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Market and Media release

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## **AFT to book one-off non-cash gain on *Pascomer*<sup>®</sup> assets**

AFT Pharmaceuticals (NZX.AFT, ASX.AFP) announces it expects to book a one-off non-cash gain of \$9.8 million following its previously-announced acquisition of full control of its Pascomer assets.

AFT's forecast of underlying operating profits before this accounting change is \$9m to \$12m for the year to 31 March 2020. However, the one-off gain now lifts that forecast to between \$18.8m and \$21.8m.

As part of a series of agreements announced on 5 July 2019 this year, AFT acquired the outstanding 50% share in its DSLP partnership, which was set up for the development of *Pascomer*, a topical treatment for Facial Angiofibromas in Tuberous Sclerosis.

Prior to this acquisition AFT accounted for its 50% stake in DSLP using the principles of equity accounting and the asset was held as an investment in AFT's balance sheet at a valuation of \$2.7 million.

The acquisition now requires AFT to account for DSLP using the principles of NZ IFRS 3 Business Combinations, which requires AFT to account for the business combination using the acquisition method.

Under this accounting principle, the Pascomer IP assets are now required to be carried at fair value. AFT has recently received an independent valuation report which it has used in conjunction with its own analysis of fair value and other publicly available valuations. As a result, it has assessed the fair value of DSLP at \$12.5m, all of which is now carried on the AFT balance sheet.

For more information:

### **Investors**

Malcolm Tubby  
CFO, AFT Pharmaceuticals Ltd  
Phone: +64 9 488 0232  
Email: [malcolm@aftpharm.com](mailto:malcolm@aftpharm.com)

### **Media**

Richard Inder  
The Project  
Phone: 021 645 643  
Email: [richard@theproject.co.nz](mailto:richard@theproject.co.nz)

**About AFT Pharmaceuticals**

AFT is a growing multinational pharmaceutical company that develops, markets and distributes a broad portfolio of pharmaceutical products across a wide range of therapeutic categories which are distributed across all major pharmaceutical distribution channels: over-the-counter (OTC), prescription and hospital. Our product portfolio comprises both proprietary and in-licensed products, and includes patented, branded and generic drugs. Our business model is to develop and in-license products for sale by our own dedicated sales teams in our home markets of Australia and New Zealand and in certain Southeast Asian markets, and to out-license our products to local licensees and distributors to the rest of the world. For more information: <https://www.aftpharm.com/>