

The Koala Company Limited and its controlled entities

ABN 48 619 538 671

Interim Report - 31 December 2025

Directors' report	2
Consolidated statement of profit or loss and other comprehensive income	4
Consolidated statement of financial position	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9
Management assertion statement	28
Independent auditor's review report to the members of The Koala Company Limited	29

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of The Koala Company Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2025.

Directors

The following persons were directors of The Koala Company Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Daniel William Milham	Appointed 5 June 2017
Mitchell James Taylor	Appointed 5 June 2017
Michael Jonathan Gordon	Appointed 13 February 2023
Laura Mineo	Appointed 2 September 2025

Principal activities

The principal activities of the Group during the course of the financial half-year were the sale of home furnishings.

There were no significant changes in the nature of the activities of the Group during the half-year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The profit for the Group after providing for income tax amounted to \$5,365,000 (31 December 2024: loss of \$2,284,000).

The Operating profit for the Group was \$10,701,000 in HY26 (HY25: \$3,642,000). The Group increased revenues by 24% to \$165,090,000 during HY26.

The Group's focused range of innovative, high quality products delivered a strong and growing average selling price and improved margins during the period.

The Group has continued to expand operations in the USA during the six months to 31 December 2025 as well as commencing trade in the UK. There has otherwise been no material change in the nature of the Group's operations in the current period.

The Group remains committed to a range of environmental causes including, work with charity partners to donate returned products to those doing it tough and continuing to employ circular design principles with an aim to reduce landfill waste.

Significant changes in the state of affairs

On 18 September 2025, 272,000 warrants were converted to ordinary share capital in the Company.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 4 February 2026, *Koala Sleep Japan KK* changed name to *Koala JP KK*.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

On behalf of the directors



Daniel William Milham
Director

13 February 2026
Sydney

The Koala Company Limited and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2025



	Note	Consolidated	
		31 Dec 2025 \$'000	31 Dec 2024 \$'000
Revenue	4	165,090	133,295
Other income		44	265
Expenses			
Raw materials and consumables used		(60,093)	(51,067)
Employee benefits expense	5	(21,449)	(20,412)
Depreciation and amortisation expense		(2,483)	(2,093)
Advertising and marketing expense		(33,908)	(25,205)
Merchant fees		(5,983)	(4,890)
Transportation expense		(14,158)	(11,534)
Other expenses	5	(16,359)	(14,717)
Operating profit		10,701	3,642
Finance income		295	454
Finance costs	5	(3,860)	(6,380)
Profit/(loss) before income tax expense		7,136	(2,284)
Income tax expense	6	(1,771)	-
Profit/(loss) after income tax expense for the half-year		5,365	(2,284)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	13	1,869	(1,059)
Other comprehensive income/(loss) for the half-year, net of tax		1,869	(1,059)
Total comprehensive income/(loss) for the half-year		<u>7,234</u>	<u>(3,343)</u>
		Cents	Cents
Basic earnings per share	7	7.43	(3.57)
Diluted earnings per share	7	6.01	(3.57)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The Koala Company Limited and its controlled entities
Consolidated statement of financial position
As at 31 December 2025

koala

		Consolidated	
	Note	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Assets			
Current assets			
Cash and cash equivalents		56,001	42,316
Trade and other receivables		576	867
Inventories		26,611	25,524
Other		6,157	4,257
Total current assets		89,345	72,964
Non-current assets			
Property, plant and equipment		1,980	1,141
Right-of-use assets		6,718	5,589
Intangibles	8	4,669	5,021
Total non-current assets		13,367	11,751
Total assets		102,712	84,715
Liabilities			
Current liabilities			
Trade and other payables		45,508	41,703
Contract liabilities	9	22,779	18,967
Borrowings	15	9,977	13,550
Lease liabilities		2,597	2,406
Derivative financial instruments	15	6,439	6,660
Income tax payable	6	1,578	1,974
Employee benefits		1,905	1,960
Provisions	10	2,842	2,515
Total current liabilities		93,625	89,735
Non-current liabilities			
Borrowings	15	-	9,706
Lease liabilities		5,134	4,233
Employee benefits		563	482
Provisions	10	4,350	4,057
Total non-current liabilities		10,047	18,478
Total liabilities		103,672	108,213
Net liabilities		(960)	(23,498)
Equity			
Share capital	11	45,968	32,418
Other capital contributions	12	23,730	23,022
Reserves	13	14,047	11,132
Accumulated losses		(84,705)	(90,070)
Total deficiency in equity		(960)	(23,498)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

The Koala Company Limited and its controlled entities
Consolidated statement of changes in equity
For the half-year ended 31 December 2025



