EVOLUTION CAPITAL

BXN | INITIATION | CONSUMER DISCRETIONARY

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Pharma Business, Cannabis Price Tag

Bioxyne Limited

Bioxyne (ASX: BXN) is an Australian specialty pharma manufacturer producing controlled substance medicines (cannabis, MDMA, and psilocybin) for the Australian market, and for export to Germany. In May, BXN struck an exclusive A$50m two-year supply agreement with German pharma company Adrex. The business delivered A$31.3m revenue and A$7.3m NPAT in H1 FY26 (+149% YoY) and has met or exceeded every revenue and EBITDA guide across two reporting cycles.

Licence Stack

Breathe Life Sciences (BLS; wholly owned subsidiary of BXN) holds TGA GMP for pharmaceutical manufacturing alongside an Office of Drug Control licence for controlled substances, with active authority across Poisons Standard schedules S3, S4, S8 and S9 – the latter enabling MDMA and psilocybin supply under the Authorised Prescriber scheme. EU-GMP accreditation and 14 BfArM-registered cannabis strains enable direct supply into Germany. Approximately five globally hold a comparable dual-jurisdiction position covering psychedelic manufacture. Aurora Cannabis's decision to manufacture through BXN rather than build domestic capacity is the strongest signal that the moat is genuine.

Business Model

BXN operates a vertically integrated controlled-substance manufacturing and finished-medicines business. The Meadowbrook facility in Queensland produces 898 SKUs across multiple dose forms – flos, pastilles, capsules, vapes and inhalable devices – for approximately 300 contract and white-label customers spanning cannabis and psychedelic medicines. The company markets its own Dr Watson branded line into Australia and Germany and is building a second facility in Scotland (GMP licensing targeted December 2026) to anchor UK supply. Current capacity utilisation of 26–30% leaves substantial runway for the contracted Adrex ramp and Aurora programme without further expansion.

Adrex Contract Win

BXN announced an exclusive A$50m two-year supply agreement with German pharmacy network operator ADREXpharma, with a A$25m Year 1 minimum and an automatic 12-month renewal. The agreement expands an existing A$5.6m starter deal from August 2025, makes BXN the exclusive manufacturer of Dr Watson branded products into the German prescription cannabis market, and channels 14 BfArM-registered strains through Adrex's pharmacy network. Germany is the largest medical cannabis market in Europe by patient volume; the contract anchors the FY27 revenue forecast and underpins the upgraded FY26 EBITDA guide of A$16.5–19m.

Valuation

Our base-case fair value of A$0.15 per share is derived from a DCF applying a 12.1% WACC and a 12x terminal exit multiple to FY34E EBITDA. The forecast factors in slight softening in the Australian market and pending German telemedicine restriction. The DCF cross-checks against a comparable company range of A$0.087–A$0.110 (FY26E EV/EBITDA, Cantourage AG and global cannabis peers) and a precedent transaction range of A$0.070–A$0.156 (FY27-forward cannabis CDMO M&A), and sits in the upper half of the precedent range – the appropriate frame for an acquirer pricing FY27 contracted delivery.

Recommendation	**SPEC BUY**
Price Target	**$0.15**
Share Price	**$0.068**
TSR	**+121%**

Company Profile	
Market Cap	$155M
Enterprise Value	$152M
SOI (diluted)	2.45Bn
Free Float	54.2%
ADV (3-month)	$380K
52-Week Range	$0.024-0.092

Price Performance

%	1M	3M	12M
Absolute	-6.8%	53.3%	176%
ASX200	-1.7%	-3.5%	3.4%

Company Overview

Bioxyne (ASX: BXN) is an Australian commercial-stage specialty pharma operator that manufactures GMP-certified controlled substances — medicinal cannabis, MDMA and psilocybin — from its Brisbane facility. The company holds an integrated licence stack spanning TGA-GMP, ODC, EU-GMP and reciprocal jurisdictions (Germany, UK, Japan, Czechia), with contracted German offtake to Adrex anchoring the FY26 revenue ramp. BXN is NPAT-positive and has compounded revenue at over 100% year-on-year for seven consecutive quarters.

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Investment Thesis

Bioxyne is an NPAT-positive specialty pharma manufacturer whose value is built on a structurally rare licence stack:

- Australia: BLS (wholly owned subsidiary of Bioxyne) holds TGA GMP for pharmaceutical manufacturing alongside an Office of Drug Control licence to hold, import and export controlled substances, covering Poisons Standard schedules S3, S4, S8 and S9 – meaning the company can produce and supply the full controlled-medicines range from pharmacist-only low-dose CBD through prescription cannabis to MDMA and psilocybin under the Authorised Prescriber scheme. BXN is also licensed by Queensland Health for wholesale distribution in Australia.

- Europe: EU-GMP accreditation and 14 BfArM-registered cannabis strains enable direct supply into the German pharmacy network through the exclusive Adrex partnership.

The market is pricing Bioxyne closer to a distressed ASX cannabis peer. It is not one. BXN trades at 2.1x FY26E revenue and 8.5x FY26E EBITDA against a peer set in which the ASX-listed cohort – LGP, Cann Group, Vitura – is loss-making, distressed, or both, and the only profitable comparables sit offshore: Cantourage (0.8x / 13.7x), Curaleaf (2.9x / 13x), and a partially-profitable Tilray and Aurora. On the closest pure-play German peer, Cantourage, BXN trades at three times the revenue multiple but a 30% discount on EBITDA – the gap is the operating margin BXN has already proven and the market has not yet credited. H1 FY26 delivered A$31.3m revenue and A$7.3m NPAT against an approximately A$170m market capitalisation, and revenue has compounded from A$2.1m in Q1 FY24 to A$21.3m in Q3 FY26 – seven consecutive quarters of >110% YoY growth on a business that has met or beaten every guide issued.

The forward case is operating leverage that is largely already contracted. Adrex delivers A$50m across FY26–FY28 with a A$25m Y1 minimum; the Aurora manufacturing agreement ramps through FY27; Scotland is on track for December 2026 GMP licensing to anchor UK supply. Capacity utilisation at 26–30% of Meadowbrook nameplate means none of this requires meaningful capex above the disclosed Scotland build. Our DCF returns A$0.15 per share (+121% to A$0.068), bracketed by the comparable trading range (A$0.087–A$0.110, anchored on Cantourage) at the lower bound and the FY27-forward cannabis CDMO precedent set (A$0.070–A$0.156) at both bounds. The DCF sits in the upper half of the precedent range – the appropriate frame for an acquirer pricing FY27 contracted delivery rather than a passive minority pricing today's reported run-rate.

The risks are explicit and bounded in the forecast. Adrex represents ~23% of FY27E revenue at the peak of contract exposure; AHPRA's Operation Esterton continues to compress Australian telehealth prescribing and our model tapers AU growth to mid-single digits by FY32; the pending German Bundestag telemedicine restriction caps Adrex pull-through and we limit German revenue to ~A$43m come FY34. Downside is bounded by positive operating cash flow, a self-funded growth runway through the explicit forecast, and a licence position that is more valuable to a strategic acquirer than to the standalone market.

(A$m unless noted)	FY25A	FY26E	FY27E	FY28E	FY29E
Revenue	28.4	72.3	102.5	123.0	143.5
Revenue growth	*+205%*	*+154.6%*	*+41.8%*	*+20.0%*	*+16.7%*
EBITDA	5.8	18.0	26.3	33.5	40.5
EBITDA margin	*20.3%*	*24.8%*	*25.7%*	*27.2%*	*28.2%*
Net income	4.9	16.6	18.9	23.6	26.3
EV / EBITDA	12.3x	4.4x	3.0x	2.4x	2.0x
P / E (basic)	17.1x	11.2x	10.5x	8.4x	7.6x

Financial Summary

VALUATION DETAILS	
Share Price (A$)	$0.068
Market Cap (A$m)	155.1
Enterprise Value (A$m)	152.1
Fair Value/Share (A$)	$0.15

STATEMENTS (A$m)	FY25	FY26E	FY27E	FY28E	FY29E
Income Statement					
Revenue	28.4	72.3	102.5	123.0	143.5
EBITDA	5.8	18.0	26.3	33.5	40.5
EBIT	4.1	16.4	22.8	29.0	35.8
Net Income	4.0	16.6	18.9	23.6	26.3
Balance Sheet					
Cash & Cash Equivalents	7.7	3.8	26.8	47.6	62.9
Inventory	3.6	8.0	11.2	13.3	15.4
Receivables	2.4	10.9	15.4	18.5	21.6
Other Assets	6.0	21.5	28.8	30.5	40.5
Total Assets	19.6	44.3	82.3	110.0	140.5
Total Debt	0.4	2.7	2.7	2.7	2.7
Other Liabilities	7.1	10.9	14.2	16.3	18.4
Total Liabilities	7.5	13.6	16.9	19.0	21.1
Shareholders' Equity	12.1	30.7	65.4	91.0	119.4
Cash Flow Statement					
Net Income	4.9	16.6	18.9	23.6	26.3
Add: D&A	0.5	0.3	1.8	2.5	2.5
Less: Change in NWC	1.8	(13.3)	(6.0)	(4.1)	(4.1)
Cash Flow Operations	6.3	5.9	16.4	23.9	26.9
Cash Flow Investing	(2.1)	(12.8)	(7.6)	(3.1)	(11.6)
Equity Raised (net)	2.5	0.7	14.1	-	-
Less: Dividends Paid	-	-	-	-	-
Cash Flow Financing	2.4	3.1	14.1	-	-
Unlevered FCFF	4.2	(6.9)	8.9	20.8	15.3

PER SHARE DATA	FY25	FY26E	FY27E	FY28E	FY29E
Diluted SOI (m)	2,445.9	2,445.9	2,622.4	2,622.4	2,622.4
Normalised EPS (A$)	0.002	0.007	0.007	0.009	0.010
DPS (A$)	-	-	-	-	-
Payout	-	-	-	-	-
Franking	-	-	-	-	-

RATIOS	FY25	FY26E	FY27E	FY28E	FY29E
Liquidity					
Current Ratio	0.78x	0.56x	0.69x	0.77x	0.75x
Quick Ratio	0.57x	0.36x	0.55x	0.64x	0.63x
Solvency					
Debt to Equity	2.9%	2.9%	8.8%	4.1%	3.0%
Equity to Assets	61.8%	69.3%	79.5%	82.8%	85.0%
Profitability					
ROA (Return on Assets)	20.3%	37.5%	23.0%	21.5%	18.7%
ROE (Return on Equity)	32.8%	54.1%	28.9%	25.9%	22.0%
EBITDA Margin	20.3%	24.8%	25.7%	27.2%	28.2%
NPAT Margin	14.0%	22.9%	18.4%	19.2%	18.3%
Growth					
Revenue	205%	154.6%	41.8%	20.0%	16.7%
EBITDA	n/a	211.2%	46.7%	27.0%	21.0%
Underlying NPAT	n/a	317.9%	14.0%	24.8%	11.3%
EPS	n/a	317.9%	6.3%	24.8%	11.3%
Valuation					
P/E	17.1x	10.2x	9.6x	7.7x	6.9x
EV/Revenue	2.8x	2.1x	1.5x	1.2x	1.1x
EV/Adj. EBITDA	12.3x	8.5x	5.8x	4.5x	3.8x
Dividend Yield	-	-	-	-	-

1. The Market & Regulatory Environment

Bioxyne is the beneficiary of the access pathways regulators have opened for cannabis, MDMA, and psilocybin in three core markets – Australia, Germany, and the UK – and a handful of secondary markets where the company is either pre-revenue (Czechia, Costa Rica, Panama) or sub-scale (Japan, USA via Chr. Hansen).

