



# ANNUAL SHAREHOLDERS MEETING

Milford Cruising Club  
5 August 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.

All references to FY2022 appearing in this presentation are to the financial year ending 31 March 2022, 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.

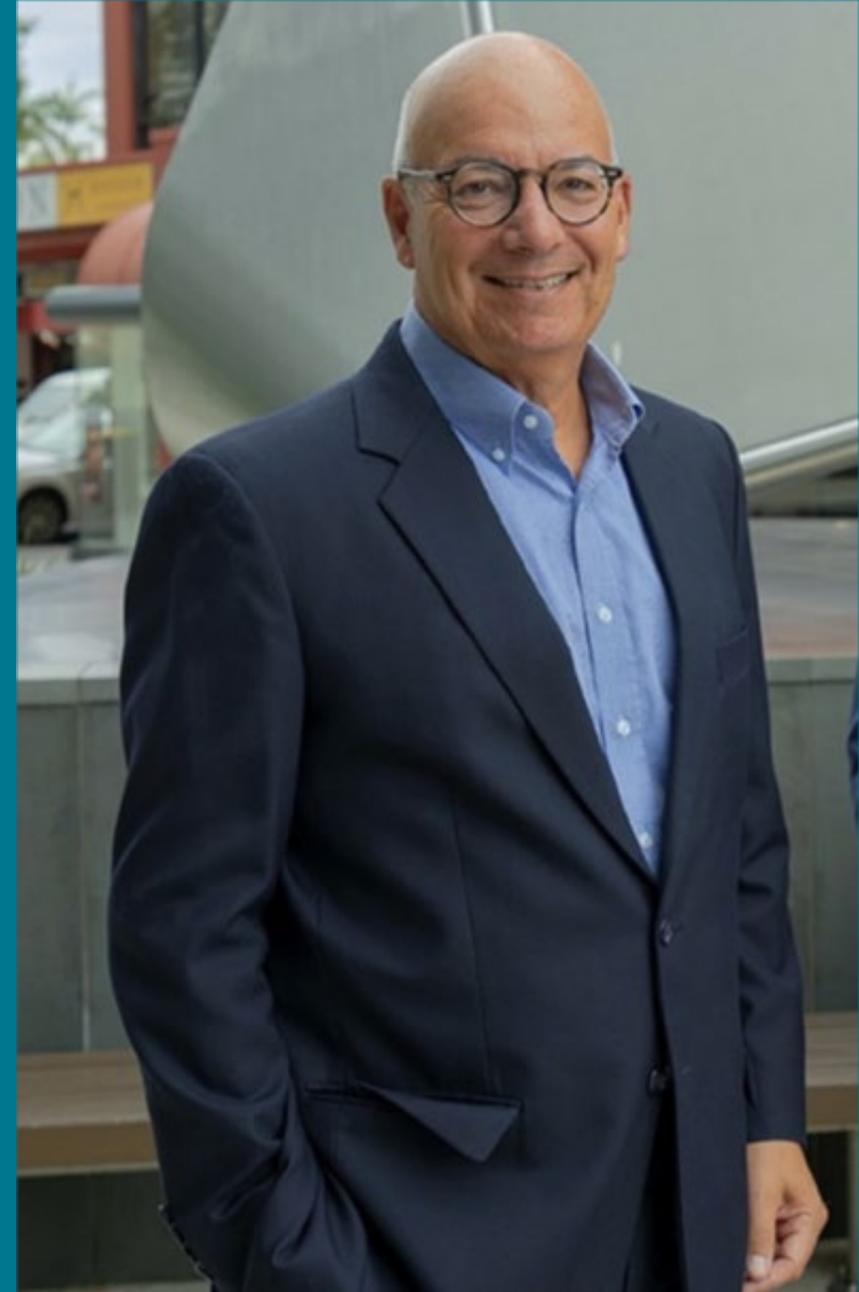
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# David Flacks

Chairman and Independent Director



# Directors



**Hartley Atkinson**  
FOUNDER, EXECUTIVE DIRECTOR  
AND CHIEF EXECUTIVE OFFICER



**Marree Atkinson**  
EXECUTIVE DIRECTOR AND CHIEF  
OF STAFF



**Anita Baldauf**  
INDEPENDENT DIRECTOR



**Jon Lamb**  
INDEPENDENT DIRECTOR



**Dr Douglas  
(Doug) Wilson**  
INDEPENDENT DIRECTOR



**Dr Ted Witek**  
INDEPENDENT DIRECTOR

# Agenda

- Chair's address
- Managing Director's address
- Shareholder questions
- Resolutions & general business
- Meeting close

