



# INVESTOR PRESENTATION

RESULTS FOR THE YEAR  
TO 31 MARCH 2023

22 MAY 2023

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

# Important Notice

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This presentation should be read in conjunction with AFT’s interim financial statements, market releases and other periodic and continuous disclosure announcements, which are available at [www.nzx.com](http://www.nzx.com) and [www.asx.com.au](http://www.asx.com.au).

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

All references to financial years appearing in this presentation are for the period ending 31 March, unless otherwise indicated. This presentation is not a recommendation, offer or invitation to acquire AFT’s securities or other form of financial advice or disclosure document.

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# AFT Declares Maiden Dividend; Record Revenue

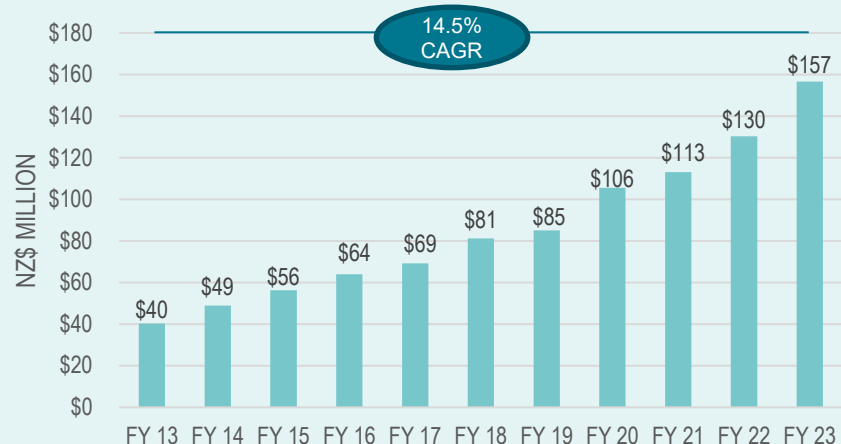
- Operating revenue grew 20% to \$157 million lifted by organic growth, the launch of 22 new products in Australasia and continued international expansion.
- Operating profits, excluding licensing income, grew 38% to \$18.8 million, despite \$8 million investment in new Australian sales force and new global distribution capabilities. Operating profit including licensing income of \$19.7 million down 3.5%
- Maiden dividend of 1.1 cents per share.

**Australasia:** 150+ products across seven therapeutic areas distribution via 7,700 pharmacies.

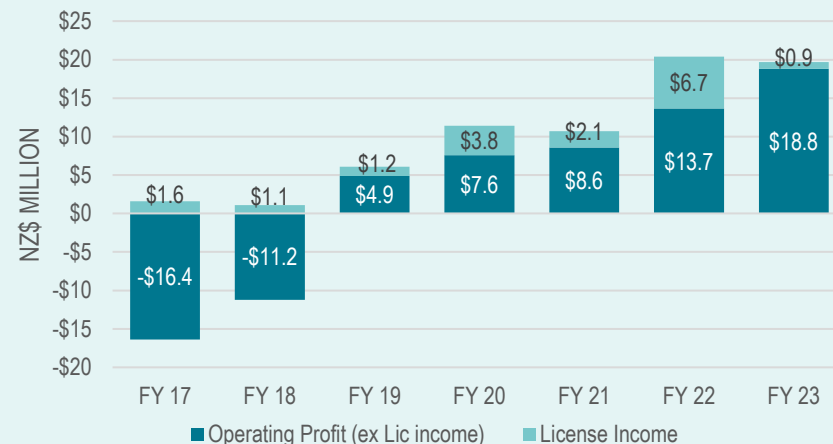
**Asia:** A broad range of products sold through licensees and distribution partners.

**Rest of the World:** AFT developed IP commercialised in 61 countries (including ANZ) and agreements in more than 100 territories.