Australia: High Upside Scheme-Driven Market

Two Effective Access Pathways

Australian medical cannabis is supplied almost entirely through unapproved-goods pathways. Only two cannabis products carry full ARTG registration – Sativex (nabiximols) and Epidyolex (CBD) – and both occupy narrow specialty niches. Volume access runs through the TGA's Special Access Scheme Category B (SAS-B), under which prescribers apply for per-patient TGA approval, and the Authorised Prescriber (AP) Scheme, under which approved medical practitioners may treat a defined class of patients without per-patient approval. AP is the higher-throughput pathway. SAS Category A is reserved for seriously ill patients and is immaterial to commercial volumes.

$1bn Market, ~1 Million Patients

The TGA's most recent published access dataset (Medicinal Cannabis Access Dashboard, current to early 2026) shows the combined SAS-B plus AP system reaching approximately 1.74 million SAS-B and 645,000 AP cannabis approvals in calendar 2025 (cumulative; per BXN's H1 FY26 presentation, sourced from TGA data). Cumulative AP prescribers exceed 5,700 (Internal Medicine Journal, 2025) and unique patients are estimated at around 700,000-1 million depending on overlap assumptions. FreshLeaf Analytics reports an average flower wholesale price of A$10–14 per gram, having compressed 30–35% from the 2021 peak as supply has caught up with demand. GrowerIQ's April 2026 sector wrap estimates the market crossed A$1 billion in turnover for the first time in 2025, placing Australia in the top five global medical cannabis markets by revenue.

Figure 1: Australian medical cannabis applications (SAS-B + AP), 2015–2026 YTD. From <1k in 2015 to ~243k full-year 2025; growth re-accelerated in 2024–25 on driving-law reform and AP expansion. ***Source: TGA Medicinal Cannabis Access Dashboard.***

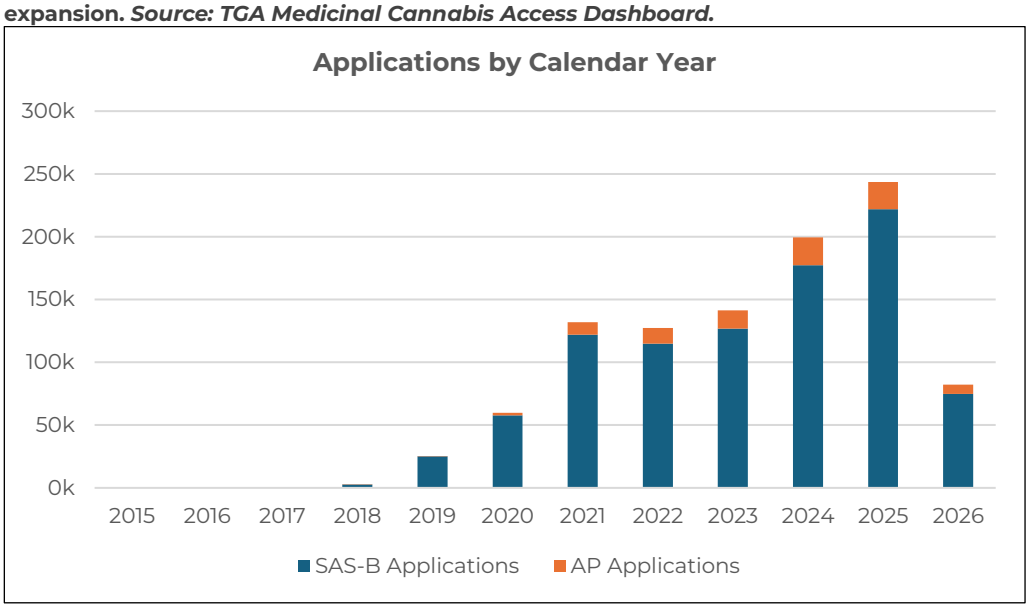


Figure 2: 2025 cannabis applications by TGA category. Category 3 (CBD ≥40% / <60%) is the largest segment at ~44k applications; high-THC Category 1 follows at ~38k. The mid-range cannabinoid profile dominates Australian prescribing rather than either pure-CBD or pure-THC product. *Source: TGA Medicinal Cannabis Access Dashboard.*

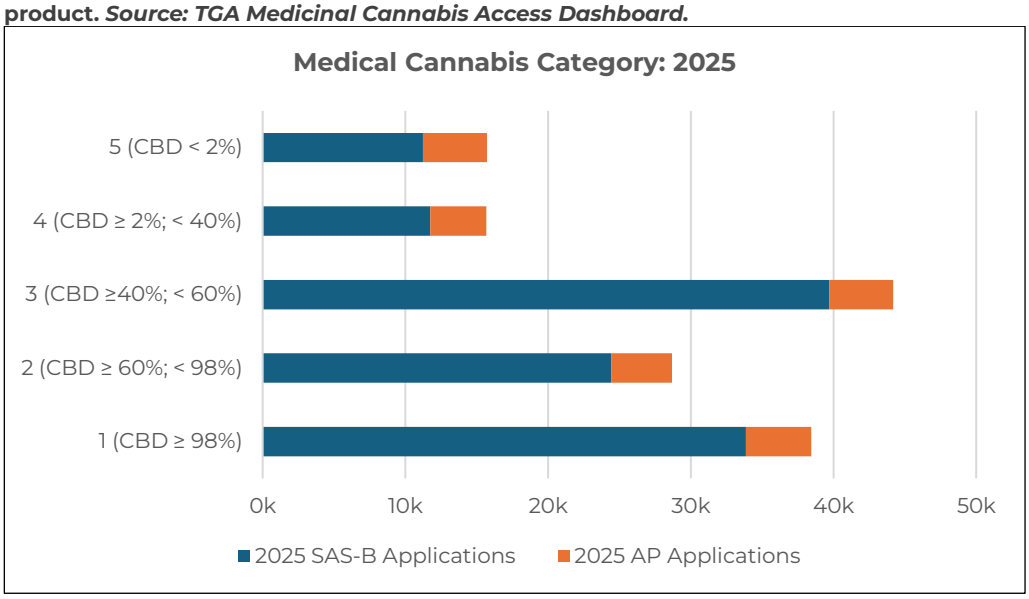


Figure 3: 2025 SAS-B applications by indication. Chronic pain (~95k) and anxiety (~68k) account for ~75% of total applications. *Source: TGA Medicinal Cannabis Access Dashboard.*

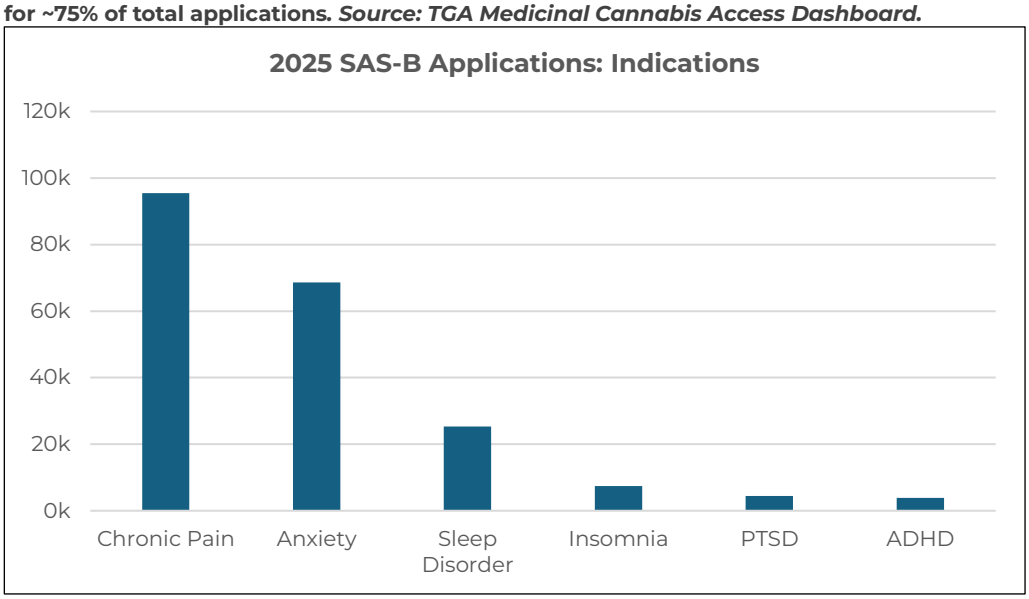
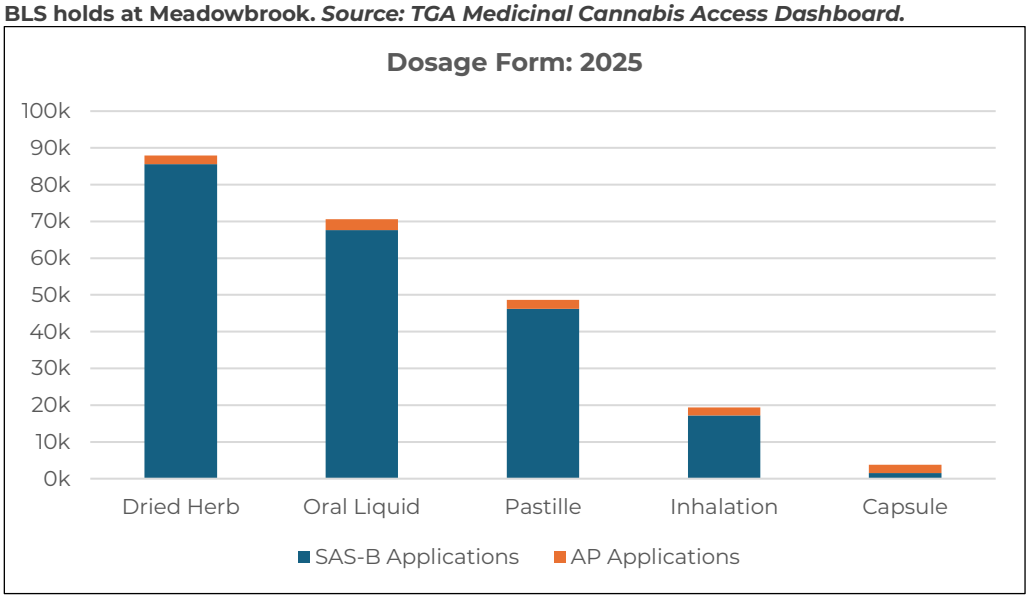


Figure 4: 2025 applications by dosage form. Dried herb dominates at ~87k applications, followed by oral liquid (~70k). The dose-form mix maps directly to the five-form release matrix BLS holds at Meadowbrook. *Source: TGA Medicinal Cannabis Access Dashboard.*



The Regulator Gates Conduct, Not Volume

In Australia, the regulator does not gate volume, it gates conduct. SAS-B approvals are issued near-automatically against prescriber discretion; AP approvals require a peer-reviewed protocol and the prescribing of products manufactured to TGO 93 standard. The driver of category growth has historically been (i) prescriber willingness, (ii) patient willingness to pay out of pocket, and (iii) state-level driving-law liability for THC-positive patients operating motor vehicles. The first two have unblocked structurally; the third is now resolving. Victoria passed legislation in 2024 establishing an impairment-based defence for medicinal cannabis patients. NSW has introduced an impairment-based trial scheme and Tasmania is consulting on similar reform.

