

RESEARCH UPDATE
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Market Statistics in NZD

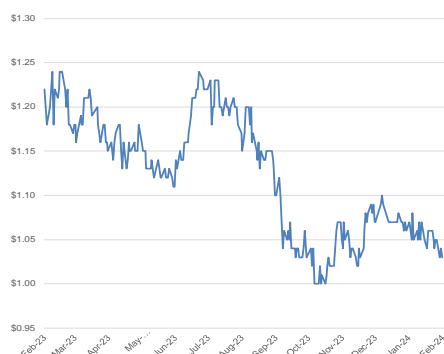
Price	\$ 1.01
52 week Range	\$1.00 - \$1.25
Daily Vol (3-mo. average)	168,350
Market Cap (M)	\$ 327.4
Enterprise Value (M)	\$ 385.1
Shares Outstanding: (M)	324.2
Float (M)	296.7
Public Ownership	65.2%
Institutional Ownership	26.4%

Financial Summary in NZD

Cash (M)	\$ 24.7
Cash/Share	\$ 0.08
Debt (M)	\$ 82.3
Equity (M)	\$ 117.4
Equity/Share	\$ 0.36

FYE: Dec **2023** **2024E** **2025E**
(all figures in M, expect per share information)

Rev	\$ 108.4	\$ 114.2	\$ 119.8
Chng%	13%	5%	5%
EBITDA	\$ 38.9	\$ 43.4	\$ 46.8
Net Income	\$ 13.6	\$ 15.3	\$ 17.5
EPS	\$ 0.04	\$ 0.05	\$ 0.06
EV/Revenue	3.9x	3.4x	3.2x
EV/EBITDA	10.9x	8.9x	8.2x
P/E	24.7x	20.3x	17.7x


COMPANY DESCRIPTION

NZX Limited is a New Zealand based stock exchange with affiliates in Australia, Mainland Asia, Europe, and North America. NZX Limited operates in two primary segments of Market Operations and Non-Market Operations. In the Market Operations segment the Company drives revenue through both the capital markets and the secondary markets, as well as through the sale of data and insights. In the Non-Markets segment NZX charges fees for both Smartshares Funds Under Management ("FUM") and Wealth Technology Funds Under Advisory ("FUA").

NZX LIMITED (NZSE: NZX)
COMPANY UPDATES

Quarterly Results: NZX reported revenue, adj EBITDA, and adj EPS of \$54.4M, \$18.9M, and \$6.58, respectively. This compares to our estimates of \$53.1M, \$19.9M, and \$6.86. Topline outperformance was due to strong results in the dairy derivatives segment and wealth tech segments. This was moderated by lower GPM than expected from weaker than forecasted margins in the Funds segment.

Markets: Capital listed and raised in the year totaled \$14.2B. While this is a y/y decrease, we attribute this to the current market environment and expect NZX to improve when the market improves. The Company also recorded \$33.8B worth of traded values in the secondary market. Information services revenue totaled \$19.7M in the year for a CAGR of 7.5% since 2018. NZX also traded 578K dairy derivative lots in the year.

Smartshares: Smartshares ended the year with FUM of \$10.98B, which is up 32.9% from 2H22. FUM grew from the QuayStreet acquisition, positive cashflow, and positive market returns by \$1,570M, \$136M, and \$958M respectively. The Company expects to have QuayStreet fully integrated by 4Q24. This along with positive macro drivers like the KiwiSaver growth potential gives us confidence in NZX's ability to continue growing its FUM.

Wealth Technology: Wealth tech ended the half with FUA of \$11.54B, which is up 15.8% from 2H22. This has led to \$7.1M in annual recurring revenues ("ARR") as of year end 2023. Growth was in part driven by onboarding 12 new clients onto the platform as well as the initial tranche of a significant SaaS only client. Additionally, the Company is currently onboarding an additional 7 custody clients. The Wealth Tech segment is forecasted to be cashflow positive by the end of 2024.

Financial Position: The Company maintains a strong balance sheet with \$24.7M in cash and \$117.4M in equity. When combined, cash and equity account for \$0.41 per share, equal to 41% of the share price. NZX also announced a 3.1 cents per share dividend. Capital expenditures are still above historical averages due to the continued product development and new client migration activity. This is expected to continue through 2024.

Updated Guidance: NZX has set its full year 2024 EBITDA guidance in a range of 40.0M to \$44.5M. We note that NZX reached the high end of its FY23 guidance. Following the strong FY23 results we believe the Company will perform slightly above the midpoint of this guidance. This is in large part due to the strong results seen in the dairy derivatives segment and the recurring nature of the Wealth Tech and Smartshares segments.

Valuation: We use a Dividend Discount Model, DCF Model and EV/EBITDA comp analysis to guide our valuation. Our Dividend Discount uses the NZX stated range of payout ratios on 2025E Net Income to arrive at a valuation range of \$1.19 to \$1.47 with a mid-point of \$1.33. Our DCF analysis produces a valuation range of \$1.26 to \$1.49 with a mid-point of \$1.36. Our EV/EBITDA valuation results in a range of \$1.27 to \$1.55 with a mid-point of \$1.41. Lastly, we note that NZX is the only company in the comp set with a BV/Share value below \$1.0.

BUSINESS OVERVIEW

NZX Limited (“NZX” or “the Company”) is a New Zealand based stock exchange with affiliates in Australia, Mainland Asia, Europe, and North America. NZX views its role as both strengthening its local market as well as integrating the New Zealand financial markets with other parts of the world.

NZX Limited operates in two primary segments of Market Operations and Non-Market Operations. In the Market Operations segment the Company drives revenue through both the capital markets and the secondary markets, as well as through the sale of data and insights.

In the Non-Markets segment NZX charges fees for both Smartshares Funds Under Management (“FUM”) and Wealth Technology Funds Under Advisory (“FUA”).

NZX started trading on the New Zealand Stock Exchange in 2003. In 2017 management embarked on a strategic refresh by developing a comprehensive 5-year plan. Since then, the Company has updated their strategy to look out to 2027.