FT TOTAL OPERATING REVENUE



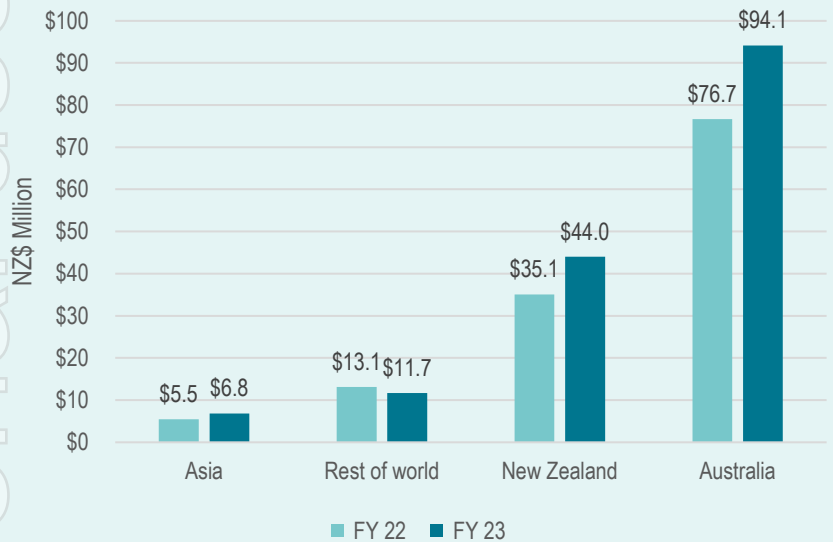
AFT OPERATING PROFIT



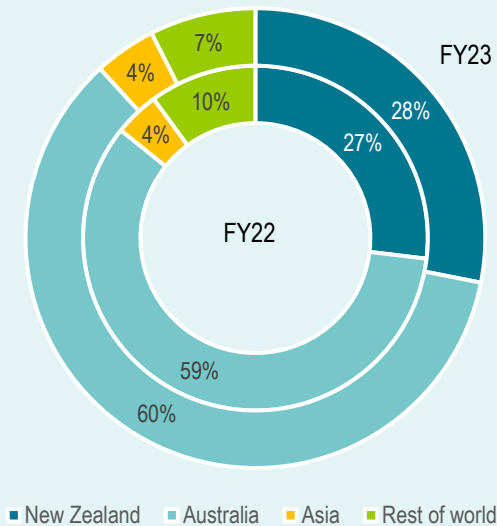
# FY2023 growth strong across all territories and channels

- Revenue grew in all regions with the core Australasian business making the largest contribution to growth (\$26.3 million)
- International revenue (ex-licensing income) by 71% to \$10.8 million; licensing income of \$0.9 million vs \$6.7 million in FY22
- Growth led by the OTC channel with the pain segment (Maxigesic dose forms) driving growth in all markets

