# Appendix 4E

Preliminary final report

## 1. Company details

| | |
|---|---|
| **Name of entity:** | The Koala Company Limited |
| **ABN:** | 48 619 538 671 |
| **Reporting period:** | For the year ended 30 June 2026 |
| **Previous period:** | For the year ended 30 June 2025 |

## 2. Results for announcement to the market

| | | % | 2026 $'000 | 2025 $'000 |
|---|---|---|---|---|
| Revenues from ordinary activities | up | 20.09% | 332,284 | 276,707 |
| Profit from ordinary activities after tax | up | 634.52% | 24,588 | (4,600) |
| Profit for the year | up | 634.52% | 24,588 | (4,600) |

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

The profit for the Group after providing for income tax amounted to $24,588,000 (30 June 2025: loss of $4,600,000).

Refer to the 'Review of operations' section of the Directors' report accompanying this Appendix 4E for further commentary.

## 3. Net tangible assets

| | REPORTING PERIOD CENTS | PREVIOUS PERIOD CENTS |
|---|---|---|
| Net tangible assets per ordinary security | 39.41 | (19.31) |

| | Consolidated | |
|---|---|---|
| | 2026 $'000 | 2025 $'000 |
| Net assets | 38,075 | (9,948) |
| Less: Intangibles | (3,892) | (5,021) |
| Less: Right-of-use assets | (5,119) | (5,589) |
| Add: Lease liabilities – current | 3,074 | 2,406 |
| Add: Lease liabilities – non-current | 3,595 | 4,233 |
| | **35,733** | **(13,919)** |

| | 2026 NUMBER | 2025 NUMBER |
|---|---|---|
| Total shares issued | 90,673,345 | 72,070,176 |

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

| | |
|---|---|
| **Name of entities (or group of entities)** | Koala Home SK Co. Ltd |
| **Date control lost** | Liquidated on 1 April 2026 |

## 6. Dividends

### Current period

There were no dividends paid, recommended or declared during the current financial period.

### Previous period

There were no dividends paid, recommended or declared during the previous financial period.

## 7. Dividend reinvestment plans

Not applicable.

## 8. Details of associates and joint venture entities

Not applicable.

## 9. Foreign entities

### Details of origin of accounting standards used in compiling the report:

Not applicable.

## 10. Audit qualification or review

### Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

## 11. Attachments

### Details of attachments (if any):

The Annual Report of The Koala Company Limited for the year ended 30 June 2026 is attached.

Date: 26 August 2026

# Annual Report

2026

koala

# Acknowledgement of Country

In the spirit of reconciliation and our shared journey, Koala respectfully acknowledges the Traditional Custodians of the land where we live and work. We recognise their enduring connection to Country, nurtured by deep cultural traditions, understanding, and stories over countless generations.

We pay our deepest respects to their Elders past and present, and to all Aboriginal and Torres Strait Islander peoples. It is their connection to the land, sea and sky that continues to inspire the work we do, and what drives our commitment to learn from, listen to, and walk alongside our First nations people.

# Contents

# Our Story

Koala was founded in November 2015 by Dany Milham and Mitch Taylor in Byron Bay, Australia. The mission was simple: disrupt the furniture industry with products that were designed better and delivered a better experience for customers.

The discipline that launched the original mattress has grown over the years to extend across other furniture categories. Sitting furniture (sofas and sofa beds) is now Koala's largest category, supported by mattress, bedroom and outdoor. Each of our products is made to be lived with, modular by build, repairable by design and built from materials that last.

This design philosophy has informed our vision to be the antidote to single-use furniture, embedding sustainability into our business model. But this commitment goes beyond our products. It shapes the kind of company we are building, one named after the animal we're committed to protecting.

Koala now operates across four markets: Australia, Japan, the United States and the United Kingdom, with a team of more than 200 people. Our innovative design process remains our point of difference, repeatable enough to launch products in any new market. The global opportunity ahead of us is large, with plenty of runway still to come. This is the foundation our growth continues to build on.

Ten years later, the mission hasn't changed, only the scale of it has.



# Koala's Mission Statement and Values

## Purpose

Make the world a more comfortable place

## Vision

The antidote to single-use furniture

## Mission

Define this era for Australian design and innovation at home

## Values

### No ego

We do what is best for Koala over what is best for our egos. We face the truth, and we tell the truth. We are humble and kind. We operate as one team.

### Bias for action

We move with energy, urgency, accountability and clarity. We act like owners, solve problems fast, and turn ideas into outcomes. Our energy sets the tone, our speed shapes the future, and we have fun while doing it.

### Feedback grows us

We always strive for better. We lean into feedback and let it grow and challenge us. We do what it takes, and we always find a way. We evolve. Tomorrow is always better than today. Mastery leads us.

# Group FY26 Highlights

## Revenue

# $332.3M

+24.4% vs CC[1] FY25

+20.1% vs FY25

**It was a milestone year for Koala, marking ten years of growth.**

Koala delivered Group revenue of $332.3M (up 24.4% versus FY25 constant currency growthl and up 20.1% versus FY25 reported currency growth). We executed category-defining launches in our modular sitting range, led by the Torquay and Tamarama modular sofas, and launched into our fourth market, the UK, utilising our capital-light global expansion model. And in March 2026, Koala listed on the Australian Securities Exchange (ASX).