Enforcement Risk Sits with Prescribers, Not Suppliers

Against this backdrop, the principal regulatory risk is enforcement against prescribers, not against suppliers. AHPRA's Operation Esterton (the joint state-and-federal investigation into high-volume telehealth cannabis prescribing) has tightened interim documentation requirements for AP practitioners through 2024–25. Several large telehealth platforms have been the subject of regulatory action. The effect on the supplier base, including BLS, is indirect: prescriber attrition compresses near-term volume, but the prescribing standards are not changing at a level that affects which manufacturers can supply (anyone with a TGA GMP licence and ODC manufacture authority remains compliant). Operation Esterton therefore reads as a category-positive event over the medium term, displacing volume from telehealth platforms toward integrated clinic models in which BLS's branded and white-label products are well represented.

Germany: Dominant European Market

CanG: The Largest Demand Expansion in Any Cannabis Market

Germany's Cannabis Act (CanG) and Medical Cannabis Act (MedCanG) came into force on 1 April 2024. The reforms removed medical cannabis from the German Narcotics Act (BtMG), abolished the special prescription form, and permitted any licensed German physician to prescribe cannabis as a standard medicinal product. The legislative effect has been the single largest demand expansion in any cannabis market globally. Bloomwell's Cannabis Barometer (a continuous pharmacy-level survey) recorded a 3,300% increase in monthly cannabis prescriptions between March 2024 and December 2025. Patient estimates have risen from approximately 250,000 at reform to 800,000–900,000 by mid-2025.

Imports Cleared the Ceiling; Australia Tripled in 2025

The trade data corroborates the patient-level numbers. BfArM, which administers cannabis import permits, raised the annual import ceiling from 122 tonnes to 192.5 tonnes in October 2025 in response to demand pressure. Flower imports in Q3 2025 alone reached 56.9 tonnes – annualising at well above the original 122t ceiling. Canada and Portugal remain the dominant supply origins (a combined 77% of Q3 2025 imports), but their share is contracting as Denmark, North Macedonia and Australia diversify supply. Australian exports to Germany reached approximately 4,190kg in 2025, three times the 2024 figure (BfArM data). We expect the German market will deliver more than half of European Medical Cannabis Demand through the next 24 months.

Falling Flower Prices But Rising Entry Barriers

Two features of this market deserve specific attention. First, flower price compression is structural and rapid. Bloomwell's pharmacy data shows the weighted average flower price falling from €8.33 per gram in January 2025 to €5.23 per gram in December 2025 – a 37% decline in 12 months. The decline reflects supply scaling faster than demand and is not yet showing signs of stabilising. Suppliers without dose-form differentiation, branded position or low-cost upstream raw material will compress with it. Second, the German prescribing framework requires GACP-cultivated and EU-GMP-manufactured product, with each strain registered against the DAB-monograph and BfArM-authorised through an importer of record. Reaching the German shelf is therefore a regulatory exercise as much as a commercial one. BLS's portfolio entered the market under the

Adrex partnership, which has registered 14 BLS strains with BfArM – a meaningful structural moat against new entrants attempting the same listing process from scratch.

Is The German Telemedicine Restriction a Tail Risk or a Base-Case Drag?
The sceptical concern is that the regime that produced the 3,300% prescription surge in 2024–25 was disproportionately powered by digital prescribing models – telehealth platforms (Bloomwell, Algea Care, Nowomed and others) routing patients to online consultations and mail-order pharmacies. The German Federal Cabinet approved a draft amendment on 8 October 2025 that would prohibit purely remote prescribing of cannabis flower and require in-person consultations for new patients. A Munich regional court has already ruled that online-only prescribing violates professional standards under the existing framework. If the amendment passes in its current form, a non-trivial proportion of recent prescription growth would be re-routed through general practice, where uptake has historically been more cautious.

That said, the evidence on the other side is twofold. First, the underlying demand is real. Bloomwell's data shows continued growth of in-person clinic and pharmacy-counter prescribing even as the regulatory debate intensifies. Cantourage (the Frankfurt-listed German pure-play) has continued to deliver record results through Q3 and Q4 2025 with limited exposure to pure-telehealth channels. Second, Adrex's commercial model is not telehealth-dependent. The partnership supplies cannabis flower and branded Dr Watson products into Adrex's established pharmacy and physician network: the route most exposed to the proposed amendment is the route Adrex is least dependent on. The $25m minimum purchase commitment in the first 12 months of the new $50m deal sits well below the implied annualised run-rate for the German cannabis market even after a meaningful telehealth-driven compression scenario.

Our View
The telemedicine restriction is real and likely to pass in some form, but the impact on Adrex's contracted supply with BLS is bounded: BLS is selling into Adrex's standing distribution rather than being dependent on the prescriber model under threat. The base case is that overall German prescription growth slows from the 2024–25 pace, that flower pricing continues compressing through 2026, and that Adrex's network-driven model preserves access for BLS volumes within the $25m minimum.

The UK: Small But Consistently Growing

Private-Pay Market Under MHRA Specials
The UK rescheduled cannabis-based medicinal products to Schedule 2 of the Misuse of Drugs Regulations in November 2018. Supply runs almost entirely through the MHRA Specials regime, which permits unlicensed medicines to be prescribed by GMC-registered specialist doctors where a clinical need is unmet by licensed alternatives. NHS (public) funding remains effectively unavailable outside narrow paediatric indications; more than 99% of UK medical cannabis is dispensed under private prescription.

80,000 Patients; +262% Since 2022
The market is small in absolute volume but is growing reliably. GrowerIQ's April 2026 wrap puts the UK active patient base at approximately 80,000 by end-2025, up 262% from 2022. The Centre for Medicinal Cannabis estimates 2025 market value at approximately £240m–£300m. Roughly 20–25 specialist clinics now operate nationally. The market leading vendors are providing remote consultation through MHRA-compliant frameworks that have so far avoided the regulatory backlash seen in Germany.

BXN Scotland Facility: Securing UK Supply Advantage
The regulatory requirements for becoming a UK cannabis manufacturer include a Home Office Schedule 2 licence and MHRA GMP certification. Typical greenfield licensing timelines are 12-18 months. BXN's Scotland facility (a 10-year leasehold facility commenced February 2026) targets December 2026 GMP and Home Office licensing. The intellectual property developed in Australia since 2023, pharmaceutical

manufacturing know-how, standard operating procedures, and existing GMP systems and processes help accelerate new site establishment. Delivery on schedule would establish BXN as one of a small number of GMP cannabis manufacturers domiciled in the UK, with a corresponding cost-of-supply advantage over Australian-shipped product and a regulatory adjacency to the BLS Dr Watson brand already distributed in the market.

Secondary Markets

Costa Rica, Czechia and Panama are commercially immaterial at present but each carries a defined regulatory adjacency that could become material on a 24–36 month view. BLS operates a Prague-based manufacturing and distribution centre serving the broader EU market under the same EU-GMP framework that supports Adrex. Czech plans for a domestic GMP manufacturing facility are on hold as management reassesses whether Germany – already the dominant downstream demand pool – is a more efficient location for the EU footprint. Costa Rica and Panama were added in H1 FY26 through a distribution agreement with Remidose, with combined annual revenue potential disclosed at "in excess of A$1m" subject to regulatory clearance. None of these is base-case material to FY26–28; all retain low-cost optionality for the medium term.

Consolidated Regulatory Risk Register

Figure 5: Consolidated regulatory risk register. Severity, likelihood and mitigation across the three core markets, ordered by jurisdiction relevance to the forecast period. *Source: Evolution Capital.*

Risk	Jurisdiction	Severity	Likelihood	Mitigation
Bundestag passes telemedicine restriction in current form	Germany	Material to FY27 Adrex ramp	Medium-high	Adrex is pharmacy-network-led, not telehealth-led
Continued flower price compression in DE (€8.33→€5.23 in 2025)	Germany	Medium	Already in motion	Branded Dr Watson margin; dose-form diversification
AHPRA enforcement extends to supply-side conduct	Australia	Medium	Low	BLS is supplier-agnostic to prescribing model
Loss / suspension of TGA GMP licence	Australia	High (low probability)	Low	No breaches since grant Feb 2024
AU SAS-B / AP cannabis volumes decelerate	Australia	Medium	Low – driving-law tailwind	Capacity-utilisation buffer (~30%)
MHRA inspection delays the December 2026 Scotland licensing target	UK	Medium	Medium	EU-GMP held already shortens inspection
ARTG-registered competitor disrupts Australian AP psychedelics regime	Australia	Medium (to optionality)	Low – Compass COMP360 still in Phase 3	Five-year optionality window
MedCanG amendment expanded to restrict mail-order dispensing	Germany	High	Low – current draft does not extend that far	Network-led distribution preserved
Customer concentration (Adrex Y1 minimum = ~33% of FY26 mid-point)	Multi-jurisdictional	High (single counterparty)	Low (12-month minimum + auto-renew)	Exclusivity asymmetry; ~300 AU contract customers diversify base

The regulatory framework across the three core markets is therefore: in Australia, a stable scheme with tailwinds and limited supplier-side risk; in Germany, a transformative regime with a known and timed policy event that bears watching but is unlikely to compress the contracted near-term revenue; in the UK, a small but growing private-pay

market into which BXN is positioning a manufacturing footprint that materially improves cost-of-supply and regulatory adjacency. The combined addressable demand across the three markets is approximately A$3.5 billion in current run-rate revenue (BXN H1 FY26 deck, triangulated against Prohibition Partners, Statista and GrowerIQ data), growing at 15–60% depending on market and methodology. Against this Bioxyne's FY26E revenue of A$65–75m represents penetration of approximately 2%.