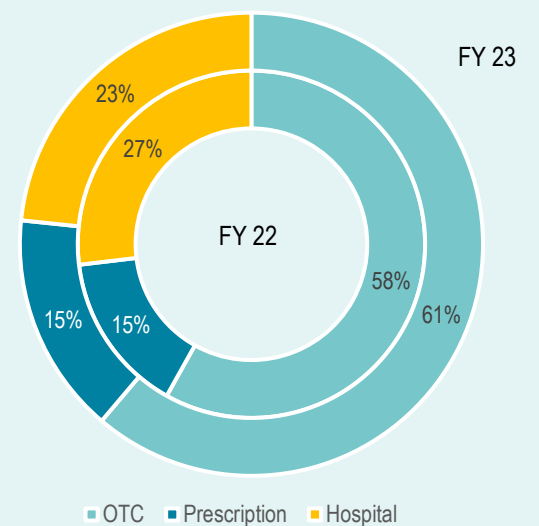
## OPERATING REVENUE BY REGION



## REVENUE BY REGION



## REVENUE BY CHANNEL



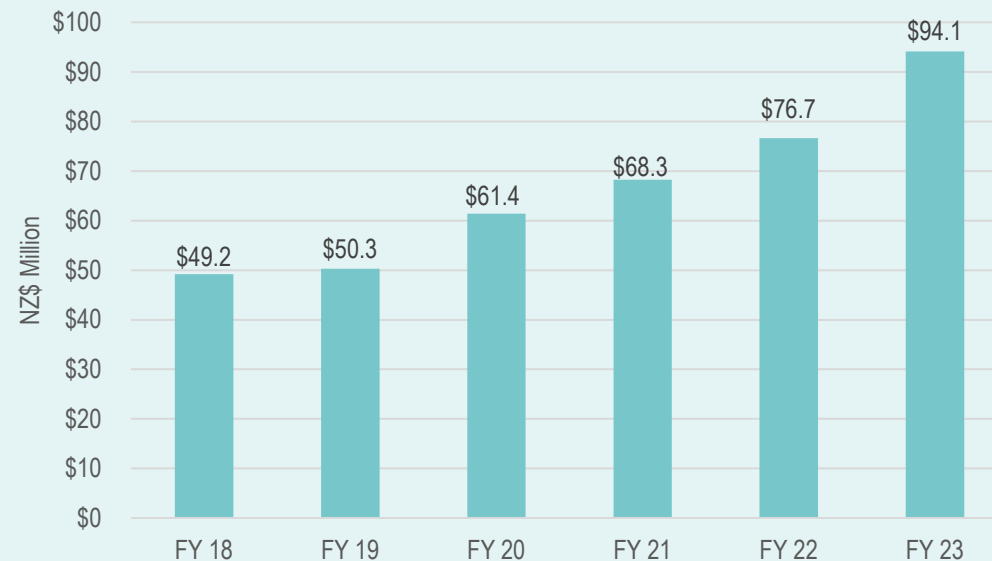


# Australia: Sales Accelerating Underpinned By New Product Launches

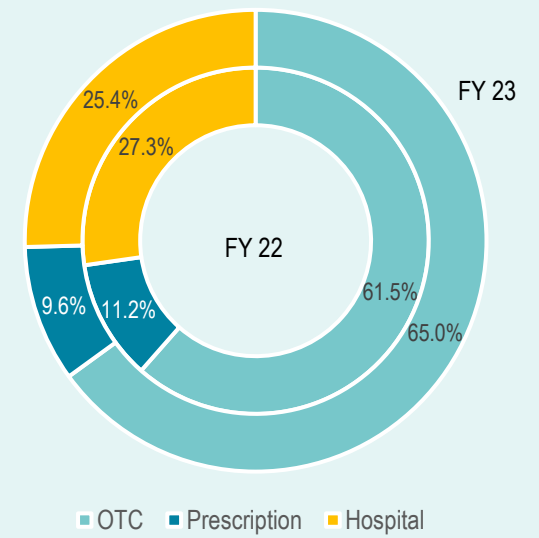
- Sales in Australia rise 22.8% to \$94.1 million from \$76.7 million in FY22
- OTC channel the standout performer, up 29.7% to \$61.2 million, with growth led by the pain segment, including the successful launch of the hot-drink sachet; investment of \$8 million in new GP focused sales force delivering early results
- Hospital channel rises 14% lifted by growth in injectables



AUSTRALIAN OPERATING REVENUE



AUSTRALIA REVENUE BY CHANNEL

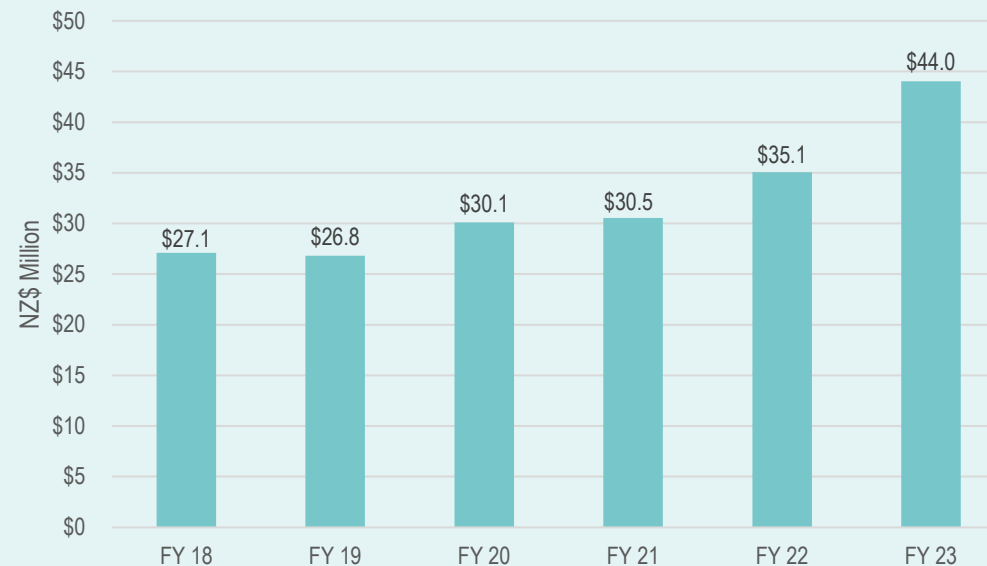


# New Zealand: Strong Organic Growth Across All Channels

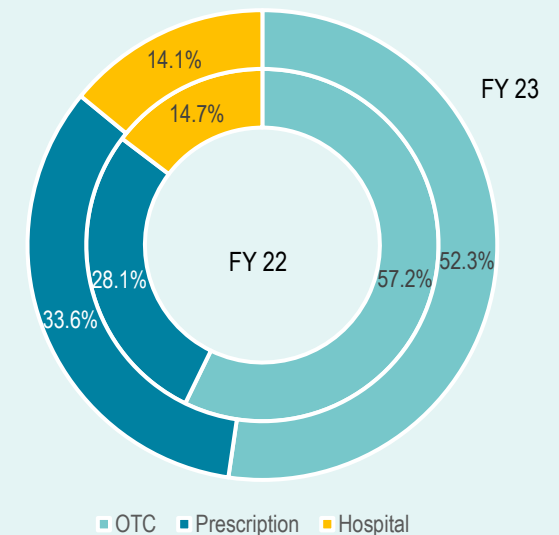
- New Zealand revenue grows 26% to \$44.0 million from \$35.1 million lifted by strong post Covid OTC growth and continued growth in revenue from the Maxigesic family of medicines
- Hospital (up 20%) and prescription (up 50%) and better access to GPs as pandemic pressures ease



NEW ZEALAND OPERATING REVENUE



NZ REVENUE BY CHANNEL



# Driving Growth With New Products

- Our product launch pipeline in Australasia remains strong, leveraging distribution relationships, including 7,700 pharmacies and our new general practitioner sales force
- During FY 23 AFT launched 22 new products – 11 OTC including two strengths of Maxigesic hot drink sachets
- Planning ~68 product launches in Australasia FY24 - FY26 across all three channels
- Some of these products also targeted for launch in Asia (Singapore and Hong Kong)

