McPherson's Limited
Appendix 4E
Full year report

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1. Company details

Name of entity: McPherson's Limited
ABN: 98 004 068 419
Reporting period: Year ended 30 June 2026
Previous period: Year ended 30 June 2025

2. Results for announcement to the market

	Previous Period $'000		**Reporting Period $'000**
Revenue from continuing operations	138,993	decreased 14.9% to	118,309
(Loss) / profit from continuing operations before tax excluding material items[1]	41	n/m[2]	(75)
Loss from continuing operations after tax excluding material items[1]	(59)	increased 671.2% to	(455)
Loss before tax[3]	(17,441)	increased 47.2% to	(25,666)
Loss after tax[3]	(15,039)	increased 34.7% to	(20,261)
Loss after tax attributable to members[3]	(15,039)	increased 34.7% to	(20,261)

Dividends	**Amount per security**	**Franked amount per security**
Current Reporting Period		
2026 Final dividend	**-**	**-**
2026 Interim ordinary dividend	**-**	**-**
Previous Reporting Period		
2025 Final dividend	-	-
2025 Interim ordinary dividend	-	-

Refer to 'Operating and financial review' in the Directors' Report for detailed commentary in relation to the results for the reporting period.

3. Net tangible assets per ordinary security

	Previous period	**Reporting period**
Net tangible assets per ordinary security	19 cents	20 cents

This report is based on the Annual Report which has been audited. Additional Appendix 4E disclosure requirements can be found in the Annual Report attached, which contains the Directors' Report (including the audited Remuneration Report), the Directors' Declaration and the 30 June 2026 consolidated financial statements and accompanying notes.

[1] Excluding material items (refer to Material items (Note 3)) and discontinued operations (refer to Discontinued operations (Note 13)) in both financial year results.
[2] Ratio not considered meaningful as the current period is in a loss position compared to a profit position in the previous comparison period.
[3] Including material items (refer to Material items (Note 3)) and discontinued operations (refer to Discontinued operations (Note 13)) in both financial year results

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MCPHERSON'S LIMITED AND CONTROLLED ENTITIES

A.C.N. 004 068 419

ANNUAL REPORT

YEAR ENDED 30 JUNE 2026

The Board of Directors presents the following report on the consolidated entity consisting of McPherson's Limited (the Company or McPherson's) and the entities it controlled (collectively referred to hereafter as the Group) at the end of, or during, the year ended 30 June 2026.

(a) Directors

The following persons were Directors of McPherson's from the beginning of the financial year to the date of this report except as indicated:

Ari Mervis	▸ Chairman of the Board (from 1 February 2026) ▸ Non-Executive Director for the full year ▸ Member of the Nominations Committee (from 1 February 2026) ▸ Member of the former Audit Committee (until 31 January 2026) ▸ Member of the former People and Culture Committee (until 31 January 2026)
Brett Charlton	▸ Chief Executive Officer and Managing Director
Alison Cook	▸ Chair of the Board (until 31 January 2026) ▸ Non-Executive Director for the full year ▸ Chair of the Remuneration, People & Culture Committee (from 1 February 2026) ▸ Member of the Audit & Risk Committee (from 1 February 2026) ▸ Member of the Nominations Committee (from 1 February 2026) ▸ Chair of the former Risk and Compliance Committee (until 31 January 2026) ▸ Member of the former Audit Committee and the former People and Culture Committee (until 31 January 2026)
John Batistich	▸ Non-Executive Director (since 17 November 2025) ▸ Member of the Audit & Risk Committee (from 1 February 2026) ▸ Member of the Remuneration, People & Culture Committee (from 1 February 2026) ▸ Member of the Nominations Committee (from 1 February 2026)
Helen Thornton	▸ Non-Executive Director for the full year ▸ Chair of the Audit & Risk Committee (from 1 February 2026) ▸ Member of the Remuneration, People & Culture Committee (from 1 February 2026) ▸ Member of the Nominations Committee (from 1 February 2026) ▸ Chair of the former Audit Committee (until 31 January 2026) ▸ Member of the former Risk and Compliance Committee (until 31 January 2026)
Jane McKellar[1]	▸ Retired from the Board effective on 31 January 2026 ▸ Chair of the former People and Culture Committee (until 31 January 2026) ▸ Member of the former Risk and Compliance Committee (until 31 January 2026)

(b) Principal activities

McPherson's, established in 1860, is a leading supplier of health and beauty products with operations in Australia, New Zealand and Asia. McPherson's markets and distributes beauty care, hair care, skin care, vitamins, supplements and personal care items such as facial wipes, cotton pads and foot comfort products.

McPherson's revenue is primarily derived from its diversified core owned market-leading brands, including Manicare, Dr. LeWinn's, Swisspers, Lady Jayne, and Fusion Health as well as its portfolio brands including Maseur, Revitanail and Bondi fragrances.

Manufacturing is outsourced to various suppliers, predominantly in Asia and Australia. McPherson's maintains a presence in Hong Kong (focused on product sourcing and quality assurance) and in the People's Republic of China (focused on distribution and sales).

[1] Jane McKellar retired as a non-executive director and as chair and member of the above Board Committees effective on 31 January 2026.

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(c) Dividends

Given the balance of retained losses at 30 June 2026, and informed by the loss after tax for FY26, the Board has determined not to pay a full year dividend.

The Company has continued its disciplined approach to capital management. During the year it refinanced its debt facilities to better align with the new operating model, conducted an on-market share buy-back (announced on 25 February 2026) and invested in inventory to support retailer demand.

In line with its responsibilities, the Board continues to monitor and review the Company's allocation of capital to ensure that the business is appropriately supported to deliver sustainable revenue growth.

(d) Review of operations

Overview of FY26 Performance

FY26 is the first full year operating under McPherson's new pharmacy wholesaler and 3PL distribution model. The transition to some of Australia's largest pharmacy wholesalers has led to the creation of a scalable operating model with a lower fixed cost base, broadening distribution and reach in the Australian pharmacy sector and reducing operating complexity.

The Company's FY26 financial performance was below expectations. The transition to the new operating model created greater disruption than anticipated, with a significant impact on revenue. The disruption was most evident in parts of the pharmacy channel, where it has taken longer to transition the independent pharmacy market to our list of bestselling products. In addition, out-of-stock execution issues and the consequential reduction in effectiveness of promotional activity impacted sales. Revenue also reflected the dilutive impact of new wholesaler rebates and the cycling of FY25 transitional pipe-fill into wholesalers.

Notwithstanding these challenges, the Company is confident the new operating model provides the right foundation for future growth. The new model has unlocked structural benefits of approximately $2.8m of route-to-market savings at the EBITDA[1] level and approximately $5.6m at the EBIT level, broadly in line with expectations. The performance of the Company's largest pharmacy wholesaler was also encouraging, with sales and volumes increasing during FY26 and SKU ranging largely maintained through the transition.

During the year the Company continued to invest in capabilities to support future growth, including the launch of new direct-to-consumer platforms for Dr. LeWinn's and Fusion Health, the rollout of several brand platforms on Amazon and the development of enhanced social and creator-led marketing capabilities. These initiatives, together with a refreshed and growing innovation pipeline, provide important foundations for the Company's growth agenda.

Continuing Operations

Results from Continuing Operations[2]	**FY26 ($m)**	**FY25 ($m)**	**Change ($m)**	**Change (%)**
Revenue	118.3	139.0	(20.7)	(14.9%)
Underlying CAAP[3]	41.6	52.8	(11.2)	(21.2%)
Underlying EBITDA	4.3	7.3	(3.0)	(41.4%)
Material items (before tax)	(25.6)	(19.7)	(5.9)	29.8%
EBITDA including material items	(21.3)	(12.4)	(8.9)	71.4%
Statutory NPAT[4]	(20.3)	(16.6)	(3.7)	22.0%

[1] Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-GAAP measure and does not have a standardised meaning prescribed by GAAP. However, the Company believes that, in combination with GAAP measures, it assists in providing investors with a comprehensive understanding of the operational performance of the business. Underlying EBITDA excludes material items.
[2] Continuing Operations exclude the value of Discontinued Operations. Refer to FY26 Financial Statements, Segment Information Note 5.
[3] Contribution after Advertising and Promotions (CAAP) is a non-IFRS measures that does not have a standardised meaning prescribed by IFRS. However, the Company believes that, in combination with IFRS measures, it assists in providing users with a comprehensive understanding of the operational performance of the business. CAAP comprises sales less materials and consumables, cartage and freight, third party warehousing, and advertising and promotions (A&P). Underlying CAAP excludes material items. Refer to Segment Information (Note 5) of the FY26 Financial Statements for a reconciliation of CAAP to net profit after tax.
[4] Statutory NPAT from Continuing Operations in FY25 excludes NPAT from Discontinued Operations of $1.6m.

(d) Review of operations (continued)

Overview of FY26 Performance (continued)

Continuing Operations (continued)

Revenue was $118.3m, down 14.9% on FY25. The decline reflects disruption in connection with the transition to the new model (including ranging changes), execution challenges (including out-of-stocks and below expectation brand performance), as well as the accounting impact of wholesaler rebates under the Company's new route-to-market model. Excluding the impact of new wholesaler rebates and net transitional pipe-fill, revenue declined by 10.1%.

Core brand performance (down 11.3%) accounted for $14.1m of the total decline in revenue, with the remainder, $6.6m, from other brands.

- Manicare declined by 5.7% to $45.1m during the year (FY25: $47.9m). Excluding the impact of new wholesaler rebates and net transitional pipe-fill, revenue was in line with prior year. Performance primarily reflected ranging disruption following the transition, chiefly in the independent pharmacy sector, as well as increased competitive dynamics in parts of the pharmacy channel. These declines were partially offset by stronger growth in Grocery, supported by new price initiatives, and in a major pharmacy customer.
- Swisspers grew by 1.0% to $21.8m during the year (FY25: $21.6m). Excluding the impact of new wholesaler rebates and net transitional pipe-fill, revenue grew by 4.1%. Swisspers' performance was supported by improved off-promotion sales in key pharmacy accounts and more effective promotional initiatives in the Grocery channel.
- Lady Jayne declined by 18.7% to $15.8m during the year (FY25: $19.4m). Excluding the impact of new wholesaler rebates and net transitional pipe-fill, revenue declined by 14.4%. The result reflected ranging changes connected with the route-to-market transition, reduced promotional activity with key customers and delays in the rollout of the brand's electrical range, together with increased competitive activity in the independent pharmacy segment.
- Dr. LeWinn's declined by 22.3% to $15.7m during the year (FY25: $20.2m). Excluding the impact of new wholesaler rebates and net transitional pipe-fill, revenue declined by 15.5%. Performance was materially impacted by out-of-stock issues associated with a packaging refresh and supplier consolidation activities, which reduced product availability and constrained participation in key promotional programs. While product availability improved during 2H26, the impact of earlier disruptions continued to affect sales momentum throughout the year. The launch of a new e-commerce platform saw encouraging growth during the year.
- Fusion Health declined by 22.1% to $12.1m during the year (FY25: $15.6m). Excluding the impact of new wholesaler rebates and net transitional pipe-fill, revenue declined by 16.9%. Sales were impacted by weaker-than-expected innovation performance net of deletions, and lower rates of sale across health food channels together with ranging disruption in the independent pharmacy sector. As with Dr. LeWinn's, a new e-commerce platform was launched during the year and early trading has been positive.

Underlying EBITDA was $4.3m, down from $7.3m in FY25, with the decline primarily driven by lower revenue and reduced contribution across core brands. While structural benefits of the RTM transformation were realised, they were more than offset by weaker trading performance, disruption across parts of the pharmacy channel and specific execution challenges with Dr. LeWinn's and Fusion Health during the year.

Total investment in A&P of $20.5m was down from $22.3m in FY25 but reflects a marginal increase in investment rate (as % of revenue), with a continued reallocation of support from portfolio brands to core brands. Employee costs were $24.9m, down 21.5% from $31.7m in FY25, chiefly driven by the Kingsgrove warehouse exit and new operating model. Other expenses reduced from $13.8m in FY25 to $12.4m in FY26, also reflecting the benefit of the lower cost operating model as well as disciplined cost management.

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(d) Review of operations (continued)

Overview of FY26 Performance (continued)

Continuing Operations (continued)

The Group recognised $25.6m in pre-tax material items during the period:

- $20.7m non-cash impairment of intangible assets, comprising $15.0m goodwill impairment in the ANZ segment and $5.7m of brand impairments, reflecting a recalibration of growth projections based on current trading performance. This included Manicare $2.3m, Fusion $2.1m, and $1.3m across Swisspers, Revitanail and Dr LeWinn's.
- $1.5m restructuring and transformation costs in connection with the new operating model; and
- $3.3m in other items, including $2.3m in regulatory and legal costs associated with the Company's ASIC proceedings.

Depreciation and amortisation reduced significantly from $6.5m in FY25 to $4.1m, primarily reflecting write-down of the Kingsgrove warehouse and office lease. Net finance costs also declined from $0.7m in FY25 to $0.1m in FY26, reflecting lower costs associated with the refinanced debt facility.

Statutory net loss from continuing operations after tax was $20.3m, compared to a net loss of $16.6m in FY25.

Operating Segment Performance

Australia and New Zealand

Results from Continuing Operations	FY26 ($m)	FY25 ($m)	Change ($m)	Change (%)
Revenue	115.8	135.9	(20.2)	(14.8%)
Underlying CAAP	41.4	52.8	(11.3)	(21.5%)
Underlying EBITDA	9.6	12.9	(3.3)	(25.4%)

The ANZ segment continued to represent the vast majority of the Company's revenue. Core brand performance was mixed, with Swisspers delivering modest growth supported by strong Grocery execution and improved performance in key pharmacy accounts. Manicare, Lady Jayne, Dr. LeWinn's and Fusion Health each declined year-on-year. The decline reflected disruption following the transition to the new route-to-market model, particularly within independent pharmacy, together with out-of-stock issues affecting Dr. LeWinn's and weaker-than-expected performance in Fusion Health. The independent pharmacy sector experienced challenging trading conditions across a number of health and beauty segments during the year.

International

Results from Continuing Operations	FY26 ($m)	FY25 ($m)	Change ($m)	Change (%)
Revenue	2.6	3.0	(0.5)	(16.3%)
Underlying CAAP	0.2	0.0	0.2	n/m[1]
Underlying EBITDA	(1.1)	(1.6)	0.4	(28.6%)

International revenue declined by $0.5m, driven primarily by Dr. LeWinn's performance in China, which reflected ongoing weakness in demand and slower-than-anticipated recovery in market activity. Notwithstanding a decline in revenue, through cost management initiatives, the business delivered a positive contribution margin (CAAP) and improved its underlying EBITDA loss position.

Following a review of the international business unit, management has identified a distributor-led operating model as the preferred approach that best aligns with the opportunity for its brands in international markets and the Company's capital allocation priorities. Implementation is expected to commence during FY27.

[1] Ratio not considered meaningful.

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(d) Review of operations (continued)

Net cash[1] and cash flow

The balance sheet remained sound with net cash of $4.5m as at 30 June 2026, down from $8.8m at 30 June 2025. The Company's debt facilities were undrawn through the year and at 30 June 2026.

This decline in net cash primarily reflects an increase in working capital, which has more than offset underlying cash generation through the period. Inventory increased by $6.4m to $26.2m to restore product availability and support service levels across key brands, particularly Dr. LeWinn's, while also accommodating variability in wholesaler ordering patterns. The Company continues to adopt a disciplined approach to inventory to support the new operating model.

Dividends and capital management

Given the balance of retained losses at 30 June 2026, and informed by the loss after tax for FY26, the Board has determined not to pay a full year dividend.

The Company has continued its disciplined approach to capital management. During the year it refinanced its debt facilities to better align with the new operating model and conducted an on-market share buy-back (announced on 25 February 2026)[2].

The Board continues to monitor and review the Company's allocation of capital to ensure the business is appropriately supported to deliver sustainable revenue growth.

Priorities and outlook

McPherson's enters FY27 with a clear imperative to build brand momentum and drive revenue growth. Management's focus is on:

- strengthening customer engagement through joint business development planning;
- optimising ranging through increasing wholesaler SKU availability of our bestsellers list;
- accelerating growth through impactful consumer marketing by deploying the new social and creator-led marketing capabilities;
- increasing the launch frequency of our expanding innovation pipeline, supported by sustained A&P investments; and
- upweighted investment in e-commerce capabilities, both owned and marketplace.

While the subdued sales in 4Q26 continued into July, with the benefit of the new operating model, management's priorities for FY27, and a disciplined approach to cost management, the Company is focused on delivering underlying EBITDA growth for the full year.

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[1] Net cash is defined as cash and cash equivalents, less borrowings, excluding lease liabilities.
[2] As at 30 June 2026, the Company had acquired 4,995,130 shares for a consideration of $0.8m.

(d) Review of operations (continued)

Risk management and compliance

Risk and risk management is an integral part of the Company's decision-making process and all risks and opportunities are adequately and appropriately assessed to ensure that material risk exposures are minimised and managed appropriately. The Company's risk management and compliance framework is designed to ensure that material risks and compliance obligations are identified, assessed, managed and reported, that the Company's risk management and compliance systems and processes are adequate and effective and that appropriate insurances are in place to mitigate the financial impact of any covered occurrences.

The Company's Board, through the Audit & Risk Committee (formerly the Risk & Compliance Committee until 31 January 2026), has the primary responsibility for the oversight and monitoring of the implementation of, and reporting against, the Company's risk management and compliance framework.

The Chief Executive Officer is accountable to the Board for the development and management of the Company's risk and compliance framework and is supported by the Group General Counsel & Company Secretary in terms of adopting and implementing appropriate risk management and compliance policies, systems and processes, including regular reporting to the Audit & Risk Committee. The Executive Leadership Team of the Company is also actively involved in the identification, assessment, management and reporting of material risks and each Executive Leadership Team member and senior managers below them are also responsible for the identification, assessment, management and reporting of relevant compliance obligations.

The material risks that have the potential to affect the Company's financial prospects, and how the Company seeks to mitigate these risks, include:

- **Workplace health and safety**

  McPherson's is committed to providing a safe and healthy workplace for its employees, contractors and visitors.

  The Company seeks to mitigate workplace health and safety (WHS) risks through a comprehensive WHS management system comprising policies, procedures, risk assessments and safe work practices applicable to office-based, field-based and contractor activities. This is supported by employee consultation and training, mandatory reporting and investigation of safety incidents and near misses, regular monitoring and review of WHS performance, and implementation of corrective actions where risks or incidents are identified. Defensive driving training is mandatory for field-based employees, reflecting the nature of their roles.

- **Customer concentration**

  A significant proportion of the Company's revenue is generated through a limited number of major customers, including leading pharmacy and grocery retailers. Changes in customer relationships, ranging decisions, trading terms, purchasing strategies or consumer demand may result in reduced sales volumes, margin pressure or loss of distribution, which could adversely affect the Company's financial performance. A non-continuation of an existing strategic alliance arrangement (after its expiry) with a leading pharmacy retailer could also adversely affect the Company's financial performance.

  The Company seeks to mitigate this risk by maintaining strong strategic relationships with its customers, delivering high levels of customer service and supply chain performance, investing in category insights and data-driven analytics, driving product and packaging innovation, maintaining competitive pricing and promotional strategies, and diversifying its product portfolio and customer base where appropriate.

  In addition, the Company seeks to mitigate the risk of a non-continuation of a strategic alliance arrangement by entering into good faith negotiations with the leading pharmacy retailer to continue with these arrangements on mutually satisfactory commercial terms.

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(d) Review of operations (continued)

Risk management and compliance (continued)

- **Supply chain and supplier management**

The Company relies on a network of third-party contract manufacturers and suppliers, including several key suppliers located in China and Australia, to source and manufacture its products. Disruption to the operations of key contract manufacturers or suppliers, whether arising from operational issues, quality failures, capacity constraints, geopolitical developments, natural disasters, logistics disruptions or financial distress, may adversely affect the Company's ability to supply products, meet customer demand and achieve its financial objectives.

The Company seeks to mitigate this risk through strategic supplier relationship management, identification and qualification of alternative suppliers for key product categories, ongoing monitoring of supplier performance and financial stability, quality assurance and product compliance programs, regular supplier reviews and audits where appropriate, inventory planning and supply chain continuity and contingency planning.

- **Cost inflation and broader macroeconomic conditions**

Cost inflation and broader macroeconomic conditions may increase the Company's operating costs, including the costs of raw materials, packaging, freight, labour and other inputs, while also affecting consumer confidence, spending patterns and demand for the Company's products. Sustained cost inflation, weakening consumer demand or an inability to recover increased costs may adversely affect the Company's profitability and financial performance.