# 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

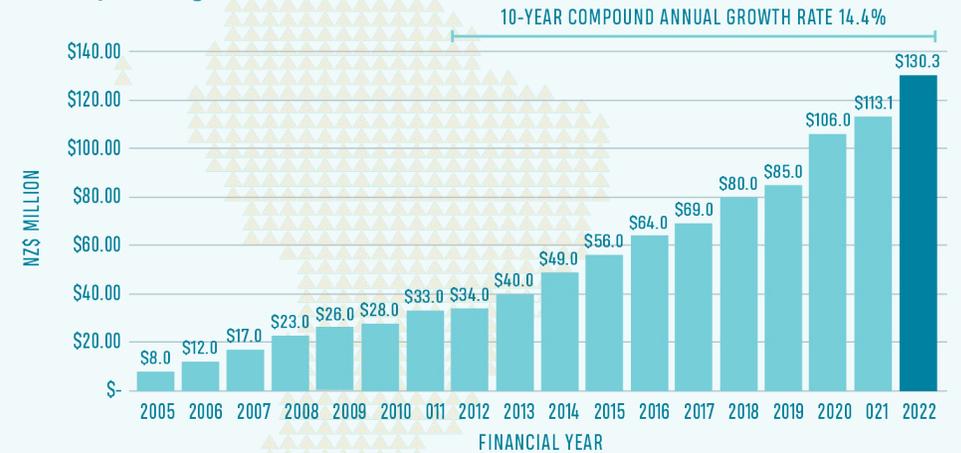
**10+** products across four therapeutic areas  
Sold through **2** licensees and distribution partners

## Australasia

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



AFT Operating Revenue



# A Skilled, Committed and Diverse Team

## 97

Staff based in Australasia, Asia and Europe; **61%** are women and **39%** men

## 30

Different cultural backgrounds and **24** birth countries

*“A global team that punches above its weight.”*



*AFT's New Zealand-based team*

# Board Skills and Succession Planning

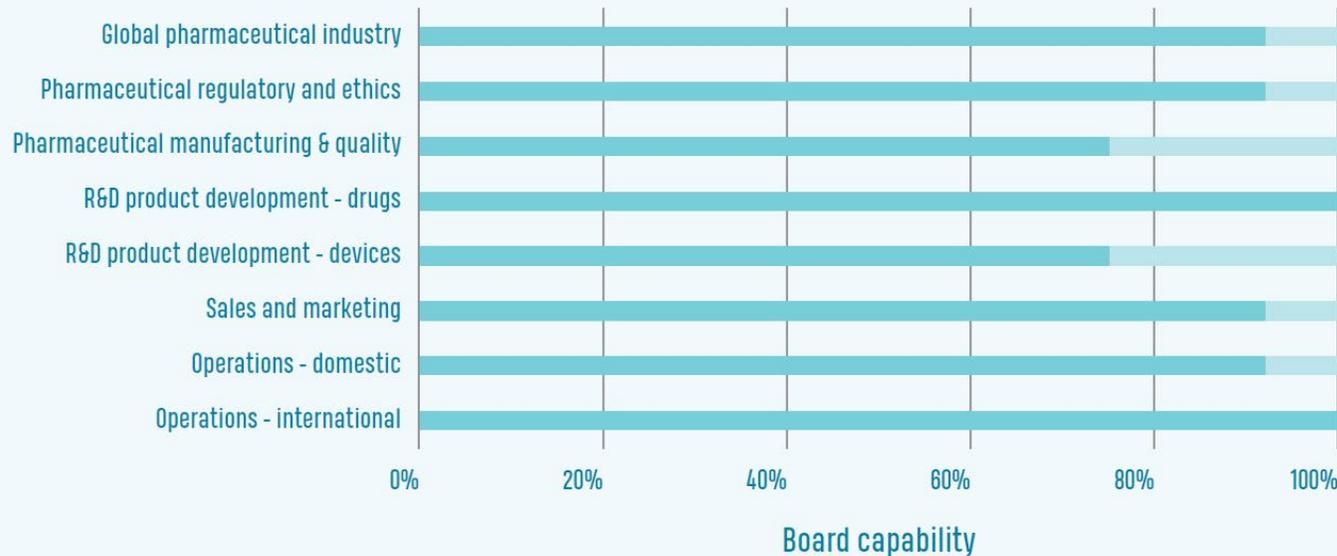


## Dr Doug Wilson

- Professional Director, Physician, Academic, Author, Commentator
- Appointed to AFT's Board in 2012
- Associate Professor Auckland University\*
- Visiting Professor King Saud University\*
- Boehringer Ingelheim Global Head of Medical Research and Regulatory Affairs\*
- Consulted to pharmaceutical and biotechnology firms in the US, Italy, Australasia and Ireland
- Held numerous healthcare and biotech Directorships.