Consolidated	Share capital \$'000	Preference share capital \$'000	Other capital contributions \$'000	Treasury shares \$'000	Translation reserve \$'000	Options reserve \$'000	Accumulated losses \$'000	Total deficiency in equity \$'000
Balance at 1 July 2025	32,453	-	23,022	(35)	279	10,853	(90,070)	(23,498)
Profit after income tax expense for the half-year	-	-	-	-	-	-	5,365	5,365
Other comprehensive income for the half-year, net of tax	-	-	-	-	1,869	-	-	1,869
Total comprehensive income for the half-year	-	-	-	-	1,869	-	5,365	7,234
Reclassification of preference shares from financial liabilities	-	13,550	-	-	-	-	-	13,550
<i>Transactions with owners in their capacity as owners:</i>								
Share-based payments (note 18)	-	-	-	-	-	1,646	-	1,646
Share issue on conversion of warrants	-	-	708	-	-	-	-	708
Share option buyback	-	-	-	-	-	(600)	-	(600)
Balance at 31 December 2025	32,453	13,550	23,730	(35)	2,148	11,899	(84,705)	(960)

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

The Koala Company Limited and its controlled entities
Consolidated statement of changes in equity
For the half-year ended 31 December 2025



	Share capital \$'000	Other capital contributions \$'000	Treasury shares \$'000	Translation reserve \$'000	Options reserve \$'000	Accumulated losses \$'000	Total deficiency in equity \$'000
Consolidated							
Balance at 1 July 2024	32,295	2	-	2,142	5,495	(85,470)	(45,536)
Loss after income tax expense for the half-year	-	-	-	-	-	(2,284)	(2,284)
Other comprehensive loss for the half-year, net of tax	-	-	-	(1,059)	-	-	(1,059)
Total comprehensive loss for the half-year	-	-	-	(1,059)	-	(2,284)	(3,343)
<i>Transactions with owners in their capacity as owners:</i>							
Share-based payments (note 18)	-	-	-	-	1,677	-	1,677
Issue of ordinary shares upon exercise of options	3	-	-	-	-	-	3
Issue of ordinary shares upon exercise of convertible notes	120	-	-	-	-	-	120
Share issue on conversion of warrants	-	3,603	-	-	-	-	3,603
Balance at 31 December 2024	32,418	3,605	-	1,083	7,172	(87,754)	(43,476)

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

The Koala Company Limited and its controlled entities
Consolidated statement of cash flows
For the half-year ended 31 December 2025



	Note	Consolidated	
		31 Dec 2025 \$'000	31 Dec 2024 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		184,791	140,332
Payments to suppliers and employees (inclusive of GST)		(164,627)	(113,904)
		20,164	26,428
Interest received		295	246
Interest and other finance costs paid		(474)	(337)
Payments for deposits		(960)	-
Income taxes paid		(2,023)	-
Net cash from operating activities		17,002	26,337
Cash flows from investing activities			
Payments for property, plant and equipment		(1,082)	(72)
Payments for intangibles	8	(434)	(1,155)
Net cash used in investing activities		(1,516)	(1,227)
Cash flows from financing activities			
Repayment of loans		-	(2,935)
Repayment of lease liabilities		(1,829)	(1,633)
Payment for the purchase of share options		(600)	-
Net cash used in financing activities		(2,429)	(4,568)
Net increase in cash and cash equivalents		13,057	20,542
Cash and cash equivalents at the beginning of the financial half-year		42,316	24,124
Effects of exchange rate changes on cash and cash equivalents		628	772
Cash and cash equivalents at the end of the financial half-year		56,001	45,438

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

Note 1. General information

The financial statements cover The Koala Company Limited as a Group consisting of The Koala Company Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is The Koala Company Limited's functional and presentation currency.

The Koala Company Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 12
37-41 O'Riordan Street
Alexandria
NSW 2015

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 February 2026.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting', as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared to assist the Directors for the purpose of their due diligence in relation to an Initial Public Offering.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. This did not have any impact on the financial performance or position of the Group during the financial half-year ended 31 December 2025 and is not expected to have a significant impact for the full financial year ending 30 June 2026.

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The Group had operating profit of \$10,701,000 (31 December 2024: \$3,642,000), its total liabilities exceeded total assets by \$960,000 (30 June 2025: \$23,498,000) and had a net current asset deficit of \$4,280,000 (30 June 2025: \$16,771,000); the Group also generated positive operating cash flows of \$17,002,000 (31 December 2024: \$26,337,000) and a profit after tax of \$5,365,000 (31 December 2024: loss after tax of \$2,284,000).

The net current asset deficit of \$4,280,000 includes the following liabilities at 31 December 2025 that are not expected to be settled in cash:

- Income received in advance of \$17,861,000 to be fulfilled through delivery of inventory; and
- Warrants of \$5,460,000 expected to be settled in ordinary share capital of the Company.

The directors have prepared a risk adjusted cash flow forecast for a period of at least 12 months from the date of this financial report which supports the use of the going concern assumption.