## Australasia product launch pipeline

Year	FY 23	FY 24	FY 25 - FY 26
FY23 & Planned launches	22	26	42

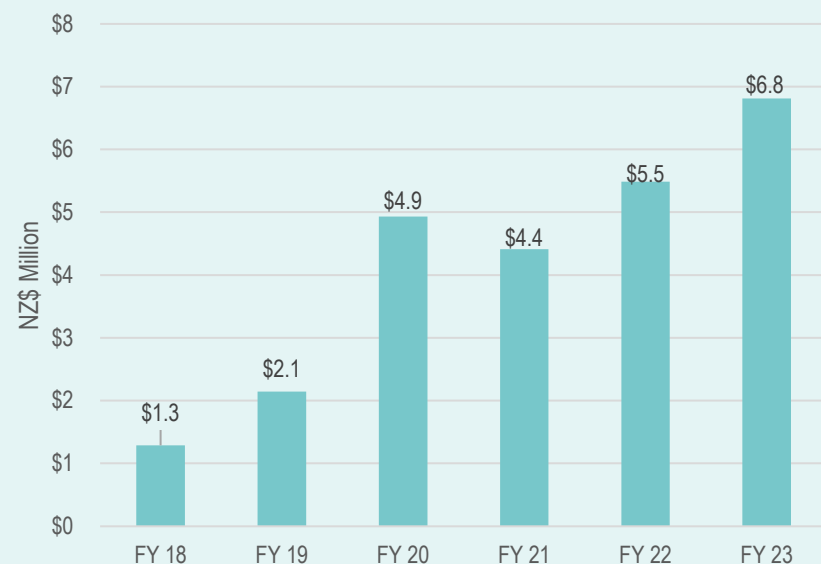


# Asia: Expanded OTC Presence and Moving into China

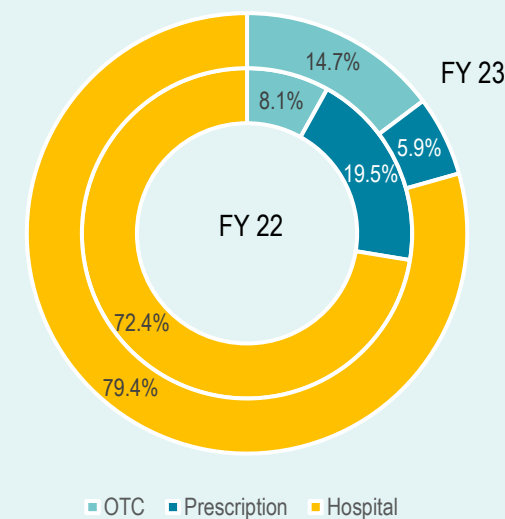
- Sales in Asia rose 24% to \$6.8 million from \$5.5 million in FY 22.
- OTC channel leading growth; contribution from the new Tmall global site growing; see strong regional demand for Maxigesic variants and opportunities for other products such as Crystawash extend
- Expanded distribution capabilities in the region – Hong Kong office is now the head office for the Asian region