\*Former roles

## Industry specific Board skills



# Focusing on ESG

## 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.**



## 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.

# 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.

# Dr Hartley Atkinson

Co-Founder and Managing Director



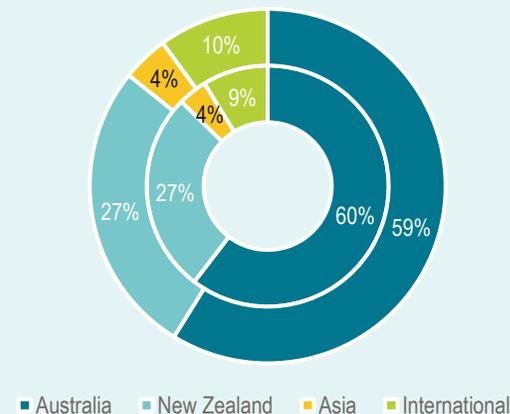
# FY22 Highlights: Building on a Strong Record of Growth

- 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

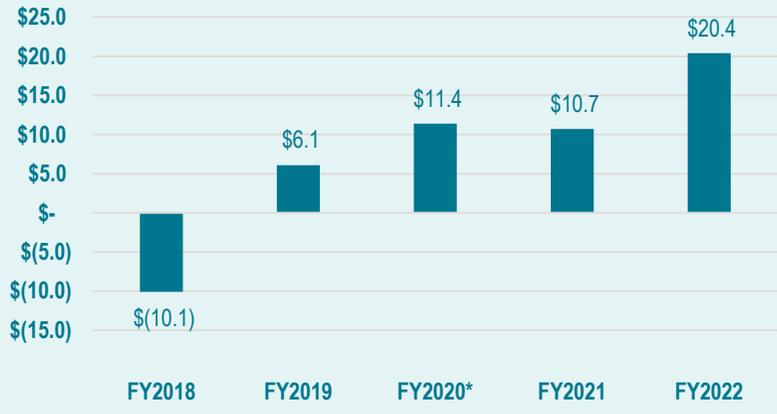
AFT revenue by region



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

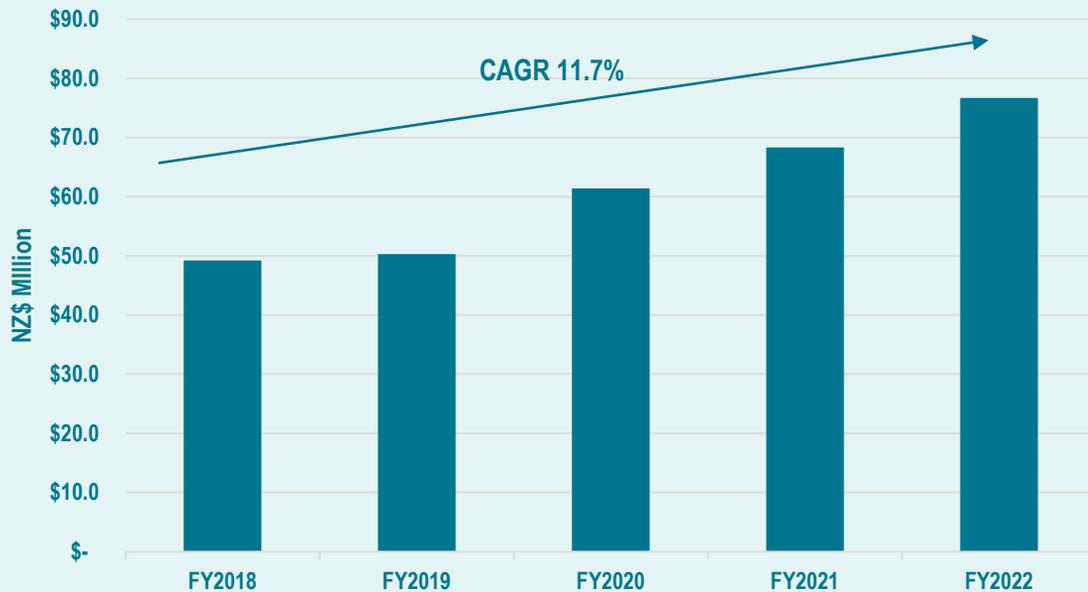
# A Strong Diverse Australasian Brand Presence and Portfolio



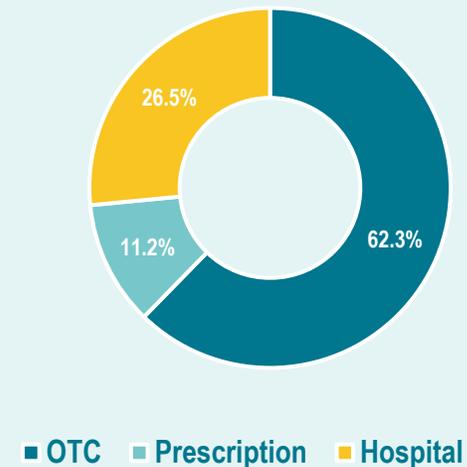
# Australia: New Product Launches Drive Growth

- 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) and existing product growth [Maxigesic & Eyecare]
- Increasing new product launches planned in FY23 – 24 New Launches between July 22 -> 31 March 23