Note 2. Material accounting policy information (continued)

The directors consider that the Group has sufficient resources to meet all of its obligations as and when they fall due and are of the view that there are no indicators, events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

Changes in Accounting policy

The Group has elected to change the classification of its preference shares from debt to equity. This is a voluntary change in accounting policy to provide more relevant and reliable information about the nature of the instruments. The preference shares are convertible to ordinary shares on a one for one basis at the option of the holder at any time. The obligation to issue a variable number of equity instruments, under the terms of the preference share agreement, only arises from an anti-dilution round down feature where there has been an equity raise prior to their redemption at a share price lower than a defined threshold. The decision to raise equity and the share price new equity instruments are issued at is within the Group's control. Such a feature results in a choice of accounting policy as to whether or not the preference shares are accounted for as debt or equity instruments. The change in classification of the preference shares to equity better reflects that the entity has no contractual obligation to deliver a variable number of own equity instruments.

New Accounting Standards and Interpretations not yet mandatory or early adopted

AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments is effective for annual reporting periods commencing 1 January 2026.

The amendments relate to the following:

- Derecognition of a financial liability settled through electronic transfer: permits an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met;
- Classification of financial assets: provides clarity on contractual terms that are consistent with a basic lending arrangement, assets with non-recourse features and contractually linked instruments;
- Disclosures: disclosures mainly relating to gains or losses recognised in other comprehensive income relating to equity instruments designated at fair value through other comprehensive income; and
- Derecognition of a financial asset: clarifies that an entity derecognises only when the contractual rights to the cash flows from the financial asset expire from a legal perspective. The Group has included \$6.5 million (30 June 2025: \$8.6 million) in cash and cash equivalents relating to receivables from credit card merchants and gateways for electronic funds transfers, and credit card and debit card point of sale transactions. When the Group adopts this amendment for its annual reporting period commencing 1 July 2026, this will require reclassification to receivables.

The other changes introduced by this amendment are not expected to impact the Group.

Note 3. Operating segments

Identification of reportable operating segments

Operating segments are identified based on the internal reports regularly reviewed by the Group's Chief Executive Officer (the chief operating decision maker), for assessing performance and allocating resources. These segments align with the Group's geographic structure, central support infrastructure and reflect how products are distributed and customers served.

The Group has five reportable segments: Australia, Japan, United States, Others, and Corporate. Performance for each segment is presented to the level of contribution margin, defined as gross margin less fulfilment and marketing costs. All other operating costs are reported on a consolidated (Group) level. This format aligns with the contribution margin approach widely used for evaluating segment performance, where indirect and centrally managed costs are not allocated to individual segments.

Contribution Margin is the key line at which segments are assessed and is revenue less variable costs including cost of goods sold, marketing and fulfilment expenses. It indicates the amount of margin available to cover fixed costs and generate profit. Fulfilment expenses include Transportation (final mile and interstate) as well as the cost of warehousing products including put away, storage and picking. Gross Marketing expenses include Advertising costs as well as costs associated with conservation, gifting and events.

The information reported to the CODM is on a monthly basis.

Note 3. Operating segments (continued)

Major customers

Koala Group predominantly trades directly to customers, as such, no one customer was a driver of significant revenue during the financial half-year ended 31 December 2025.

Consolidated - 31 Dec 2025	Australia \$'000	Japan \$'000	USA \$'000	Others \$'000	Corporate \$'000	Total \$'000
Revenue from contracts with external customers	85,829	43,210	35,829	222	-	165,090
Cost of goods sold	(33,810)	(13,617)	(12,457)	(79)	-	(59,963)
Gross marketing expense	(13,830)	(9,258)	(11,431)	(465)	-	(34,984)
Fulfilment expenses	(13,022)	(8,372)	(7,196)	(61)	-	(28,651)
Contribution Margin	25,167	11,963	4,745	(383)	-	41,492
<i>Items not included in the segment result:</i>						
Other costs and income					(10,424)	(10,424)
Employee benefit expense					(21,449)	(21,449)
Depreciation and amortisation expense					(2,483)	(2,483)
Profit before income tax						7,136
Income tax expense					(1,771)	(1,771)
Profit after income tax						5,365
Total assets	70,402	18,514	13,476	320	-	102,712
Total liabilities	83,152	12,309	7,906	305	-	103,672
Consolidated - 31 Dec 2024	Australia \$'000	Japan \$'000	USA \$'000	Others \$'000	Corporate \$'000	Total \$'000
Revenue from contracts with external customers	77,949	33,909	21,437	-	-	133,295
Cost of goods sold	(31,523)	(12,070)	(7,397)	-	-	(50,990)
Gross marketing expense	(12,439)	(7,446)	(5,940)	-	-	(25,825)
Fulfilment expenses	(12,895)	(6,990)	(4,069)	-	-	(23,954)
Contribution Margin	21,092	7,403	4,031	-	-	32,526
<i>Items not included in the segment result:</i>						
Other costs and income					(12,305)	(12,305)
Employee benefit expense					(20,412)	(20,412)
Depreciation and amortisation expense					(2,093)	(2,093)
Loss before income tax						(2,284)
Income tax expense						-
Loss after income tax						(2,284)
<i>As at 30 Jun 2025</i>						
Total assets	55,828	18,202	10,685	-	-	84,715
Total liabilities	86,811	13,998	7,404	-	-	108,213

Note 4. Revenue

	Consolidated	
	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Revenue net of discounts and returns	165,090	133,295

All revenue received relates to goods transferred and are recognised at a point in time.

