EDISON

AFT Pharmaceuticals

FY25 results

Setting the stage for sustained long-term growth

Healthcare

3 June 2025

AFT Pharmaceuticals reported FY25 revenues of NZ$208m, posting a strong recovery in H2, with dissipating headwinds and traditional H2 seasonality offsetting the softer H1 performance. H225 revenues (NZ $121.3m) grew 40% over H125 and 9% y-o-y, driven by sustained domestic market momentum and international market recovery. The FY25 operating margin of 8.5% (12.4% in FY24) was affected by lower licensing income and investments in marketing, R&D and international expansion, but these investments should deliver upside opportunities in the longer term. The balance sheet remains strong (net debt reduced to NZ$14.5m, 0.7x EBITDA), supporting the announcement of a 1.8c per share dividend (c 17% payout ratio). Management aims to achieve NZ$300m in revenues by end-FY27 and has guided for operating profit of NZ$20–24m in FY26, with increased operating leverage in the medium term. We update our valuation for AFT to NZ$691.4m or NZ$6.59/share, from NZ$697.4m or NZ$6.65/share previously.

Year end	Revenue (NZDm)	PBT (NZDm)	EPS (NZc)	DPS (NZc)	P/E (x)	Yield (%)
3/24	195.4	23.0	15.85	1.60	18.0	0.6
3/25	208.0	17.7	12.47	1.80	22.9	0.6
3/26e	242.2	21.1	14.99	2.02	19.0	0.7
3/27e	287.0	26.8	18.97	2.18	15.0	0.8

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

H2 rebound highlights underlying strength

Despite falling short of our estimates (NZ$219m), the FY25 results presented positive trends. The key takeaways were the sharp international recovery posted in H2 following the H1 disruptions and sustained double-digit returns from the domestic markets. Operating profit of NZ$17.6m was driven by a strong H2 performance (NZ $1.8m loss in H1) but fell short of the FY24 figure of NZ$24.2m. This was attributed to lower licensing income (NZ$0.7m vs NZ$8.5m in FY24), increased R&D spend (NZ$11m expensed in FY25 vs NZ$5m in FY24) and investments in marketing and new business hubs. As AFT continues to invest in long-term growth, we expect operating margins to remain under pressure in the medium term (reflected in management's FY26 guidance of NZ$20–24m, lower than our previous estimate of NZ$32.7m), before generating operating leverage from FY28 onwards.

Dividend announcement signals strong liquidity

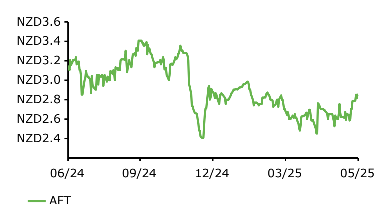
Despite the growing opex, AFT's balance sheet has continued to strengthen, with net debt dropping to NZ$14.5m in FY25 (below 1x EBITDA target). This allowed AFT to declare a dividend for the third successive year (1.8c/share, c 17% payout ratio), 12.5% growth over FY24. Management aims to continue its dividend policy, indicating confidence in delivering business growth.

Valuation: Adjusts to NZ$691.4m or NZ$6.59/share

We adjust our near-term sales and operating profit estimates to reflect the FY25 performance, the FY26 operating profit guidance and the latest net debt figure. Our valuation adjusts to NZ$691.4m or NZ$6.59/share, from NZ$697.4m or NZ$6.65/share previously.

Price	**NZD2.85**
Market cap	**NZD299m**
	NZ$0.6/US$
Net debt as at 31 March 2025 (excluding lease liabilities and related party loans)	NZD14.5m
Shares in issue	104.9m
Code	AFT
Primary exchange	NZSE
Secondary exchange	ASX

Share price performance



%	1m	3m	12m
Abs	10.5	5.6	(5.2)
52-week high/low		NZD3.4	NZD2.4

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 (OTC) drugs to treat a range of conditions.