ASIAN OPERATING REVENUE



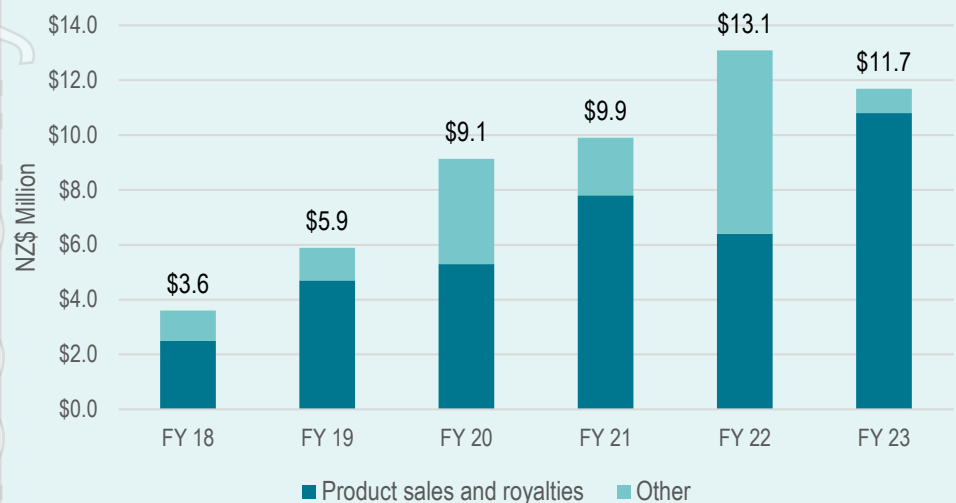
ASIA REVENUE BY CHANNEL



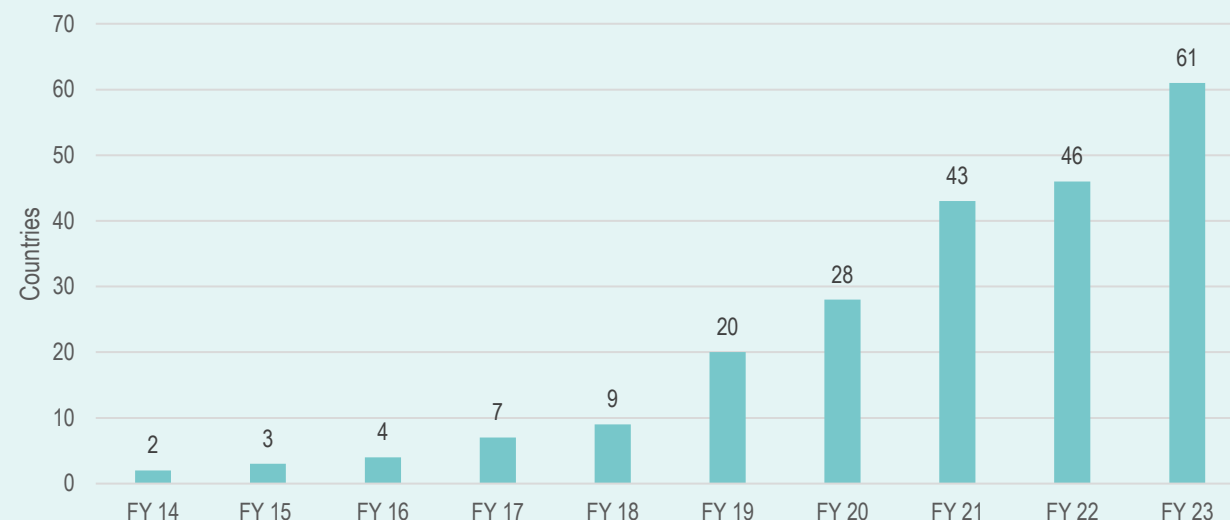


# International: Strong Organic Growth of Product Sales and Royalties

INTERNATIONAL OPERATING REVENUE



COUNTRIES WHERE MAXIGESIC IS SOLD AND ORDERED



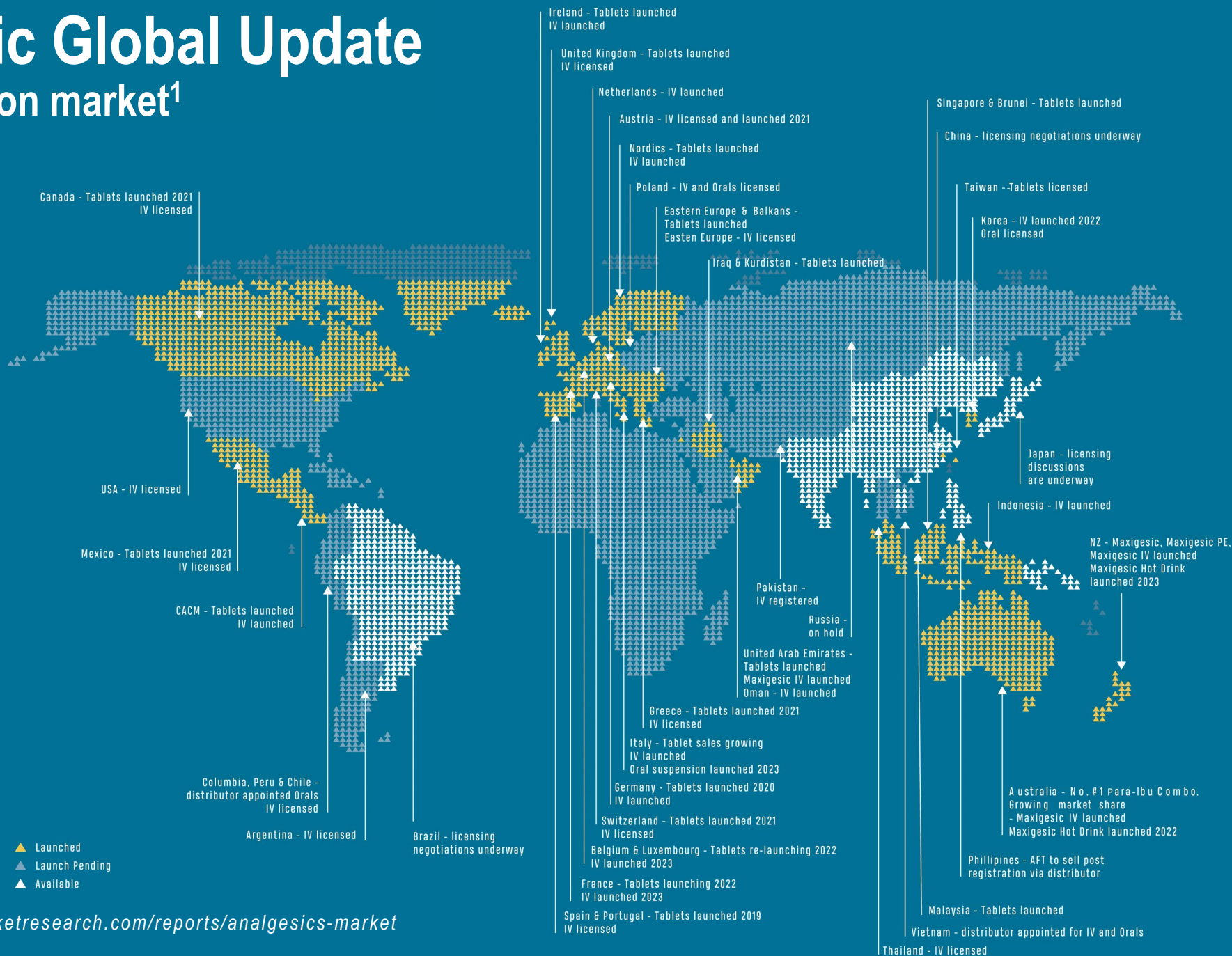
- International income – excluding licensing income – rises 71% to \$10.8 million; licensing income in FY 23 was \$873k vs FY22 \$6.7 million
- Maxigesic Rapid tablets registered in the US and in discussions over the best approach to distribution
- UK office to drive growth for Europe - UK product launches, Further NPD in UK and Europe sales growth and launches
- Maxigesic IV US launch expected to trigger \$6 million licence fee payment from Hikma in calendar 2024