Exhibit 1: Operating Areas



Source: Company Presentation

Business Segments

NZX Limited operates in two core segments: Markets and Non-Markets Operations. The Company’s revenues are well balanced between the segments as the Markets segment tends to show stronger margins, albeit with greater reliance on macro forces. This is balanced by the Non-Markets segment that tends to be a driver of revenue with the potential for strong margin expansion as the Company grows this segment through the operational runway increasing leverage along the way

In the Markets segment the Company further separates its business into the following units:

- Capital Markets Origination
- Secondary Markets
- Data and Insights

In the Non-Markets segment the Company separates its business into the following units:

- Smartshares
- Wealth Technologies

Exhibit 2: 2023 Income by Business Unit

	Capital Markets Origination \$000	Secondary Markets \$000	Information Services \$000	Markets sub-total \$000	Funds \$000	Wealth Tech. \$000	Corporate \$000	NZX Commercial Operations sub-total \$000	Regulation \$000	NZX Group Total \$000
Operating revenue	16,045	25,127	19,723	60,895	36,957	6,816	83	104,751	3,636	108,387
Operating expenses				(20,017)	(18,667)	(5,207)	(21,544)	(65,435)	(4,058)	(69,493)
Operating earnings (EBITDA)¹				40,878	18,290	1,609	(21,461)	39,316	(422)	38,894
Segment assets				86,596	123,879	25,634	39,956	276,065	405	276,470
Segment liabilities				(35,533)	(56,235)	(1,985)	(65,963)	(159,716)	617	(159,099)
Net assets				51,063	67,644	23,649	(26,007)	116,349	1,022	117,371

¹ EBITDA is not a defined performance measure in NZ IFRS. Please refer to Note 2 for more information.

Source: Company Presentation

Capital Markets Origination

NZX operates the New Zealand Stock exchange and classifies revenue from the operation of this market in the Capital Markets Origination segment. This unit accounted for ~\$17.0m in revenues over FY22. Drivers of the revenue are from primary listing fees, annual listing fees, and secondary issuance fees. The Company actively maintains a roster of companies that are interested in listing or raising capital with frequent information events, podcasts, and spotlight videos to keep the pipeline stocked.

Primary listing fees tend to move with the overall macro environment as positive macro environments encourage more companies to become publicly listed. Listings can be for Foreign Exempt Listings, IPOs, Fund Listings, Reverse Listings, and Debt IPOs. The annual listing fees that are generated after the primary listing tend to be stable and account for the bulk of the Capital Markets Origination unit revenues. Secondary issuance fees can be more volatile and will fluctuate with the needs of market participants.

Going forward we believe that the Capital Markets Origination portion of NZX is poised for growth. Given the ability of the Company to keep its pipeline of new listings refreshed and retain its current clients, we see potential for NZX to take advantage of the total addressable market that is estimated at 1,200 companies, which is over 3x the current number of listed securities on the NZX exchange.

Exhibit 3: NZX Participants



Source: Company Presentation

Macro drivers for the Capital Markets, and the markets segment overall, are primarily related to the overall economic cycle. During strong parts of the economic cycle there tends to be more issuances taking place and more value traded on the secondary markets. The fixed income market typically has more activity in both primary and secondary issuances. This can be attributed to New Zealand FI market having a strong retail presence.

Secondary Markets

Within the Markets Segment NZX operates a platform that generates revenue based on secondary markets through securities trading, dairy derivatives, and contractual and consulting revenue. This unit accounted for ~\$25.1m in revenues over FY23. The majority of this revenue is derived from security trading revenues.

Security trading revenues consists of trading and clearing fees, with trading accounting for 37% of revenues and clearing accounting for 63% of revenues in FY23. Trading revenues come from the settlement activities on both the debt and equity markets and are fee based on the value of the

trade. Clearing revenues primarily come from clearing fees which are charged based on the value of the settled transaction. Both revenue streams are highly dependent on market activity, value of settlement, and margin levels charged to participants. The Company is focused on improving efficiency using automation and operations development as well as continuously improving risk management tools to maintain a standard at the level of international best practices.

Dairy derivatives revenue relates to trading, clearing and settlement fees for trading NZX dairy futures and options. The fees are largely charged in USD (reflecting the global nature of the market) per lot traded and are shared under the SGX-NZX dairy derivatives strategic partnership. NZX has shown the willingness and ability to grow the dairy derivative revenue through M&A activity, with the most recent transaction coming in June 2022 with the acquisition of GlobalDairyTrade Holdings. Additionally, NZX holds long-term contracts to operate both the electricity market and the carbon managed auction service with New Zealand's electricity authority and Ministry for the Environment, respectively.

Growth for this unit is difficult to predict given the nature of revenue streams. We note that trading and clearing values have steadily increased since 2011, with a significant spike in values during the COVID-19 pandemic. We currently have no reason to believe these values will break their trend. For both the dairy derivative market as well as the relatively long-term (6-7 year contracts with 3 year right of renewal) electricity and carbon market contracts we note the historic stability of those contracts. Lastly, it is notable that the derivatives market is growing at a double digit CAGR and has the potential to become a significant revenue driver.

Growth in secondary markets was very strong during the Covid-19 pandemic due to heightened trading. Currently, NZX looks to be operating in a trough of the market. As the economy moves further from Covid-19 and inflation comes more under control it is expected that levels of trading and clearing will become elevated.

Data and Insights

Due to NZX's wide reach in the New Zealand financial market it is able to aggregate, synthesize, and sell the acquired data through subscription and licenses to terminal users. This unit accounted for ~\$19.7m in revenues over FY23. As the Company continues to grow, we expect it to expand its moat around these data offerings. We view this revenue stream as very stable, and we expect it to grow proportionally with the volume of trading in the New Zealand markets.

Of note is NZX's partnership with S&P. By licensing index data to S&P, NZX further diversifies its revenue streams. As more funds managers use the indices as benchmarks, it is expected that the indices revenues will continue to grow. Aside from having a revenue splitting agreement with S&P, this partnership strategically positions the Company to further expand the number of fund managers and index data clients that have access and knowledge of the indices provided by NZX.

Exhibit 4: Focuses for Capital Markets Enhancements



Source: Company Presentation

Smartshares

Smartshares falls under the non-markets segment for NZX. Smartshares is a licensed Fund Manager with 8 registered schemes including Smartshares ETFs and SuperLife KiwiSaver with revenues driven by fees charged on Funds Under Management (“FUM”). This unit accounted for ~\$37.0M in revenues over FY23. In February of 2023 the Company acquire QuayStreet Asset Management, adding \$1.6B to FUM, along with an enhanced passive product offering and expanded distribution capabilities.

From a positioning perspective Smartshares is competitively priced to meet end market demand which allows NZX to maintain a position as the leading passive investment manager in New Zealand. Additionally, the ETF offerings introduce an attractive synergy between Smartshares and NZX’s secondary markets operations. As the Company continues to grow the Smartshares unit they will be able to strengthen their moat. In the KiwiSaver market the Company is only one of six default fund providers which lends a significant amount of credibility to NZX.