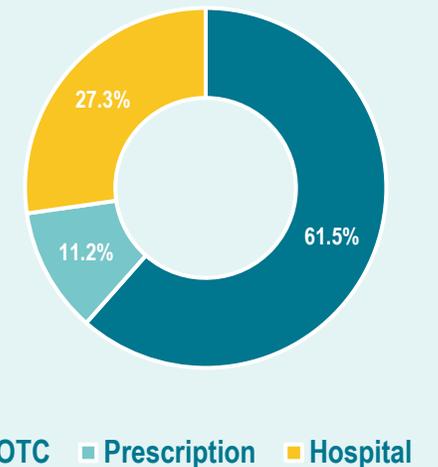
Australia revenue



AU FY21 channel



AU FY22 channel



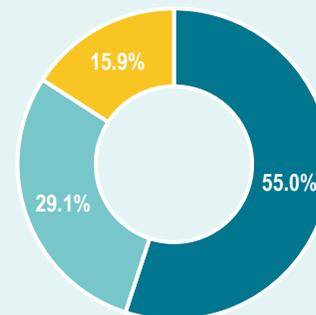
# New Zealand: Strong Growth as Country Recovers From Covid

- 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.
- 12 new product launches planned between July 22 -> 31 March 23

## New Zealand revenue

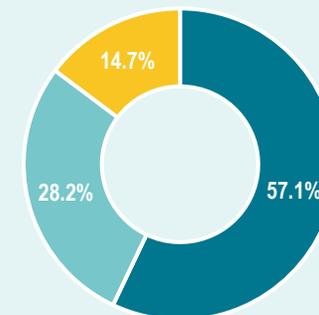


## NZ FY21 channel



■ OTC ■ Prescription ■ Hospital

## NZ FY22 channel

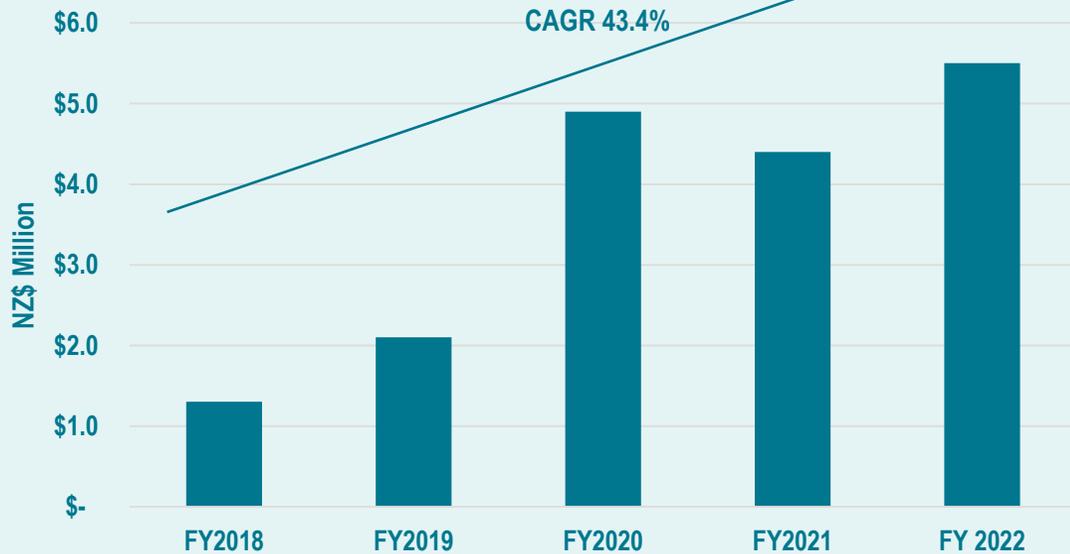


■ OTC ■ Prescription ■ Hospital

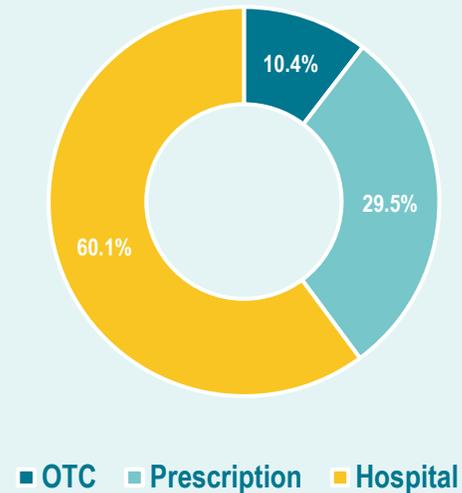
# Asia: Sales Lifted by Hospital Channel Growth

- 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 growth now accelerating with transition to McPhersons SG and growth in MY.
- Growing Maxigesic IV launches for FY23 in 5 countries in Asia