Next events

H126 results	November 2025
Phase III trial initiation for injectable iron product	FY26

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Strong H2 the highlight of FY25 results

Coming off temporary sales disruptions in international markets in H125 (due to one-off factors such as inventory rationalisation by certain international customers and doctors' strikes in Korea), H225 (six months ending 31 March 2025) registered a strong rebound for AFT (NZ$121.3m, up 40% over H125), supporting top-line growth of 6.5% y-o-y to NZ$208m in FY25 (albeit slightly lower than our estimate of NZ$219m). Note that due to AFT's business model (a mix of own sales, in-licensing and out-licensing) its revenues are derived from a combination of product sales, royalty income and licensing payments (which tend to be lumpy in nature). Excluding licensing income (NZ$0.7m in FY25 vs NZ $8.5m in FY24), revenue growth was a more robust 14.8%, and we believe this to be a more accurate representation of the underlying performance. A key positive was the sustained momentum in the domestic markets of Australia and New Zealand (ANZ), which registered combined revenues of NZ$180.9m, up 15.3% y-o-y, and contributed 87% to total sales. In H225, ANZ delivered 13.8% y-o-y growth, accounting for 85.9% of the top line for the period. With sales disruptions subsiding, performance in Asia and international markets, in particular, showed a marked improvement in H225, with combined sales of NZ$17.1m, up 71.7% from NZ$10m in H125. Despite this, the H125 softness weighed on the full-year numbers, with revenue from these geographies registering a 30% y-o-y decline to NZ$27.1m.

Notwithstanding the revenue volatility, an improved sales mix meant that gross margins held largely steady, with a 1.2pp improvement in product sales and royalty-related margins (43.9% vs 42.7% in FY24) although at the overall level the gross margin dipped by 0.9pp to 44.1%. This was attributed to the lower licensing income in FY25. Despite the temporary sales disruptions, AFT has continued to invest in its R&D projects (a total of 13 by end-FY25) and product launch and marketing efforts. R&D expenses (both expensed and capitalised) rose to NZ$15m, from NZ$12.4m in FY24. Note that a larger proportion of R&D costs were expensed in FY25 in comparison to previous years (77% vs 65% in FY24), which management attributed to increased earlier-stage programmes in the R&D pipeline. Sales and marketing expenses increased by 12.9% y-o-y to NZ$51.1m, as the company continued to invest in new product launches and development of business hubs internationally. These reasons combined resulted in operating profit of NZ$17.6m (a margin of 8.5%) versus NZ$24.2m in FY24 (a margin of 12.4%). Note that this is in the mid-range of the guided NZ$15–20m. Excluding licensing income, operating profit improved by 7% to NZ$17m in FY25 (NZ$15.7m in FY24). EBITDA, a key financial metric used by the company, declined to NZ$20.9m in FY25 versus NZ$26.2m in FY24, while net profit reduced to NZ$12.0m from NZ$15.6m in FY24.

Operating cash flow during the period was NZ$13.2m, below the NZ$28.9m recorded in FY24, driven by lower profitability and increased working capital outflows (an increase in receivables and decrease in payables). Period-end net debt stood at NZ$14.5m, an improvement over the FY24 and H125 figures of NZ$16.2m and NZ$18.9m, respectively, indicating a strengthening balance sheet. This was reinforced by the company declaring a 1.8c per share dividend in May 2025, a third successive year of dividend payouts.

Domestic markets holding the fort...

