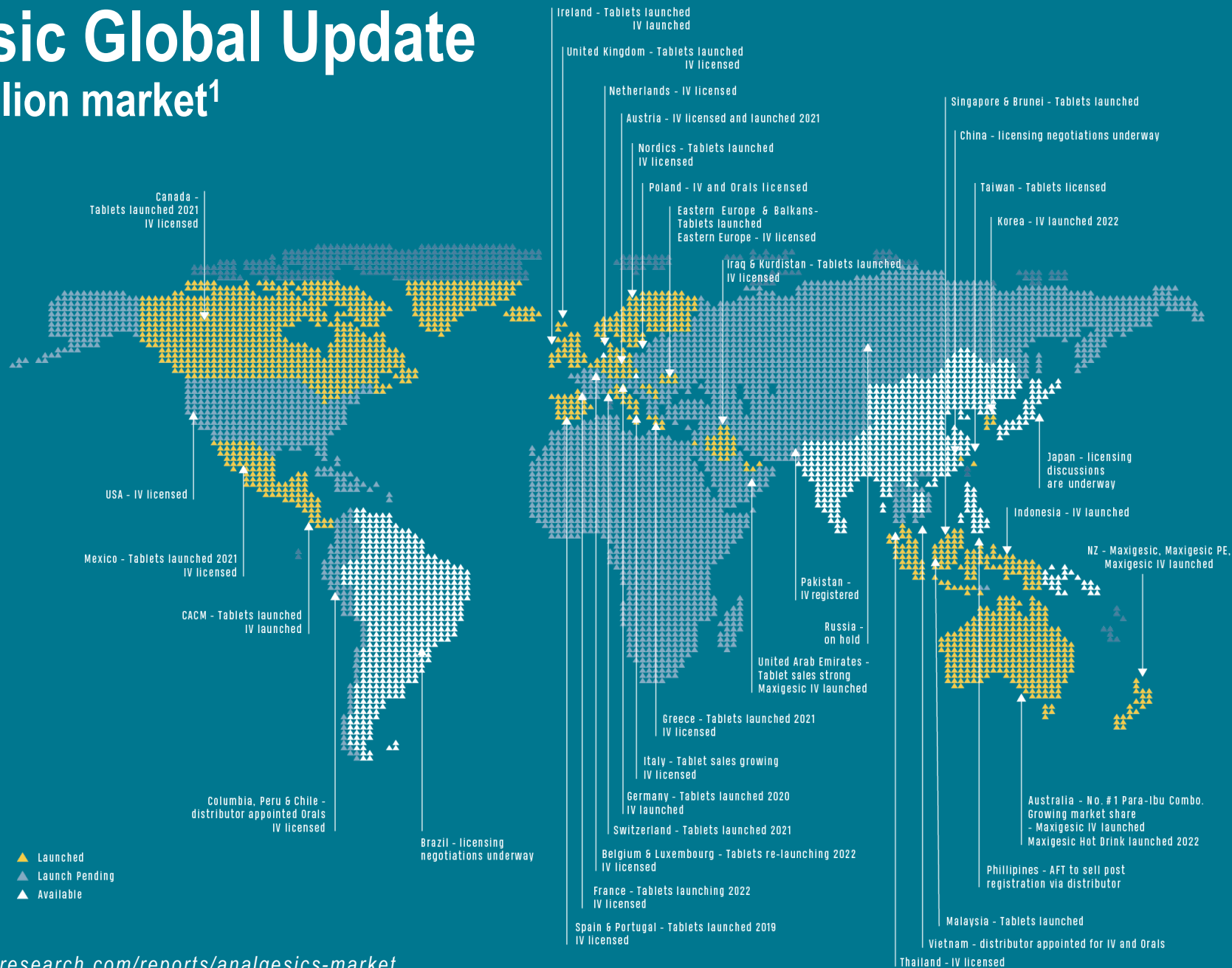


- Product sales and royalties of \$4.6 million grew 68% (PY\$2.8 million).
- As advised, Maxigesic IV in the US has been delayed as FDA seeks more information on one item, delaying expected licensing income in the current year.
- Slower anticipated rollout of Maxigesic in all its dose forms in FY24 (targeting 73 countries, down from 90) due to withdrawal from Russia and related regulatory delays and a slower rollout in Africa.