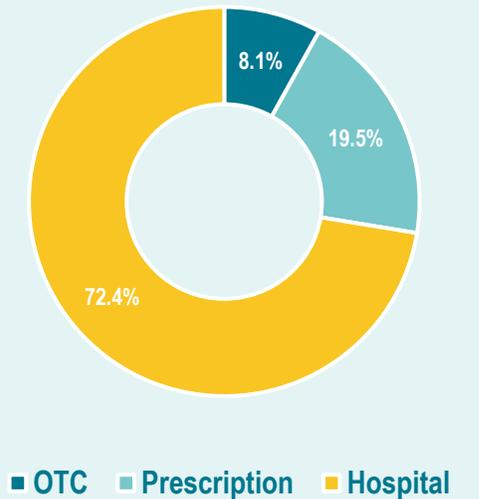
### Asia revenue



### Asia FY21 channel



### Asia FY22 channel



# International Maxigesic Roll Out Continues to Drive Revenue

## ROW Revenue



## Countries where Maxigesic is sold and ordered

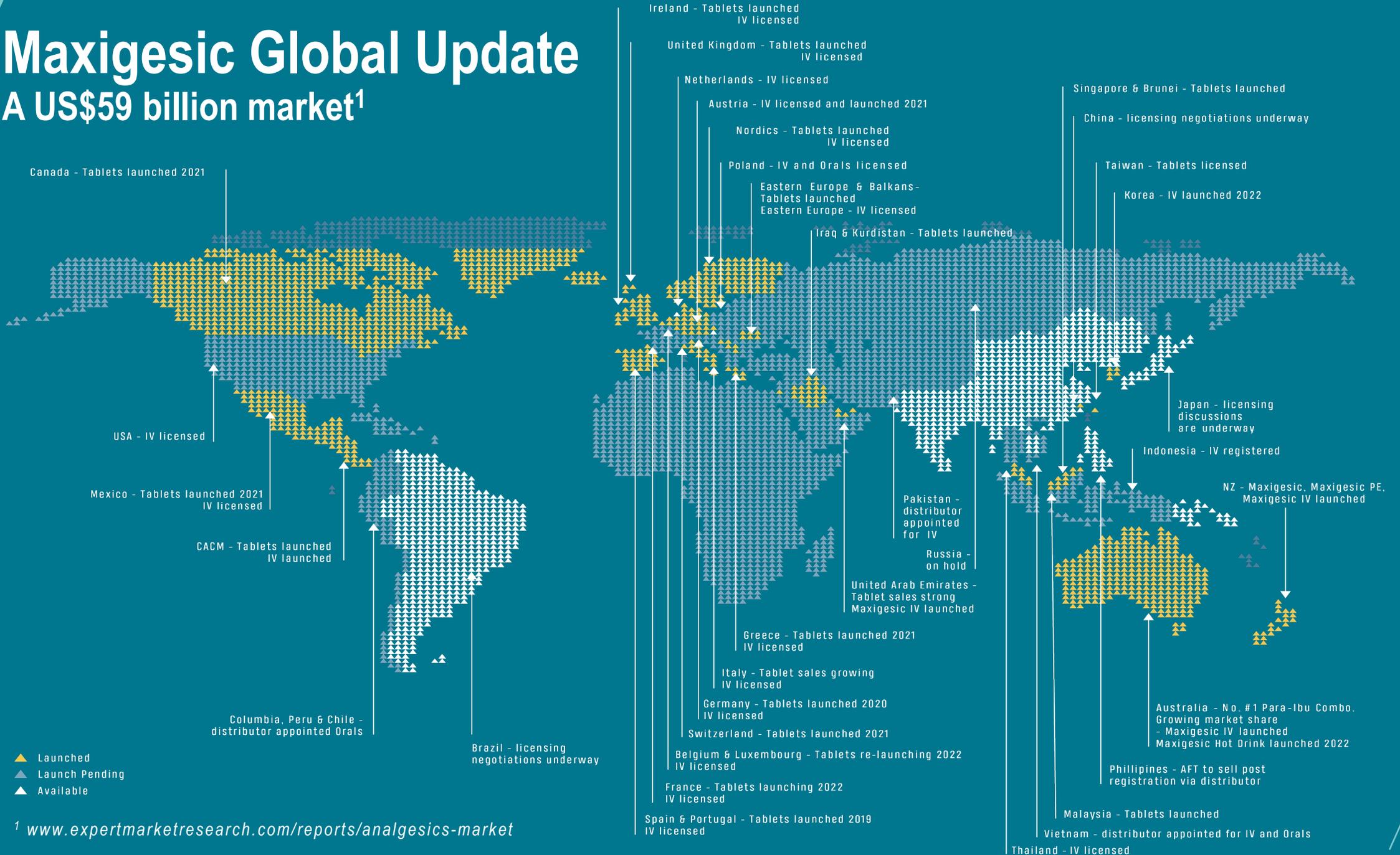


- Strong revenue growth lifted by Maxigesic IV licensing income from Hikma Pharmaceuticals in the US
- Maxigesic IV in the US has been delayed as FDA seeks more information on one single item
- Maxigesic hot drink sachet launched in Australia, a unique and premium product
- Maxigesic tablets launched in Switzerland and Greece
- Maxigesic IV launched in Germany and Austria