Australia, the largest single market for AFT, was the clear outperformer in FY25, registering revenue growth of 17.5% y-o-y to NZ$127.1m (16.5% y-o-y growth in H225) and accounting for 61.6% of group revenues. Growth was driven by increased traction from existing products, particularly in the eye-care, pain relief and iron supplements categories within OTC, as well as hospital-focused injectables and prescription drugs. Note that AFT has invested heavily in new product launches (both in-house and in-licensed) over the past couple of years, and we believe this will help drive future growth as these products gain a market foothold. Operating profit for the region grew an impressive 64.2% y-o-y to NZ$25.5m (FY24: NZ$15.5m), with the margin improving by 5.7pp to 20%. This was driven by targeted investments in marketing and product promotion as well as in growing the sales force. Note that c 85% of the full-year operating profit was derived from H225 at an impressive margin of 28.2%. Management has indicated the need to materially increase the sales force in the field, which might put downward pressure on margins in the near term but should increase operating leverage in the medium term. AFT expects revenue growth to continue at a double-digit rate in domestic markets and has guided for a slight improvement in operating margins in FY26.

AFT's home market, New Zealand, also delivered double-digit revenue growth (+10.4% y-o-y to NZ$53.8m), based on the same drivers as Australia. In particular, eye-care, pain relief and dermatology were the outperformers within OTC, with further support from injectables and prescription drugs. In both markets, the sales channel is dominated by OTC, contributing over 50% to sales, to our knowledge. Operating profit, excluding group head office costs, increased by 20.4% to NZ$8.8m from NZ$7.3m in FY24 (the margin improved from 14.9% to 16.3%), primarily driven by revenue growth, although the margin improvement suggests certain savings on costs as well. Including head office-related

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expenses, the segment reported an operating loss of NZ$2.3m, similar to the FY24 figure.

… while international markets recover

H125 was a rare miss for AFT in its international growth efforts, with temporary sales disruptions across both the Asian and international segments. Encouragingly, the issues have since resolved, which is reflected in the strong recovery in H225. Revenue from Asia, after declining 18.1% y-o-y in H125, ended the year up 3.7% (NZ$11.1m), driven by a solid 26.1% y-o-y growth in the second half. This, we believe, was due to a combination of demand recovery from South Korea (a key market for Maxigesic IV) and growing traction from the cross-border e-commerce channel in China, especially for iron and vitamin supplements. Operating profit declined by 29% to NZ$1.8m (from NZ$2.5m in FY24; the margin dipped to 16.0% from 23.4% in FY24), weighed down by the H125 softness and increased spend on marketing and business development activities, in particular the setting up of business hubs in Singapore and Hong Kong.

The international segment (excluding Asia) was the worst hit by disruptions during the period, with a H125 revenue decline of 56.7% y-o-y due to inventory destocking by several international customers. The situation has since improved, with H225 revenues growing 89% over H125 to NZ$10.5m. However, the H125 softness weighed on the FY25 results (revenues of NZ$16.0m), with the international business being the only segment to register a year-on-year sales decline (down 42.3% overall and down 20.1% in product sales and royalties). The segment also registered an operating loss of NZ$7.3m, which we believe was due to a mix of lower sales throughput, limited licensing income in FY25 (NZ$0.7m vs NZ$8.5m, of which NZ$6m included the milestone payment from Hikma Pharmaceuticals for the launch of Maxigesic IV in the US) and substantial investment in developing business hubs in the UK, the US, Canada and South Africa. We understand that management invested over NZ$2.5m in establishing the international business hubs in FY25 and expects the UK to break even in FY26. Management has guided for an improvement in licensing income in FY26, supported by licensing discussions, although we expect margins to continue to be affected in the near term due to ongoing investments, before delivering results in the medium to long term.

Exhibit 1: FY25 results by region

NZ$000	Revenue			Operating profit		
	FY25	FY24	% change	FY25	FY24	% change
Australia	127,101	108,209	17.5%	25,475	15,510	64.2%
New Zealand*	53,789	48,719	10.4%	(2,284)	(2,334)	-2.1%
Asia	11,089	10,694	3.7%	1,779	2,504	-29.0%
International/RoW	16,042	27,789	-42.3%	(7,322)	8,555	-185.6%

Source: AFT Pharmaceuticals. Note: *Operating profit (loss) attributed to New Zealand includes head office costs