Among the corporate savings products, KiwiSaver, and retail investors we view the KiwiSaver end user market as having the greatest growth potential. While there is significant amount of runway ahead of NZX as they develop a larger network of corporate savings products and as the NZX ETF penetration rate begins to track closer to the US and European markets, we believe the KiwiSaver product has the most predictable runway. When we compare the KiwiSaver program, which is less than 20 years, to the Australian saver program which is over 40 years old we see a lot of similarities. So far, this program has been growing at a similar pace to its Australian counterpart. As this continues, we see a path for the Company to leverage their well-earned experience to grow with the KiwiSaver program and leverage this business to a point where revenues will grow much faster than costs, specifically in the medium term.

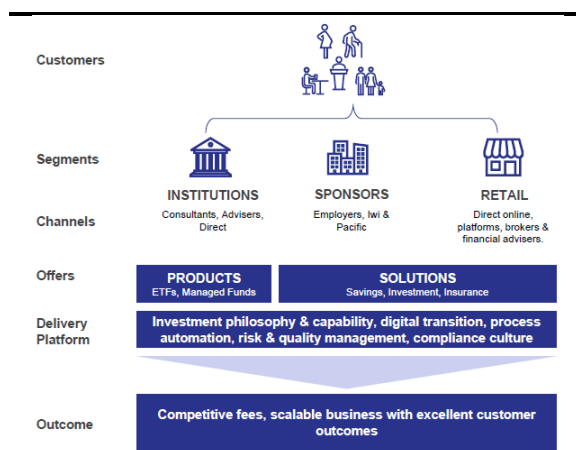
In recent years Smartshares growth has been driven by cash flows, however, the Company has signaled a willingness and ability to also grow externally. In 2022 alone NZX made two separate acquisitions that are expected to directly support the Smartshares unit. With this external growth, coupled with the organic growth and expansion, we believe the Smartshares portion of NZX will be an important driver of revenues going forward.

Macro drivers in Smartshares are primarily related to growth in FUM. The New Zealand market is immature compared to geographical neighbors. For instance, the Australian equivalent of New Zealand's KiwiSaver program has been in force for an additional 25 years. In Australia approximately 10% of corporate salaries are put into savings programs as compared to 3% in New Zealand. We believe this will act as a tailwind for the Smartshares offering as the New Zealand market matures and savings increase to the equivalent levels seen in the region.

Wealth Technology

NZX Wealth Technology falls under the non-markets segment for NZX. Wealth Tech is one of the fastest growing, most comprehensive, feature-rich custodial investment platforms available in New Zealand with revenues driven by fees charged on Funds Under Advisory (“FUA”). This unit accounted for ~\$6.8M in revenues over FY23. As of 2023 NZX had \$11.5B FUA over 23 clients and

Exhibit 5: Smartshares Business Model

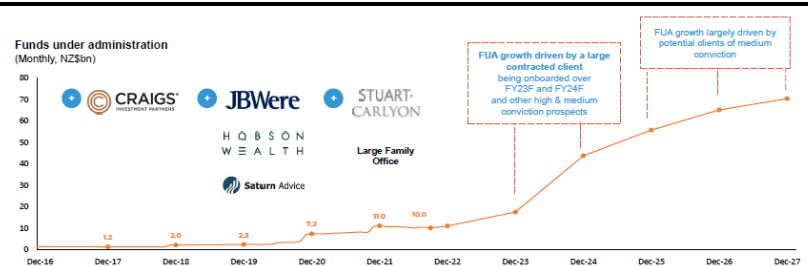


Source: Company Presentation

more than 49 thousand portfolios. This unit drives FUA growth by offering a wide spectrum of functionality supported by experienced Wealth Tech professionals. We see the potential for material growth in this unit as NZX begins to harness the scalability of Wealth Technology.

Macro drivers for Wealth Tech are similar to Smartshares in that FUA tends to be correlated with increased participation in the markets. An addition to this is the number of Financial Advisors that are in the market. As these practices change hands or grow they tend to outgrow their current system that is most likely built inhouse. This gives Wealth Tech the opportunity to capture more FUA and in turn scale upwards, taking advantage of its operating leverage ability.

Exhibit 6: Wealth Tech FUA Historical and Potential Growth



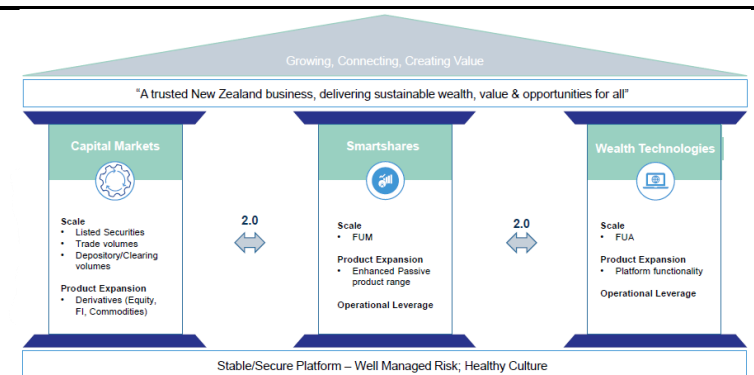
Source: Company Presentation

Strategic Refresh

In 2017 NZX initiated a strategic refresh to improve the efficiencies and direction of the Company over the ensuing 5 years. Having completed this refresh in 2022, management has introduced an updated 5-year plan that looks out to 2027.

Results from the initial strategic refresh were overwhelmingly positive. Initial goals were focused on removing blockages, primarily in 2018. Removing blockages took the form of both financial and management initiatives such as selling non-core business, updating trading functionality and pricing, rebuilding customer relationships, and de-risking the balance sheet. This was followed in 2019-2020 with a renewed focus on enhancing IT capabilities, enhancing dairy and carbon partnerships, and significantly growing Smartshares FUM, Wealth Technologies FUA, and increasing capital raises through use of a true initiation model by 28.8%, 53.2% and \$19.8bn respectively, year over year. Finally in 2022 the Company delivered growth despite macro headwinds, continued to develop global partnerships, and executed its M&A strategy. This illustrates management’s ability to set reasonable yet challenging goals and meet those goals over a specified time frame.