2. Business Model & Licence Moat

BXN is a contract manufacturer with a branded distribution adjunct. The cash engine is the Breathe Life Sciences (BLS) Meadowbrook facility in Queensland, which manufactures finished-dose-form medicines to TGA GMP and EU GMP standards across cannabis, MDMA, and psilocybin for around 300 third-party customers. The Dr Watson® branded product line and the licensed Lactobacillus Fermentum PCC® probiotic supply through Chr. Hansen are smaller adjacencies that together represented less than 6% of H1 FY26 revenue.

Revenue Model

The H1 FY26 segment table shows three reported segments: Manufacture/Sales Australia (A$29.68m, 94.8% of group), Plant-based UK/EU/JPN/AUS (A$1.34m, 4.3%) and Wholesale PCC/USA (A$0.29m, 0.9%). Inside the dominant Australian segment, management commentary distinguishes between four revenue streams:

i. Contract and white-label manufacturing for around 300 medicine brands (the bulk);

ii. Supply of finished medicines to "Australia's largest medicinal cannabis companies";

iii. Direct supply of MDMA and psilocybin capsules to authorised prescribers and clinical trial sites;

iv. Dr Watson-branded prescription supply through Australian clinics and pharmacies.

The Plant-based UK/EU/JPN segment houses the Dr Watson consumer-health product lines in those markets (A$2.7m in H1 FY26 was attributed to "exports to Germany" inside the Australian manufacture segment, indicating Adrex revenue is recognised at the manufacturing entity rather than the European entity). The PCC segment is the probiotic supply business inherited from the pre-2023 Bioxyne entity, distributing globally through the Chr. Hansen agreement.

Figure 6: Australian segment revenue streams. Description, counterparties and scale across the four sub-streams inside the Manufacture/Sales Australia segment. ***Source: BXN H1 FY26 presentation; Evolution Capital.***

Revenue stream	Description	Customers / counterparties	Scale
Contract & white-label manufacturing	Manufacture, formulation and packing of GMP-finished cannabis, MDMA and psilocybin medicines for third-party medicine brands across Australia, Germany and the United Kingdom	~130 clients representing ~300 medicine brands; specific names not disclosed	The bulk of the Australian segment
B2B finished medicines	Supply of GMP-finished cannabis products to Australia's largest medicinal cannabis companies under contract	Largest domestic cannabis operators (named "Australia's largest" by management; specific counterparties undisclosed)	Material; no single customer disclosed above 5% threshold
Direct psychedelic supply	Supply of MDMA and psilocybin capsules (BLSPSIL25) direct to authorised prescribers and clinical-trial sites under the TGA AP scheme	AP psychiatrists in QLD and WA; Eastern Health Victoria (PTSD + BPD trial)	Sub-A$1m in H1 FY26 (250 psilocybin doses, 400+ MDMA doses); option asset
Dr Watson branded	Prescription cannabis and consumer-health supply through clinics and pharmacies, marketed under the BLS-owned brand	AU clinics and pharmacies directly; also UK, Japan, Germany (via Adrex exclusive licence from May 2026)	Small but margin-rich; international footprint widening

Note: A$2.7m of "exports to Germany" (initial Adrex shipments) was recognised inside the Manufacture/Sales Australia segment in H1 FY26, not in Plant-based UK/EU/JPN/AUS. Mix between these four Australian sub-streams is not separately disclosed.

White-Label Transition: Stickier Customers, Captured Procurement Margin

In H1 FY25 the Plant-based segment contributed A$1.32m on group revenue of A$12.6m (10.5%); in H1 FY26 it contributed A$1.34m on group revenue of A$31.3m (4.3%). The international plant-based business has been flat in absolute terms over the reporting period while the Australian manufacturing engine has tripled. Within Australia, the qualitative shift management has flagged is from pure contract manufacturing – where customers supply flower and BLS provides packing and release services – to white-label manufacturing, where BLS sources raw materials and provides the full finished product. The economic case is straightforward: BLS captures the procurement margin on flower in addition to the manufacturing fee. The strategic case is that white-label customers become harder to displace once the relationship covers procurement, formulation and finished release rather than packing alone.

Figure 7: Selected BLS product range across dose forms. A subset of the 898 SKUs released at Meadowbrook. ***Source: BLS website.***

Dr Watson: High-Margin Business Line

Dr Watson generates more visible margin per dose but is constrained by clinic and pharmacy access in each market and is therefore a slower compounder. The product is sold via authorised prescribers and pharmacies in the UK, Australia and Japan, and has just been granted exclusive German distribution through Adrex under the May 2026 deal.

Figure 8: H1 FY26 revenue by segment. Group revenue +149% YoY to A$31.3m; the Australian manufacturing engine (+178%) drove substantively all of the delta. Source: *BXN H1 FY26 report*.

Revenue stream	H1 FY25	H1 FY26	YoY	Comment
Australian manufacture/sales (incl. Adrex exports recognised at AU entity)	$10.7m	$29.7m	+178%	Engine; growing white-label share
Plant-based UK/EU/JPN	$1.3m	$1.3m	flat	Dr Watson branded; UK platform pre-2026
PCC probiotic (USA wholesale via Chr. Hansen)	$0.6m	$0.3m	−52%	Immaterial; legacy Bioxyne
Group	**$12.6m**	**$31.3m**	**+149%**	

Licence Portfolio Inventory

“Licence stack” describes the integrated bundle of regulatory authorisations held by a controlled-substances manufacturer considered as a single asset rather than a list of individual permits. For BXN this comprises manufacturing authority (TGA GMP manufacture), movement authority (ODC import/export), distribution authority (Schedule 3/4/8/9 wholesale, QLD Health state controlled-substances licence), international recognition (EU-GMP and reciprocal jurisdictions), and product-level registrations (BfArM strains, Czech plant-based, pending UK Home Office & MHRA)

The licence stack is BXN's most distinctive operating asset. It spans three regulatory authorities in Australia, the EU GMP framework, a German strain registration with BfArM administered through Adrex, and pending UK Home Office and MHRA approvals targeted for December 2026.

Figure 9: BLS licence portfolio inventory. Active and pending regulatory authorisations across six jurisdictions, with issuing body, scope and renewal status. ***Source: BXN; Evolution Capital.***

Jurisdiction	Licence / certification	Issuing body	Scope	Status / renewal
Australia	TGA GMP manufacturing licence	Therapeutic Goods Administration	Manufacture of medicines to TGO 93 (cannabis) and equivalent standards (MDMA, psilocybin) for human supply	Granted Feb 2024; annual inspection cycle
Australia	ODC manufacture licence	Office of Drug Control	Manufacture of Schedule 4 and 8 controlled drugs	Active; renewal annual
Australia	ODC import/export licence	Office of Drug Control	Import of cannabis, MDMA and psilocybin API; export of finished cannabis medicines	Active
Australia	Schedule 3, 4, 8, 9 wholesale	TGA / ODC / state Departments of Health	Wholesale distribution of all four schedules	Active
Australia	Queensland Health controlled-substances licence	QLD Department of Health	State-level authority for storage and supply at Meadowbrook	Active
Multinational	EU-GMP Certificate of Compliance	EMA-coordinated inspection	Manufacture for supply into EU and reciprocal-recognition territories (UK, Canada, Singapore)	Active since 2024
Germany	BfArM strain registration (×14)	BfArM	Authorisation of 14 BLS cannabis strains for German prescription market via Adrex importation	Rolling registration
Czechia	Plant-based manufacture and distribution licences	Czech authorities	Operation of Prague facility (services UK/EU plant-based segment)	Active
Japan	Distribution registration	Japan MHLW	Dr Watson consumer-health distribution	Active
Costa Rica / Panama	Distribution authorisation via Remidose	Local regulators	Cannabis distribution under Remidose agreement	Active subject to regulatory clearance
United Kingdom	Home Office Schedule 2 + MHRA GMP	Home Office, MHRA	Manufacture of Schedule 2 medicinal cannabis at Scottish Borders facility	Targeted Dec 2026

The licence stack carries two distinguishing features. First, it is unusually broad in scheduling coverage. BLS holds active manufacturing authority across Schedules 3, 4, 8 and 9, meaning the same plant can manufacture finished cannabis, MDMA and psilocybin medicines under the same quality framework. This is a regulatory configuration held by a very small number of operators globally. Second, it is unusually broad in dose-form coverage within the GMP envelope. The Meadowbrook facility holds release authority for flos (flower), pastilles (medicated gummies), inhalable solutions, vapes, oral mucosal solutions and capsules across the four scheduled categories. Most Australian competitors hold a single dose form within a single schedule (typically flos and oils for cannabis under Schedule 4/8). The schedule-by-dose-form matrix is the most accurate way to size the breadth advantage.

Manufacturing Footprint & Capacity

Queensland Production Facility: Capacity to Circa $250m in Revenue

BLS operates a single primary production facility at Meadowbrook in Queensland, supplemented by warehousing and distribution in Prague and Nagoya (Japan). The Meadowbrook plant doubled its GMP clean-room count from six to twelve during H1 FY26, expanded its controlled-drug vault capacity by approximately 200%, and added a third vault in Q3 FY26 providing an additional 33% storage capacity for API.

Figure 10: Meadowbrook nameplate capacity by dose form. ~A$250m of revenue-equivalent capacity at 26–30% utilisation on FY26 mid-guidance. ***Source: BXN H1 FY26 presentation; Evolution Capital.***

Dose form	Annual nameplate capacity (units)	Implied revenue capacity (A$m, white-label)	H1 FY26 status
Flos / flower	5,040,000	182	Active production; white-label transition underway
Pastilles (medicated gummies)	1,600,000 packs	57.2	Active; BXN claims world's largest GMP cannabis pastilles capability
Inhalable liquids & devices (incl. QMID via Curaleaf)	504,000	14.6	Active; QMID rollout in H1 FY26
Oral mucosal solutions	504,000	18.1	Active
MDMA + psilocybin capsules	126,000	>10	Active; first commercial supply in H1 FY26
Total nameplate	**~8.2m finished units**	**~A$250m**	**~26–30% utilisation at FY26 mid-guidance**

Actual Output Capacity vs Nameplate

Two qualifications matter to the realistic capacity number. First, controlled-drug capacity is regulated separately from manufacturing throughput. Each finished batch requires QP release, security-classified storage, and ODC notification before despatch. The Q3 FY26 vault expansion was the binding constraint on API throughput, not clean-room throughput, and was specifically called out as enabling Adrex pre-positioning. Second, dose-form switching cannot occur instantaneously: a clean room dedicated to flos packing cannot be reallocated to pastilles production without a regulatory variation. The 12 clean rooms are therefore not 12 fungible capacity units; they are commitments to a specific mix that management has chosen.

