

High on Growth

BLS Pharmaceuticals Ltd

Audited FY26 results have been posted. Revenue of \$74.2m (+161%) and adjusted EBITDA of \$19.0m at a 25.6% margin, both at the top of guidance. NPAT was \$15.4m. Operating cash flow of \$5.4m lagged EBITDA on a \$14.2m inventory build. Cash closed at \$13.3m against \$3.0m of borrowings. Audited revenue is \$0.8m below the unaudited 4C figure, with circa \$0.5m of South of Scotland Enterprise grant income reclassified out of revenue and applied against construction cost.

FY27 Guidance

Guidance is \$105m to \$115m revenue, growth of 42% to 55%, at an adjusted EBITDA margin of 23% to 26%. The revenue range sits above our prior forecast of circa \$102.5m. The margin range sits mostly below our prior 25.7%. We move FY27 revenue to \$110m, the guidance midpoint, and the margin to 24.5%. The ADREXpharma agreement carries a \$25m minimum in its first 12 months, Scotland commissions in September 2026 with licensing targeted around December 2026, and Curaleaf International joins Aurora Cannabis as a named manufacturing customer.

Our View

Revenue guided above our forecast, margin mostly below it. The two broadly offset at EBITDA, so the earnings downgrade is tax rather than trading: Australian carry-forward losses were fully utilised at 30 June 2026 and we now tax at 30% from FY27 against a prior 15% to 25% ramp. We amend a discrepancy in the model which accounts for 10c of fair value. Hence, Price Target remains unchanged. FY27 execution rests on the German contract converting to volume; Scotland licensing on schedule; and continued delivery of Australian business.

(A\$m unless noted)	FY26A	FY27E	FY28E	FY29E	FY30E
Revenue	74.2	110.0	130.0	150.0	170.0
Revenue growth	160.9%	48.3%	18.2%	15.4%	13.3%
EBITDA	19.0	27.0	31.9	38.3	44.7
EBITDA margin	25.6%	24.5%	24.5%	25.5%	26.3%
Net income	15.4	16.8	19.9	24.3	28.8
Cash balance	13.3	19.8	35.2	54.9	70.8
Enterprise value	239.2	232.8	217.4	197.7	181.7
EV / EBITDA	12.6x	8.6x	6.8x	5.2x	4.1x

Near-term Forecast Changes

(A\$m)	FY27E			FY28E		
	Prior	New	Chg	Prior	New	Chg
Revenue	102.5	110.0	+7.3%	123.0	130.0	+5.7%
Adj EBITDA	26.3	27.0	+2.3%	33.5	31.9	-4.8%
EBITDA margin	25.7%	24.5%	-1.2pp	27.2%	24.5%	-2.7pp
EBIT	24.0	24.1	+0.8%	29.1	28.5	-1.8%
NPAT	20.3	16.8	-17.4%	23.2	19.9	-14.2%
EPS (cents)	8.3	6.9	-17.0%	9.4	8.1	-13.8%

Recommendation	SPEC BUY
Price Target	(unch.) \$1.60
Share Price	\$1.06
TSR	+51%

Company Profile

Market Cap	\$244.1M
Enterprise Value	\$239.2M
SOI (diluted)	244.5M
Free Float	54.65%
ADV (3-month)	\$298k
52-Week Range	\$0.33-\$1.10

Price Performance



%	1M	3M	12M
Absolute	35.9%	32.5%	146.5%
ASX200	0.4%	3.9%	3.9%

Company Overview

BLS Pharmaceuticals (ASX: BLS), formerly Bioxyme Limited, manufactures GMP-certified controlled substances (medicinal cannabis, MDMA and psilocybin) through its subsidiary Breathe Life Sciences, on a licence stack spanning TGA-GMP, ODC import/export and EU-GMP with recognition across Germany, the UK, Japan and Czechia. It is NPAT-positive after eight consecutive quarters of triple-digit revenue growth, with contracted German offtake to ADREXpharma and a second GMP facility in Scotland anchoring FY27.

Analyst

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Coverage

Initiation	26 May 2026
Update	28 June 2026



Financial Summary

Valuation Details						Per Share Data					
Share Price (A\$)	\$1.06					Diluted SOI (m)	FY26	FY27E	FY28E	FY29E	FY30E
Market Cap (A\$m)	244.1					Normalised EPS (A\$)	244.5	244.5	244.5	244.5	244.5
Enterprise Value (A\$m)	239.2					DPS (A\$)	0.063	0.069	0.081	0.099	0.118
Fair Value/Share (A\$)	\$1.60					Payout	-	-	-	-	-
						Franking	-	-	-	-	-
Statements (A\$m)						Ratios					
Income Statement						Liquidity					
Revenue	FY26	FY27E	FY28E	FY29E	FY30E	Current Ratio	FY26	FY27E	FY28E	FY29E	FY30E
EBITDA	74.2	110.0	130.0	150.0	170.0	Quick Ratio	0.78x	0.80x	0.83x	0.85x	0.81x
EBIT	19.0	27.0	31.9	38.3	44.7		0.42x	0.42x	0.49x	0.55x	0.55x
Net Income	15.6	24.1	28.5	34.6	40.8						
	15.4	16.8	19.9	24.3	28.8						
Balance Sheet						Solvency					
Cash & Cash Equivalents						Debt to Equity	FY26	FY27E	FY28E	FY29E	FY30E
Inventory	13.3	19.8	35.2	54.9	70.8	Equity to Assets	9.7%	6.0%	4.2%	3.1%	2.3%
Receivables	17.8	27.4	32.7	37.5	42.4		59.7%	64.9%	70.3%	74.7%	78.0%
Other Assets	7.7	11.5	13.5	15.6	17.7						
Total Assets	13.3	18.5	21.3	24.3	35.5						
Total Debt	52.1	77.2	102.7	132.3	166.4	Profitability					
Other Liabilities	3.0	3.0	3.0	3.0	3.0	ROA (Return on Assets)	29.6%	21.8%	19.4%	18.4%	17.3%
Total Liabilities	18.0	24.1	27.4	30.5	33.6	ROE (Return on Equity)	49.5%	33.5%	27.6%	24.6%	22.2%
Shareholders' Equity	21.0	27.1	30.4	33.5	36.6	EBITDA Margin	25.6%	24.5%	24.5%	25.5%	26.3%
	31.1	50.1	72.2	98.8	129.8	NPAT Margin	20.8%	15.3%	15.3%	16.2%	16.9%
Cash Flow Statement						Growth					
Net Income						Revenue	FY26	FY27E	FY28E	FY29E	FY30E
Add: D&A	15.4	16.8	19.9	24.3	28.8	EBITDA	160.9%	48.3%	18.2%	15.4%	13.3%
Less: Change in NWC	1.4	0.6	1.1	1.4	1.7	Underlying NPAT	170.5%	42.1%	18.2%	20.1%	16.9%
Cash Flow Operations	(14.3)	(8.4)	(4.6)	(4.5)	(4.4)	EPS	214.1%	9.1%	18.6%	22.0%	18.5%
Cash Flow Investing	5.4	11.2	18.6	23.5	28.2						
Equity Raised (net)	(3.5)	(4.8)	(3.3)	(3.8)	(12.3)	Valuation					
Less: Dividends Paid						P/E	16.8x	15.4x	13.0x	10.7x	9.0x
Cash Flow Financing						EV/Revenue	3.2x	2.1x	1.7x	1.3x	1.1x
Unlevered FCFF						EV/EBITDA	12.6x	8.6x	6.8x	5.2x	4.1x
						Dividend Yield	-	-	-	-	-

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.

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- **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.

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