Exhibit 7: Growth Strategy to 2027



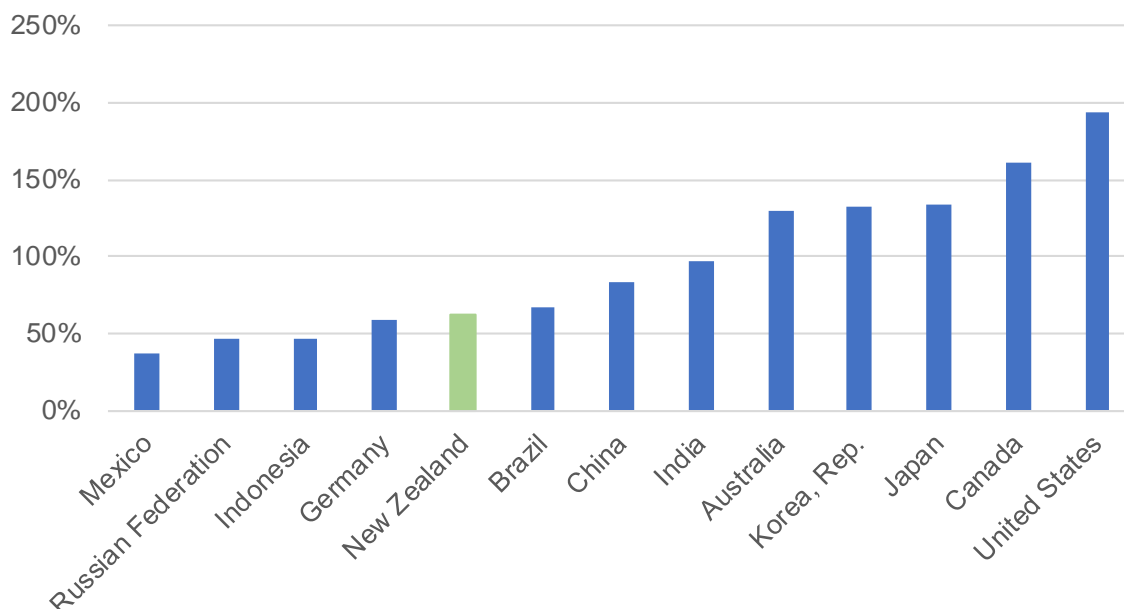
Source: Company Presentation

Going forward the Company has laid out an easy-to-follow plan for continued growth. NZX expects to focus on the three main pillars of their business (Capital Markets, Smartshares, and Wealth Technologies). Across all pillars the Company plans to focus on growing scale, with the 2.0 seen between the pillars in Exhibit 7 highlighting the inherent synergies between Capital Markets, Smartshares, and Wealth Technologies. We believe that the Company is well positioned to grow this scale due to the expertise that the company has shown since 2017 and the significant runway that we see in the New Zealand market. Additionally, the Company expects to growth their product offerings through expansion in derivatives, enhance the passive product range, and improve platform functionality.

Market Overview

Predicting the growth of an entire countries' economy is inherently difficult. For this reason, we do not attempt to forecast the growth of the New Zealand economy, and thus the growth of its capital markets, which would in turn materially grow NZX. We instead look at the proportion of market cap to GDP for a number of different countries to get a sense of where New Zealand ranks among global peers. This was done by acquiring data from The World Bank for 2020, the most recent year with data. We note that New Zealand is at the low end of Market Cap to GDP when compared to its G-20 peers that had data available.

Exhibit 8: G-20 Countries Market Cap as % of GDP



Source: The World Bank

When New Zealand capital markets as a percent of GDP is compared to peers, there is significant headroom. This is more apparent when compared to geographical peers such as Australia, South Korea, and Japan. We believe that with or without growth in the New Zealand economy there is still potential for the New Zealand market to grow significantly if it were to reach the size of its peers.

Risks

As with any investment, there are certain risks associated with NZX's operations as well as with the surrounding economic and regulatory environments common to the Financial Exchanges & Data industry and operating in foreign countries.

Size of Industry – As of 12/31/2023 The New Zealand Stock Exchange had a market cap of approximately NZD\$353.4M which at an exchange rate of \$0.6320 NZD/USD translates to approximately USD\$223.3M. This is compared to the NYSE which had a market cap of approximately USD\$30.1B. This correlates to the Companies estimate of 1,200 private companies that make up the New Zealand TAM as compared to the approximate 668,876 companies in the US with more than 20 employees per the US Census Bureau as of 2020, the most recent date that data was available.

Technology Risk – Due to the amount of technology involved with operating both the markets and non-markets segments of the business there is a significant amount of risk involved should this IT fail to perform. There is a potential for the company to experience a security risk, and outsourcing risk or a disaster recover risk all of which could stem from the technology that the Company uses not being reliable, available, or accurate. A manifestation of these risks could subject NZX to both reputational and legal repercussions.

Key Partnerships – The Company's dairy activities are currently partnered with the Singapore Exchange ("SGX"). While this helps develop the Company's dairy derivative market it also exposes NZX to a key partnership risk. The current partnership is a revenue share agreement where NZX retains a base level of revenue. Should relations between SGX and NZX deteriorate in any capacity this could negatively impact NZX's dairy derivatives revenue stream.

Regulatory Changes – The Company is exposed to regulatory changes. The risks of regulations include impacts on NZX's licensed market operator license and MIS license. This subjects NZX to potential legal disputes, investigations, and sanctions from investors, governments, and customers amongst others. Any sort of legal action taken on the Company could have negative ramifications on operations.

Reliance on M&A – The Company has shown an ability to continue its growth trajectory in part with M&A. Should the M&A market meaningfully change due to a decrease in liquidity, increases in borrowing rates, or a lack of new sellers the Company would see a material decrease in growth potential.

VALUATION SUMMARY

To help frame our valuation we use a combination of a dividend discount model, comparative analysis, and discounted cash flow analysis.

Our DCF analysis relies on a range of discount rates between 10.25% and 10.75% with a midpoint of 10.50%. This arrives at a valuation range of \$1.26 to \$1.49 with a mid-point of \$1.36.