R&D portfolio a key priority for long-term growth

Maintaining a healthy R&D portfolio remains a strategic priority for AFT and in FY25 the company significantly expanded its R&D pipeline through targeted investments. As noted above, total R&D-related expenses (including capitalised expenses) during the period were NZ$15.0m, up 21.0% y-o-y from NZ$12.4m in FY24. AFT's pipeline currently includes 13 projects, with five are approaching commercialisation (including new dose formats for lead product Maxigesic, Capsaicin cream, Crystaderm, Kiwisoothe and Micolette) and another eight in various stages of R&D development. Management has communicated that it is in ongoing licensing discussions (around 20) for the commercial-stage products, which should drive the anticipated growth in licensing income in FY26. The development-stage portfolio spans a mix of target areas, such as dermatology, eye-care and pain relief, among others, and holds material commercial potential. In FY25, AFT added two new products to its R&D portfolio: a topical treatment for keloid and hypertrophic scars (being developed in partnership with Massey Ventures and the Gillies McIndoe Research Institute) and a new injectable iron deficiency treatment, in partnership with Hyloris Pharmaceuticals. We remind readers that AFT and Hyloris have collaborated on three other projects – Maxigesic IV (now available in 50 countries) and two topical R&D assets, targeting burning mouth syndrome and vulvar lichen sclerosis.

The latest iron deficiency treatment addition to the portfolio is particularly interesting, given that it is a late-stage (Phase III-ready) new chemical entity, targeting the commercially attractive iron deficiency anaemia therapy market. According to Precedence Research, the intravenous iron drugs market was worth US$3.53bn in 2024 and is projected to grow to US$8.19bn by 2034, a CAGR of 8.8%. Intravenous administration of iron supplements is often required in the treatment of iron deficiency anaemia when oral iron supplements are ineffective, not tolerated, or when rapid replenishment of iron stores is required. The drug (formulation as yet undisclosed) has successfully completed Phase IIb trials and AFT will be responsible for conducting the final Phase III confirmatory trial. The global trial will recruit around 1,000 participants

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across the US, Europe, India and China and the cost of the trial will be shared equally between AFT and Hyloris. Any proceeds from out-licensing will also be distributed equally, following a tiered profit payout to the original developers of the drug. While Hyloris will take charge of formulation, manufacturing and subsequent commercialisation in Europe, AFT will hold the rights to ex-Europe and ex-US markets, including Japan and China. The US rights will be held jointly.

Note that AFT already has a strong market position in ANZ with its oral iron supplements (including Ferro-Liquid, Ferro-Tab, Ferro-F-Tab, Ferro-Sachets, Ferro Lipo-Sachets and Ferro-Malt), and the addition of an injectable formulation would complement this portfolio. We understand that the plan is to commercialise the treatment within three years under an out-licensing agreement, although it is unclear if the Phase III clinical activity has yet commenced. Note that potential R&D costs related to this Phase III clinical development are currently not factored in our forecasts, and we will revisit our assumptions following further clarity from management. Exhibit 2 presents an overview of AFT's R&D pipeline.

Exhibit 2: AFT's R&D portfolio

PROJECT[1]	PATENT	PARTNERSHIP AND APPLICATION
Hospital injectables Targeted range of 24 injectables	N/A	Edge Pharmaceuticals. Injectables offer strong opportunities. (AFT affiliates alone – AU, NZ, SG, MY, HK, ZA, CA, UK- offer a target market of **US$450M**)
Antibiotic Eye Drop	2037 & 2044	For drug resistant infections: - Conjunctivitis, Keratitis, Post Kpro prophylaxis
Iron Infusion Injectable	2032 & TBC	Late-stage development with Hyloris Pharmaceuticals targeting a **US$7.4B**[2] global market
Pascomer	2040/2044	Port Wine Stains (AFT) & Facial Angiofibroma (Partner)
Strawberry Birthmarks	2041 & 2044	Gillies McIndoe & Massey Ventures
Burning Mouth Syndrome	TBC	Hyloris Pharmaceuticals
Vulvar Lichen Sclerosis	TBC	Hyloris Pharmaceuticals
Keloid Scars, topical scars	2041	Gillies McIndoe and Massey Ventures
NasoSURF for Conscious Sedation	2036	Multiple potential applications