The Company seeks to mitigate these risks through disciplined cost management and operational efficiency initiatives, strategic sourcing and procurement practices, supplier and manufacturer diversification (including the use of local suppliers where appropriate), contractual pricing arrangements where commercially available, ongoing review of pricing strategies, optimisation of product mix and promotional activity through data-driven insights, and continuous evaluation of opportunities to improve supply chain resilience and productivity.

- **Consumer demand and market trends**

Consumer demand for the Company's products is influenced by general economic conditions, consumer confidence, discretionary spending patterns, competitive activity and changing consumer preferences. A sustained decline in consumer demand, or failure to anticipate and respond to evolving consumer trends, may adversely affect sales, profitability and the long-term value of the Company's brands.

The Company seeks to mitigate this risk through ongoing analysis of consumer, customer and market data, investment in consumer and category research, monitoring of macroeconomic and retail trends, product and packaging innovation, targeted marketing and brand investment, measurement of marketing effectiveness and maintaining a diversified portfolio of brands, product categories and distribution channels.

- **Product quality, safety and liability**

As a supplier of consumer products, the Company is exposed to the risk of product quality and safety issues that may result in customer claims, product withdrawals or recalls, regulatory action, reputational damage and financial loss.

The Company seeks to mitigate this risk through a comprehensive product quality and supplier assurance framework, including due diligence and ongoing assessment of manufacturers and suppliers, quality assurance and product testing processes, supplier performance monitoring, product compliance verification, review and investigation of consumer complaints and other product-related feedback, implementation of corrective actions where appropriate, and maintenance of appropriate product liability and product recall insurance.

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(d) Review of operations (continued)

Risk management and compliance (continued)

- **Foreign currency fluctuation**

The Company sources a large proportion of its inventory in currencies other than Australian dollars, with the US dollar the predominant sourcing currency. Consequently, significant fluctuations in the AUD / USD exchange rate can materially impact the Company's result.

The Company seeks to mitigate this risk by establishing a foreign currency hedging policy with the objective of mitigating short to medium term foreign currency risk. Consistent with the policy, the Company continues to operate a comprehensive foreign exchange hedging program, which mitigates the impact of AUD and USD movements over the short to medium term. The Company's foreign exchange hedging and the instruments used for foreign exchange hedging remain unchanged, being options and foreign exchange contracts on a forward rolling basis.

- **Investment of capital**

The Company's ability to create long-term shareholder value depends on the disciplined allocation of capital to strategic initiatives and investment opportunities. There is a risk that capital may be deployed to investments, acquisitions or projects that do not achieve their anticipated strategic or financial objectives, resulting in lower returns or impairment of invested capital.

The Company seeks to mitigate this risk through a disciplined capital allocation approach, rigorous evaluation of strategic, financial and operational risks and expected returns, robust business case and investment approval processes, prioritisation of opportunities to ensure appropriate management focus and resourcing, and the engagement of external advisers, where appropriate.

- **Valuation of brands and other intangible assets**

The Company's balance sheet includes a significant value of brands and other intangible assets. Changes in business performance, market conditions or key valuation assumptions, including forecast cash flows, growth rates and discount rates, may result in impairment charges that adversely affect the Company's financial position and reported earnings.

The Company seeks to mitigate this risk through regular assessment of the performance and cash flow forecasts of individual brands and cash-generating units, rigorous impairment testing, review and challenge of key assumptions and valuation methodologies, and engagement of independent external valuation specialists where appropriate.

- **Cyber security and information technology**

McPherson's relies on information technology systems and digital infrastructure to support its operations, supply chain, customer relationships and business processes. A cyber security incident, system failure or unauthorised access to the Company's systems or data could disrupt operations, compromise sensitive information, adversely affect financial performance, damage the Company's reputation, or result in legal or regulatory consequences.

The Company seeks to mitigate these risks through a cyber security framework comprising preventative, detective and responsive controls, including network and endpoint security, multi-layered threat detection and monitoring, vulnerability management, access controls, incident response planning, independent security testing and periodic security assessments. These controls are supported by ongoing employee awareness training, regular internal review and oversight, and continuous enhancement of cyber security capabilities in response to the evolving threat landscape.

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(d) Review of operations (continued)

Risk management and compliance (continued)

Generative artificial intelligence (AI)

The rapid evolution and adoption of generative artificial intelligence (AI) presents both opportunities and risks for the Company. Inappropriate or uncontrolled use of AI may result in inaccurate or misleading outputs, privacy or confidentiality breaches, intellectual property infringement, cybersecurity vulnerabilities, regulatory non-compliance, or adverse impacts on business operations, decision-making and the Company's reputation. Conversely, failure to appropriately leverage AI technologies may reduce operational efficiency and competitive advantage.

The Company seeks to manage these risks through an AI governance framework incorporating policies and guidelines for the responsible use of AI, employee training and awareness, appropriate human oversight of AI-generated outputs, protection of confidential and personal information, legal and regulatory compliance, ongoing assessment of emerging AI-related risks and opportunities, and periodic review of AI technologies and controls to ensure they remain appropriate as the regulatory and technology landscape evolves.

Talent management

The Company's ability to achieve its strategic objectives depends on attracting, developing, engaging and retaining employees with the skills and capabilities required to support the business. The inability to attract or retain key talent, or inadequate succession planning for critical roles, may adversely affect operational performance, strategic execution and long-term growth.

The Company seeks to mitigate this risk through a comprehensive talent management framework incorporating a compelling employee value proposition, targeted recruitment strategies, market-competitive remuneration and incentive arrangements, learning and development opportunities, performance and career development processes, employee engagement initiatives, and succession planning for key leadership and critical roles.

Climate-related financial reporting and sustainability

Increasing regulatory requirements relating to climate-related financial disclosures, together with evolving stakeholder expectations regarding environmental and sustainability performance, present compliance, operational and reputational risks for the Company. Failure to appropriately identify, manage or report climate-related risks may result in regulatory non-compliance, increased costs and adverse impacts on stakeholder confidence.

The Company mitigates these risks through a structured sustainability and climate governance framework incorporating Board and Audit & Risk Committee oversight, periodic materiality assessments, development and implementation of sustainability initiatives across product packaging and supply chains, monitoring of legislative and regulatory developments, engagement of external advisers where appropriate, and implementation of processes to support compliance with applicable climate-related reporting standards, including AASB S2.

Regulatory compliance

McPherson's operates in a highly regulated environment and is subject to a range of laws, regulations and industry standards across the jurisdictions in which it conducts business, including those relating to consumer protection, product safety, product claims, labelling, competition, privacy, employment and environmental matters. Failure to comply with applicable legal and regulatory requirements may result in financial penalties, product recalls, litigation, regulatory action, operational disruption and reputational damage.

The Company seeks to mitigate these risks through a comprehensive compliance framework comprising policies and procedures, employee training and awareness, regulatory monitoring, legal review of material matters, product and marketing compliance processes, engagement of external advisers where appropriate, and regular reporting and oversight by management and the Board.

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(e) Significant changes in the state of affairs

During the year the Company moved its registered office and principal place of business from 105 Vanessa Street, Kingsgrove, NSW, 2208 to Suite 8.01, Level 8, 383 Kent Street, Sydney, NSW 2000. The lease of the Kingsgrove site will expire on 22 June 2027.

(f) Events subsequent to balance date

As disclosed on 9 December 2022, McPherson's Limited (Company) is a defendant in civil proceedings commenced by the Australian Securities and Investments Commission (ASIC) in relation to events occurring in 2020 (Proceedings). On 13 August 2026, the Federal Court of Australia (Court) ruled in favour of the ASIC against the Company and a former Chief Executive Officer and Managing Director of the Company. Subject to any appeal rights available, there will be a further hearing to determine any penalties to be imposed on the Company.

As a result of the Court's decision and in line with the requirements of Australian Accounting Standards, the Company recognised a provision of $2.0 million. Based on the information available to the Company, this amount represents the Company's best estimate of the penalties that may be imposed on the Company by the Court as a result of the outcome of the Proceedings. The actual amount of any penalties payable by the Company will ultimately be determined by the Court at a future date and may be materially higher or lower than the provision.

(g) Likely developments and expected results of operations

McPherson's is a pure-play health and beauty company focused on investing in, and growing, its iconic brands: 'Manicare', 'Swisspers', 'Lady Jayne', 'Maseur', 'Glam', 'Dr. LeWinn's' and 'Fusion Health' as well as its portfolio brands including Revitanail and Bondi fragrances.

These brands operate in highly attractive categories, where McPherson's considers it has a competitive advantage. In addition, the Company supplies a supporting portfolio of other popular brands in attractive segments of the market including haircare, vitamins and supplements, fragrance, and nutrition.

A key part of McPherson's strategy is to operate as a simplified and streamlined organisation with a focus on driving long term growth in its brands. During FY26 the Company continued to embed its third-party warehousing and pharmacy wholesaler route to market model.

In the opinion of the Directors, it would prejudice the interests of the Group to include additional information, except as noted above, and as reported elsewhere in the Directors' Report and the financial statements, which relates to likely developments and the expected results of operations in financial periods subsequent to 30 June 2026.

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(h) Information on Directors

ARI MERVIS	
Title	Independent Chairman of the Board
Experience and Expertise	Mr. Mervis was appointed an Independent Non-Executive Director of McPherson's Limited on 16 February 2021, Deputy Chair on 27 April 2021 and Chairman of the Board from 21 July 2021 until 10 March 2025. Mr. Mervis resumed the role of Chairman on 1 February 2026. Mr. Mervis is a company director with global experience spanning a range of industries in branded goods, consumer staples, agriculture, food and beverages. Mr. Mervis has vast experience having lived and operated businesses in complex geographies and having led and been involved in both listed and unlisted companies, as well as joint venture structures and not for profit organisations. His experience is further enhanced through having actively participated in significant mergers and acquisitions, and divestments, including post-acquisition integration and synergy delivery. His previous roles include Non-Executive Chair and Executive Chair of Endeavour Group Limited, Executive Chair for Accolade Wines and CEO and Managing Director for Murray Goulburn. Prior to that, he had a successful career at SABMiller, culminating as CEO for CUB and MD for the Asia Pacific region. He was also Chair of China Resources Snow Beer, SABMiller India and SABMiller Vietnam. Mr. Mervis holds a Bachelor of Commerce from the University of Witwatersrand, South Africa, with majors in Economics, Commercial Law and Marketing.
Special Responsibilities	Independent Chairman of the Board (appointed on 21 July 2021 until 10 March 2025 and then from 1 February 2026) and Chairman of the Nominations Committee
Other current listed Directorships	None
Former listed Directorships (last three years)	Myer Holdings Limited (from September 2021 to March 2024) Endeavour Group Limited (from March 2024 to August 2025)
Interests in shares and options	150,000 ordinary shares in McPherson's Limited No performance rights held

BRETT CHARLTON	
Title	Chief Executive Officer and Managing Director
Experience and Expertise	Mr. Charlton was appointed CEO and Managing Director of McPherson's Limited on 1 August 2023. Mr. Charlton is a growth-focused CEO, Non-Executive Director, and commercial leader who has developed an international career in the consumer goods industry across the Asia Pacific region. Mr. Charlton has worked with a gold standard set of companies, including Diageo, PepsiCo, Fonterra, Sanofi, and Private Equity, for over 30 years before channelling his experience into advisory and consulting services. Mr. Charlton is a strategic thinker who connects the dots between divisions for organisations, with a specialty in governance and operations of organisations large and small. He is a respected confidant to leaders in the ASX c-suite and a trusted advisor to Boards, CEOs, and functional General Managers. Mr. Charlton is a Graduate and Fellow of the Australian Institute of Company Directors (FAICD) and the Graduate School of Management from IMD in Lausanne, Switzerland, and holds a Bachelor of Commerce (Marketing and Human Resources) from Griffith University.
Other current listed Directorships	None
Former listed Director-ships (last three years)	None
Interests in shares and options	100,000 ordinary shares in McPherson's Limited 8,627,000 performance rights held

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(h) Information on Directors (continued)

ALISON COOK	
Title	Independent Non-Executive Director
Experience and Expertise	Ms. Cook was appointed an Independent Non-Executive Director of McPherson's Limited on 24 July 2018. Ms. Cook served as interim Chair of the Board from 10 March 2025 to 31 January 2026. Ms. Cook has more than 30 years of leadership and executive management experience in Australasia across a diverse range of functions within the biopharmaceutical and health services sectors. Ms. Cook's experience includes product manufacturing, quality systems, supply chain, sales and marketing, as well as research and development. Ms. Cook is also familiar with the regulatory environment that governs the healthcare market. In addition to these technical and operational activities, Ms. Cook has been involved in corporate acquisitions and divestments as well as the strategic planning process. Ms. Cook has held the positions of Chief Operating Officer and then Chief Executive Officer of Genetic Technologies Limited, an ASX and NASDAQ listed leading edge genetic testing services business. Ms. Cook holds a Bachelor of Science and a Master of Science (Microbiology), has undertaken the Executive Development Programme at Melbourne Business School and is a Graduate of the Australian Institute of Company Directors (GAICD).
Special Responsibilities	Chair of the Remuneration, People & Culture Committee (appointed 1 February 2026) Member of the Audit & Risk Committee (appointed 1 February 2026) Member of the Nominations Committee (appointed 1 February 2026) Interim Chair of the Board (until 31 January 2026)
Other current listed Directorships	None
Former listed Director-ships (last three years)	None
Interests in shares and options	35,500 ordinary shares in McPherson's Limited No performance rights held

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(h) Information on Directors (continued)

JOHN BATISTICH	
Title	Independent Non-Executive Director
Experience and Expertise	Mr. Batistich was appointed an Independent Non-Executive Director of McPherson's Limited on 17 November 2025. Mr. Batistich has more than 30 years of cross-sector leadership in marketing, digital innovation, customer experience and general management. Mr. Batistich has held senior roles with leading global companies, including Westfield Group, PepsiCo, Kimberly-Clark, Wrigley Company and Lion Nathan. Mr. Batistich currently serves as a non-executive director of Foodco Group Pty Ltd and Adairs Limited (ASX:ADH). Mr. Batistich has previously served on the boards of Zip Co Limited, Heart Research Institute, Versa Connects (AI) Pty Ltd, Fishburners Limited and Sunnyfield Disability Services, and as a Board Advisor to Moose Toys. Mr. Batistich's board experience spans consumer goods, retail, financial services and technology, with a strong focus on customer-centric strategy, digital innovation, and people and culture. Mr. Batistich holds a Bachelor of Business and a Master of Management and is a Graduate of the Australian Institute of Company Directors (GAICD).
Special Responsibilities	Member of the Audit & Risk Committee (appointed 1 February 2026) Member of the Remuneration, People and Culture Committee (appointed 1 February 2026) Member of the Nominations Committee (appointed 1 February 2026)
Other current listed Directorships	Non-Executive Director of Adairs Limited (ASX:ADH)
Former listed Director-ships (last three years)	Non-Executive Director of Zip Co Limited (from September 2018 to November 2024)
Interests in shares and options	80,000 ordinary shares in McPherson's Limited No performance rights held

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(h) Information on Directors (continued)

HELEN THORNTON	
Title	Independent Non-Executive Director
Experience and Expertise	Ms. Thornton was appointed as Non-Executive Director on 20 December 2021. Ms. Thornton is an experienced company director and has extensive financial, risk management, audit and governance expertise, aligned with strong strategic and leadership capabilities. Ms. Thornton is a Chartered Accountant with a diverse background in financial services, manufacturing, utilities, mining and property in both public and private corporations, and also with government statutory authorities. Ms. Thornton's executive roles have included Vice President - Risk Management of BlueScope Steel Ltd and senior roles at BHP, Deloitte and KPMG. Current non-executive directorships include Arena REIT Limited, Ansvar Insurance Ltd and Beyond Bank Australia Limited. Ms. Thornton holds a Bachelor of Economics from Monash University and is a member of Chartered Accountants Australia and New Zealand and a Graduate of the Australian Institute of Company Directors (GAICD). Chair of the Audit & Risk Committee (appointed 1 February 2026) Member of the Remuneration, People & Culture Committee (appointed 1 February 2026) Member of the Nominations Committee (appointed 1 February 2026)
Other current listed Directorships	Non-Executive Director of Arena REIT Limited
Former listed Director-ships (last three years)	None
Interests in shares and options	20,000 ordinary shares in McPherson's Limited No performance rights held

JANE MCKELLAR	
Title	Independent Non-Executive Director (retired effective on 31 January 2026)
Special Responsibilities	Former Chair of the former People and Culture Committee (until 31 January 2026)) Former member of the former Risk and Compliance Committee (until 31 January 2026)
Interests in shares and options	11,533 ordinary shares in McPherson's Limited No performance rights held

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(h) Information on Directors (continued)

Meeting of Directors

The number of Board, Audit & Risk, and Remuneration and Remuneration People & Culture Committee meetings held during the time that the director held office during the year ended 30 June 2026, and the number of meetings attended during that period by each Director, are set out below:

Directors	Board meetings		Audit & Risk Committee meetings[5]		Remuneration, People & Culture Committee meetings[6]		Risk & Compliance Committee meetings[7]	
	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended
Ari Mervis[1]	21	21	3	3	2	2	-	-
Brett Charlton	21	21	-	-	-	-	-	-
Alison Cook[2]	21	21	8	8	4	4	2	2
Jane McKellar[3]	11	9	-	-	2	2	2	2
Helen Thornton	21	21	8	8	2	2	2	2
John Batistich[4]	12	12	5	5	2	2	-	-

*"Held" reflects the number of meetings an individual director was eligible to attend.
1 The Current Board Chairman, Ari Mervis, ceased to be a member of all Board Committees, except the Nominations Committee, from 1 February 2026.
2 Ceased as Board Chair on 31 January 2026
3 Ceased as a non-executive director on 31 January 2026
4 Appointed as a non-executive director on 17 November 2025.
5. Formerly Audit Committee until 31 January 2026.
6 Formerly People & Culture Committee until 31 January 2026.
7 The Risk & Compliance Committee was formally merged with the Audit Committee to form the combined Audit & Risk Committee effective on 1 February 2026.

Note that the Nominations Committee, which was formed effective on 1 February 2026, held its inaugural meeting after 30 June 2026.

(i) Company Secretary

CRAIG DURHAM LLB (Hons), LLM (Melb), Grad Dip Leg Prac, Grad Dip App Corp Gov, FGIA, GAICD

Title	General Counsel and Company Secretary
Experience and Expertise	Mr Durham was appointed General Counsel & Company Secretary of McPherson's Limited on 15 January 2024. With a career spanning 35 years, he brings extensive executive leadership, legal and corporate governance experience from both listed and unlisted environments and in highly regulated industries including beverages, intelligent traffic systems, gaming technology and financial services. Mr Durham holds a Bachelor of Laws (Honours) from QUT, a Master of Laws from the University of Melbourne, a Graduate Diploma in Legal Practice from QUT and a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia (GIA). He is a Graduate of the Australian Institute of Company Directors, a Fellow of the GIA, a Member of the Institute of Chartered Secretaries and Administrators and a Member of the New York Bar in the United States. Mr Durham is admitted in Queensland, Victoria and New York and holds a current practising certificate in New South Wales.

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(j) Remuneration Report

Letter from the Chair of the Remuneration, People and Culture Committee

On behalf of the Board, I am pleased to present McPherson's FY26 Remuneration Report.

While management remained focused on executing strategic and operational initiatives designed to strengthen the business over the long term, financial performance fell below expectations. Against this backdrop, the Board maintained a disciplined approach to remuneration, ensuring that reward outcomes reflected the Company's performance and remained aligned with shareholder interests.

Our People

Throughout the year, our Executive Leadership Team (ELT) continued to focus on improving operational effectiveness, strengthening commercial execution and supporting the ongoing evolution of the business. These efforts were undertaken during a period of significant change and required resilience, adaptability and strong leadership across the organisation.

The Board recognises that our people remain central to the Company's future success. We are committed to fostering a culture of accountability, continuous improvement and high performance, while ensuring remuneration outcomes appropriately reflect both individual contribution and Company performance.

FY26 Performance and Remuneration Outcomes

The Board's remuneration philosophy is founded on a clear principle that remuneration outcomes should be linked to performance and the creation of sustainable shareholder value.

Consistent with this approach, no short-term incentive (STI) plan payments were awarded to executives in respect of FY26, as the minimum financial performance threshold established by the Board was not achieved. Similarly, no long-term incentive (LTI) plan awards vested during the year for any current or former executives, reflecting that the relevant performance hurdles established by the Board were not satisfied.

However, as disclosed in the FY25 Annual Report, to support the attraction and retention of capable leaders and to reflect the significant demands and extraordinary individual contribution, a modest 'one-off' discretionary bonus was approved by the Board to recognise members of the ELT in delivering the Company's business transformation program in FY25. This payment was made during FY26.

