

# BLIS Technologies

## A Bacterial Growth Story

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BLIS Technologies (BLT) has spent more than 25 years developing the science, intellectual property (IP), and regulatory access behind two oral probiotic strains, BLIS K12® and BLIS M18®. We believe the commercial model is now better positioned to scale. BLT increasingly earns revenue by supplying ingredients or licensing its strains to established partners, leaving much of the downstream manufacturing, marketing, and distribution investment to others. Our addressable-market analysis suggests considerable runway from existing markets. We forecast revenue to reach NZ\$21.6m by FY29, with improving mix lifting EBITDA to NZ\$4.2m. Our blended spot valuation is NZ\$0.029 per share.

| NZX code           | BLT             | Financials: Mar/             | 26A  | 27E  | 28E  | 29E  | Valuation (x)     | 26A  | 27E  | 28E  | 29E |
|--------------------|-----------------|------------------------------|------|------|------|------|-------------------|------|------|------|-----|
| Share price        | NZ\$0.023       | Rev (NZ\$m)                  | 14.7 | 16.5 | 18.8 | 21.6 | PE                | 18.5 | 16.5 | 12.3 | 8.9 |
| Spot Valuation     | NZ\$0.029       | NPAT* (NZ\$m)                | 1.6  | 1.8  | 2.4  | 3.3  | EV/EBIT           | 14.5 | 12.3 | 9.2  | 6.3 |
| Risk rating        | Medium          | EPS* (NZc)                   | 0.1  | 0.1  | 0.2  | 0.3  | EV/EBITDA         | 10.9 | 9.5  | 7.3  | 5.0 |
| Issued shares      | 1279.3m         | DPS (NZc)                    | 0.0  | 0.0  | 0.0  | 0.0  | Price / NTA       | 2.5  | 2.3  | 2.0  | 1.7 |
| Market cap         | NZ\$29.4m       | Imputation (%)               | 0    | 0    | 0    | 0    | Cash div yld (%)  | 0.0  | 0.0  | 0.0  | 0.0 |
| Avg daily turnover | 365.6k (NZ\$6k) | *Based on normalised profits |      |      |      |      | Gross div yld (%) | 0.0  | 0.0  | 0.0  | 0.0 |

### Capital-light growth options

BLT does not need to build a global consumer brand to materially grow. Ingredient supply and royalties allow partners to fund much of the finished-product manufacturing, marketing, and distribution required to reach consumers. Licensed manufacturing also gives BLT access to additional production capacity without significant capital investment. We expect ingredients and royalties to increase from ~58% of FY26 revenue to ~64% by FY29, supporting improving operating leverage. BLT retains its own finished-goods capability, but we expect international growth to be increasingly partner-led, allowing investment to remain focused on science, IP, regulatory approvals, and product development. 1Q27 revenue of NZ\$5.1m, +42% year-on-year (trading update 20 August 2026), supports our assumption of a +14% three-year compound annual growth rate (CAGR) in revenue.

### Improving diversity of customer base

Revenue remains concentrated, but BLT's customer and geographic base is broadening. Recent progress in South Korea adds to established positions in Europe, North America, Japan, and NZ, while further opportunities remain at different stages of development across Asia Pacific. New customers can be meaningful relative to BLT's current revenue base, although order timing can create volatility between periods. Our analysis suggests current ingredient and royalty opportunities materially exceed BLT's existing revenue. We expect continued customer additions and growth from existing accounts to gradually reduce reliance on its largest customers.

### Established business partners

BLT has relationships with established international operators including shareholder Probi AB and Bluestone Pharma (BSP). These partners provide manufacturing capability, customer relationships, and market reach that BLT could not economically replicate itself. Probi, in particular, provides a scalable route into North America and selected Europe, the Middle East, and Africa (EMEA) markets. Across Asia Pacific, country-specific partners operate through different channels according to local market structure, regulation, and route to market. This partner network allows BLT to combine its science and proprietary strains with established local commercial capability rather than building this infrastructure itself.

## BLIS Technologies (BLT)

### Market Data (NZ\$)

|                               |               |
|-------------------------------|---------------|
| Priced as at 31 Aug 2026      | 0.023         |
| 52-week high / low            | 0.023 / 0.014 |
| Market capitalisation (NZ\$m) | 29.4          |

### Key WACC Assumptions

|                 |       |
|-----------------|-------|
| Risk-free rate  | 5.00% |
| Equity beta     | 1.00  |
| WACC            | 11.9% |
| Terminal growth | 2.0%  |

| Profit and Loss Account (NZ\$m) | 2025A | 2026A | 2027E | 2028E | 2029E |
|---------------------------------|-------|-------|-------|-------|-------|
| Revenue                         | 12.7  | 14.7  | 16.5  | 18.8  | 21.6  |
| Normalised EBITDA               | 1.1   | 1.9   | 2.2   | 3.0   | 4.2   |
| Depreciation and amortisation   | 0.6   | 0.5   | 0.5   | 0.6   | 0.9   |
| Normalised EBIT                 | 0.5   | 1.4   | 1.7   | 2.4   | 3.4   |
| Net interest                    | 0.4   | 0.2   | 0.2   | 0.2   | 0.2   |
| Associate income                | -     | -     | -     | -     | -     |
| Tax                             | 0.1   | 0.1   | 0.1   | 0.2   | 0.2   |
| Minority interests              | -     | -     | -     | -     | -     |
| Normalised NPAT                 | 0.8   | 1.6   | 1.8   | 2.4   | 3.3   |
| Abnormals/other                 | -     | (0.9) | -     | -     | -     |
| Reported NPAT                   | 0.8   | 0.7   | 1.8   | 2.4   | 3.3   |
| Normalised EPS (cps)            | 0.07  | 0.12  | 0.14  | 0.19  | 0.26  |
| DPS (cps)                       | -     | -     | -     | -     | -     |

| Growth Rates        | 2025A | 2026A | 2027E | 2028E | 2029E |
|---------------------|-------|-------|-------|-------|-------|
| Revenue (%)         | 9.5   | 16.2  | 12.4  | 14.0  | 14.6  |
| EBITDA (%)          | 24.5  | 78.8  | 18.8  | 32.7  | 42.3  |
| EBIT (%)            | 51.9  | >100  | 21.0  | 37.8  | 40.9  |
| Normalised NPAT (%) | 29.7  | 90.0  | 12.3  | 34.0  | 38.2  |
| Normalised EPS (%)  | 29.2  | 90.0  | 12.3  | 34.0  | 38.2  |
| Ordinary DPS (%)    | n/a   | n/a   | n/a   | n/a   | n/a   |

| Cash Flow (NZ\$m)               | 2025A | 2026A | 2027E | 2028E | 2029E |
|---------------------------------|-------|-------|-------|-------|-------|
| EBITDA                          | 1.1   | 1.9   | 2.2   | 3.0   | 4.2   |
| Working capital change          | 0.4   | (1.8) | 0.2   | (0.3) | (0.4) |
| Net interest & tax              | 0.3   | 0.1   | 0.0   | (0.0) | (0.1) |
| Other                           | (0.0) | (0.9) | 0.0   | 0.0   | 0.0   |
| Operating cash flow             | 1.8   | (0.6) | 2.5   | 2.7   | 3.8   |
| Capital expenditure             | (0.5) | (0.5) | (2.8) | (3.3) | (1.1) |
| (Acquisitions)/divestments      | -     | -     | -     | -     | -     |
| Other                           | (1.4) | 0.8   | (0.2) | (0.1) | (0.2) |
| Funding available/(required)    | (0.1) | (0.3) | (0.4) | (0.7) | 2.5   |
| Dividends paid                  | -     | -     | -     | -     | -     |
| Equity raised/(returned)        | -     | -     | -     | -     | -     |
| (Increase)/decrease in net debt | (0.1) | (0.3) | (0.4) | (0.7) | 2.5   |

| Balance Sheet (NZ\$m) | 2025A | 2026A | 2027E | 2028E | 2029E |
|-----------------------|-------|-------|-------|-------|-------|
| Working capital       | 0.4   | 2.2   | 2.0   | 2.3   | 2.6   |
| Fixed assets          | 0.5   | 0.5   | 2.1   | 4.2   | 4.2   |
| Intangibles           | 1.3   | 1.4   | 2.1   | 2.8   | 3.3   |
| Right-of-use asset    | 0.5   | 0.4   | 0.3   | 0.6   | 0.4   |
| Other assets          | 6.0   | 5.1   | 5.0   | 5.0   | 5.1   |
| Total funds employed  | 8.7   | 9.5   | 11.5  | 15.0  | 15.5  |
| Net debt/(cash)       | (4.2) | (4.0) | (3.6) | (2.9) | (5.4) |
| Lease liability       | 0.4   | 0.3   | 0.2   | 0.4   | 0.2   |
| Other liabilities     | 0.2   | 0.2   | 0.1   | 0.3   | 0.2   |
| Shareholders' funds   | 12.3  | 13.0  | 14.8  | 17.2  | 20.5  |
| Minority interests    | -     | -     | -     | -     | -     |
| Total funding sources | 8.7   | 9.5   | 11.5  | 15.0  | 15.5  |

\* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend\*\* Information on Forsyth Barr's Carbon and ESG (C&ESG) ratings can be found at [www.forsythbarr.co.nz/corporate-news-events/cesg-report](http://www.forsythbarr.co.nz/corporate-news-events/cesg-report)

### Spot Valuation (NZ\$)

|                                       |       |
|---------------------------------------|-------|
| Spot DCF (60% weight)                 | 0.028 |
| Probiotic peer multiples (40% weight) | 0.029 |

### DCF Valuation Summary

|                                    |       |
|------------------------------------|-------|
| Total firm value                   | 29.8  |
| (Net debt)/cash                    | 8.5   |
| Less: Capitalised operating leases | (2.3) |
| Value of equity                    | 36.0  |

| Valuation Ratios              | 2025A | 2026A | 2027E | 2028E | 2029E |
|-------------------------------|-------|-------|-------|-------|-------|
| EV/Sales (x)                  | 1.6   | 1.4   | 1.3   | 1.2   | 1.0   |
| EV/EBITDA (x)                 | 19.5  | 10.9  | 9.5   | 7.4   | 5.0   |
| EV/EBIT (x)                   | 42.2  | 14.5  | 12.3  | 9.2   | 6.3   |
| PE (x)                        | 35.1  | 18.5  | 16.5  | 12.3  | 8.9   |
| Price/NTA (x)                 | 2.7   | 2.5   | 2.3   | 2.0   | 1.7   |
| Free cash flow yield (%)      | 3.7   | -4.3  | -1.3  | -2.5  | 8.6   |
| Adj. free cash flow yield (%) | 5.8   | -2.2  | 8.5   | 9.4   | 13.4  |
| Net dividend yield (%)        | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| Gross dividend yield (%)      | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |

| Capital Structure         | 2025A | 2026A | 2027E | 2028E | 2029E |
|---------------------------|-------|-------|-------|-------|-------|
| Interest cover EBIT (x)   | n/a   | n/a   | n/a   | n/a   | n/a   |
| Interest cover EBITDA (x) | n/a   | n/a   | n/a   | n/a   | n/a   |
| Net debt/ND+E (%)         | -51.8 | -44.3 | -32.3 | -20.2 | -35.8 |
| Net debt/EBITDA (x)       | n/a   | n/a   | n/a   | n/a   | n/a   |

| Key Ratios                   | 2025A | 2026A | 2027E  | 2028E  | 2029E |
|------------------------------|-------|-------|--------|--------|-------|
| Return on assets (%)         | 3.4   | 9.5   | 10.4   | 12.2   | 14.7  |
| Return on equity (%)         | 6.8   | 12.2  | 12.1   | 13.9   | 16.1  |
| Return on funds employed (%) | 19.7  | 29.8  | 25.4   | 24.7   | 28.1  |
| EBITDA margin (%)            | 8.4   | 12.9  | 13.6   | 15.8   | 19.7  |
| EBIT margin (%)              | 3.9   | 9.7   | 10.5   | 12.6   | 15.5  |
| Capex to sales (%)           | 3.8   | 3.4   | 16.7   | 17.4   | 4.9   |
| Capex to depreciation (%)    | -124  | -188  | -1,003 | -1,022 | -185  |
| Imputation (%)               | 0     | 0     | 0      | 0      | 0     |
| Pay-out ratio (%)            | 0     | 0     | 0      | 0      | 0     |

### Operating Performance

|                                     | 2025A | 2026A | 2027E | 2028E | 2029E |
|-------------------------------------|-------|-------|-------|-------|-------|
| <b>Revenues by product</b>          |       |       |       |       |       |
| Domestic finished goods             | 2.2   | 2.2   | 2.4   | 2.6   | 2.7   |
| Domestic licence fees and royalties | 0.1   | 0.0   | 0.0   | 0.0   | 0.0   |
| Export finished goods               | 3.2   | 3.9   | 4.3   | 4.7   | 5.0   |
| Export ingredients                  | 6.1   | 7.3   | 7.4   | 8.3   | 9.4   |
| Export licence fees and royalties   | 1.1   | 1.2   | 2.4   | 3.2   | 4.4   |

|              |             |             |             |             |             |
|--------------|-------------|-------------|-------------|-------------|-------------|
| Other income | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Total</b> | <b>12.7</b> | <b>14.7</b> | <b>16.5</b> | <b>18.8</b> | <b>21.6</b> |

### Revenues by geography

|                        |             |             |             |             |             |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| New Zealand            | 2.3         | 2.2         | 2.4         | 2.6         | 2.7         |
| Asia Pacific (Excl NZ) | 2.1         | 3.6         | 5.2         | 6.4         | 7.7         |
| EMEA                   | 3.7         | 4.4         | 4.3         | 4.3         | 4.4         |
| North America          | 4.6         | 4.5         | 4.6         | 5.5         | 6.8         |
| Other income           | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Total</b>           | <b>12.7</b> | <b>14.7</b> | <b>16.5</b> | <b>18.8</b> | <b>21.6</b> |

## Executive summary

BLIS Technologies (BLT) develops and commercialises strain-specific probiotics, principally BLIS K12® and BLIS M18®. Unlike most probiotics, which target the gut, BLT's strains are intended principally for the mouth and throat. K12 is positioned primarily around mouth, throat, and upper-respiratory health, while M18 is focused on dental health. More than two decades of research, regulatory work, and commercial use underpin the strains. BLT monetises this platform through ingredient sales, royalties on partner-manufactured ingredients, and a smaller finished-goods business.

After a long and sometimes uneven commercial history, we believe the business model is now considerably better positioned. BLT's earlier strategy included significant investment in building consumer brands and opening new direct-to-consumer markets. The current model is more focused. International growth is principally targeted through ingredient customers and licensing partners that already have brands, manufacturing capability, and distribution. This reduces the capital and operating expenditure required for BLT to access much larger end markets.

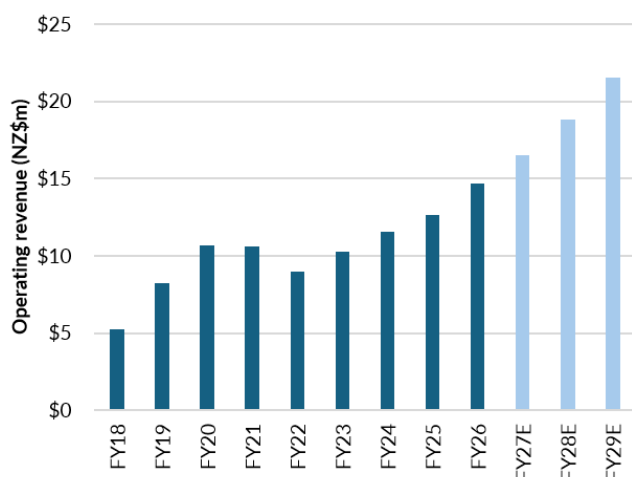
We structure this report into five sections:

### Section 1: Valuation—earnings growth needs to be delivered

Our blended spot valuation is NZ\$0.029 per share, approximately +26% above the NZ\$0.023 current share price. The valuation combines discounted cash flow and peer-multiple approaches. Our forecasts require BLT to convert its developing Asia Pacific and North American opportunities; continue growing royalty revenue; and demonstrate operating leverage as the business scales.

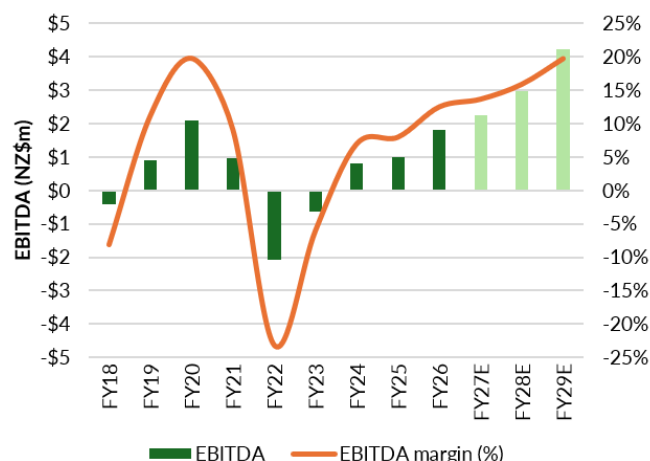
The principal risks are customer and partner concentration; slower-than-expected product adoption; regulatory delays; competitive oral-probiotic products; protection of IP and manufacturing know-how; and the investment required to support growth. BLT is also a small and relatively illiquid listed company. These factors warrant caution around the pace at which the addressable opportunity converts into earnings.

Figure 1. Sustained revenue growth leads to ...



Source: Company reports, Forsyth Barr analysis

Figure 2. ... improving EBITDA margins



Source: Company reports, Forsyth Barr analysis

### Section 2: About BLIS—capital-light business model provides a pathway to scale

Ingredients and royalties are the key components of our investment thesis. BLT can participate in the economics of a finished consumer product without funding the majority of consumer acquisition, distribution, or downstream infrastructure. Licensed manufacturing through Probi extends this model further; BLT receives royalties when Probi manufactures and sells licensed K12 and M18 ingredients in specified territories.

We forecast revenue to increase from NZ\$14.7m in FY26 to NZ\$21.6m in FY29, a +14% compound annual growth rate (CAGR). We expect most incremental revenue to come from ingredients and royalties, which rise from ~58% of FY26 revenue to ~64% by FY29. This mix shift, when combined with slower operating cost growth, should generate meaningful operating leverage. We forecast normalised EBITDA to increase from NZ\$1.9m in FY26 to NZ\$4.2m in FY29, lifting the EBITDA margin from 12.9% to 19.7%.

### Section 3: The supplements and probiotics market—differentiated science supports BLT’s position

Probiotics are a specialist segment of the broader dietary-supplement market, with oral probiotics smaller again. Consumer adoption is increasing from a relatively low base, but the market is competitive and regulatory requirements vary considerably by jurisdiction.

K12 and M18 are identified strains supported by a sizeable body of published research, regulatory approvals, and long commercial histories. BLT supplements older strain protection with composition, application, and formulation patents; trademarks; and trade secrets. This combination is difficult for a new entrant to reproduce quickly.

BLT does not have exclusive ownership of the wider *Streptococcus salivarius* species or the oral-probiotic category. Competing strains and products already exist, and brand recognition for BLIS varies considerably by market. We see the evidence base, regulatory position, manufacturing know-how, and established partner network as more important than any single patent in sustaining BLT’s competitive position.

### Section 4: Addressable market—BLT remains small relative to the opportunity

Oral probiotics remain a specialist part of the broader probiotic supplement category, and available market data are imperfect. We prefer to frame the opportunity using an illustrative bottom-up scenario rather than third-party headline market forecasts. In Section 4, our analysis estimates a current BLT serviceable obtainable market (SOM) of approximately NZ\$30m for BLT ingredient and royalty revenue. This compares with approximately NZ\$8.6m of ingredient and royalty revenue generated by BLT in FY26.

BLT does not need global category leadership to generate growth from its current base. Its existing success in NZ and Italy demonstrates that BLT-containing products can achieve meaningful penetration, while recent customer activity in South Korea provides an early example of the opportunity to establish additional markets. Conversion will remain dependent on customer launches, partner execution, regulatory access, and consumer adoption.

### Section 5: Regional analysis—established markets supplemented by newer growth opportunities

BLT’s route to market differs across the regions it operates in:

- NZ—an established consumer market
- EMEA—a sizeable but concentrated ingredient base
- North America—a more diversified ingredient business shifting to a royalty model
- Asia Pacific—newer growth opportunities following channel resets

BLT’s small scale is both a constraint and a reason for its partner-led strategy. Probi provides manufacturing and customer reach across large international probiotic markets, while BSP has established BLT’s strains with customers across Europe. Other ingredient and private-label relationships extend the business into Asia. These partnerships provide BLT with access to customer relationships and distribution infrastructure without requiring equivalent investment on its own balance sheet.

Reliance on a relatively small number of partners and customers creates concentration risk, and BLT has less control over downstream marketing than a vertically integrated consumer business. Customer inventory movements have also historically created volatility in reported revenue. We view the partner model as the most credible route to scale for a company of BLT’s size.

## Section 1: Valuation

Our spot valuation for BLT is NZ\$0.029, derived from a blended methodology: (1) a discounted cash flow (DCF) analysis (60%); and (2) peer multiples (40%). We identify a peer set that includes companies at an early stage, larger conglomerates, and a smaller number of companies that are relatively small listed global participants in the probiotics market. We use this latter group as valuation peers.

**Figure 3. Blended valuation approach**

| Method                        | Weight      | Spot value, NZ\$ per share |
|-------------------------------|-------------|----------------------------|
| DCF                           | 60%         | 0.028                      |
| Peer multiples                | 40%         | 0.029                      |
| <b>Blended spot valuation</b> | <b>100%</b> | <b>0.029</b>               |

Source: Forsyth Barr analysis

### 1.1 Discounted cash flow (NZ\$0.028 at 60% weight)

Our DCF valuation for BLT of NZ\$0.028 uses a weighted average cost of capital (WACC) of 11.9% and a terminal growth rate of 2%. Key WACC assumptions are presented in Figure 5. Our forecasts out to the FY37 terminal year include assumptions regarding business-to-business (B2B) revenue growth in the supply of ingredients, royalty revenue growth, and the reinvestment required in marketing and research and development (R&D) to support that growth. We also include some elevated capital expenditure in the near term. These assumptions are detailed below.

**Figure 4. DCF valuation summary (NZ\$m)**

|                                      |              |
|--------------------------------------|--------------|
| Present value of discrete cash flows | 14.93        |
| Present value of terminal cash flow  | 14.83        |
| <b>Enterprise value</b>              | <b>29.77</b> |
| Add cash and short-term investments  | 8.51         |
| Less capitalised leases              | (2.30)       |
| <b>Equity value</b>                  | <b>35.97</b> |
| Shares on issue (m)                  | 1,279.30     |
| <b>Equity value per share (NZ\$)</b> | <b>0.028</b> |

Source: Forsyth Barr analysis

**Figure 5. WACC inputs**

|                                         |               |
|-----------------------------------------|---------------|
| Risk-free rate (Rf)                     | 5.00%         |
| Equity beta                             | 1.00          |
| Raw cost of equity                      | 9.65%         |
| Carbon & ESG adjustment                 | +0.25%        |
| Illiquidity premium                     | +2.00%        |
| <b>Cost of equity (Ke)</b>              | <b>11.90%</b> |
| Debt premium                            | 2.00%         |
| Cost of debt (Kd)                       | 7.00%         |
| Debt / (debt + equity)                  | 0.00%         |
| <b>Weighted average cost of capital</b> | <b>11.90%</b> |
| <br>Terminal growth rate                | <br>2.00%     |

Source: Forsyth Barr analysis

#### Key assumption #1: Revenue growth

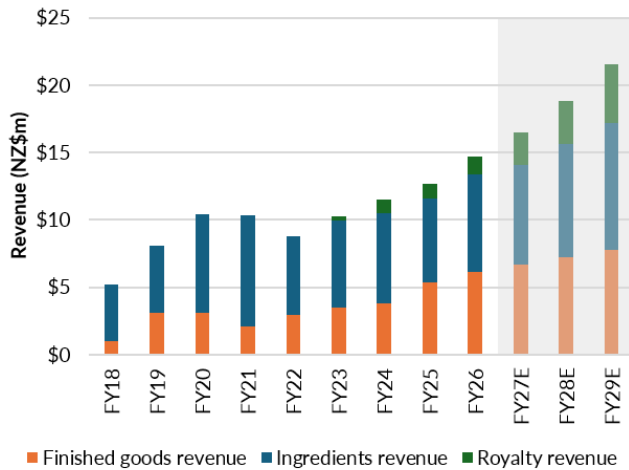
We expect the majority of revenue growth to come from the higher-margin ingredient and royalty lines. Our addressable market scenario highlighted several regions with significant opportunities for growth, sometimes off a small base. For example, in South Korea a relatively large proportion of the population is believed to use probiotics regularly, and the country has demonstrated a propensity to spend on nutritional supplements. This indicates a potential market of a similar size to Italy, which has to date been one of BLT's most significant successes. In 2H26, BLT added a new Korean customer, which in part contributed to the NZ\$1.5m increase in Asia Pacific revenue. Other opportunities in the Asia Pacific region include continued growth in Japan and, longer term, China, where BLT has achieved some traction. Asia Pacific revenue has grown from ~NZ\$1.2m in FY24 to ~NZ\$3.6m in FY26, a ~73% CAGR. We anticipate a CAGR of 30% over the next three years, to ~NZ\$8m in FY29.

We expect the EMEA region to demonstrate more muted growth in the medium term, as key partner Bluestone Pharma has been active in that region for some time. In North America, however, partner (and shareholder) Probi AB has a significant number of consumer brands using BLT ingredients. Some ingredients are still manufactured in NZ, but we expect the majority, and the growth, to come from ingredients fermented by Probi, with a royalty fee paid to BLT. North American revenue has been volatile over the last three years as the economics shift to royalty payments. We expect North American revenue to grow at a ~15% CAGR over the next three years. This will require new customer launches and royalty-volume growth to offset the lower recognised revenue per unit as existing customers transition from ingredient supply.