Product	Maxigesic Tablet		Maxigesic IV		Maxigesic Oral		Maxigesic Hot Drink	
	30 Sept 2022	31 March 2022	30 Sept 2022	31 March 2022	30 Sept 2022	31 March 2022	30 Sept 2022	31 March 2022
<b>Licensed</b>	100+	100+	100+	100+	100+	100+	100+	100+
<b>Registered</b>	63	52	41	37	2	2	2	1
<b>Sold in</b>	47	46	10	7	0	0	1	1

# 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)

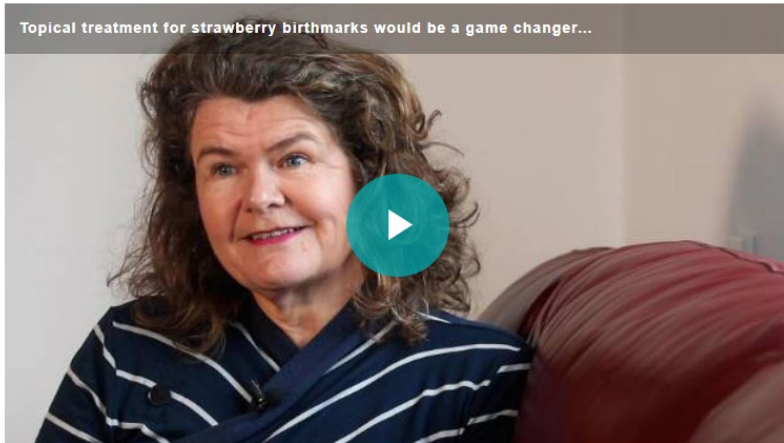
# Investing in a Strong Research and Development Pipeline

Stuff

business

## 'Massive need' for new strawberry birthmark treatment

Melanie Carroll · 05:00, Oct 02 2022



KEVIN STENT/STUFF

Thirteen years ago Karen Jenkinson's baby was in a clinical trial of oral treatment for strawberry birthmarks, and she welcomes the potential for a topical treatment.

- R&D expenditure in the half year period was \$2.8 million, largely flat on the \$2.7 million in the same period of the prior year
- Remains well in line with our guidance for full year spend of \$12 million.

*AFT's positive cashflows position the company well to undertake and secure research and development projects either alone or in partnership with others.*

### NasoSURF

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

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

### PROJECT HS

Analgesic medicine

- Dossier in preparation
- Addressable market US\$30 million<sup>1</sup>

### PROJECT BT

Gastrointestinal medicine

- Dossier ready to be filed in ex-ANZ in FY23
- Addressable market US\$200 million<sup>1</sup>

### STRAWBERRY BIRTHMARKS

- Agreement finalized with the Gillies McIndoe Research Institute and Massey Ventures
- Topical treatment in development

### PROJECT KW

Gastrointestinal medicine

- Developing two formulations and AFT IP position
- First dossier targeted during FY24
- 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 filed ex-ANZ end 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

# Operating Profit Lower on Reduced License Income

NZ\$'000's for the six months to 30 September	Revenue %		Revenue %	
	2022		2021	
Revenue	65,750		55,513	
Gross profit	28,679	<b>43.6%</b>	26,705	<b>48.1%</b>
Operating expenses and other income	(25,222)	<b>38.4%</b>	(21,214)	<b>38.2%</b>
Operating profit	3,457		5,491	
Finance expenses and other income	(1,335)		(1,059)	
Tax	(670)		(189)	
<b>Profit after tax</b>	<b>1,452</b>		<b>4,243</b>	
<b>Revenue from product sales and royalties</b>	<b>65,692</b>		<b>50,706</b>	
<b>Gross profit from product sales and royalties</b>	<b>28,621</b>	<b>43.6%</b>	<b>21,898</b>	<b>43.2%</b>

- Excluding licensing income, operating profit increased to \$3.4m from \$0.7m.
- Gross profit margin decline of 4.5 percentage points to 43.6% is due to lower licence income.
- Gross profit margin from product sales and royalties steady
- Future additional sales expected from increased sales and distribution expenses to support new product launches and dedicated GP sales force



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

NZ\$'000's period ended 30 September	2022	2021
Net cash from operating activities	5,983	6,826
Net cash used in investing activities	(4,853)	(2,770)
Net cash (used) / generated from financing activities	(3,049)	13
<b>Net increase / (decrease) in cash</b>	<b>(1,919)</b>	<b>4,069</b>
Impact of foreign exchange on cash and cash equivalents	(226)	(9)
Opening cash and cash equivalents	7,940	1,548
<b>Closing cash and cash equivalents</b>	<b>5,795</b>	<b>5,608</b>

- High inventory day levels maintained and new launch inventory
- Ongoing investment on R&D and Intellectual Property
- Cash balance maintained as debt is repaid