Sensitivity Analysis:

Discount rate	Terminal Growth Rates				
	1.0%	1.5%	2.0%	2.5%	3.0%
10.00%	\$1.36	\$1.42	\$1.48	\$1.55	\$1.64
10.25%	\$1.31	\$1.36	\$1.42	\$1.49	\$1.56
10.50%	\$1.26	\$1.31	\$1.36	\$1.42	\$1.49
10.75%	\$1.21	\$1.26	\$1.31	\$1.36	\$1.43
11.00%	\$1.17	\$1.21	\$1.25	\$1.31	\$1.37

Company Name	Symbol	Price ⁽¹⁾	Mrkt Cap	EV	BV/Share	EV/Revenue ^(2,3)			EV/EBITDA ^(2,3)			P/E ^(2,3)		
						2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E
ASX Limited	ASX	\$ 42.03	\$ 8,136.5	\$ 6,965.3	\$ 12.86	14.36x	10.01x	9.57x	9.6x	16.1x	15.4x	25.8x	25.1x	24.5x
CME Group Inc.	CME	\$ 218.00	\$ 78,478.5	\$ 78,880.2	\$ 74.44	14.72x	13.59x	13.03x	20.4x	19.5x	18.6x	23.4x	22.8x	22.1x
Nasdaq, Inc.	NDAQ	\$ 56.56	\$ 32,533.7	\$ 43,004.7	\$ 18.81	6.35x	9.31x	8.71x	17.7x	16.4x	15.2x	27.7x	20.6x	18.3x
London Stock Exchange Group LSE: LSEG		\$ 111.78	\$ 60,467.9	\$ 70,896.5	\$ 56.56	7.10x	6.46x	6.07x	15.4x	13.6x	12.5x	N/A	24.4x	21.5x
Deutsche Börse AG	DB1	\$ 203.35	\$ 37,363.9	\$ 47,096.0	\$ 53.09	8.43x	7.64x	7.40x	16.2x	13.4x	12.9x	20.0x	18.5x	17.6x
Intercontinental Exchange, Inc ICE		\$ 139.29	\$ 79,759.7	\$ 101,901.7	\$ 44.88	12.06x	11.09x	10.50x	19.7x	17.3x	16.2x	30.6x	23.5x	21.1x
Average						10.5x	9.7x	9.2x	16.5x	16.1x	15.1x	25.5x	22.5x	20.8x
Median						10.2x	9.7x	9.1x	16.9x	16.3x	15.3x	25.8x	23.2x	21.3x
NZX Limited	NZX	\$ 0.62	\$ 202.6	\$ 238.2	\$ 0.23	3.9x	3.4x	3.2x	10.9x	8.9x	8.2x	24.7x	20.3x	17.7x

(1) Previous day's closing price

(2) Estimates are from Capital IQ

(3) Forward estimates as of calendar year

(4) All Values in USD at an exchange rate of \$1.61 NZD/USD

Source: Company reports, CapitalIQ, Stonegate Capital Partners

We are using an EV/EBITDA framework to inform our NZX valuation. Currently NZX is trading at a FY25 EV/EBITDA of 8.2x compared to comps at an average of 15.1x. We are using our FY25 expected EBITDA, and an EV/EBITDA range of 10.0x to 12.0x with a midpoint of 11.0x which moves NZX closer to comp companies. We believe this is reasonable given the continued growth in the New Zealand market, and the Company's diversified revenue streams. This arrives at a valuation range of \$1.27 to \$1.55 with a mid-point of \$1.41.

	EV/EBITDA		
2025 E	10.00x	11.00x	12.00x
Adj EBITDA	46.8	46.8	46.8
TEV	468.0	514.8	561.6
Cash	24.7	24.7	24.7
Debt	82.3	82.3	82.3
Mrkt Cap	410.3	457.1	503.9
S/O	324.2	324.2	324.2
Price	\$ 1.27	\$ 1.41	\$ 1.55

We are also using a Dividend Discount Model to guide our valuation. We believe that due to the strong payout ratio that NZX has shown this valuation method is useful. Our Dividend Discount Model uses the Company stated payout ratio range of 85% to 105% on 2025E Net Income, similar discount rates used in the DCF model, and a slightly more conservative growth assumption compared to forecasted growth. This arrives at a valuation range of \$1.19 to \$1.47 with a mid-point of \$1.33.

Dividend Discount Model									
2025E Net Income	17.5			17.5			17.5		
Payout Ratio	85%			95%			105%		
Forward Payout (\$M)	14.9			16.7			18.4		
Forward S/O	312.8			312.8			312.8		
Payout Per Share	\$ 0.05			\$ 0.05			\$ 0.06		
Discount Rate	11.00%	10.50%	10.00%	11.00%	10.50%	10.00%	11.00%	10.50%	10.00%
Growth Rate	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Price	\$ 1.06	\$ 1.19	\$ 1.36	\$ 1.18	\$ 1.33	\$ 1.52	\$ 1.31	\$ 1.47	\$ 1.68