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

# Maxigesic Global Update

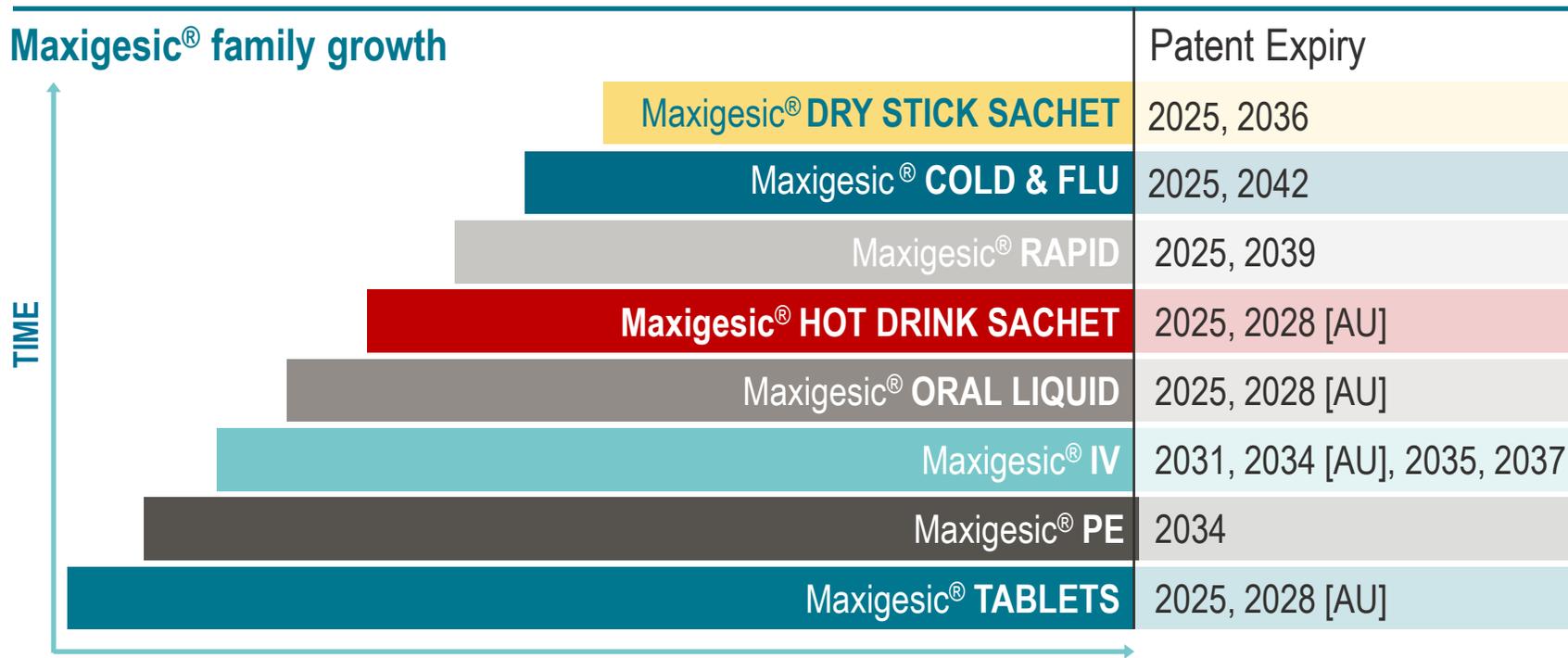
## A US\$59 billion market<sup>1</sup>



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

# Building the Maxigesic Addressable Market With New Dose Forms

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



<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

# New Product Development and International Markets to Drive Growth

## NEW PRODUCT ACROSS ALL CATEGORIES

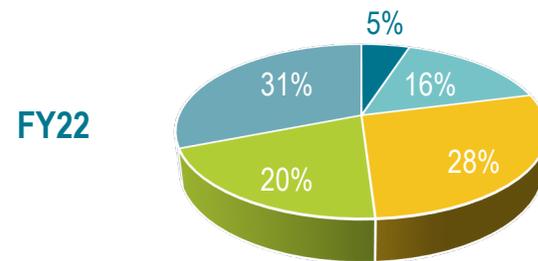
- New product launches expected to be the most significant growth driver in the coming years (>50% of forecast growth)
- 78 new products targeted for launch over the next 3-4 years
- Key sources
  - Extensive in-licensing over last 2 years
  - Growing R&D pipeline
  - Launch of additional Maxigesic variants

## INTERNATIONAL AND ASIAN MARKET GROWTH

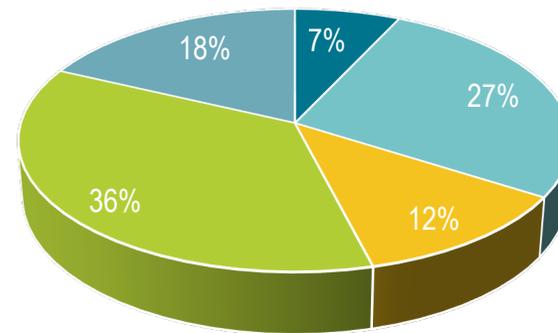
- Leveraging Maxigesic launches and line extensions
- Growing presence in Asia (OTC and online)