Working backward from FY26E revenue guidance of A$65–75m, current utilisation is approximately 26–30% of disclosed nameplate. This is a comfortable headroom, but it slightly overstates the operational headroom because the disclosed nameplate is mix-blended. If FY27 revenue compounds toward A$120m with the same mix, utilisation reaches ~50% and the next dose-form-specific bottleneck (likely capsules or pastilles, where individual line throughput is shorter) starts to bind. Outside of the new Scotland facility, no further committed capex of strategic scale has been disclosed.

Product Portfolio & Customer Base

898 SKUs Across a Broadening Portfolio

BLS reported 898 distinct SKUs in manufacturing on its H1 FY26 deck. This number triangulates against ~130 contract customers (approx. 300 brands) each carrying 2–4 SKUs on average. The portfolio has broadened materially, with the addition of pastilles (introduced FY25), the QMID inhalation device licensed exclusively from Curaleaf International, MDMA and psilocybin capsules (first commercial supply in H1 FY26 under BLSPSIL25 and the MDMA capsule respectively), and oral mucosal solutions for clinical-trial supply. Branded product lines in the portfolio comprise Dr Watson® (cannabis flos, oils, pastilles and functional mushroom nootropics across UK, Japan, Australia, NZ and Germany under Adrex), Mirai Solution and Apothecary CBD. The Lactobacillus Fermentum PCC® probiotic remains in-portfolio but is now distributed globally by Chr. Hansen on a wholesale-supply basis.

How Replicable Is the Licence Stack for a Well-Funded New Entrant?

The BLS portfolio is not patent-protected; the TGA GMP licensing pathway is well-trodden, and multiple Australian operators already hold cannabis manufacturing infrastructure. The Australian regulator runs a public licensing register; EU-GMP is reciprocally recognised; BfArM strain registration is administered through importer partnerships any well-funded counterparty could pursue. On that view the moat is regulatory but shallow.

Strong Moat; Aurora Chose BLS For Manufacturing Over Building Own Capacity

However, TGA GMP releases at the schedule-by-dose-form matrix BLS operates – flos, pastilles, vapes, oral mucosal solutions and capsules across cannabis, MDMA and psilocybin – have been granted to a low-single-digit number of Australian operators. The combined holder set of TGA GMP plus ODC manufacture plus Schedule 3/4/8/9 wholesale plus the full dose-form release matrix is, on the data triangulable from TGA AP scheme supply records and the ODC register, fewer than ten in Australia. The MDMA and psilocybin authorisations are held only by BXN globally. When Aurora Cannabis – one of the world's largest licensed producers, with the capital, the regulatory experience and a direct strategic interest in the Australian market – entered Australia in early 2026, it chose to do so through a manufacturing agreement with BLS rather than by building or acquiring domestic capacity. That is the single most informative data point on the replication question available to an investor. The 130-customer contract book and the 898-SKU release history compound the inertia: each customer relationship carries technology transfer, formulation history, regulatory variations and quality-release records that do not transfer cheaply.

Our View

The licence stack and IP are strong moats. The dose-form-and-schedule matrix is rare globally, the psychedelic manufacturing authorisations are rarer still, and the 130-customer contract book creates real switching costs on top of the regulatory position. Aurora's decision to partner rather than build is the clearest signal that even the world's most capable cannabis operators value the BLS position above the cost of constructing a substitute. The moat is genuine, currently widening as the dose-form portfolio extends into capsules and devices, and the appropriate response in the trading multiple is a premium to the ASX peer set, not a discount.

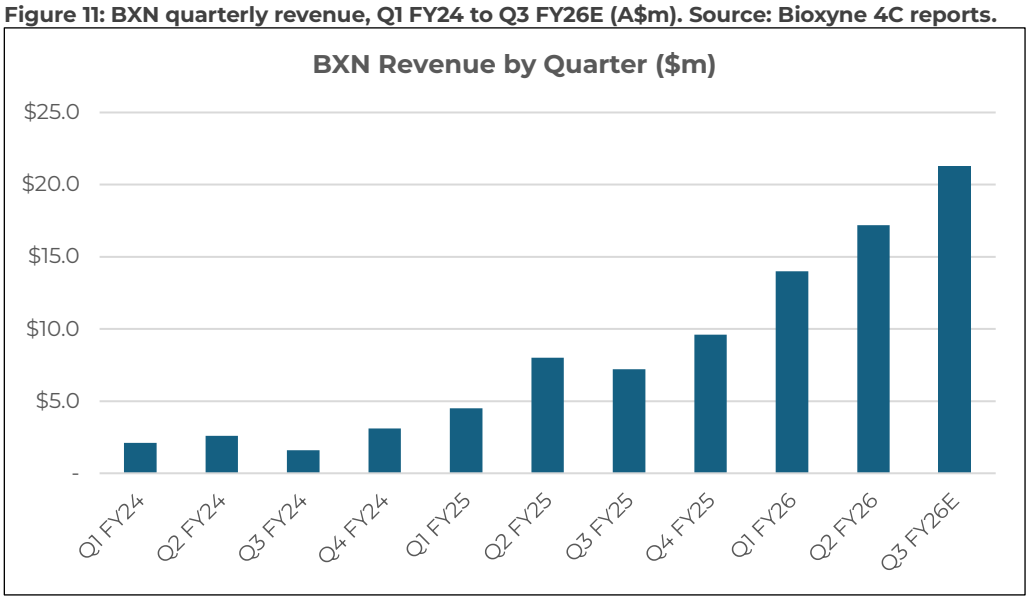
3. Operating Performance

The investment case is simple: the business has compounded revenue at extraordinary rates from a low base, that it is now genuinely profitable, that the margin trajectory is improving rather than deteriorating with scale, and that the cash generation is sufficient to fund the next round of capacity additions without going back to shareholders for new equity.

Revenue Trajectory

The clearest evidence of operational acceleration sits in the quarterly revenue series.

Figure 11: BXN quarterly revenue, Q1 FY24 to Q3 FY26E (A$m). Source: Bioxyne 4C reports.



Rapid Growth

Three observations stand out. First, the inflection coincides almost exactly with the grant of TGA GMP certification in February 2024 – the quarter immediately preceding it (Q3 FY24, A$1.6m) was the low point. The four quarters following GMP certification show sequential growth in three of four, with the only quarter-on-quarter decline (Q3 FY25, −10%) explained by management as a timing effect on order recognition that reversed in Q4. Second, the year-on-year growth rate has remained above 110% for seven consecutive quarters – exceptional in any industry but particularly so for a manufacturing business with physical throughput constraints. Third, and most important for the retail reader assessing risk, growth has been steady rather than spiky. The largest single sequential jump after the post-GMP inflection was +78% in Q2 FY25; every subsequent quarter has compounded at +23% to +46%. This is the signature of a scaling operating business rather than a one-off contract win.

HY Financials

Figure 12: Bioxyne H1 FY26 financial summary. Source: Bioxyne Half-Year Report, 26 February 2026.

Metric	H1 FY26	H1 FY25	Δ %	Comment
Profit & Loss				
Revenue	31,310	12,563	149%	*Q2 FY26 $17.2m alone; 8th consecutive quarter >100% YoY growth*
Adjusted EBITDA	8,251	3,732	121%	*H1 margin 26.4% (H1 FY25: 29.7%); H2 ramp expected to weigh on mix*
EBITDA margin	*26.4%*	*29.7%*	-11%	*Mix shift to lower-margin export, not de-leverage*
NPAT	**7,342**	**3,277**	**124%**	*No tax expense – NOLs being utilised*
EPS (cents)	0.34	0.16	113%	*Diluted 0.32c; share count drift modest*
Cash Flow				
Operating cash flow	(1,294)	2,957	nm	*Q2 already +$2.5m; H1 outflow = $8.1m strategic inventory build*
Capex	(976)	(1,303)	25%	*Vault infrastructure + cleanrooms (6 → 12 GMP rooms)*
Net financing flow	2,215	(32)	nm	*$2.5m drawn – Scotland project loan + bank debt*
Cash at end of period	7,602	2,679	184%	*Maintained despite $8.1m inventory build + capex programme*

Metric	1H FY26	2H FY25	Δ %	Comment
Balance Sheet				
Cash	7,602	7,668	(1%)	*Flat despite inventory and capex; balance sheet self-funded*
Inventory	11,734	3,606	225%	*Cannabis flower for white-label transition; demand-led*
Trade receivables (net)	5,812	2,355	147%	*Tracks revenue growth; impairment provision +$243k*
Plant & equipment	3,062	2,328	32%	*Net of $272k depreciation; Meadowbrook expansion*
Total borrowings	2,742	346	692%	*$1.0m UK project loan (non-dilutive, secured against UK assets)*
Net assets	**20,171**	**12,102**	**67%**	*NTA per security 0.9c (H1 FY25: 0.34c, +165%)*

FY26 Guidance & Run Rate	Low	High	
FY26 revenue guidance	65,000	75,000	*Issued 26 Aug 2025; H1 = 45% of midpoint*
FY26 adj EBITDA guidance	16,500	19,000	*H1 adj EBITDA = 66% of midpoint; tracking ahead*
H1 % of FY26 revenue midpoint	44.7%		*Implied H2 step-up: $40.6m at midpoint, ~+30% HoH*
H1 % of FY26 EBITDA midpoint	66.0%		*H2 implied $3.25m EBITDA at midpoint, vs H1 $8.25m – strong guidance conservatism signal*

Revenue more than doubled, EBITDA more than doubled, NPAT more than doubled. EBITDA margin compressed 3.3 percentage points, from just under 30% to just over 26%, while revenue grew 149%. For a manufacturing business in scale-up phase, the right question is not whether margin is moving down (it almost always does in the short term as the mix shifts toward newer, lower-margin lines) but whether the compression is structural or transitional.

We can see three drivers. Firstly, Raw materials and consumables rose to A$13.6m from A$3.7m – a faster expansion than revenue, reflecting the strategic shift from contract manufacturing (where customers supply flower) to white-label manufacturing (where BLS sources and pays for the flower). This is mechanically dilutive to gross margin in the short term but commercially accretive in the medium term, because BLS captures the procurement spread rather than passing it through.

Secondly, Commissions held essentially flat in absolute terms at around A$0.8m while revenue more than doubled – meaning the commission rate has roughly halved as a percentage of sales, providing partial offset. Lastly, freight and transport rose to A$0.74m from A$0.39m, in line with revenue but elevated by international shipping costs that management has flagged as not material going forward.