DISCOUNTED CASH FLOW

NZX Limited														
Discounted Cash Flow Model														
<i>(in \$M, except per share)</i>														
Estimates:	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Terminal Value
Revenue	88.0	95.7	108.4	114.2	119.8	128.2	140.4	153.7	168.4	185.2	203.7	224.1	246.5	
Operating Income	13.1	15.8	19.7	21.6	21.8	24.4	26.7	30.7	37.0	44.0	51.4	56.6	62.2	
Less: Taxes (benefit)	6.4	5.4	5.7	6.6	7.5	6.1	6.7	7.7	9.3	11.0	12.9	14.1	15.6	
NOPAT	6.7	10.5	14.0	15.0	14.2	18.3	20.0	23.1	27.8	33.0	38.6	42.4	46.7	
Plus: Depreciation & Amortization	10.4	13.9	16.8	17.0	17.0	16.7	16.8	17.7	18.4	19.4	20.6	21.7	23.9	
Plus: Changes in WC	4.7	43.2	(28.7)	(11.4)	(6.0)	0.6	0.7	0.8	0.2	1.9	1.0	1.1	1.2	
Less: Capex	(16.9)	(40.5)	(12.4)	(17.1)	(12.0)	(6.4)	(3.5)	(3.5)	(3.9)	(4.2)	(4.3)	(4.7)	(5.2)	
Free Cash Flow	4.8	27.1	(10.3)	3.4	13.3	29.2	34.0	38.0	42.4	50.1	55.9	60.6	66.6	799.7
Discount period - months				12	24	36	48	60	72	84	96	108	120	
Discount period - years				1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	
Discount factor				0.90	0.82	0.74	0.67	0.61	0.55	0.50	0.45	0.41	0.37	
PV of FCF				3.1	10.9	21.6	22.8	23.1	23.3	24.9	25.1	24.7	24.6	294.7
Growth rate assumptions:														
Revenue		8.8%	13.2%	5.3%	5.0%	7.0%	9.5%	9.5%	9.5%	10.0%	10.0%	10.0%	10.0%	
Operating Income		21.3%	24.3%	9.5%	0.9%	12.0%	9.5%	15.3%	20.5%	18.8%	16.9%	10.0%	10.0%	
EBITDA		26.6%	22.7%	5.6%	0.6%	5.9%	6.1%	11.3%	14.4%	14.5%	13.5%	8.8%	10.0%	
Free Cash Flow		459.5%	-138.0%	-133.0%	290.0%	120.0%	16.7%	11.5%	11.7%	18.1%	11.5%	8.4%	10.0%	
Margin assumptions:														
Operating Income	14.8%	16.5%	18.2%	18.9%	18.1%	19.0%	19.0%	20.0%	22.0%	23.8%	25.3%	25.3%	25.3%	
D&A as a % of sales	11.8%	14.5%	15.5%	14.8%	14.2%	13.0%	12.0%	11.5%	10.9%	10.5%	10.1%	9.7%	9.7%	
EBITDA	26.7%	31.0%	33.6%	33.7%	32.3%	32.0%	31.0%	31.5%	32.9%	34.3%	35.4%	35.0%	35.0%	
Taxes	48.7%	33.8%	28.7%	30.4%	34.5%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Changes in WC	5.3%	45.2%	-15.0%	-10.0%	-5.0%	0.5%	0.5%	0.5%	0.1%	1.0%	0.5%	0.5%	0.5%	
Capex as a % of sales	-19.2%	-42.3%	-30.0%	-15.0%	-10.0%	-5.0%	-2.5%	-2.3%	-2.3%	-2.3%	-2.1%	-2.1%	-2.1%	
Valuation:														
Shares outstanding	324.2													
PV of FCF	204.0													
PV of Terminal Value	294.7													
Enterprise Value	498.7													
less: Net Debt	57.6													
Estimated Total Value:	441.0													
Est Equity Value/share:	\$1.36													
Price	\$1.01													
Sensitivity Analysis:														
		Terminal Growth Rates												
		1.0%	1.5%	2.0%	2.5%	3.0%								
Discount rate	10.00%	\$1.36	\$1.42	\$1.48	\$1.55	\$1.64								
	10.25%	\$1.31	\$1.36	\$1.42	\$1.49	\$1.56								
	10.50%	\$1.26	\$1.31	\$1.36	\$1.42	\$1.49								
	10.75%	\$1.21	\$1.26	\$1.31	\$1.36	\$1.43								
	11.00%	\$1.17	\$1.21	\$1.25	\$1.31	\$1.37								

Source: Company Reports; Stonegate Capital Markets

BALANCE SHEET

NZX Limited																	
Consolidated Balance Sheets (NZD \$M)																	
Fiscal Year End: December																	
ASSETS	FY 2017	FY 2018	Q2 Jun-19	Q4 Dec-19	FY 2019	Q2 Jun-20	Q4 Dec-20	FY 2020	Q2 Jun-21	Q4 Dec-21	FY 2021	Q2 Jun-22	Q4 Dec-22	FY 2022	Q2 Jun-23	Q4 Dec-23	FY 2023
Cash and Cash Equivalents	14.9	25.4	15.8	27.7	27.7	21.4	32.8	32.8	21.3	29.1	29.1	16.5	20.6	20.6	12.5	24.7	24.7
Investments	-	-	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables and Prepayments	10.9	9.2	22.3	9.0	9.0	20.8	10.8	10.8	23.2	11.3	11.3	27.6	17.1	17.1	32.7	15.9	15.9
Current Tax Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents-restricted	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Funds Held on Behalf of Third Parties	58.9	56.7	71.3	79.7	79.7	121.2	104.7	104.7	135.6	28.0	28.0	27.2	30.3	30.3	26.3	21.7	21.7
Asset Held for Sale	2.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	107.1	111.3	129.4	136.4	136.4	183.4	168.3	168.3	200.1	88.4	88.4	91.3	88.0	88.0	91.5	82.2	82.2
Right of Use Lease Assets	-	6.3	6.4	5.8	5.8	6.2	5.1	5.1	4.5	11.3	11.3	11.4	19.2	19.2	18.3	17.4	17.4
Fixed Assets	2.4	2.8	2.9	2.6	2.6	2.4	2.1	2.1	5.0	6.5	6.5	7.9	10.4	10.4	10.0	9.4	9.4
Investment in Associates	-	-	-	-	-	-	-	-	-	-	-	16.6	16.8	16.8	17.2	17.6	17.6
Goodwill	33.9	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	30.2	50.9	50.6	50.6
Other Intangible Assets	36.3	36.5	36.7	37.5	37.5	39.4	40.9	40.9	41.8	44.3	44.3	68.7	68.6	68.6	99.3	99.2	99.2
Total Assets	179.8	187.1	205.7	212.6	212.6	261.6	246.7	246.7	281.6	180.6	180.6	226.1	233.2	233.2	287.2	276.5	276.5
LIABILITIES AND SHAREHOLDERS' EQUITY																	
Trade Payables	3.8	3.8	4.5	3.8	3.8	5.3	6.7	6.7	8.3	6.8	6.8	9.4	7.4	7.4	9.5	7.6	7.6
Interest Bearing Liabilities Current	-	-	-	-	-	-	-	-	-	-	-	-	39.0	39.0	-	-	-
Lease Liabilities	-	1.1	1.4	1.4	1.4	1.7	1.4	1.4	1.1	1.2	1.2	1.3	1.0	1.0	0.7	1.3	1.3
Current Tax Payable	-	2.2	0.8	1.8	1.8	1.7	2.3	2.3	-	1.9	1.9	-	0.7	0.7	0.5	1.9	1.9
Other Liabilities	23.5	11.7	15.4	12.3	12.3	16.1	15.2	15.2	18.6	17.0	17.0	22.8	19.4	19.4	30.5	30.8	30.8
Liabilities Held-for-sale	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Funds Held on Behalf of Third Parties	58.9	56.7	71.3	79.7	79.7	121.2	104.7	104.7	135.6	28.0	28.0	27.2	30.3	30.3	26.3	21.7	21.7
Current Tax Liability/(assets)	0.7	-	-	-	-	-	-	-	0.9	-	-	(0.9)	-	-	-	-	-
Total Current Liabilities	86.9	75.6	93.3	98.9	98.9	145.9	130.2	130.2	164.4	54.9	54.9	59.8	97.8	97.8	67.4	63.4	63.4
Interest-bearing Liabilities	20.0	38.8	38.8	38.9	38.9	38.9	38.9	38.9	38.9	39.0	39.0	39.0	-	-	61.2	61.3	61.3
Lease Liabilities	-	8.1	7.9	7.2	7.2	7.3	5.7	5.7	5.2	12.4	12.4	12.3	20.7	20.7	20.3	19.8	19.8
Deferred Tax Liability	4.1	3.1	3.2	3.4	3.4	3.2	3.7	3.7	3.2	3.1	3.1	3.0	3.0	3.0	11.7	11.4	11.4
Other Liabilities	0.0	0.2	0.2	0.3	0.3	0.4	0.5	0.5	0.6	0.6	0.6	-	-	-	7.9	3.3	3.3
Total Liabilities	111.1	125.7	143.5	148.7	148.7	195.6	179.0	179.0	212.4	110.0	110.0	114.1	121.5	121.5	168.5	159.1	159.1
Common Stock - Par Value	47.5	51.1	53.7	55.5	55.5	57.0	58.5	58.5	61.1	63.5	63.5	106.3	108.5	108.5	118.2	120.1	120.1
Retained Earnings	21.1	10.4	8.5	8.4	8.4	9.0	9.2	9.2	8.2	7.2	7.2	5.9	3.3	3.3	0.6	(2.5)	(2.5)
Foreign Currency Translation Reserve	0.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.2)
Total Consolidated Equity	68.7	61.4	62.2	63.9	63.9	66.0	67.6	67.6	69.2	70.6	70.6	112.1	111.7	111.7	118.7	117.4	117.4
Total Liabilities and Shareholders' Equity	179.8	187.1	205.7	212.6	212.6	261.6	246.7	246.7	281.6	180.6	180.6	226.1	233.2	233.2	287.2	276.5	276.5
Liquidity																	
Current Ratio	1.2x	1.5x	1.4x	1.4x	1.4x	1.3x	1.3x	1.3x	1.2x	1.6x	1.6x	1.5x	0.9x	0.9x	1.4x	1.3x	1.3x
Working Capital	20.22	35.73	36.09	37.47	37.47	37.51	38.09	38.09	35.72	33.44	33.44	31.49	(9.80)	(9.80)	24.05	18.90	18.90
Leverage																	
Net Debt to Equity	7.4%	36.8%	52.0%	30.9%	30.9%	40.0%	19.6%	19.6%	34.5%	33.2%	33.2%	32.2%	35.9%	35.9%	58.7%	49.1%	49.1%
Net Debt to Capital	2.8%	12.1%	15.7%	9.3%	9.3%	10.1%	5.4%	5.4%	8.5%	13.0%	13.0%	15.9%	17.2%	17.2%	24.3%	20.9%	20.9%