## Balance Sheet: Well Funded, Net Debt Within Range

NZ\$'000's period ended 30 September	2022	2021
Current assets	68,358	60,280
Cash	8,795	5,907
Non-current assets	49,150	39,521
<b>Total assets</b>	<b>126,303</b>	<b>105,708</b>
Current liabilities	27,090	23,123
Current interest bearing liabilities	33,200	2,299
Non-current liabilities	2,592	2,990
Non-current interest bearing liabilities	5,000	36,200
<b>Total liabilities</b>	<b>67,882</b>	<b>64,612</b>
<b>Total equity</b>	<b>58,421</b>	<b>41,096</b>

- Net debt of \$29.3m reduced from \$32.6m a year ago
- Net debt at half year ahead of 1X EBITDA target but expect strong cash generation during 2H FY23
- Higher than normal inventory levels maintained as buffer against disruptions in global supply chains.
- Easing in global transportation bottlenecks, expect slow easing of this to Australia and New Zealand.

## Outlook: product launches to support continued growth

- We see a stronger second half. We expect the result for the full year to be even more skewed to the second half than normal, due to the high number of planned launches in 2H FY23.
- Due to our higher investment in Sales & Distribution and delayed licensing income our May 2022 guidance for total operating profit for the year to 31 March 2023 is lowered to \$18 million to \$23 million.
- For the FY2023 year we now expect the sale of existing products, the launch of new products and product royalties to generate operating profits between \$17.5 million and \$21.0 million.
- Meanwhile, licensing income, which is by its nature less predictable and lumpy, is now expected to contribute between \$0.5 million and \$2.0 million to operating profit, with the final outcome linked to ongoing negotiations and the conclusion of agreements in new territories.
- Our target is to exceed \$200 million of annual sales in the near future.
- We remain confident of securing previously budgeted licensing revenue, seeing it as delayed by regulatory process.
- We also continue to expect to declare a maiden dividend for the 2023 financial year.



**QUESTIONS**





[www.aftpharm.com](http://www.aftpharm.com)

**AFT** *pharmaceuticals*  
*Working to improve your health*

# 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 over 150 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 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<sup>1</sup>, Pascomer, NasoSURF, Crystawash Extend and Crystaderm

<p><b>Pain</b></p>	<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>
<p><b>Hospital</b></p>	<p>Maxigesic IV (intravenous)</p> <p>NasoSurf – nasal nebuliser drug delivery</p>
<p><b>Dermatology</b></p>	<p>Pascomer – Europe &amp; ANZ</p> <p>Crystawash extend – selected territories such as Canada and Middle East</p> <p>Crystaderm – selected territories</p>