[1] In order of maturity
[2] www.biospace.com/intravenous-iron-drugs-market-size-to-worth-around-us-7-41-billion-by-2033

Source: AFT Pharmaceuticals AR 2025

Short-term pain for long-term gain

While the targeted investments made by AFT in recent periods have affected profitability, we believe these will deliver results in the medium term in the form of increased top-line traction and improved operating leverage. Despite the FY25 volatility, management has continued with these investments and maintains its goal of achieving rolling annual revenue of NZ$300m by the end of FY27. This would require year-on-year growth of 18–20% by the company, an ambitious ask, although achievable in our opinion (20.2% and 24.8% y-o-y growth reported in FY23 and FY24, respectively) if domestic growth is maintained and international sales reflect the planned traction from ongoing investments.

We believe that with the new and planned product launches in domestic markets, AFT is well-placed to maintain double-digit sales growth in its core markets as the new products gain a market foothold and begin to make material contributions to sales. As noted previously, margin growth may be limited in the near term (due to planned investment in growing the sales force) but should accelerate as these investments begin to deliver results in the medium term.

Alongside domestic market growth, we expect the execution of future growth plans to be underpinned by the company's international efforts. While Maxigesic (across various dose formats) is likely to remain a key contributor (currently available in 80 countries, up from 77 at end-H125), we note the concerted efforts made by AFT to develop and market a broader portfolio of products in international markets. We expect an additional sales push for the latest products from the R&D portfolio (including Crystaderm, Kiwisoothe and Micolette) as well as the 24 hospital injectables being developed in partnership with UK partner Edge Pharmaceuticals (70:30 holding in AFT Pharma UK). Management expects its UK

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operations to break even in FY26, driven by the launch of Maxigesic/Combogesic tablets and IV in FY25 and other planned launches through FY26. New product introductions are also underway at AFT's European subsidiary (AFT Pharm Europe), with upcoming planned launches in Canada (Combogesic IV alongside selected OTC offerings) and South Africa.

In addition to self-commercialisation, we see international growth to continue to be supported by out-licensing efforts and believe that the US remains a key market despite the recent uncertainty around tariffs. We note that in Hikma, AFT has a solid partner in the US for the Combogesic range of products. In May 2025, AFT announced that Hikma had expanded its collaboration with AFT to include the distribution of Combogesic Rapid tablets across all distribution channels (except for markets targeted by Alexso under the June 2024 licensing agreement). In August 2024 the partners expanded their collaboration to include the distribution of the rapid release tablets in the hospital and ambulatory setting, which now extends to other distribution channels as well. We remind readers that Hikma already holds the exclusive distribution rights to Combogesic IV in the US, which was launched in February 2024 and received a reimbursement code (J-code) from the Centers for Medicare and Medicaid Services, effective from October 2024. The expanded agreement includes an amendment to the profit-sharing clause, from a fixed specified profit amount to be paid before sharing commenced to a regular quarterly profit share payment. This would also entail greater involvement from AFT in sales and marketing efforts for the products. We expect the latest collaboration to help streamline the sales efforts in the field, which should result in improved sales traction from FY26.