	Consolidated	
	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Contract liabilities		
Provision for returns	4,918	4,366
Income received in advance	17,861	15,979
	<u>22,779</u>	<u>20,345</u>

Refer to note 9 for further information on contract liabilities.

Note 5. Expenses

	Consolidated	
	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Profit/(loss) before income tax includes the following specific expenses:		
<i>Other expenses</i>		
Storage and handling	8,509	7,530
Software	3,125	2,814
Consulting	1,306	769
Research and development	895	713
Others	2,524	2,891
Total other expenses	<u>16,359</u>	<u>14,717</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	735	400
Interest and finance charges paid/payable on lease liabilities	178	190
Net foreign exchange loss	2,782	-
Change in fair value of convertible notes (embedded derivative)	-	1,756
Change in fair value of derivative	-	1,713
Change in fair value of warrants	165	2,321
Finance costs expensed	<u>3,860</u>	<u>6,380</u>
<i>Leases</i>		
Short-term and low-value lease payments	<u>28</u>	<u>19</u>
<i>Employee benefits expense</i>		
Defined contribution superannuation expense	1,202	1,126
Share-based payments expense	1,646	1,677
Employee benefits expense excluding superannuation and share-based payments	17,724	16,840
Leave entitlements expense	877	769
Total employee benefits expense	<u>21,449</u>	<u>20,412</u>

Note 6. Income tax

	Consolidated	
	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
<i>Income tax expense</i>		
Current tax	2,984	(170)
Origination and reversal of temporary differences	588	3,077
Recognition of R&D tax offset previously not brought to account	(1,133)	-
Recognition of tax losses previously not brought to account	(1,290)	(2,907)
Tax losses not recognised	682	-
(Over)/under provision of overseas tax expense in prior year	(60)	-
Aggregate income tax expense	<u>1,771</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	<u>7,136</u>	<u>(2,284)</u>
Tax at the statutory tax rate of 30%	2,141	(685)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of foreign tax rates	456	(70)
Share-based payments	432	503
Entertainment expenses	33	23
Finance costs	-	1,667
Tax effect of temporary differences	588	1,410
Utilisation of prior period tax offset	(1,133)	(2,907)
Other	(134)	59
Sundry items	(4)	-
	<u>2,379</u>	<u>-</u>
Tax losses not recognised	682	-
Utilisation of prior period tax losses not recognised	(1,290)	-
Income tax expense	<u>1,771</u>	<u>-</u>

The group has net deferred tax assets of \$13,000,000 temporary timing differences and \$3,900,000 for deferred tax losses not yet recognised in the financial statements.

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated	
	31 Dec 2025	30 Jun 2025
	\$'000	\$'000
<i>Provision for income tax</i>		
Provision for income tax	<u>1,578</u>	<u>1,974</u>

Note 7. Earnings per share

	Consolidated	
	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Profit/(loss) after income tax	<u>5,365</u>	<u>(2,284)</u>

Note 7. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	72,225,381	63,938,953
Adjustments for calculation of diluted earnings per share:		
Preference shares*	11,498,300	-
Options over ordinary shares*	3,457,303	-
Warrants*	2,082,700	-
	<u>89,263,684</u>	<u>63,938,953</u>
	Cents	Cents
Basic earnings per share	7.43	(3.57)
Diluted earnings per share	6.01	(3.57)

*As at 31 December 2024, 11,498,300 preference shares, 1,762,826 share options, 14,005,129 convertible notes and 3,201,822 warrants have been excluded from the prior period calculations as their inclusion would be anti-dilutive.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of The Koala Company Limited excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial half-year, adjusted for bonus elements in ordinary shares issued during the financial half-year

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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 8. Intangibles

	Consolidated	
	31 Dec 2025 \$'000	30 Jun 2025 \$'000
<i>Non-current assets</i>		
Website - at cost	379	379
Less: Accumulated amortisation	(226)	(213)
	<u>153</u>	<u>166</u>
Patents and trademarks - at cost	1,905	1,905
Less: Accumulated amortisation	(401)	(268)
	<u>1,504</u>	<u>1,637</u>
Software development - at cost	2,682	2,682
Less: Accumulated amortisation	(1,312)	(1,042)
	<u>1,370</u>	<u>1,640</u>
Intangible assets - WIP - at cost	670	236
Product development - at cost	2,409	2,409
Less: Accumulated amortisation	(1,437)	(1,067)
	<u>972</u>	<u>1,342</u>
	<u><u>4,669</u></u>	<u><u>5,021</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Website \$'000	Patents and trademarks \$'000	Software development \$'000	Intangible assets - WIP \$'000	Product development \$'000	Total \$'000
Balance at 1 July 2025	166	1,637	1,640	236	1,342	5,021
Additions	-	-	-	434	-	434
Amortisation expense	(13)	(133)	(270)	-	(370)	(786)
Balance at 31 December 2025	<u><u>153</u></u>	<u><u>1,504</u></u>	<u><u>1,370</u></u>	<u><u>670</u></u>	<u><u>972</u></u>	<u><u>4,669</u></u>