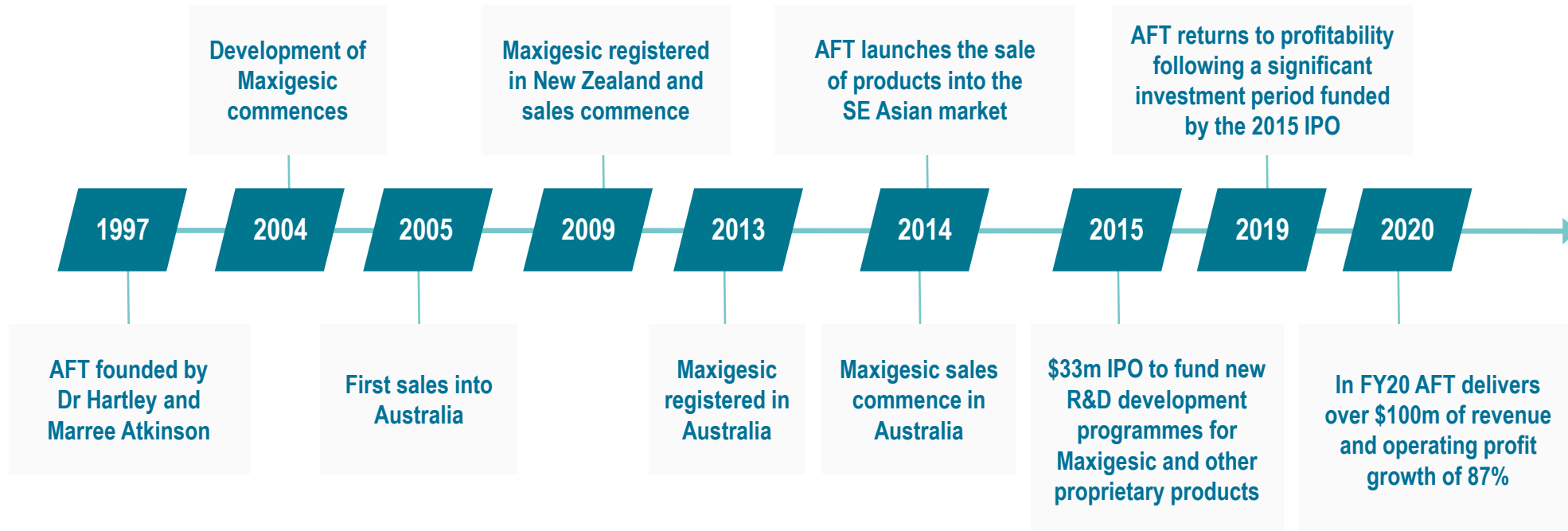


<sup>1</sup> Paracetamol and Ibuprofen

## Appendix 3: 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

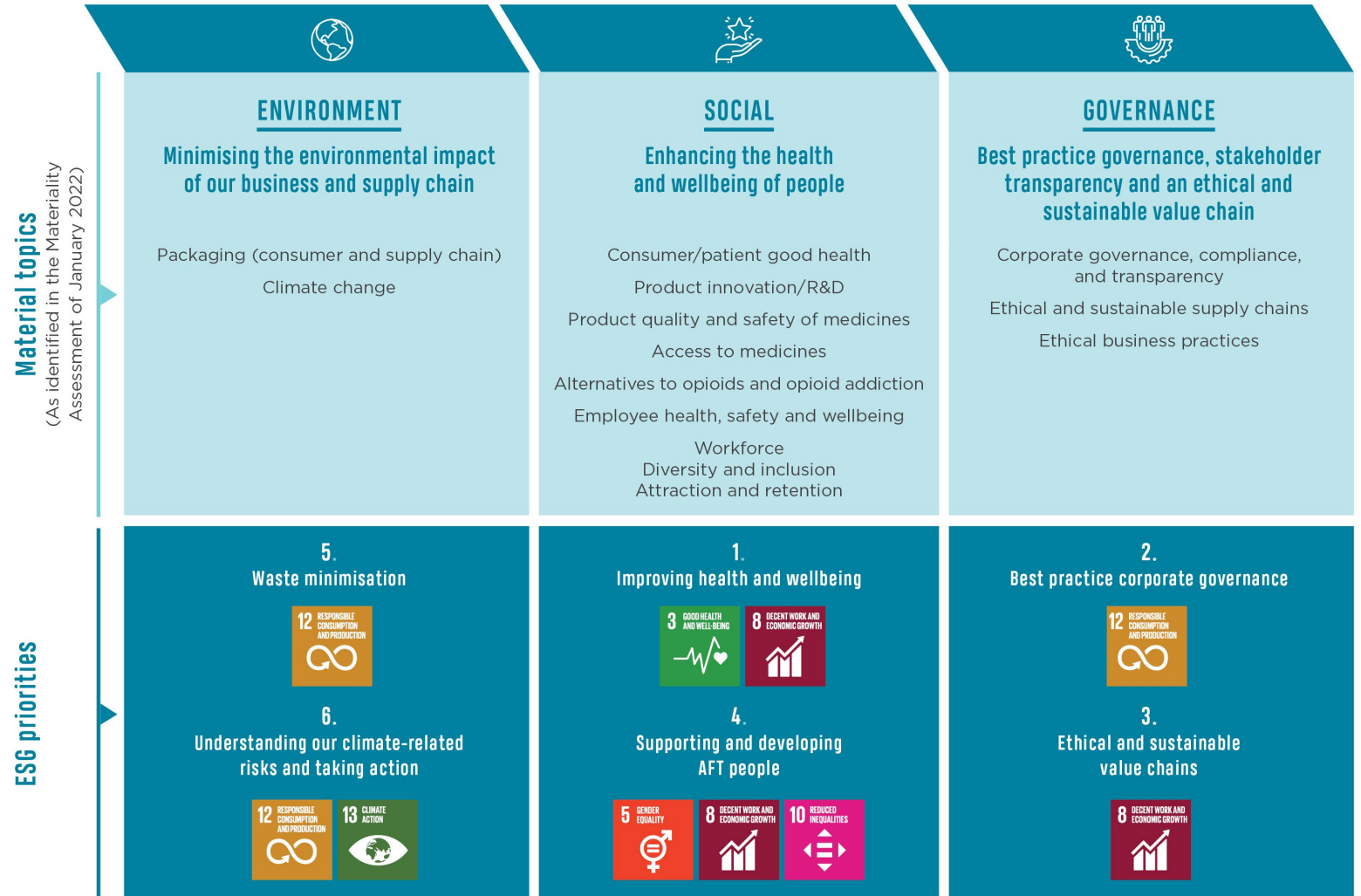




# Appendix 4: ESG Focusing on What Matters

**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.**





[www.aftpharm.com](http://www.aftpharm.com)

**AFT** *pharmaceuticals*

*Working to improve your health*

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