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

NZX Limited																
Consolidated Statements of Income (in NZD \$M, except per share amounts)																
Fiscal Year End: December																
	FY 2018	FY 2019	FY 2020	FY 2021	Q2 Jun-22	Q4 Dec-22	FY 2022	Q2 Jun-23	Q4 Dec-23	FY 2023	Q2 E Jun-24	Q4 E Dec-24	FY 2024E	Q2 E Jun-25	Q4 E Dec-25	FY 2025E
Total Operating Revenues	\$ 67.5	\$ 69.5	\$ 78.4	\$ 88.0	\$ 46.2	\$ 49.6	\$ 95.7	\$ 54.0	\$ 54.4	\$ 108.4	\$ 55.1	\$ 59.0	\$ 114.2	\$ 58.9	\$ 61.0	\$ 119.8
Total Revenues	67.5	69.5	78.4	88.0	46.2	49.6	95.7	54.0	54.4	108.4	55.1	59.0	114.2	58.9	61.0	119.8
Operating Expenses:																
Total Operating Expense	40.2	38.2	44.0	53.5	28.8	31.9	60.7	33.9	35.6	69.5	34.4	36.4	70.8	36.0	37.1	73.0
Gross Profit	27.3	31.4	34.4	34.4	17.4	17.6	35.1	20.0	18.9	38.9	20.8	22.6	43.4	22.9	23.9	46.8
Depreciation and Amortization	6.4	8.6	8.3	10.4	6.8	7.1	13.9	8.3	8.4	16.8	8.5	8.5	17.0	8.5	8.5	17.0
Net Finance Expense	0.8	2.2	2.0	2.5	1.0	0.8	1.8	1.9	2.1	4.0	2.1	2.1	4.2	2.2	2.2	4.4
Share of Profit of Associate	(0.0)	-	-	-	-	0.1	0.1	(0.4)	(0.6)	(1.0)	0.2	0.2	0.4	0.2	0.2	0.4
Loss/(Gain) on Asset Disposal	1.2	0.1	-	0.1	(0.0)	-	(0.0)	-	0.0	0.0	-	-	-	-	-	-
Loss/(Gain) on Lease Modification	-	-	(0.6)	-	-	-	-	(0.0)	-	(0.0)	-	-	-	-	-	-
Total Operating Expenses	8.4	10.8	9.8	13.1	7.8	8.0	15.8	9.8	9.9	19.7	10.8	10.8	21.6	10.9	10.9	21.8
Operating Income	18.9	20.5	24.6	21.4	9.6	9.6	19.2	10.2	9.0	19.2	10.0	11.9	21.9	12.1	13.0	25.0
Provision for Income Tax	6.0	5.9	7.0	6.4	2.2	3.1	5.4	3.3	2.4	5.7	3.0	3.6	6.6	3.6	3.9	7.5
Net Income	12.8	14.6	17.6	15.0	7.4	6.5	13.9	7.0	6.6	13.6	7.0	8.3	15.3	8.4	9.1	17.5
Basic EPS	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.05	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.02	\$ 0.02	\$ 0.04	\$ 0.02	\$ 0.03	\$ 0.05	\$ 0.03	\$ 0.03	\$ 0.06
Diluted EPS	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.05	\$ 0.02	\$ 0.02	\$ 0.04	\$ 0.02	\$ 0.02	\$ 0.04	\$ 0.02	\$ 0.03	\$ 0.05	\$ 0.03	\$ 0.03	\$ 0.06
WTD Shares Out - Basic	269.6	274.3	277.2	279.5	313.1	307.2	307.2	322.8	307.2	307.2	312.5	312.5	307.5	312.8	312.8	307.8
WTD Shares Out - Diluted	272.9	277.3	280.2	284.6	307.6	312.2	312.2	332.0	312.2	312.2	312.5	312.5	312.5	312.8	312.8	312.8
EBITDA	27.3	31.4	34.4	34.4	17.4	17.6	35.1	20.0	18.9	38.9	20.8	22.6	43.4	22.9	23.9	46.8
Margin Analysis																
Gross Margin	40.4%	45.1%	43.9%	39.1%	37.7%	35.6%	36.6%	37.1%	34.6%	35.9%	37.7%	38.3%	38.0%	38.9%	39.2%	39.1%
Operating Margin	27.9%	29.5%	31.4%	24.3%	20.8%	19.4%	20.1%	19.0%	16.5%	17.7%	18.1%	20.1%	19.1%	20.5%	21.3%	20.9%
EBITDA Margin	40.4%	45.1%	43.9%	39.1%	37.7%	35.6%	36.6%	37.1%	34.6%	35.9%	37.7%	38.3%	38.0%	38.9%	39.2%	39.1%
Pre-Tax Margin	27.9%	29.5%	31.4%	24.3%	20.8%	19.4%	20.1%	19.0%	16.5%	17.7%	18.1%	20.1%	19.1%	20.5%	21.3%	20.9%
Net Income Margin	19.0%	21.1%	22.4%	17.1%	16.0%	13.1%	14.5%	12.9%	12.1%	12.5%	12.7%	14.1%	13.4%	14.3%	14.9%	14.6%
Tax Rate	32.1%	28.7%	28.6%	29.7%	23.3%	32.5%	27.9%	31.9%	26.6%	29.4%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Growth Rate Y/Y																
Total Revenue	0.5%	3.0%	12.8%	12.2%	8.8%	8.9%	8.8%	16.9%	9.8%	13.2%	2.2%	8.5%	5.3%	6.8%	3.2%	5.0%
Total cost of revenues	0.8%	-5.0%	15.3%	21.6%	12.7%	13.9%	13.3%	18.0%	11.5%	14.6%	1.3%	2.4%	1.8%	4.7%	1.8%	3.2%
Operating Income	-6.0%	8.9%	19.9%	-13.2%	-11.3%	-8.7%	-10.0%	6.4%	-6.6%	-0.1%	-2.6%	32.5%	13.8%	20.9%	9.4%	14.6%
Net Income	-10.6%	14.3%	20.1%	-14.6%	-3.2%	-12.2%	-7.6%	-5.6%	1.5%	-2.3%	0.1%	26.4%	12.9%	20.9%	9.4%	14.6%