In FY26, 42% of BLT's revenue came from finished goods, mostly sales of BLIS®-branded products in New Zealand and via Amazon in the US, both of which we believe have relatively low margins. We expect these revenue lines to remain stable, with some growth (from a relatively small base) in private-label manufactured products. As discussed in Section 2.5, we believe finished goods require higher volumes to be able to earn a satisfactory margin. However, while there is currently capacity to grow finished-goods volumes, a step change will likely require further investment.

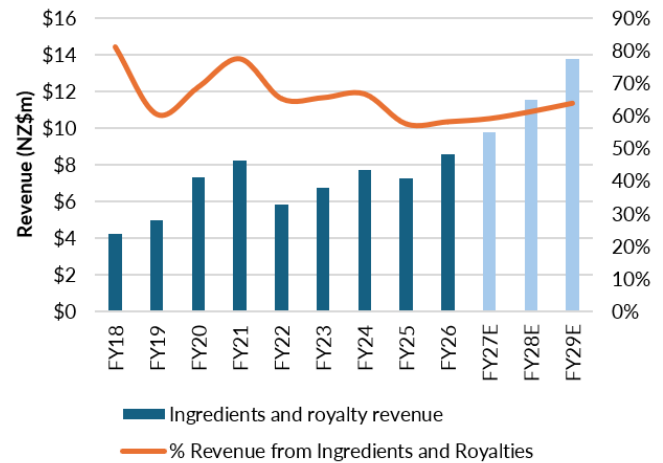
With these assumptions, we expect FY29 revenue of NZ\$21.6m (~14% CAGR), with 64% of this coming from ingredients and royalties. See Figures 6 and 7 for detail.

**Figure 6. Expected revenue growth**



Source: Company reports, Forsyth Barr analysis

**Figure 7. Ingredients and royalty revenue**

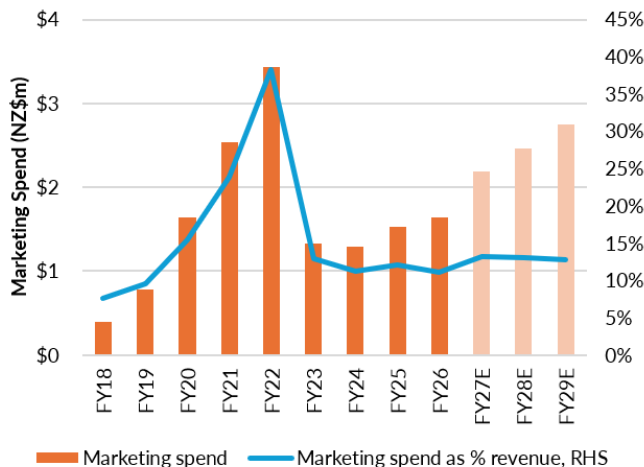


Source: Company reports, Forsyth Barr analysis

### Key assumption #2: Marketing investment

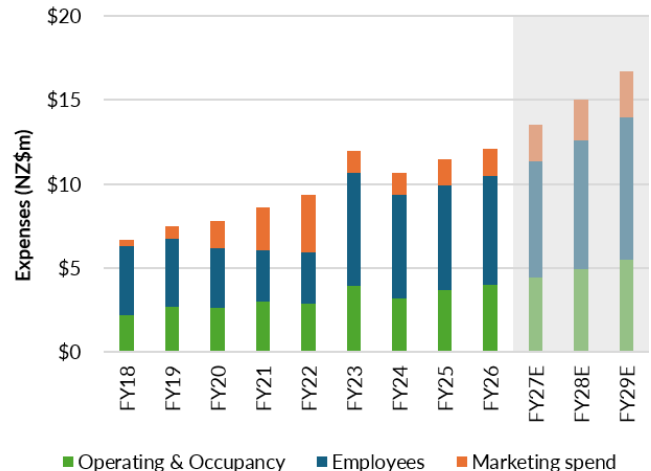
BLT's marketing spend has historically been constrained by available funding. After a period of profitability, we expect the company to invest judiciously, but more significantly, in marketing to drive the expected growth. Historically, some marketing spend was, with hindsight, misallocated (Figure 8, FY21 and FY22) when the company focused on finished goods and on attempts to build an international consumer brand. BLT now focuses on growing ingredient and royalty revenue. Going forward, we expect marketing spend to be focused on helping distribution partners demonstrate the business case for BLT ingredients. Our base case assumes cumulative incremental marketing expenditure of approximately NZ\$2.5m over three forecast years. BLT also capitalises some expenditure on intellectual property assets: see key assumption #3. Employee expenses also rise as higher volumes require more quality control and handling, and as R&D spending is expended.

**Figure 8. Forecast marketing investment to support growth**



Source: Company reports, Forsyth Barr analysis

**Figure 9. Expenses excluding raw materials and distribution**



Source: Company reports, Forsyth Barr analysis

### Key assumption #3: Capital expenditure

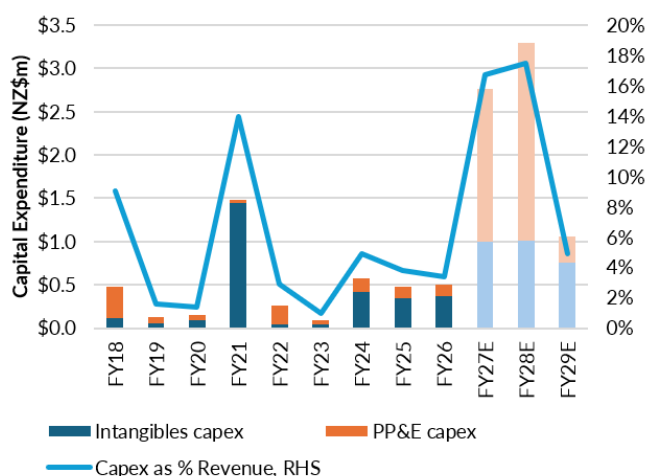
BLT's investment in intangibles is focused on building out the patent portfolio. The increased spend in FY24–FY26 was related to the patent lifecycle management strategy discussed in Section 3.6, while the FY21 spend was associated with the focus at that time on direct-to-consumer products, the associated website development, and Q24 product development.

BLT's main physical assets are its manufacturing facility and laboratory. The manufacturing facility is currently underutilised, with no material investment expected in the near term. The laboratory handles both new product development and quality control, including testing ingredient batches for viable bacteria and monitoring samples through shelf life. These functions share the same space despite requiring different equipment, creating operational inefficiencies. Existing equipment appears reasonably current, but for valuation purposes we assume BLT will relocate the laboratory to a larger, purpose-built facility with specialist clean-room fit-out. BLT has not yet committed to the project, but we allow for an additional NZ\$3.5m of capex over the next three years.

We also allow for an additional NZ\$2m of expenditure on capitalised intangibles over the next three years. We expect this to be concentrated on projects supporting regulatory progress in China. There may also be initial work in the adjacencies discussed in Section 2.7: pet food and postbiotics. We allow for some spend on these, but make no specific revenue assumptions.

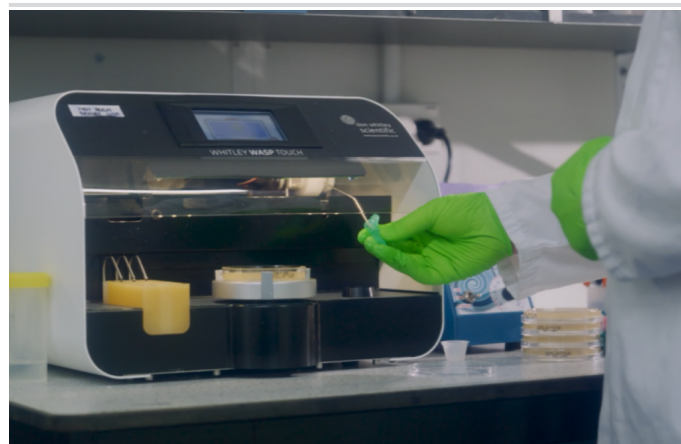
Both projects are in addition to routine maintenance capex, which we assume to be NZ\$1.6m over three years.

**Figure 10. Capital expenditure**



Source: Company, Forsyth Barr analysis

**Figure 11. BLT laboratory equipment**



Source: Company material

### The DCF value of NZ\$0.028 per share is sensitive to assumptions

We show the valuation sensitivity to our WACC assumptions in Figure 12.

In Figure 13 we demonstrate the sensitivity to the assumed capital expenditure and additional marketing spend incurred in forecast years one to three. The sensitivity does not allow for weaker growth caused by insufficient marketing investment or a delayed laboratory relocation.

**Figure 12. DCF valuation versus WACC assumptions**

| Implied valuation (NZ\$) |      | Weighted average cost of capital (WACC) |       |       |       |       |
|--------------------------|------|-----------------------------------------|-------|-------|-------|-------|
|                          |      | 8.0%                                    | 10.0% | 11.9% | 14.0% | 16.0% |
| Terminal growth rate     | 1.0% | 0.043                                   | 0.033 | 0.027 | 0.022 | 0.019 |
|                          | 1.5% | 0.045                                   | 0.034 | 0.027 | 0.023 | 0.020 |
|                          | 2.0% | 0.047                                   | 0.035 | 0.028 | 0.023 | 0.020 |
|                          | 2.5% | 0.050                                   | 0.036 | 0.029 | 0.023 | 0.020 |
|                          | 3.0% | 0.053                                   | 0.038 | 0.029 | 0.024 | 0.020 |

Source: Forsyth Barr analysis

**Figure 13. DCF valuation versus discretionary capex**

| Implied valuation (NZ\$)                      |     | Additional three-year discretionary capex, lab and intangibles (NZ\$m) |       |       |       |       |
|-----------------------------------------------|-----|------------------------------------------------------------------------|-------|-------|-------|-------|
|                                               |     | 3.5                                                                    | 4.5   | 5.5   | 6.5   | 7.5   |
| Additional three-year marketing spend (NZ\$m) | 0.5 | 0.034                                                                  | 0.033 | 0.033 | 0.033 | 0.032 |
|                                               | 1.5 | 0.031                                                                  | 0.031 | 0.031 | 0.030 | 0.030 |
|                                               | 2.5 | 0.028                                                                  | 0.028 | 0.028 | 0.028 | 0.027 |
|                                               | 3.5 | 0.026                                                                  | 0.026 | 0.026 | 0.025 | 0.025 |
|                                               | 4.5 | 0.024                                                                  | 0.023 | 0.023 | 0.023 | 0.022 |

Source: Forsyth Barr analysis

## 1.2 Peer multiples (NZ\$0.029 at 40% weight)

We identify a group of peers and discuss them in Appendix 5. Not all identified peers are listed; some are smaller divisions of larger listed conglomerates.

The peers are split into three groups: (1) consumer-facing brands; (2) early-stage strain developers; and (3) wholesale manufacturers of ingredients, with some companies having operations spanning more than one group. BLT has some exposure to all three of the identified groups:

1. BLT has a consumer-facing brand. While having more international exposure than some peers, BLT is not prioritising branded goods growth.
2. BLT has been developing the market for the BLIS K12® and BLIS M18® products for some time. However, on a global scale, BLT remains a small commercial participant with significant scope to broaden adoption of its established strains. We believe peer multiples in this group are dominated by company-specific development risks and are therefore poor comparators.
3. BLT's focus is the growth of its ingredients business, which has higher margins and is less capital intensive because manufacturing is outsourced. Identified pure-play ingredient-supply peers are divisions within much larger businesses.

Few of the identified peers have consensus forward earnings available; therefore, we focus on trailing multiples. We show BLT's EBITDA multiples on an adjusted basis, where we have accounted for the NZ\$0.9m extra expense incurred in FY26 due to one-off supply-chain costs that we do not expect to recur. These are detailed in Appendix 1. Revenue is volatile for some peers, so we focus on a three-year revenue CAGR as a measure of growth.

**Figure 14. Selected BLT peers**

| Company Name                                               | Ticker    | Balance Date | Domicile  | Market Cap (NZ\$m) | Revenue growth three-year CAGR | Trailing EV/Sales | Trailing EV/EBITDA | Trailing PE | One yr fwd EV/EBITDA |
|------------------------------------------------------------|-----------|--------------|-----------|--------------------|--------------------------------|-------------------|--------------------|-------------|----------------------|
| <b>Consumer brand only</b>                                 |           |              |           |                    |                                |                   |                    |             |                      |
| Biome Australia Ltd                                        | BIO.AX    | 30-Jun       | Australia | 94.4               | 66%                            | 3.5x              | 51.2x              | 81.0x       | 18.8x                |
| <b>International consumer brand and owner of strain IP</b> |           |              |           |                    |                                |                   |                    |             |                      |
| BioGaia AB                                                 | BIOGb.ST  | 31-Dec       | Sweden    | 2,019.7            | 16%                            | 6.9x              | 24.1x              | 33.6x       | 20.9x                |
| Bifido Co Ltd                                              | 238200.KQ | 31-Dec       | Korea     | 28.0               | 10%                            | 1.7x              | 35.6x              | -           | 2.1x                 |
| Cell Biotech Co Ltd                                        | 049960.KQ | 31-Dec       | Korea     | 181.5              | 1%                             | 0.9x              | 3.8x               | 6.4x        | -                    |
| BLIS Technologies Ltd                                      | BLT.NZ    | 31-Mar       | NZ        | 29.4               | 13%                            | 1.4x              | 10.9x*             | 18.5x*      | 8.1x                 |
| <b>Local consumer brand and owner of strain IP</b>         |           |              |           |                    |                                |                   |                    |             |                      |
| GenMont Biotech Inc                                        | 3164.TW   | 31-Dec       | Taiwan    | 74.2               | 4%                             | 3.2x              | 12.7x              | 20.1x       | -                    |
| Synbio Tech Inc                                            | 1295.TW   | 31-Dec       | Taiwan    | 93.0               | 14%                            | 2.9x              | 11.7x              | 11.3x       | -                    |
| <b>Ingredient supply only, no consumer brand</b>           |           |              |           |                    |                                |                   |                    |             |                      |
| International Flavors & Fragrances Inc.                    | IFF       | 31-Dec       | US        | 37,970             | -2%                            | 2.8x              | 14.6x              | 82.8x       | 26.4x                |
| Novonesis A/S                                              | NSISb.CO  | 31-Dec       | Denmark   | 50,569.3           | 27%                            | 6.6x              | 18.6x              | 45.8x       | 17.0x                |
| <b>Australasian Comparators</b>                            |           |              |           |                    |                                |                   |                    |             |                      |
| AFT Pharmaceuticals                                        | AFT.NZ    | 31-Mar       | NZ        | 475.1              | 18%                            | 2.0x              | 18.3x              | 32.0x       | 14.9x                |

\*BLT earnings adjusted for one-off supply-chain costs in FY26, see Appendix 1

Source: Refinitiv, Forsyth Barr analysis

BioGaia, founded in Sweden, is a global brand of probiotic supplements. The company owns a portfolio of patented strains and outsources some fermentation and manufacturing and has achieved considerable success. We note BioGaia as an aspirational target rather than a valuation peer. Biome Australia follows a business model closer to NZ/Australian companies such as Blackmores or Red Seal, which source more generic probiotics and market under their brand. We consider Biome Australia as a potential BLT customer rather than a peer: see Section 3.4.

We consider the most relevant peers for valuation purposes to be one Korean and two Taiwanese companies, Cell Biotech, GenMont, and Synbio. All three of these companies own their portfolio of strain-specific IP, sell ingredients internationally, and also have consumer-facing brands. Their market capitalisations are closer in scale to BLT's than the wider set, as are their recent growth rates. Bifido is shown above but not included as a valuation peer. It has a volatile earnings history, has been involved in a substantial employee embezzlement issue, and was delisted for a period in 2024. A potential drawback with the selection of these three peers is that their emerging market domiciles may justify a different multiple for BLT.

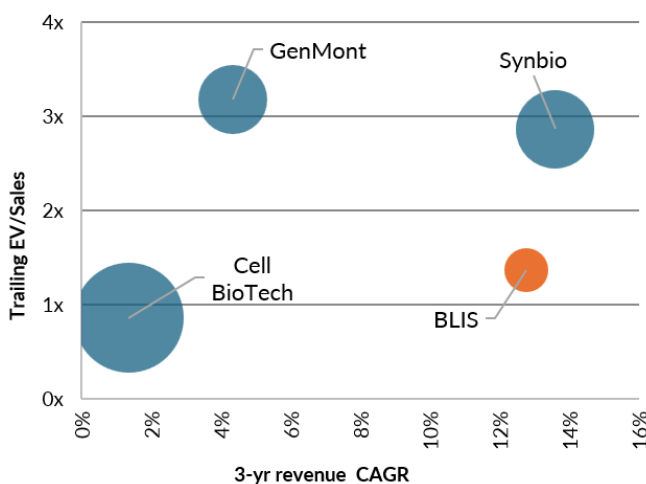
### BLT undervalued versus peers

Of the three remaining peers, Cell Biotech has recorded a three-year revenue CAGR of less than +2%, with revenue remaining 20% below its 2018 peak. We therefore focus on GenMont and Synbio as the most relevant for valuation.

- On an EV/Sales basis, we believe a multiple of 2.8x is justified, below peer GenMont and comparable to Synbio, which displays a similar growth profile. This values BLT at an EV of NZ\$41m, or an equity value of NZ\$0.037 per share.
- We adjust BLT's EBITDA for the one-off supply-chain costs experienced in FY26, which we do not expect to recur, as detailed in Appendix 1. After adjustment, BLT is valued at 10.9x trailing EV/EBITDA while we believe 11.7x EV/EBITDA is warranted. This values BLT at an EV of NZ\$21.4m, or an equity value of NZ\$0.021 per share.

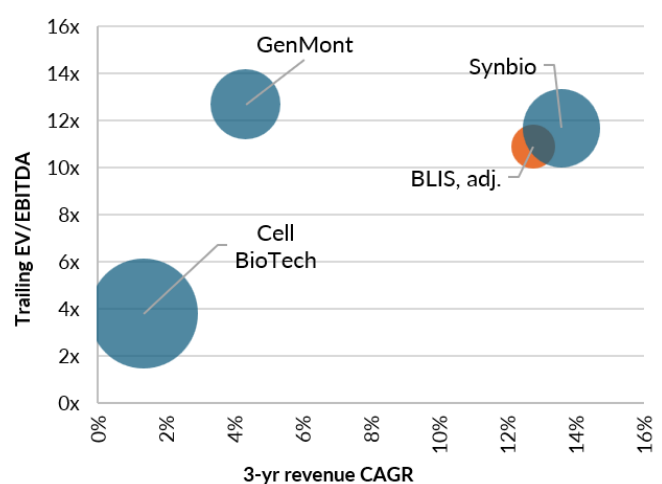
We weight each of these valuations equally, resulting in a blended average of NZ\$0.029 per share.

**Figure 15. BLT substantially undervalued on EV/Sales metrics**



Source: Forsyth Barr analysis, bubble sizes represent market capitalisation.

**Figure 16. BLT adjusted EBITDA multiple**



Source: Forsyth Barr analysis and estimates, bubble sizes represent market capitalisation

**Figure 17. Peer valuation multiples imply NZ\$0.029 per share**

|                                 | Multiple | FY26 revenue<br>(NZ\$m) | FY26 EBITDA<br>Adj (NZ\$m) | Implied EV (NZ\$m) | Implied equity value<br>(NZ\$m) | Per share, NZ\$ |
|---------------------------------|----------|-------------------------|----------------------------|--------------------|---------------------------------|-----------------|
| EV/Sales                        | 2.8      | 14.7                    | -                          | 41.1               | 46.9                            | 0.037           |
| EV/EBITDA                       | 11.7     | -                       | 1.83                       | 21.4               | 27.2                            | 0.021           |
| <b>Equally weighted average</b> |          |                         |                            |                    |                                 | <b>0.029</b>    |

Source: Forsyth Barr analysis

### Risks

BLT's capital-light model relies on third parties for fermentation, offshore distribution, and much of its end-market branding. This limits control over capacity, pricing, customer prioritisation, and use of the BLIS® brand. The FY26 supply-chain disruption demonstrates the manufacturing risk, while developments around Bactoblis and eK12 illustrate potential substitution where partner brands are stronger than BLIS. Contracts, trade secrets, and multiple manufacturing routes mitigate, but do not remove, these risks.

Revenue also remains concentrated among a relatively small number of customers and partners. Large orders, inventory movements, and launch timing can create significant volatility. North American growth increasingly depends on Probi prioritising BLIS strains, while EMEA is currently exposed to BSP and its customers.

Regulatory approvals and permitted claims vary by market and may delay or constrain launches, particularly in China. BLT must also maintain application-specific clinical evidence to support differentiation and customer claims. Finally, oral probiotics remain a developing category; slower consumer adoption or customer conversion than we assume would reduce revenue growth and expected operating leverage.

## Section 2: About BLIS Technologies

BLIS Technologies Limited (BLT) is a Dunedin-based probiotic technology company. It develops and commercialises defined probiotic strains and finished goods for oral, dental, and upper-respiratory health applications. It was established in 2000 to commercialise research led by Professor John Tagg at the University of Otago into beneficial bacteria naturally present in the mouth and throat. BLT's principal commercial strains are BLIS K12® for mouth, throat, and upper-respiratory applications, BLIS M18® for dental health, and BLIS Q24® for topical skincare. BLT has three sources of revenue:

1. BLT-manufactured finished goods (FY26 42%)
2. BLT-supplied probiotic ingredients (FY26 50%)
3. Royalty income on partner-manufactured ingredients (FY26 8%).

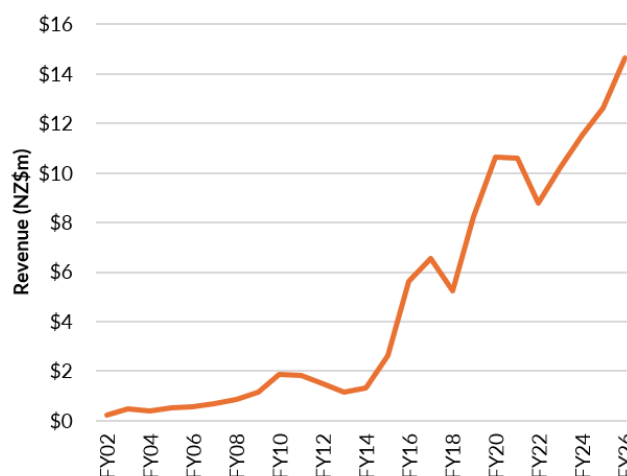
BLT outsources specialist fermentation to manufacturing partners. Its Dunedin operations receive, test, and distribute externally manufactured probiotic ingredients; manufacture and package selected finished goods; undertake quality control and research and development (R&D); and manage selected commercial activities. Probi AB (Probi), a global probiotic-ingredient supplier and BLT shareholder, also manufactures and sells K12 and M18 under licence in specified territories, with BLT receiving royalty revenue.

**Figure 18. BLIS DailyDefence® lozenges**



Source: Company material

**Figure 19. BLT revenue reached a record NZ\$14.7m in FY26**



Source: Company reports, Forsyth Barr analysis

### 2.1 About probiotics

Different parts of the human body contain distinct microbial communities, including bacteria and fungi, together with associated viruses. The living microorganisms are collectively known as the microbiota. The term microbiome also encompasses their genetic material, biological activity, and the surrounding environment. Many microorganisms are harmless or beneficial in their usual body sites, but changes in the composition or activity of these microbial communities can be associated with health problems.

The World Health Organization (WHO) and the Food and Agriculture Organization (FAO) define probiotics as live microorganisms that, when administered in adequate amounts, confer a health benefit on the host. Their effects are generally strain-specific. Two strains within the same bacterial species can have different characteristics, so evidence for one strain cannot automatically be applied to another. Most consumers associate probiotics with digestive health, while BLT's K12 and M18 strains are intended principally for use in the mouth. BLT's strains are typically used in lozenges or powders that maximise contact with the mouth and throat rather than being swallowed immediately.

BLT's K12 and M18 probiotic ingredients are freeze-dried during manufacture, placing viable organisms into a dormant state. Moisture in the mouth rehydrates them and allows viable organisms to resume metabolic activity. Depending on the strain, they may temporarily adhere to oral surfaces, compete with other microorganisms, and produce substances that influence the surrounding microbial community. The intended benefit depends on the strain, dose, product format, and frequency of use.

We review the BLT clinical evidence in Appendix 2.

## 2.2 A capital-light model combines upstream control and downstream participation

The probiotic value chain runs from strain discovery and evidence generation through fermentation, formulation, finished product manufacture, branding, distribution, and retail. Different participants may control each stage, while larger businesses can operate across several layers. BLT owns or controls proprietary strains and related intellectual property, develops supporting science, supplies ingredients and earns royalty revenue through partners, and sells selected finished goods.

These revenue streams have different economics. Ingredient and royalty revenue provides third-party distribution exposure but can be concentrated among a small number of customers and affected by inventory cycles. Finished goods provide greater control over branding and consumer data, but require manufacturing, distribution, and marketing expenditure.

**Figure 20. BLT controls core upstream IP with selective downstream participation**

| Stage                                    | BLT role                                                        | Partner and channel role                                                     | BLT participation |
|------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------|-------------------|
| <b>1. Strain discovery and IP</b>        | Owns and develops the core platform.                            | Research collaborators may support specific projects.                        | CORE              |
| <b>2. Clinical and regulatory</b>        | Builds evidence and market access.                              | CROs and technical partners support execution. Regulators assess compliance. | CORE              |
| <b>3. Fermentation</b>                   | Specifies strain, quality and supply requirements.              | Specialist fermenters provide capital-intensive production.                  | OUTSOURCED        |
| <b>4. Ingredient distribution</b>        | Manages key B2B relationships and licensing economics.          | Distributors and licensees scale reach in major markets.                     | PARTNER-LED       |
| <b>5. Formulation and finished goods</b> | Selectively manufactures finished and private-label products    | Contract manufacturers and brand customers handle scale.                     | SELECTIVE         |
| <b>6. Brand owner and channels</b>       | Owns the BLIS® brand and operates selected e-commerce channels. | Pharmacy, professional and marketplace channels drive reach.                 | SELECTIVE         |
| <b>7. Consumer</b>                       | Captures feedback and brand proof points where direct.          | Mostly reached through partners and retailers.                               | MOSTLY INDIRECT   |

Source: Forsyth Barr analysis

## 2.3 BLIS®-branded and private-label consumer products

BLT markets finished consumer products under the BLIS PROBIOTICS® brand, principally for mouth, throat, and dental health. The range also includes products positioned for travel, sport, fresh breath, and combined oral and gut support. BLIS®-branded products are sold through NZ pharmacies, the BLIS website, and Amazon US. Products typically retail at NZ\$25–NZ\$35 per 30-day pack. Selected BLIS®-branded products are also sold through cross-border e-commerce (CBEC) channels into China.