Accordingly, the Board believes the overall remuneration outcomes for FY26 demonstrate the appropriateness of the Company's remuneration framework and reinforces the Company's remuneration philosophy of directly linking remuneration and performance but also balancing that with the need to attract and retain high calibre executives and leaders.

Remuneration Governance

During FY26, the Board completed its annual review of the Company's remuneration framework. Following that review, the Board determined that the framework remains fit for purpose, appropriately balances fixed and at-risk remuneration, and continues to support the Company's strategic objectives while maintaining alignment with shareholder interests.

No changes were made to the STI or LTI structures during the year, and the CEO & Managing Director's contractual STI deferral arrangements remain in place. The Board considers these arrangements an important mechanism for reinforcing long-term accountability and sustainable decision-making.

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(j) Remuneration Report (continued)

Letter from the Chair of the Remuneration, People and Culture Committee (continued)

Looking Ahead

The Board remains committed to maintaining a remuneration framework that promotes accountability, supports the attraction and retention of capable leaders, and delivers reward outcomes that are appropriately linked to performance. In light of the Company's FY26 results, the Board will continue to exercise restraint and discipline in its remuneration decisions while maintaining a strong focus on creating sustainable long-term shareholder value.

On behalf of the Board, I thank our shareholders for your ongoing support and our employees for their commitment throughout the year. I commend the FY26 Remuneration Report to you.
Yours sincerely

Alison Cook
Chair of the Remuneration, People and Culture Committee

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(j) Remuneration Report (continued)

Content

The McPherson's Limited FY26 remuneration report sets out key aspects of the Company's remuneration policy and framework, and details of the remuneration awarded this year.

The remuneration report contains the following sections:

- Key Management Personnel (KMP)
- Remuneration Framework and Governance
- Elements of remuneration
- Performance and executive remuneration outcomes in FY26
- Statutory remuneration
- Contractual arrangements for executive KMP
- Non-executive Director arrangements
- Share-based compensation
- Additional statutory information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

1. Key Management Personnel

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity including:

- Executive Directors and certain senior executives (collectively the Executives)
- Non-executive Directors

Name	Role	Term as KMP in FY26
Executives		
B. Charlton	Chief Executive Officer (CEO) and Managing Director	Full year
M. Sherwin	Chief Financial Officer	Full year
Non-executive Directors		
A. Mervis	Board Chairman and Chairman of the Nominations Committee	Full year, resumed role as Chairman effective 1 February 2026
A. Cook	Chair of the Remuneration, People and Culture Committee	Full year, Chairman until 31 January 2026
H. Thornton	Chair of the Audit and Risk Committee	Full year
J. Batistich	Non-executive Director	Appointed as a Non-executive Director on 17 November 2025
J. McKellar	Non-executive Director	Retired as a Non-executive Director on 31 January 2026

Changes since the end of the reporting period

There have been no other changes in KMP since the end of the reporting period.

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(j) Remuneration Report (continued)

2. Remuneration Framework and Governance

How we determine executive remuneration frameworks

The Company's remuneration framework is set out in its Remuneration Strategy (disclosed on the Company's website). In particular, the Board aims to ensure that its remuneration framework:

- aligns executive remuneration outcomes with strategy and performance by linking reward outcomes to the achievement of Company objectives, sustainable growth and shareholder value;
- attracts, retains and rewards high-quality executive talent through fair, competitive and market-aligned remuneration that reflects role complexity, contribution and performance;
- promotes a high-performance culture by balancing financial and non-financial measures and directly connecting pay outcomes to individual and organisational performance; and
- maintains transparency, equity and good governance through clear remuneration frameworks, gender pay equity objectives, market benchmarking (as appropriate) and compliance with legal and governance requirements.

Our remuneration framework

We reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy. The table below provides a summary of the framework of executive remuneration in FY26:

Element[1]	Purpose	Performance Measures	Potential Value
Fixed Remuneration including superannuation and benefits	Provide competitive market salary which may be delivered as cash, prescribed non-cash financial benefits including motor vehicles and superannuation contributions.	Nil	Market rate Reviewed annually to reflect increases in responsibility and to ensure it remains market competitive. Increases are not guaranteed in the executives' contracts.
Short-term performance incentives (STI)	Reward for current year performance available when value has been created for shareholders and when profit and other outcomes are consistent with or exceed financial targets for the business plan.	Growth in underlying EBITDA, together with pre-determined role specific objectives.	**CEO & Managing Director** Up to 75% of fixed remuneration **Chief Financial Officer** Up to 50% of fixed remuneration
Long-term incentives (LTI)	Alignment to long-term shareholder returns via the Performance Rights plan. Participants benefit from the vesting of Performance Rights if performance objectives are met.	**CEO & Managing Director** i. High Level Performance Rights (HLP) – 100% of vesting is determined with reference to EPS target, over three years. ii. Exceptional Level Performance Rights (ELP) – 100% vesting is determined with reference to the TSR CAGR outcome, over three years. **Chief Financial Officer** 67% of vesting is determined with reference to EPS target and 33% with reference to TSR CAGR, each over three years.	**CEO & Managing Director** i. High Level Performance Rights (HLP) – 100% of fixed remuneration. ii. Exceptional Level Performance Rights (ELP) – 50% of fixed remuneration. **Chief Financial Officer** Up to 50% of fixed remuneration

[1] Fixed Remuneration is a contractual entitlement. Participation in the STI & LTI schemes are at the sole discretion of the Board.

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(j) Remuneration Report (continued)

2. Remuneration Framework and Governance (continued)

Governance framework

The illustration below summarises the Company's remuneration governance framework:

BOARD

- Overall responsibility for the remuneration strategy and outcomes for Executives and Non-executive Directors
- Reviews and, if appropriate, approves recommendations from the Remuneration, People & Culture Committee

▲ ▼

REMUNERATION, PEOPLE & CULTURE COMMITTEE

Reviews, evaluates and makes recommendations to the Board in relation to the following remuneration matters:

- Executive remuneration and incentive policies and plans
- Remuneration for Non-executive Directors
- CEO & Managing Director and other Executives' remuneration packages and performance objectives
- CEO & Managing Director's performance and development plans

▲ ▲

MANAGEMENT

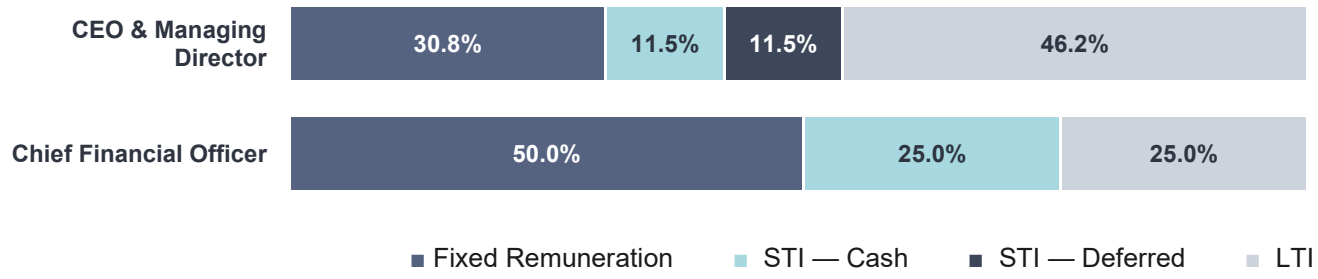
- Management is responsible for making recommendations to the Remuneration, People & Culture Committee
- Management provides the Board with the relevant information and analysis required to support decision making

EXTERNAL MARKET DATA & BENCHMARKING

- The Remuneration, People & Culture Committee and the Board may seek advice from independent remuneration consultants in determining appropriate senior executive remuneration
- Remuneration consultants support the Board in making remuneration decisions that are in the best interests of McPherson's and its shareholders

Remuneration Mix – at Target

The graph below shows the structure of the FY26 remuneration opportunity mix for Executive KMP. It reflects the STI opportunity for the current year that will be available if the performance conditions are satisfied at target, and the value of the LTI performance rights granted during the year, as determined at the grant date.



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(j) Remuneration Report (continued)

3. Elements of remuneration

Fixed annual remuneration (FAR)

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- the scope of the executive's role;
- the executive's skills, experience and qualifications; and
- individual performance.

Remuneration reviews may occur annually to ensure it remains market competitive and reflects cost of living adjustments. Executive Fixed remuneration will not automatically be increased as a result of any review. Details of the fixed remuneration applicable to Executive KMP are set out in *Section 6. Contractual arrangements for Executive KMP*.

Short-term incentives (STI)

Each year, the Remuneration, People and Culture Committee considers the appropriate targets and key performance indicators for the Executive Leadership Team, together with the appropriate STI payable should targets be met or exceeded.

<table>
<tr><td>How is it paid?</td><td>The CEO & Managing Director and CFO receive their awards in cash. The CEO & Managing Director receives 50% of his reward in cash after the assessment of annual performance and 50% deferred for a further one-year period. The CFO receives 100% of his award in cash after the assessment of annual performance.</td></tr>
<tr><td>How much can executives earn?</td><td>The maximum STI opportunities for executives are summarised below:
CEO & Managing Director: 75% of fixed remuneration
CFO: 50% of fixed remuneration</td></tr>
<tr><td>How is performance measured?</td><td>STI performance measures are selected to reflect the core drivers of short-term performance and to support the delivery of sustainable value to the Group, its shareholders, and customers.

For FY26, the STI framework comprised both financial and non-financial measures, with linear vesting between Threshold and Mid-Point, and Mid-Point and Maximum:

<table>
<tr><th>Measure</th><th>Weighting %</th><th>Qualification Gate</th><th>Threshold</th><th>Mid-Point</th><th>Maximum</th></tr>
<tr><td>Financial
FY26 Underlying EBITDA</td><td>70%</td><td rowspan="2">Minimum FY26 Underlying EBITDA Threshold</td><td>0%</td><td>35%</td><td>70%</td></tr>
<tr><td>Non-Financial
Personal KPIs</td><td>30%</td><td>15%</td><td>30%</td><td>30%</td></tr>
<tr><td colspan="3">STI Performance Outcome</td><td>15%</td><td>65%</td><td>100%</td></tr>
</table>

Measures have been chosen to align executive performance with the Group's financial and strategic priorities. The FY26 financial target was set by the Board at the beginning of the financial year, taking into account the Group's budget, market outlook, and strategic initiatives. Individual performance objectives (non-financial KPIs) varied by role and were aligned to key operational, customer, and transformation outcomes.

The Board has established a minimum financial performance threshold (Qualification Gate) to ensure the delivery of appropriate earnings prior to the payment of any personal KPIs. The outcome is self-funding, requiring financial targets be satisfied on a STI-funded basis.</td></tr>
</table>

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(j) Remuneration Report (continued)

3. Elements of remuneration (continued)

Short-term incentives (STI) (continued)

How is performance measured? (continued)	In FY26, the amount awarded under the STI plan was determined by reference to: **Opportunity** × **Performance Measure** = **Outcome** **Fixed Annual Remuneration (FAR) $** × **Target STI Opportunity %** × **FY26 STI Performance Outcome %** = **STI Award $** No STI plan payments[1] were awarded to executives in respect of FY26, as the minimum financial performance threshold established by the Board was not achieved. From time to time, the Board may approve additional short-term discretionary cash bonuses to executives in recognition of specific outcomes associated with significant one-off events. These may include, among others, completing a significant acquisition or investment, achieving a required divestment outcome, completing a significant restructuring project, or completing a refinancing of the business. The Board is responsible for approving any such payments.
When is it assessed and paid?	The STI award is determined after the end of the financial year, following a review of performance against measures by the Remuneration, People & Culture Committee and the Board. Payments are normally made following the release of the Company's audited financial results.

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[1] STI plan payments are separate and distinct from the disclosed 'one-off' Discretionary Cash Bonus (refer to Link between remuneration and performance (Section 4) below)

(j) Remuneration Report (continued)

3. Elements of remuneration (continued)

Long-term incentives (LTI)

The FY26 LTI program for Executive KMP was structured as follows:

<table>
<tr><td>How is it paid?</td><td>Executive KMP are eligible to be granted performance rights, being a right to an ordinary share in McPherson's Limited with zero exercise price, subject to meeting vesting conditions over the performance period.</td></tr>
<tr><td>How much can executives earn?</td><td>The maximum LTI opportunities of executives are summarised below:

<table><tr><th>Executive</th><th>LTI Opportunity</th></tr><tr><td>CEO & Managing Director</td><td>HLP: 100% of fixed remuneration
ELP: 50% of fixed remuneration</td></tr><tr><td>CFO</td><td>50% of fixed remuneration</td></tr></table>
The number of performance rights granted is determined using the 20-day volume-weighted average price per share prior to the time of grant.</td></tr>
<tr><td>How is performance measured?</td><td>LTI performance measures are determined to align with the objective of improving long-term shareholder returns. The Board considers the underlying EPS as an appropriate performance hurdle to ensure continued focus on growth and underlying earnings generation. The Board also considers Absolute TSR (Total Shareholder Return) to be the most appropriate shareholder measure, as it directly links vesting outcomes to the returns experienced by shareholders. Given the Company's size, trading characteristics and the absence of a meaningful peer group, the Board considers Absolute TSR to provide a more transparent and reliable measure of long-term value creation than Relative TSR.

Performance measures are summarised below:

<table><tr><th>Executive</th><th>LTI Opportunity</th></tr><tr><td>CEO & Managing Director</td><td>HLP: 100% of vesting is determined with reference to EPS target, over three years.
ELP: 100% of vesting is determined with reference to the TSR CAGR outcome over three years.</td></tr><tr><td>CFO</td><td>67% of vesting is determined with reference to EPS target and 33% with reference to TSR CAGR, each over three years.</td></tr></table></td></tr>
</table>

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(j) Remuneration Report (continued)

3. Elements of remuneration (continued)

Long-term incentives (LTI) (continued)

How are payouts determined?

Awards are subject to two measures:

EPS target:
The EPS performance condition is based on achieving specific underlying basic EPS targets over the performance period. The underlying basic EPS to determine vesting outcomes will be the actual underlying EPS achieved for the year ending 30 June 2028.

The proportion of performance rights that may vest based on EPS performance is determined based on the following vesting schedule:

Underlying EPS (FY28)	Percentage vesting[1]
Less than 2.27 cents per share	Nil
2.27 cents per share (Threshold)	25%
2.94 cents per share (Mid-Point)	50%
3.67 cents per share (Maximum)	100%

The actual underlying EPS will be normalised by the Board as considered necessary (at the Board's discretion) so that it reflects underlying profit.

The performance conditions outlined above are set solely for the purposes of assessing vesting under the Company's long term incentive arrangements. They are not intended to be, and should not be relied upon as, guidance, forecasts or predictions of the Company's future earnings, financial performance or financial position.

Absolute Total Shareholder Return Compound Annual Growth Rate (TSR CAGR):
TSR CAGR will be determined by calculating the amount by which the 20-trading day VWAP for the Company's ordinary Shares in the period ending at close of trade on 30 June 2028 (FY28 VWAP) exceeds a base share price of $0.2373 per share, plus dividends paid by the Company during the three-year period from 1 July 2025 to 30 June 2028, expressed as a percentage. For these purposes dividends paid on ordinary Shares will be deemed to be re-invested in the Company's ordinary Shares at the closing price on the relevant ex-dividend date for each dividend.

TSR CAGR hurdles represent an estimate of potential absolute share price growth, having regard to Underlying EPS performance hurdles.

The proportion of performance rights that may vest based on TSR performance is determined based on the following vesting schedule:

TSR CAGR (FY28)	Percentage vesting[1]
Less than 20.0%	Nil
20.0% CAGR (Threshold)	25%
27.5% CAGR (Mid-Point)	50%
35.0% CAGR (Maximum)	100%

When is performance measured?

The performance measures are tested at the end of the three-year performance period to determine the number of vested performance rights. There is no opportunity for re-testing. Performance rights will lapse if the performance measures are not met at the end of the performance period.

[1] With linear vesting between Threshold and Mid-Point, and Mid-Point and Maximum

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(j) Remuneration Report (continued)

3. Elements of remuneration (continued)

Long-term incentives (LTI) (continued)

Sign on Payments

No sign-on payments were made to any Key Management Personnel during FY26.

Voting and comments made at the Company's 2025 Annual General Meeting (AGM)

Of the total votes cast in relation to the adoption of the 2025 remuneration report by shareholders participating in the AGM and by proxy, 83.01% voted in favour of the resolution. Any general questions relating to remuneration and the 2025 remuneration report which were asked by shareholders at the 2025 AGM, were appropriately responded to by the then Chair of the Board.

4. Link between remuneration and performance

FY26 performance and impact on remuneration

While management remained focused on executing strategic and operational initiatives designed to strengthen the business over the long term, FY26 financial performance fell below expectations. Against this backdrop, the Board maintained a disciplined approach to remuneration, ensuring that reward outcomes reflected the Company's performance and remained aligned with shareholder interests.

For more information on the FY26 results refer to the Review of Operations section.

Performance against STI measures

The Underlying EBITDA target threshold for FY26 was not met, resulting in no STI payment being made to any Executive KMP.

Discretionary Cash Bonus

As disclosed in the FY25 Annual Report, to support the attraction and retention of capable leaders and to reflect the significant demands and extraordinary individual contribution, a modest 'one-off' discretionary bonus was approved by the Board to recognise members of the ELT in delivering the Company's business transformation program in FY25. This payment was made during FY26.

Performance against LTI measures

No performance rights vested during FY26. For further details, refer to *Section 8. Share-based compensation*.

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(j) Remuneration Report (continued)

4. Link between remuneration and performance (continued)

Statutory performance indicators

The overall level of executive reward considers the performance of the Company over several years, with greater emphasis given to the current year. The following table summarises the performance of the Company over the last five years:

	FY26	FY25	FY24	FY23	FY22
(Loss) / profit for the year after tax from continuing operations ($'000)[1]	(20,261)	(16,602)	(11,386)	(1,273)	333
(Loss) / profit for the year after tax from continuing operations excluding material items ($'000)[1]	(455)	(59)	(362)	2,284	6,963
EBITDA from continuing operations excluding material items (underlying EBITDA) ($'000)[1]	4,271	7,277	7,674	12,148	17,482
Basic EPS (cents) from continuing operations[1]	(14.2)	(11.5)	(7.9)	(3.5)	0.3
Basic EPS (cents) from continuing operations excluding material items[1]	(0.3)	(0.0)	(0.3)	1.6	5.3
Total dividends (cents per share)	-	-	2.0	3.0	5.0
Share price at year end ($)	0.14	0.25	0.41	0.40	0.66

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[1] The results of continuing operations for FY22 include the Multix business, which was disposed of in FY24. Following the disposal, the Multix business has been classified as a discontinued operation and is excluded from continuing operations in FY23, FY24, FY25 and FY26.

5. Details of remuneration

Amounts of remuneration

Details of the remuneration expense recognised for the Group's key management personnel for the current and previous financial year are set out below.

		Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments		Termination payments	Total remuneration	Performance related
		Salary & Fees	Annual leave entitlements	Cash bonus[1]	Non-monetary benefits[2]	Superannuation	Long service leave entitlements	Cash-settled	Equity-settled			
		$	$	$	$	$	$	$	$	$	$	%
B. Charlton (CEO and Managing Director)	2026	631,146	19,043	93,780	-	30,000	8,499	-	70,825[3]	-	853,293	19%
	2025	618,900	9,449	-	-	30,000	3,035	-	(139,897)[4]	-	521,487	-27%
M. Sherwin (Chief Financial Officer)	2026	458,755	10,152	44,800	-	30,000	4,968	-	14,388[5]	-	563,063	11%
	2025	448,068	7,656	-	-	29,932	1,838	-	2,495[6]	-	489,989	1%
A. Mervis[7] (Chairman)	2026	113,240	-	-	-	13,589	-	-	-	-	126,829	0%
	2025	133,156	-	-	-	15,313	-	-	-	-	148,469	0%
A. Cook[8]	2026	138,501	-	-	-	16,620	-	-	-	-	155,121	0%
	2025	118,187	-	-	-	13,592	-	-	-	-	131,779	0%
H. Thornton	2026	96,006	-	-	-	11,521	-	-	-	-	107,527	0%
	2025	91,101	-	-	-	10,477	-	-	-	-	101,578	0%
J. Batistich[9]	2026	54,162	-	-	-	6,499	-	-	-	-	60,661	0%
	2025	-	-	-	-	-	-	-	-	-	-	0%
J. McKellar[10]	2026	60,699	-	-	-	-	-	-	-	-	60,699	0%
	2025	91,101	-	-	-	10,477	-	-	-	-	101,578	0%
Total KMP	**2026**	**1,552,509**	**29,195**	**138,580**	**-**	**108,229**	**13,467**	**-**	**85,213**	**-**	**1,927,193**	
	2025	**1,500,513**	**17,105**	**-**	**-**	**109,791**	**4,873**	**-**	**(137,402)**	**-**	**1,494,880**	

[1] STI plan payments are separate and distinct from the disclosed 'one-off' Discretionary Cash Bonus (refer to Link between remuneration and performance (Section 4) above).
[2] Non-monetary benefits comprise salary sacrificed components of remuneration packages, including motor vehicles and related fringe benefits tax and allowances.
[3] For FY26 issued performance rights, only TSR-based rights have been expensed, with no expense recognised for EPS-based rights due to an assessment of the probability of non-market performance conditions being met.
[4] Includes a reversal of ($168,231) for FY24 issued EPS-based rights released during the year, following an assessment of the probability of non-market performance conditions being met. For FY25 issued performance rights, only TSR-based rights have been expensed, with no expense recognised for EPS-based rights due to an assessment of the probability of non-market performance conditions being met.
[5] For FY26 issued performance rights, only TSR-based rights have been expensed, with no expense recognised for EPS-based rights due to an assessment of the probability of non-market performance conditions being met.
[6] Includes a reversal of ($1,363) for FY24 EPS-based rights released during the year, following an assessment of the probability of non-market performance conditions being met. For FY25, only TSR-based rights have been expensed, with no expense recognised for EPS-based rights due to an assessment of the probability of non-market performance conditions being met.
[7] Mr. Mervis resumed role as Chairman effective 1 February 2026.
[8] Ms. Cook was Chairman until 31 January 2026.
[9] Mr. Batistich was appointed as a Non-executive Director on 17 November 2025.
[10] Ms. McKellar was retired as a Non-executive Director on 31 January 2026.