**We've got a strong, debt-free foundation that will fund the next phase of Koala.**

Koala delivered its strongest pro forma EBITDA[2] performance to date, $27.9M, up 139.2% versus FY25, at a margin of 8.4%, outperforming the Prospectus target of $24.8M. We continued to drive operational leverage through global scale and improved margins while maintaining a disciplined OPEX model. Koala ended the year debt-free, with $71.2M net cash to fund the next phase of growth.

Gross Margin ($)
**$216.9M**
+25.7% vs FY25

Gross Margin (%)
**65.3%**
+2.9pp vs FY25

Contribution Margin ($)
**$88.0M**
+31.2% vs FY25

Contribution Margin (%)
**26.5%**
+2.2pp vs FY25

Pro forma EBITDA ($)[2]
**$27.9M**
+139.2% vs FY25

Pro forma EBITDA Margin (%)[2]
**8.4%**
+4.2pp vs FY25

1. Constant Currency: Current period revenue from foreign market operations is translated using prior period exchange rates, removing the impact of currency movements on year-on-year revenue growth rates.
2. Adjusted for pro forma items. The reconciliation of underlying and pro forma measures to statutory results are set out in the reconciliation from statutory to pro forma results on page 28.

# Chair's Letter

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Koala's inaugural Annual Report as an ASX-listed company and reflect on a significant year that marked a new chapter in the company's journey.

As I recounted in the Prospectus, I had long admired the Koala business even before becoming a strategic adviser in 2020 and joining the Board in 2023. I am proud of what Koala has become over the last ten years: a global consumer brand operating across Australia, Japan, the US and the UK, with a range that now spans sofas, sofa beds, mattresses, bed bases, outdoor, and more. Few Australian furniture companies have scaled at this pace and even fewer have done it without compromising on the things that matter.

Koala's FY26 revenue and profit exceeded the forecasts set out in our IPO Prospectus. Group revenue grew 24.4% (in constant currency) to $332.3 million, and pro forma EBITDA reached $27.9 million, resulting in an 8.4% margin. Having watched this business for the better part of a decade, I know how much work sits behind the delivery of these numbers, and so I offer my congratulations to the entire Koala team for a stellar year.

The business has spent a decade being built at pace and with discipline. But being a listed company now asks something more of Koala: structured oversight, rigorous disclosure, and a Board willing to challenge as well as support. This year we welcomed Jenny Macdonald, Laura Mineo and Nicholas Bagot to Koala's Board of Directors. Between them, they bring experience across investment banking, financial leadership and public company governance, which is exactly the mix Koala needs at this stage of growth. Together, they now sit across both our Audit and Risk Committee and our People, Culture and Remuneration Committee, giving the Board the independent scrutiny a listed company requires.

The results Koala delivered in FY26 were outstanding and demonstrate significant progress towards Koala's mid-term goals. This success would not have happened without the team behind Koala who show up every day, and the shareholders who backed Koala at listing. Thank you to both. It's an honour to serve as Chair through this next stage of Koala's journey.

Warm regards,

Michael Gordon

**Michael Gordon**
Chair

# CEO's Letter

Dear fellow shareholders,

It is a privilege to write to you in Koala's first Annual Report as a listed company, following a defining year in which we delivered record results and laid strong foundations for our next phase of growth.

Koala navigated shifts in consumer sentiment while delivering strong revenue and profitability growth, launching breakout products, entering our fourth market and listing on the ASX.

More importantly, FY26 demonstrated the strength of the repeatable operating system we have spent the past decade building.

Revenue increased to $332.3 million, up 24.4% on FY25 in constant currency, with growth across all four markets. Gross margin expanded 2.9 percentage points to 65.3%, while pro forma EBITDA more than doubled to $27.9 million, representing an 8.4% margin and exceeding our Prospectus forecast of $24.8 million. We finished the year debt-free with $71.2 million in net cash, providing a strong foundation for our next phase of growth.

### Creating and continuously improving category winners

At Koala, we believe enduring consumer businesses are built through repeatable innovation, not individual product launches.

Our product innovation process combines customer insights, design, engineering, and disciplined R&D to create category-winning products and continuously improve them through new generations. Each generation builds on customer feedback and product data to enhance the customer experience, improve functionality and strengthen product economics.

FY26 was our most significant year of innovation in sitting furniture to date. We launched two breakout products, the Torquay and Tamarama modular sofas, strengthening our range, accelerating category growth and reinforcing our position in sitting furniture.

We also introduced major generation upgrades across our sitting furniture and sleep ranges, including the Koala Sofa Bed (4th Gen), Wanda Bed (2nd Gen) and our next-generation mattress range. In Japan, we meaningfully expanded our locally developed sleep offering.

Together, these launches demonstrate both sides of our product innovation advantage: our ability to create new category winners and our commitment to continually improve the products that are already winning.

### Building brand equity and marketing leverage

Our approach to marketing is designed to drive brand-led growth by ensuring Koala remains distinct and culturally relevant in each market. As brand equity builds and higher-value, higher-margin products become a greater part of our mix, we create greater marketing leverage and stronger returns from our marketing investment.