The most important forward-looking signal is the EBITDA guidance trajectory. In August 2025, BXN guided FY26 to A$65–75m revenue and A$11.5–13.5m adjusted EBITDA – a margin range of 17–18%. In February 2026, after H1 had delivered 26.3% EBITDA margin, management upgraded EBITDA guidance to A$16.5–19m at unchanged revenue – a guided margin range of 25–27%. The market is being told that the margin compression is transitional and that scale economies are starting to bind. The fact that H1 delivered above the new guidance midpoint on a margin basis adds credibility to that read.

Meeting Guidance

BXN's record over the last 18 months is consistent: the company has met or beaten every revenue guidance issued and has upgraded its guidance mid-year on both occasions where it has issued forward guidance.

Figure 13: Guidance track record. Two reporting cycles, zero misses, two mid-year upgrades; FY26 EBITDA upgraded ~40% after H1 delivery. ***Source: BXN ASX announcements.***

Period	Initial guidance	Upgraded guidance	Delivered	Outcome
FY25 revenue	A$25m (Aug 2024)	A$28m (Jan 2025)	~A$29.3m	Beat upgraded guide by 5%
FY26 revenue	A$65–75m (Aug 2025)	A$65–75m (unchanged Feb 2026)	$52.5m 9M; tracking	On track
FY26 adj EBITDA	A$11.5–13.5m (Aug 2025)	**A$16.5–19m (Feb 2026)**	$8.3m 1H	Upgraded ~40% mid-year

In two full guidance cycles, BXN has beaten or upgraded every metric it has guided, has never issued a downgrade, and has never missed a delivery target. This does not mean future guidance cycles will go the same way, but it does mean the base rate of guidance-related disappointment is zero so far.

Balance Sheet & Working Capital

Cash of A$8.5m at 31 March 2026 sits against gross interest-bearing debt of approximately A$5.4m – a NAB term loan, the South of Scotland Enterprise project development facility drawn against the £848,250 grant, equipment finance and a small working capital line – leaving the company in a marginal net cash position of approximately A$3m. The fully diluted share count, incorporating 92m options and 99.98m performance rights against the current basic count of approximately 2,269m, is approximately 2,461m, an 8.5% overhang. The 85.5m performance rights issued in December 2025 vest only against FY26 and FY27 revenue, EBITDA and share-price hurdles, meaning the dilution accompanies delivered value rather than preceding it. On a fully basis the implied market capitalisation at A$0.068 is approximately A$168.8m, against which the underlying balance sheet contributes negligibly to enterprise value.

The H1 FY26 operating cash outflow of A$1.29m against EBITDA of A$8.25m is explained almost entirely by inventory: stock rose from A$3.6m at June 2025 to A$11.7m at December 2025, with management classifying the build as strategic pre-positioning for export shipments and white-label flower contracts. Controlled-substances inventory carries structurally elevated working capital intensity given vault-storage and quality-release requirements, and the Q3 FY26 capital expenditure of A$0.3m on a third on-site vault was a direct response to throughput on the storage side rather than manufacturing. The relevant analytical signal is that Q3 FY26 returned A$1.2m of positive operating cash flow despite continued top-line expansion, indicating the inventory build is moderating and that the H2 FY26 EBITDA guidance of A$8.25–10.75m should convert to cash at a materially higher rate than the H1 print.

4. Valuation & Outlook

Discounted Cash Flow

Our base case applies an eight-year explicit FCFF forecast (FY26E–FY34E) discounted at a 12.1% WACC, with terminal value derived from a 12x exit multiple applied to FY34E EBITDA. The framework produces an equity value of A$361.7m, or A$0.15 per share on a fully diluted basis – implying +121% upside to the current A$0.068 trading level.

WACC Build

Component	Value	Note
Risk-free rate	5.0%	10-year ACGB yield, May 2026
Equity risk premium	5.0%	ASX long-run historical
Beta	1.15	Cannabis CDMO peer median, adjusted for BXN profitability
Liquidity premium	1.0%	Sub-A$200m mkt cap
Size premium	1.0%	Small-cap risk loading
Cost of equity	12.75%	Rf + Beta × ERP + premia
Cost of debt	6.30%	Blended NAB/SoSE rate × (1 − 30%)
Equity / debt	90% / 10%	Marginal net-cash position
WACC	**12.1%**	

Operating Forecast

Revenue compounds at 13% per annum across the forecast horizon, anchored to the FY26 guidance mid-point (A$70m) and the contracted A$25m Adrex minimum in FY27. EBITDA margin expands 490bps from the FY26 print (24.8%) to a 29.7% terminal – above the H1 FY26 print (26.3%) and consistent with management's upgraded FY26 guidance midpoint of 26%.

Figure 14: DCF operating forecast, FY26E–FY34E. Revenue compounds from A$72m to A$187m, with growth decelerating from +35% (FY27, Adrex ramp) to +3% by FY34 as the model glides to terminal. EBITDA margin expands ~500bps to a steady-state ~29.7% on operating leverage. FCFF inflects positive FY27. *Source: Evolution Capital DCF model*.

(A$m)	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E
Revenue	72.3	102.5	123.0	143.5	163.5	179.0	190.0	198.0	204.5
YoY growth	154.6%	41.8%	20.0%	16.7%	13.9%	9.5%	6.1%	4.2%	3.3%
Adjusted EBITDA	18.0	26.3	33.5	40.5	47.7	52.7	56.4	58.8	60.7
EBITDA margin	24.8%	25.7%	27.2%	28.2%	29.2%	29.5%	29.7%	29.7%	29.7%
FCFF	**(8.2)**	**9.1**	**20.1**	**15.3**	**26.5**	**22.5**	**34.1**	**36.0**	**37.5**

The deceleration profile reflects two structural headwinds we factor in deliberately. Australian growth moderates sharply from the H1 FY26 trajectory as AHPRA and the TGA continue tightening on telehealth prescribing – Operation Esterton has removed material prescriber volume from the channel, and the patient pool is consolidating around in-person clinics whose prescribing growth is materially slower than the 2024-25 telehealth-driven curve. BXN is supplier-side and channel-agnostic, but the contract book ultimately reflects total domestic patient volumes; we taper AU domestic revenue growth to mid-single digits by FY32 (vs. +178% YoY in H1 FY26) rather than extrapolating recent prints. The pending German Bundestag telemedicine restriction (draft circulated October 2025) similarly caps Adrex pull-through, and we hold German revenue growth from FY29 onwards, reaching A$43m by FY34 against a regulator-unconstrained extrapolation that could easily double that figure.

Growth nonetheless continues at a 13% group CAGR because the offsets remain intact. Capacity is not the bottleneck: Meadowbrook sits at 26-30% of nameplate today and Scotland adds dose-form-flexible UK supply from late FY27, with combined headroom of approximately A$250m revenue-equivalent before the next expansion trigger fires. The white-label position strengthens as the ASX cohort consolidates – the LGP-Cannatrek merger and Cann Group debt restructure both reduce the population of

competitors with capital to in-source manufacturing, leaving BXN as the natural supplier to a growing pool of brand-only operators. And the Aurora manufacturing agreement endorses BXN as the institutional supply route for global LPs entering Australia: Aurora's choice to partner rather than build remains the strongest single competitive signal in the dataset.

Capex, Capacity & Funding

Total capex comprises three elements: (i) maintenance capex at 2.5% of revenue; (ii) the Scotland facility build-out (A$8m total: A$3m in FY26, A$5m in FY27); and (iii) an auto-triggered expansion programme that releases A$8m of growth capex and adds A$50m of revenue-equivalent capacity whenever utilisation exceeds 75%. The trigger fires in FY26, FY29 and FY32 across the forecast – A$24m of cumulative growth capex above the maintenance line. The model assumes a single A$15m FY27 placement at A$0.085 to part-fund the Scotland build and provide working capital headroom for the Adrex ramp.

Equity Value Bridge

(A$m unless stated)	Value
Sum of PV explicit FCFF (FY26–FY34)	98.8
(+) PV of terminal value (12x FY34E EBITDA)	260.6
Enterprise value	**359.5**
(−) Debt at FY26 close	(2.7)
(+) Cash at FY26 close	7.6
(−) Lease liabilities	(2.7)
Equity value	**361.7**
Diluted shares (millions, post FY27 raise)	2,622
(+) Franking credit value per share (A$)	0.007
(+) NOL utilisation benefit per share (A$)	0.004
Implied value per share (A$)	**$0.15**
Current share price (A$)	0.068
Implied upside	+121%

Terminal value contributes circa 72% of enterprise value – high but not unusual for a forecast in which margin and capacity are still expanding through the period. The franking and NOL add-backs together contribute A$0.011 per share (8% of the total).

Sensitivity Analysis

WACC ↓ / Exit Multiple →	10.0x	11.0x	12.0x	13.0x	14.0x
10.1%	$0.15	$0.16	$0.17	$0.18	$0.19
11.1%	$0.14	$0.15	$0.16	$0.17	$0.18
12.1%	$0.13	$0.14	**$0.15**	$0.16	$0.17
13.1%	$0.12	$0.13	$0.14	$0.15	$0.16
14.1%	$0.12	$0.12	$0.13	$0.14	$0.15

The base case (12.1% WACC, 12.0x exit multiple) returns $0.15 per share. The grid spans $0.12 in the bear corner (14.1% WACC, 10.0x exit) to $0.19 in the bull corner (10.1% WACC, 14.0x exit) – a ±27% range around the base case that comfortably exceeds the current 6.8c share price across every cell. Even the most punitive combination of a 14.1% WACC (200bp above base) and a 10x exit multiple (2 turns below) still implies $0.12 per share. To compress fair value back to the current 6.8c trading level would require either a WACC north of 18% or an exit multiple in the mid-single digits, neither of which is reconcilable with a profitable specialty pharma operator holding a TGA-GMP plus ODC plus EU-GMP licence stack and a contracted German offtake.

Terminal EBITDA Margin ↓ / Exit Multiple →	10.0x	11.0x	12.0x	13.0x	14.0x
25.2%	$0.12	$0.13	$0.13	$0.14	$0.15
26.7%	$0.12	$0.13	$0.14	$0.15	$0.15
29.7%	$0.13	$0.14	**$0.15**	$0.16	$0.17
32.7%	$0.14	$0.15	$0.16	$0.17	$0.18
34.1%	$0.15	$0.15	$0.16	$0.17	$0.18

Holding WACC at base, the fair value moves between $0.12 and $0.18 across the margin × multiple grid – a tighter range than the WACC sensitivity, which is the expected pattern given the terminal value is the larger PV contributor but margin and exit multiple co-move within it. The base case 29.7% terminal margin sits at the midpoint of the 25.2% to 34.1% range tested, reflecting the model's assumption of ~500bp of margin expansion from the FY26 24.8% starting point. The bear corner (25.2% margin, 10x exit, $0.12) is the more interesting cell: this is the scenario where the H1 FY26 margin run-rate of ~26% never recovers and exit multiples re-rate to the lower end of cannabis CDMO comps.