Most products are sold as shelf-stable lozenges or powders. These are familiar supplement formats and do not require refrigerated distribution. BLT's consumer proposition, 'Good health starts in the mouth', seeks to distinguish oral probiotics from the better-known gut probiotic category.

BLT also manufactures smaller volumes of private-label consumer products for third-party brands. The largest current activity is for a Chinese partner selling through offline channels supported by health-professional education. These products contain BLIS K12®, BLIS M18®, or both, and are manufactured at BLT's Dunedin facility, but are sold under the customer's brand.

### a) K12 consumer products: potentially more seasonal and episodic purchase patterns

BLT markets BLIS K12® products for daily mouth and throat support, periods of higher need, travel, sport, fresh breath, and combined oral and gut support. The K12 range has a broader and potentially more seasonal demand profile than the M18 dental range.

### b) M18 consumer products: daily dental care may support higher purchase frequency

BLIS M18® products are positioned as daily supplements used alongside brushing, flossing, and professional dental care. Dental products may support more regular repeat purchasing than much of the K12 range because oral care forms part of an established daily routine.

## 2.4 K12 and M18 ingredient supply through international brands

BLT is oriented towards a capital-light business-to-business (B2B) model, supplying ingredients, private-label finished goods, and licensed strain technology to international partners. Approximately 58% of FY26 revenue came from ingredient sales and royalties.

BLT also supplies its K12 and M18 strains for use in products sold under third-party brands. An ingredient customer purchases a probiotic powder containing an identified strain, rather than an ingredient identified only at the species level. This distinction matters because the characteristics, supporting evidence, and manufacturing requirements are strain-specific. The ingredient is supplied as a freeze-dried powder containing live but dormant bacteria. The customer incorporates a measured quantity of probiotic ingredient into its own finished product, commonly a lozenge, sachet, or powder, which may include other active ingredients.

These third-party customers generally control the finished-product brand, packaging, pricing, and local consumer message, subject to regulatory, formulation, quality, and contractual requirements. Branding varies by customer and market. BLT's supply and licensing arrangements generally seek to have the relevant BLIS strain identified in product labelling, although implementation of this can vary by customer and market. Some products display BLIS K12® or BLIS M18® prominently on their packaging, while others identify only *Streptococcus salivarius* K12 or M18 in the ingredient panel.

In some markets, BLT supplies the freeze-dried ingredient directly. In others, its licensed manufacturing partner, Probi, ferments and sells the ingredient and pays BLT a royalty. Ingredient supply and royalty licensing are generally more scalable and capital-light than BLT-manufactured consumer products and represent the principal route to market across BLT's international business.

### NOW Foods: an example of an ingredient customer

BLT supplies licensed strains (either directly or through Probi licensing arrangements) to supplement companies that already possess formulation, regulatory, branding, and distribution capability. BLT earns ingredient revenue directly, or royalty revenue through Probi, while the customer funds consumer acquisition and manages the finished product.

NOW Foods' OralBiotic® prominently identifies BLIS K12® rather than relying on a generic probiotic claim. The product is not positioned to create a new oral-probiotic brand; rather, it places BLIS K12® within an established supplement portfolio. NOW has operated for more than 50 years, offers more than 1,500 products, and distributes to more than 100 countries. This provides shelf access, consumer familiarity, and an existing audience that a specialist probiotic supplier would find expensive to recreate independently. The trade-off is less control over the consumer relationship.

Figure 21. NOW Foods example, OralBiotic®



Source: NOW Foods

OralBiotic's position appears to be supported by four factors:

- **Clear consumer application:** OralBiotic® is positioned for mouth, ear, nose, and throat support rather than as a general digestive probiotic.
- **Identified strain and dose:** The label identifies BLIS K12® and specifies the delivered quantity, allowing the proposition to be associated with strain-specific evidence rather than a general species-level claim.
- **Established host brand:** NOW's existing reputation, quality systems, and consumer recognition reduce the barriers around credibility and consumer education that a new standalone oral-probiotic brand may face.
- **Broad distribution:** Availability through health retailers, online platforms, and international distributors improves visibility and makes repeat purchasing more practical.

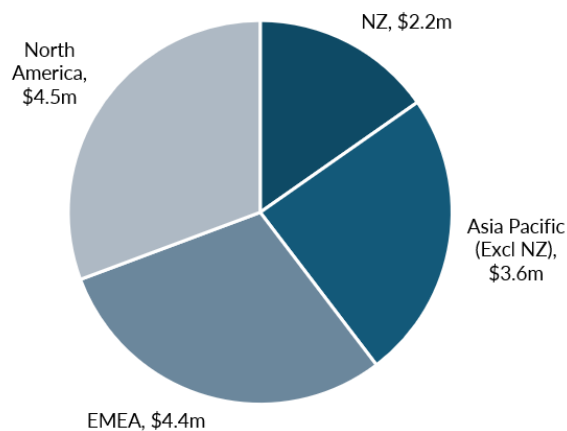
## 2.5 Balanced regional exposure, ingredient focus

Ingredients and royalties account for the majority of BLT revenue. Royalties have the highest incremental margin, and ingredient revenue is also high-margin. Both still require marketing support and investment in IP, and ingredient volumes require additional quality control costs. Margins for finished goods are more constrained.

Based on management discussions, we estimate that finished goods generate a positive contribution before allocated manufacturing and site overheads, but current volumes are insufficient to absorb their full share of fixed costs. Finished goods nevertheless remain strategically useful. They support BLIS brand visibility, provide direct consumer and pricing information, and assist entry into emerging markets through e-commerce and private-label products. Management indicates that finished-goods output could increase by approximately 60%–70% before requiring material plant expenditure, subject to additional storage and staging capacity, staffing, and equipment reliability. Over the medium term, BLT will need to determine whether to increase utilisation through higher branded and private-label volumes or outsource some manufacturing and packaging.

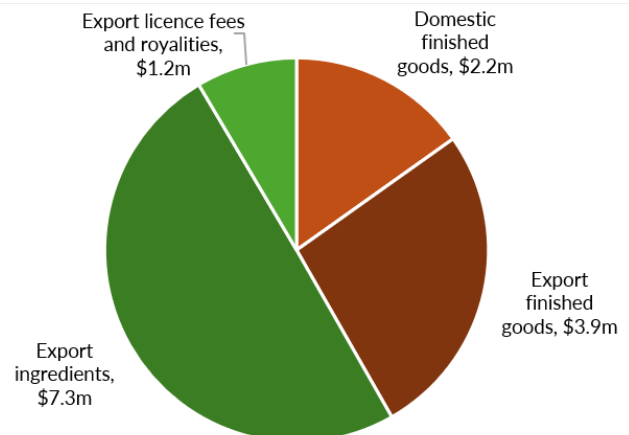
Regional exposure is balanced, although customer concentration risks remain in each region. See discussion in Section 5.

**Figure 22. No region accounts for more than 31% of FY26 revenue**



Source: Company, Forsyth Barr analysis

**Figure 23. Ingredients and royalties account for ~58% of FY26 revenue**



Source: Company, Forsyth Barr analysis

## 2.6 Q24 provides longer-term optionality but remains immaterial

BLIS Q24® is a strain of *Micrococcus luteus* developed for topical skincare rather than oral-health applications.

BLT initially commercialised Q24 through its Unconditional Skincare Co. brand, which was subsequently discontinued. BLT later licensed its Q24-containing live-probiotic facial serum formulation to NZ-founded skincare company Emma Lewisham, which markets the formulation as Supernatural Blemish Serum.

Q24 demonstrates that BLT's strain and formulation capabilities extend beyond oral health, although associated revenue remains immaterial relative to K12 and M18.

**Figure 24. Emma Lewisham Supernatural Blemish Serum**



Source: Emma Lewisham

## 2.7 Adjacencies

BLT is pursuing two early-stage adjacent opportunities: pet oral-health supplements and postbiotic formats. Neither currently contributes material disclosed revenue, and we make no explicit allowance for revenue from either opportunity in our forecasts.

### 1) Pet oral-health supplements

BLT has identified pet and animal-health applications as a potential licensing opportunity for several years. Commercial activity increased during FY26, when the updated Probi agreement extended Probi's rights to include pet-health applications in the US, Canada, and selected EMEA markets.

In late 2025, Probi began marketing a range of probiotic ingredients suitable for use in pet food. Probi markets LP6595 for digestive health alongside BLIS K12®, for which it cites the scientific literature on reducing breath odour in dogs. Probi is marketing the ingredients to pet-food manufacturers producing flavoured treats, chewables, and traditional dog food. Probi's parent company, Symrise AG (SY1.DE), operates a global pet-food division, providing access to established customer relationships. Periodontal disease is common in dogs, and bad breath is readily identifiable by owners.

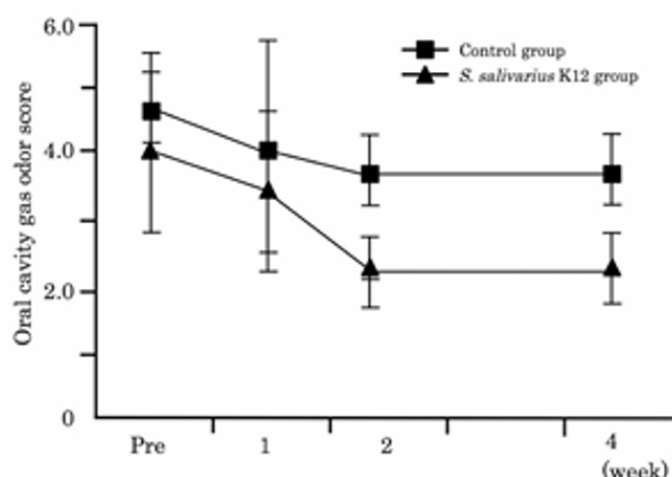
Pet products containing BLT strains are already available in South Korea and Japan. These provide early validation of the product concept, although BLT has not disclosed associated revenue, consumer sell-through, or repeat-purchase data. A probiotic powder could provide a convenient daily adjunct to brushing, dental chews, and professional veterinary cleaning. Commercial success will depend on pet-specific clinical evidence, palatability, reliable delivery to the oral cavity, permitted health claims, and partner execution. We therefore view pet oral health as a credible growth option, but not yet a material earnings driver.

Figure 25. BLIS® strains in use in pet products in Japan



Source: Company materials

Figure 26. Early BLT research, breath malodour in dogs



Source: Company materials, Matsumoto et al. (2016)

### 2) Postbiotic formats

Management discussions indicate that BLT is assessing opportunities in postbiotics. Postbiotics contain deliberately inactivated microorganisms and/or their components and do not require viable organisms at the point of use. This could broaden the range of compatible formulations, including some moist products, foods, cosmetics, and conventional oral-care products that are difficult to serve with live strains. It could also reduce viability-related manufacturing, shelf-life, and packaging constraints.

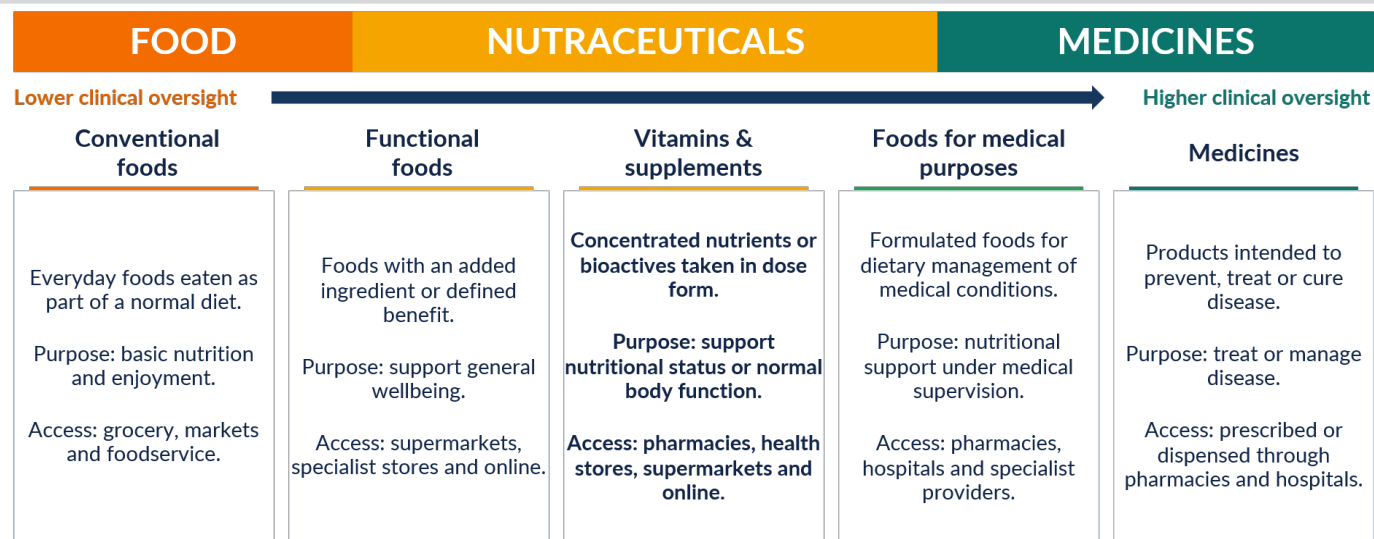
The opportunity is at an earlier stage than pet health. Evidence supporting live BLIS strains cannot automatically be applied to an inactivated preparation. Any postbiotic product would require product-specific characterisation, evidence of a health benefit, a repeatable manufacturing process, regulatory approval, and appropriate intellectual-property protection. We regard postbiotics as a longer-term formulation opportunity rather than part of the current investment case.

## Section 3: The supplements and probiotics market

### 3.1 Supplements provide the category foundation

Probiotics are marketed as part of the vitamins and supplements consumer sector, which sits on a continuum from conventional foods through to medicines.

Figure 27. Probiotics participate in an established consumer-supplement category

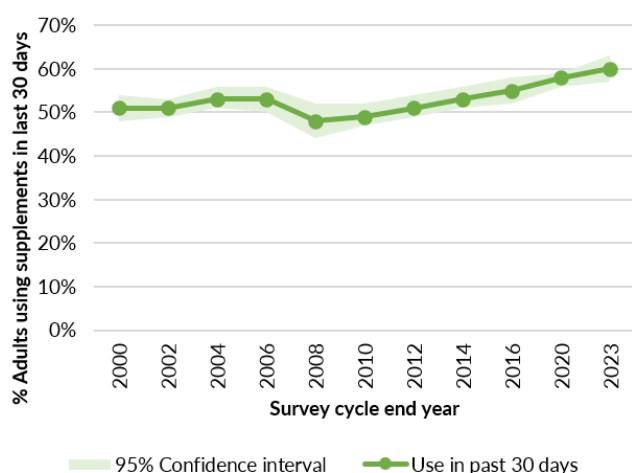


Note: Regulatory classification varies by jurisdiction, product format, dose, intended population and permitted health claim.

Source: Adapted from PwC Vitamins & Dietary Supplements Market Trends Overview; EU Directive 2002/46/EC; Regulation (EU) 609/2013; Directive 2001/83/EC; Forsyth Barr analysis.

Dietary supplements are an established part of the consumer-health market. The category includes vitamins, minerals, botanicals, sports supplements, probiotics, and other products taken in addition to the normal diet. US supplement use increased from 51% of adults in 1999–2000 to 60% in 2021–2023, with adoption highest among older consumers (Lam et al. 2026, JAMA Network Open).

Figure 28. Supplement use is increasing in the US



Source: Lam et al. (2026), JAMA Network Open; NHANES weighted estimates

#### What the survey measures—and what it implies

The US National Health and Nutrition Examination Survey (NHANES) measured supplement use during the previous 30 days, rather than annual purchasing, expenditure, or demand for a particular supplement category.

Supplement adoption indicates that a large proportion of consumers are willing to purchase products intended to support health and wellbeing outside conventional food and prescription medicines.

It also provides an established retail and distribution base across pharmacies, specialist retailers, and online channels.

Supplement use is not a direct measure of demand for BLT's products. We treat this as evidence of category readiness rather than a measure of BLT's addressable market.

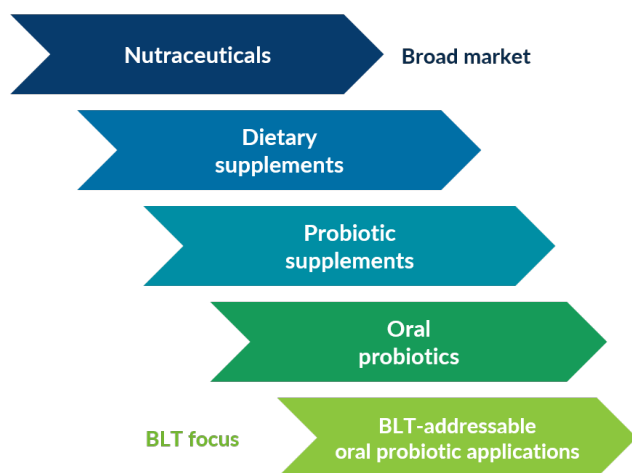
### 3.2 Probiotics and oral probiotics form specialist supplement segments

Published estimates of the probiotic market vary widely because they measure different products and revenue pools. Some include yoghurt and fermented beverages, while others cover only dietary supplements, microbial ingredients, or selected health applications. For BLT, the relevant market is narrower than many survey definitions. BLT produces defined probiotic strains used in supplements for mouth, throat, and dental applications. Most established probiotic consumption remains associated with digestive and general health. This has created consumer familiarity, retail shelf space, and manufacturing capability, but it is not a direct measure of demand for oral probiotics. The use cases, delivery formats, and purchase triggers differ materially.

BLT benefits from the wider category's infrastructure but must still establish the relevance of oral-microbiome support. Adoption depends on consumers and health professionals understanding a specific need, such as throat, dental, or breath support, and on the product being available in a format suited to that application.

Oral probiotics remain a narrower segment of the broader probiotic market. They require an additional consumer education step because the category is less familiar than digestive probiotics. The need for identified strains, suitable delivery formats, and application-specific evidence can also provide greater differentiation from generic supplement products.

**Figure 29. Scope of BLT's relevant market**



Source: Forsyth Barr analysis

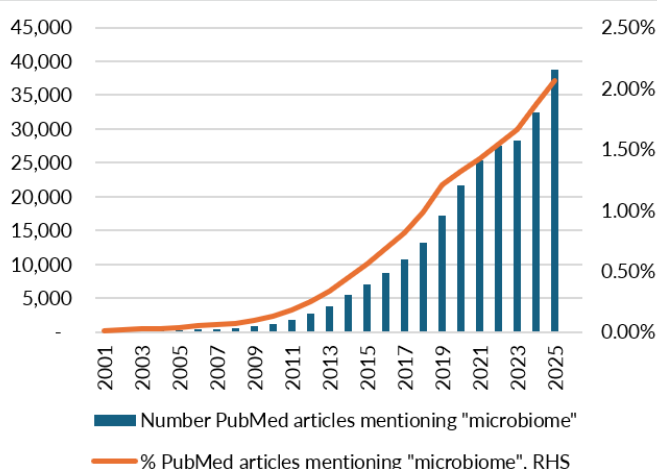
**Figure 30. Oral probiotics differ from better-known gut probiotics**

| Feature              | Gut probiotic                                         | Oral probiotic                                       |
|----------------------|-------------------------------------------------------|------------------------------------------------------|
| Consumer proposition | Digestive health and selected wider applications      | Mouth, throat, dental or breath support              |
| Principal format     | Capsule, sachet, food or drink                        | Lozenge, dissolving tablet or powder                 |
| Delivery objective   | Survival through storage and gastrointestinal transit | Viability plus sufficient contact with oral surfaces |
| Evidence requirement | Strain- and application-specific                      | Strain- and application-specific                     |

Source: Forsyth Barr analysis

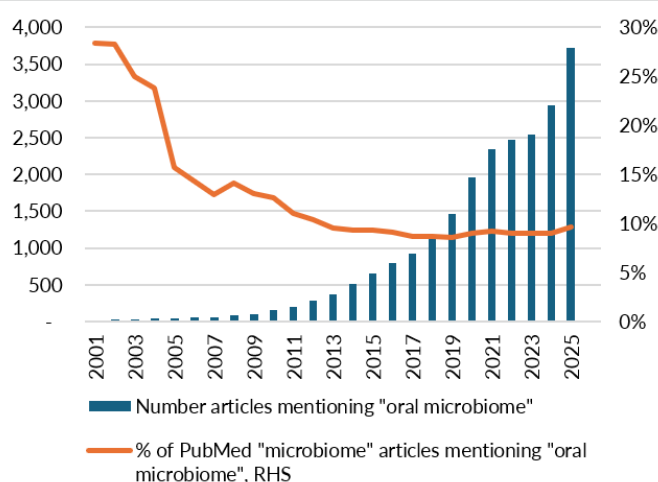
PubMed is a US government-funded database of biomedical literature containing more than 40 million records. Publications listed on PubMed referring to the microbiome have increased materially in both number and share of total publications. Publications referring specifically to the oral microbiome have also grown, accounting for approximately 10% of microbiome-related publications since 2016. Publication volume does not measure consumer demand, but it indicates sustained and expanding scientific activity in the field.

**Figure 31. PubMed microbiome articles**



Source: Sperr E. PubMed by Year, PubMed, Forsyth Barr analysis

**Figure 32. PubMed oral microbiome articles**



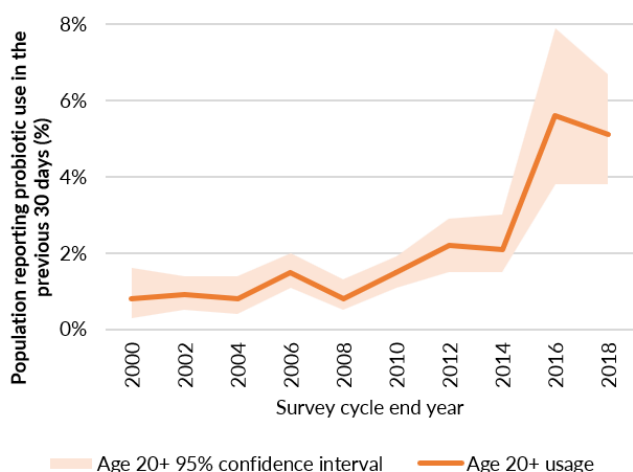
Source: PubMed, Forsyth Barr analysis

### 3.3 Probiotic adoption is increasing from a smaller base

Probiotic-specific adoption has increased at a faster rate than general supplement use, but from a smaller base. Analysis of US national health-survey data found that the use of non-food probiotic products increased by as much as threefold between 1999 and 2018 (O'Connor et al. 2021, *Gastroenterology*). Non-food probiotic and prebiotic use reached 4.5% of the population in pooled 2015–2018 data and was more common among older adults. The difference between general supplement use and probiotic use suggests that probiotics are established but remain less mature than the wider supplement category. Later analysis of the 2023 NHANES data (Lam et al. 2026, *JAMA Network Open*) indicated 6.7% of US adults had used probiotics in the last 30 days. The 2023 NHANES survey methodology differed from earlier years.

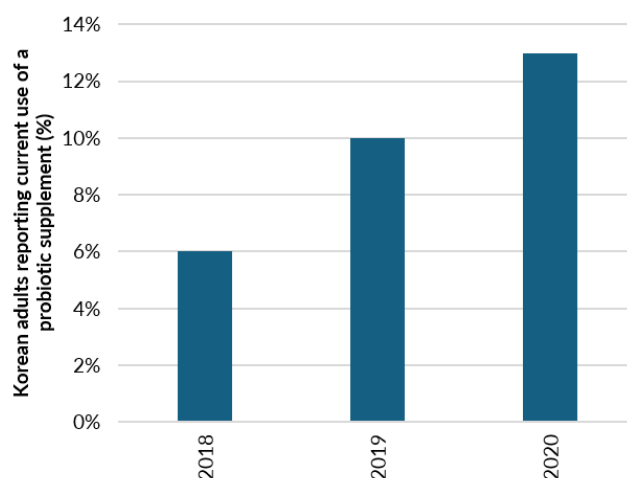
Research by Hwang and Hong (2023), published in *Food Supplements and Biomaterials for Health*, indicates a similar trend in Korea. National survey data indicate that the reported proportion of Korean adults using probiotic supplements increased from 6% in 2018 to 13% in 2020. Probiotics were subsequently the second-most commonly reported supplement among current supplement users in pooled 2019–2021 data, indicating a well-established category.

**Figure 33. US non-food probiotic and prebiotic use is increasing off a small base**



Source: O'Connor et al. (2021), *Gastroenterology*, NHANES data 1999–2018

**Figure 34. Korea probiotic usage doubled between 2018 and 2020**



Source: Hwang and Hong (2023), *Food Supplements and Biomaterials for Health*

Supplement adoption provides the broad category backdrop, while probiotic-specific use provides a more direct but shorter data series. Neither measure isolates oral probiotics, which remain an emerging subset of the broader category. Adoption also varies considerably by country. Surveys indicate relatively high probiotic familiarity in parts of Europe and Asia, including markets where BLT has gained commercial traction. Differences in definitions, samples, and recall periods limit direct comparison, but the evidence is consistent with rising awareness and increasing category readiness.

We identify four potential demand drivers for oral probiotics.