During FY26, we continued to see this dynamic develop across Australia, Japan and the United States.

The United States led our growth, with revenue increasing 67.6% year on year in local currency. The marketing ratio remained at approximately 30%, while contribution margin expanded to 17.3%. Continued investment in brand equity and higher-value products is building the foundation for stronger marketing leverage over time.

In Japan, revenue increased 23.5% in local currency. The marketing ratio improved from 21.1% to 20.8%, while contribution margin increased 5.1 percentage points to 28.6%. Growing brand equity, improving marketing efficiency and a richer product mix are strengthening the economics of the market as it matures.

In Australia, revenue grew 10.7%, the marketing ratio remained stable at 16.7%, and contribution margin increased 3.0 percentage points to 29.8%. Established brand equity and greater adoption of higher-value, higher-margin products continued to support significant contribution margin expansion.

We also continued to build Koala's distinctiveness through creative storytelling and iconic partnerships. The Koala x Bluey Playtime Collection brought together two recognisable Australian brands, while our collaboration with Pantone introduced Australia 01, an exclusive custom colour and the first in a planned annual series.

Distinctive creative, social-first storytelling, creator partnerships, data and AI-enabled execution will remain important tools as we build brand equity and increase the revenue and delivered margin generated from our marketing investment.

### A capital-light model that strengthens with scale

Our operating model is designed to support efficient growth across existing markets, new categories and new geographies.

FY26 was our most profitable year to date. Pro forma EBITDA more than doubled to $27.9 million, while EBITDA margin expanded to 8.4%. Revenue growth, gross margin expansion, marketing leverage and disciplined cost management all contributed to stronger operating leverage across the Group.

Our shared global model enables local market teams to draw on common capabilities across product, marketing, technology, inventory, finance, data and people. This supported the successful launch of the United Kingdom without the need to recreate a complete operating structure in-market.

The same principle applies beyond international expansion. New product categories and further growth in established markets can leverage capabilities that have already been built. As Koala scales across products, categories and geographies, our objective is for operating leverage and returns on invested capital to continue improving.

This is a model we have been refining for more than a decade, and we believe its advantages strengthen as the business grows.

### Our global opportunity remains significant

Approximately 50% of Group revenue in FY26 was generated outside Australia, demonstrating the relevance of Koala's products and brand across multiple markets.

Our four markets, Australia, Japan, the United States and the United Kingdom, represent an estimated $52 billion addressable opportunity across sitting furniture and mattresses.

Our established markets continued to grow during FY26, demonstrating further opportunity in Australia and Japan. At the same time, the United States and the United Kingdom represent a combined sitting furniture market of approximately $44 billion. Koala currently holds only a small share of each, leaving substantial room to build awareness, acquire customers and expand our product offering.

Beyond our current footprint, we see further potential in Canada and selected European markets. We will assess these opportunities carefully and apply the same disciplined expansion model that has supported our international growth to date.

# CEO's Letter

### Four priorities will drive our next phase of growth

The same operating model that underpinned our FY26 performance will guide Koala's next phase of growth. In FY27 and beyond, we will focus on four clear priorities:

- **Continue strengthening our core range.** We will use our product innovation process to continually improve proven products, launching new generations informed by customer data and insights while improving customer outcomes and product economics through thoughtful redesign and optimisation.
- **Expand our sitting furniture range.** We will leverage our in-house design and development capabilities to bring differentiated products to market, expand our sitting range to meet growing customer demand and continue introducing new sleep technologies and bedroom products.
- **Expand into new global markets.** We will replicate our proven operating model across attractive new geographies, including extending our North American presence into Canada and selectively entering priority European markets.
- **Strengthen brand equity and marketing leverage.** We will continue building a distinct and culturally relevant brand through creative storytelling and partnerships, support premiumisation through higher-value, higher-margin products, and improve marketing leverage through stronger data, AI and shared global capabilities.

### Our people and the road ahead

None of what we achieved in FY26 would have been possible without the Koalas. Every member of our team contributed to this year's performance, from our design studio in Sydney to our teams in Tokyo, London and Los Angeles.

Ten years into Koala's journey, our mission has not changed. What has changed is the scale of the opportunity ahead of us.

We have built a repeatable model that enables us to create category-winning products, strengthen our brand equity, scale efficiently across global markets and generate the cash required to fund future growth.

To our shareholders, thank you for backing us. To our customers, thank you for choosing Koala. And to our people, suppliers and partners, thank you for continuing to build alongside us.

Dany Milham

**Dany Milham**
Co-Founder and CEO

Our Australian market delivered double-digit revenue growth in FY26, alongside improved margins and continued product innovation.

## Revenue

# $166.7M

+10.7% vs FY25

# Australia

FY26 was a particularly important year for the Australian market, marking ten years since we first launched the Koala brand. The market delivered revenue of $166.7M, growing 10.7% versus FY25, despite a challenging consumer environment.

While the continued strength of our existing range delivered growth for the market, it was also a big year for category-defining product launches. The Koala Sofa Bed (4th Gen) was introduced as our most innovative sofa bed yet, the launch of the Torquay and Tamarama Modular Sofas has cemented our position as a serious player in the sitting furniture category, while the Koala x Bluey Playtime Collection brought together two of Australia's most recognised brands for a key cultural moment.