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(j) Remuneration Report (continued)

6. Contractual arrangements for Executive KMP

Executive employment agreements

Remuneration and other terms of employment for the CEO and Managing Director and the CFO are formalised in employment agreements. Each of these agreements sets out details of the base package amount, inclusive of superannuation and other benefits, and provides for performance incentives. The agreements also provide for participation, when eligible, in the McPherson's Limited Performance Rights Plan.

The agreements do not normally reflect a fixed term of employment or nominate a specified amount to be paid on termination of employment. The agreements normally provide that the termination notice period may be paid out by the Group.

The major provisions of the employment agreements relating to remuneration for the executives considered to be key management personnel are set out below.

Name	Term of agreement	Fixed remuneration including superannuation[1]	Termination notice	Termination of employment (without cause)	Termination of employment (with cause)
B. Charlton *CEO and Managing Director*	Appointed on 1 August 2023	$674,856[2]	Contract may be terminated on 6 months' notice by either the Company or executive.	STI: Not awarded for that financial year, however any entitlement to STI payments deferred or delayed will still be payable after the deferral period. LTI: An executive has 30 days to exercise any vested Rights from the date employment was ceased. Except in limited circumstances, all Rights which have not yet vested will expire on the date employment is ceased. The Board reserves the right to apply discretion in the case of a "good leaver" (leaving due to ill health, death, redundancy or other circumstances) so that any unvested Rights of the employee will not automatically lapse on the date employment is ceased and instead remain in place.	STI: Not awarded. LTI: Both vested and unvested LTI will expire on the date employment is ceased. In the event of serious misconduct, the Board may also claw back performance-based remuneration paid in previous financial years.
M. Sherwin *Chief Financial Officer*	Appointed on 6 May 2024	$492,340[3]	Contract may be terminated on 6 months' notice by either the Company or executive.		

[1] The annual fixed remuneration amounts quoted are as at 30 June 2026.
[2] Fixed annual remuneration increased from $655,000 to $674,856 effective 1 October 2025 following a review by the former People and Culture Committee and Board approval. Mr Charlton's FY26 LTI plan grant (which was approved by shareholders at the Company's 2025 AGM) was calculated on $655,000.
[3] Fixed annual remuneration increased from $478,000 to $492,340 effective 1 October 2025 following a review by the former People and Culture Committee.

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(j) Remuneration Report (continued)

7. Non-executive Directors ' arrangements

The Group's Non-executive Director fees are designed to attract and retain high-calibre Directors who exemplify strong oversight, governance, independence and objectivity. Non-executive Directors receive a Board fee and fees for chairing and participating in Board committees. Non-executive Directors do not participate in any performance-related incentive awards.

The Remuneration, People and Culture Committee reviews non-executive Director remuneration against comparable companies and relevant market data and makes recommendations to the Board accordingly. There were no increases in Non-executive Director fees during FY26.

The current maximum annual aggregate Directors' fee pool limit is $650,000 and was last approved by shareholders at the 2018 Annual General Meeting held on 21 November 2018.

The table below summarises Board and Committee fees payable to the Non-executive Directors for FY26 (inclusive of superannuation):

	FY26 Fees	FY25 Fees
	$	$
Base Fees[1]		
Chair	166,600	162,634
Other Non-executive Directors	87,468	85,386
Additional fees[2]		
Audit and Risk Committee (Chair)	14,583	10,847
Audit and Risk Committee (Member)	7,187	5,346
Remuneration, People and Culture Committee (Chair)	11,111	10,847
Remuneration, People and Culture Committee (Member)	5,476	5,346
Risk and Compliance Committee (Chair)[3]	6,481	10,847
Risk and Compliance Committee (Member)	3,194	5,346

The amounts shown above for FY26 are inclusive of company superannuation guarantee contributions at 12.0%, payable on behalf of Directors on the base fees and additional fees (2025: at 11.5%).

[1] No increase in Base Fees was made during FY26. FY26 reflects the full-year annualised fee, while FY25 reflects the fee increase effective from 1 January 2025 and therefore includes six months at the previous fee level and six months at the revised fee level.
[2] The Board Committee structure changed on and from 1 February 2026. Fees were payable to Committee members for the former Audit Committee, People & Culture Committee, and Risk & Compliance Committee until 31 January 2026. On and from 1 February 2026, Committee fees were payable to members of the combined Audit & Risk Committee and the renamed Remuneration, People and Culture Committee. While there were no increases in Base Fees, after the Board Committee structure changed on 1 February 2026 committee fees were adjusted to reflect the reduced number of committees with an increased scope. No committee fees are payable to Nominations Committee members.
[3] Effective 1 February 2026, the former Risk and Compliance Committee was merged with the Audit Committee to form the Audit & Risk Committee.

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(j) Remuneration Report (continued)

8. Share-based compensation

Performance Rights awarded, vested and lapsed during the year

The table below discloses the number of performance rights (PR) granted, vested or lapsed during the year. Performance rights can only be exercised once the vesting conditions have been met. Unvested performance rights carry no dividend or voting rights. However, upon vesting and exercise, each PR converts to one share plus additional shares equal in value to the dividends paid by the Company over the period from the vesting date to the exercise date.

Name		Grant date	Vesting date	Exercise Price	Number of rights granted[1]	Fair value per right at grant date[2]	Rights vested during the year		Rights forfeited during the year	
							No.	%	No.	%
B. Charlton	HLP	03/11/2025	30/09/2028	Nil	2,761,000	EPS: $0.25	-	-	-	-
	ELP	03/11/2025	30/09/2028	Nil	1,381,000	TSR: $0.10	-	-	-	-
M. Sherwin	PR	03/11/2025	30/09/2028	Nil	1,037,000	EPS: $0.25 TSR: $0.10	-	-	-	-

Performance rights holdings of Executive KMP

Name		Balance at start of the year	Granted as compensation	Vested and exercised rights	Forfeited	Balance at the end of the year	Vested and exercisable	Unvested
B. Charlton	HLP	2,990,000	2,761,000	-	-	5,751,000	-	5,751,000
	ELP	1,495,000	1,381,000	-	-	2,876,000	-	2,876,000
M. Sherwin	PR	684,904	1,037,000	-	-	1,721,904	-	1,721,904

Shares issued on exercise of performance rights

No shares were issued in exercise of performance rights during the year.

Shares held by key management personnel

Name	Balance at the start of the year	Received during the year on the exercise of performance rights	Other changes during the year	Balance at the end of the period
B. Charlton	-	-	100,000	100,000
M. Sherwin	-	-	-	-
A. Mervis	150,000	-	-	150,000
A. Cook	15,500	-	20,000	35,500
J. Batistich	-		80,000	80,000
H. Thornton	20,000	-	-	20,000
J. McKellar[3]	11,533	-	-	11,533

Minimum shareholding requirement for Non-executive Directors

During FY26 the Board adopted a Minimum Shareholding Requirement (MSR) for Non-executive Directors to further align their interests with those of shareholders and reinforce a shared ownership mindset. While all Non-executive Directors hold shares in the Company (which are disclosed in the table above), no formal MSR had been previously adopted. Under the MSR, each Non-executive Director is required to acquire and hold shares in the Company with a price or value equivalent to one year's base director fees within five years from 30 April 2026. The Board considers the MSR to be an appropriate mechanism to strengthen alignment between Non-executive Directors' and shareholders' interests in the creation of long-term value.

[1] Refer to section 3. Elements of Remuneration - LTI above for detail on vesting conditions of FY26 Performance Rights.
[2] Determined at the time of grant per AASB 2. For details on the valuation of the performance rights, including models and assumptions used, please refer to Share based payments (Note 22) in the Financial Statements.
[3] Ms. Jane McKellar retired as Non-executive Director effective on 31 January 2026

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(j) Remuneration Report (continued)

9. Additional statutory information

Loans to Directors and Executives

There were no loans made to the Directors of McPherson's Limited or to any Executive KMP of the Company, including their related entities, during the year, nor were there any loans outstanding at the end of the current or prior financial year.

Other Transactions with Directors and Executives

During the year, the Company sold minor quantities of its products for domestic use to the KMP on terms and conditions no more favourable than those adopted when dealing with other employees at arm's length in the same circumstances.

There were no transactions between the Company and the Directors of McPherson's Limited or with any Executive KMP of the Company, including their related entities, during the current financial year other than those disclosed above.

10. Use of remuneration consultants

No remuneration recommendations were received from remuneration consultants in FY26.

(k) Shares under option

At the date of this report, there were no unissued ordinary shares of McPherson's related to vested performance rights. There were no shares issued from the exercise of vested performance rights or options during the year ended 30 June 2026 and up to the date of this report.

(l) Indemnification and insurance of officers

The Group has agreed to indemnify the current Directors and certain current executives of the Group against all liabilities to another person (other than the Group or a related body corporate) that may arise from their position as Directors or officers of the Group, to the extent permitted by law. The agreement stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses.

During the financial year, McPherson's Limited paid a premium to insure Directors and certain officers of the Group. The Directors and officers covered by the insurance policy include the current Directors and Secretaries of McPherson's Limited, Directors or Secretaries of controlled entities who are not or were not also Directors or Secretaries of McPherson's Limited, senior management of the Group and senior management of divisions and controlled entities of McPherson's Limited. As the insurance policy operates on a claim made basis, former Directors and officers of the Group are also covered.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or controlled entities. The insurance policy outlined above does not contain details of premiums paid in respect of individual Directors and officers of the Company. The insurance policy prohibits disclosure of the premium paid.

(m) Environmental regulation

The Company is not subject to significant specific environmental regulation in respect of its operations. The Company is committed to achieving a high standard of environmental performance and the Company monitors its compliance with environmental regulations. The Board is not aware of any significant breaches of environmental regulation during the period covered by this report.

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(n) Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

(o) Audit and non-audit services

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia) for audit and non-audit services during the year are disclosed in note 25 Remuneration of Auditors.

The Company may decide to employ the external auditor on assignments additional to their statutory audit duties, where the external auditor's expertise and experience with the Company are relevant.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

A copy of the auditor's independence as required under section 307C of the *Corporations Act 2001* is set out on page 35.

(p) Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183 and, in accordance with that instrument, all financial information in this Directors' Report and the Financial Report have been rounded to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors:



Ari Mervis
Chairman
27 August 2026



Brett Charlton
Chief Executive Officer and Managing Director
27 August 2026

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Auditor's Independence Declaration

As lead auditor of McPherson's Limited's financial report for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit of the financial report; and

b) no contraventions of any applicable code of professional conduct in relation to the audit of the financial report.



David Ronald
Partner
PricewaterhouseCoopers

Sydney
27 August 2026

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McPherson's Limited and Controlled Entities
Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes as set out on pages 42 to 98 and the remuneration report on pages 18 to 33 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) at the date of this declaration, there are reasonable grounds to believe that the parties to the Deed of Cross Guarantee identified in Note 29 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note 29; and

(d) the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct.

Note 1(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Directors.



Ari Mervis
Chairman
27 August 2026

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Independent auditor's report

To the members of McPherson's Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of McPherson's Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2026;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information;
- the consolidated entity disclosure statement as at 30 June 2026; and
- the directors' declaration.

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Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group auditor.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of goodwill and brand names Refer to note 16 Intangible Assets Goodwill is allocated to the Australia and New Zealand (ANZ) cash generating unit (CGU). The recoverable amount of the ANZ CGU has been determined based on fair value less cost of disposal. The Group has recognised an impairment to goodwill of $15.0M. The recoverable amount of each brand name has been determined based on fair value less cost of disposal. The Group has recognised an impairment to brand names of $5.7M. The carrying value and impairment assessments of goodwill and brand names were considered to be a key audit matter due to the following reasons: - the carrying value of the related assets is financially significant; - the determination of the recoverable amount of each CGU and brand involves significant judgement. Key areas of judgement are: a) for the CGUs: forecast EBITDA growth rates, discount rates, and terminal growth rates; and b) for the brands: forecast revenue growth rates, royalty relief rates, discount rates, and terminal growth rates; and - the Group's recognised impairments described above.	We performed the following procedures, among others: • Developed an understanding of the control activities relevant to the impairment assessment and assessed whether they were appropriately designed and implemented. • Assessed whether the Group's determination of CGUs was consistent with our understanding of the nature of the Group's operations. • Assessed whether the ANZ CGU appropriately included all assets, liabilities and cash flows. • Compared the Group's forecast cash flows in the impairment models to the Board approved budget and other supporting evidence. • Assessed the Group's historical ability to forecast cash flows by comparing budgets to reported actual results. • Together with PwC valuation experts, assessed the valuation methodology and mathematical accuracy of relevant calculations in the impairment models and compared the forecast EBITDA growth rates, discount rates, terminal growth rates, forecast revenue growth rates, royalty relief rates to historical company data and market observable inputs. • Assessed the reasonableness of the disclosures made in the financial report, in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we



obtained included the Directors' Report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

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individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2026.

In our opinion, the remuneration report of McPherson's Limited for the year ended 30 June 2026 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

David Ronald

David Ronald
Partner

Sydney
27 August 2026

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Consolidated Statement of Comprehensive Income for the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
CONTINUING OPERATIONS			
Revenue			
Sales revenue		**118,309**	138,973
Other income		**-**	20
Total revenue and other income		**118,309**	**138,993**
Expenses			
Materials and consumables		**(48,705)**	(58,542)
Employee costs		**(25,702)**	(37,911)
Advertising and promotions		**(20,482)**	(22,339)
Cartage and freight		**(3,347)**	(4,514)
Third party warehousing		**(4,159)**	(837)
Depreciation		**(2,593)**	(5,486)
Amortisation of intangibles		**(1,593)**	(1,063)
Impairment of intangible assets	16	**(20,698)**	(10,241)
Realisation of Foreign Currency Translation Reserve	3	**-**	1,319
Onerous lease expense	3	**(843)**	(3,158)
Other expenses		**(15,734)**	(15,198)
Operating loss before finance costs and income tax		**(25,547)**	**(18,977)**
Interest income	18	**339**	250
Borrowing costs	18	**(458)**	(947)
Net finance costs		**(119)**	**(697)**
Net loss before income tax from continuing operations		**(25,666)**	**(19,674)**
Income tax benefit	6	**5,405**	3,072
Net loss from continuing operations		**(20,261)**	**(16,602)**
DISCONTINUED OPERATIONS			
Profit from discontinued operations, net of income tax	13	**-**	1,563
Loss for the year after tax		**(20,261)**	**(15,039)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges	21(a)	**7**	(109)
Realisation of Foreign Currency Translation Reserve	21(a)	**-**	(1,319)
Exchange differences on translation of foreign operations	21(a)	**(229)**	176
Income tax benefit relating to these items	21(a)	**(3)**	29
Other comprehensive (expense) / income for the year		**(225)**	**(1,223)**
Total comprehensive (expense) / income for the year		**(20,486)**	**(16,262)**
Total comprehensive expense for the year to owners of McPherson's Limited arises from:			
Continuing operations		**(20,486)**	(17,825)
Discontinued operations		**-**	1,563
		(20,486)	**(16,262)**
Earnings per share		**Cents**	Cents
Basic / diluted loss per share	26	**(14.2)**	(10.5)
Basic / diluted loss per share from continuing operations	26	**(14.2)**	(11.5)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated Balance Sheet as at 30 June 2026

	Note	2026 $'000	2025 $'000
Current assets			
Cash and cash equivalents	8	**5,110**	9,476
Trade and other receivables	9	**30,499**	29,457
Inventories	10	**26,224**	19,791
Derivative financial instruments	11	**307**	111
Current tax receivable		**-**	856
Other assets	12	**1,009**	961
Total current assets		**63,149**	**60,652**
Non-current assets			
Property, plant and equipment	14	**3,264**	4,161
Right-of-use assets	15	**3,159**	4,703
Other receivables	9	**-**	512
Intangible assets	16	**24,454**	46,174
Deferred tax assets	6	**2,884**	-
Other assets	12	**-**	1,009
Total non-current assets		**33,761**	**56,559**
Total assets		**96,910**	**117,211**
Current liabilities			
Trade and other payables	17	**31,954**	28,505
Borrowings	18	**345**	660
Lease liabilities	15	**2,903**	3,404
Provisions	19	**6,027**	4,708
Derivative financial instruments	11	**589**	510
Total current liabilities		**41,818**	**37,787**
Non-current liabilities			
Lease liabilities	15	**2,946**	3,237
Provisions	19	**377**	2,640
Deferred tax liabilities	6	**-**	567
Total non-current liabilities		**3,323**	**6,444**
Total liabilities		**45,141**	**44,231**
Net assets		**51,769**	**72,980**
Equity			
Contributed equity	20	**216,387**	217,218
Reserves	21(a)	**2,791**	2,910
Accumulated losses	21(b)	**(167,409)**	(147,148)
Total equity		**51,769**	**72,980**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

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Consolidated Statement of Changes in Equity for the year ended 30 June 2026

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 30 June 2025		**217,218**	**2,910**	**(147,148)**	**72,980**
Loss for the year		**-**	**-**	**(20,261)**	**(20,261)**
Other comprehensive (expense) / income		**-**	**(225)**	**-**	**(225)**
Total comprehensive (expense) / income		**-**	**(225)**	**(20,261)**	**(20,486)**
Transactions with shareholders					
Dividends provided for or paid	4	**-**	**-**	**-**	**-**
Share-based payment transactions with employees	21(a)	**-**	**106**	**-**	**106**
Share buyback	20	**(831)**	**-**	**-**	**(831)**
Total transactions with shareholders		**(831)**	**106**	**-**	**(725)**
Balance at 30 June 2026		**216,387**	**2,791**	**(167,409)**	**51,769**

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 30 June 2024		**217,218**	**(1,472)**	**(126,109)**	**89,637**
Loss for the year		-	-	(15,039)	**(15,039)**
Other comprehensive (expense) / income		-	(1,223)	-	**(1,223)**
Total comprehensive (expense) / income		**-**	**(1,223)**	**(15,039)**	**(16,262)**
Transfer of FVOCI reserve to accumulated losses	21(a)	-	6,000	(6,000)	-
Transactions with shareholders					
Dividends provided for or paid	4	-	-	-	**-**
Share-based payment transactions with employees	21(a)	-	(395)	-	(395)
Total transactions with shareholders		**-**	**(395)**	**-**	**(395)**
Balance at 30 June 2025		**217,218**	**2,910**	**(147,148)**	**72,980**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated Statement of Cash Flows for the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts from customers, inclusive of GST		**139,829**	151,590
Payments to suppliers and employees, inclusive of GST		**(141,535)**	(147,817)
Interest received		**339**	250
Interest and borrowing costs paid		**(711)**	(947)
Income taxes refunded / (paid)		**2,753**	(865)
Net cash inflows from operating activities	30	**675**	**2,211**
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		**(724)**	(637)
Payments for purchase of other intangible assets		**(571)**	(2,980)
Net cash (outflows) from investing activities		**(1,295)**	**(3,617)**
Cash flows from financing activities			
Share buyback		**(814)**	-
Proceeds from borrowings		**942**	1,035
Repayment of borrowings		**(1,003)**	(11,233)
Repayment of lease liabilities		**(2,901)**	(3,717)
Net cash (outflows) from financing activities		**(3,776)**	**(13,915)**
Net (decrease) in cash held		**(4,396)**	(15,321)
Cash at beginning of financial year		**9,476**	24,769
Effects of exchange rate changes		**30**	28
Cash held at end of financial year	8	**5,110**	**9,476**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to and forming part of the Consolidated Financial Statements

1. Summary of material accounting policies

The accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of McPherson's Limited and its controlled entities.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. McPherson's Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, including derivative instruments, which are carried at fair value.