Product	Maxigesic Tablet		Maxigesic IV		Maxigesic Oral		Maxigesic sachet	
Territories	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Licensed	100+	100+	100+	100+	100+	100+	100+	100+
Registered	66	52	43	37	14	2	2	1
Sold in	55	46	21	7	1	0	2	1

# Maxigesic Global Update

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

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

# Investing in a Strong Research and Development Pipeline

## Pain and eyecare

Product	Route Admin / Due Form	Stage Formulation Manufacturing	Clinical Development	Regulating Filing	Commercialization
<b>PAIN</b>	Maxigesic	Target approval late 2023			
	Maxigesic	Target completion in 2023			
	Maxigesic	Target filing 2023			
	Maxigesic	Already launched in Australia			
	Nasosurf Intranasal				
<b>EYECARE</b>	Antibiotic Eyedrop				

Note: Date references on this slide refer to calendar years.

# Investing in a Strong Research and Development Pipeline

Dermatology, gastroenterology and medicinal cannabis

Product	Route Admin / Due Form	Stage Formulation Manufacturing	Clinical Development	Regulating Filing	Commercialization
<b>DERMATOLOGY</b>					
Project SD	Topical	Filed			
Strawberry birthmarks	Topical				
<b>GASTROENTEROLOGY</b>					
Project KW	Tablets	Target filing 2023			
Project KW	Sachet	Target filing 2023			
Project KW	Combo	Targeted in 1H 2024			
Project BT	Enema	Target filing 2023			
<b>CBD</b>		Timeline confidential			

Note: Date references on this slide refer to calendar years.



# Operating Profit Lower on Reduced Licence Income

NZ\$'000s Year ended 31 March	2023	Revenue %	2022	Revenue %
Revenue	156,641		130,314	
Gross profit	72,983	<b>46.6%</b>	61,775	<b>47.4%</b>
Operating expenses and other income	(53,314)	<b>34.0%</b>	(41,386)	<b>31.8%</b>
Operating profit	19,669		20,389	
Finance expenses and other income	(3,870)		(1,704)	
Tax	(5,145)		1,163	
<b>Profit after tax</b>	<b>10,654</b>		<b>19,848</b>	
<b>EBITDA</b>	<b>21,393</b>		<b>21,447</b>	
<b>Revenue from product sales and royalties</b>	<b>155,768</b>		<b>123,570</b>	
<b>Gross profit from product sales and royalties</b>	<b>72,110</b>	<b>46.3%</b>	<b>55,031</b>	<b>44.5%</b>
<b>Dividend (cents per share)</b>	<b>1.1</b>		<b>-</b>	

- Strong growth in operating revenue and steady gross margins
- Excluding licensing income, revenue grew 26%; FY 2023 licensing income \$0.9 million vs. \$6.7 million in FY 2022
- Operating profit also depressed by \$8 million in investment in Australian sales force and increased international distribution
- Maiden dividend of 1.1 cents per share represents 11% of net profit after tax, lower than policy of 20% - 30% of normalised net profit after tax due to:
  - growth opportunities
  - higher than target net debt
  - ongoing investment in the business

EBITDA is non-GAAP measure of earnings before interest tax depreciation and amortisation. It is defined and reconciled to GAAP measure of net profit after tax on page 22 of this investor presentation.