**Figure 35. Four potential demand drivers**

|                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Preventative health and self-care support category adoption</b></p> <p>Consumers increasingly incorporate supplements into preventative health and self-care routines. Products that fit an established routine may support repeat purchasing.</p> | <p><b>More targeted product propositions</b></p> <p>Products are increasingly positioned by strain, application, age group, and delivery format. A specific proposition can be easier for consumers and health professionals to understand than a general 'probiotic' claim.</p>              |
| <p><b>Broader microbiome awareness</b></p> <p>Consumer and scientific interest is expanding beyond digestive health to the oral, skin, and other site-specific microbiomes, widening the potential applications for probiotics.</p>                      | <p><b>Health-professional recommendations can support customer conversion</b></p> <p>Clinical support, regulatory access, and permitted claims, professional recommendation, and convenient pharmacy or online availability can reduce the barriers to initial trial and repeat purchase.</p> |

Source: Forsyth Barr analysis

We treat rising probiotic adoption as evidence of category growth, while applying separate assumptions for oral-probiotic use, purchase frequency, and BLT penetration.

### 3.4 A competitive market

BLT competes at two levels. In business-to-business ingredients, it competes for inclusion in third-party products against other proprietary strains and larger probiotic suppliers. At the consumer level, BLIS®-branded products compete with oral-probiotic specialists, broader probiotic brands, and conventional throat, dental, and fresh-breath products. Several apparent competitors may also be potential customers, licensees, or manufacturing partners.

Competitors at the ingredient level are typically more vertically integrated, with in-house fermentation processes (Lallemand, IFF HOWARU), and may also be part of a larger conglomerate. Larger integrated suppliers have greater resources and manufacturing control, but oral probiotics may receive less internal attention within broad strain portfolios. Replacing an incumbent strain may require reformulation, stability testing, regulatory work, revised evidence, and packaging changes. This creates meaningful switching costs.

Consumer-level competitors are also potential customers. There is a limited number of large-scale competitors (BioGaia, Wonderlab) that control much of the value chain from strain IP to the consumer, although these also selectively outsource fermentation. BLT's focus is on growing the ingredient and royalty side of the business. We do not expect any significant investment in global consumer-facing BLIS® brands.

Selection is driven by more than price. Customers assess strain-specific evidence; regulatory status; viable dose at the end of shelf life; formulation stability; supply reliability; technical support; and expected consumer demand. BLT's principal advantages are its identified K12 and M18 strains, established evidence base, and regulatory access. Its disadvantages are its small scale, outsourced fermentation, limited global brand recognition, and dependence on partners for distribution.

**Figure 36. Partnerships reinforce BLT's competitive positioning**

| Competitive factor                               | Importance  | BLT position                                | Comment                                                                                                                                                                         |
|--------------------------------------------------|-------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Identified proprietary strains and associated IP | High        | Strong                                      | BLIS K12® and M18® provide differentiated, strain-specific assets.                                                                                                              |
| Clinical and technical evidence                  | High        | Strong but application-specific             | Evidence must be assessed by application, strain, dose, format, and endpoint.                                                                                                   |
| Regulatory access                                | High        | Established in core markets                 | Claims and approvals differ by jurisdiction. Coverage is established in core markets, but not all markets. China processes remain important.                                    |
| Fermentation capacity and control                | High        | Reliant on partners                         | Well supported but reliant on third parties. Outsourcing reduces capital requirements but limits control over capacity, cost, and process execution.                            |
| International B2B distribution                   | High        | Reliant on partners                         | Probi and BSP broaden reach with low associated overhead costs. Concentration and prioritisation risks remain.                                                                  |
| Consumer-brand recognition                       | Medium-high | Strong in NZ, more variable internationally | Strong in NZ and selected products but limited globally. End-market brands often own the consumer relationship. Management states a renewed focus on BLIS® ingredient branding. |
| Consumer education                               | Medium-high | Reliant on partners                         | Improving with partner relationships. Maintaining a balance between the consumer brand and ingredient efficacy can be challenging.                                              |
| Product stability and formulation capability     | Medium-high | Well established                            | Established capability, subject to live-biotic constraints. Shelf life, moisture, temperature, and delivery format remain important.                                            |
| Price and customer economics                     | Medium      | Not independently assessed                  | BLT must demonstrate sufficient efficacy, quality, and commercial return to justify inclusion.                                                                                  |

Source: Forsyth Barr analysis

### 3.5 Regulation matters

Figure 37 summarises the status of K12 and M18 in key markets. The applicable pathways are not directly equivalent and address different regulatory requirements. Generally Recognized as Safe (GRAS) status in the US, Natural Product Number (NPN) product licensing in Canada, and the Therapeutic Goods Administration (TGA) listing in Australia are particularly useful sources of credibility where smaller countries do not have specific frameworks. BLIS K12® was approved for use in China, although a re-registration process is underway, with management expecting completion in 1H27. Management reports that the BLIS M18® China approval process is also underway and is expected to conclude in 2027.

Broadly, probiotics are classified as foods in many countries and are subject to normal food safety regulations. Restrictions on medical efficacy claims vary by market.

**Figure 37. Regulatory status—BLIS K12® and BLIS M18®**

| Market           | BLIS K12     | BLIS M18     | Notes / Regulatory Pathway                                                                                                                                                                                                                                                                            |
|------------------|--------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| United States    | ✓ GRAS       | ✓ GRAS       | The US Food and Drug Administration (FDA) has issued "no questions" letters on BLT's Generally Recognised as Safe (GRAS) conclusions for BLIS K12 and M18. As old dietary ingredients, neither requires a New Dietary Ingredient (NDI) notification; structure/function claims must be substantiated. |
| Canada           | ✓ NPN        | ✓ NPN        | Both K12 and M18 have Natural Product Numbers (NPNs) issued by Health Canada for use in natural health products.                                                                                                                                                                                      |
| Australia        | ✓ TGA Listed | ✓ TGA Listed | Both K12 and M18 are listed on the Australian Register of Therapeutic Goods (ARTG) as complementary medicines under the Therapeutic Goods Administration (TGA) framework.                                                                                                                             |
| New Zealand      | ✓ Permitted  | ✓ Permitted  | No pre-market approval is required. <i>Streptococcus salivarius</i> is not scheduled and safety is self-certified. Both strains can be marketed.                                                                                                                                                      |
| EU (27 states)   | ✓ Not Novel  | ✓ Not Novel  | K12 and M18 are not considered novel for use in dietary supplements. Neither has Qualified Presumption of Safety (QPS) status, and no health claims have been approved. 'Probiotic' remains an unauthorised claim.                                                                                    |
| UK (post-Brexit) | Uncertain    | Uncertain    | The UK currently follows the European Union framework. The Food Standards Agency (FSA) is developing an independent novel-food framework; monitor potential divergence.                                                                                                                               |
| China            | In Progress  | In Progress  | New Food Raw Material (NFRM) registration for <i>Streptococcus salivarius</i> is in progress. K12 requires re-registration where as M18 requires initial registration. Clinical trials expected to conclude 1H27. Engagement with Chinese regulators is ongoing.                                      |
| SE Asia          | Variable     | Variable     | Singapore, Malaysia, Thailand, the Philippines and Indonesia do not explicitly prohibit the strains. Market access is based on company self-certification, supported by US GRAS status and Australian TGA listing.                                                                                    |

Source: BLIS company presentation

### 3.6 Patents, trade secrets, and trademarks are all important

BLT protects its intellectual property (IP) through patents, trade secrets, and trademarks. Patents provide territorial, time-limited protection in exchange for public disclosure. Trade secrets can be retained indefinitely but generally do not prevent a competitor from independently developing the same process.

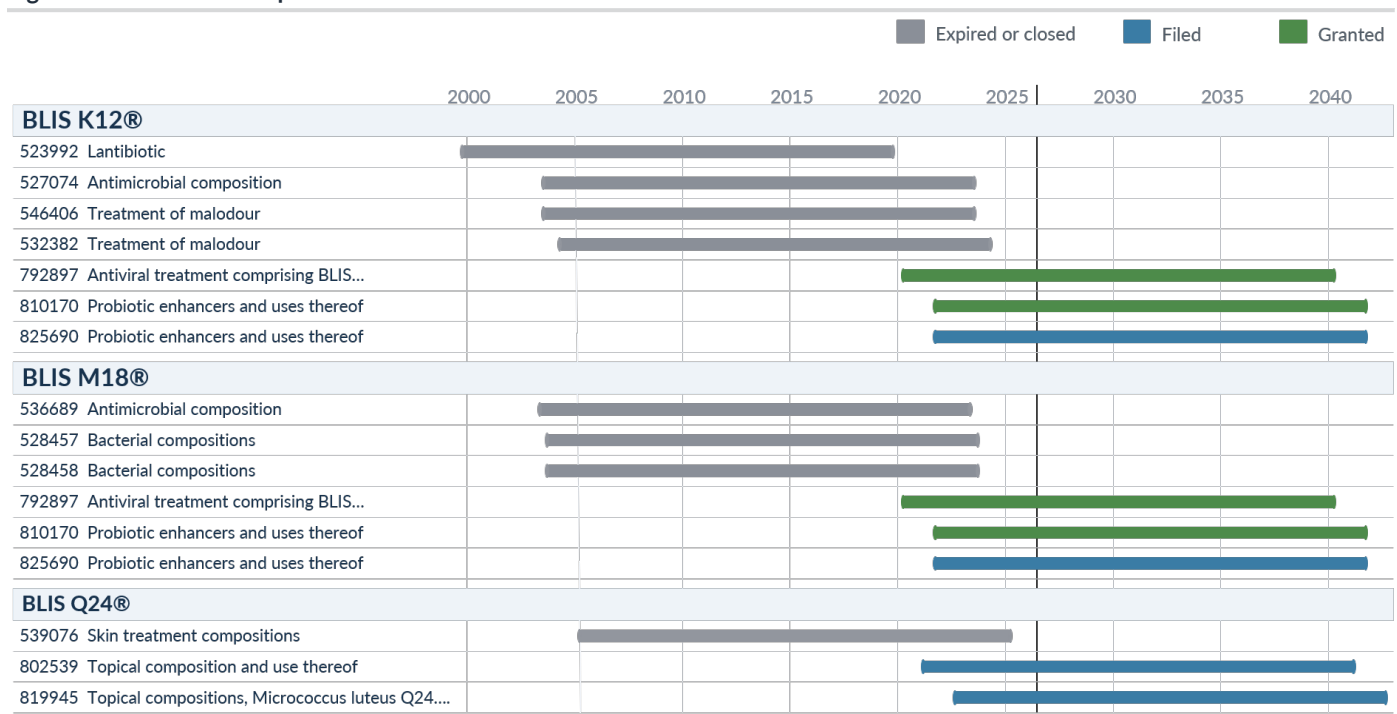
Patents are generally more suitable where the invention is visible or can be reverse-engineered. Patents can increase the value and enforceability of a technology licence. This is a key part of the BLT business model. Trade secrets are more useful in maintaining IP where the subject is 'how' something is done rather than 'what' the market sees. This is particularly important for BLT because strain fermentation at scale is not a straightforward task. During fermentation, the microbes are sensitive to subtle changes in temperature, pH, and nutrient composition. Patenting these parameters would require their disclosure, so they are retained as trade secrets. Contractual arrangements typically divide ownership between generic fermentation know-how and BLT-strain-specific know-how.

BLT seeks to extend the life of its patent portfolio by filing new, independently patentable formulations, uses, and enhancements, a process known as patent portfolio management. BLT's initial patents were filed in the early 2000s, and so some have now expired. However, in the major markets of NZ, Australia, Europe, the US, and Hong Kong, BLT has several newer patents relating to BLIS K12®, BLIS M18®, and BLIS Q24®. Figure 38 shows the NZ timeline of patents. Patent coverage differs by jurisdiction. A similar pattern applies in other key markets.

Trademarks and brand recognition provide an additional layer of protection. BLT is seeking more consistent use of its trademarks, although implementation varies by partner and market. See Figure 21 (NOW Foods), where the ingredient customer identifies BLIS K12® on the main product label and also in the active ingredients description. Management intends to seek further improvements governing where and how other manufacturers use the BLIS® brand and tighter requirements regarding ingredient quality in the finished product.

BLT-manufactured consumer products, sold directly in NZ and via Amazon US, and distributed into Asia via CBEC channels, provide useful benchmarks for product quality, marketing, and price.

**Figure 38. Illustrative NZ patent timeline**



Source: IPONZ, August 2026, Forsyth Barr analysis

## Section 4: Addressable market

In this section we assess the potential size of the market BLT operates in. We establish an illustrative NZ\$30m obtainable revenue pool for BLT ingredients and royalties which could grow to NZ\$77m over 10 years.

There is no consistent global series measuring oral-probiotic purchasing. Available studies differ by age group, product definition, geography, sample method, and recall period. We treat the estimates below as scenarios rather than observed market sizes.

BLT operates within a specialist segment of the much larger consumer-health market. Its relevant opportunity is not all supplements, all probiotics, or all oral-care products. It is the subset of consumers purchasing defined probiotic products for mouth, throat, dental, and related oral-health applications. We size the market in terms of obtainable wholesale ingredient revenue rather than retail revenue.

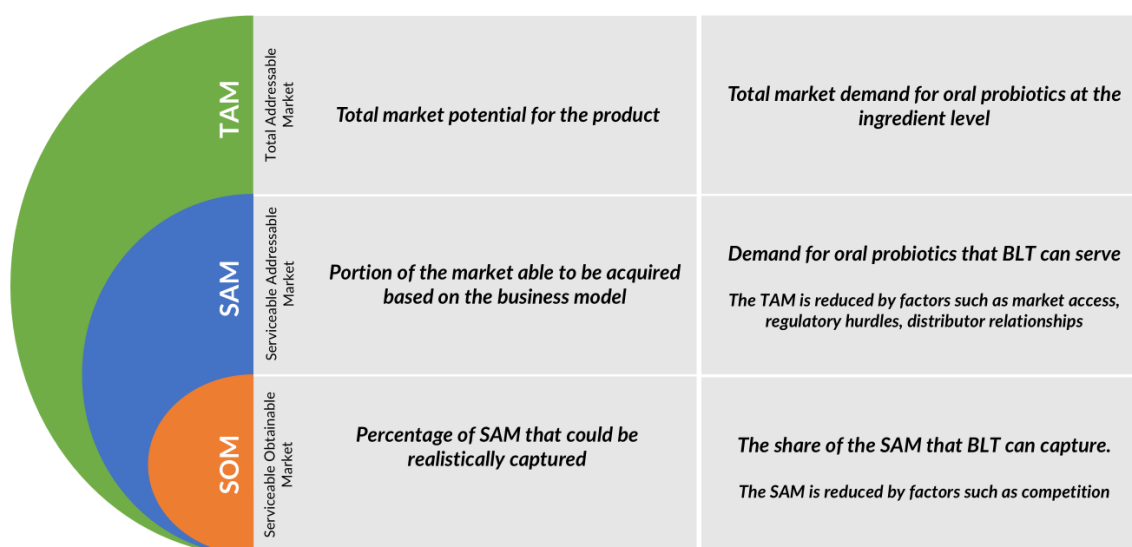
We assess this illustrative opportunity through a single TAM/SAM/SOM framework:

- **Total addressable market (TAM):** estimated current demand for oral probiotics across the selected global markets.
- **Serviceable addressable market (SAM):** demand in markets BLT can serve through its existing strains, regulatory access, and established or credible commercial channels.
- **Serviceable obtainable market (SOM):** the share of the SAM that BLT-containing products could plausibly capture.

We calculate the market from the bottom up. We begin with reported probiotic-use rates, estimate the proportion of probiotic users purchasing oral products, apply an annual purchase frequency, and translate consumer demand into the ingredient and royalty revenue that BLT could receive. Available time-series data indicate increasing probiotic use. We use the latest observed adoption rates as the basis for the current estimate. The underlying surveys use different populations, definitions, and recall periods. The combined data indicate category acceptance rather than precisely comparable penetration. Our 10-year forecast considers a scenario in which probiotic adoption in other countries moves towards levels seen in earlier-adopter markets.

The calculation is intended to establish the scale of the opportunity rather than forecast the timing of revenue. Commercial realisation will depend on customer product launches, regulatory access, partner prioritisation, consumer education, and repeat purchasing. These factors are considered in the regional analysis that follows.

Figure 39. Our TAM/SAM/SOM framework



## 4.1 TAM—approximately NZ\$116m at BLT’s revenue layer

Published estimates of probiotic use are less common and less comparable than general supplement-use data. Available studies differ in whether they include probiotic foods, supplements, prebiotics, or synbiotics; whether they cover adults or the full population; and whether the recall period is a day, month, or year. We detail the research in Appendix 3.

**Figure 40. Indicative TAM calculation**

|                                                                              |  |
|------------------------------------------------------------------------------|--|
| <b>For each identified country</b>                                           |  |
| Country population = [a]                                                     |  |
| Known or estimated % of probiotic users = [b]                                |  |
| Oral probiotic share as % of all probiotics = [c]                            |  |
| <b>Estimated number of oral probiotic users in country = [a]×[b]×[c]=[d]</b> |  |
| Estimated packs used pa = [e]                                                |  |
| Estimated value of ingredients per pack = [f]                                |  |
| <b>BLT revenue equivalent TAM for identified country = [d]×[e]×[f]</b>       |  |

Source: Forsyth Barr analysis

**Figure 41. Example TAM calculation, Korea**

|                                                     |                        |
|-----------------------------------------------------|------------------------|
| <b>For Korea</b>                                    |                        |
| Korean population                                   | =52m                   |
| Known or estimated % of probiotic users             | =13%                   |
| Oral probiotic share as % of all probiotics         | =20%                   |
| <b>Estimated number oral probiotic users, Korea</b> |                        |
| Estimated packs used pa                             | =3                     |
| Estimated value of ingredients per pack             | =NZ\$1.50              |
| <b>BLT revenue equivalent TAM for Korea</b>         |                        |
|                                                     | =1.35×3×1.50 =NZ\$6.1m |

Source: Forsyth Barr analysis

### Existing probiotic users provide the starting population

We use the available data to estimate the broad population already familiar with probiotic supplements rather than treating each country result as a precisely comparable penetration measure. Across the selected countries and regions, this produces an estimated **129m potential probiotic users** in our representative scenario.

Europe (excluding Russia) represents just under half of this population. South Korea and Japan account for meaningful Asia Pacific populations with established probiotic familiarity. We take a conservative approach where representative data are unavailable:

- China is assigned a 1% probiotic-use rate despite evidence of substantially higher purchasing among selected urban and online samples.
- India is assigned a 0.3% probiotic-use rate.
- Rest of World in Figure 42 below includes specific assumptions for Indonesia, Vietnam, Australia, six Middle East countries, and three major Central and South American countries. For simplicity, we show their weighted average.

General supplement use is not included directly in the calculation. It remains useful as evidence of category familiarity, purchasing behaviour, and established pharmacy and online distribution, but a supplement user is not necessarily a probiotic user.

Our FY36 estimate uses a 13% long-run adoption benchmark (Korea’s current rate) and assumes all assessed countries move halfway towards this over the forecast period. For example, our assumption for probiotic adoption in China moves from a current level of 1% to 7% in FY36. We use UN forecasts for expected FY36 population. All FY36 estimates are stated in FY26 dollars. We estimate 387m probiotic users in FY36.

**Figure 42. Estimated number of probiotic users**

| Region        | Selected population | Current probiotic use assumption | Estimated current probiotic users | FY36 probiotic use assumption | Estimated FY36 probiotic users | Principal qualification                                |
|---------------|---------------------|----------------------------------|-----------------------------------|-------------------------------|--------------------------------|--------------------------------------------------------|
| North America | 389m                | 6.7%                             | 26.1m                             | 9.85%                         | 40.0m                          | US national survey; Canada assumed in line with the US |
| Europe        | 597m                | 10.6%                            | 63.3m                             | 11.8%                         | 69.7m                          | 14-country online survey; definitions vary             |
| NZ            | 5m                  | 6.0%                             | 0.3m                              | 9.5%                          | 0.5m                           | Smaller survey base                                    |
| Japan         | 122m                | 5.7%                             | 6.9m                              | 9.3%                          | 10.8m                          | Available public survey indicator                      |
| South Korea   | 52m                 | 13.0%                            | 6.8m                              | 13.0%                         | 6.5m                           | National survey evidence supports high adoption        |
| China         | 1,412m              | 1.0%                             | 14.1m                             | 7.0%                          | 96.1m                          | Forsyth Barr estimate; deliberately conservative       |
| India         | 1,476m              | 0.3%                             | 4.4m                              | 6.7%                          | 105m                           | Forsyth Barr estimate; deliberately conservative       |
| Rest of World | 787m                | 0.9%                             | 7.1m                              | 7.0%                          | 58.7m                          | Limited and non-comparable evidence                    |
| <b>Total</b>  | <b>~5bn</b>         |                                  | <b>~129m</b>                      |                               | <b>~387m</b>                   |                                                        |

Source: Centers for Disease Control and Prevention; Ipsos and Food Supplements Europe; University of Auckland; Korean and Japanese survey evidence; other sources detailed in Appendix 3; Forsyth Barr estimates and analysis.

### Oral probiotics remain a smaller specialist segment

Most probiotic consumption remains associated with digestive and general-health applications. Oral probiotics are less familiar and require an additional education step: consumers or health professionals must associate a defined probiotic strain with a mouth, throat, dental, or breath-related need. There is no robust global consumer series measuring the share of probiotic users purchasing oral products. We assume that 20% of existing probiotic users purchase oral probiotics.

The 20% estimate is broadly consistent with BLT's internal market work and with penetration in established markets, but is not independently observed.

Applying the assumption to approximately 129m probiotic users produces 25.8m current potential oral-probiotic consumers in our illustrative scenario.

### Frequency and pricing

We assume each oral-probiotic consumer purchases an average of three 30-dose packs a year.

The appropriate frequency is likely to vary by application:

- K12 products used for mouth, throat, or upper-respiratory support may have a seasonal or episodic consumption pattern.
- M18 products can be incorporated into a more habitual dental-care routine and may support higher annual usage.
- Fresh-breath and selected oral-care products may sit between these two patterns.

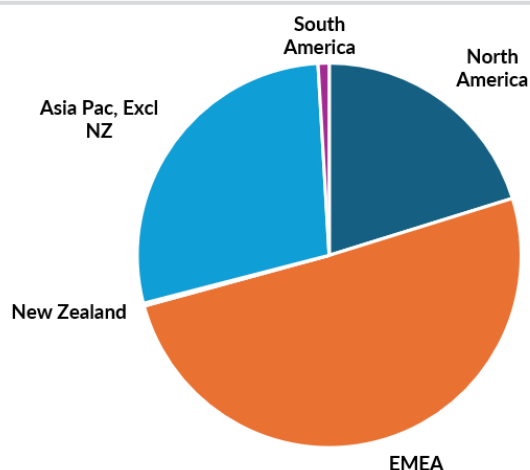
Three packs a year is materially below continuous daily use and is intended to provide a conservative blended assumption across K12- and M18-related applications. It aligns with management's current estimate of usage frequency. At an average retail price of NZ\$30 per pack, the estimated 77m annual packs imply a current oral-probiotic retail TAM of approximately NZ\$2.32bn.

BLT does not receive the full retail price. The consumer-product company funds formulation, packaging, compliance, marketing, distribution, and retailer margins. We estimate that a 30-dose pack generates approximately NZ\$1.50 of ingredient or royalty-equivalent revenue for BLT, although actual economics vary by strain, dose, customer volume, and route to market.

On this basis, BLT's current revenue-equivalent TAM is NZ\$116m.

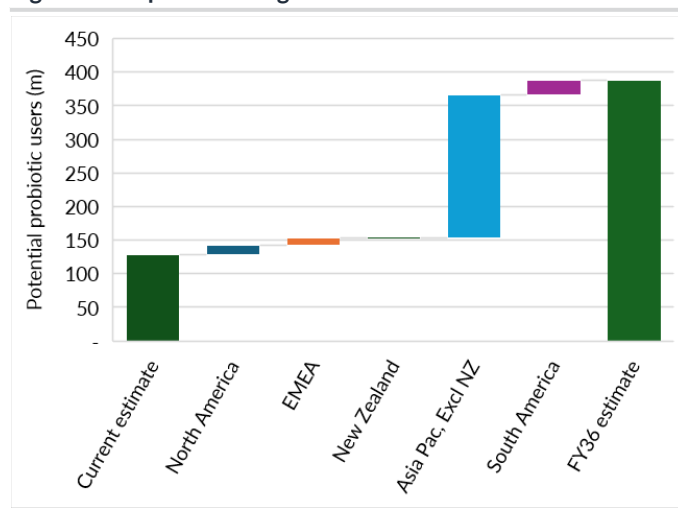
This represents the theoretical annual revenue available to BLT if its strains were used across all estimated oral-probiotic demand in the selected markets. It is not a realistic market-share assumption and must be narrowed for serviceability and competition.

**Figure 43. EMEA dominates existing probiotic user numbers**



Source: Forsyth Barr analysis

**Figure 44. Expected user growth comes from Asia Pacific**



Source: Forsyth Barr analysis

Our estimate of FY36 TAM uses our forecast 387m probiotic users. We make no further assumption about growth in oral probiotics' share of the probiotic market; it remains at 20%. We expect BLIS M18® products focused on dental health to become a larger proportion of the portfolio, and hence increase the annual purchase frequency to four packs per user. This is offset by a decrease in the ingredient or royalty revenue BLT realises per pack, from NZ\$1.50 to NZ\$1.25 (in constant FY26 dollars) due to increased volumes.

On this basis, BLT's FY36 revenue-equivalent TAM is NZ\$387m.

## 4.2 SAM—approximately NZ\$99m across markets BLT can serve

The SAM applies company-specific filters to the TAM. For demand to be serviceable by BLT, the market must have:

1. An application that can be addressed by K12 or M18;
2. A viable regulatory pathway for the strain and finished product format;
3. An established or credible route to market;
4. Manufacturing and product-stability requirements that BLT or its partners can meet;
5. A customer or partner able to formulate, market, and distribute the finished product.