Source: Company Reports, Stonegate Capital Partners estimates

STATEMENT OF CASH FLOWS

NZX Limited Consolidated Cash Flow Statements (NZD \$M) Fiscal Year End: December													
CASH FLOW	FY 2019	Q2 Jun-20	Q4 Dec-20	FY 2020	Q2 Jun-21	Q4 Dec-21	FY 2021	Q2 Jun-22	Q4 Dec-22	FY 2022	Q2 Jun-23	Q4 Dec-23	FY 2023
Operating Activities													
Receipts from customers	69.9	32.7	45.4	78.1	37.6	50.6	88.1	37.6	54.4	92.1	47.0	64.0	111.0
Net interest paid	(2.1)	(0.9)	(0.9)	(1.8)	(1.0)	(1.2)	(2.3)	(1.1)	(0.9)	(2.0)	(1.3)	(1.6)	(2.9)
Payments to suppliers and employees	(37.0)	(21.0)	(17.9)	(38.8)	(27.6)	(23.6)	(51.1)	(30.2)	(29.8)	(60.0)	(35.0)	(32.6)	(67.7)
Income tax paid	(6.0)	(3.6)	(2.6)	(6.2)	(5.1)	(2.2)	(7.4)	(5.2)	(1.5)	(6.7)	(3.8)	(2.2)	(5.9)
Cash flow generated/(absorbed) from operating Activities	24.8	7.2	24.0	31.2	3.9	23.5	27.4	1.2	22.3	23.4	6.9	27.5	34.4
Investing Activities													
Payments for property, plant, and equipment	(0.7)	(0.3)	(0.2)	(0.5)	(3.3)	(2.2)	(5.5)	(1.1)	(4.0)	(5.1)	(0.4)	(0.6)	(1.0)
Payments for intangible assets	(7.6)	(4.8)	(4.7)	(9.5)	(4.6)	(6.8)	(11.4)	(29.8)	(5.6)	(35.4)	(27.3)	15.9	(11.4)
Payments for investment in associate	-	-	-	-	-	-	-	(16.0)	(0.6)	(16.6)	-	-	-
Net cash paid on disposal of businesses and acquisition	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-
Cash received from short term investment	0.0	-	0.0	0.0	-	-	-	-	-	-	-	-	-
Payment for Acquisitions	-	-	-	-	-	-	-	-	-	-	-	(22.4)	(22.4)
Advances of Related Party	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.1)
Cash flow generated by Investing Activities	(8.3)	(5.1)	(4.9)	(10.0)	(7.9)	(9.0)	(16.9)	(47.0)	(10.2)	(57.1)	(27.7)	(7.2)	(34.9)
Financing Activities													
Net receipts from equity raising	-	-	-	-	-	-	-	42.6	0.0	42.7	-	-	-
Payments of lease liabilities	(1.3)	(0.7)	(0.8)	(1.5)	(0.8)	(0.3)	(1.1)	(0.7)	(0.6)	(1.2)	(0.6)	0.0	(0.6)
Dividend paid	(12.8)	(7.8)	(7.0)	(14.8)	(6.6)	(6.5)	(13.1)	(8.7)	(7.5)	(16.2)	(8.5)	(8.2)	(16.7)
Purchase of subordinated notes	-	(0.0)	0.0	-	-	-	-	(0.0)	0.0	-	-	-	-
Proceeds from term Loans	-	-	-	-	-	-	-	-	-	-	22.5	-	22.5
Transaction cost relating to renewal of subordinated notes	-	-	-	-	-	-	-	-	-	-	(0.6)	-	(0.6)
Cash flow generated/(absorbed) by financing Activities	(14.1)	(8.5)	(7.8)	(16.2)	(7.4)	(6.8)	(14.2)	33.2	(8.0)	25.2	12.7	(8.1)	4.6
Net Cash flow in the year	2.4	(6.3)	11.4	5.0	(11.5)	7.7	(3.7)	(12.5)	4.1	(8.5)	(8.1)	12.2	4.1
Cash and Cash Equivalents													
Beginning Cash balance	45.4	47.7	41.4	47.7	52.8	41.3	52.8	49.1	36.5	49.1	40.6	32.5	40.6
Ending Cash balance	47.7	41.4	52.8	52.8	41.3	49.1	49.1	36.5	40.6	40.6	32.5	44.7	44.7

Source: Company Reports, Stonegate Capital Partners

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