

AFT Pharmaceuticals

Pipeline update

R&D pipeline strengthens with new candidate

AFT Pharmaceuticals has bolstered its R&D pipeline with the addition of a new product candidate, HY-090, a locally acting novel molecule, targeting Burning Mouth Syndrome (BMS), a condition with no curative treatments. AFT will be developing the asset in collaboration with Hyloris Pharmaceuticals (existing development partner for Maxigesic IV). While Hyloris will be responsible for product formulation, manufacturing and commercialisation in Europe, AFT will take care of clinical trials and related modalities, as well as commercialisation ex-Europe. The US activities will be co-managed by the two partners. HY-090 is one of two R&D assets that was already in active consideration by AFT and diligence work is ongoing for another three. A robust R&D program has always been a focus area for AFT and we believe an active pipeline will be instrumental in driving growth and increasing the company's international footprint.

Year end	Revenue (NZ\$m)	PBT* (NZ\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
03/22	130.3	18.9	19.2	0.00	16.9	N/A
03/23	156.6	16.7	11.0	1.10	29.5	0.3
03/24e	189.8	21.1	14.7	1.47	22.0	0.5
03/25e	234.1	38.3	26.5	2.65	12.2	0.8

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

BMS is an idiopathic condition characterised by a recurring (over 4–6 months) burning or hot sensation in the mouth, including lips, tongue and palate. According to the American Academy of Oral Medicine, the prevalence rate of BMS is [around 2%](#) with the condition affecting women more than men (7:1 ratio). Highest prevalence is reported in postmenopausal women aged 60–69 years. The condition can be chronic or periodic. While the pathophysiology of the condition is not well understood, it is believed to be a form of neuropathic pain. There are currently no curative treatments available for this condition with the treatment algorithm focused instead on symptom management and alleviation. Available treatment options include topical medications such as the analgesic Capsaicin, low-dose clonazepam (anti-seizure medication), antidepressants and low-level laser treatment. While exact specifics on the treatment being developed by AFT and Hyloris are not currently available, we understand that it is a novel, locally acting formulation.

AFT has an existing partnership with Hyloris for Maxigesic IV, which was developed under a collaboration agreement signed between the two companies in 2012. Maxigesic IV was recently [approved in the US](#), triggering a US\$6m milestone payment to the partners (65:35 split between the two). For HY-090, Hyloris will be in charge of drug development (formulation and manufacturing) and AFT will take care of clinical trials and related activities. In terms of commercialisation strategies, Hyloris will take responsibility of Europe, AFT will focus on ex-European markets and for the key US market both companies will work collaboratively. Having a strong R&D pipeline has been a core strategy for AFT (R&D expenses of \$7m in H124, \$11.9m in FY23) and one we believe will be crucial in driving future growth and expansion for the group.

Pharma and biotech

22 December 2023

Price **NZ\$3.24**

Market cap **NZ\$340m**

NZ\$0.63/US\$

Net debt (NZ\$m) at 30 September 2023 30.6

Shares in issue 104.9m

Free float 25.9%

Code AFT

Primary exchange NZX

Secondary exchange ASX

Share price performance



Business description

AFT Pharmaceuticals is a specialty pharmaceutical company that operates primarily in Australasia but has product distribution agreements across the globe. The company's product portfolio includes prescription and over-the-counter drugs to treat a range of conditions and a proprietary nebuliser.

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