BLT currently has active or credible routes to market across:

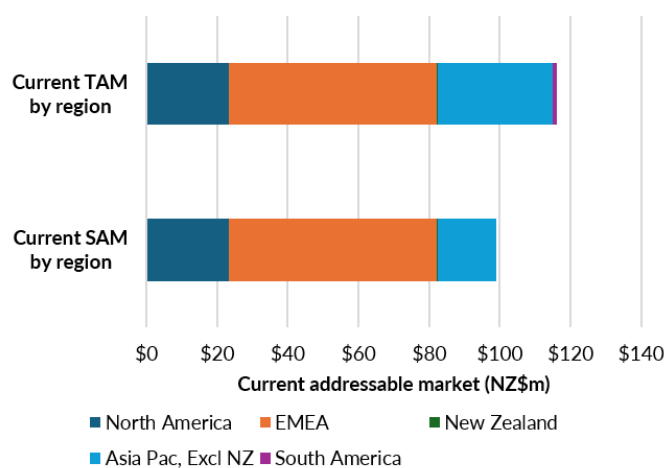
- **NZ**, through BLIS®-branded finished goods and local pharmacy distribution
- **North America**, through direct ingredient supply, Probi-manufactured ingredients, and selected BLIS consumer products
- **Europe**, primarily through BSP and its customer base, with an additional route through Probi in licensed territories
- **South Korea and Japan**, through ingredient customers.

We exclude the remaining users from the current SAM where BLT has no material existing route to market or where product distribution, regulatory access, and customer relationships are less developed. The excluded users are principally in South America, India, and Indonesia, due to a lack of distribution. These markets have significant populations, but the respective probiotic-use assumptions are already conservative. We estimate that the China TAM could contain ~14m probiotic users. BLT currently serves China only through the private-label and CBEC channels, and does not yet have full regulatory approvals in place. In our scenario for China, we assume 10% of the TAM is currently serviceable. This gives an estimate of 110m currently serviceable probiotic users.

Applying the same oral-probiotic share, purchase frequency, and revenue per pack assumptions to the 110m serviceable probiotic users produces a current SAM, in our illustrative scenario, of approximately NZ\$99m.

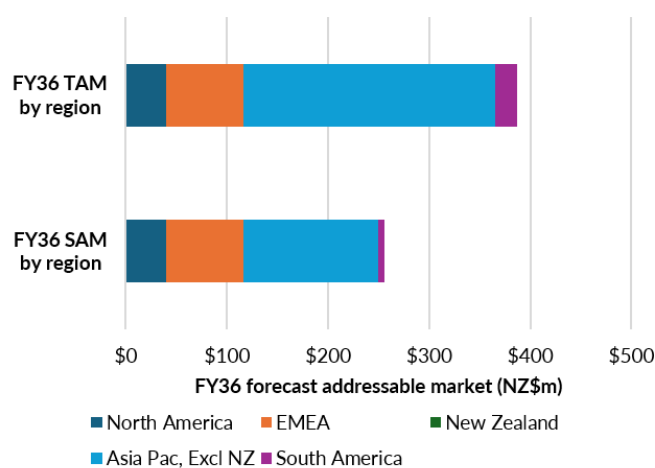
$$110\text{m serviceable probiotic users} \times 20\% \text{ oral-probiotic adoption} \times \text{three packs} \times \text{NZ\$1.50} = \text{NZ\$99m}$$

Figure 45. Current TAM to SAM reduction driven by Asia Pacific



Source: Forsyth Barr analysis

Figure 46. Similar dynamic for FY36 forecast SAM



Source: Forsyth Barr analysis

Our FY36 estimates assume the following changes in market serviceability:

- We assume any regulatory constraints in China will be resolved, and distribution will improve to the point that 70% of the China TAM can be served.
- In India, Indonesia, and South America, we assume some progress in distribution, and no unresolved regulatory constraints, allowing 30% of the TAM to be served.

These scenario assumptions result in an estimate of 256m FY36 serviceable probiotic users. Applying the same oral-probiotic share, purchase frequency, and revenue per pack to the 256m serviceable probiotic users produces an FY36 SAM of approximately NZ\$256m in our illustrative scenario.

$$256\text{m serviceable probiotic users} \times 20\% \text{ oral-probiotic adoption} \times \text{four packs} \times \text{NZ\$1.25} = \text{NZ\$256m}$$

### 4.3 SOM—approximately NZ\$30m

To estimate SOM, we assess the share of serviceable oral-probiotic demand that BLT-containing products could plausibly capture. We consider the level of success achieved in Italy and NZ, where BLT has operated for an extended period, using materially different business models.

In NZ, BLT controls the consumer brand and supplies finished goods principally through pharmacies and its webstore. Based on reported revenue, estimated retail and wholesale pricing, and three packs per equivalent user, we estimate that BLT products are used by approximately 66,000 people in NZ, which is approximately 21% of estimated probiotic users, or 1.2% of the population.

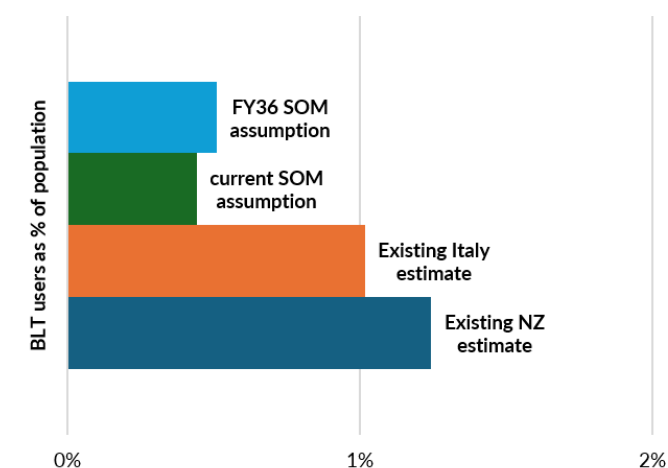
In Italy, BLT participates as an ingredient supplier to a locally owned and marketed K12 brand. Based on Italy's estimated contribution to EMEA revenue and the same equivalent-use assumptions, we estimate that BLT-containing products are used by approximately 600,000 people in Italy, which is approximately 10% of probiotic users, or 1.0% of the population.

These figures are illustrative rather than measured consumer-penetration series. They are sensitive to assumptions such as the estimated share of regional revenue attributable to Italy, channel inventory movements, customer and pharmacy margins, product mix, and purchase frequency. They provide a useful benchmark. BLT has achieved meaningful consumer penetration through both:

- A BLIS®-controlled finished goods model in NZ
- An ingredient-led, locally branded model in Italy.

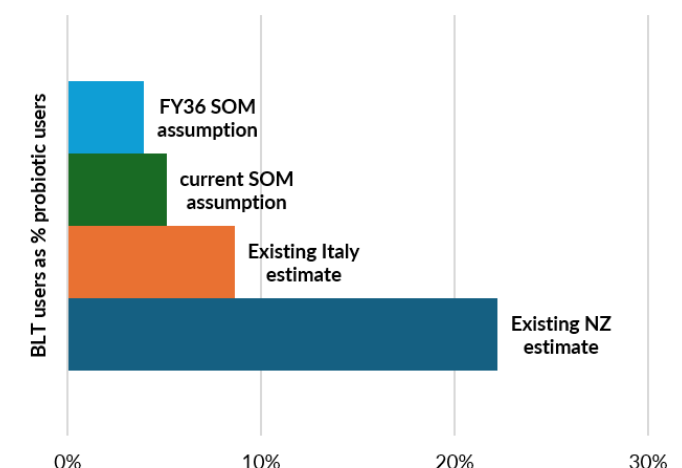
BLT may have benefited from a first-mover advantage in NZ. BLIS K12® was first sold in NZ in 2002 and in Italy in 2013, when the oral-probiotic category was far less developed. PubMed recorded just 34 oral-microbiome publications in 2002, compared with 3,718 in 2025. Since then, numerous competing oral-probiotic products have entered the market. Many have a less developed scientific evidence base than BLT, but several have been marketed effectively and gained traction. BLT has established a strong position in NZ, but we are less confident that this level of penetration can be replicated across overseas markets, where consumers can choose from a wider range of products targeting immunity, dental, gum, and breath health.

**Figure 47. The SOM assumes materially lower population penetration than BLT has achieved in NZ and Italy**



Source: Forsyth Barr analysis

**Figure 48. The SOM also assumes a lower share of probiotic users than BLT has achieved in established markets**



Source: Forsyth Barr analysis

We base our SOM assumption on BLT achieving a 30% share of our estimated oral-probiotic user base, equivalent to 5.1% of assessed general probiotic users, and 0.44% of the serviceable population, as shown above. Our FY36 assumptions regarding BLT's share of the serviceable oral-probiotic market are unchanged. Because our FY36 modelling includes growth in probiotic markets that BLT is not able to fully service (South America, India, Indonesia, China), BLT's apparent penetration declines in future years.

Applying this 30% penetration to the estimated oral-probiotic user base indicates an existing SOM of approximately NZ\$29.7m.

**110m serviceable probiotic users × 20% oral-probiotic adoption × 30% BLT penetration × three packs × NZ\$1.50 = NZ\$29.7m**

This also produces a projected FY36 SOM of NZ\$76.8m, indicating a +10% CAGR.

## 4.4 SOM is sensitive to assumptions

These estimates rely on assumptions rather than observed market metrics.

**Figure 49. Current SOM versus consumer usage**

|                                          |     | Average number of packs consumed per user per year |      |      |
|------------------------------------------|-----|----------------------------------------------------|------|------|
|                                          |     | 2                                                  | 3    | 4    |
| BLT penetration of oral probiotic market | 20% | 13.2                                               | 19.8 | 26.4 |
|                                          | 25% | 16.5                                               | 24.8 | 33   |
|                                          | 30% | 19.8                                               | 29.7 | 39.6 |
|                                          | 35% | 23.1                                               | 34.7 | 46.2 |
|                                          | 40% | 26.4                                               | 39.6 | 52.8 |

Source: Forsyth Barr analysis

**Figure 50. Current SOM versus usage and ingredient value**

|                                 |      | Average number of packs consumed per user per year |      |      |
|---------------------------------|------|----------------------------------------------------|------|------|
|                                 |      | 2                                                  | 3    | 4    |
| Ingredient value per pack, NZ\$ | 1.00 | 13.2                                               | 19.8 | 26.4 |
|                                 | 1.25 | 16.5                                               | 24.8 | 33   |
|                                 | 1.50 | 19.8                                               | 29.7 | 39.6 |
|                                 | 1.75 | 23.1                                               | 34.7 | 46.2 |
|                                 | 2.00 | 26.4                                               | 39.6 | 52.8 |

Source: Forsyth Barr analysis

Our central current SOM of NZ\$29.7m assumes BLT captures 30% of the estimated oral-probiotic user base, with three packs consumed per user each year and NZ\$1.50 of ingredient or royalty value per pack. The sensitivity analysis produces a range of approximately NZ\$13m–NZ\$53m as penetration, purchase frequency, and value per pack change. Even the lower end remains above BLT's FY26 ingredient and royalty revenue of approximately NZ\$8.6m, indicating meaningful runway without requiring all central assumptions to be achieved.

**Figure 51. FY36 SOM versus long-run adoption benchmark**

|                             |     | Average number of packs consumed per user per year |      |       |
|-----------------------------|-----|----------------------------------------------------|------|-------|
|                             |     | 3                                                  | 4    | 5     |
| Long-run adoption benchmark | 9%  | 45.3                                               | 60.5 | 75.6  |
|                             | 11% | 50.9                                               | 67.9 | 84.9  |
|                             | 13% | 57.6                                               | 76.8 | 96.0  |
|                             | 15% | 64.3                                               | 85.8 | 107.2 |
|                             | 17% | 71.1                                               | 94.8 | 118.5 |

Source: Forsyth Barr analysis

**Figure 52. FY36 SOM versus China market serviceability**

|                                        |     | Average number of packs consumed per user per year |      |       |
|----------------------------------------|-----|----------------------------------------------------|------|-------|
|                                        |     | 3                                                  | 4    | 5     |
| Share of China TAM that is serviceable | 50% | 53.3                                               | 71.0 | 88.8  |
|                                        | 60% | 55.4                                               | 73.9 | 92.4  |
|                                        | 70% | 57.6                                               | 76.8 | 96.0  |
|                                        | 80% | 59.7                                               | 79.7 | 99.6  |
|                                        | 90% | 61.9                                               | 82.5 | 103.2 |

Source: Forsyth Barr analysis

The FY36 estimate is more sensitive because changes in probiotic adoption and purchase frequency apply across a much larger population. Our central SOM of NZ\$76.8m uses a 13% long-run probiotic-adoption benchmark and four packs per user, with outcomes ranging from approximately NZ\$45m–NZ\$118m. China is important but is not the principal sensitivity: at four packs per user, changing the proportion of the China market assumed serviceable from 50% to 90% moves SOM from approximately NZ\$71m to NZ\$83m.

## 4.5 Meaningful runway, but regional execution will determine conversion

In our illustrative scenario, we estimate:

- A current retail oral-probiotic TAM of approximately NZ\$2.32bn
- A BLT revenue-equivalent current TAM of approximately NZ\$116m
- A current SAM of approximately NZ\$99m
- A current ingredient and royalty revenue SOM of approximately NZ\$29.7m, growing to NZ\$76.8m in FY36.

The current SOM is approximately 3.5x BLT's FY26 ingredient and royalty revenue (NZ\$8.6m). This provides a meaningful growth runway without requiring BLT to reproduce NZ or Italian penetration across every market.

To estimate the current SOM, we do not include market growth from rising probiotic adoption in the central calculation. The estimate is based primarily on reported historical usage rates. Further category penetration would increase TAM and SAM, while greater M18 adoption could lift annual purchase frequency.

The aggregate market estimate does not indicate where or how quickly revenue will be realised. BLT's routes to market, economics, competitive position, and execution risks differ materially by region. The following regional analysis considers these differences across NZ, North America, EMEA, and Asia Pacific.

### Potential adjacencies not included

The estimate also excludes pet nutrition, Q24 skincare, postbiotics, and future strains or applications outside the current human oral-health portfolio. These should be considered separate adjacencies rather than being included in the core oral-probiotic market.

## Section 5: Regional analysis

BLT uses materially different routes to market across its four reported regions. NZ is predominantly a BLIS®-branded finished goods market. North America combines BLIS®-branded finished goods sales through Amazon US with ingredient and royalty revenue generated through Probi. Asia Pacific (excluding NZ) combines ingredient, private-label, and cross-border e-commerce (CBEC) sales, while Europe, the Middle East, and Africa (EMEA) remains predominantly an ingredient market served through distributor Bluestone Pharma (BSP).

These differences affect regional margins, scalability, and revenue volatility. Finished-goods channels provide greater visibility of consumer demand and more control over the BLIS® brand, but require manufacturing, marketing, and distribution expenditure. Ingredient and royalty channels are generally more capital-light and scalable, although they create greater dependence on large customers, licensees, and distribution partners.

The regional charts on the following pages separately identify material discontinued activities, initial channel fill, and distributor inventory movements that we estimate are not representative of underlying demand.

**Figure 53. Regional products, strategy, and outlook**

| Region        | FY26 revenue   | Principal products and route to market                                                                                                                         | Current strategy                                                                                                                                                 | Our outlook                                                                                                                                                     |
|---------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NZ            | NZ\$2.2m (15%) | BLIS®-branded K12 and M18 finished goods sold through pharmacies and the BLIS webstore.                                                                        | Improve pharmacy execution and direct engagement with major retail groups; expand dental-product ranging and repeat purchasing.                                  | A relatively mature market. We expect steady growth led by BLIS M18® dental products and improved retail execution rather than major channel expansion.         |
| EMEA          | NZ\$4.4m (30%) | Predominantly K12 ingredient used in locally branded products, including Bactoblis in Italy. BSP remains the principal partner.                                | Support BSP and its established customer base; protect ingredient quality and supply continuity. Explore potential for new customers covered by Probi's licence. | An established but more mature region. We expect moderate underlying growth, with remaining sensitivity to large distributor orders and customer concentration. |
| North America | NZ\$4.5m (31%) | BLIS K12® and BLIS M18® ingredients supplied directly or manufactured by Probi under licence. BLIS®-branded finished goods sold principally through Amazon US. | Use Probi's manufacturing and customer network to scale ingredient adoption; maintain Amazon as a consumer-facing channel and reference market.                  | Royalty and ingredient growth should outweigh more moderate Amazon growth.                                                                                      |
| Asia Pacific  | NZ\$3.6m (24%) | Ingredient sales in South Korea and Japan; private-label finished goods in China; and BLIS®-branded products sold through CBEC channels.                       | Prioritise South Korean ingredient growth and Chinese private-label customers; progress Chinese regulatory access; retain selected CBEC activity.                | The strongest near-term growth opportunity, but also the most likely to be affected by customer concentration, order timing, regulation, and channel changes.   |

Source: Company reports and information provided to Forsyth Barr; Forsyth Barr estimates and analysis

### Regional portfolio becoming more balanced

In FY26, no region accounted for more than 31% of revenue, a material improvement on BLT's earlier reliance on individual markets and distributors. However, geographic diversification does not eliminate customer concentration. EMEA remains closely linked to BSP and its customers; much of the prospective North American growth depends on Probi; and Asia Pacific growth remains concentrated in a relatively small number of customers.

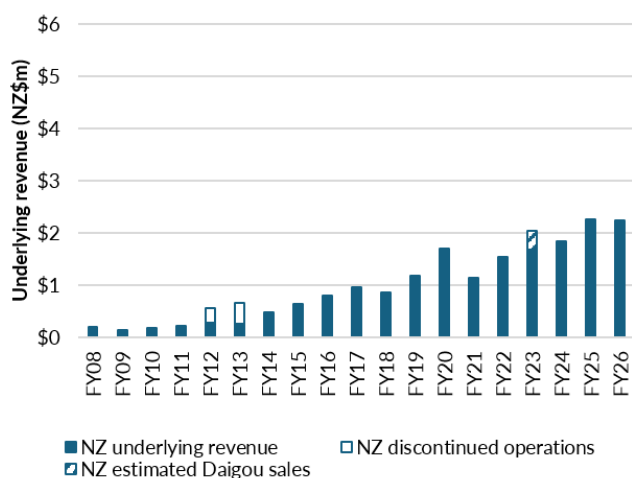
## 5.1 NZ—an established consumer market

NZ revenue has developed relatively steadily from a small base. Reported revenue in FY12 and FY13 included the subsequently discontinued functional-foods operation. FY23 included elevated purchases through the Daigou channel, under which goods are purchased in one country and resold or carried into China, often on behalf of an end customer. We do not consider the one-off Daigou volume representative of NZ domestic consumer demand. Since then, BLT management reports that it has reset pricing and changed its arrangements with both Chinese and NZ partners. We expect less leakage through this grey-market channel going forward.

BLT has used three principal external distribution partners in NZ. Pharmabroker managed pharmacy distribution during the earlier period. Radiant Health was appointed in FY18 and placed greater emphasis on health-professional and pharmacy-staff education. NZ revenue nearly doubled between FY18 and FY20, and BLT products were stocked across more than 900 pharmacies by FY20. Wilson Consumer Products was appointed in FY25, providing access to pharmacy, health-and-beauty, and grocery channels. BLT is also taking a more hands-on role in relationships with major pharmacy groups.

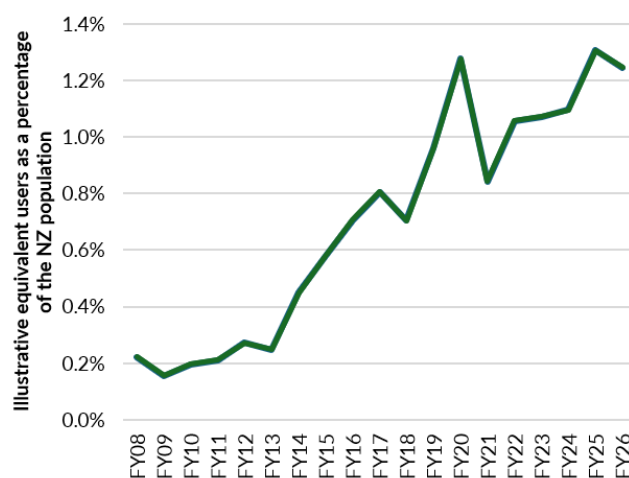
Pandemic-related reductions in pharmacy footfall interrupted growth in FY21, although the established webstore provided some protection. Revenue has since recovered as pharmacy ranging and promotional activity increased. BLT management has also reported increased repeat-purchase rates for dental products in FY26.

**Figure 54. NZ underlying revenue—moderating growth in a mature market**



Source: Company, Forsyth Barr estimates and analysis

**Figure 55. Illustrative equivalent users as a percentage of the NZ population**



Source: Company, Forsyth Barr estimates and analysis

In Figure 55, we detail an illustrative equivalent-user estimate rather than a measured consumer-penetration series. We convert reported NZ revenue into an estimated retail value using current product pricing adjusted for inflation and an assumed wholesale margin, then assume three packs per equivalent user a year. BLT does not disclose unit sales or the K12/M18 product mix. Management indicates that the assumptions are reasonable, but the estimate remains sensitive to price, channel margin, mix, and purchase frequency. Management reports that growth since FY25 has included stronger uptake and repeat purchasing of M18 dental products.

### NZ market potential

NZ should remain an important product-development and reference market, but its small population limits the absolute opportunity. We expect growth to be led by improved in-store execution and greater adoption and repeat purchasing of BLIS M18® dental products.

## 5.2 EMEA—a sizeable ingredient base

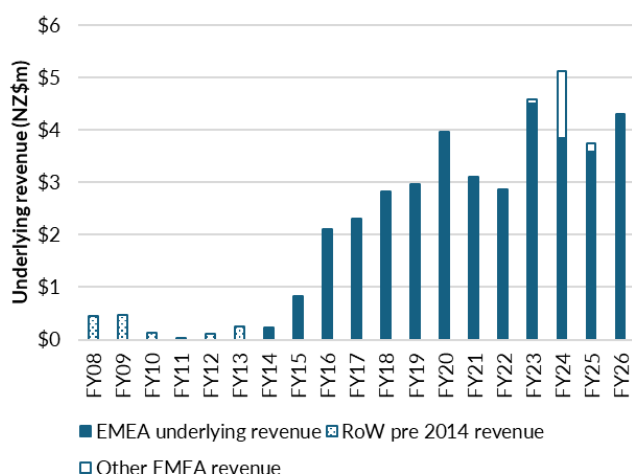
EMEA is BLT's most established ingredient-led export region. EMEA regional reporting did not begin until FY15. Before then, Rest of World disclosures included a small amount of European revenue. Growth from FY15 to FY20 was driven mainly by Bluestone Pharma (BSP) and the expansion of K12-containing products in Italy and other European markets. BLT attributed the FY21 and FY22 decline to reduced pharmacy and health-professional activity and lower incidence of seasonal respiratory illness during the pandemic.

Management advises that FY24 revenue included a material order from a customer outside BSP's traditional customer base. The lower FY25 result partly reflected the timing and non-recurrence of that order.

In September 2024, BLT disclosed that BSP and Lactosan had filed patent applications that BLT believed included confidential information previously shared under a non-disclosure agreement. BLT had previously used Lactosan as a third-party fermenter for product distributed through BSP. The matter was settled on 2 July 2025. Under the settlement: (1) the relevant patent applications became jointly owned by BLT and BSP; (2) BLT, BSP, and Lactosan released all related claims; and (3) the existing supply agreement was extended for five years.

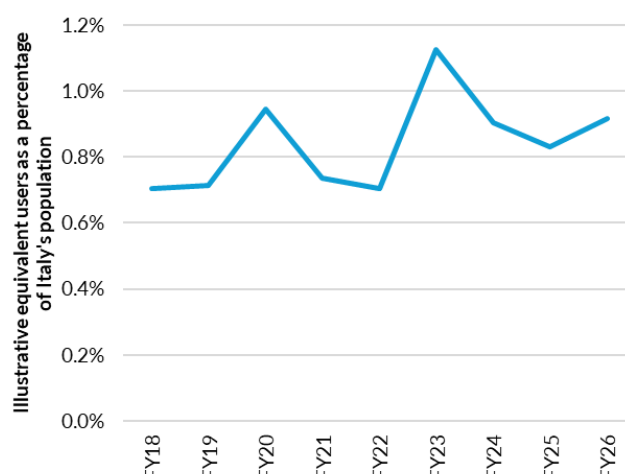
BSP remains BLT's largest current EMEA distribution partner, while PharmExtracta owns and markets Bactoblis in Italy, BLT's largest established European end market. We provide further detail on the following page.

**Figure 56. EMEA underlying revenue volatility due partly to post-pandemic order timing**



Source: Company, Forsyth Barr estimates and analysis

**Figure 57. Illustrative equivalent users as a percentage of Italy's population**



Source: Company, Forsyth Barr estimates and analysis

In Figure 57, we detail an illustrative equivalent-user estimate. Management has indicated that Italy has historically represented 60% of EMEA revenue and that this share has increased in recent years. We convert revenue using the relevant exchange rate, apply a constant value per dose, and assume three packs per equivalent user a year. EMEA ingredient revenue remains predominantly K12, with limited M18 adoption. Because our analysis assumes Italy consistently represents 60% of EMEA revenue, we may be understating penetration in more recent years.

### EMEA market potential

Italy and several other European markets are relatively mature for BLT's existing customer base. We expect moderate underlying growth rather than another step change from established customers. Probi's rights in its licensed EMEA markets provide an additional route to new customers, although we do not assume a material near-term contribution.

EMEA reported revenue remains sensitive to order timing, while the emerging substitution risk detailed overleaf could affect BLT's longer-term share of customer demand.

### 5.3 Italy—established brand strength but emerging substitution risk

Bluestone Pharma (BSP) became BLT's European distributor in FY15 and retains exclusive distribution rights in Italy. Much of BLT's early European success came through PharmExtracta, an Italian probiotics and supplements company that owns the Bactoblis® brand. PharmExtracta distributes through online and physical pharmacies in Italy and reports that it has more than 100 scientific representatives. In 2022, BLT cited a Euromonitor report, produced for the International Probiotics Association in December 2021, stating that Italy was the world's third-largest probiotic-supplement market by retail sales and had the highest per-capita consumption.

Early Italian studies by Dr Francesco Di Pierro and collaborators supported the commercial development of BLIS K12® in Italy. PharmExtracta launched Bactoblis during BLT's FY13 period and subsequently introduced infant and fructose-free formulations. It also markets a broader portfolio of nasal and gut-health products under related Bacto-brands.