Comparable Company Analysis

The ASX cannabis peer group is heavily distressed and trades on revenue multiples that reflect prior boom-bust scarring rather than current operating quality. The global cannabis peer set is more relevant for benchmarking purposes. The closest single-name comparable is Frankfurt-listed Cantourage AG, the German cannabis pure-play whose business model – GMP-licensed importer and distributor with branded and white-label revenue lines – most closely mirrors what BXN is building.

Figure 15: Comparable company analysis. BXN is the only profitable, NPAT-positive operator in the ASX cohort (LGP, CAN, VIT) and the only ASX peer with EBITDA-positive multiples available at all. On a forward basis, BXN trades at 2.1x revenue / 8.5x EBITDA, a ~3x premium on revenue to Cantourage's 0.8x but a ~30% discount on EBITDA against Cantourage's 13.7x, despite faster growth and higher margin. ***Source: Company filings; Evolution Capital.***

Company	Listing	Revenue (TTM or latest)	Mkt cap	Net cash / (debt)	EV/Revenue (TTM; FY1)	EV/EBITDA (TTM; FY1)	Comment
Bioxyne (BXN)	**ASX**	**A$62m**	**A$170m**	**A$3m**	**2.8x; 2.1x**	**7.2x; 8.5x**	GMP controlled-substance CDMO supplying AU prescription cannabis, MDMA, psilocybin and contracted German pharmacy network via Adrex; NPAT-positive A$7.3m H1 FY26.
Little Green Pharma (LGP)	ASX	A$112m pro-forma (post-Cannatrek RTO Jan 2026)	A$31m	A$1.7m	~0.3x pro-forma	~3x pro-forma	Australian vertically integrated cultivator and finished-product supplier into AU prescription channel and EU export; pro-forma A$13m adj EBITDA after Jan-26 merger with Cannatrek.
Cann Group (CAN)	ASX	A$10.4m	A$9m	(A$14.8m)	2.3x; n/a	n/a (loss-making)	Australian cultivator and bulk biomass supplier to domestic prescription wholesalers; distressed – NAB forgave A$54.7m of A$70m loan for A$15.3m payout (Oct 2025).
Vitura Health (VIT)	ASX	A$129.2m	A$33.5m	(A$9.5m)	0.3x; n/a	n/a (loss-making)	Vertically integrated digital health platform: CanView prescription marketplace, Doctors on Demand telehealth, multiple cannabis telehealth clinics (CDA, Candor, Cannadoc); not a manufacturer; heaviest Op Esterton exposure of the ASX cohort.
Cantourage (HIGH)	Frankfurt	€50.9m (2024)	€75m	(€3.3m)	1.4x; 0.8x	22.4; 13.7x	German cannabis importer-distributor with EU-GMP finishing capability and branded plus white-label range; supplies into pharmacy channel under BfArM registration; closest pure-play operating analogue to BXN; profitable.
Medipharm Labs (LABS)	TSX	C$43.3m	C$34m	C$9.9m	0.6x; 0.5x	n/a (loss-making	Canadian pharma CDMO with EU-GMP for international export (Germany, Brazil, France, Japan, Australia); operating template closest to BXN; loss-making at scale.
Aurora Cannabis (ACB)	TSX; NASDAQ	C$373m	C$270.1m	C$46.7m	0.8x; 0.7x	n/a (loss-making); 4.7x	Global medical cannabis leader; 81% medical, with #1 / #3 flower positions in Germany and growing presence in Poland, UK, Australia; partners with BLS for Australian manufacturing rather than building domestic capacity.
Tilray Brands (TLRY)	TSX; NASDAQ	US$858m	US$635m	(US$29.6m)	0.8x; 0.75x	n/a (loss-making); 9.4x	Diversified CPG company: Canadian adult-use cannabis (~30%), German pharma distribution via CC Pharma (~33%), US craft beer + hemp-THC beverages (~29%), wellness (~7%); cannabis is now the minority of revenue.
Curaleaf Holdings (CURA)	TSXV	US$1.29bn	~US$3.3bn	US($459m)	2.9x	13x	Largest US multi-state operator: owns and operates dispensaries and cultivation across 17 US states serving both adult-use and state-medical channels (~86% of revenue); Curaleaf International (~14%) is the EU arm and the BXN partner via the QMID inhalation device licence.

Three Key Observations

First, BXN is the only NPAT-positive operator in the ASX cohort – Cann is loss-making, Vitura is distressed, the LGP-Cannatrek merger generates positive adjusted EBITDA but on much lower margin (~12% versus BXN's 26%). The ASX peer multiples are therefore distressed-asset multiples, and using them as a comparison floor would significantly understate BXN's value. Second, the closest single name is Cantourage at 1.5–2.5x EV/Revenue, which is the band BXN currently trades in. Cantourage is also profitable, also focused on the German market, and also operates a similar GMP-licensed importer/distributor model. Third, the global cannabis cohort (Tilray, Aurora, Curaleaf) trades 0.7–1.5x EV/Revenue with EBITDA multiples in the 8–15x range – broadly consistent with BXN's current 1.7–2.0x EV/Revenue and 6.7–7.7x EV/EBITDA, given BXN's faster growth rate and Australian regulatory home.

Implied Valuation Ranges

Applying peer-set median multiples to BXN's guided FY26E mid-point of A$70m revenue and A$17.75m EBITDA:

Multiple basis	Reference	Multiple	Implied EV (A$m)	Implied equity value (A$m)	Implied per share (A$)
EV/Revenue at distressed ASX median	LGP/Vitura	0.5x	35	38	**A$0.015**
EV/Revenue at growth-cannabis median	Aurora/Tilray	1.0x	70	73	**A$0.030**
EV/Revenue at Cantourage (closest pure-play)	HIGH:F	2.0x	140	143	**A$0.058**
EV/Revenue at premium-pure-play	Cantourage high	2.5x	175	178	**A$0.072**
EV/EBITDA at growth-cannabis median	Aurora	12x	213	216	**A$0.088**
EV/EBITDA at premium-pure-play	Cantourage	15x	266	269	**A$0.109**

BXN's current share price of A$0.068 sits around the Cantourage-equivalent multiple – that is, the market is currently pricing BXN as a peer of the most relevant single comparable, with no premium for the faster growth rate or the psychedelic optionality. The EV/EBITDA basis, which is the more appropriate framework for a profitable manufacturing business, points to a higher implied range of A$0.088–0.109 per share.

Precedent Transactions

Distressed Australian Consolidation

The January 2026 Little Green Pharma / Cannatrek scheme of arrangement was an all-scrip RTO that valued the combined entity at approximately A$80m enterprise value against A$112m pro-forma revenue – a sub-1.5x multiple reflecting the financial distress of both predecessor entities. The October 2025 NAB debt restructure of Cann Group, in which NAB forgave approximately A$70m of debt for a A$15.3m payout (a 78% haircut), is the cleanest single data point on what distressed Australian cannabis assets actually realised in 2025. These transactions do not establish a valuation floor for BXN – they establish a ceiling for what distressed peers were worth, which is well below BXN's current trading level.

International Cannabis CDMO Precedents

The Organigram / Motif Labs transaction announced in late 2024 valued a Canadian B2B / CDMO operation at approximately C$90m. The Curaleaf International acquisition of Sapphire Medical Clinics (2023) was undisclosed but reportedly cleared at a meaningful premium to the underlying clinic operating earnings. Cantourage's serial acquisitions of smaller German importers (2024–25) have cleared at 1.5–2.5x revenue. The applicable multiples for a Tier-1 cannabis CDMO with GMP differentiation and a contracted German pipeline cluster at 1.5–3.0x revenue and 8–12x EBITDA on the trailing observation set.

Figure 16: Figure 14: Precedent cannabis M&A transactions, 2018–2026. Trailing multiples cluster at 0.8–1.3x revenue; strategic forward deals (Sanity Group / Organigram, Feb 2026) clear at up to 2.2x upfront and 4.2x with earnout. The closest direct precedent is Aurora's 2024 take-out of MedReleaf. ***Source: Company filings; press releases; Evolution Capital.***

Date	Acquirer	Target	Country	Business	Deal value	Target revenue (LTM)	Target EBITDA (LTM)	EV/Revenue	EV/EBITDA	Notes
Apr 2026	Organigram Global	Sanity Group (rem. equity)	Germany	German cannabis brand & telehealth platform	€107.3m upfront + up to €113.8m earnout (total cap €250m)	€60m (CY25); €76m LQA Q4'25	n/d	1.78x upfront / 4.17x at full earnout	n/d	The defining 2026 German precedent. Headline 2.2x revenue on full-year; 1.7x on annualized run-rate. Earnout maxes at 1.75x revenue + 12.5x EBITDA (weighted 50/50)
Jan 2026	LGP (acquirer for legal purposes; Cannatrek for accounting)	Cannatrek	Australia	Vertically integrated AU cultivator, GMP manufacturer, clinics	A$85.1m all-scrip	~A$75m est. (back-solved from A$112m combined less LGP's A$36.8m)	~A$10m est. (back-solved from A$13m combined less LGP's A$2.9m)	~1.13x	~8.5x	Distressed reverse takeover; Cannatrek emerged with 60.5% of NewCo. Implied multiples consistent with a structurally weak Australian market consolidation, not a strategic premium
Aug 2025	High Tide	Remexian Pharma (51%)	Germany	Flower distributor; 16% of German imports Q2'25	€26.4m for 51% → implied 100% EV €53.4m	€70m (annualized, H1'25)	€15m (annualized, H1'25)	0.76x	3.56x	Cheap on EBITDA but Remexian is a flower distributor not a manufacturer – earnings quality low, multiple reflects fragility of pure distribution model
Apr 2024	Curaleaf International	Northern Green Canada	Canada	Canadian EU-GMP indoor producer; 95% international revenue	US$16m + earnout	Undisclosed	Undisclosed	n/d	n/d	First privately-owned EU-GMP Canadian LP; Curaleaf's primary supply asset for Germany. Likely paid <1x revenue based on disclosed total Canadian international revenue (~C$160m fiscal 2023) split across multiple producers
Feb 2024	Aurora Cannabis	MedReleaf Australia (remaining 90%)	Australia	#2 in Australian medical cannabis (~10% share of ~A$400m market)	A$50m (A$9.45m cash + Aurora shares)	A$40m (TTM Dec 2023)	Positive (undisclosed magnitude)	1.25x	n/m (positive but small)	The single closest precedent to BXN. Australian medical cannabis business taken out by foreign LP at 1.25x revenue. BXN currently trades at 2.1x FY26E revenue – i.e. ~2x the MedReleaf take-out multiple, reflecting BXN's profitability, growth rate, and licence stack
Dec 2024	Organigram Holdings	Motif Labs	Canada	Canadian cannabis processor; #1 vapes/pre-rolls/hash share in Canada	C$90m upfront + C$10m contingent (total C$100m)	C$86m (LTM)	C$4.7m (adj.)	1.05x / 1.16x with contingent	19.1x / 21.3x with contingent	15 consecutive quarters of positive adj. EBITDA – quality target. Multiple split: cheap on revenue, expensive on EBITDA, reflecting Motif's low EBITDA margin (~5%). For BXN at ~26% margin, the Motif EBITDA multiple anchors a much higher implied valuation
Jun 2023	Tilray Brands	HEXO Corp.	Canada	Canadian LP (cultivation, brands incl. Redecan, Original Stash)	US$56m all-stock	~US$65m (FY23 TTM)	Negative	~0.86x	n/m	Deeply distressed; HEXO was a former $4bn market cap business taken out for $56m. Sets the trough of post-bubble Canadian cannabis M&A

At A$0.068 the company is no longer trading at the lower-mid of the cannabis CDMO transaction range. Applying the historical transaction multiples to FY26E revenue and EBITDA produces implied take-out values that sit around the current share price.