China is another major market where AFT has seen growing business traction. With the approval of its Crystaderm antiseptic cream in November 2023 by the National Medical Products Administration and the subsequent distribution agreement with Hainan Haiyao Co in July 2024, we expect increasing sales from the prescription and hospital segments in FY26. Note that Crystaderm was launched in China in March 2025, and we therefore do not expect a material contribution from it to FY25 sales. AFT has also subsequently signed another four distribution agreements with Hainan Haiyao for OTC products vitamin C Lipo-Sachets, vitamin D Lipo-Sachets, Ferro Lipo-Sachets and Kiwisoothe tablets, which should support further traction. These products will be initially sold in the Lecheng Free Trade Zone but will be launched in Mainland China over the next 12 months. In September 2024, AFT signed an exclusive licence agreement for Maxigesic IV in China with Xizang Weixinkang Pharmaceutical, a listed hospital injectables-focused company. The deal terms include an upfront payment of US$300k along with development- and sales-related milestones and royalty payments, to be split 65:35 between AFT and partner Hyloris. The companies are currently pursuing regulatory approval for Maxigesic IV in China.

Maxigesic IV is now sold in 50 countries, including nine of the top 10 pharma markets globally (the US, China, Germany, France, Italy, the UK, Canada, Spain and Brazil). We note that Japan (the third-largest pharma market globally and the only key market not currently tapped) remains a near-term strategic priority for the company and management has communicated that it is involved in several ongoing discussions in Japan. An update is expected in the next six months.

Estimates revision

We adjust our FY26 estimates (both revenue and expenses) based on AFT's FY25 performance, operating profit guidance for FY26 and visibility on near-term plans. We also introduce FY27 estimates with the model roll-forward. For FY26, we trim our revenue estimate to NZ$242.2m, from NZ$261.2m previously, modestly lowering our growth expectations across all geographies. We now project average year-on-year revenue growth of 13.5% from the domestic ANZ market (15.6% previously) and 35.9% for Asian and international markets (40% previously). For FY27 we estimate revenue of NZ$287.0m, slightly lower than the rolling target of NZ$300m.

We also adjust our operating profit estimate for FY26 to NZ$21.9m (from NZ$32.7m previously) based on company guidance of NZ$20–24m. Management expects the operating margins in the domestic markets to remain broadly stable (Australia 20% and New Zealand 16.3% in FY25). Note that this would entail margin contraction in Asian markets and operating loss in international markets to meet the group level guidance. We expect this to be a product of continued investments planned by AFT in these geographies and therefore estimate steady recovery in subsequent years. For FY27, we project an operating profit of NZ$27.5m, corresponding to a margin of 9.6%.

Balance sheet position

AFT closed FY25 with a net debt position of NZ$14.5m (NZ$18.9m at end-H125 and NZ$16.2m at end-FY24). This included gross cash of NZ$11.1m and NZ$26.7m in debt (excluding lease liabilities). This debt comprised NZ$25.6m outstanding from the original NZ$36.2m Bank of New Zealand (BNZ) facility, which was renewed in September 2022,

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as well as NZ$1.1m in related party financing by Edge Pharmaceuticals, the minority shareholder in AFT Pharma UK Limited (in which AFT owns a 70% stake). Note that the BNZ loan matures in April 2026 and while we calculate that AFT has sufficient capital for debt servicing, we see the possibility of the company renegotiating the deal terms and maturity to help maintain liquidity. At 0.7x net debt/EBITDA (vs AFT's gearing target of 1x EBITDA), we continue to see the current indebtedness as manageable.

The lower net debt and stronger balance sheet supports the announcement of a third consecutive dividend payout by the company of 1.8c per share or c NZ$1.9m. This is a 12.5% rise over the FY24 DPS payout of 1.6c and translates to a payout ratio of c 17%. In addition to the dividend announcement, the company was able to further reduce indebtedness, with a repayment of another NZ$2.6m of the BNZ loan during the year. Management has indicated its intention to continue the dividend programme, with a year-on-year increase in payout, a positive signal for investors in the company's confidence in future growth delivery.

Valuation

We value AFT using a discounted cash flow (DCF) valuation methodology, projecting free cash flows over a 10-year explicit forecast period (FY26 to FY35e) and thereafter ascribe a terminal growth value (2% ongoing top-line growth). We assume a terminal operating profit margin of 34% and use the Edison standard 10% discount rate for commercial-stage healthcare companies.

