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Market and Media release

10th June 2020

AFT Pharmaceuticals announces capital raising to support liquidity and optimise capital structure

AFT Pharmaceuticals (NZX:AFT, ASX:AFP) (AFT, the Company), Atkinson Family Trust (AF Trust) and CRG today announce a capital raising to increase liquidity and reduce debt.

Placement

AFT is undertaking an underwritten placement, comprised of:

- a primary placement to raise approximately NZ\$10 million by issue of new shares in AFT; and
- a secondary sale of:
 - approximately NZ\$3.5 million worth of shares by AF Trust; and
 - approximately 16 million existing shares by CRG,

(together, the Placement).

The Placement will be followed by a non-underwritten Share Purchase Plan (SPP) of up to approximately NZ\$2 million (together with the Placement, the Capital Raising).

The equity raised by the issue of new shares under the Placement and SPP will be applied to retire one of AFT's working capital facilities, improve free cash flow and provide more flexibility to fund future anticipated growth. The retirement of the working capital facility is expected to reduce annual interest costs by ~NZ\$0.85 million per annum and reduce FY20 pro forma net debt from NZ\$37.1 million to NZ\$25.1 million (1.5x¹ expected FY21 EBITDA²) before transaction costs.

The AF Trust is the investment vehicle associated with AFT's founders, Hartley and Marree Atkinson. The AF Trust has not sold any shares since AFT's IPO in 2015 and is

¹ Assumes the SPP is fully subscribed.

² EBITDA is a non-GAAP financial measure. FY21 expected EBITDA reflects the mid-point of Operating Profit guidance of NZ\$14-18 million before depreciation and amortisation of NZ\$1.04 million and adjusted to remove the effects of NZIFRS-16 by deducting operating lease costs of NZ\$0.8 million.

selling approximately ~NZ\$3.5 million worth of shares in response to investor interest which represents approximately 1.3% of its current holding³. AF Trust will remain the largest shareholder post transaction with approximately 69% and has no current intention to sell further shares⁴.

CRG is selling approximately 16 million shares, which represents 100% of its holding in AFT. To enable CRG to sell its entire holding, AFT has agreed to remove the 12 month selling restriction currently in place in respect of 468,030 shares held by CRG⁵. CRG has been a supportive shareholder since 2014, however, the fund in which the AFT investment is held has now transitioned out of its investment phase and CRG is returning capital to investors. AFT would like to thank CRG for their longstanding support of the Company.

The Capital Raising is expected to substantially increase free float of AFT from approximately 11% to 31% and is expected to provide a corresponding increase to trading liquidity⁴.

The Placement is underwritten by Bell Potter Securities Limited and Forsyth Barr Group Limited at a floor price of NZ\$3.65, which represents a 22.3% discount to the last closing price of NZ\$4.70 on Tuesday 9th June 2020. The final price of the Placement (Placement Price) will be determined today via a bookbuild.

Share Purchase Plan

AFT is seeking to raise up to approximately NZ\$2 million through a non-underwritten SPP to eligible shareholders.

Under the SPP, holders of existing AFT shares on the share register at 7pm (New Zealand time) on the record date of Tuesday 9th June 2020, and who are eligible shareholders in New Zealand and Australia, will be invited to subscribe for up to NZ\$50,000 of new fully paid ordinary shares in AFT. The SPP price will be the same as the Placement Price.

Further information in relation to the SPP, including the SPP terms and conditions, will be outlined in a separate SPP offer document which will be despatched to eligible shareholders.

Indicative timetable

Placement	Date
Announcement, trading halt and bookbuild	Wednesday 10 th June
Trading halt lifted	Thursday 11 th June

³ Based on the underwritten floor price of NZ\$3.65

⁴ Based on the underwritten floor price of NZ\$3.65 and assumes the SPP is fully subscribed

⁵ As required by the ASX Listing Rules, AFT has today filed an amended ASX Appendix 2A form with ASX and NZX to record the removal of this selling restriction on the 468,030 shares held by CRG.

Settlement date	Monday 15 th June
Allotment and trading of new shares on ASX and NZX	Monday 15 th June
Share Purchase Plan	
Record date	7pm NZT, Tuesday 9 th June
Dispatch of offer document and application form	Monday 15 th June
Share Purchase Plan opens	Monday 15 th June
Share Purchase Plan closes	Friday 26 th June
Allotment of shares	Thursday 2 nd July
Commencement of trading of shares on NZX	Thursday 2 nd July
Commencement of trading of shares on ASX	Friday 3 rd July

For more information about the Capital Raising please refer to the investor presentation released today on the NZX and ASX.

- Released for and on behalf of AFT Pharmaceuticals limited by Chief Financial Officer Malcolm Tubby

For more information

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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.

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