Australia continues to demonstrate sustained growth at scale, as the now-mature brand delivers strong marketing leverage. It is this continued strength of the Koala brand that has supported the adoption of higher-value products while maintaining a broadly stable marketing ratio whilst driving contribution margin expansion.

**Gross Margin ($)**
$103.0M
+13.1% vs FY25

**Gross Margin (%)**
61.8%
+1.3pp vs FY25

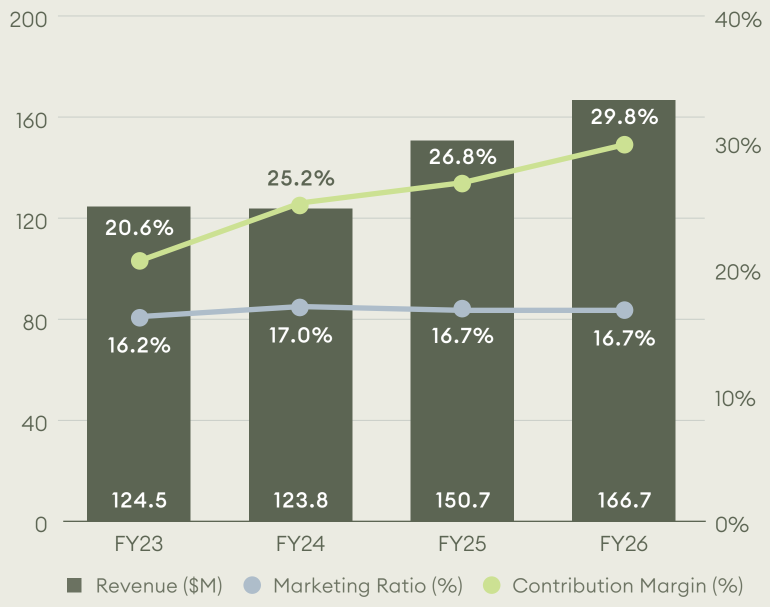
**Marketing Spend ($)**
$27.8M
+10.3% vs FY25

**Marketing Ratio (%)**
16.7%
Flat vs FY25

**Contribution Margin ($)**
$49.7M
+23.0% vs FY25

**Contribution Margin (%)**
29.8%
+3.0pp vs FY25

**Figure 1: Revenue ($M), Contribution Margin (%) and Marketing Ratio (%) for the Australian market**



# Japan

In its eighth year, our Japan market continued to build momentum through accelerating growth, stronger profitability and increased brand awareness.

## Revenue

# $89.4M

+23.5% vs JPY FY25

+13.2% vs AUD FY25

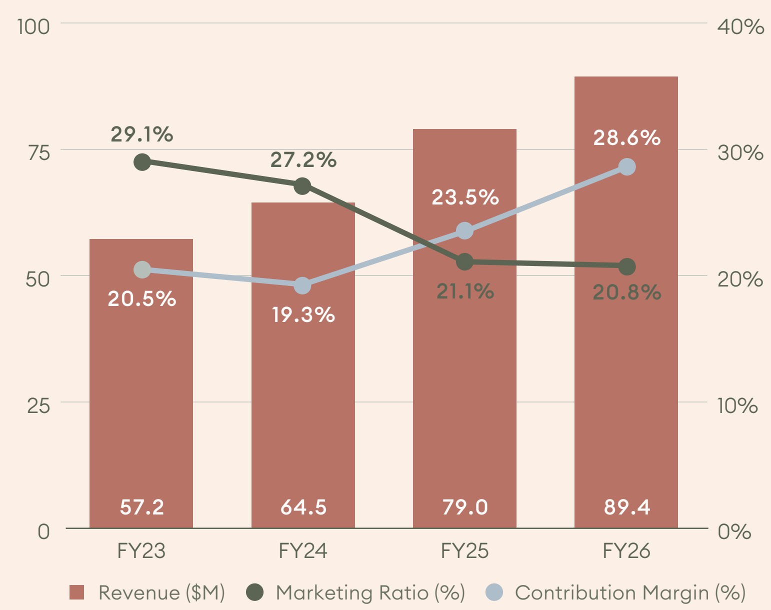

The Japan market had a strong performance throughout the year, delivering revenue of $89.4M, growing 23.5% versus FY25 (measured in local currency). This growth was broad-based, with continued strength in our mattress range and growing demand for our sofa beds in the market.

Japan's key FY26 product launches included the Plus Futon and the Koala Sofa Bed, extending our presence in both sleep and sit categories in the market. Paired with the launch of our flagship showroom in one of Tokyo's most iconic retail districts, the year brought Australian design and comfort to our Japanese customers.

The Japan market continues to provide strong signals, showing how marketing leverage improves with scale. As the business matures, improving marketing efficiency and the increased adoption of higher-value products have driven strong contribution margin expansion alongside sustained revenue growth.

| | | |
|---|---|---|
| Gross Margin ($) | $60.9M | +20.6% vs FY25 |
| Gross Margin (%) | 68.1% | +4.1pp vs FY25 |
| Marketing Spend ($) | $18.6M | +11.9% vs FY25 |
| Marketing Ratio (%) | 20.8% | -0.2pp vs FY25 |
| Contribution Margin ($) | $25.6M | +38.0% vs FY25 |
| Contribution Margin (%) | 28.6% | +5.1pp vs FY25 |

**Figure 2: Revenue ($M), Contribution Margin (%) and Marketing Ratio (%) for the Japanese market**



# USA

Three years in, the US market continues to scale rapidly, with strong growth in revenue buoyed by an increasing contribution from new products.