## Balance Sheet: Well Funded, Net Debt Steady

NZ\$'000 Year ended 31 March	2023	2022 (restated*)
Current assets	89,851	69,602
Cash	4,749	7,940
Non-current assets	53,463	49,782
<b>Total assets</b>	<b>148,063</b>	<b>127,324</b>
Current liabilities	37,317	25,050
Current interest-bearing liabilities	2,458	4,000
Non-current liabilities	2,820	2,766
Non-current interest-bearing liabilities	32,200	33,200
<b>Total liabilities</b>	<b>74,795</b>	<b>65,016</b>
Total equity	73,268	62,308
<b>Total liabilities and equity</b>	<b>148,063</b>	<b>127,324</b>

\*FY 2022 figures restated to reflect recognition of deferred tax asset in FY 2021

- Net debt of \$29.9 million in line with \$29.3 million a year ago, but higher than 1X EBITDA target due to:
  - investment in for growth Australian sales force and international distribution
  - higher inventory amid (albeit easing) pandemic and supply chain pressures
- Aiming to bring ratio back to target level in FY24.

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

NZ\$'000's Year ended 31 March	2023	2022 (restated*)
Net cash from operating activities	11,629	14,152
Net cash used in investing activities	(9,177)	(5,585)
Net cash used/(generated) from financing activities	(6,978)	(2,276)
<b>Net increase/(decrease) in cash</b>	<b>(4,526)</b>	<b>6,291</b>
Impact of foreign exchange on cash and cash equivalents	(123)	101
Opening cash and cash equivalents	7,940	1,548
<b>Closing cash and cash equivalents</b>	<b>3,291</b>	<b>7,940</b>

\*FY 2022 figures restated to reflect reclassification of bank overdraft as cash and cash equivalents

- Lower operating cashflow reflecting higher working capital applied in line with revenue growth and the need to manage supply chain pressures.
- AFT fully funded growth investments from internally generated cash
- Loan repayment of \$4.0 million; net debt in line with the prior year

## Outlook: Growth Momentum Expected to Continue in FY24

- Momentum expected to continue into the new financial year supported by growth in the existing portfolio, new product launches and sales growth in core Australasian markets
- Targeting increased growth in International and Asia markets; expanded UK presence
- Operating profit guidance range of \$22 million to \$24 million. Expect licensing income (not included in guidance) of at least \$6 million on the launch of Maxigesic IV in the US, following expected FDA approval
- Guidance subject to decision on US Maxigesic Rapid commercialisation strategy determination
- Target of \$200 million of rolling twelve-month stretch sales now in sight



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QUESTIONS



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# 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 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



# 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





# 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

<b>Pain</b>	Maxigesic oral dose forms <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>
<b>Hospital</b>	Maxigesic IV (intravenous) NasoSurf – nasal nebuliser drug delivery
<b>Dermatology</b>	Pascomer – selected territories Crystawash extend – selected territories Crystaderm – selected territories