Figure 17: Trailing precedents applied to FY26E. Implied per-share A$0.044–A$0.088 across the multiple bands. *Source: Evolution Capital.*

Multiple basis	Multiple	Applied to FY26E mid-point	Implied EV (A$m)	Implied equity value (A$m)	Implied per share (A$)
Organigram/Motif cohort (revenue)	1.5x	A$70m revenue	105	108	**A$0.044**
Cantourage rolling acquisitions (revenue)	2.0x	A$70m revenue	140	143	**A$0.058**
Premium cannabis CDMO (revenue)	3.0x	A$70m revenue	210	213	**A$0.087**
Cannabis CDMO median (EBITDA)	8x	A$17.75m EBITDA	142	145	**A$0.059**
Premium pure-play (EBITDA)	12x	A$17.75m EBITDA	213	216	**A$0.088**

On trailing or current-year multiples, the precedent transaction set implies a take-out range of A$0.044–0.088, which is below our DCF-derived fair value. The market is essentially pricing BXN at circa 10x FY26E EBITDA.

What a Strategic Acquirer Would Actually Underwrite

Any take-out at a meaningful premium to the current A$0.068 would require the acquirer to underwrite the FY27 revenue trajectory – our base case of A$102.5m as Adrex Y1 delivers in full, Aurora reaches commercial scale, and Australian organic growth continues – and to apply the relevant transaction multiple to those forward figures rather than the trailing or current-year numbers. The arithmetic on a FY27 forward basis is more constructive.

Figure 18: Forward precedents applied to FY27E. Implied per-share A$0.062–A$0.127 across the multiple bands. *Source: Evolution Capital.*

Multiple basis	Multiple	Applied to FY27E base case	Implied EV (A$m)	Implied equity value (A$m)	Implied per share (A$)
Cannabis CDMO median (revenue)	1.5x	A$115m revenue	151	154	**A$0.062**
Cantourage rolling acquisitions (revenue)	2.0x	A$115m revenue	201	204	**A$0.083**
Premium pure-play (revenue)	2.5x	A$115m revenue	251	254	**A$0.103**
Premium cannabis CDMO (revenue)	3.0x	A$115m revenue	302	305	**A$0.124**
Cannabis CDMO median (EBITDA)	8x	A$32m EBITDA (28% margin)	207	210	**A$0.085**
Premium pure-play (EBITDA)	12x	A$32m EBITDA (28% margin)	310	313	**A$0.127**

On a forward-looking transaction multiple basis, the take-out range opens to A$0.062–0.127 – bracketing the current A$0.068 trading level with most of the implied range above current price. The EBITDA-based multiples in particular point to materially higher take-out values once the FY27 margin expansion implied by management's upgraded guidance flows through.

The structural read is therefore that BXN has shifted from "fair-value take-out candidate on trailing multiples" (where it traded in late 2025 at A$0.04–0.06) to "trading ahead of trailing precedents, but with forward upside if FY27 delivery materialises". An acquirer

choosing to move on BXN today would be committing to the FY27 base case rather than picking up trailing fundamentals at a discount.

Reconciling DCF to Multiples & Precedents

The DCF output sits above the trading-multiple range (A$0.) implied by applying Cantourage and growth-cannabis EV/EBITDA multiples to FY26E numbers, and inside the precedent-transaction range (A$0.062–0.127) implied by applying cannabis CDMO transaction multiples to the FY27E forward base case. The DCF's premium to the trailing trading multiple reflects three things the multiple does not capture: the step-change in margin and FCF generation from FY27 onwards as the Adrex contract delivers in full, the option value embedded in the psychedelic manufacturing authorisations (which no listed peer holds in the same form), and the structural scarcity of the full TGA-GMP plus ODC plus EU-GMP licence stack. The DCF aligns with the upper half of the FY27-forward precedent range, which we view as the appropriate framework given an acquirer of BXN today is buying FY27 delivery rather than trailing fundamentals. We use the DCF output (A$0.15) as our base-case fair value, with the multiples and precedents as supporting cross-checks rather than independent triangulation.

Appendix

Key Risks

Revenue Concentration Risk

The Adrex agreement delivers A$50m across FY26–FY28 with a A$25m Y1 minimum but represents approximately 23% of FY27E revenue at the peak of contract exposure. Non-renewal at the end of the initial term, a regulatory event affecting Adrex's distribution licence, or a unilateral counterparty change would materially compress the FY27–FY29 revenue line and the DCF base case. The ~300-customer Australian contract book diversifies the underlying business, but Adrex is the single largest forecast-period revenue driver and the relationship is exclusive and counterparty-led rather than contractually distributed.

Execution Risk

The forecast projects EBITDA margin expanding 490bps from 24.8% in FY26E to 29.7% at terminal on the back of mix shift toward higher-margin Adrex and Dr Watson product, operating leverage on a fixed manufacturing base, and the maturation of the white-label transition. The H1 FY26 print of 26.3% compares against H1 FY25 of 29.6%, meaning margin has compressed rather than expanded as raw materials moved onto the BLS balance sheet. If margin stays near the H1 FY26 level through the forecast horizon rather than recovering, DCF fair value compresses by approximately A$0.020 per share.

Regulatory Risk (Germany)

The Bundestag's October 2025 draft proposes restrictions on cannabis telehealth prescribing in Germany. Our forecast assumes the current form of the proposal passes and holds German revenue at ~A$30m through FY34, down from a regulator-unconstrained extrapolation of the 2025 prescription surge. A stricter outcome – for example, restrictions extending to mail-order dispensing or reimbursement rules that disadvantage imported product – would compress Adrex pull-through directly and reduce German revenue below our flat-line assumption.

Regulatory Risk (Australia)

Operation Esterton has targeted telehealth prescribers rather than manufacturers, and BXN is channel-agnostic on the supply side. A material expansion of AHPRA's remit – for example, additional pre-market evaluation requirements for unapproved cannabis medicines or restrictions on SAS-B scheme volumes – would compress the entire Australian contract book and is not factored into the AU growth deceleration we already model. Likelihood is judged low given the bipartisan policy stance on patient access, but the optionality of the regime makes this a non-trivial tail risk.

Liquidity Risk

BXN's sub-A$200m market capitalisation, retail-dominated register (no disclosed substantial holders above 5%), and limited broker coverage mean that re-rating to fair value depends on incremental institutional adoption that small-cap stocks typically experience only after material catalyst delivery. Trading liquidity is constrained – single-day exits at scale are not always available – and the share price is therefore more volatile around quarterly prints than the underlying fundamentals warrant. Catalysts may take longer to be reflected in the price than the 12-month frame suggests.

Board & Management

Samuel Watson (Managing Director)
Samuel Watson was appointed to the Board on 19 May 2023. Sam is the founder and CEO of Breathe Life Sciences (BLS). Since establishing the company and the Dr Watson brand in 2018, BLS quickly became a significant player in the health and wellness industry in Europe, the UK, and Japan. In 2020 BLS entered the Australian market and grew rapidly into the market-leading manufacturer of novel medicines such as MDMA, Psilocybin, and cannabis. Sam is the CEO and founder of Breathe International Ltd, which became Bioxyne's largest shareholder following its all-share acquisition of BLS in 2023.

Anthony Ho (Non-Exec Chair)
Tony is an experienced company director and is currently a director and chairman of a number of listed ASX companies. Tony was executive director of sales and distribution company Arthur Yates & Co Limited, retiring from that position in April 2002. His extensive corporate finance and governance experience included being Finance Director/CFO of listed retailers on the ASX – M. S. McLeod Holdings Limited (Downtown Duty Free), Galore Group Limited (Barbeques Galore) and Brazin Limited (Bras N Things, Sanity Music). Prior to joining commerce, Tony was a partner of Cox Johnston & Co, Chartered Accountants which has since merged with Ernst & Young. Tony holds a Bachelor of Commerce degree from the University of New South Wales and is a member of the Institute of Chartered Accountants in Australia and New Zealand, and a fellow of the Chartered Institute of Company Secretaries, Governance Institute of Australia and the Australian Institute of Company Directors.

Jason Hine (Exec Director)
Jason Hine was appointed to the Board on 19 May 2023. Jason was previously the GM Commercial Operations for ECS Botanics Limited, Australia's largest medicinal cannabis and hemp food wellness business. The ECS food and wellness business delivers high quality Tasmanian grown/sourced hemp food and wellness products into the Australian grocery sector via the large grocery chains, regional distributors, and a growing bulk supply and B2C channel. Jason has been CEO, COO and Managing Director of a number of companies in various industries over a 30-year career.

Guy Robertson (CoSec & CFO)
Guy Robertson was appointed CFO and Company Secretary on 1 September 2016. Guy is an experienced finance executive, having held the positions of Director, Company Secretary and Chief Financial Officer of both ASX listed and private companies in Australia and Hong Kong. Guy held senior roles in the Jardine Matheson Group of Companies including General Manager Finance of Franklins Limited, Chief Operating Officer of Colliers International Asia Pacific and Managing Director (NSW) Jardine Lloyd Thompson.

Evolution Capital Ratings System

Recommendation Structure	• **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected. • **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon. • **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.
Risk Qualifier	• **Speculative ('Spec'):** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.
Other Ratings:	• **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view. • **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon. • **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

Disclaimer & Disclosures

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