## Revenue

# $74.9M

+67.6% vs USD FY25

+59.2% vs AUD FY25

Koala's continued investment in the US has seen the market grow 67.6% versus FY25 (measured in local currency), delivering revenue of $74.9M for the financial year.

Leveraging a global range pipeline, the US market benefited from the same product launches that landed in Australia in FY26. The Koala Sofa Bed (4th Gen), the Torquay and Tamarama Modular Sofa all launched into the US market, with strong early signals of product-market fit.

The US remains in its brand-building phase. Koala's disciplined marketing investment is growing brand awareness and supporting the launch of higher-value products in the market. These investments lay the foundation for the same marketing leverage now visible in Australia and Japan.

**Gross Margin ($)**
**$52.3M**
+68.4% vs FY25

**Gross Margin (%)**
**69.8%**
+3.8pp vs FY25

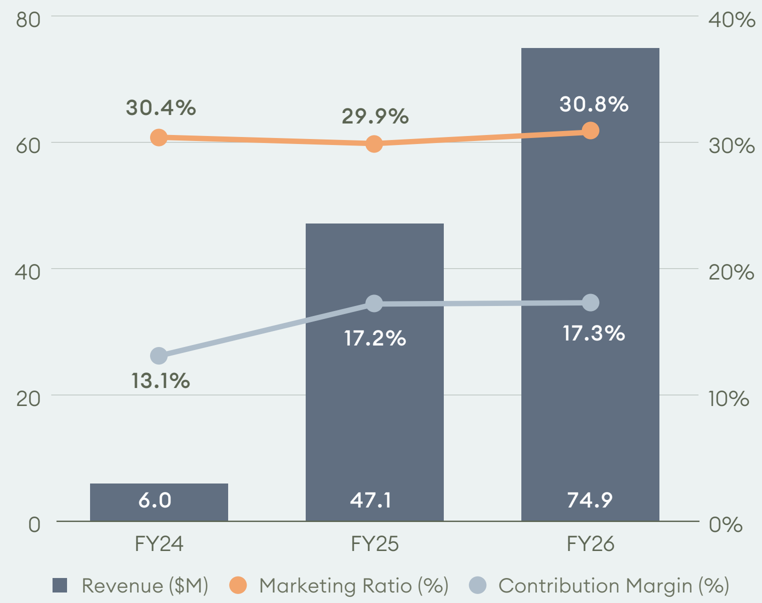
**Marketing Spend ($)**
**$23.1M**
+63.8% vs FY25

**Marketing Ratio (%)**
**30.8%**
+0.9pp vs FY25

**Contribution Margin ($)**
**$13.0M**
+60.6% vs FY25

**Contribution Margin (%)**
**17.3%**
+0.1pp vs FY25

Figure 3: Revenue ($M), Contribution Margin (%) and Marketing Ratio (%) for the US market



# ESG Highlights

Since 2015, Koala has donated over $26 million in cash and in-kind products to causes close to our heart.

Our purpose to make the world a more comfortable place doesn't stop with the furniture we design. This commitment extends to the species we're named after, our team, our customers, the design choices we make and the footprint we leave behind. For us, sustainability has always been a considered part of our brand.

© WWF-Australia/Patrick Hamilton

## We've donated over $5.2M to koala and wildlife conservation efforts

Carrying the name of an iconic Australian animal carries a responsibility we are proud to uphold. In addition to marking ten years of growth, in FY26 we have surpassed a key milestone of donating over $5.2M to koala and wildlife conservation efforts. Alongside our key partners like WWF-Australia, Taronga Conservation Society and Magnetic Island Koala Hospital, we are committed to helping protect the species we are named after.

## We are one of Australia's leading furniture B Corps

Koala has been a certified B Corp since 2018, and after recertifying for the third time in FY26, we delivered our biggest improvement in our B Impact score yet. Landing at 120.5, this score is a 31% improvement on our previous certification and reflects our commitment to continuous improvement in environmental, social and governance impact.


## Our vision is to be the antidote to single-use furniture

The design process is where circularity starts. Koala products are largely modular, so that products can be reconfigured (as opposed to replaced) with the changing needs of the customer. They're repairable by design, with washable and removable covers, instead of parts that wear away. And they're built from sustainable materials like FSC-certified timber, so that we can minimise the environmental impact.

## Over 23,000 products have been rehomed through our product donations program

During FY26, we donated over 3,000 products across 80 charities, which puts our lifetime donation to over 23,000 products. Through this donations program, returned products are redirected and rehomed to people who need it – a tangible expression of our commitment to circularity while benefitting the community at the same time.