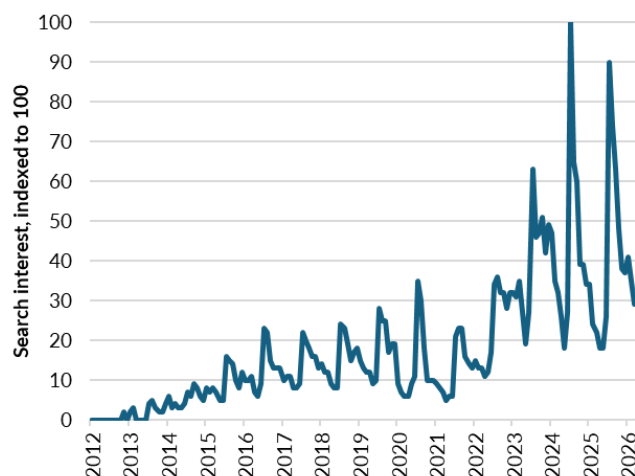
Google Trends indicates a long-term increase and a strongly seasonal pattern in relative search interest for Bactoblis in Italy. The repeated peaks around the start of the northern hemisphere cold-and-flu season are consistent with seasonal consumer interest in throat-health products.

**Figure 58. PharmExtracta's Bactoblis product, marketed as containing *Streptococcus salivarius* K12 (BLIS K12®)**



Source: PharmExtracta Bactoblis product listing, accessed July 2026

**Figure 59. Google Trends indexed search interest for 'Bactoblis' in Italy**



Source: Google Trends; Italy; web search; 2012 to 2026; Forsyth Barr analysis. Note Google Trends values are indexed to the highest weekly observation in the selected period.

#### Risk from ingredient substitution

Product materials in several European markets state that Bactoblis® is a registered trademark of PharmExtracta and is exclusively licensed through BSP. K12 products are available in several European markets, often under a different brand name in each country (e.g. ENTitis in Poland, Immudia in France, Probadis Strep in Spain, PROblis in Croatia). These products typically identify ingredients as either Bactoblis® or *Streptococcus salivarius* K12, often without using the BLIS K12® brand.

BLT management advises that some BSP customers outside Italy have accepted alternative strains rather than specifying BLIS K12®. We have not independently verified the extent of this substitution or its revenue impact.

#### Risk from new strains

A December 2025 clinical paper evaluated Bactoblis® Evol containing eK12, a genetically modified derivative of *S. salivarius* K12. The randomised, double-blind, placebo-controlled exploratory trial involved 29 healthy adults and assessed safety and tolerability; it did not evaluate clinical efficacy. The paper identifies author Dr Francesco Di Pierro as PharmExtracta's Scientific & Research Director and states that PharmExtracta funded the research.

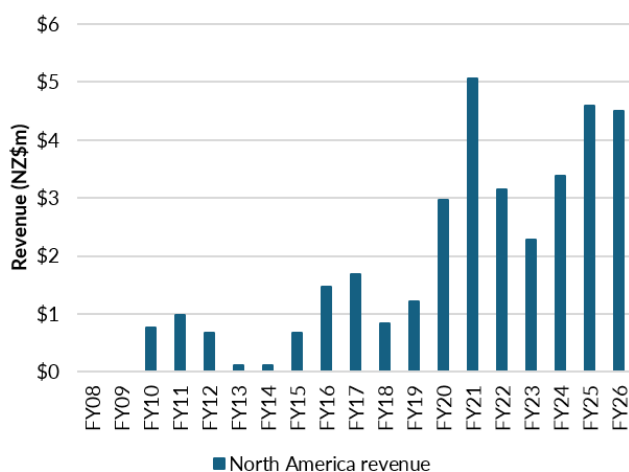
PharmExtracta continues to market Bactoblis containing BLIS K12® while also supporting the development of Bactoblis® Evol containing eK12. BLT advises that it has no commercial interest in eK12. Near-term revenue risk appears partly mitigated by the continued sale of conventional Bactoblis and the five-year BSP supply agreement. Longer-term substitution risk remains uncertain because PharmExtracta controls the consumer brand and has access to related scientific and manufacturing capabilities.

## 5.4 North America—economics shifting towards royalties

North America combines BLT's largest offshore consumer channel with an increasingly capital-light business-to-business model. BLT sells finished consumer products through Amazon US and earns ingredient or royalty revenue from products supplied through Probi. These channels have different economics and should be considered separately.

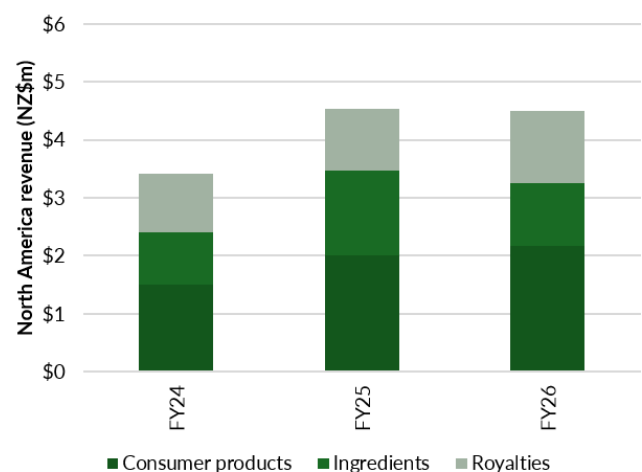
Regional revenue has historically been volatile. New ingredient customers, the launch of Amazon US, and stronger demand for immunity-related products drove rapid growth between FY19 and FY21. Revenue subsequently declined as customers reduced elevated inventories and Probi began transferring customers from BLT-supplied ingredients to ingredients manufactured under licence. This transition can reduce BLT's reported revenue even where underlying customer volumes are stable or growing. A royalty replaces the higher revenue of a direct ingredient sale, but also reduces BLT's manufacturing, inventory, and working capital requirements.

**Figure 60. North America revenue**



Source: Company, Forsyth Barr analysis

**Figure 61. North America estimated revenue composition**



Source: Company, Forsyth Barr estimates and analysis

**Figure 62. Economics of ingredient supply versus royalty payments**

|                        | BLT-supplied ingredient                                                                           | Probi-manufactured ingredient                                                                                                           |
|------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Model                  | BLT supplies the customer or distributor with an ingredient sourced from a third-party fermenter. | Probi manufactures and sells BLIS K12® and BLIS M18® under licence.                                                                     |
| BLT revenue            | BLT records the full ingredient selling price.                                                    | BLT records royalty revenue only.<br>Similar volumes therefore generate less reported revenue.                                          |
| Customer relationship  | BLT or its distributor manages the account, with greater visibility of pricing and demand.        | Probi generally manages the customer. BLT may provide strain-specific scientific, marketing, and technical support.                     |
| R&D investment         | BLT invests in strain research and IP protection.                                                 | Similar investment in strain research and IP protection.<br>Probi may undertake customer-specific work.                                 |
| Supply chain and costs | BLT incurs quality assurance, handling, and distribution costs.                                   | Probi manages manufacturing and supply. BLT avoids the associated cost of goods.                                                        |
| Working capital        | BLT funds inventory and customer receivables.                                                     | BLT requires little related inventory or working capital.                                                                               |
| Trade-off              | Higher revenue per unit and greater customer control.                                             | Higher margins and capital efficiency, but greater reliance on Probi's execution. Absolute profit per unit depends on the royalty rate. |

Source: Forsyth Barr analysis

### North America market potential

We expect Probi to remain the principal medium-term growth channel in North America, with an increasing share of BLT's economics recorded as royalty revenue. Probi's manufacturing base, customer relationships, and broader probiotic portfolio give BLT access to North American supplement brands without requiring BLT to establish its own regional infrastructure. The commercial outcome will depend on Probi's prioritisation of BLIS strains and the ability of both partners to convert opportunities into revenue. Consumer products (via Amazon US) are likely to grow more steadily. The strategic value of the consumer channel lies in brand visibility, consumer feedback, and a direct pricing reference. Amazon's platform, fulfilment, and advertising costs constrain earnings contribution.

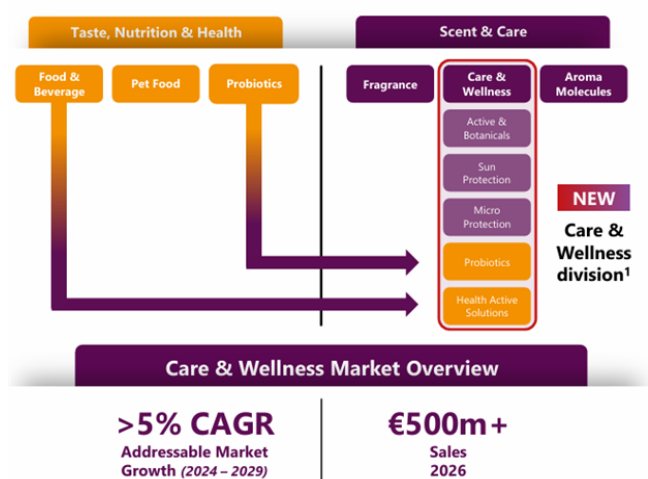
## 5.5 Symrise expands BLT's reach, but commercial conversion remains dependent on Probi prioritisation

Management reported that Probi AB was already BLT's largest North American customer when the companies entered a broader strategic partnership in 2021. The transaction included an NZ\$9.2m share placement to Probi at a 5% discount, giving it a 13% shareholding and the right to appoint a BLT director. Under the associated licence and supply agreement, Probi gained rights to manufacture and sell BLIS K12® and BLIS M18® in agreed markets, with BLT retaining its IP and receiving royalties on Probi-manufactured sales. In October 2025, the agreement was extended to include pet nutrition and exclusive rights in selected EMEA markets.

Probi has a similar research-led background to BLT. Founded in Sweden in 1991 to commercialise Lund University research, including the LP299V® digestive-health strain, it primarily supplies clinically supported probiotic ingredients to consumer-facing brands. Probi operates from Sweden, the US, and Singapore and sells into more than 40 markets. The Americas were its largest region in 2025, accounting for 65% of revenue.

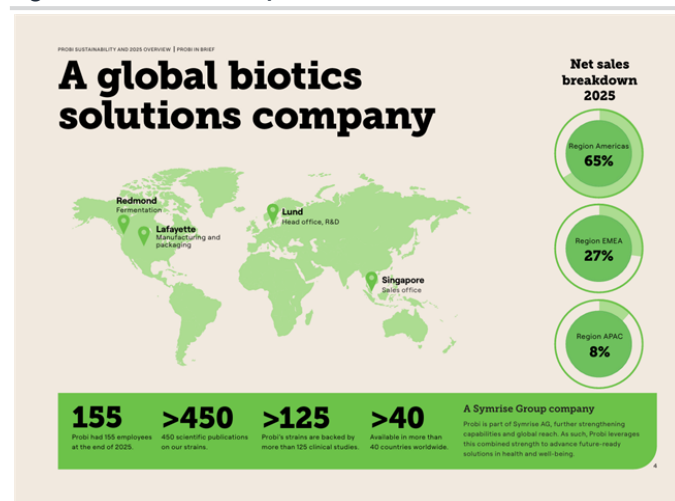
In early 2025, Probi became wholly owned by Symrise AG (SY1.DE), a German ingredients group with approximately €4.9bn of annual revenue, more than 35,000 products, and over 6,000 customers across 150 countries. From 2026, Symrise moved probiotics into its new Care & Wellness division within Scent & Care, alongside cosmetic and health actives. Anita Johansen is the Symrise appointee to the BLT board. She is VP of Global Innovation for the Symrise Care & Wellness division.

Figure 63. Symrise divisions



Source: Symrise investor presentation

Figure 64. Probi AB footprint



Source: Probi AB

The reorganisation suggests Symrise sees probiotics as part of a broader health and personal-care offering rather than solely as a nutritional ingredient category. Symrise expects the wider Care & Wellness division to generate more than €500m of revenue in 2026 and estimates its addressable market is growing at more than 5% a year. These figures apply to the division as a whole, though, and do not indicate the expected growth or relative contribution of Probi.

BLIS K12® and BLIS M18® broaden Probi's portfolio into oral, dental, and upper-respiratory applications, whereas most of Probi's established products address digestive or broader systemic-health categories. While the Probi business is weighted towards the Americas, Symrise's geographical split is more balanced (FY25: 25% North America, 13% Latin America, 41% EMEA, 21% Asia Pacific).

The strategic benefit for Probi (and BLT) may come from greater access to Symrise's global customer base and formulation capabilities. The extent to which this translates into additional BLT sales will depend on Probi's ability to prioritise the strains within a much broader portfolio, convert customer interest into launches, and grow royalty volumes over time.

Figure 65. Symrise AG financials

| Company Name       | Symrise AG |                 | FY24A | FY25A | FY26E | FY27E  |           | FY25A | FY26E | FY27E |
|--------------------|------------|-----------------|-------|-------|-------|--------|-----------|-------|-------|-------|
| Primary Exchange   | Xetra      | Revenue (NZ\$m) | 8,942 | 9,576 | 9,869 | 10,345 | EV/Sales  | 3.0x  | 2.9x  | 2.8x  |
| Market Cap (NZ\$m) | 25,451     | EBITDA (NZ\$m)  | 1,816 | 2,353 | 2,145 | 2,270  | EV/EBITDA | 12.4x | 13.6x | 12.8x |
| Balance Date       | 31-Dec     | NPAT (NZ\$m)    | 862   | 493   | 1,061 | 1,169  | PE        | 51.7x | 24.0x | 21.8x |

Source: Refinitiv, Forsyth Barr analysis

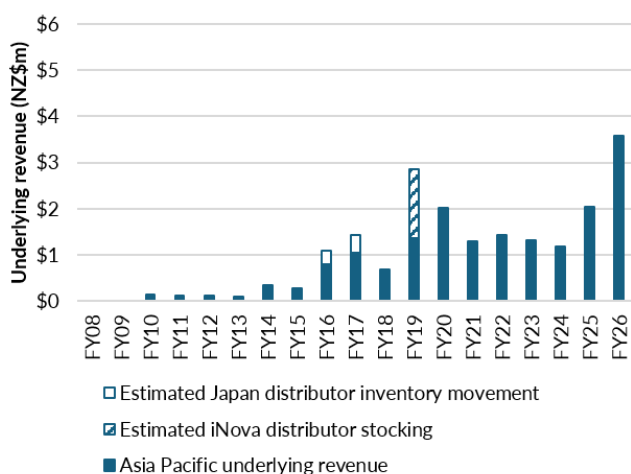
## 5.6 Asia Pacific—new growth following several channel resets

Asia Pacific excludes NZ and now comprises three distinct business models: ingredient sales in South Korea and Japan, private-label finished goods in China, and BLIS®-branded products sold through cross-border e-commerce channels.

Historical revenue has been affected by several channel changes. Earlier growth included Japanese ingredient sales and the initial pharmacy inventory fill following iNova's appointment as Australian distributor in FY19. Revenue later declined as distributor inventories normalised, the Japanese yen weakened, and BLT withdrew from its directly operated Tmall model. In FY21, iNova and BLT mutually agreed to discontinue their relationship.

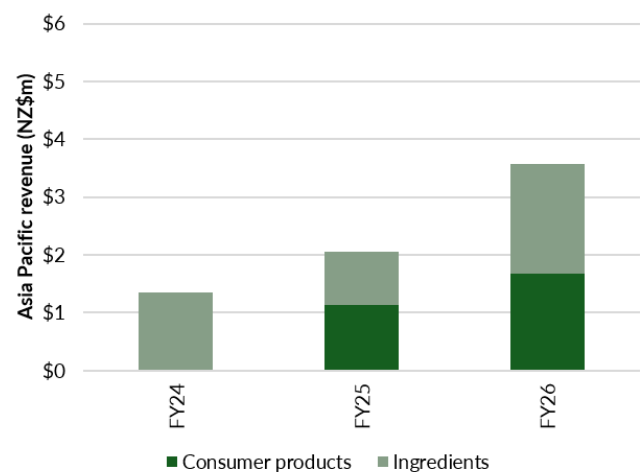
The FY25 and FY26 recovery is more consistent with BLT's current B2B strategy. Growth was led by a Chinese private-label customer and a new South Korean ingredient customer rather than by BLT-funded establishment of a regional consumer brand.

**Figure 66. Asia Pacific underlying revenue**



Source: Company, Forsyth Barr estimates and analysis

**Figure 67. Asia Pacific estimated revenue composition**



Source: Company, Forsyth Barr estimates and analysis

**Figure 68. Asia Pacific includes several distinct markets**

| Market      | Current Route             | Near-term view                                                                                                                                                                      | Principal risk                                                                                            |
|-------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| South Korea | Ingredients               | Principal near-term growth opportunity                                                                                                                                              | Customer and order concentration                                                                          |
| Japan       | Ingredients               | Established but smaller market                                                                                                                                                      | Currency and order timing                                                                                 |
| China       | Private-label and CBEC    | Growth through the existing private-label partner and additional local customers; channel disruption broader domestic opportunity if K12 and M18 regulatory processes are completed | Regulation, pricing, partner execution, and                                                               |
| Other Asia  | No material current route | Longer-term opportunity in supplement-aware markets such as Singapore, Malaysia, and Taiwan, preferably through established regional brands                                         | Fragmented regulation, limited current customer relationships and product stability in hot, humid markets |

Source: Forsyth Barr analysis

### Asia Pacific market potential

We view South Korea as the clearest near-term growth opportunity following the recent addition of a material ingredient customer. Japan should remain a smaller, established ingredient market. China offers several potential routes through private label and CBEC, with a further domestic opportunity if the current K12 and M18 regulatory processes are completed. The timing, permitted claims, and eventual commercial contribution remain uncertain.

Asia Pacific offers BLT's strongest near-term growth potential, but the region also has the greatest exposure to customer concentration, regulatory timing, and changes in route to market.

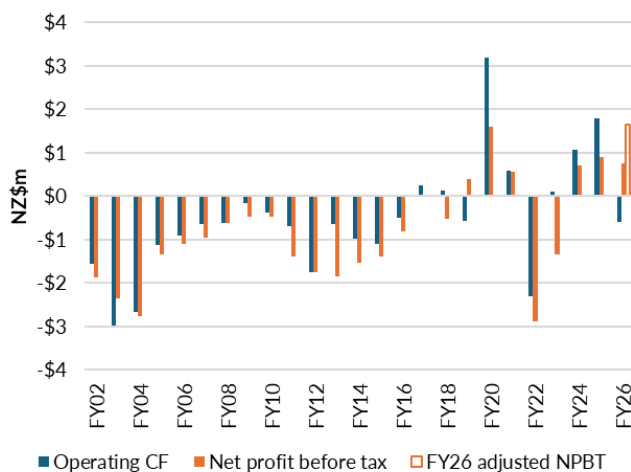
## 5.7 Combined performance

BLT now operates a more focused commercial model: supplying probiotic ingredients and licensed technology through business-to-business partners, while retaining selected finished-goods channels in NZ, North America, and Asia. The regional diversity reduces reliance on any single market, although customer and partner concentration remains material.

BLT reported its maiden net profit in FY19. Operating cash flow turned positive in FY17 and remained positive in FY18. The company performed strongly in FY20 and FY21 before returning to a loss in FY22 as pandemic-era ingredient inventories unwound and investment increased. Revenue has since recovered to a record NZ\$14.7m in FY26. Reported EBITDA was NZ\$0.9m, while underlying EBITDA was NZ\$1.9m after adjusting for the NZ\$0.9m one-off supply-chain cost and tax. This suggests improving underlying operating leverage, although the reported result remained affected by supply-chain execution.

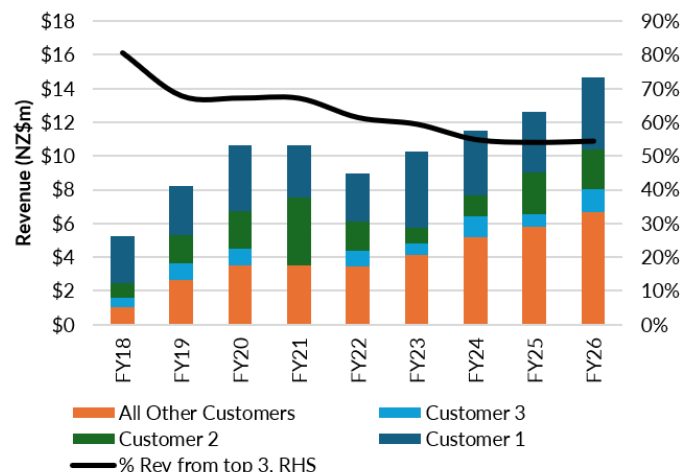
Based on company disclosures and information provided to Forsyth Barr, we estimate that the top three customers' share of revenue declined from 81% in FY18 to 54% in FY26. In 2H26, it was below 50%. The recent improvement primarily reflects growth from newer Asia Pacific customers.

**Figure 69. BLT profit before tax and operating cash flow**



Source: Company, Forsyth Barr analysis

**Figure 70. BLT customer concentration**



Source: Company, Forsyth Barr analysis

## Appendices

### Appendix 1: FY26 result review and 1Q27 trading update

BLT's FY26 result for the year ended 31 March 2026 (released 21 May 2026) delivered record revenue of NZ\$14.7m, up +16% on FY25, which in turn was up +10% on FY24. Revenue growth was driven by higher ingredient volumes sold to export markets, namely EMEA (up +17%) and Asia Pacific (excluding NZ) (up +74%).

Asia Pacific growth benefited from new customer launches and growing adoption of BLIS M18® in oral health applications. While North American revenue declined slightly, this was partly because BLT's key customer and shareholder, Probi AB (a wholly owned subsidiary of Symrise AG), continued the transition from purchasing ingredients to paying royalty fees. Overall revenue from Probi AB was down -8%, but royalty revenue was up +17% and now comprises more than half of revenue from that customer. CBEC revenue fell ~NZ\$0.3m, partly due to price resets, but the in-house-manufactured private-label products performed well, with revenue up +67% to NZ\$1.3m. This business partner continues to invest in professional health-practitioner education in that market, supporting the growth outlook.

FY26 profitability was reduced by NZ\$0.9m of additional manufacturing costs. Despite a healthy revenue increase and good internal cost control (expenses excluding raw materials up just +5%), NPAT fell -17%. We understand that, because of significant corporate activity and restructuring within a key NZ fermentation partner, some relationships changed, and BLT was unable to access increased volumes with the timing and terms normally expected. Management described this as a 'one-off supply chain cost increase', and contract terms have now been renegotiated with an agreed price and volume schedule. Costs of raw materials, consumables, and distribution jumped from a typical 20%–25% of revenue from manufactured products to 33% in the full year because of the additional cost. If we add back the cited NZ\$0.9m, NPAT would have been NZ\$1.6m, and NPAT margin would have been 11% (FY25 7%). No significant tax was paid in the year. The company reported an unrecognised net deferred-tax asset of NZ\$4.3m.

Customer concentration fell, with less than 50% of revenue coming from the top three customers in 2H26, reversing the 1H26 lift and continuing the downward trend seen since 2019. Revenue mix stabilised at 58% of revenue from higher-margin ingredients and royalties.

Changing dynamics with the key fermentation partner also required adjustments in working capital; inventory on hand doubled to NZ\$1.6m, while payables remained broadly stable. Receivables increased materially due to orders received late in the period. This impacted cash conversion; despite an NZ\$0.9m EBITDA contribution, BLT recorded an NZ\$0.6m operating cash outflow. The receivables should normalise going forward, but higher inventory levels will likely remain.

The patent issues with Bluestone Pharma (BSP) and Lactosan were resolved in the year, resulting in the relevant patent applications now being jointly owned by BLT and BSP. BSP has also committed to a five-year extension of its supply arrangements. We note that sales to BSP over the full year were up +20% to NZ\$4.3m, although this was 1H-weighted. The Probi AB agreement was extended during the year, giving Probi exclusive rights to BLIS K12® and BLIS M18® in the US, Canada, and selected EMEA markets, and the agreement now includes pet food markets.

#### Strong 1Q27 trading update

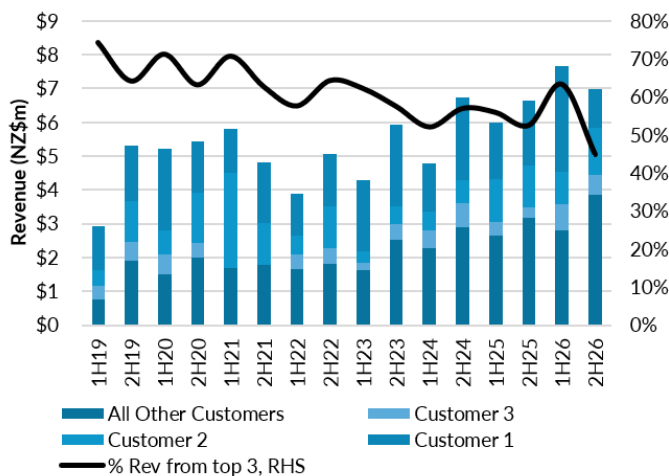
The 1Q27 trading update, for the period ended 30 June 2026 (released 20 August 2026), delivered a record quarter with (unaudited) revenue reaching NZ\$5.1m and (unaudited) NZ\$1.1m EBITDA. The strong period was driven mainly by growth in B2B revenue in Asia Pacific, supported by Probi sales and private label revenue in China.

The update included first-time FY27 guidance of +10%–15% revenue growth. We forecast +12.4% revenue growth for FY27. We expect positive operating leverage from an improving product mix and controlled cost growth.