Note 9. Contract liabilities

	Consolidated	
	31 Dec 2025	30 Jun 2025
	\$'000	\$'000
<i>Current liabilities</i>		
Contract liabilities	22,779	18,967
	Consolidated	
	31 Dec 2025	30 Jun 2025
	\$'000	\$'000
Opening payments received in advance	14,995	12,351
Opening returns provision	3,972	2,944
Transfer to revenue	(14,995)	(12,351)
Payments received in advance during period	17,861	14,995
Movement in provision during period	946	1,028
	<u>22,779</u>	<u>18,967</u>

Contract liabilities represent income received in advance for the goods purchased by customers, yet to be delivered and a provision for product returns.

Note 10. Provisions

	Consolidated	
	31 Dec 2025	30 Jun 2025
	\$'000	\$'000
<i>Current liabilities</i>		
Warranties	<u>2,842</u>	<u>2,515</u>
<i>Non-current liabilities</i>		
Lease make good	500	500
Warranties	<u>3,850</u>	<u>3,557</u>
	<u>4,350</u>	<u>4,057</u>
	<u>7,192</u>	<u>6,572</u>

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms. These leases expire over a period ranging from 1 to 4 years from the end of the financial year.

Warranties

The Group offers a 10 year warranty on its mattress products and a 5 or 1 year warranty on other goods. The provision relates to goods sold that continue to have a valid warranty period. The provision has been estimated based on historical warranty data associated with similar products. A warranty claim can occur throughout the warranty period. The Group has estimated the expected timing and likelihood of claims based off historic data and current information.

Note 10. Provisions (continued)

Movements in provisions

Movements in each class of provision during the current financial half-year, other than employee benefits, are set out below:

Consolidated - 31 Dec 2025	Warranties \$'000	Lease make good \$'000
Carrying amount at the start of the half-year	6,072	500
Net remeasurement of provisions	2,193	-
Provisions used during the year	(1,546)	-
Unwinding of discount	(27)	-
	<u>6,692</u>	<u>500</u>
Carrying amount at the end of the half-year	<u>6,692</u>	<u>500</u>

Note 11. Share capital

	Consolidated			
	31 Dec 2025 Shares	30 Jun 2025 Shares	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Ordinary shares - fully paid*	72,342,155	63,328,869	32,453	32,453
Preference shares - fully paid	11,498,300	-	13,550	-
Treasury shares	(10,750)	(10,750)	(35)	(35)
	<u>83,829,705</u>	<u>63,318,119</u>	<u>45,968</u>	<u>32,418</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2025	72,070,176		32,453
Share issue on warrants**	18 September 2025	<u>271,979</u>	\$0.0000	-
Balance	31 December 2025	<u>72,342,155</u>		<u>32,453</u>

* The balance as at 30 June 2025 excludes 8,741,307 shares that resulted from the conversion of warrants and convertible notes. These have been included in the current year closing balance.

** On the 18th September 2025, the Company issued 271,979 shares resulting from the conversion of warrants under other capital contributions.

Movements in preference share

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2025	-		-
Reclass from debt to equity		<u>11,498,300</u>	\$0.0000	<u>13,550</u>
Balance	31 December 2025	<u>11,498,300</u>		<u>13,550</u>

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Note 11. Share capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote, except where the shares arise from the exercise of the Company's share option programmes. These shares have no voting rights in the Company.

The Company issued nil (30 June 2025: 66,540) ordinary shares as a result of the exercise of vested share options arising from share option programmes.

During the half-year, the Company issued nil (30 June 2025: 55,947) ordinary shares resulting from the conversion of convertible notes.

Preference shares

The Group has on issue 11,498,300 preference shares. The shares are non-interest bearing and entitled to dividends on the same terms as ordinary shares. The preference shares are convertible to ordinary shares on a one for one basis at the option of the holder at any time.

During the financial half year, the preference share capital was reclassified to equity from financial liabilities.

Refer to note 2 Material accounting policy information for additional information.

Treasury shares reserve

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. At 31 December 2025, the Group held 10,750 of the Company's shares (30 June 2025: 10,750).

Share buy-back

There is no current on-market share buy-back.

Note 12. Other capital contributions

	Consolidated	
	31 Dec 2025	30 Jun 2025
	\$'000	\$'000
Other capital contributions	23,730	23,022

During the half-year, the Group issued 271,979 (30 June 2025: 1,339,410) shares on the conversion of warrants and nil (30 June 2025: 7,410,897) shares on the conversion of convertible notes.