Going concern

The consolidated financial statements have been prepared on a going concern basis. In assessing the appropriateness of the going concern basis, management have considered the Group's cash position at 30 June 2026, the capacity available under the debt facility described in Note 18, compliance with the financial covenants applicable to that facility, forecast cash flows for a period of at least twelve months from the date of this report and the expected quantum and timing of the pecuniary penalty referred to in Provisions (Note 19) and Contingent liabilities (Note 24).

New and amended standards adopted by the Group

The Australian Accounting Standards Board (AASB) has issued a number of standards and amendments to standards that are mandatory for the first time in the reporting period commenced 1 July 2025. The Group has assessed and determined that there are no new or amended standards applicable for the first time for the financial report for the year ended 30 June 2026, that materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

New standards and interpretations not yet adopted by the Group

AASB 18 Presentation and Disclosure in Financial Statements (18 June 2024) sets out requirements for the presentation and disclosure of information in general purpose financial statements. AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027. The Group is continuing to assess the full impact of adopting AASB 18.

Other new or amended accounting standards

For other new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2026 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

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1. Summary of material accounting policies (continued)

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 1(h)). Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Investments in controlled entities are accounted for at cost in the individual financial statements of the parent entity.

Changes in ownership interests

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Joint arrangements

Under AASB 11, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Equity method

Under the equity method, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-investment profits or losses of the investee, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from the investee are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM has been identified as the Chief Executive Officer and Managing Director of McPherson's Limited.

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1. Summary of material accounting policies (continued)

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is McPherson's Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses for the statement of comprehensive income are translated at average exchange rates, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue recognition

Sales revenue

The Group markets and distributes Health and Beauty products. Sales are recognised at a point in time when the control of the products has transferred, being when the products are delivered to the customer, or when the customer has directed the Group to warehouse finished goods on its behalf, with the risks of control and ownership transferring to the customer. The customer has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's products are often sold on terms that include settlement or promotional discounts, and volume rebates. Revenue from these sales is recognised based on the price specified in the contract, net of estimated discounts and rebates, using the expected value method. A contract liability is recognised for expected discounts and rebates in relation to sales made until the end of the reporting period. No element of financing is deemed present as sales are made with credit terms normally between 30 and 60 days, which is consistent with market practice.

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1. Summary of material accounting policies (continued)

(e) Revenue recognition (continued)

Sales revenue (continued)

A receivable is recognised when the goods are delivered to the customer, or when the customer directs the Group to warehouse finished goods on its behalf, with the risks of control and ownership transferring to the customer, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Accounting for refunds and rights of return

When the customer has a right to return the product within a given period, the entity has a potential obligation to refund the purchase price. A refund liability for the expected refunds to customers is recognised as an adjustment to revenue in trade and other payables. At the same time, the Group has a right to recover the product from the customer where the customer exercises its right of return and recognises an asset in trade and other receivables and a corresponding adjustment to cost of sales. The asset is measured by reference to the former carrying amount of the product. The costs to recover the products are not material because the customer usually returns the product in a saleable condition to the Group.

Under the Group's wholesaler arrangements, wholesalers have contractual rights to return certain slow-moving or short-dated inventory. These rights do not affect the timing of revenue recognition, as control of the goods transfers to the wholesaler upon delivery. Instead, the expected level of returns is reflected in the measurement of variable consideration and the associated liability.

The Group does not have any contracts where the period between the supply of goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

Other income

Other income is recognised when the income is received or becomes receivable.

(f) Income tax

The income tax expense or income for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and any unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction effects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws, that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

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1. Summary of material accounting policies (continued)

(f) Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

McPherson's Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity. McPherson's Limited, as the head entity in the tax consolidated Group, recognises current tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this Group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under a Tax Funding Agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the Tax Funding Agreement are presented as income tax expenses or credits.

(g) Leases

Lease contracts

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 5 years, but may have extension options. Extension and termination options that are reasonably certain are included in a number of property and equipment leases across the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease liabilities

Lease liabilities are initially measured on a present value basis of the following lease payments:

- Fixed payments less any lease incentives receivable; and
- Variable lease payments based on a rate initially measured at the commencement date, such as CPI.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that an individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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1. Summary of material accounting policies (continued)

(g) Leases (continued)

Right-of-use assets

Right-of-use assets are measured at present value comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short term leases

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Subleases

Where the Group is an intermediate lessor, it assesses each sublease with reference to the right-of-use asset arising from the head lease, in accordance with AASB 16 Leases. If the sublease transfers substantially all the risks and rewards incidental to ownership of the underlying right-of-use asset, the Group classifies the sublease as a finance lease.

For finance subleases, the Group derecognises the right-of-use asset relating to the head lease and recognises a lease receivable at an amount equal to the net investment in the sublease. Any difference between the carrying amount of the right-of-use asset and the lease receivable is recognised in profit or loss. Interest income on the lease receivable is recognised over the lease term using the effective interest method.

(h) Business combinations

The acquisition method is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the fair value of the assets transferred, shares issued, and liabilities incurred or assumed at the date of exchange. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair value at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to Note 1(r)). If the consideration transferred is less than the fair value of the net assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase, but only after a reassessment of the identification and measurement of the net assets acquired. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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1. Summary of material accounting policies (continued)

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits at call which are readily convertible to cash on hand and are used in the cash management function on a day-to-day basis net of outstanding bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement no more than 61 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. Specific provisions are also recognised for trade receivables where management has identified specific amounts as doubtful based on the recoverability of individual customer balances.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories includes all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on a weighted average basis. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of inventory. Costs of purchased inventory are determined after deducting rebates and discounts. Unrealised profits on intercompany inventory transfers are eliminated on consolidation. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(m) Non-current assets, or disposal groups, held for sale and discontinued operations

Non-current assets, or disposal groups, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets.

An impairment loss is recognised for any initial or subsequent write down of the asset, or disposal group, to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, or disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset, or disposal group, is recognised at the date of derecognition.

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1. Summary of material accounting policies (continued)

(m) Non-current assets, or disposal groups, held for sale and discontinued operations (continued)

Non-current assets, including those that are part of a disposal group, are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate cash-generating unit (or a group of cash-generating units), is a separate major line of business or geographical area of operations and is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the statement of comprehensive income.

(n) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:
- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

(ii) Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:
- Debt investments that do not qualify for measurement at either amortised cost or at fair value through other comprehensive income;
- Equity investments that are held for trading; and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

(iii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are equity investments which are not held for trading, and for which the Group's management has elected to present fair value gains and losses in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses and reversal of impairment losses on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

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1. Summary of material accounting policies (continued)

(n) Investments and other financial assets (continued)

(iv) Other financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Financial assets at amortised cost are included in receivables in the balance sheet.

(v) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(o) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

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1. Summary of material accounting policies (continued)

(o) Derivatives and hedging activities (continued)

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within finance costs.

When option contracts are used to hedge forecast transactions, the Group designates the change in fair value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in value of the option contracts are recognised within other comprehensive income and in the cash flow hedge reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group designates the change in fair value of the forward contract as the hedging instrument. Gains or losses relating to the effective portion of the change in value of the forward contracts are recognised within other comprehensive income and in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Gain or loss relating to the effective portion of the value of option contracts where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss.
- Gain or loss relating to the effective portion of the forward contracts where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remain in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss. Hedge ineffectiveness is recognised in profit or loss within finance cost.

(p) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition, measurement and disclosure purposes.

The fair value of interest rate hedge contracts is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts and other foreign currency contracts is determined using forward exchange market rates and volatility at the balance sheet date.

The net nominal value of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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1. Summary of material accounting policies (continued)

(q) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their net cost over their estimated useful lives. The estimated useful lives for each class of assets are as follows:

- Leasehold improvements: over the shorter of the lease term and estimated useful lives
- Plant and equipment: generally between 3 to 7 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss.

(r) Intangible assets

(i) Goodwill

Goodwill is measured as described in Note 1(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(ii) Brand names

The Group recognises brand names that are acquired as part of a business combination or that are specifically acquired from a vendor. The Group does not recognise internally generated brand names. Brand names are initially recognised at fair value, if acquired as part of a business combination, or at cost, if specifically acquired from a vendor. For brand names specifically acquired from a vendor and held at cost, any subsequent adjustments arising from a contingent consideration arrangement associated with the brand acquisition are reflected in the carrying value of the relevant brand name. Subsequent to initial recognition, brand names are recognised at cost less accumulated impairment losses.

The carrying amount of brand names is not amortised as the Directors are of the view that the brand names have an indefinite useful life.

Brand names are tested individually for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. The recoverable amount of a brand name is determined based on the higher of the value-in-use or fair value less costs to sell.

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1. Summary of material accounting policies (continued)

(r) Intangible assets (continued)

(iii) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The Group amortises customer relationships with a finite useful life using the straight-line method over 8 years, based on the historical customer attrition rate, which is subject to annual review.

(iv) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that are identifiable and unique software products controlled by the Group and will contribute to future period financial benefits through revenue generation or cost reduction are capitalised as intangible assets. Capitalised costs include external direct costs of materials and services, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis generally over 3 to 5 years.

IT development costs only include those costs directly attributable to the development phase and are only recognised where the Group has an intention and ability to use the asset.

(v) Research and development

Research expenditure and development expenditure that do not meet the criteria in (iv) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which remain unpaid. These amounts are unsecured and are normally settled within 40 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The cost of products and services provided under warranty is expensed as incurred. The Company provides for warranties based on history of claims and management's best estimate of expected claims.

(u) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

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1. Summary of material accounting policies (continued)

(u) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave, which is not expected to be settled within 12 months after the end of the period in which the employees render the related service, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions (if required) are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Bonus plans

A liability for employee benefits in the form of bonuses is recognised in provisions when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- There are formal terms for determining the amount of the benefit;
- The amounts to be paid are determined before the time of completion of the financial report; and
- Past practice gives clear evidence of the amount of the obligation.

(iv) Superannuation

Contributions to employee superannuation funds are made by McPherson's Limited and controlled entities. Contributions are recognised as an expense as they become payable.

(v) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. The liabilities for termination benefits are recognised in other creditors unless timing of the payment is uncertain, in which case they are recognised as provisions.

(vi) Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities when the employee benefits to which they relate are recognised as liabilities.

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1. Summary of material accounting policies (continued)

(u) Employee benefits (continued)

(vii) Share-based payments

Share-based compensation benefits are provided to certain employees via the McPherson's Limited Performance Rights Plan.

The fair value of rights granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is independently determined at grant date and recognised over the period during which the employees become unconditionally entitled to the rights.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Upon the exercise of rights, the balance of the share-based payments reserve relating to those rights is transferred to share capital.

(v) Contributed equity and dividends

(i) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Dividends

Provision is made for any dividend declared by the Directors, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of McPherson's Limited by the weighted average number of ordinary shares outstanding during the financial year (refer to Earnings per share (Note 26)).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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1. Summary of material accounting policies (continued)

(x) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or financial costs.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are amortised over the period of the facility to which they relate, unless a shorter period is considered more appropriate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Borrowing costs are expensed as incurred.

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(z) Rounding of amounts

The Group is of a kind referred to in Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial / Directors' Reports) Instrument 2026/183 and in accordance with that instrument, amounts in this Directors' Report and the Financial Report have been rounded to the nearest thousand dollars unless otherwise stated.

(aa) Parent entity financial information

The financial information for the parent entity, McPherson's Limited, disclosed in Note 32 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of McPherson's Limited. Dividends received from subsidiaries are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

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1. Summary of material accounting policies (continued)

(ab) Critical accounting estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant is discussed below.

Estimated recoverable amount of goodwill and indefinite lived brand names

The Group tests goodwill and indefinite lived brand names annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. In calculating the recoverable amount of these assets, the use of key assumptions is required.

Provision for inventory obsolescence

Inventories are valued at the lower of cost and net realisable value. Estimates are required to be made in relation to the recoverable amount of inventory based on projected sales volumes and sell prices.

Customer contract liabilities

The Group recognises revenue net of estimated discounts and rebates, using the expected value method. A contract liability is recognised for expected discounts and rebates in relation to sales made until the end of the reporting period. Estimates are required to be made in relation to the expected level of discounts, rebates and returns.

Provision relating to the ASIC Proceedings

As disclosed on 9 December 2022, McPherson's Limited (Company) is a defendant in civil proceedings commenced by the Australian Securities and Investments Commission (ASIC) in relation to events occurring in 2020 (Proceedings). On 13 August 2026, the Federal Court of Australia (Court) ruled in favour of the ASIC against the Company and a former Chief Executive Officer and Managing Director of the Company. Subject to any appeal rights available, there will be a further hearing to determine any penalties to be imposed on the Company.

As a result of the Court's decision and in line with the requirements of Australian Accounting Standards, the Company recognised a provision of $2.0 million. Based on the information available to the Company, this amount represents the Company's best estimate of the penalties that may be imposed on the Company by the Court as a result of the outcome of the Proceedings. The actual amount of any penalties payable by the Company will ultimately be determined by the Court at a future date and may be materially higher or lower than the provision

(ac) Reclassification

Certain comparative amounts have been reclassified to conform with the current year's presentation to better reflect the nature of the financial position and performance of the Group.

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2. Financial risk management

The Group's activities expose it to financial risks such as currency risk, interest rate risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange and interest rate hedge contracts are used to hedge certain risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or other speculative instruments.

Financial risk management is predominantly controlled by a central treasury function under policies approved by the Board of Directors.

Whilst the Group's hedging policy only allows for highly effective hedge relationships to be established, at times some hedge ineffectiveness can arise. Hedge ineffectiveness can arise from the following hedge risks:

Foreign exchange risk

- If the timing of the hedged highly probable forecast transaction changes from what was originally estimated;
- If the amount of the hedged highly probable forecast transaction decreases to an amount below the associated hedging instrument amount; or
- If differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Interest rate risk

- If the underlying interest rate inherent within the Group's borrowing arrangements differs from the underlying interest rate included within the hedging instrument;
- If the Group's outstanding borrowings reduce to an amount below that included within the hedging instrument;
- If the time period of the hedging instrument goes beyond the maturity date of the related borrowings and it is unlikely that the Group would refinance its borrowings for a further period; or
- If differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, derivative financial instruments and receivables due from customers.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group holds the following financial instruments:

	Note	2026 $'000	2025 $'000
Financial assets			
Cash and cash equivalents	8	**5,110**	9,476
Trade and sublease lease receivables	9	**27,640**	26,364
Derivative financial instruments	11	**307**	111
Total financial assets		**33,057**	**35,951**
Financial liabilities			
Trade and other payables	17	**31,954**	28,505
Borrowings	18	**345**	660
Lease liabilities		**5,849**	6,641
Derivative financial instruments	11	**589**	510
Total financial liabilities		**38,737**	**36,316**

The fair value measurements of the derivative financial instruments are shown in Note 2(e).

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2. Financial risk management (continued)

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the majority of the Group's foreign currency purchases made in USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in currencies that are not the entity's functional currency and net investments in foreign operations.

The Board's foreign exchange risk management policy is to hedge 100% of anticipated cash flows of inventory purchases in USD, for twelve months. At balance date, 100% (2025: 100%) of projected USD purchases qualified as "highly probable" forecast transactions for hedge accounting purposes. The Group uses a mixture of foreign currency options and forward exchange contracts to hedge its exposures to foreign currency. The weighted average hedged rate for the AUD/USD hedges the Group had in place at 30 June 2026 was 0.6653 (2025: 0.6301).

The Group's exposure to foreign currency risk (being unhedged payable and receivable amounts, and outstanding hedges associated with forecast future transactions) at the reporting date was as follows:

A$'000	USD	NZD	EUR	HKD	CNY
30 June 2026					
Trade receivables	**-**	**-**	**-**	**-**	**-**
Trade payables	**-**	**-**	**-**	**129**	**-**
Forward foreign exchange contracts - buy foreign currency	**21,402**	**-**	**-**	**-**	**-**
Foreign currency options - buy foreign currency	**9,008**	**-**	**-**	**-**	**-**
30 June 2025					
Trade receivables	-	-	-	-	1
Trade payables	-	-	7	44	55
Forward foreign exchange contracts - buy foreign currency	13,909	-	-	-	-
Foreign currency options - buy foreign currency	14,657	-	-	-	-

Group sensitivity

Based on the financial instruments held at 30 June 2026, had the Australian dollar weakened / strengthened by 5% against USD at that date, with all other variables held constant, it is estimated that equity would have been $1,087,293 higher / ($732,080) lower (2025: $959,386 higher / ($580,938) lower), arising from forward foreign exchange contracts and foreign currency options designated as cash flow hedges. The Group's exposure to unhedged amounts is not material.

(b) Interest rate risk

The Group's main cash flow interest rate risk historically arose from long-term borrowings with variable interest rates. The Group manages its interest rate exposure by maintaining a policy to combine, if considered necessary and approved by the Board, fixed and floating rate liabilities through the use of derivative instruments and entry into fixed rate borrowings.

As at 30 June 2026 and 30 June 2025, the Group had no borrowings drawn under its bank facilities and was therefore not exposed to interest rate risk at the reporting date.

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2. Financial risk management (continued)

(c) Credit risk

The maximum exposure to credit risk at balance date is the carrying amount of the financial assets as summarised in Note 2. For derivative instruments, counterparties are limited to approved institutions with secure long-term credit ratings.

Credit limits are set and monitored by management with respect to individual customers and in some instances, debtor insurance is taken out against specific customers in order to minimise the credit risk. Credit limits are based on available credit insurance limits, the customers' financial position and prior payment history.

For derivative financial instruments, the Board determines and reviews on a regular basis the coverage required by the Group. The Group uses the major Australian banks as counterparties for most of the Group's derivative instruments. Derivatives entered into by foreign subsidiaries also use the major banks from within that country. Refer to Trade and other receivables (Note 9) and Derivative financial instruments (Note 11) for additional information regarding receivables and credit risk exposure.

Trade receivables

The loss allowance provision as at 30 June 2026 is determined as follows. The expected credit losses below also incorporate forward looking information.

2026 $'000	**Neither past due nor impaired**	**Less than 30 days**	**30 to 59 days**	**60 to 89 days**	**90 days or more**	**Total**
Gross carrying amount	**20,786**	**4,539**	**305**	**265**	**127**	**26,022**
Loss allowance provision	**-**	**-**	**-**	**-**	**6**	**6**
Expected loss rate	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**4.7%**	**0.0%**

2025 $'000	**Neither past due nor impaired**	**Less than 30 days**	**30 to 59 days**	**60 to 89 days**	**90 days or more**	**Total**
Gross carrying amount	15,602	9,746	540	-	-	**25,888**
Loss allowance provision	-	-	5	-	-	**5**
Expected loss rate	0.0%	0.0%	0.9%	0.0%	0.0%	**0.0%**

Credit risk concentration

Three (2025: three) external customers represent $18,349,500 (2025: $14,325,100), which individually amount to 10% or more of the Group's trade receivables. These trade receivables are in relation to the Australia and New Zealand segment.

(d) Liquidity risk

Financing Arrangements

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	2026 $'000	**2025 $'000**
Bank facilities expiring within one year	**-**	25,000
Bank facilities expiring beyond one year	**15,000**	-
Total undrawn borrowing facilities	**15,000**	25,000

Refer to Borrowings (Note 18) for further information regarding the financing facilities available to the Group.