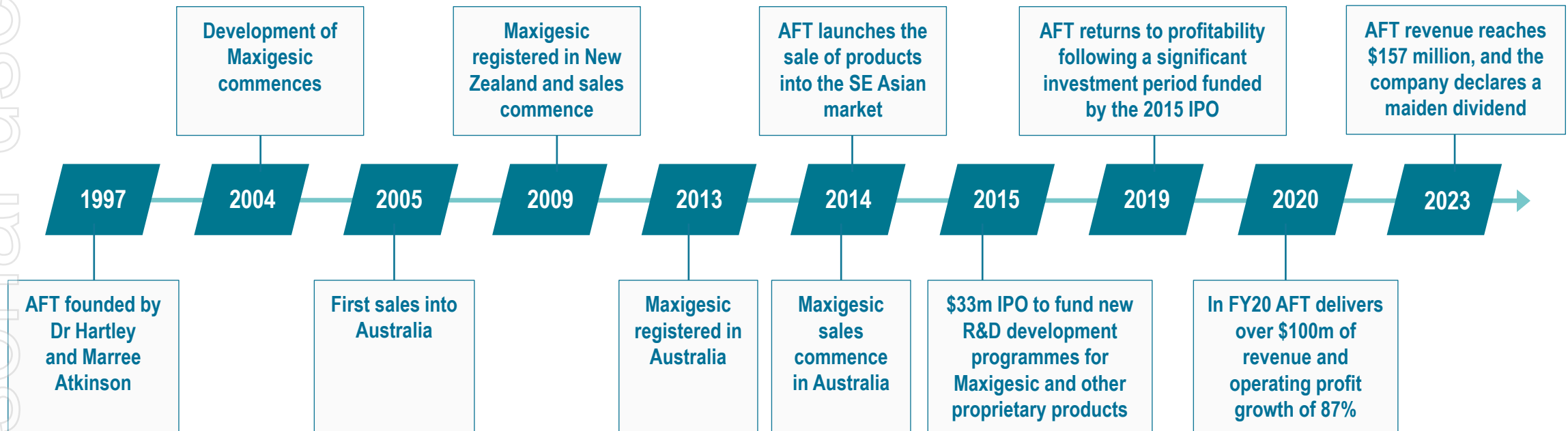


<sup>1</sup> Paracetamol and Ibuprofen

# 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.



# ESG Focusing on What Matters

	ENVIRONMENT	SOCIAL	GOVERNANCE
PRIORITY	<b>Waste minimisation</b> 	<b>Working to improve health and wellbeing</b>  	<b>Best practice corporate governance</b> 
AREAS OF FOCUS	<b>Improving our consumer packaging</b> How we measure performance: <ul style="list-style-type: none"> <li>Continuous improvements in reducing packaging weight.</li> <li>Introducing recycled material into our packaging</li> <li>Making more of our packaging recoverable</li> </ul> <b>Reducing waste in the supply chain</b> How we measure performance: <ul style="list-style-type: none"> <li>Reducing packaging consumption</li> <li>Reducing material towards landfill.</li> </ul> 	<b>Better health and wellbeing for patients and communities</b> How we measure performance: <ul style="list-style-type: none"> <li>Product reach and breadth of therapeutic applications</li> <li>Philanthropic work</li> </ul> <b>Best quality and safety systems for manufacturing and distributing medicines</b> How we measure performance: <ul style="list-style-type: none"> <li>Compliance with best practice standards in medicine manufacture</li> <li>Our pharmacovigilance practices and relationships with our regulators</li> <li>Product recalls</li> </ul> <b>Innovation in response to need</b> How we measure performance: <ul style="list-style-type: none"> <li>Investment in research and development</li> <li>Product development portfolio</li> <li>Patent portfolio depth</li> </ul>	<b>Complying with all relevant and legal listing requirements</b> How we measure performance: <ul style="list-style-type: none"> <li>Regulatory and governance code compliance</li> <li>Training and education</li> </ul> <b>ESG reporting and transparency</b> How we measure performance: <ul style="list-style-type: none"> <li>Policy adherence by the board and management</li> </ul> 

	ENVIRONMENT	SOCIAL	GOVERNANCE
PRIORITY	<b>Understanding climate related risks and taking action</b>  	<b>Supporting and developing our people</b>   	<b>Ethical and sustainable value chains</b>  
AREAS OF FOCUS	<b>Undertaking a climate risk assessment</b> How we measure performance: <ul style="list-style-type: none"> <li>Preparing to report against the Aotearoa New Zealand Climate Standards</li> </ul> <b>Working with suppliers to take climate action</b> How we measure performance: <ul style="list-style-type: none"> <li>Preparing to report against the Aotearoa New Zealand Climate Standards</li> </ul> 	<b>Developing our people</b> How we measure performance: <ul style="list-style-type: none"> <li>Training</li> <li>Staff turnover</li> <li>Wellbeing support</li> </ul> <b>Diversity and inclusion</b> How we measure performance: <ul style="list-style-type: none"> <li>Compliance with our code of culture and ethics</li> <li>Compliance with our policy suite</li> <li>Monitoring gender, culture identity, nationality to ensure diversity.</li> <li>Living wage, parental leave, and pay parity commitments.</li> </ul> <b>Health and safety</b> How we measure performance: <ul style="list-style-type: none"> <li>Health and safety policy compliance</li> <li>Supplier Code of Conduct compliance</li> <li>Lost time to injury reporting</li> </ul>	<b>ESG performance in our value chain</b> How we measure performance: <ul style="list-style-type: none"> <li>Compliance with our Supplier Code of Conduct and our Modern Slavery commitments</li> </ul> <b>Ethical marketing and sales practices</b> How we measure performance: <ul style="list-style-type: none"> <li>Compliance with our code of culture and ethics, our anti-bribery and corruption policies.</li> </ul>

# Reconciliation of EBITDA to GAAP

AFT's standard profit measure prepared under New Zealand GAAP is net profit after tax attributable to the owners of the parent

AFT has used the non-GAAP profit measure of EBITDA when discussing financial performance in this document. AFT directors and management believe that this measure provides useful information as it is used internally to evaluate performance of business units, to establish operational goals and to allocate resources.

Non-GAAP profit measures are not prepared in accordance with NZ IFRS (New Zealand International Financial Reporting Standards) and are not uniformly defined, therefore the non-GAAP profit measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by AFT in accordance with NZ IFRS.

<b>GAAP to Non-GAAP reconciliation</b>		
<b>NZ\$'000</b>		
<b>Year ended 31 March</b>	<b>2023</b>	<b>2022</b>
Net profit after tax attributable to owners of the parent	10,654	19,848
Less: Finance income	(13)	(4)
Add back: Interest costs	2,873	2,435
Add back: Other finance loss/(gain)	1,010	(727)
Add back: Depreciation	808	828
Add back: Amortisation	916	260
Add back: Income tax expense/(benefit)	5,145	(1,163)
<b>EBITDA</b>	<b>21,393</b>	<b>21,477</b>





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**FOR MORE INFORMATION**

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