Note 13. Reserves

	Consolidated	
	31 Dec 2025	30 Jun 2025
	\$'000	\$'000
Foreign currency reserve	2,148	279
Share-based payments reserve	11,899	10,853
	<u>14,047</u>	<u>11,132</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 13. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency \$'000	Share-based payments \$'000	Total \$'000
Balance at 1 July 2025	279	10,853	11,132
Foreign currency translation	1,869	-	1,869
Share-based payments	-	1,646	1,646
Share option buyback	-	(600)	(600)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2025	<u>2,148</u>	<u>11,899</u>	<u>14,047</u>

Note 14. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 15. Financial risk management

Financial Instruments

Warrants

During the period, 272,000 warrants were exercised and converted into 271,979 ordinary shares, reflected in other capital contributions. There have been no changes to the terms of the remaining warrants. For detailed information on these warrants, refer to the annual report for the year ended 30 June 2025.

Issued	Number of Warrants	Expiry	Put Option	Carrying amount (\$)	Comparative (\$)
Nov 2019	223,800	Nov 2026	Can be exercised on the occurrence of a Put Event	850,608	845,257
Jan 2022	215,700	Jan 2029	Can be exercised on the occurrence of a Put Event	924,370	886,192
Aug 2022	793,750	Aug 2029	Can be exercised on the occurrence of a Put Event	1,822,779	1,738,445
Oct 2022	849,450	Oct 2029	Can be exercised on the occurrence of a Put Event	1,863,375	1,788,341

Forward exchange contracts

Koala engages with financial institutions for forward exchange contracts with the aim of hedging operational foreign exchange risk. These contracts move between a current asset and current liability from time to time.

Loan

The Group has obtained debt financing from financial institutions with a face value of \$10,000,000 outstanding as at 31 December 2025. This debt is interest bearing with an interest rate of 9.1% among the tranches, with a final repayment to be made in July 2026.

Assets pledged as security

The loans are secured by a fixed and floating charge over all the assets of the Group.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2025 \$'000	30 Jun 2025 \$'000
Total facilities		
Loans	10,000	10,000
Drawdown facility	-	5,000
Used at the reporting date		
Loans	10,000	9,706
Drawdown facility	-	-
Unused at the reporting date		
Loans	-	-
Drawdown facility	-	5,000

Note 15. Financial risk management (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	31 Dec 2025 Face value \$'000	31 Dec 2025 Carrying amount \$'000	30 Jun 2025 Face value \$'000	30 Jun 2025 Carrying amount \$'000
Loan	AUD	9.10%	2026	10,000	9,977	10,000	9,706
Preference shares	AUD			-	-	13,550	13,550
				<u>10,000</u>	<u>9,977</u>	<u>23,550</u>	<u>23,256</u>

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 31 Dec 2025	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	25,803	-	-	-	25,803
Accrued expenses	-	15,540	-	-	-	15,540
Other payables	-	4,165	-	-	-	4,165
<i>Interest bearing</i>						
Loans	9.10%	10,000	-	-	-	10,000
Lease liability	-	2,737	2,616	2,378	-	7,731
Total non-derivatives		<u>58,245</u>	<u>2,616</u>	<u>2,378</u>	<u>-</u>	<u>63,239</u>
Derivatives						
Foreign exchange contracts						
-inflow	-	(3,094)	-	-	-	(3,094)
-outflow	-	4,073	-	-	-	4,073
Warrants	-	850	-	4,610	-	5,460
Total derivatives		<u>1,829</u>	<u>-</u>	<u>4,610</u>	<u>-</u>	<u>6,439</u>

Note 15. Financial risk management (continued)

Consolidated - 30 Jun 2025	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	21,957	-	-	-	21,957
Accrued expenses	-	13,938	-	-	-	13,938
Other payables	-	5,808	-	-	-	5,808
Preference shares*	-	-	-	-	-	-
<i>Interest bearing</i>						
Loans	9.10%	-	10,000	-	-	10,000
Lease liability	-	2,510	1,934	2,195	-	6,639
Total non-derivatives		<u>44,213</u>	<u>11,934</u>	<u>2,195</u>	<u>-</u>	<u>58,342</u>
Derivatives						
Forward foreign exchange contracts						
-inflow	-	(1,283)	-	-	-	(1,283)
-outflow	-	1,940	-	-	-	1,940
Warrants	-	-	845	4,413	-	5,258
Total derivatives		<u>657</u>	<u>845</u>	<u>4,413</u>	<u>-</u>	<u>5,915</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

* Preference shares, included in the above tables, are only exercisable to ordinary share capital by the holder and are not expected to have a cash flow impact.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value with the exception of preference shares which have been valued at amortised cost.