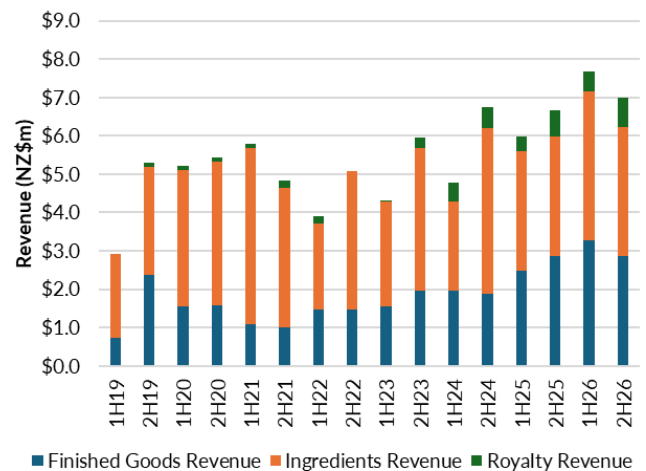
**Figure 71. FY26 result review (NZ\$m)**

|                                              | FY25 Actual   | FY26 Actual   | Change      |
|----------------------------------------------|---------------|---------------|-------------|
| Operating Revenue                            | 12.7          | 14.7          | +16%        |
| Other Income                                 | 0.5           | 0.3           | -32%        |
| Raw Materials, Consumables, and Distribution | (2.9)         | (4.4)         | +55%        |
| Marketing Expenses                           | (1.5)         | (1.6)         | +7%         |
| Employee Benefits                            | (4.1)         | (4.1)         | +1%         |
| Operating Expenses and Occupancy             | (3.7)         | (4.0)         | +8%         |
| Finance Expenses                             | 0.0           | 0.0           |             |
| <b>Total Expenses</b>                        | <b>(12.2)</b> | <b>(14.2)</b> | <b>+17%</b> |
| <b>Surplus Before Tax</b>                    | <b>0.9</b>    | <b>0.8</b>    | <b>-15%</b> |
| Income Tax Expense                           | (0.1)         | (0.1)         | +17%        |
| <b>NPAT</b>                                  | <b>0.8</b>    | <b>0.7</b>    | <b>-17%</b> |
| <b>Operating EBITDA</b>                      | <b>1.0</b>    | <b>0.9</b>    | <b>-7%</b>  |

Source: Company, Forsyth Barr estimates and analysis

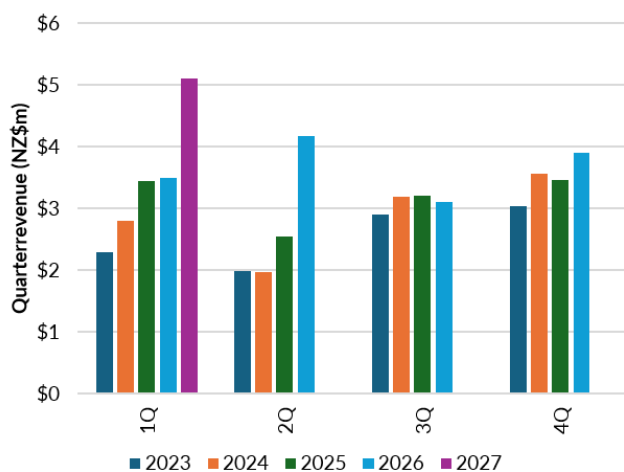
**Figure 72. Customer concentration by half**


Source: Company, Forsyth Barr analysis

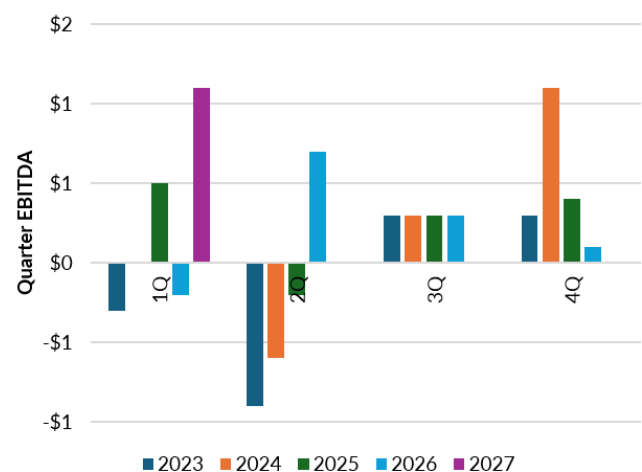
**Figure 73. Revenue by product**


Source: Company, Forsyth Barr analysis

## 1Q27 Trading update

**Figure 74. Quarterly revenue**


Source: Company, Forsyth Barr analysis

**Figure 75. Quarterly EBITDA**


Source: Company, Forsyth Barr analysis

## Appendix 2: Scientific evidence supporting BLT's oral probiotic platform

BLIS Technologies (BLT) has developed two commercial strains of *Streptococcus salivarius*: BLIS K12® and BLIS M18®. Both are intended to act principally in the mouth and throat, rather than the gastrointestinal tract. BLT's current bibliographies contain 152 references relating to K12 and 52 relating to M18. These totals demonstrate the breadth and longevity of research, but should not be interpreted as numbers of successful clinical trials. The bibliographies also include laboratory and animal studies, reviews, study protocols, theses, preprints, and research involving multiple strains.

### BLIS K12® has the broader evidence base, but clinical outcomes are mixed

K12 was selected for its ability to colonise the oral cavity and produce bacteriocins that inhibit other bacteria, including some strains of *Streptococcus pyogenes*. Laboratory research also indicates that K12 interacts with epithelial and immune pathways without materially disrupting the wider oral microbiota. A double-blind safety study found that a relatively high daily dose was well tolerated by 53 adults over 28 days, with no significant differences from placebo in clinical chemistry, haematology, or adverse events. [PubMed](#)

The largest group of K12 clinical studies relates to recurrent pharyngitis, tonsillitis, and other upper respiratory tract infections. Several relatively small Italian studies reported substantial reductions in infections among children or adults taking K12. A larger study of 222 three-year-old children reported lower rates of streptococcal pharyngotonsillitis and acute otitis media in the treated group. However, the comparison group was untreated rather than placebo-controlled, reducing confidence that the full difference was attributable to K12. [PubMed](#)

More rigorous large-scale trials have produced less favourable results. A pragmatic NZ study involving 1,314 schoolchildren found only a modest and statistically non-significant reduction in Group A streptococcus-positive throat swabs. The authors concluded that routine use for preventing Group A streptococcal pharyngitis was not supported under the study conditions. A separate placebo-controlled trial involving 827 children found that six months of K12 did not prevent acute otitis media. [PubMed](#), [JAMA](#)

Recent research provides evidence for more targeted applications. A 2024 trial involving 112 physically active young adults found that participants with high treatment adherence experienced more days without upper respiratory symptoms, although overall symptom severity was not significantly different from placebo. This reinforces the importance of daily administration and adherence, but does not establish broad preventive efficacy. [PubMed](#)

The most commercially significant recent result may be outside BLT's traditional supplement market. A double-blind trial involving 160 patients with head and neck cancer found that K12 reduced the incidence of severe radiotherapy-induced oral mucositis from 54.2% to 36.6%. It also delayed onset and reduced duration. This is a stronger clinical result than much of the earlier respiratory research, but commercialisation would probably require additional clinical validation, specialist partners, and a medical or therapeutic regulatory pathway. [ASCO](#), [PubMed](#)

Evidence for halitosis is also conditional. A study of 208 children found a sustained improvement when K12 followed tongue cleaning and chlorhexidine treatment. However, a smaller placebo-controlled trial without oral pretreatment found no significant between-group effect. The evidence supports K12 as an adjunct to conventional oral hygiene, rather than a stand-alone remedy. [PubMed](#)

### BLIS M18® research is narrower but increasingly relevant to dental health

M18 produces bacteriocins that inhibit cariogenic bacteria such as *Streptococcus mutans*. It also produces dextranase and urease, which may reduce plaque formation and counter oral acidity. Colonisation research indicates that persistence is dose-dependent and varies materially between individuals. This provides a plausible explanation for differences in clinical response and supports formulations that maximise contact with the oral cavity. [PLOS](#), [PubMed](#)

A double-blind trial involving 100 children found lower plaque scores after three months of M18 use. Reductions in *S. mutans* were concentrated among children in whom M18 colonised most effectively. A separate controlled study of 76 children at high risk of dental caries reported improved Cariogram risk assessments after 90 days. These results support M18's dental-health proposition, although plaque, bacterial counts, and Cariogram scores are intermediate measures rather than evidence that M18 prevents cavities over several years. [PubMed](#), [PubMed](#)

The evidence for gingival health has strengthened. Placebo-controlled studies published in 2023 and 2024 found reductions in gingival inflammation, bleeding, and plaque accumulation after one to three months of daily use. Some benefits weakened after treatment stopped, suggesting that continued consumption may be required. Commercially, this supports a repeat-use product proposition, while also limiting claims that treatment produces a permanent change. [PubMed](#), [PubMed](#)

#### BLIS M18® research (continued)

A 2025 double-blind trial assessed M18 as an adjunct to conventional non-surgical periodontitis treatment. The M18 group recorded greater improvements in pocket depth, plaque, and bleeding measures, together with changes in the subgingival microbiota. This suggests a potentially higher-value professional dental application. The study was relatively small, though, and although independently run, included BLT personnel among the authors. [PubMed](#), [Nature](#)

M18 also has a developed safety dossier. Genomic and phenotypic assessment found no relevant virulence or antibiotic-resistance determinants, while the clinical studies reported few material adverse events. This evidence is important for regulatory approvals and customer due diligence, even though safety evidence does not itself establish efficacy. [PubMed](#)

#### Commercial implications

**1) The research base is a genuine competitive asset.** Probiotic effects are strain-specific. Evidence generated for generic *S. salivarius* or another probiotic cannot automatically be transferred to K12 or M18. BLT's strain-level clinical, safety, manufacturing, and regulatory documentation increases the evidentiary, regulatory, and switching barriers for less well-supported competitors.

**2) K12 remains the more established commercial platform.** Its evidence spans throat health, respiratory infections, halitosis, immunity, and emerging clinical applications. The larger trials with neutral outcomes, though, mean BLT and its customers should avoid presenting K12 as proven to prevent all sore throats or ear infections. The most defensible consumer positioning is as a daily oral probiotic supporting throat, oral, and immune health, with stronger disease-specific claims used only where permitted by local regulators.

**3) M18 has greater scope for evidence-led expansion.** The research base is smaller, but recent studies provide a coherent proposition across plaque, gingivitis, and periodontitis. These indications align with pharmacy, dental-professional, and daily oral-care channels. They may also support broader formats subject to stability, formulation, and consumer acceptance.

**4) Medical applications represent upside rather than part of our base-case forecast.** Oral mucositis, periodontitis, and other therapeutic adjacencies could support licensing to pharmaceutical, oncology, or professional dental partners. These markets may offer higher value per patient than supplements, but require more investment, regulatory expertise, and confirmatory trials.

**5) Research is also extending BLT's intellectual property.** Work showing that selected sugars can increase K12 and M18 bacteriocin activity has supported enhanced probiotic formulations. BLT reported patents covering antiviral applications and combinations with specific prebiotic sugars in FY26. These developments could extend product life and improve differentiation, although commercial value will depend on their translation into scalable products and customer adoption.

## Appendix 3: Supplement and probiotic use

Independent surveys of probiotic use in various markets are not common, so we include measures of both general supplement use and, where available, probiotic use below. Supplement use is widespread across many of BLT's largest and most relevant markets, although reported adoption rates vary materially by country. The available studies use different populations, product definitions, and recall periods, which limits direct comparison between markets. European and selected Asian markets show particularly strong category familiarity, while the US remains the largest commercial market. The table should be read as an indicator of consumer awareness and market readiness, rather than as a set of directly comparable penetration rates.

**Figure 76. Summary of supplement and probiotic usage surveys**

| Market                       | General supplement-use indicator                                                                                                                                                                                                          | Probiotic-related indicator                                                                                                                                                            | Interpretation and limitation                                                                                                                                                                                                                             |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| US                           | In 2021–2023 60% of adults used a dietary supplement during the previous 30 days.                                                                                                                                                         | 4.5% of the population used a non-food probiotic or prebiotic in pooled 2015–2018 data, and 6.7% in 2023 data.                                                                         | Large, nationally representative surveys. Probiotic use is materially lower than general supplement use, indicating that the category has substantial headroom.                                                                                           |
| Europe—14 surveyed countries | 88% had used a food supplement at some point. Of these respondents, 93% had used one during the previous 12 months—equivalent to approximately 82% of the full sample.                                                                    | 12% of previous supplement users had taken probiotics during the preceding 12 months—equivalent to approximately 10.6% of the full sample.                                             | The 2022 Ipsos survey covered 13,249 adults in 14 EU countries. It used online panels and covered many, but not all, major European markets. (Ipsos)                                                                                                      |
| Poland                       | 98% of respondents who had previously used supplements had done so during the preceding 12 months.                                                                                                                                        | 59% reported consuming probiotics (including probiotic foods) and/or supplements.                                                                                                      | Poland recorded the highest rates in both surveys. The two figures have different denominators.                                                                                                                                                           |
| Italy                        | Italy was included in the 14-country Ipsos survey, although the public results do not provide a directly comparable Italy-only general-use rate.                                                                                          | 41% reported consuming probiotic foods and/or supplements.                                                                                                                             | Italy is one of BLT's most established markets. The measure includes probiotic foods and supplements, and does not specify frequency.                                                                                                                     |
| Australia                    | 33.6% of people aged two and over consumed a dietary supplement during the previous 24 hours in 2023. (Australian Bureau Statistics)                                                                                                      | No reliable population-wide estimate identified.                                                                                                                                       | The short recall period makes this a measure of daily consumption rather than occasional use. It is not directly comparable with the US or European measures.                                                                                             |
| NZ                           | 47.6% of adults used a dietary supplement during the previous 12 months in the 2008/09 national survey. A 2021 pilot panel found 57.6% had used a natural health product during the preceding 12 months.                                  | No robust population prevalence estimate identified. A small telephone survey found 8.4% of respondents had used probiotics in the last seven days. Schultz, 2011, NZ Medical Journal. | The more recent 2021 study was a small-scale pilot. The definitions of dietary supplements and natural health products differ.                                                                                                                            |
| Japan                        | A 2023 national online survey found approximately 30% of adults consumed health foods either currently, sometimes, or when needed. An older community study found previous-year supplement use of 55% of men and 61% of women aged 40–82. | Yano reported 'lactobacillus' as one of the three most commonly consumed supplement ingredients. 29% of surveyed supplement users reported using lactic-acid-bacteria products.        | Japan is clearly an established supplement and probiotic market, but the available rates vary materially by population, definition, and recall period. The older study covered central Japan in 2000–2002 and should be used as supporting evidence only. |
| South Korea                  | Among adults in the Korea National Health and Nutrition Examination Survey, supplement use increased from 61% in 2018 to 75% in 2020.                                                                                                     | Probiotics recorded the strongest increase among the supplement categories studied, reaching 13% in 2020.                                                                              | National survey data support South Korea as a high-adoption market.                                                                                                                                                                                       |
| China                        | 0.71% of Chinese people aged 6+ reported using a nutrient supplement in the previous month in the 2010–2012 national survey, rising to 3.31% among large-urban residents.                                                                 | No reliable national probiotic-use rate identified.                                                                                                                                    | Given its age, this survey may not reflect current supplement use in China.                                                                                                                                                                               |

Source: Forsyth Barr analysis; [CDC](#); [ScienceDirect](#); [Ipsos](#); [ABS](#); [Health NZ](#); [PubMed](#); [Yano](#); [J-STAGE](#); [FSBH](#); [PubMed](#); [PubMed](#)

## Appendix 4: Manufacturing process

The following provides a simplified overview of probiotic manufacturing and highlights the stages most relevant to BLT.

### Master cell bank to seed culture

The master bank is the biological source of the product. Misidentification, contamination, or loss of traceability at this stage can invalidate downstream batches. Working stocks are prepared from the master cell bank in aseptic laboratory conditions; a well-controlled working bank reduces handling and access to the master bank, increasing product repeatability and security. Stocks typically need thawing and reviving under controlled, strain-specific conditions. Identity and purity testing is critical at this stage. BLT would be expected to maintain the master bank, though working banks will be stored at different fermentation sites.

### Starter and main fermentation

The working-bank culture is scaled in stages until there is sufficient volume to inoculate the main fermenter. For a new strain in a different fermentation location, this can be time-consuming. Fermentation parameters such as pH, temperature, oxygen levels, foam control, and agitation are all closely controlled and can vary at different stages; the details are unique to each strain and commercially sensitive. The goal is not just a high yield of product, but a yield of robust organisms that will survive the drying, processing, and storage processes to follow. This stage of the process is strategically sensitive for BLT. Fermentation parameters are held as trade secrets, but BLT must share them with third parties. There can also be issues with accessing fermentation capacity with appropriate lead times at an acceptable cost. Where BLT has licensed strain production to Probi AB, supply-chain responsibility also remains with Probi.

### Post-fermentation processing

The fermentation broth is clarified and concentrated, typically via centrifugation at controlled temperatures, and protectants may be added before the drying process. If the end product is to be a postbiotic, processing will differ from this stage onwards. The freeze-drying stage is both capital-intensive and technically challenging. During this stage the bacteria move from a 'live state' to anhydrobiosis (not dead, but dormant). Again, the goal is not just yield, but the future viability of the organisms. After drying, the probiotic powder is milled, processed for particle size consistency, and then packaged (typically 1 kg bags). The count of viable bacteria in the powder can still vary from batch to batch. The powder must be stored in completely dry, temperature-controlled conditions to maximise shelf life. This bulk-packaged powder is put through a quality control and testing process before being sent to ingredient customers or being processed for consumer products. BLT has strong knowledge of the key steps in its own processes, but the risk of IP leakage at this stage is not as severe as during fermentation. We do note that some peers claim to use specialised processes and treatments for the drying stage, which may extend shelf life and be difficult for BLT to replicate.

### Consumer processing and packaging

Depending on the end product (lozenges, tablets, powder, sachets, etc.), the probiotic powder is mixed with various additives and binders, and processed under temperature- and humidity-controlled conditions. The end product needs to be protected from moisture to prevent loss of shelf life. Blister packs for lozenges are common as a result. The packs are then boxed as consumer products. This is a production stage where BLT currently lacks sufficient scale; the machinery is not especially expensive, but the required space, controlled environment, and staff all create overheads needing to be covered.

### Quality control

Quality control, though listed at the end, is embedded at every manufacturing stage. The product identity and colony-forming unit (CFU) count are critical. Wholesale bulk-packaged ingredients are subject to the same controls as consumer goods. Samples from batches are retained and then tested again over their full projected shelf life, through to expiry. Thorough quality control processes are integral to maintaining the strength of the BLIS® brand in all of the markets served.

## Appendix 5: Peers and competitors

We separate BLT's peers into three groups: those with consumer brands marketing probiotic strains for specific use cases, those not yet at scale and in the process of developing strains, and those that are manufacturing probiotics at scale for supply as ingredients. Several companies span more than one of these groups, although their principal sources of competitive advantage differ. We discuss the relative valuations of the listed peers in Section 1: Valuation.

### Probiotic consumer brands

These companies compete with BLT in the consumer channel, but many are also potential B2B customers for BLT ingredients.

#### BioGaia, BIOGb.ST

BioGaia is a Swedish probiotic company, founded in 1990 to identify products that could extend the shelf life of organic vegetables. The strain it identified, within the species *Limosilactobacillus reuteri*, was then found to have numerous other beneficial effects. BioGaia now develops, markets, and sells probiotic products focused on gut health, immune health, and oral health. Products are sold directly to consumers or through local distribution partners in more than 100 markets. BioGaia's products have featured in 290 clinical studies on approximately 25,000 individuals. Some fermentation and manufacturing is in-house, but BioGaia also partners with contract manufacturers. BioGaia (market capitalisation of ~NZ\$2bn) reported revenue of NZ\$270m and EBITDA of NZ\$84m for the year ended 31 December 2025. See [BioGaia Group](#).

#### Biome Australia, BIO.AX

Biome Australia is one of the leading probiotic brands in Australia, with products stocked in more than 7,000 Australian pharmacies. It grew revenue from near zero in 2019 to ~A\$20m in 2025, which was the company's first year of profitability. Its products are marketed under two brands, Activated Probiotics and Activated Nutrients. Australia remains its main market, but Biome has recently launched distribution into Canada, the UK, Ireland, and NZ. It has a wide product range that covers gut health in relation to mood, sleep, and depression, immunity, skin, iron absorption, bone health, cholesterol, and acne. Biome Australia's products are currently manufactured by the Italian company Probiotical SpA, mentioned below, although the company is investigating onshoring production to Australia. The company spends heavily on sales and marketing (FY25: 41% of revenue) and places strong emphasis on education of practitioners in its marketing efforts. Biome has a relatively small value of intellectual property on its balance sheet. Its products are mostly generic probiotics, although it has more recently started its own research and patenting processes. See [Biome Australia](#).

#### Life-Space Probiotics Australia

Life-Space Probiotics is the leading probiotic brand in Australia. There are ~36 products in the range, focused primarily on gut health, immunity, and general well-being. Products are available either directly via an online store or through pharmacists. Life-Space typically offers a lower price point than the more specialist Biome Australia products. Life-Space was purchased by the Chinese company ByHealth Co Ltd for ~A\$700m in 2018, when it was lossmaking, at a multiple of 7x forward revenue. At the time Life-Space was growing strongly in China. ByHealth is listed on the Shenzhen exchange, with revenue of c.NZ\$650m, down from NZ\$1,300m in 2023. The Life-Space probiotic products contain a mixture of relatively generic and some patented probiotic strains. They are formulated, blended, and packaged in Australia. The Australian segment of ByHealth (i.e. Life-Space) currently reports revenue of a reasonably stable ~NZ\$200m. Gross margins are >50% but Australian operating income is volatile. FY25 was the second profitable year in the past seven, with NZ\$6m of operating profit. See [Life-Space Probiotics](#).

#### Bifido Co Ltd, 238200.KQ

Bifido is a listed Korean manufacturer of 19 different probiotic strains, targeted at general health, gut health, and eczema. It has one product range focused on oral care that includes toothpaste. Bifido ferments in-house and, although it appears to be focused primarily on its domestic market, the company does have an online presence offering delivery to the US, China, Singapore, and Malaysia. Bifido reported revenue of NZ\$24m in FY25 and EBITDA of NZ\$5m, although revenue and profitability have both been extremely volatile (FY25 revenue was up +60% on FY24, but FY25 only just exceeded FY23). See [Bifido](#).

**Cell Biotech, 049960.KQ**

Cell Biotech, listed in South Korea, manufactures ingredients (21 strains) and also sells directly to consumers under the Duolac, Duolab, and Lactoclear brands. It exports ingredients to 50 countries, and its brands are market leaders in Denmark, South Korea, and Singapore. Products target gut health, skin, women's health, cholesterol management, and oral and mental health. It also has two pet products targeting skin health and weight management. Cell Biotech reported NZ\$64m revenue in FY25 and NZ\$14m EBITDA. See [Cell Biotech](#).

**Oraticx, South Korea**

Oraticx is a privately owned Korean company formerly known as Orapharm Inc, which specialises in oral probiotics, especially those targeted at tooth, gum, and breath health, in humans and pets. Oraticx products are based on two patented strains, CMU and CMS1, which were isolated from the saliva of healthy children. Oraticx also offers a postbiotic product. Its products are sold in Korea, and its oraCMU® strain received a 'no questions' letter from the FDA for US GRAS notification in 2023. Its products are available on iHerb, Amazon, and through a US customer-facing Shopify account. In mid-2024, Oraticx appointed Stratum Nutrition as its exclusive North American ingredients distributor. JobKorea (equivalent to Seek) shows that 2023 revenue was KRW3bn (~NZ\$3.4m), and that the company currently has 15 employees. See [Oraticx Korea](#) or [Oraticx USA](#).

**Wonderlab, China**

Wonderlab is a consumer brand offering both in-store and online probiotics in China. Wonderlab has six in-house strains focused on gut health, and offers nine consumer products across general health, adult and child immunity, and oral health applications. We estimate Wonderlab revenue to be ~US\$50m; the brand often ranks among the top-selling probiotic brands on marketplaces such as Tmall. See [Wonderlab](#).

**ProBiora Health, US**

ProBiora is a small US-based company supplying a blend of three of its own patented probiotic strains directly to consumers via its website, Amazon, Walmart, and a professional dental channel. The company appears to be a small direct-to-consumer specialist, with estimated revenue below US\$2m. See [ProBiora Health](#).

**Synbio Tech, 1295.TW**

Synbio Tech generates approximately half its revenue from sales of domestic branded goods within Taiwan, and the other half from export sales of ingredients, predominantly to China and Korea. Its strains target gut-health applications, and the company also produces agricultural and aquaculture products. Manufacturing is in-house; FY25 revenue was ~NZ\$60m.

**Probiotic developers**

We have identified early-stage probiotic developers with a variety of use cases, but none focused specifically on the oral microbiome.

**SkinBio Therapeutics, SBTX.L**

SkinBio's products have been developed from research undertaken at the University of Manchester, and focus on general skin health and cosmetic applications of probiotics. The company is at an early stage; much of the recent revenue growth has come from acquisitions of adjacent cosmetic companies. SkinBio reported NZ\$10m revenue in FY25 and is lossmaking. See [SkinBio Therapeutics](#).

**ProBiotix Health, PBX.ASE**

ProBiotix Health is a UK life-sciences company developing probiotic formulations for cardiometabolic health, particularly cholesterol, blood pressure, and broader healthy ageing applications. Its flagship technology, LPLDL®, is aimed at cholesterol management. The company also develops products to assist with menopause symptoms and blood pressure. The company aims to supply supplement brand owners with ingredients. It reported NZ\$6m revenue for FY25 and is lossmaking. See [ProBiotix Health](#).

## Large-scale probiotic fermenters

As BLT shifts towards B2B ingredients, larger-scale probiotic fermenters become more relevant competitors. It would ordinarily be difficult for a company of BLT's scale to compete against some of the larger entities listed here, but by partnering with Probi AB there is a viable route to market.

### GenMont Biotech, 3164.TW

GenMont Biotech is a Taiwanese probiotic company founded in 2000. It is focused on lactic acid bacterial strains and probiotic applications across dietary supplements, lactic-acid beverages, toothpaste, creams, and other formats. The company operates both as a supplier of branded probiotics to the local market and as a partner for customers requiring probiotic raw materials in capsules, powders, tablets, and liquid products. The customer base includes supplement companies, food and beverage companies, oral-care or skincare product developers, distributors, and consumers reached through finished product brands. The company holds 206 patents worldwide, supported by academic publications and clinical evidence. GenMont reported NZ\$22m revenue in FY25 and NZ\$7m EBITDA. See [GenMont Biotech Inc.](#)

### AB-BIOTICS SA

AB-BIOTICS, domiciled in Spain and part of the Japanese chemical conglomerate Kaneka, develops and sells probiotic strains across 11 therapeutic areas including gastrointestinal, eye, skin, and oral health, cognition, and general immunity. Its route to market is primarily B2B, supplying strains, blends, documentation, and finished solutions to supplement, nutraceutical, and health-product companies, with operations supported from Spain, Kaneka Americas, and Asia Pacific channels. AB-BIOTICS markets 19 different strains (from a bank of more than 500), with a strong portfolio of clinical evidence encompassing numerous use cases. AB-BIOTICS has some in-house fermentation capabilities, but it also outsources in different geographies. Two products target oral health: AB-Dentalac and AB-Impalac. The company (as a separate division of Kaneka) reports revenue of approximately NZ\$50m (FY24 NZ\$54m) and NZ\$4m operating profit. See [AB-BIOTICS](#).