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2. Financial risk management (continued)

(d) Liquidity risk (continued)

Maturity profile of the Group's borrowings

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

30 June 2026	Less than 1 Year $'000	Between 1 & 2 Years $'000	Between 2 & 3 years $'000	Beyond 3 years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
Non-derivatives						
Payables	**31,954**	**-**	**-**	**-**	**31,954**	**31,954**
Borrowings	**628**	**-**	**-**	**-**	**628**	**345**[1]
Lease liabilities	**3,086**	**826**	**785**	**1,826**	**6,523**	**5,849**
Total non-derivative financial liabilities	**35,668**	**826**	**785**	**1,826**	**39,105**	**38,148**
Derivatives						
Forward foreign exchange contracts – inflow	**(22,767)**	**-**	**-**	**-**	**(22,767)**	**(22,767)**
Forward foreign exchange contracts – outflow	**22,859**	**-**	**-**	**-**	**22,859**	**22,859**
	92	**-**	**-**	**-**	**92**	**92**
Foreign currency options	**190**	**-**	**-**	**-**	**190**	**190**
Total derivative financial liabilities / (assets)	**282**	**-**	**-**	**-**	**282**	**282**

30 June 2025	Less than 1 Year $'000	Between 1 & 2 Years $'000	Between 2 & 3 years $'000	Beyond 3 years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
Non-derivatives						
Payables	28,505	-	-	-	28,505	28,505
Borrowings	689	-	-	-	689	660
Lease liabilities	3,438	3,041	156	138	6,773	6,641
Total non-derivative financial liabilities	32,632	3,041	156	138	35,967	35,806
Derivatives						
Forward foreign exchange contracts – inflow	(13,909)	-	-	-	(13,909)	(13,909)
Forward foreign exchange contracts – outflow	14,113	-	-	-	14,113	14,113
	204	-	-	-	204	204
Foreign currency options	195	-	-	-	195	195
Total derivative financial liabilities / (assets)	399	-	-	-	399	399

[1] The carrying amount of Borrowings includes capitalised borrowing costs of $283,000. Refer Borrowings (Note 18) for further details.

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2. Financial risk management (continued)

(e) Fair value measurement of financial instruments

The following financial instruments held by the Group were measured and recognised at fair value at 30 June 2026 and 30 June 2025 on a recurring basis:

Recurring fair value measurements	30 June 2026				30 June 2025			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value								
Derivative financial instruments	**-**	**307**	**-**	**307**	-	111	-	111
Total financial assets at fair value	**-**	**307**	**-**	**307**	-	111	-	111
Financial liabilities at fair value								
Derivative financial instruments	**-**	**(589)**	**-**	**(589)**	-	(510)	-	(510)
Total financial liabilities at fair value	**-**	**(589)**	**-**	**(589)**	-	(510)	-	(510)

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group holds Level 2 instruments as at 30 June 2026.

Level 2 instruments
The fair value of the derivative financial instruments is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The fair value of forward exchange and option contracts is determined using forward exchange market rates at the end of the reporting period.

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3. Material items

The Group's profit / (loss) after income tax includes the following items that are material because of their nature and size:

	Expense / (Income) $'000	Tax (benefit) / expense $'000	Total $'000
30 June 2026			
Restructuring expenses	**605**	**(167)**	**438**
Transformation expenses	**943**	**(283)**	**660**
Onerous lease expense[1]	**843**	**(253)**	**590**
Impairment of intangible assets[2]	**20,698**	**(1,550)**	**19,148**
ERP cost	**298**	**(89)**	**209**
ATO refund[3]	**(115)**	**(3,347)**	**(3,462)**
Regulatory and legal costs in relation to ASIC matter[4]	**2,319**	**(96)**	**2,223**
Total material items from continuing operations	**25,591**	**(5,785)**	**19,806**

	Expense / (Income) $'000	Tax (benefit) / expense $'000	Total $'000
30 June 2025			
Realisation of Foreign Currency Translation Reserve (FCTR)[5]	(1,319)	84	(1,235)
Restructuring expenses	6,174	(1,773)	4,401
Transformation expenses	1,261	(378)	883
Onerous lease expense[6]	3,158	(947)	2,211
Impairment of intangible assets[7]	10,241	(98)	10,143
Professional fees in relation to ASIC matter	200	(60)	140
Total material items from continuing operations	**19,715**	**(3,172)**	**16,543**

[1] The Group recognised an onerous lease expense of $843,394 following the decision to relocate its corporate head office to new premises at 383 Kent Street, Sydney in FY26. The expense relates to the Group's existing Kingsgrove office lease and comprises the write-down of right-of-use assets and office fit-out assets, together with the recognition of unavoidable lease-related outgoings.

[2] Comprising a goodwill impairment charge of $15,032,000 (ANZ segment), and brand impairment charges of $2,266,000 in relation to Manicare, $800,000 in relation to Swisspers, $2,100,000 in relation to Fusion Health, $200,000 in relation to Dr. LeWinn's and $300,000 in relation to Revitanail. Refer Intangible Assets (Note 16) for further details.

[3] The Group recognised a tax benefit of $3,347,000 comprising refunds in respect of the 2023 and 2024 income tax years (including interest) and the recognition of an additional tax benefit arising from the deductibility of certain strategic alliance costs (previously treated as non-deductible). The tax benefit follows engagement with the Australian Taxation Office (ATO), which accepted that a portion of the costs relating to the strategic alliance announced in March 2022 are deductible under the Income Tax Assessment Act 1997 (Cth).

[4] Costs include a $2,000,000 provision in relation to estimated ASIC penalties and $319,000 in legal fees incurred by the Company. Refer to Provisions (Note 19) for further details.

[5] McPherson's Consumer Products Pte. Ltd (Singapore) was deregistered in FY25. In line with Australian Accounting Standards, the accumulated balance of the FCTR (foreign currency translation reserve) is fully realised and recorded in the Consolidated Profit and Loss at the time of deregistration.

[6] The Group has recognised onerous lease expenses totalling $3,157,553 in relation to the Kingsgrove warehouse following the execution of a sublease agreement with Excel Logistics Pty Ltd, effective from March 2025 through to June 2027. As a result of this arrangement and the associated change in use of the leased premises, the following items have been recognised:

- Impairment of the right-of-use asset relating to the Kingsgrove warehouse head-lease of $2,297,196;
- Onerous lease outgoings provision relating to the Kingsgrove warehouse head-lease of $1,390,313;
- Write-down of warehouse-related fixed assets of $421,477; and
- Impairment of leased warehouse equipment of $75,523

These amounts were partially offset by the recognition of sublease income receivable over the lease term of $1,026,956.

[7] The impairment charge of $10,240,670 includes an impairment of brand names amounting to $5,208,000, an impairment of goodwill of $4,704,545, and an impairment of customer relationship assets of $328,125. See Intangible Assets (Note 16) for further details.

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4. Dividends

Details of dividends declared during the year ended 30 June 2026 are as follows:

	2026 $'000	2025 $'000
Ordinary		
No final dividend was paid for the financial year ended 30 June 2025 (2024: 2.0 cent per fully paid share)	-	-
No interim dividend was declared for the financial year ended 30 June 2026 (2025: nil)	-	-
Total dividends	-	-
Dividends not recognised at year end		
Since the 2026 financial year end, the Directors have not declared a dividend (2025: nil)	-	-
Franked Dividends		
Franked dividends paid after 30 June 2026 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2026.		
Franking credits available for subsequent financial years based on a tax rate of 30%[1]	**15,476**	17,620

Dividend reinvestment plan (DRP)

The Company's dividend reinvestment plan remains suspended.

5. Segment Information

The Group has identified its operating segments on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the Chief Operating Decision Maker, being the CEO and Managing Director, for the purpose of making decisions about resource allocation and performance assessment.

Information reported to the Chief Operating Decision Maker for this purpose is focused on the geographical location the consolidated entity operates in. The consolidated entity's reportable operating segments under AASB 8 are therefore as follows:

- Australia and New Zealand (ANZ); and
- International.

The Group's financing (including finance costs, finance income and other income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Segment revenues

Segment revenues are allocated based on the geographic location in which the consumer is located. Sales between segments are eliminated on consolidation.

Revenues from continuing operations of approximately $74,149,000 (2025: $58,749,000) were derived from two (2025: one) external customers, which individually amount to 10% or more of the Group's revenue. These revenues were attributable to the Australia and New Zealand segment.

[1] Available franking credits decreased from $17,620,000 to $15,476,000, due to the additional tax benefits received from the ATO in respect of the deductibility of certain strategic alliance costs, resulting in a corresponding reduction in the Group's franking account balance.

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5. Segment Information (continued)

Segment results

	Australia and New Zealand $'000	International $'000	Corporate $'000	Consolidated $'000	Less: Discontinued Operations $'000	Continuing Operations $'000
30 June 2026						
Sales to external customers	115,756	2,553	-	118,309	-	118,309
Total sales revenue	**115,756**	**2,553**	**-**	**118,309**	**-**	**118,309**
Other income	-	-	-	-	-	-
Total segment revenue and other income (excluding interest)	**115,756**	**2,553**	**-**	**118,309**	**-**	**118,309**
Contribution after A&P (CAAP)[1] before material items	**41,445**	**180**	**-**	**41,625**	**-**	**41,625**
Employee and Other expenses	(31,804)	(1,294)	(4,256)	(37,354)	-	(37,354)
EBITDA[1] before material items	**9,641**	**(1,114)**	**(4,256)**	**4,271**	**-**	**4,271**
Depreciation and amortisation expense	(3,779)	(82)	(250)	(4,111)	-	(4,111)
Segment EBIT before material items	**5,862**	**(1,196)**	**(4,506)**	**160**	**-**	**160**
Material items before tax and borrowing costs	(22,422)	-	(3,169)	(25,591)	-	(25,591)
Segment EBIT including material items	**(16,560)**	**(1,196)**	**(7,675)**	**(25,431)**	**-**	**(25,431)**
Interest income				223	-	223
Borrowing costs				(458)	-	(458)
Loss before income tax				**(25,666)**	**-**	**(25,666)**
Income tax benefit / (expense)				5,405	-	5,405
Loss after income tax				**(20,261)**	**-**	**(20,261)**

Assets are reported on a consolidated level to the Group's Chief Operating Decision Maker.

[1] Contribution after Advertising and Promotions (CAAP) and earnings before interest, tax, depreciation and amortisation (EBITDA) are non-IFRS measures that do not have a standardised meaning prescribed by IFRS. However, the Company believes that, in combination with IFRS measures, they assist in providing users with a comprehensive understanding of the operational performance of the business. CAAP comprises gross margin less cost of distribution and advertising and promotions (A&P).

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5. Segment Information (continued)

Segment results (continued)

	Australia and New Zealand $'000	International $'000	Corporate $'000	Consolidated $'000	Less: Discontinued Operations $'000	Continuing Operations $'000
30 June 2025						
Sales to external customers	138,122	3,038	-	141,160	2,187	138,973
Total sales revenue	**138,122**	**3,038**	**-**	**141,160**	**2,187**	**138,973**
Other income	-	15	5	20	-	20
Total segment revenue and other income (excluding interest)	**138,122**	**3,053**	**5**	**141,180**	**2,187**	**138,993**
Contribution after A&P (CAAP)[1] before material items	**55,273**	**30**	**5**	**55,308**	**2,479**	**52,829**
Employee and Other expenses	(40,119)	(1,591)	(4,088)	(45,798)	(246)	(45,552)
EBITDA[1] before material items	**15,154**	**(1,561)**	**(4,083)**	**9,510**	**2,233**	**7,277**
Depreciation and amortisation expense	(6,103)	(128)	(308)	(6,539)	-	(6,539)
Segment EBIT before material items	**9,051**	**(1,689)**	**(4,391)**	**2,971**	**2,233**	**738**
Material items before tax and borrowing costs	(16,739)	(87)	(2,889)	(19,715)	-	(19,715)
Segment EBIT including material items	**(7,688)**	**(1,776)**	**(7,280)**	**(16,744)**	**2,233**	**(18,977)**
Interest income				250	-	250
Borrowing costs				(947)	-	(947)
Profit / (loss) before income tax				**(17,441)**	**2,233**	**(19,674)**
Income tax benefit / (expense)				2,402	(670)	3,072
Profit / (loss) after income tax				**(15,039)**	**1,563**	**(16,602)**

Assets are reported on a consolidated level to the Group's Chief Operating Decision Maker.

[1] Contribution after Advertising and Promotions (CAAP) and earnings before interest, tax, depreciation and amortisation (EBITDA) are non-IFRS measures and do not have a standardised meaning prescribed by IFRS. However, the Company believes that, in combination with IFRS measures, they assist in providing users with a comprehensive understanding of the operational performance of the business. CAAP comprises gross margin less cost of distribution and advertising and promotions (A&P).

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6. Income tax

(a) Income tax expense / (benefit)

	2026 $'000	2025 $'000
Current income tax charge	**1,503**	89
Deferred tax relating to origination and reversal of temporary differences	**(3,485)**	(2,548)
Adjustments in respect of current income tax of previous years	**(3,423)**	57
Total income tax (benefit) / expense	**(5,405)**	**(2,402)**
Income tax (benefit) / expense is attributable to:		
Loss from continuing operations	**(5,405)**	(3,072)
Profit from discontinued operations	**-**	670
Total income tax (benefit) / expense	**(5,405)**	**(2,402)**

(b) Numerical reconciliation of income tax (benefits) / expense to prima facie tax payable

	2026 $'000	2025 $'000
Loss from continuing operations before income tax expense	**(25,666)**	(19,674)
Profit / (loss) from discontinued operations before income tax expense	**-**	2,233
	(25,666)	**(17,441)**
Prima facie income tax (benefit) / expense at 30% (2025: 30%)	**(7,700)**	**(5,232)**
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Tax rate differences in overseas entities	**(5)**	135
Share-based payment (write back) / expense	**32**	(119)
Impairment of intangible assets	**4,660**	2,879
Amortisation of contract asset and inventory prepayment	**288**	270
Costs in relation to ASIC matter	**600**	
Realised foreign currency gain not taxable	**-**	(312)
Under / (over) provision in prior periods[1]	**(3,423)**	57
Other	**143**	(80)
Income tax (benefit) / expense	**(5,405)**	**(2,402)**

(c) Tax expense relating to items of other comprehensive income

	Note	2026 $'000	2025 $'000
Cash flow hedges	21(a)	**(3)**	29

[1] For further information, see the ATO refund of material items per note 3.

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6. Income tax (continued)

(d) Deferred Tax

Deferred tax recognised comprises temporary differences attributable to:

	Consolidated balance sheet		Consolidated statement of comprehensive income	
	2026 $'000	**2025 $'000**	**2026 $'000**	**2025 $'000**
Brand names	**(4,354)**	(5,904)	**(1,550)**	-
Customer relationships	**(181)**	(256)	**(75)**	(191)
Employee benefits	**554**	1,259	**705**	240
Right-of-use assets	**(879)**	(1,336)	**(457)**	(1,157)
Lease liabilities	**2,144**	2,395	**251**	521
Sublease asset	**(488)**	(298)	**190**	298
Onerous lease provision	**255**	398	**143**	(398)
Tax losses	**5,065**	2,097	**(2,968)**	(2,097)
Other	**768**	1,078	**276**	236
Net deferred tax assets / (liabilities)	**2,884**	**(567)**	**(3,485)**	**(2,548)**

Reconciliation of deferred tax assets / (liabilities), net:

	2026 $'000	**2025 $'000**
As at 1 July	**(567)**	(3,535)
Tax expense during the period recognised in profit or loss	**3,485**	2,548
Tax income / (expense) during the period recognised in OCI	**(3)**	29
Under / (over) provision in prior years	**(31)**	391
As at 30 June	**2,884**	**(567)**

7. Key management personnel

	2026 $	**2025 $**
Key management personnel compensation		
Short-term employee benefits	**1,720,284**	1,500,513
Post-employment benefits	**108,229**	109,791
Long-term benefits	**13,467**	21,978
Share based payments[1]	**85,213**	(137,402)
Total key management personnel compensation	**1,927,193**	**1,494,880**

Detailed remuneration disclosures are provided in the Remuneration Report contained within the Directors' Report, which is in section (j) of the Directors' Report.

8. Cash and cash equivalents

	2026 $'000	**2025 $'000**
Cash on hand	**5,110**	9,476
Total cash and cash equivalents	**5,110**	**9,476**

[1] The FY26 balance reflects only the expense recognised for TSR-based rights granted in FY24, FY25 and FY26. No expense has been recognised for the EPS-based rights granted in FY24, FY25 and FY26 due to the probability of non-market performance conditions being met.

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9. Trade and other receivables

	2026 $'000	2025 $'000
Trade receivables	**26,022**	25,888
Provision for impairment	**(6)**	(5)
Trade receivables, net of impairment	**26,016**	**25,883**
Sublease receivable[1]	**1,624**	481
Other receivables and prepayments	**2,859**	3,093
Total trade and other receivables – current	**30,499**	**29,457**
Sublease receivable[1]	**-**	512
Total other receivables – non-current	**-**	**512**

Movements in the provision for impairment of trade receivables	2026 $'000	2025 $'000
Balance at 1 July	**(5)**	(2)
(Provisions) / reversal of impairment	**(6)**	(12)
Net receivables written off as uncollectible	**5**	9
Total provision for impairment at 30 June	**(6)**	**(5)**

Other receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received in full when due. Due to the short-term nature of current receivables, their carrying amounts are assumed to be the same as their fair value.

Credit risk

The credit risk relating to trade and other receivables of the Group has been recognised, net of any provision for impairment. The following provides an overview of the credit risk associated with trade receivables.

	2026 $'000	2025 $'000
Neither past due nor impaired	**20,786**	15,602
Past due, but not impaired:		
▸ Less than 30 days	**4,539**	9,746
▸ 30 to 59 days	**305**	540
▸ 60 to 89 days	**265**	-
▸ 90 days or more	**127**	-
Gross carrying amount	**26,022**	**25,888**
Provision for impairment	**(6)**	(5)
Net carrying amount	**26,016**	**25,883**

Credit risk concentration

Refer to Financial risk management (Note 2(c)) for information about credit risk concentration.

[1] The Group recognised sublease receivables of $2,166,000 in respect of Stage 2 of the Kingsgrove warehouse sublease on 1 July 2025, relating to the lease term from 1 July 2025 to 30 June 2027. The sublease receivable balance of $1,624,000 represents the amortised balance at 30 June 2026. The Group recognised sublease interest income of $46,000 for the 2026 financial year.

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10. Inventories

	2026 $'000	2025 $'000
Raw materials	**3,302**	1,323
Finished goods	**25,687**	22,060
Total inventories	**28,989**	**23,383**
Provision for inventory obsolescence	**(2,765)**	(3,592)
Total inventories, net of obsolescence provision	**26,224**	**19,791**

Inventories recognised as an expense during the year amounted to $48,705,000 (2025: $56,304,000). These were included in Materials and Consumables in the consolidated statement of comprehensive income.

Write-backs of inventories to net realisable value amounted to $593,000 (2025: write-downs of $1,503,000). These were recognised in Materials and Consumables in the consolidated statement of comprehensive income.

11. Derivative financial instruments

Derivatives are only used for economic hedging purposes and not as trading or speculative instruments.

	2026 $'000	2025 $'000
Current derivative financial instrument assets		
Forward foreign exchange contracts – cash flow hedges	**307**	111
Total current derivative financial instrument assets	**307**	**111**
Current derivative financial instrument liabilities		
Foreign currency options – cash flow hedges	**191**	315
Forward foreign exchange contracts – cash flow hedges	**398**	195
Total current derivative financial instrument liabilities	**589**	**510**

Derivative financial instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates in accordance with the Group's financial risk management policies (refer to Financial risk management (Note 2)). For information about the methods and assumptions used in determining the fair value of derivatives please refer to Financial risk management (Note 2(e)).

Forward foreign exchange contracts – cash flow hedges

The Group enters into forward foreign exchange contracts to hedge a portion of highly probable forecast purchases denominated in USD. The terms of these commitments are twelve months or less.

Foreign currency options – cash flow hedges

The Group has also entered into foreign currency option contracts to partially hedge a portion of anticipated USD purchases. At balance date, the outstanding foreign currency option contracts cover the period from July 2026 to June 2027. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by the related amount deferred in equity.

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12. Other assets

	2026 $'000	2025 $'000
Preferred Brand Agreement (PBA) - current	**1,009**	961
Preferred Brand Agreement (PBA) - non-current	**-**	1,009
Total contract asset	**1,009**	**1,970**

The PBA contract asset is being amortised to the income statement, as a decrease in revenue corresponding to the run rate of sales benefitting from the agreement, over the initial 5-year term of the agreement. While three 5-year options exist to renew the PBA, these options are exercisable at Chemist Warehouse's discretion. Consequently, this asset is being amortised over the initial 5-year term. The key assumptions used in assessing the recoverability of the PBA asset are the sales growth rates and the discount rate.

13. Discontinued operations

a) Description

On 28 June 2024, McPherson's Limited completed the sale of the Multix brand and related inventory to International Consolidated Business Group Pty Ltd, as trustee for the ICBG Unit Trust, for total consideration of $19.2 million (inclusive of post-completion adjustments).

Subsequent accounting adjustments, including sales cut-off impacts (Multix sales invoiced prior to divestment but delivered post divestment in FY25) and the aged customer allowance accrual release, have been recognised within discontinued operations for the year ended 30 June 2025.

There were no discontinued operations for the year ended 30 June 2026.