Note 15. Financial risk management (continued)

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Consolidated - 31 Dec 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Forward foreign exchange contracts	-	3,094	-	3,094
Total assets	-	3,094	-	3,094
<i>Liabilities</i>				
Forward foreign exchange contracts	-	4,073	-	4,073
Warrants	-	-	5,460	5,460
Total liabilities	-	4,073	5,460	9,533
Consolidated - 30 Jun 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Forward foreign exchange contracts	-	1,283	-	1,283
Total assets	-	1,283	-	1,283
<i>Liabilities</i>				
Forward foreign exchange contracts	-	1,941	-	1,941
Warrants	-	-	6,003	6,003
Total liabilities	-	1,941	6,003	7,944

i) Level 2 Instruments

Forward Foreign Exchange Contracts

The Group uses forward foreign exchange contracts (FEC's) and foreign exchange options to hedge the Group's exposure to foreign currency risk. Management has deemed these contracts to be level 2 financial instruments. The FECs have been fair valued with reference to quoted market rates for interest rates and exchange rates, as well as historical price behaviour. The methodology used to value the FECs is based on the income approach. In relation to options, the Black 76 Option Pricing Framework has also been used.

ii) Level 3 Instruments

Warrants

The Group has issued warrants for the purpose of funding operational activities. The warrants allow holders to either exchange the warrants for Koala shares or exchange the warrants for cash. Management have determined the warrants are classified as derivative liabilities. Subsequently, management have deemed the warrants as Level 3 financial instruments on the basis that the underlying value of the payoffs are unobservable.

The methodology used to value the warrants is based on a Monte Carlo simulation with consideration for the potential payoff upon exercise or exchange of the warrants.

There were no transfers between levels during the financial half-year. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2

Derivative financial instruments have been valued using observable data. This valuation technique maximises the use of observable foreign exchange prices.

Note 15. Financial risk management (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	\$'000
Balance at 1 July 2025	6,003
Losses recognised in profit or loss	165
Conversion to equity	(708)
Balance at 31 December 2025	<u>5,460</u>

Financial assets/ financial liabilities	Valuation technique and key input	Significant unobservable input	Relationship and sensitivity of unobservable inputs to fair value
Warrants	Management has adopted a Monte-Carlo simulation comparing the payoffs of the put and call options within the Warrants to determine the expected payoff and fair value of the Warrants. Key inputs include the Share Price of Koala (which has no observable market price at the time of valuation), and the expected volatility of Koala's equity value.	1) Price of Koala shares 2) Expected Volatility of Koala shares	1) If the value of Koala shares 25% per cent higher/lower while all other variables were held constant, the fair value amount would increase/decrease by \$1,015,000 / (\$459,000) 2) If the expected volatility of Koala shares 10% per cent higher/lower while all other variables were held constant, the fair value amount would increase/decrease by (\$164,000) / \$164,000

Financial risk management objectives

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge against anticipated purchases in USD, primarily cost of goods sold, and its net cash flows in JPY over twelve month period. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed.

Market risk

Currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations, predominantly purchased denominated in USD.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the Group has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year.

Price risk

The Group is not exposed to any significant price risk

Note 15. Financial risk management (continued)

Interest rate risk

The Group is not exposed to any significant interest rate risk. All interest-bearing debt instruments are at fixed interest rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral. The Group does not expect any significant credit risk related to receivables, with the vast majority of transactions paid for at point of sale by payment partners and remitted to the Group within a short timeframe. At the end of the current half year, the Group had receivables of \$700,000, predominantly from B2B customers, with a provision for expected credit loss of \$124,000. Of these receivables, \$225,000 were within 30 days of their due date, \$298,000 were within 60 days of their due date and \$177,000 extending past this period.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 16. Contingent liabilities

The Group has deposits with financial institutions for a value of \$600,000 as at 31 December 2025 (30 June 2025: \$150,000). The Group has issued bank guarantees over property leases for a value of \$654,408 as at 31 December 2025 (30 June 2025: \$533,508).

Note 17. Related party transactions

Parent entity

The Koala Company Limited is the parent entity.

Transactions with related parties

During the financial half-year, Koala purchased 1,299,400 share options from a related party option holder for \$600,000.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 18. Share-based payments

At 31 December 2025 the Group had the following share-based payment arrangements:

Share option programmes (equity-settled)

The Group has in place several equity-based, long-term incentive plans under which eligible participants have been granted Options and Performance Rights that are subject to time-based vesting, occurrence of an IPO and continued service conditions. For a detailed outline of these plans, refer to the annual report for the year ended 30 June 2025.

Note 18. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

	Number of options 31 Dec 2025	Weighted average exercise price 31 Dec 2025	Number of options 30 Jun 2025	Weighted average exercise price 30 Jun 2025
Outstanding at the beginning of the financial period	9,168,258	\$2.0800	4,518,196	\$1.8900
Granted	244,950	\$2.6300	5,154,895	\$2.1300
Forfeited	(1,476,017)	\$0.6100	(438,293)	\$0.8800
Exercised	-	\$0.0000	(66,540)	\$0.0000
Outstanding at the end of the financial period	<u>7,937,191</u>	\$2.0500	<u>9,168,258</u>	\$2.0800
Exercisable at the end of the financial period	<u>3,457,303</u>	\$2.2100	<u>3,480,384</u>	\$2.3800

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 7 years (30 Jun 2025: 8 years).