### Probiotal S.p.A.

Probiotal is an Italian-based probiotics manufacturer. It markets 41 probiotic strains, supported by more than 160 clinical trials and 300 patents. Probiotal does not brand or sell products to consumers itself, focusing only on fermentation of ingredients and private-label manufacturing and packaging. It is a family-owned business, founded in 1985, although the founding family had three generations of probiotic research in the dairy industry prior to then. FY24 revenue was ~NZ\$105m and net profit ~NZ\$23m. See [Probiotal](#).

### Lallemand Health Solutions

Lallemand is a privately owned global leader in yeast and bacteria production. The Health Solutions division has two probiotic manufacturing plants in France and Quebec, Canada, employs 600 people, and markets more than 40 proprietary strains in more than 60 countries. Products cover the range of gut, oral, mental, skin, infant, and women's health. The probiotics division is estimated to have revenue of approximately NZ\$170m, and the wider group has revenue of nearly NZ\$2bn. It is a B2B ingredients manufacturer that, as well as probiotics, markets yeasts for baking and brewing, animal nutrition products, biofuel yeasts, and others. See [Lallemand](#).

### Novonesis, NSISb.CO

Novonesis is included as a peer and competitor to Probi AB and Symrise. With total revenue of ~NZ\$8bn, only a small part of its business can be attributed to probiotics. Novonesis was formed by the 2024 merger between two Danish companies, Novozymes (focused on industrial enzymes, biofuels, etc.) and Chr. Hansen (with a history in dairy and infant formulas). There are a limited number of products competing directly with BLT in the oral microbiome space. See [Novonesis](#).

### IFF/HOWARU, IFF.N

Like Symrise, IFF (International Flavors & Fragrances Inc) is a global conglomerate with interests in flavours, fragrances, food ingredients, and health. The HOWARU brand is a small part of the IFF Health and Biosciences segment. HOWARU probiotics target immune, digestive, respiratory, and paediatric health, and there are two strains specifically targeting gum health and the oral microbiome. Strains are sold as ingredients to consumer-facing brands such as Nature's Way, GO Healthy, and Nutra-Life. The larger Health and Biosciences segment reported FY25 revenue of ~NZ\$4bn and EBITDA of ~NZ\$1bn. See [HOWARU Probiotics – IFF](#).

## Appendix 6: Capital changes

**Figure 77. BLT capital and corporate milestones**

| Date     | Shares on issue, m | Detail                                                                                                                                                                                                                                                                            |
|----------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Aug 2000 |                    | BLIS Technologies commenced business. University of Otago transferred rights to technology and patents to BLT                                                                                                                                                                     |
| May 2001 | 49.55              | NZ\$6m raised in unlisted offering. BLT subsequently moved to the NZX Main Board<br>Significant shareholders included several development partners<br>Kelvin Moffat (former Boots UK GM, Healthcare) appointed CEO<br>BLT expected to have funding for three years of development |
| Mar 2002 | 63.40              | 13m shares issued to University of Otago in consideration for purchase of scientific research                                                                                                                                                                                     |
| Mar 2004 | 95.09              | 32m shares issued through a rights issue in FY04, raising NZ\$3.2m                                                                                                                                                                                                                |
| Mar 2007 | 104.09             | 9m shares issued in private placement, raising NZ\$700k<br>Dr Barry Richardson appointed CEO (taking up 4m of the issued shares)                                                                                                                                                  |
| Mar 2008 | 131.83             | 7m shares issued in private placements, raising ~NZ\$500k<br>20m shares issued via rights, raising NZ\$1.5m                                                                                                                                                                       |
| Mar 2009 | 143.85             | 12m shares issued, raising ~NZ\$500k<br>Underwriting and loan agreements with Edinburgh Equity Nominees                                                                                                                                                                           |
| May 2009 | 143.86             | NZ\$3m raised through issue of one preference share for every 45 existing ordinary shares, and options granted for 1m further preference shares<br>Preference shares to pay 10% pa and convert on three-year expiry                                                               |
| Mar 2012 | 175.83             | Losses reached ~NZ\$1.8m pa<br>Murray and Co appointed to conduct a strategic review<br>32m shares issued over the period via placement and share purchase plan, raising NZ\$1.5m                                                                                                 |
| May 2012 | 481.88             | 4m preference shares converted at a ratio of 74.5:1, 12.99m ordinary shares issued and 5m treasury shares cancelled                                                                                                                                                               |
| Mar 2013 | 669.59             | 187m shares issued via placement and share purchase plan, raising NZ\$1.3m                                                                                                                                                                                                        |
| Mar 2014 | 1,102.15           | 432.6m shares issued via placement and share purchase plan, raising NZ\$4.3m                                                                                                                                                                                                      |
| Mar 2017 | 1,107.65           | NZ\$7m revenue, strong European and US revenue, near-breakeven results (NZ\$25k loss)<br>5.5m shares issued to new Chief Executive Brian Watson at ~3cps via interest-free loan                                                                                                   |
| Mar 2019 | 1,107.65           | Company reported its maiden profit.                                                                                                                                                                                                                                               |
| Jul 2021 | 1,273.80           | Significant strategic partnership announced with Probi AB<br>166m shares placed with Probi AB, raising NZ\$9.2m                                                                                                                                                                   |
| Mar 2024 | 1,279.30           | 5.5m shares issued to new Chief Executive Scott Johnson at 1.51cps via interest-free loan                                                                                                                                                                                         |

Source: Company Reports, Forsyth Barr analysis

## Appendix 7: Strengths, weaknesses, opportunities, and threats (SWOT) analysis

Figure 78. BLT SWOT

| Strengths                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Weaknesses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>■ <b>Proprietary, evidence-backed oral probiotic platform.</b> BLT has defined strain IP supported by patents, trade secrets, brand equity, regulatory work, and clinical evidence.</li> <li>■ <b>Capital-light B2B model with operating leverage.</b> BLT is increasingly oriented towards ingredients, private-label finished goods, and strain-licensing revenue rather than heavy direct consumer-market investment. FY26 B2B revenue was NZ\$9.9m, up +22%, and represented 68% of total revenue. B2B revenue includes private-label finished goods.</li> <li>■ <b>Strong balance sheet.</b> BLT held NZ\$8.5m of net cash and short-term deposits at FY26 year-end, giving it capacity to support growth, regulatory work, and R&amp;D.</li> <li>■ <b>Established strategic partners.</b> Probi and Symrise provide global reach, manufacturing capability, and access to customers across the US, Canada, EMEA, and pet-nutrition markets; BSP provides a European channel after the patent settlement and five-year supply extension.</li> <li>■ <b>Improving customer diversification.</b> Customer concentration has fallen from about 75% of revenue from the top three customers in FY19 to below 50% in 2H26.</li> </ul>                                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>■ <b>Still small scale.</b> Despite strong growth, BLT remains a small NZX-listed business with market capitalisation of around NZ\$29m, limiting resources relative to global probiotic peers.</li> <li>■ <b>Earnings still sensitive to one-off costs.</b> In FY26, statutory profitability was more than 50% lower than underlying profit due to one-off supply-chain costs, see Appendix 1.</li> <li>■ <b>Sub-scale finished-goods manufacturing drag.</b> We estimate the finished-goods segment does not currently cover its allocated fixed manufacturing overheads, due mainly to sub-scale packaging operations.</li> <li>■ <b>Complex live-biotic product delivery.</b> Despite being dried and in a state of anhydrobiosis, probiotics still require complex supply chains.</li> <li>■ <b>Reliance on partners for offshore execution.</b> BLT's international growth depends heavily on Probi/Symrise, BSP, private-label partners, and local distributors, which reduces capital intensity but gives BLT less control over in-market brand presentation.</li> <li>■ <b>B2B revenue volatility.</b> Revenue can be affected by distributor destocking, customer reorder timing, regulatory changes, and channel resets.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                             |
| Opportunities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Threats                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <ul style="list-style-type: none"> <li>■ <b>Global oral-probiotic penetration upside.</b> We estimate BLT's blended current market opportunity at around NZ\$30m, growing to NZ\$77m over 10 years.</li> <li>■ <b>Probi/Symrise channel expansion.</b> FY26's revised Probi licence and distribution agreement extends exclusivity across the US, Canada, and selected EMEA markets, and adds pet nutrition. Symrise's broader customer base gives BLT a pre-built route to global food, wellness, and pet-care customers.</li> <li>■ <b>Pet oral-health adjacency.</b> Probi has begun marketing a pet-food probiotic ingredient containing BLIS K12® for breath odour, and FY26 added pet nutrition to Probi's licensed territories. This creates a new category without BLT needing to build a pet brand itself.</li> <li>■ <b>China regulatory and private-label growth.</b> FY25 private-label revenue grew to NZ\$0.8m, supported by a Chinese partner's health-professional education, and FY26 private-label revenue rose +67% to NZ\$1.3m. BLT's China regulatory pathway for K12 and M18 continued to advance, with a key clinical trial starting in 2H26.</li> <li>■ <b>Dental health and BLIS M18®.</b> M18's dental/oral-health positioning is less seasonal than K12's immunity and throat-health use cases.</li> <li>■ <b>Postbiotics and easier product formats.</b> Postbiotics may provide some opportunities while being easier to formulate, store, distribute, and include in other food or consumer products.</li> </ul> | <ul style="list-style-type: none"> <li>■ <b>IP leakage and derivative competition.</b> FY25 disclosed patent applications by BLT's largest European customer and an associated party using information BLT viewed as confidential. In FY26 this was resolved with joint ownership and a BSP supply extension, but the episode highlights the risk inherent in outsourced fermentation and partner access to know-how.</li> <li>■ <b>Potential substitution in Europe.</b> We note that Bactoblis often foregrounds <i>Streptococcus salivarius</i> K12 rather than BLIS K12® branding; it also references PharmExtracta-related research and early-stage marketing around eK12/ Bactoblis Evol, which is not associated with BLT.</li> <li>■ <b>Supply-chain concentration.</b> BLT disclosed in FY25 that Fonterra had been a key fermentation partner for 25 years but volume restrictions and price increases required BLT to add another fermentation partner; FY26 then experienced a one-off NZ\$0.9m supply-chain cost increase.</li> <li>■ <b>Regulatory risk.</b> BLIS K12® China re-registration and BLIS M18® China approval remain in process, while claims are restricted by local regulations across markets.</li> <li>■ <b>Competitive intensity.</b> BLT competes against consumer probiotic brands and ingredient manufacturers, including BioGaia, Biome Australia, Life-Space, AB-BIOTICS, Probiotical, Lallemand, and GenMont; many have larger scale, broader portfolios, or in-house fermentation capacity.</li> <li>■ <b>Channel and macro volatility.</b> FY24 and FY25 reports cite cost-of-living pressure and weaker China/CBEC conditions.</li> </ul> |

Source: Forsyth Barr analysis

## Appendix 8: Board and management profiles

**Figure 79. Board profiles**

| Board Member        | Position                                  | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dame Alison Stewart | Chair, Independent non-executive Director | Alison was appointed to the Board in September 2018 and has extensive governance, research, and commercialisation experience in the international biotechnology sector. She has held senior executive roles in New Zealand and US companies and has expertise in microbe-based product development, patents, IP protection, new-product pipelines, and strategic partnerships. Alison is a Distinguished Emeritus Professor at Lincoln University. She was appointed a Companion of the New Zealand Order of Merit in 2011 for services to biology, and in 2025 was appointed a Dame Companion of the New Zealand Order of Merit for services to plant science and the arable sector.                                                                                                                                                                                                                                                                                  |
| Aimee McCammon      | Independent non-executive Director        | Aimee was appointed to the Board in October 2021 and is CEO of Pic's Peanut Butter. She has extensive experience in strategy, brand development, and consumer marketing, including work with Whittaker's, Toyota, Lotto, Tourism NZ, and 42 Below. She was previously CEO of Augusto Group and has held senior roles at Park Road Post Production, Assignment Group, Trade Me, and Saatchi & Saatchi in New Zealand and New York. Aimee holds a Bachelor of Commerce from the University of Auckland and has completed leadership programmes at Omnicom University and Harvard Business School. She is Wellington-based and is also a director of the New Zealand Film Commission.                                                                                                                                                                                                                                                                                     |
| Dr Barry Richardson | Independent non-executive Director        | Barry is Dunedin-based and was appointed to the Board in July 2018. He joined the NZ Dairy Board in 1985 after many years in research and development to undertake business development roles in several joint venture companies. In 1991, Barry joined Tatua Dairy Co. Ltd to develop a milk biologics business based on high-value milk ingredients and was later also appointed GM, International and Strategic Development. Barry was appointed CEO at Westland Milk Products Ltd in 2002, when it chose to market its own products following deregulation of the dairy industry in late 2001. After consulting for BLIS Technologies in 2006, Barry was appointed CEO in 2007 and served until 2016. Barry is a Director of CertusBio Ltd and holds an M.Sc. (Hons) and a PhD from Massey University. He is a Fellow of the NZ Institute of Food Science and Technology and received the JC Andrews award for distinction in Food Science and Technology in 2003. |
| Paul Munro          | Independent non-executive Director        | Paul has extensive governance experience from a wide range of public and private entities. Prior to his governance career, Paul spent 24 years with Deloitte as a Corporate Finance Partner, primarily working with large corporates, leading projects, and M&A assignments. Following his time with Deloitte, Paul was CEO of Christchurch City Holdings Limited, the holding company for Christchurch City's NZ\$4bn investment portfolio. Paul is currently an Independent Non-Executive Director of Scales Corporation Limited, where he is Chair of the Audit & Risk Management Committee, and of New Zealand King Salmon Limited, where he is also Chair of the Audit, Finance, Risk, and Project Development Committee. In addition to these roles, Paul is currently Chair or a director of a number of private companies, including Chair of Orion New Zealand Limited, Tait International Limited, and Cambridge Partners Limited.                           |
| Anita Johansen      | Non-executive Director                    | Anita was appointed to the Board in January 2024 and is VP of Global Innovation for the Symrise Care & Wellness division. She joined Probi in April 2022 as Vice President of Research & Development and was appointed Probi CEO in April 2023, before moving to her Symrise role. Anita has held product-development and leadership roles with Ferrosan, Pfizer Consumer Healthcare, Novozymes, and USP Zdrowie. She is also an elected board member of the International Probiotics Association and IPA Europe. Anita holds a Master of Pharmacy and a PhD in Pharmaceutical Technology from the Danish University of Pharmaceutical Sciences, University of Copenhagen.                                                                                                                                                                                                                                                                                             |

Source: Company reports, Forsyth Barr analysis

**Figure 80. Management profiles**

| Management       | Position                        | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scott Johnson    | Chief Executive Officer         | Appointed in January 2024, Scott is an experienced CEO with over 35 years' experience in the consumer health and wellness sectors in Australasia and internationally, including businesses such as IBM, Frucor-Suntory, and the GO Healthy Group.                                                                                                                                                                                                                                 |
| Richard Wingham  | Chief Financial Officer         | Richard was appointed to the role of CFO of BLIS Technologies in November 2017. Richard is a Chartered Accountant with over 30 years' experience, including various senior finance roles across the dairy, FMCG, construction, and health sectors. His skills span manufacturing, project management, information technology, and strategic planning.                                                                                                                             |
| Dr John Hale     | Chief Technology Officer        | John completed his PhD studying bacteriocins (BLIS) under the supervision of Professor John Tagg at the Department of Microbiology and Immunology, University of Otago. He carried out postdoctoral research at the University of British Columbia (Vancouver, Canada) and Monash University School of Pharmacy (Melbourne, Australia) investigating the modes of action of antimicrobial peptides. John joined BLIS Technologies in 2011 and leads the Scientific Services team. |
| Jennifer Walker  | Chief Revenue Officer           | Jennifer joined BLIS Technologies in February 2022 with extensive global marketing experience within the consumer and wellness sectors in both start-ups and larger corporates. Jennifer has strong experience across e-commerce, brand, and retail marketing, having worked for international brands such as PUMA and corporates focused on the health and wellness sector.                                                                                                      |
| Ashleigh Childs  | Head of People, Culture and PMO | Ash joined the BLIS team in 2021 as People & Culture Manager, bringing over a decade of experience in People & Culture roles within tourism, health, and education industries. Ash's leadership is defined by a strong commitment to creating and developing people-centric practices that align with company values.                                                                                                                                                             |
| Melissa Drysdale | Head of Quality                 | Bringing over two decades of experience in quality and supply-chain management, Melissa joined BLIS in 2015, following roles in quality and food safety at Cadbury and Mondelez International. A passionate advocate for systems enhancement and continuous improvement, Melissa specialises in driving operational excellence, risk management, and a strong culture of quality.                                                                                                 |

Source: Company reports, Forsyth Barr analysis

**Figure 81. Board remuneration and shareholdings**

| Director            | Responsibility                           | Shareholding | Board fees, NZ\$ | Audit and risk committee, NZ\$ | People and performance committee, NZ\$ | FY26 total, NZ\$ |
|---------------------|------------------------------------------|--------------|------------------|--------------------------------|----------------------------------------|------------------|
| Geoff Plunket       | Independent Chair (retired 1 March 2026) | n/a          | 64,417           | 833                            | 1,125                                  | 66,375           |
| Dame Alison Stewart | Independent Chair                        | 350,000      | 65,500           |                                | 3,792                                  | 69,292           |
| Aimee McCammon      | Chair, People and Performance Committee  |              | 48,800           | 7,000                          | 4,833                                  | 60,633           |
| Dr Barry Richardson | Chair, Audit and Risk Committee          | 17,903,625   | 48,800           | 10,000                         | 250                                    | 59,050           |
| Paul Munro          | Audit and Risk Committee member          |              | 3,883            | 583                            |                                        | 4,466            |
| Anita Johansen      | Non-Independent, Probi AB representative | 166,148,034* | 48,800           |                                |                                        | 48,800           |
| Total               |                                          |              |                  |                                |                                        | 308,616          |

\* Owned by Probi AB, which is represented on the BLT board by Anita Johansen.

Source: Company reports, Forsyth Barr analysis

**Figure 82. FY26 CEO management remuneration and shareholding**

| Manager       | Role                    | Shareholding | Salary & benefits, NZ\$ | Short-term incentive, NZ\$ | Long-term incentive, NZ\$ | FY26 total, NZ\$ |
|---------------|-------------------------|--------------|-------------------------|----------------------------|---------------------------|------------------|
| Scott Johnson | Chief Executive Officer | 5,500,000    | 405,155                 | 100,440                    | 0                         | 505,595          |

Source: Company Reports, Forsyth Barr analysis

## Appendix 9: Glossary

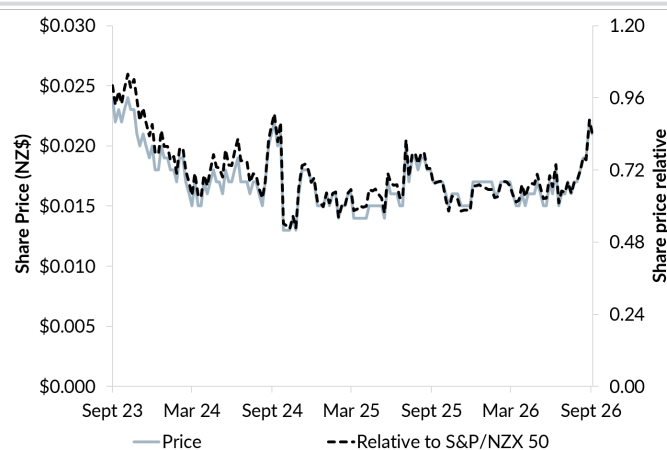
Figure 83. Glossary

| Term          | Definition                                                                                                                                       | Term                 | Definition                                                                                                                                                        |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Anhydrobiosis | Dormant, dehydrated state in which live probiotic bacteria can survive drying.                                                                   | Microbiome           | Microbiota plus their genetic material, biological activity, and surrounding environment.                                                                         |
| B2B           | Business-to-business; sales through commercial customers or partners rather than directly to consumers.                                          | Microbiota           | Living microorganisms present in a defined body site.                                                                                                             |
| B2C           | Business-to-consumer; sales of branded finished products ultimately aimed at consumers.                                                          | NPN                  | Natural Product Number; Canadian licence identifier for natural health products.                                                                                  |
| Bacteriocin   | Antimicrobial substance produced by bacteria that inhibits other bacteria.                                                                       | Oral probiotic       | Probiotic intended to act primarily in the mouth and throat rather than the gut.                                                                                  |
| BLIS K12®     | BLT's <i>S. salivarius</i> strain used mainly for mouth, throat, and upper-respiratory applications.                                             | Postbiotic           | Preparation of inanimate microorganisms and/or their components that confers a health benefit on the host; viable organisms are not required at the point of use. |
| BLIS M18®     | BLT's <i>S. salivarius</i> strain used mainly for dental and oral-health applications.                                                           | Private label        | Finished product manufactured for a customer and sold under that customer's brand; BLT manufactures selected private-label products at its Dunedin facility.      |
| BLIS Q24®     | BLT's <i>Micrococcus luteus</i> strain developed for topical skincare.                                                                           | Probi                | Swedish probiotic-ingredient partner licensed to manufacture and sell BLIS strains in specified territories.                                                      |
| BSP           | Bluestone Pharma, BLT's principal EMEA distribution partner.                                                                                     | Probiotic            | Live microorganism that, when administered in adequate amounts, confers a health benefit on the host.                                                             |
| CBEC          | Cross-border e-commerce; goods sold into China through overseas online channels.                                                                 | R&D                  | Research and development.                                                                                                                                         |
| CFU           | Colony-forming unit; a measure of viable bacteria in a probiotic product.                                                                        | Royalty              | Payment to BLT linked to sales of licensed strains or technology.                                                                                                 |
| Daigou        | Goods bought overseas and resold or carried into China, often on behalf of an end customer.                                                      | <i>S. salivarius</i> | <i>Streptococcus salivarius</i> , the oral bacterial species that includes K12 and M18.                                                                           |
| EMEA          | Europe, Middle East, and Africa.                                                                                                                 | SAM                  | Serviceable addressable market; demand BLT can serve given its strains, regulatory access, and commercial channels.                                               |
| Freeze-drying | Removal of water to place viable bacteria into a stable dormant state.                                                                           | SOM                  | Serviceable obtainable market; the share of SAM that BLT-containing products could plausibly capture.                                                             |
| GRAS          | Generally Recognized as Safe; a US food-safety conclusion for specified conditions of use. An FDA no-questions letter is not a product approval. | Strain               | Distinct genetic variant within a microbial species; probiotic effects are generally strain-specific.                                                             |
| Ingredient    | Concentrated freeze-dried probiotic powder incorporated into a customer's finished product.                                                      | TAM                  | Total addressable market; estimated current demand for oral probiotics across the selected markets.                                                               |
| IP            | Intellectual property, including patents, trade secrets, know-how, and trademarks.                                                               | TGA                  | Therapeutic Goods Administration, Australia's therapeutic products regulator.                                                                                     |

Source: Forsyth Barr analysis

## Additional data

**Figure 84. Share price performance**



**Figure 85. Substantial shareholders**

| Shareholder                | Latest Holding |
|----------------------------|----------------|
| Probi AB                   | 13.0%          |
| Trustees of ES Edgar Trust | 11.1%          |

Source: NZX, Bloomberg, Forsyth Barr analysis; shares outstanding fall back to the analyst model;  
NOTE: based on SPH notices only

**Figure 86. International valuation comparisons using consensus data (one- and two-year forward)**

| Company             | Code      | Price     | Mkt Cap<br>(m) | PE    |       | EV/EBITDA |       | EV/EBIT |       | Cash Yld |
|---------------------|-----------|-----------|----------------|-------|-------|-----------|-------|---------|-------|----------|
|                     |           |           |                | 1yr   | 2yr   | 1yr       | 2yr   | 1yr     | 2yr   |          |
| Blis Technologies   | BLT NZ    | NZ\$0.023 | NZ\$29         | 14.4x | 10.6x | 8.4x      | 6.2x  | 10.8x   | 7.8x  | 0.0%     |
| AFT Pharmaceuticals | AFT NZ    | NZ\$4.44  | NZ\$466        | 20.4x | 15.5x | 12.8x     | 10.2x | 14.5x   | 11.3x | 1.0%     |
| Biome Australia     | BIO AT    | A\$0.35   | A\$80          | 17.5x | 14.9x | 15.3x     | 8.4x  | 18.7x   | 9.7x  | n/a      |
| Cell BioTech        | 049960 KS | ₩15710.00 | ₩147,674       | n/a   | n/a   | n/a       | n/a   | n/a     | n/a   | n/a      |
| Bifido              | 238200 KS | ₩2790.00  | ₩22,822        | n/a   | n/a   | n/a       | n/a   | n/a     | n/a   | n/a      |
| Biogaia AB          | BIOGB SS  | kr115.30  | kr11,357       | 26.1x | 22.5x | n/a       | n/a   | n/a     | n/a   | 3.9%     |
| Synbio Tech         | 1295 TT   | NT\$45.60 | NT\$1,715      | n/a   | n/a   | n/a       | n/a   | n/a     | n/a   | n/a      |
| GenMont Biotech     | 3164 TT   | NT\$15.85 | NT\$1,363      | n/a   | n/a   | n/a       | n/a   | n/a     | n/a   | n/a      |

Source: Forsyth Barr analysis, Bloomberg. NOTE: all multiples based on Bloomberg consensus estimates. EV = market cap + net debt + lease liabilities + min interests - investments

## Disclosures

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