## Reconciliation for Koala is built on relationships, not just programs

We've partnered with Kevin Heath, an Aboriginal and South Sea Islander cultural consultant, whose ongoing work with the Koala team aims to build genuine understanding of Country, culture and history. Now in its third year, our partnership with the Karrkad Kanjdji Trust supports Traditional Owners of the Warddeken and Djelk Indigenous Protected Areas in Arnhem Land, whose stewardship of Country spans biodiversity, cultural practice, fire management and supporting people to thrive on their homelands. We're also sponsoring a four-year, First Nations Indigenous Scholarship in Design at the University of Sydney.


## Rehoming returns through Koala Second Home

Located in south-west Sydney, Koala Second Home (KSH) is how we have operationalised circularity for an outcome that benefits the business and the planet. KSH manages returns from Sydney, refurbishing returned product to near-new and reselling this product to customers as second-hand. Since the launch of KSH in 2022, the team have rehomed over 21,000 products.

## 84% of our team would recommend Koala as a great place to work (eNPS)

Our people are what makes Koala the business it is today. We are a global business with team members across a number of countries. That's why it's especially important that our focus is on building a culture that fosters high performance, a safe and inclusive workplace and delivering work that we can genuinely be proud of. We back this commitment through initiatives like in-house lunches, generous leave policy, monthly social activities and paid volunteering opportunities. The result of this: a team able to connect the work they do to the impact we are creating.

## Governance

Sustainability at Koala is structured, and oversight sits with clear roles and responsibilities across the business. Led by our Chief of Staff and supported by our Strategy and Sustainability Manager and our Director of Product Sustainability and Ethical Supply Chains, this cross-functional group sets Koala's sustainability strategy and drives execution against it.

This group reports on our sustainability progress and key metrics to both our Executive Leadership Team and to the Board at regular intervals.

As a newly-listed company, we are continuing to build out the governance processes and policies needed to identify, assess and monitor sustainability-related risks and opportunities as the business grows.

## Carbon

Over the past year, we have been developing our greenhouse gas measurement capability, including the implementation of dedicated carbon accounting software to establish credible baseline reporting across Scopes 1, 2 and 3. We are now working through the additional elements required for mandatory climate reporting under AASB S2 and anticipate lodging our first sustainability report for the financial year end 30 June 2027. We believe that getting the methodology and strategy right upfront will deliver better environmental outcomes in the long run.

## Modern Slavery and Ethical Supply Chains

Koala uses Sedex as its primary platform for assessing supply chain risk, with almost 95% of product supply chain spend directed to Sedex-member sites. During the FY26 period, the team conducted over 20 audits across Tier 1 and key Tier 2 vendors, alongside site visits to key vendors including foam, packaging and textile processing sites.

# Board of Directors

**Michael Gordon**
Independent Chair
and Non-Executive Director

**Dany Milham**
Co-Founder, Chief Executive Officer
and Executive Director

**Jenny Macdonald**
Independent Non-Executive Director

**Laura Mineo**
Independent Non-Executive Director

**Nick Bagot**
Independent Non-Executive Director

Refer to pages 30-32 for full profile details.

# Leadership Team

## Daniel (Dany) Milham

**Chief Executive Officer**

Dany has been a Co-Founder and Director of Koala since November 2015. Dany is also a Partner at DROPBEAR, an early-stage investment firm focusing on emerging consumer brands. He was previously the Founder and CEO of MILKRUN from April 2021 to April 2023. Dany also served as a Non-Executive Director at Fishburners, Australia's largest startup community, from May 2019 to December 2021.

Before co-founding Koala, Dany founded several consumer startups and worked as a creative technologist at Data@Ogilvy, where he worked on data-driven marketing strategies for global brands.

## Stuart Crichton

**Chief Financial Officer and Joint Company Secretary**

Stuart is the Chief Financial Officer and Joint Company Secretary of Koala, responsible for the company's financial strategy, operations, and business improvements.

He has over 25 years of experience across sourcing, manufacturing, omnichannel retail, and logistics. Before joining Koala, he held senior finance roles, including Deputy CFO, M&A Manager, and Group Financial Controller, working across finance, legal, property, tax, and treasury functions, with expertise in refinancing, corporate restructuring, and managing complex financial and operational challenges.

Stuart has worked with major brands such as Freedom Furniture, Fantastic Furniture, Best&Less and PwC. He is a Chartered Accountant (Chartered Accountants ANZ) and holds a Bachelor of Business (Accounting) from the University of Technology, Sydney.

## Emily Sargent

**Chief of Staff**

Emily is Koala's Chief of Staff and leads Koala's Strategy and Sustainability functions. Emily has more than 15 years' experience in corporate strategy, business transformation, and market expansion across e-commerce, retail, and professional services.

Prior to joining Koala, Emily held key leadership roles at THE ICONIC across category management, analytics, and projects, and started her career in professional services at EY.

Emily holds a Bachelor of Laws and a Bachelor of Commerce (Honours) from The University of Western Australia.

## Sandra (Sandy) Morrow

**Chief Operations Officer**

Sandy is the Chief Operations Officer at Koala, responsible for overseeing the Company's operational strategies and execution. Sandy also oversees day-to-day business operations for the US market.

Joining Koala in 2015 as Head of Operations, Sandy played a key role in Koala's Australian growth before briefly joining Zero Co, a zero waste cleaning products start-up in 2021 as Chief Operations Officer.