## FUTURE PORTFOLIO REVENUE MIX

### PRODUCTS

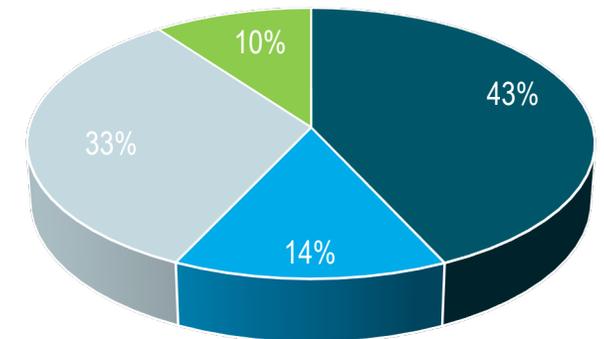
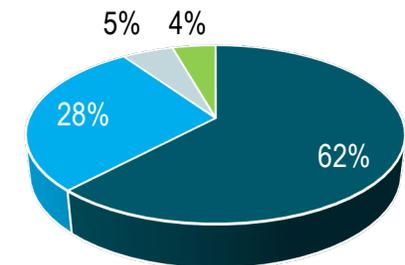


### THE FUTURE



- Dermatology
- Eye & ear
- Hospital/other
- Other OTC
- Pain cold and flu

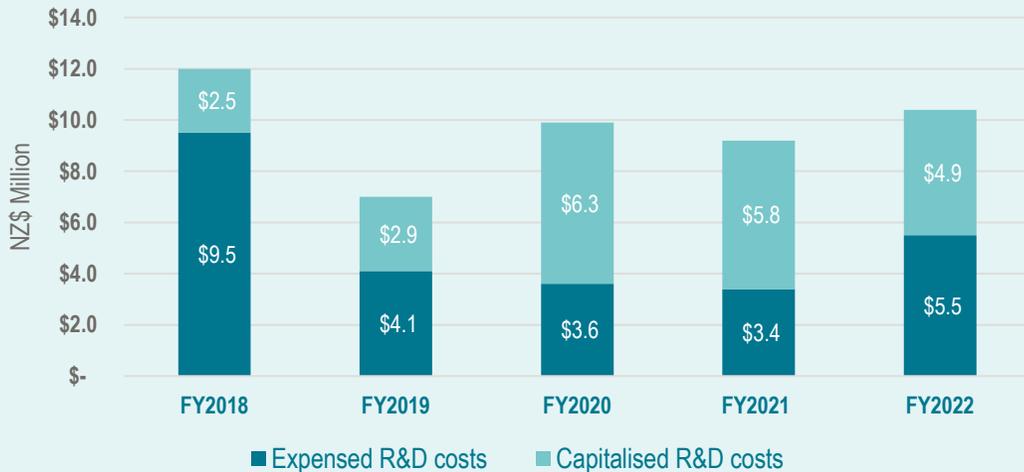
### GEOGRAPHY



- Australia
- International
- New Zealand
- Asia

# Investing in a Strong Research and Development Pipeline

## Research and development



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

*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, 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
- Acquisition with spend circa NZ\$0.75M
- 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

# Pascomer Shows Promise Despite Loss of US Orphan market

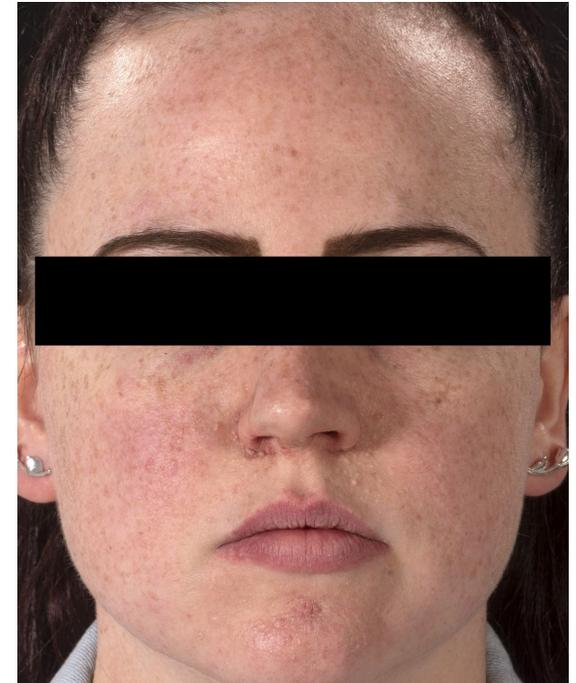
## COMMERCIALISATION UPDATE

Pascomer is a Treatment of the Facial Angiofibromas of Tuberous Sclerosis

- Clinical study completed in July 2022
- The study showed Pascomer delivered statistically significant [ $p < 0.05$ ] benefits against the clinically relevant IGA\*, FASI\* and patient-physician improvement scales\*.
- Results insufficient for US FDA registration
- Development partner Timber Pharmaceuticals – a specialist orphan drug investor - has terminated the development agreement
- AFT will now take over:
  - Funding the remaining development work for the orphan drug indication of Pascomer in addition to any non-orphan indications
  - Commercialisation programme in North America.
- No change expected to the valuation of Pascomer assets



*Before treatment*



*After 26 weeks' of treatment*

**Example of a 1-point change in the clinically relevant IGA scale**

\* IGA - Investigators Global Assessment; FASI - Facial Angiofibroma Severity Index

# 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
  - Product Mix
- Profit after tax benefits from one-off utilisation 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.
  - Inventory levels maintained until logistics improve
- 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.