During the period, Koala purchased 1,299,400 options from a holder for the consideration of \$600,000. These options are reflected in the forfeited balance above.

The below table outlines the options granted in the half year to 31 December 2025 across both option plans.

The options granted have, in some instances, been granted with vesting conditions outside the default conditions, as outlined below:

Date granted	No of options	Vesting conditions	Contractual life of options
17/12/2025	2,950	Vesting immediately	2 years
22/12/2025	242,000	- 54,000 options vesting immediately - 47,000 options vesting on achievement of budgeted group net revenue after returns for FY26 - 47,000 options vesting on achievement of budgeted group EBITDA for FY26 - 47,000 options vesting on achievement of budgeted group net revenue after returns for FY27 - 47,000 options vesting on achievement of budgeted group EBITDA for FY27	10 years

Measurement of fair values

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

	Consolidated	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Share-based payments expense	<u>1,646</u>	<u>1,677</u>

Measurement at grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share-based payment plans.

Note 18. Share-based payments (continued)

	KMP and Senior Employees (2020 Plan) Tranche 1	KMP and Senior Employees (2023 Plan) Tranche 2	KMP and Senior Employees (2023 Plan) Tranche 3	KMP and Senior Employees (2023 Plan) Tranche 4
Fair value at grant date (\$)	\$0.03	\$1.02	\$1.09	\$1.34
Share price at grant date (\$)	\$3.45	\$3.45	\$3.45	\$3.45
Exercise price (\$)	\$6.16	\$2.59	\$2.59	\$2.59
Expected volatility (%)	45%	45%	45%	45%
Option life	0.58	0.58	0.75	1.75
Expected dividends (\$)	0.00	0.00	0.00	0.00
Risk-free interest rate (based on government bonds) (%)	3.95%	3.95%	4.06%	4.09%

Expected volatility is estimated taking into account historical average share price volatility.

Note 19. Events after the reporting period

On 4 February 2026, *Koala Sleep Japan KK* changed name to *Koala JP KK*.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Management Assertion Statement

In the opinion of the management of Koala:

- (a) The consolidated financial statements and notes that are set out on the pages 4 to 27:
 - (i) Present fairly the financial position of the Group as at 31 December 2025 and its performance for the half-year ended 31 December 2025 on that date in accordance with the statement of compliance and basis of preparation described in note 2 and:
 - (ii) Comply with Australian Accounting Standards AASB 134 Interim Financial Reporting, and
- (b) There are reasonable ground to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on behalf of management.



Daniel William Milham
CEO and Director

13 February 2026
Sydney



Independent Auditor's Review Report

To the Directors of The Koala Company Limited

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of The Koala Company Limited (the **Group**) prepared to meet the needs of the Directors for the purpose of their due diligence in connection with a potential initial public offering.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of The Koala Company Limited does not present fairly, in all material respects, the **Group's** financial position as at 31 December 2025 and its financial performance and its cash flows for the half-year ended on that date, in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2025
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date
- Notes, comprising material accounting policy information and other explanatory notes
- The Management assertion statement.

The **Group** comprises The Koala Company Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report.

We are independent of the Group in accordance with the ethical requirements of the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of annual financial reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Note 2 to the Half Year Financial Report, which describes the basis of preparation.

The Half Year Financial Report has been prepared to assist the Directors of The Koala Company Limited for the purpose of their due diligence in relation to a potential Initial Public Offering. As a result, the Half Year Financial Report and this Auditor's Report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

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Our report is intended solely for the Directors of The Koala Company Limited and should not be used by parties other than the Directors of The Koala Company Limited. We disclaim any assumption of responsibility for any reliance on this report, or on the Half Year Financial Report to which it relates, to any person other than the Directors of The Koala Company Limited or for any other purpose than that for which it was prepared.

Responsibilities of Management for the Half-year Financial Report

Management of the Company are responsible for:

- the preparation and fair presentation of the Half-year Financial Report in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting*, and have determined that the financial reporting framework is appropriate to meet the needs of the Directors for the purpose of their due diligence in relation to a potential Initial Public Offering
- such internal control as Management determine is necessary to enable the preparation and fair presentation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review and to report our conclusion solely to the Directors of The Koala Company Limited. As a result of the purpose for which the Half-year Financial Report was prepared, the Half-year Financial Report and this Auditor's Review Report may not be suitable for another purpose

ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not present fairly, in all material respects, the financial position of the Group as at 31 December 2025 and its financial performance and its cash flows for the Half-Year ended on that date, in accordance with *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Sydney

13 February 2026