We have incorporated the recent FY25 performance into our model and have made the above-mentioned revisions to our forecasts based on current performance, management guidance and the near-term outlook. We keep our long-term underlying growth assumptions unchanged.

After incorporating these changes, rolling forward our model and adjusting for the latest net debt position, our valuation for AFT shifts to NZ$691.4m or NZ$6.59/share, from NZ$697.4m or NZ$6.65/share previously.

Exhibit 3: AFT DCF valuation

NZ$'000s	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e
Revenue	242,209	287,046	315,751	339,432	356,403	374,224	392,935	412,582	433,211	454,871
Growth (%)		*18.51%*	*10.00%*	*7.50%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*	*5.00%*
EBIT	21,933	27,458	38,792	51,871	62,716	78,628	92,413	111,866	129,044	138,884
Margin (%)	*9.06%*	*9.57%*	*12.29%*	*15.28%*	*17.60%*	*21.01%*	*23.52%*	*27.11%*	*29.79%*	*30.53%*
Tax	(5,394)	(6,941)	(10,114)	(13,776)	(16,813)	(21,268)	(25,128)	(30,575)	(35,385)	(38,140)
Rate (%)	*28.00%*	*28.00%*	*28.00%*	*28.00%*	*28.00%*	*28.00%*	*28.00%*	*28.00%*	*28.00%*	*28.00%*
D&A	2,658	2,705	2,732	2,759	2,787	2,815	2,843	2,872	2,900	2,929
Working capital	4,339	(4,814)	(5,224)	(5,355)	(5,489)	(5,489)	(5,489)	(5,489)	(5,489)	(5,489)
Capex	(7,085)	(7,858)	(7,780)	(7,527)	(7,113)	(6,722)	(6,352)	(6,003)	(5,672)	(5,360)
Free cash flow	**16,452**	**10,550**	**18,406**	**27,972**	**36,088**	**47,964**	**58,287**	**72,671**	**85,398**	**92,824**

	Value (NZ$m)	Value/share (NZ$)
DCF for forecast period (2026 to 2035)	241.5	2.30
Terminal value	465.5	4.44
Enterprise value	707.0	**6.74**
Net cash (debt) at end March 2025	(14.5) -	0.14
Equity value	**692.5**	**6.60**

Source: Edison Investment Research

Exhibit 4 captures the sensitivity of our valuation to terminal EBIT margin and revenue growth assumptions.

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Exhibit 4: DCF sensitivity (NZ$/share)

	Terminal EBIT margin				
Terminal revenue growth	**30.0%**	**32.0%**	**34.0%**	**36.0%**	**38.0%**
-2.00%	4.64	4.82	5.01	5.20	5.38
-1.00%	4.89	5.10	5.30	5.51	5.71
0.00%	5.19	5.42	5.65	5.88	6.10
1.00%	5.56	5.82	6.07	6.33	6.59
2.00%	6.02	6.31	**6.60**	6.89	7.19
3.00%	6.61	6.95	7.29	7.62	7.96
4.00%	7.40	7.80	8.19	8.59	8.98
5.00%	8.51	8.98	9.46	9.94	10.42

Source: Edison Investment Research

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Exhibit 5: Financial summary