# Outlook: a Strong Pipeline of Products and Opportunities

- We have a broad portfolio of new products via in-licensing and R&D for our domestic and Asian markets
- Maxigesic and its line extensions in international markets and after this, products from our expanded R&D pipeline will boost International sales.
- We also see significant opportunities to accelerate our growth with investments into sales and marketing and e-commerce initiatives both at home and offshore.
- AFT is able to leverage its profitable and cashflow position to expand its R&D pipeline in the current climate.





# SHAREHOLDER QUESTIONS



# RESOLUTIONS



# Resolutions

**Resolution 1: That the directors are authorised to fix the fees and expenses of Deloitte as auditor for the 2023 financial year**

# Resolutions

**Resolution 2: That Dr Hartley Atkinson be re-elected as a director of AFT Pharmaceuticals Limited**

# Resolutions

## **Resolution 3: That Jon Lamb be re-elected as a director**

# Proxies for the resolutions

Resolution	For	Against	Discretionary	Abstain
1. Auditor fees and expenses	84,075,784	11,972	387,357	0
2. Re-election Dr Hartley Atkinson	84,094,310	0	380,343	460
3. Re-election Jon Lamb	83,998,585	5,112	470,956	460



VOTING





# GENERAL BUSINESS



**MEETING CLOSE**





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

**A|F|T** *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 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:

<p><b>Pain</b></p>	<p>Maxigesic</p>
<p><b>Medicated Vitamins</b></p>	<p>Ferro-sachets, Lipo VitC, Lipo VitD and expanding pipeline – T Mall</p>
<p><b>Dermatology</b></p>	<p>Crystawash Extend Hand Sanitizer, Hemptuary</p>
<p><b>Hospital</b></p>	<p>Maxigesic IV, Injectables</p>



# 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

<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 – 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>

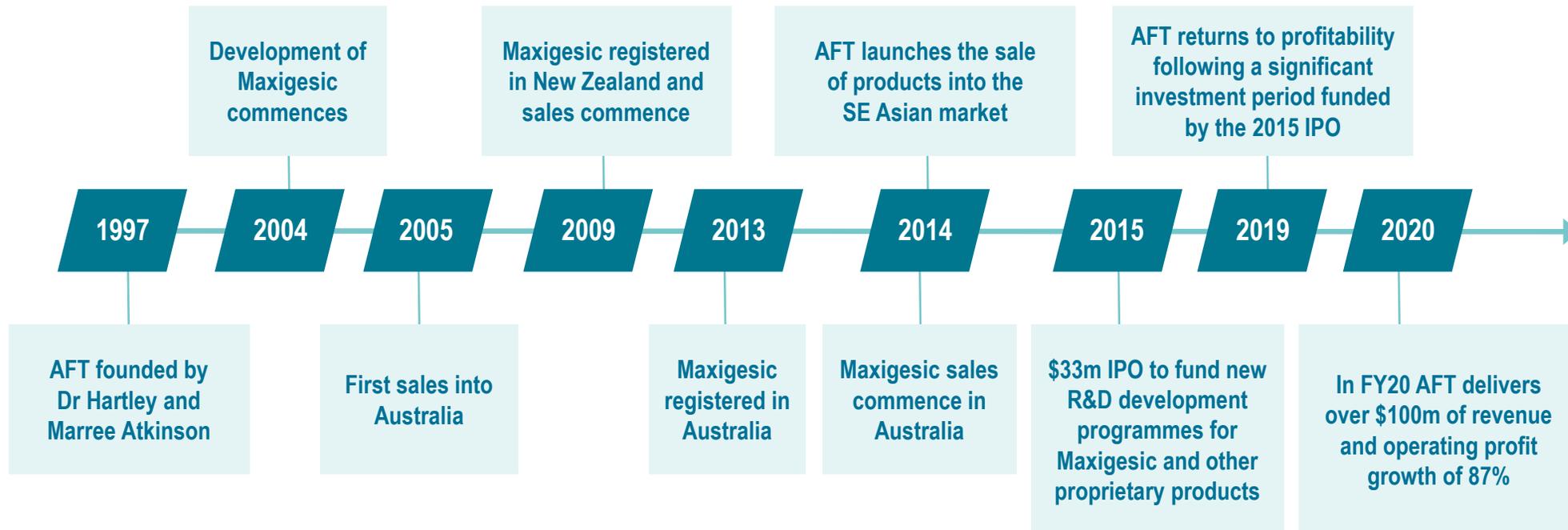


<sup>1</sup> Paracetamol and Ibuprofen

## 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





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

**AFT** *pharmaceuticals*

*Working to improve your health*

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