Financial information relating to the discontinued operation for the comparative year is set out below.

b) Financial performance and cash flow information

	2026 $'000	2025 $'000
Revenue	**-**	2,187
Expenses	**-**	46
Profit / (loss) from operating activities before income tax and impairment	**-**	**2,233**
Material items before tax	**-**	-
Income tax (expense)/benefit	**-**	(670)
Profit / (loss) after income tax of discontinued operations	**-**	**1,563**
Profit / (loss) on sale after income tax	**-**	-
Profit from discontinued operation	**-**	**1,563**
Net cash inflow / (outflow) from operating activities	**-**	1,033
Net cash inflow / (outflow) investing activities	**-**	-
Net cash inflow / (outflow) financing activities	**-**	-
Net increase / (decrease) in cash from discontinued operations	**-**	**1,033**

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14. Property, plant and equipment

	2026 $'000	2025 $'000
Leasehold improvements		
At cost	**142**	111
Accumulated depreciation and write-offs	**(109)**	(105)
Total leasehold improvements	**33**	**6**
Plant and equipment		
At cost	**12,472**	12,046
Accumulated depreciation and write-offs	**(9,241)**	(7,891)
Total plant and equipment	**3,231**	**4,155**
Total property, plant and equipment	**3,264**	**4,161**

(a) Reconciliations

	Leasehold Improvements $'000	Plant and Equipment $'000	Total $'000
Carrying amount at 30 June 2024	**13**	**5,953**	**5,966**
Additions	-	637	**637**
Disposals	(5)	(436)	**(441)**
Depreciation expense	(2)	(2,004)	**(2,006)**
Foreign currency exchange differences	**-**	**5**	**5**
Carrying amount at 30 June 2025	**6**	**4,155**	**4,161**
Additions	**39**	**765**	**804**
Disposals	**(6)**	**(118)**	**(124)**
Depreciation expense	**(5)**	**(1,564)**	**(1,569)**
Foreign currency exchange differences	**(1)**	**(7)**	**(8)**
Carrying amount at 30 June 2026	**33**	**3,231**	**3,264**

(b) Non-current assets pledged as security

Refer to Borrowings (Note 18) for information on non-current assets pledged as security by the parent entity and certain controlled entities.

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15. Leases

The Group has lease contracts for various items of buildings and other equipment used in its operations. The Company's obligations are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options.

(a) Right-of-use assets

	2026 $'000	2025 $'000
Buildings	**2,659**	3,035
Equipment and Vehicles	**500**	1,668
Total right-of-use assets	**3,159**	**4,703**

Additions to right-of-use assets in 2026 were $3,144,609 (2025: $1,978,510) primarily relating to the Company's new head office lease.

(b) Amounts recognised in the statement of comprehensive income

Depreciation charge of right-of-use assets	2026 $'000	2025 $'000
Buildings	**(806)**	(2,729)
Equipment and Vehicles	**(218)**	(751)
Total depreciation charge of right-of-use assets	**(1,024)**	**(3,480)**
Expenses relating to short-term and low value leases (included in Rental Expense)	**(259)**	(297)
Interest expense (included in Borrowing Costs)	**(119)**	(140)
Cash outflow for leases	**(3,020)**	(3,857)

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16. Intangible assets

	Goodwill $'000	Brand Names $'000	Customer Relationships $'000	Other Intangibles $'000	Total $'000
At 30 June 2026					
Cost	**23,729**	**41,977**	**2,700**	**13,626**	**82,032**
Accumulated amortisation and impairment	**(19,737)**	**(25,140)**	**(2,097)**	**(10,604)**	**(57,578)**
Net book amount	**3,992**	**16,837**	**603**	**3,022**	**24,454**
At 30 June 2025					
Cost	23,729	41,977	2,700	13,055	**81,461**
Accumulated amortisation and impairment	(4,705)	(19,474)	(1,847)	(9,261)	**(35,287)**
Net book amount	**19,024**	**22,503**	**853**	**3,794**	**46,174**

Reconciliations

Reconciliations of the carrying amounts of each class of intangible assets at the beginning and end of the financial year are set out below:

	Goodwill $'000	Brand Names $'000	Customer Relationships $'000	Other Intangibles $'000	Total $'000
Carrying amount at 30 June 2024	**23,729**	**27,711**	**1,489**	**1,569**	**54,498**
Additions	-	-	-	2,980	2,980
Disposals	-	-	-	-	-
Amortisation charge	-	-	(308)	(755)	(1,063)
Impairment charge	(4,705)	(5,208)	(328)	-	(10,241)
Contingent consideration adjustment	-	-	-	-	-
Carrying amount at 30 June 2025	**19,024**	**22,503**	**853**	**3,794**	**46,174**
Additions	**-**	**-**	**-**	**571**	**571**
Disposals	**-**	**-**	**-**	**-**	**-**
Amortisation charge	**-**	**-**	**(250)**	**(1,343)**	**(1,593)**
Impairment charge	**(15,032)**	**(5,666)**	**-**	**-**	**(20,698)**
Carrying amount at 30 June 2026	**3,992**	**16,837**	**603**	**3,022**	**24,454**

Acquired brand names are not amortised under AASB 138 *Intangible Assets*, as the Directors consider these to have an indefinite life. The brand names are subject to an annual impairment test.

Acquired customer relationships are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over their estimated useful lives of 8 years.

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16. Intangible assets (continued)

Impairment Testing

Goodwill

Goodwill is allocated to the following operating segment:

	2026 $'000	2025 $'000
Australia and New Zealand (ANZ)	**3,992**	19,024

Key assumptions used

The Group tests whether goodwill has suffered any impairment in accordance with the Group's accounting policies. For the financial year ended 30 June 2026, the recoverable amount of the ANZ operating segment to which goodwill has been allocated has been determined using a Fair Value less Costs of Disposal (FVLCD) approach based on a five-year projection period. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. The FVLCD valuation approach is considered to be a more appropriate representation of fair value given the state of transformation in progress.

The following assumptions were used in the 2026 FVLCD calculation (2025: FVLCD calculation):

- EBITDA growth rates as per the 5-year plan approved by the Board (consistent approach with the previous financial year). The 5-year plan takes into account past performance, the impact of transformation activities and management's expectations of market developments;
- 18.0% post-tax discount rate (FY25: 17.0%), determined solely for measuring the fair value less cost of disposal of each cash generating unit (or group of cash generating units) as required by accounting standards;
- 2.5% terminal growth rate (FY25: 2.5%) based on the Reserve Bank of Australia's long-term target inflation rate; and
- 2% costs of disposal (FY25: 2%) estimated based on the Company's experience with disposal of assets.

Impairment charge

As at 30 June 2026, the FVLCD calculation for the ANZ operating segment was lower than the carrying value of its net assets, resulting in the recognition of an impairment loss of $15,032,000 relating to goodwill. The impairment primarily reflects a recalibration of growth projections based on current trading performance.

A goodwill impairment loss of $4,705,000 was recognised in the prior year ended 30 June 2025.

Impact of reasonably possible changes in key assumptions

If projected EBITDA declined by 15% below current estimates, an additional impairment charge of $9.1 million would arise in respect of the carrying amount of the ANZ operating segment assets. Adverse changes in other key assumptions would also result in additional impairment.

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16. Intangible assets (continued)

Brand names

Brand names are tested for impairment on an individual basis annually, and more frequently if events or changes in circumstances indicate that they might be impaired. The recoverable amount of a brand name is determined using a FVLCD approach. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The FVLCD calculations are prepared using the relief from royalty analysis. Each analysis calculates the future net contribution expected to be generated by the brand, which is based on the latest Board approved 5-year plan. The selected royalty rates consider (a) royalty rate benchmarking sourced from third-party databases as well as (b) recent and forecasted EBIT by brand.

The carrying values of purchased brand names are:

	2026 $'000	2025 $'000
Manicare	**7,125**	9,391
Dr. LeWinn's	**1,800**	2,000
Fusion Health	**2,100**	4,200
Swisspers	**3,356**	4,156
Lady Jayne	**1,956**	1,956
Other brand names	**500**	800
Total brand names	**16,837**	**22,503**

Key assumptions used

The assumptions used in the brand name relief from royalty analysis and the discounted cash flow analysis, are set out below:

30 June 2026						
Brands	**Valuation method**	**Estimated annual sales revenue growth rates**	**Royalty relief rates as % of revenue**	**Terminal year growth rates**	**Post-tax discount rates**	**Pre-tax discount rates**
Manicare	FVLCD	2.8%–5.3%	3.0%	2.5%	16.5%	23.5%
Dr. LeWinn's	FVLCD	6.2%–11.1%	1.6%	2.5%	18.0%	25.4%
Fusion Health	FVLCD	6.7%–11.0%	2.5%	2.5%	18.0%	25.4%
Swisspers	FVLCD	2.8%–7.7%	2.5%	2.5%	16.5%	23.5%
Lady Jayne	FVLCD	1.4%–8.1%	2.3%	2.5%	17.0%	24.3%
Maseur	FVLCD	4.8%-13.3%	1.5%	2.5%	18.0%	25.5%
Revitanail	FVLCD	1.0%–2.7%	-	2.5%	-	-
30 June 2025						
Brands	**Valuation method**	**Estimated annual sales revenue growth rates**	**Royalty relief rates as % of revenue**	**Terminal year growth rates**	**Post-tax discount rates**	**Pre-tax discount rates**
Manicare	FVLCD	3.0%–5.5%	4.5%	2.5%	15.5%	21.5%
Dr. LeWinn's	FVLCD	4.1%–5.0%	1.8%	2.5%	17.0%	23.7%
Fusion Health	FVLCD	3.9%–15.5%	3.8%	2.5%	16.0%	22.1%
Swisspers	FVLCD	2.0%–9.0%	2.8%	2.5%	15.5%	21.5%
Lady Jayne	FVLCD	1.2%–6.0%	2.3%	2.5%	16.0%	22.2%
Maseur	FVLCD	(9.4%)-3.0%	1.5%	2.5%	16.0%	22.3%
Revitanail	FVLCD	2.5%–3.4%	5.5%	2.5%	16.0%	22.3%

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16. Intangible assets (continued)

Brand names (continued)

Impairment charge

During the year ended 30 June 2026, an impairment charge of $2,266,000 was recognised in relation to Manicare, $800,000 in relation to Swisspers, $2,100,000 in relation to Fusion Health, $200,000 in relation to Dr. LeWinn's and $300,000 in relation to Revitanail. These impairments primarily reflect a recalibration of brand growth projections in light of recent trading performance. No impairment charges were recognised for other brands.

Total impairment charges for all brand names in FY25 amounted to $5,208,000.

Impact of reasonably possible changes in key assumptions

If the projected sales by individual brand were 10.0% below the current estimates, an additional impairment charge of $0.7 million would arise for Manicare, $0.3 million for Swisspers, $0.2 million for Fusion Health, and $0.2 million for Dr. LeWinn's.

If the royalty rates by individual brand were 50 basis points below the current estimates, an impairment charge of $0.2 million would arise for Lady Jayne, and $0.1 million for Maseur. An additional impairment charge of $1.2 million would arise for Manicare, $0.7 million for Swisspers, $0.4 million for Fusion Health, and $0.6 million for Dr. LeWinn's.

If the projected sales by individual brand were 10% below the current estimates and the royalty rates by individual brand were 50 basis points below the current estimates, an impairment charge of $0.4 million would arise for Lady Jayne, and $0.1 million for Maseur. An additional impairment charge of $1.8 million would arise for Manicare, $0.9 million for Swisspers, $0.6 million for Fusion Health, and $0.7 million for Dr. LeWinn's.

If the discount rates by individual brand were 100 basis points above the current estimate, an additional impairment charge of $0.4 million would arise for Manicare, $0.2 million for Swisspers, $0.1 million for Fusion Health, and $0.1 million for Dr. LeWinn's.

17. Trade and other payables

	2026 $'000	2025 $'000
Trade payables	**7,880**	6,015
Customer contract liabilities	**20,878**	13,259
Other payables	**3,196**	9,231
Total trade and other payables	**31,954**	**28,505**

The increase in customer contract liabilities to $20.9 million (FY25: $13.3 million) reflects wholesaler rebate and trading-term accruals under the new pharmacy wholesaler operating model.

Other payables decreased to $3.2 million (FY25: $9.2 million). The decrease primarily reflects the settlement in July 2025 of employee redundancy costs accrued at 30 June 2025 in connection with the exit of the Group's Kingsgrove warehouse and transition to a third-party logistics (3PL) operating model.

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18. Borrowings

	2026 $'000	2025 $'000
Bank loan – secured	-	-
Other borrowings – unsecured	628	689
Debt issue costs	(283)	(29)
Total current borrowings	**345**	**660**

	2026 $'000	2025 $'000
Interest income		
Interest income	339	250
Borrowing costs		
Borrowing costs applicable to debt facilities	(392)	(706)
Amortisation of refinancing costs	(66)	(241)
Total borrowing costs	**(458)**	**(947)**
Net finance costs	**(119)**	**(697)**

In November 2025, the Group entered a new three-year debt facility with Hongkong and Shanghai Banking Corporation (HSBC) for a total capacity of $16.2 million (2025: $32.5 million). The facility is denominated in Australian dollars and expires in November 2028.

This facility comprises two tranches:
- $10.0 million receivable finance facility; and
- $6.2 million revolving credit facility (including $1.2 million bank guarantee line facility)

Under the terms of the facility, the Group is required to comply with the following financial covenants:
- Secured leverage ratio must not exceed 2.50 times;
- Interest cover ratio must be at least 3.50 times; and
- Total shareholder funds must not be less than $50 million

Guarantor coverage:
The Group is required to ensure at all times that:
- The aggregate EBITDA1 of the guarantors is at least 90% of Group EBITDA[1]
- The aggregate total assets of the guarantors is at least 90% of the Group's total assets; and
- Each Group member whose EBITDA[1] or Total Assets represents greater than 5% of Group EBITDA[1] or Total Assets is a guarantor under the Facility Agreement

As at 30 June 2026, the Group has utilised $1.0 million of its bank guarantee facility for office leases, and the Group was in compliance with its facility covenants and guarantor coverage.

[1] Adjusted EBITDA as defined by facility agreement = EBITDA before material items and less operating lease cash payments

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18. Borrowings (continued)

Security for borrowings

The Group provides security to its lenders in order to access all tranches of the new debt facility.

The Group facilities are secured by the following:

- Fixed and floating charges over the assets of the parent entity and certain controlled entities;
- Security over shares held in certain controlled entities; and
- Cross guarantees and indemnities provided by the parent entity and certain controlled entities.

Assets pledged as security

The following assets are pledged as security:

	2026 $'000	2025 $'000
Property, plant and equipment	**3,260**	4,156
Intangible assets	**15,397**	34,238
Total non-current assets pledged as security	**18,657**	**38,394**
Cash	**4,996**	9,174
Receivables	**28,779**	28,754
Inventories	**25,951**	19,957
Total current assets pledged as security	**59,726**	**57,885**
Total assets pledged as security	**78,383**	**96,279**

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19. Provisions

	2026 $'000	2025 $'000
Provisions - current		
Employee entitlements	**1,650**	3,945
Make good provision	**1,457**	-
Onerous lease provision	**850**	658
Employee incentives	**70**	105
Regulatory and legal provision	**2,000**	-
Total current provisions	**6,027**	**4,708**
Provisions - non-current		
Employee entitlements	**292**	385
Make good provisions	**85**	1,587
Onerous lease provision	**-**	668
Total non-current provisions	**377**	**2,640**

(a) Employee entitlements

Current employee entitlements reflect annual leave and long service leave accrued for the next 12 months.

The non-current provision for employee entitlements relates to the Group's liability for long service leave beyond 12 months from balance date.

Employee entitlements decreased to $1.7 million (FY25: $3.9 million), primarily reflecting the July 2025 settlement of accrued leave entitlements for warehouse employees recognised at 30 June 2025 on exit of the Kingsgrove warehouse and transition to the new third-party logistics (3PL) operating model.

(b) Employee incentives

Amounts reflect incentive payments to employees on the basis that certain criteria were fulfilled during the financial year.

Movement in provisions

Movements in each class of provision during the financial year, other than employee entitlements, are set out below:

	Employee incentives $'000	Make good provisions $'000	Onerous lease provision $'000	Regulatory and legal provision $'000
Carrying amount at 1 July 2025	**105**	**1,587**	**1,326**	**-**
Additional provisions charged to profit or loss	259	117	214	2,000
Unused amounts reversed to profit or loss	(21)	-	-	-
Payments	(274)	(162)	(690)	-
Foreign currency exchange differences	1	-	-	-
Carrying amount at 30 June 2026	**70**	**1,542**	**850**	**2,000**

(c) Onerous lease provision

The onerous lease provision relates to the future outgoings of the Kingsgrove warehouse and office space.

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19. Provisions (continued)

(d) Provision related to the ASIC Proceedings

As disclosed on 9 December 2022, McPherson's Limited (Company) is a defendant in civil proceedings commenced by the Australian Securities and Investments Commission (ASIC) in relation to events occurring in 2020 (Proceedings). On 13 August 2026, the Federal Court of Australia (Court) ruled in favour of the ASIC against the Company and a former Chief Executive Officer and Managing Director of the Company. Subject to any appeal rights available, there will be a further hearing to determine any penalties to be imposed on the Company.

As a result of the Court's decision and in line with the requirements of Australian Accounting Standards, the Company recognised a provision of $2.0 million. Based on the information available to the Company, this amount represents the Company's best estimate of the penalties that may be imposed on the Company by the Court as a result of the outcome of the Proceedings. The actual amount of any penalties payable by the Company will ultimately be determined by the Court at a future date and may be materially higher or lower than the provision.

20. Contributed equity

	2026 $'000	2025 $'000
Issued and paid up capital		
138,954,011 fully paid ordinary shares (June 2025: 143,949,141)	**216,387**	217,218

Movements in ordinary shares

	Number of shares '000	Total $'000
Opening balance 1 July 2025	**143,949**	**217,218**
Share buyback	(4,995)	**(809)**
Less: Transaction costs arising on share buyback	-	**(32)**
Deferred tax credit recognised directly in equity	-	**10**
Closing balance at 30 June 2026	**138,954**	**216,387**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Performance Rights

Information relating to the Group's Employee Performance Rights, including details of Performance Rights issued and outstanding at the end of the year, is set out in the Remuneration Report within the Directors' Report and within Note 22.

Capital risk management

Given the balance of retained losses at 30 June 2026, and informed by the loss after tax for FY26, the Board has determined not to pay a full year dividend.

The Company has continued its disciplined approach to capital management. During the year it refinanced its debt facilities to better align with the new operating model and conducted an on-market share buy-back (announced on 25 February 2026)[1].

The Board continues to monitor and review the Company's allocation of capital to ensure the business is appropriately supported to deliver sustainable revenue growth.

[1] As at 30 June 2026, the Company had acquired 4,995,130 shares for a consideration of $0.8m.

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21. Reserves and accumulated losses

(a) Reserves

	Note	2026 $'000	2025 $'000
Hedging reserve – cash flow hedges		**(162)**	(166)
Share-based payments reserve		**1,874**	1,768
Foreign currency translation reserve		**1,079**	1,308
Total reserves		**2,791**	**2,910**
Cash flow hedge reserve			
Balance 1 July		**(166)**	(86)
Revaluation – gross		**(390)**	(397)
Deferred tax	6	**117**	120
Transfer to cost of sales – gross		**397**	288
Deferred tax	6	**(120)**	(91)
Total cash flow hedge reserve		**(162)**	**(166)**
Share-based payments reserve			
Balance at 1 July		**1,768**	2,163
Share-based payment expenses	22	**106**	(395)
Total share-based payments reserve		**1,874**	**1,768**
Foreign currency translation reserve			
Balance 1 July		**1,308**	2,451
Realisation of foreign currency translation reserve		**-**	(1,319)
Currency translation differences arising during the year		**(229)**	176
Total foreign currency translation reserve		**1,079**	**1,308**
Financial assets at FVOCI reserve			
Balance 1 July		**-**	(6,000)
Transfer to retained earnings		**-**	6,000
Total financial assets at FVOCI reserve		**-**	**-**

(b) Accumulated losses

	Note	2026 $'000	2025 $'000
Balance 1 July		**(147,148)**	(126,109)
Loss after tax		**(20,261)**	(15,039)
Dividends provided for or paid	4	**-**	-
Transfer from FVOCI reserve		**-**	(6,000)
Total accumulated losses		(167,409)	(147,148)

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21. Reserves and accumulated losses (continued)

(c) Nature and purpose of reserves

Cash flow hedge reserve

The hedging reserve is used to record gains or losses on hedging instruments in cash flow hedges that are recognised in other comprehensive income as described in Note 1(o). Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of Performance Rights issued at grant date but not exercised or cancelled.

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(d). The reserve is recognised in profit or loss when the net investment is disposed of.