NZ$000	2024	2025	2026e	2027e
Year end 31 March	NZGAAP	NZGAAP	NZGAAP	NZGAAP
PROFIT & LOSS				
Revenue	**195,411**	**208,021**	**242,209**	**287,046**
Cost of Sales	(107,139)	(116,308)	(132,837)	(157,875)
Gross Profit	**88,272**	**91,713**	**109,371**	**129,171**
Operating Expenses	(62,552)	(72,149)	(84,780)	(99,007)
Other Operating Income	528	753	0	0
EBITDA	**26,248**	**20,317**	**24,592**	**30,163**
Depreciation	(1,003)	(994)	(809)	(658)
Operating profit (before amort. and excepts.)	**25,245**	**19,323**	**23,782**	**29,506**
Intangible Amortisation	(1,010)	(1,675)	(1,849)	(2,048)
Operating Profit	**24,235**	**17,648**	**21,933**	**27,458**
Net Interest	(2,216)	(1,614)	(2,669)	(2,669)
Profit Before Tax (norm)	**23,029**	**17,709**	**21,113**	**26,837**
Profit Before Tax (reported)	**22,019**	**16,034**	**19,264**	**24,789**
Tax	(6,410)	(4,634)	(5,394)	(6,941)
Profit After Tax (norm)	**16,619**	**13,075**	**15,719**	**19,896**
Profit After Tax (reported)	**15,609**	**11,400**	**13,870**	**17,848**
Average Number of Shares Outstanding (m)	104.9	104.9	104.9	104.9
EPS - normalised (NZc)	11.0	15.8	12.5	15.0
EPS - (reported) (NZc)	10.2	14.9	10.9	13.2
Dividend per share (c)	1.6	1.8	2.0	2.2
BALANCE SHEET				
Fixed Assets	**59,530**	**61,473**	**65,899**	**71,053**
Intangible Assets	53,459	58,223	63,321	69,002
Tangible Assets	3,821	3,250	2,579	2,051
Investments	2,250	0	0	0
Current Assets	**105,727**	**108,342**	**122,142**	**117,467**
Stocks	49,057	48,476	46,052	48,355
Debtors	44,222	48,564	56,242	66,672
Cash	12,040	11,110	19,656	2,248
Other	408	192	192	192
Current Liabilities	**(46,068)**	**(43,256)**	**(52,849)**	**(60,767)**
Creditors	(42,267)	(39,498)	(49,091)	(57,009)
Short term borrowings	0	(1,083)	(1,083)	(1,083)
Other	(3,801)	(2,675)	(2,675)	(2,675)
Long Term Liabilities	**(31,394)**	**(29,482)**	**(26,982)**	**(3,882)**
Long term borrowings	(28,200)	(25,600)	(23,100)	0
Other long term liabilities	(3,194)	(3,882)	(3,882)	(3,882)
Net Assets	**87,795**	**97,077**	**108,211**	**123,870**
CASH FLOW				
Operating Cash Flow	**15,609**	**11,400**	**13,870**	**17,848**
Movements in working capital	1,502	(6,462)	4,339	(4,814)
Depreciation and amortisation	2,013	2,669	2,658	2,705
Net Interest	3,314	2,517	2,669	2,669
Taxes	5,188	2,420	0	0
Other adjustments	1,235	632	0	0
Cash flow from operating activities	**28,861**	**13,176**	**23,536**	**18,408**
Capex	(116)	(281)	(138)	(129)
Acquisitions/disposals	(9,411)	(6,670)	(6,947)	(7,729)
Cash flow from investing activities	**(9,527)**	**(6,951)**	**(7,085)**	**(7,858)**
Financing	0	0	0	0
Dividends	(1,154)	(1,678)	(2,736)	(2,188)
Net Borrowings	(5,859)	(2,337)	(2,500)	(23,100)
Other adjustments	(3,620)	(2,796)	(2,669)	(2,669)
Cash flow from financing activities	**(10,633)**	**(6,811)**	**(7,906)**	**(27,958)**
Cash and cash equivalents at the beginning of the period	3,291	12,040	11,110	19,656
Increase/(decrease) in cash and equivalents	8,701	(586)	8,546	(17,408)
Effect of FX on cash and equivalents	48	(344)	0	0
Cash and equivalents at end of period	12,040	11,110	19,656	2,248
Closing net debt/(cash)	**16,160**	**14,490**	**3,444**	**(2,248)**

Source: Edison Investment Research

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