Financial asset at fair value through other comprehensive income reserve (FVOCI reserve)

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

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22. Share-based payments

(a) Employee performance rights plan

Long-term incentives are chosen to align executives with the objective of improving long-term shareholder returns. During the current year, the Group continued with its Performance Rights Plan (the McPherson's Limited Performance Rights Plan) to provide long-term incentives to nominated executives. Participants are granted Performance Rights (PR) which only vest if certain performance conditions (relating to compound annual growth in earnings per share and total shareholder return as described below) are met and the executive is still employed by the Group at the end of the vesting period, or where not employed at the end of the vesting period is deemed to be a "good leaver" by the Board.

The number of Rights that will vest will be determined proportionately on a straight-line basis as follows:

Type of Rights	Grant Year	Vesting Hurdles	Vesting Period
HLP	2024	30% of Rights vesting at +40.0% of underlying EPS CAGR, then pro rata to 100% of Rights vesting at + 60% EPS CAGR	3 years
	2025	25% of Rights vesting at Threshold EPS, then pro rata to 50% vesting between Threshold and Mid-Point EPS, then pro rata to 100% vesting between Mid-Point and Maximum EPS.	3 years
	2026	25% of Rights vesting at Threshold EPS, then pro rata to 50% vesting between Threshold and Mid-Point EPS, then pro rata to 100% vesting between Mid-Point and Maximum EPS	3 years
ELP	2024	30% of Rights vesting at +50.0% TSR CAGR, then pro rata to 100% of Rights vesting at +70% TSR CAGR	3 years
	2025	25% of Rights vesting at Threshold TSR, then pro rata to 50% vesting between Threshold and Mid-Point TSR, then pro rata to 100% vesting between Mid-Point and Maximum TSR.	3 years
	2026	25% of Rights vesting at Threshold TSR, then pro rata to 50% vesting between Threshold and Mid-Point TSR, then pro rata to 100% vesting between Mid-Point and Maximum TSR.	3 years
PR	2024	**First 67% of Rights** 30% of Rights vesting at +40.0% of underlying EPS CAGR, then pro rata to 100% of Rights vesting at +60.0% of underlying EPS CAGR **Remaining 33% of Rights** 30% of Rights vesting at +50.0% TSR CAGR, then pro rata to 100% of Rights vesting at +70.0% TSR CAGR	3 years
	2025	**First 67% of Rights** 25% of Rights vesting at Threshold EPS, then pro rata to 50% vesting between Threshold and Mid-Point EPS, then pro rata to 100% vesting between Mid-Point and Maximum EPS. **Remaining 33% of Rights** 25% of Rights vesting at Threshold TSR, then pro rata to 50% vesting between Threshold and Mid-Point TSR, then pro rata to 100% vesting between Mid-Point and Maximum TSR.	3 years
	2026	**First 67% of Rights** 25% of Rights vesting at Threshold EPS, then pro rata to 50% vesting between Threshold and Mid-Point EPS, then pro rata to 100% vesting between Mid-Point and Maximum EPS. **Remaining 33% of Rights** 25% of Rights vesting at Threshold TSR, then pro rata to 50% vesting between Threshold and Mid-Point TSR, then pro rata to 100% vesting between Mid-Point and Maximum TSR.	3 years

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22. Share-based payments (continued)

(a) Employee performance rights plan (continued)

Set out below is a summary of Performance Rights granted under the plan:

	2026		2025	
	Average fair value at grant date	**Number of rights**	**Average fair value at grant date**	**Number of rights**
As at 1 July	**$0.28**	**12,431,403**	$0.33	7,776,403
Granted during the year	**$0.20**	**10,395,000**	$0.22	5,640,000
Exercised during the year	**-**	**-**	-	-
Lapsed during the year	**$0.29**	**(6,521,867)**	$0.37	(985,000)
As at 30 June	**$0.23**	**16,304,536**	$0.28	12,431,403
Vested and exercisable	**-**	**-**	-	**-**

Performance Rights outstanding at the end of the year have the following expiry dates:

			Number of rights	
Type of Rights	**Grant date**	**Vesting date**	**30 June 2026**	**30 June 2025**
Equity-settled Performance Rights				
HLP	3 November 2025	30 September 2028	**2,761,000**	-
ELP	3 November 2025	30 September 2028	**1,381,000**	-
HLP	28 November 2024	30 September 2027	**1,654,000**	1,654,000
ELP	28 November 2024	30 September 2027	**827,000**	827,000
HLP	28 November 2023	22 September 2026	**1,336,000**	1,336,000
ELP	28 November 2023	22 September 2026	**668,000**	668,000
HLP	22 November 2022	22 September 2025	**-**	909,000
ELP	22 November 2022	22 September 2025	**-**	455,000
Performance Rights	3 November 2025	30 September 2028	**4,303,000**	-
Performance Rights	28 November 2024	30 September 2027	**1,671,000**	3,159,000
Performance Rights	17 June 2024	22 September 2026	**247,043**	690,220
Performance Rights	12 October 2023	22 September 2026	**1,456,493**	1,655,183
Performance Rights	23 September 2022	22 September 2025	**-**	766,000
Cash-settled Performance rights				
ELP	24 September 2021	24 September 2025	**-**	312,000
Total			**16,304,536**	12,431,403

The fair value of the Performance Rights issued were valued as follows:

Performance Rights	**Fair value**
HLP and other EPS CAGR and EPS target performance rights	Independently valued at grant date, applying a discounted cash flow methodology, using the market price of the related shares at the commencement date or grant date less the present value of expected dividends forgone prior to vesting.
ELP and other TSR CAGR performance rights	Independently valued at grant date using the assumptions underlying the Monte Carlo methodology to produce a simulation model which allows for the incorporation of the Total Shareholder Return (TSR) hurdle that must be met before these rights vest. Consequently, in addition to being sensitive to the dividend yield, the ELP Rights are also sensitive to market volatility and the initial TSR, with the risk-free rate as a further valuation input.

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22. Share-based payments (continued)

(a) Employee performance rights plan (continued)

The fair value of the Performance Rights issued during the year were valued using the following parameters:

	HLP	ELP	Share-based (EPS & TSR)
Valuation Date	3 November 2025	3 November 2025	3 November 2025
Hurdle start date	1 July 2025	1 July 2025	1 July 2025
Hurdle end date	30 June 2028	30 June 2028	30 June 2028
Share price at grant date	AUD 0.25	AUD 0.25	AUD 0.25
Fair value at measurement date[1]	AUD 0.25	AUD 0.10	EPS: AUD 0.25 TSR: AUD 0.10
Exercise price	AUD 0.00	AUD 0.00	AUD 0.00
Expected volatility[2]	54%	54%	54%
Expected dividend yield p.a.[3]	0.00%	0.00%	0.00%
Risk free rate p.a.[4]	3.63%	3.63%	3.63%

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2026 $'000	2025 $'000
Share based Performance Rights issued under the Employee Performance Rights plan[5]	**106**	(395)
Total expenses	**106**	(395)

23. Contractual commitments for expenditure

The Group primarily leases offices, motor vehicles and equipment under non-cancellable leases expiring within one to five years. The leases have varying terms and renewal rights. On renewal, the terms are renegotiated.

Capital commitments

At the reporting date, the Group had no contractual commitments for capital expenditure that had not been recognised in the financial statements (2025: nil).

[1] To calculate fair value, a Monte-Carlo simulation was used to estimate the likelihood of achieving the absolute TSR hurdles. For the EPS hurdles, Black-Scholes-Merton model was used to estimate the fair value.
[2] Expected volatility is based on historical closing share price over the three-year period to the valuation date.
[3] Expected dividend yield is based on historic and future yield estimates.
[4] Risk free interest rate is based on three-year yield on Australian government bonds.
[5] For FY26 issued performance rights, only TSR-based rights have been expensed, with no expense recognised for EPS-based rights due to an assessment of the probability of non-market performance conditions being met.

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24. Contingent liabilities

The Group is subject to claims and litigation during the normal course of its business. The Board has considered matters, which are or may be subject to litigation at year end and, is of the opinion that no material liability exists other than specifically provided for in these financial statements.

Furthermore, refer to Provisions (Note 19 (d)) for details pertaining to the matter previously disclosed as a contingent liability. As disclosed in Provisions (Note 19 (d)) following the Court's recent decision, a provision has now been recognised with respect to this specific matter.

25. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2026 $	2025 $
(a) Auditors of the Group - PricewaterhouseCoopers Australia		
Audit and review of financial statements	**606,900**	666,557
Total remuneration for PricewaterhouseCoopers Australia	**606,900**	**666,557**
(b) Other auditors and their related network firms		
Audit and review of financial statements of controlled entities	**54,246**	55,678
Other non-audit services		
Tax services	**114,410**	82,108
Other assurance services	**-**	34,600
Other non-audit services	**157,000**	104,030
Total remuneration of other auditors (excluding PwC)	**325,656**	**276,416**
Total remuneration of auditors	**932,556**	**942,973**

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26. Earnings per share

	2026 Cents	2025 Cents
Basic loss per share	**(14.2)**	(10.5)
Diluted loss per share	**(14.2)**	(10.5)
Basic (loss) / earnings per share excluding material items	**(0.3)**	1.0
Diluted (loss) / earnings per share excluding material items	**(0.3)**	1.0
Basic loss per share from continuing operations	**(14.2)**	(11.5)
Diluted loss per share from continuing operations	**(14.2)**	(11.5)
Basic loss per share from continuing operations excluding material items	**(0.3)**	(0.0)
Diluted loss per share from continuing operations excluding material items	**(0.3)**	(0.0)
Basic earnings / (loss) per share from discontinued operations	**-**	1.1
Diluted earnings / (loss) per share from discontinued operations	**-**	1.1

Reconciliation of (loss) / earnings used in calculating (loss) / earnings per share

	2026 $'000	2025 $'000
Basic and diluted (loss) / earnings per share		
Loss after income tax from continuing operations excluding material items	**(455)**	(59)
Material items from continuing operations after income tax (Note 3)	**(19,806)**	(16,543)
Profit / (loss) after income tax from discontinued operations excluding material items	**-**	1,563
Material items from discontinued operations after income tax (Note 3)	**-**	-
Loss after income tax	**(20,261)**	**(15,039)**

Weighted average number of shares used as the denominator

	2026 Number	2025 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share[1]	**142,934,538**	143,949,141

Information concerning the classification of securities

Performance Rights

Performance Rights granted to employees are considered to be potential ordinary shares and are included in the determination of diluted earnings per share to the extent to which they are dilutive. The unvested Performance Rights have not been included in the determination of basic earnings per share.

[1] At 30 June 2026 the Group had 16,304,536 performance rights on issue (FY25: 12,431,403) which are potentially dilutive ordinary shares. These have been excluded from the calculation of diluted earnings per share for the year ended 30 June 2026 because their inclusion would be antidilutive. Accordingly, diluted earnings per share is equal to basic earnings per share for the period. These instruments could dilute basic earnings per share in future periods.

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27. Particulars in relation to controlled entities

Name of entity	Country of Incorporation	Ownership Interest 2026 %	Ownership Interest 2025 %
McPherson's Limited	Australia	**100**	100
McPherson's Consumer Products Pty Ltd [1]	Australia	**100**	100
McPherson's Consumer Products (NZ) Limited	New Zealand	**100**	100
McPherson's America, Inc.	USA	**100**	100
McPherson's Consumer Products (HK) Limited	Hong Kong	**100**	100
McPherson's (U.K.) Limited	United Kingdom	**100**	100
McPherson's (Shanghai) Business Information Consulting Co. Ltd	China	**100**	100
McPherson's Limited Employee Security Plans Trust [2]	Australia	**100**	100

28. Related parties

Directors

Details relating to the insurance of Directors are included in the Directors' Report.

Refer to the Remuneration Report within the Directors' Report for information relating to key management personnel disclosures.

Transactions with controlled entities

Transactions between McPherson's Limited and its controlled entities in the Group during the year consisted of:

- Amounts advanced to and by McPherson's Limited
- Amounts repaid to McPherson's Limited
- Payment and receipt of interest on certain advances at prevailing rates
- Receipt and payment of tax, rent, management and license fees

Balances and transactions between McPherson's Limited and its controlled entities have been eliminated on consolidation and are not disclosed in this note.

[1] This subsidiary has been granted relief from the necessity to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission. For further information refer to Deed of cross guarantee (Note 29).
[2] The Group does not hold any ownership interests in this entity. However, based on terms of agreements under which this entity is established, the Group has the current ability to direct the entity's activities that significantly affects the entity's returns.

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29. Deed of Cross Guarantee

McPherson's Limited and McPherson's Consumer Products Pty Ltd are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others.

By entering into the Deed, McPherson's Consumer Products Pty Ltd has been relieved from the requirement to prepare a Financial Report and Directors' Report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

(a) Condensed consolidated income statement of the parties to the Deed of Cross Guarantee

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2026 of the parties to the Deed of Cross Guarantee.

	2026 $'000	2025 $'000
Revenue	**107,974**	129,846
Other income	**338**	660
Expenses	**(132,113)**	(149,211)
Finance costs	**(444)**	(932)
Loss before income tax	**(24,245)**	(19,637)
Income tax benefit / (expense)	**5,173**	2,864
Loss after income tax	**(19,072)**	(16,773)

(b) Movements in consolidated accumulated losses of the parties to the Deed of Cross Guarantee

	2026 $'000	2025 $'000
Summary of movements in consolidated accumulated losses		
Accumulated losses at beginning of the financial year	**(157,527)**	(134,754)
Loss after income tax for the year	**(19,072)**	(16,773)
Dividends provided for or paid	**-**	-
Transfer of FVOCI reserve to accumulated losses	**-**	(6,000)
Accumulated losses at the end of the financial year	**(176,599)**	(157,527)

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29. Deed of Cross Guarantee (continued)

(c) Balance sheet of the parties to the Deed of Cross Guarantee

	2026 $'000	2025 $'000
Current assets		
Cash and cash equivalents	**3,619**	8,087
Trade and other receivables	**27,598**	23,834
Inventories	**24,564**	18,198
Derivative financial instruments	**307**	111
Current tax receivable	**-**	861
Other assets	**1,009**	961
Total current assets	**57,097**	52,052
Non-current assets		
Property, plant and equipment	**3,084**	4,058
Right-of-use asset	**2,931**	4,453
Other receivables	**-**	511
Intangible assets	**24,799**	46,519
Other assets	**-**	1,009
Investments	**9,599**	11,167
Deferred tax assets	**2,757**	-
Total non-current assets	**43,170**	67,717
Total assets	**100,267**	119,769
Current liabilities		
Trade and other payables	**46,964**	44,372
Borrowings	**345**	660
Lease liabilities	**2,767**	3,240
Derivative financial instruments	**589**	510
Provisions	**3,614**	3,902
Total current liabilities	**54,279**	52,684
Non-current liabilities		
Borrowings	**-**	-
Lease liabilities	**2,839**	3,156
Provisions	**2,682**	3,298
Deferred tax liabilities	**-**	369
Total non-current liabilities	**5,521**	6,823
Total liabilities	**59,800**	59,507
Net assets	**40,467**	60,262
Equity		
Contributed equity	**216,310**	217,142
Reserves	**756**	647
Accumulated losses	**(176,599)**	(157,527)
Total equity	**40,467**	60,262

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30. Notes to the statement of cash flows

(a) Reconciliation of net cash inflows from operating activities to (loss) / profit after income tax

	2026 $'000	2025 $'000
Loss after income tax	**(20,261)**	**(15,039)**
Non-cash items included in Profit / (loss) after income tax:		
Depreciation of property, plant and equipment	**1,569**	2,006
Amortisation of intangible assets	**1,593**	1,063
Depreciation of right-of-use asset	**1,024**	3,480
Share-based payments expense	**106**	(395)
Onerous lease expenses	**843**	3,158
Impairment of intangible assets	**20,698**	10,241
Amortisation of contract assets	**961**	900
Realisation of Foreign Currency Translation Reserve	**-**	(1,319)
Other	**(329)**	24
Changes in operating assets and liabilities, excluding the effects from purchase or disposal of business assets:		
Increase in payables	**3,098**	1,998
(Decrease) in provisions	**(1,135)**	(1,732)
(Decrease) in net tax liabilities	**(2,629)**	(3,267)
Decrease / (increase) in receivables	**1,553**	(5,144)
(Increase) / decrease in inventories	**(6,416)**	6,237
Net cash inflows from operating activities	**675**	**2,211**

(b) Non-cash investing and financing activities

There were no non-cash investing and financing activities in the years ended 30 June 2025 and 2026.

(c) Net debt reconciliation

	2026 $'000	2025 $'000
Cash and cash equivalents	**5,110**	9,476
Borrowings (excluding unamortised capitalised borrowing costs)	**(628)**[1]	(689)
Net cash / (debt) (excluding lease liabilities)	**4,482**	**8,787**
Current lease liability	**(2,903)**	(3,404)
Non-current lease liability	**(2,946)**	(3,237)
Net cash / (debt) (including lease liabilities)	**(1,367)**	**2,146**

	Liabilities from financing activities		
	Borrowings $'000	Leases $'000	Total $'000
As at 1 July 2025	**(660)**	**(6,641)**	**(7,301)**
Cash flows	62	2,983	**3,045**
Acquisition – leases	-	(3,231)	**(3,231)**
Disposal – leases	-	1,017	**1,017**
Foreign exchange adjustment	-	23	**23**
Capitalised borrowing costs	253	-	**253**
As at 30 June 2026	**(345)**	**(5,849)**	**(6,194)**

[1] Borrowings for the purposes of the net debt calculation are presented before unamortised capitalised borrowing costs of $283,000. Refer to Borrowings (Note 18) for more details.

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31. Events occurring after balance date

As disclosed on 9 December 2022, McPherson's Limited (Company) is a defendant in civil proceedings commenced by the Australian Securities and Investments Commission (ASIC) in relation to events occurring in 2020 (Proceedings). On 13 August 2026, the Federal Court of Australia (Court) ruled in favour of the ASIC against the Company and a former Chief Executive Officer and Managing Director of the Company. Subject to any appeal rights available, there will be a further hearing to determine any penalties to be imposed on the Company.

As a result of the Court's decision and in line with the requirements of Australian Accounting Standards, the Company recognised a provision of $2.0 million. Based on the information available to the Company, this amount represents the Company's best estimate of the penalties that may be imposed on the Company by the Court as a result of the outcome of the Proceedings. The actual amount of any penalties payable by the Company will ultimately be determined by the Court at a future date and may be materially higher or lower than the provision. Refer to Provisions (Note 19).

32. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2026 $'000	2025 $'000
Balance Sheet		
Current assets	**1,307**	7,694
Total assets	**63,016**	75,579
Current liabilities	**31,665**	34,393
Total liabilities	**31,685**	34,399
Shareholders' equity		
Issued capital	**216,387**	217,218
Cash flow hedge reserve	**(86)**	(168)
Share-based payments reserve	**1,874**	1,768
Financial assets at FVOCI reserve	**-**	-
Accumulated losses – 2025 reserve	**(177,638)**	(177,638)
Accumulated losses – 2026 reserve	**(9,206)**	-
Total shareholders' equity	**31,331**	**41,180**
Loss for the period	**(9,206)**	**(20,740)**
Total comprehensive expense	**(9,018)**	**(21,202)**

(b) Contingent liabilities and guarantees

The parent entity has guaranteed the repayment of borrowings of certain controlled entities.

The cross guarantee given by those entities listed in Note 29 may give rise to liabilities in the parent entity if McPherson's Consumer Products Pty Ltd does not meet its obligations under the terms of the overdrafts, loans, leases, or other liabilities subject to the guarantee.

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Consolidated entity disclosure statement as at 30 June 2026

Entity name	Entity type	Ownership Interest	Country of incorporation	Country of residence for tax purposes	Foreign jurisdiction(s)
McPherson's Limited	Body corporate	n/a	Australia	Australia	n/a
McPherson's Consumer Products Pty Ltd	Body corporate	100%	Australia	Australia	n/a
McPherson's Consumer Products (NZ) Limited	Body corporate	100%	New Zealand	Australia	New Zealand
McPherson's America, Inc.	Body corporate	100%	United States	Australia	United States
McPherson's Consumer Products (HK) Limited	Body corporate	100%	Hong Kong	Australia	Hong Kong
McPherson's (U.K.) Limited	Body corporate	100%	United Kingdom	Australia	United Kingdom
McPherson's (Shanghai) Business Information Consulting Co. Ltd	Body corporate	100%	China	Australia	China
McPherson's Limited Employee Security Plans Trust	Trust	n/a	Australia	Australia	n/a

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency: The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5, however does not take into consideration the relevant income tax treaty and guidance from the Commissioner of Taxation where the entity is resident in two jurisdictions.
- Foreign tax residency: Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Partnerships and trusts

Australian tax law generally does not contain corresponding residency tests for partnerships and trusts and these entities are typically taxed on a flow-through basis. Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

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