Sandy returned to Koala in 2023 and with a strong background in business operations and supply chain management, Sandy is focused on continuous improvement of Koala's operational efficiency and on launching and scaling its presence in new markets.

## James Whitta

**Chief Design Officer**

James is the Chief Design Officer at Koala, leading the Group's design and product innovation strategy.

With 20 years of experience across Australia, Sweden, and New Zealand, he specialises in product development, brand strategy, and customer-driven innovation. Before joining Koala, James led global living room seating development at IKEA, overseeing large-scale product innovation. He has also held senior creative roles at Country Road Group and a high-growth fashion startup and co-founded a furniture startup.

James holds an Honours degree in Industrial Design from Victoria University of Wellington.

## Karim Zuhri

**Chief Technology Officer**

Karim is the Chief Technology Officer at Koala, responsible for the company's technology strategy, e-commerce scaling, and digital product innovation.

Karim is a seasoned tech executive with over 15 years of experience scaling technology businesses across the US, Europe, and Australia. He was the GM & COO at Cascade, Head of Product Marketing & Research at SafetyCulture and Senior Manager at Egencia, Expedia's business travel arm. His skills include platform scaling, digital strategy, and high-impact leadership.

Karim holds master degrees in Software Engineering, Energy and Physics from CentraleSupelec, France.

# Directors' Report

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 year ended 30 June 2026.

## Directors

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

| | |
|---|---|
| Michael Gordon – Chair | |
| Daniel Milham | |
| Jennifer Macdonald | Appointed on 13 March 2026 |
| Laura Mineo | Appointed on 2 September 2025 |
| Nicholas Bagot | Appointed on 13 March 2026 |
| Mitchell Taylor | Resigned on 13 March 2026 |

## Principal activities

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

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

## Key business risks

The Board, through the Audit & Risk Committee, oversees the framework through which management identifies, assesses and manages risk across the Group. Set out below are the risks the directors consider most material to the Group's performance and prospects, together with how each is managed. The list is not exhaustive and the order does not indicate relative significance.

| MATERIAL BUSINESS RISK | DESCRIPTION |
|---|---|
| **Execution of the Group's growth strategy** | Koala's growth strategy is based on scaling the business, product innovation, entering new geographies and effective marketing. These strategies may not be successfully executed or deliver expected returns, and may be affected by delays, cost increases, competitor activity or economic conditions, in which case the Group's financial performance may not meet expectations. This risk is not expected to change materially over the next financial year. |
| **Supply chain and manufacturing** | Koala sources around two-thirds of its products (by units) from a single third-party manufacturer, with production concentrated in China and South-East Asia. Disruption to this supplier or the broader supply chain could reduce product availability, increase costs and erode competitiveness. Offshore manufacturing also carries responsible sourcing risks, including labour practices, environmental compliance and modern slavery. Although the Group expects this risk to decrease as active initiatives to diversify manufacturing partners and geographies take effect, the exposure will reduce incrementally as new sourcing channels are fully established. |
| **Tariff and trade policy volatility** | The majority of the Group's products are manufactured in China and its growth strategy includes the US. Changes in trade policy, including tariffs, may increase costs or reduce the competitiveness of the Group's products faster than the Group can respond. This risk remains volatile and difficult to predict. |
| **Consumer demand and economic conditions** | Demand for the Group's products is influenced by economic conditions in its markets, including inflation, interest rates and consumer sentiment. Deteriorating conditions may cause consumers to delay discretionary purchases or trade down, adversely affecting sales volumes, margins and financial performance. This risk is not expected to change materially, though consumer sentiment remains uncertain. |
| **Competition** | The Group operates in competitive retail furniture markets with low barriers to entry, and its designs may be replicated. During FY26, weak consumer sentiment drove elevated competitor discounting. Failure to compete on quality, price, innovation, convenience and brand could reduce market share, sales and margins. Competition across our markets is expected to remain at the current levels. |
| **Key personnel and management succession** | The Group's performance depends on retaining its senior leadership and other key personnel, including its founder-led management team. Loss of key personnel, an inability to attract appropriately qualified people or inadequate succession planning could disrupt operations and delay execution of the Group's strategy. This risk is not expected to change materially. The Group manages this risk through its remuneration and retention framework and succession planning. |
| **Legal and regulatory compliance** | The Group manufactures principally in China and sells in Australia, Japan, the US and the UK, each with differing laws covering product safety, consumer protection, privacy and marketing. Non-compliance could result in fines, product recalls, regulatory action and reputational damage, and regulatory obligations may become more stringent over time. The Group manages this risk through monitoring regulatory developments across each of its markets. |
| **Data security and cyber risk** | The Group relies on online sales channels and collects customer personal information, with payments processed by third-party providers. A significant cyber incident or data breach could disrupt the Group's predominantly online operations, attract regulatory action and cause reputational harm and lost sales. This risk is expected to remain heightened given the increasing sophistication of cyber threats globally. The Group manages this risk through its information security program and oversight via the Audit and Risk Committee. |

## Dividends

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

## Operating and financial review

FY26 was a milestone year for Koala: the Group marked ten years since launch, listed on the ASX in March 2026, entered its fourth market and delivered the forecast Group revenue and earnings set out in its Prospectus. Highlights of the result for the year ended 30 June 2026:

- Group revenue landed at $332.3 million, up 20.1% on FY25 and ahead of the Prospectus forecast. Australia grew 10.7% to $166.7 million, Japan 13.2% to $89.4 million and the US 59.2% to $74.9 million, while the UK launched during the year as the Group's fourth market;
- Gross margins (representing revenue less cost of goods sold, expressed as a percentage of revenue) reached record levels despite a difficult consumer environment: gross margin expanded 2.9 percentage points to 65.3% and contribution margin rose 2.2 percentage points to 26.5% ($88.0 million), supported by generational product redesigns and disciplined marketing investment;
- Contribution margin represents revenue less cost of goods sold, fulfilment and marketing expenditure. Contribution margin assists management's understanding of the direct contribution of product sales and is derived from the segment report in Note 4;

- EBITDA was $22.4 million and statutory net profit after tax $24.6 million (FY25: net loss of $4.6 million);
- The Group’s capital-light model continued to convert scale into operating leverage, with operating costs falling to 18.1% of revenue (FY25: 20.0%); and
- Net cash from operating activities of $27.4 million left the Group debt-free at year end with net cash of $71.2 million to fund the next phase of growth.

Earnings before interest, taxation, depreciation and amortisation (‘EBITDA’) is a financial measure which is not prescribed by Australian Accounting Standards. EBITDA represents the Group’s earnings from its operations and is determined by adjusting the Operating profit for items that are non-cash or non-operating in nature. The directors consider EBITDA to represent the core earnings of the Group. The table below provides a reconciliation between Operating profit and EBITDA:

| | Consolidated | |
|---|---|---|
| | FY26 $’000 | FY25 $’000 |
| EBIT/Operating profit | 17,395 | 2,903 |
| Add back: Depreciation and amortisation | 4,985 | 4,466 |
| EBITDA | 22,380 | 7,369 |

Koala prepared pro forma historical financial information for the Prospectus lodged in March 2026, restating its reported results and financial position as though the capital structure and cost base established on listing had applied across all periods presented. The directors consider this comparison, read together with the statutory results, gives users a clearer view of the underlying business performance. The bridge from EBITDA to pro forma EBITDA is set out below; the pro forma information is unaudited and does not comply with Australian Accounting Standards.

| | FY26 $’000 | FY25 $’000 |
|---|---|---|
| EBITDA | 22,380 | 7,369 |
| Public company costs[1] | (1,312) | (1,750) |
| Transaction costs[2] | 6,812 | 5,983 |
| Other[3] | 30 | 68 |
| Underlying pro forma EBITDA | 27,910 | 11,670 |
| Underlying pro forma EBIT | 22,925 | 7,204 |

1. Public Company costs reflect the incremental annual costs of $1.75 million that are expected to be incurred by Koala as a listed company. The FY26 statutory result includes approximately $0.388 million of these costs incurred from listing to 30 June 2026. The $1.312 million adjustment reflects the additional costs required to present the result as if the full-year listed company cost base had been applied throughout FY26.
2. Transaction costs represent the removal of non-recurring transaction costs incurred in association with the IPO of the Company in March 2026 as well as a previous offer attempt by the company in FY25. Transaction costs were allocated between expenses, reflected in the bridge above, and an additional amount offset against share capital. Amounts allocated to share capital do not affect statutory EBITDA or Operating profit.
3. Impact of South Korean subsidiary liquidated during FY26.

Koala designs and develops all of its products in-house, sells them through a deliberately narrow range that concentrates volume in each product, and enters new markets with a capital-light, direct-to-consumer model. Its strategy applies those advantages through four priorities: strengthening the core range through the product innovation cycle; bringing new sitting furniture products to market and broadening the bedroom offer; expanding into new geographies; and scaling a differentiated, data-driven marketing engine. Execution during FY26 included:

- Category-defining launches in the sitting range, led by the Torquay and Tamarama modular sofas, alongside the Koala Sofa Bed (4th Gen) and the Plus Futon in Japan;
- The UK launch, which extended the Group’s capital-light expansion model to a fourth market, with Canada and selected European markets identified as priorities for future expansion;





- Acceleration of the Group’s supplier diversification program, reducing reliance on its key manufacturer and strengthening supply chain resilience as the business scales across markets;
- Brand moments including the Koala x Bluey Playtime Collection in Australia and the Aoyama showroom opening in Japan, delivered while holding marketing ratios broadly stable in each market; and
- Continued operating leverage: Koala’s global support structure has seen further operating leverage across FY26.

The material business risks that could affect the Group’s performance and the execution of its strategy are set out in the Material Business Risks section of this report.

## Significant changes in the state of affairs

On 31 March 2026, the Company listed on the ASX.

The liquidation of Koala Home SK Co. Ltd was formally registered on 1 April 2026, resulting in the Group losing control of the subsidiary and derecognising the entity from the consolidated financial statements. Prior to liquidation, the Group forgave debts owed by the South Korean subsidiary to the Australian entities for $12,078,000. An impairment of $12,146,000 was recognised in the Australian entities in relation to the liquidation of the South Korean entity. On liquidation, the cumulative foreign currency translation reserve balance of $2,079,000 was reclassified from equity to profit or loss as part of the disposal result.

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

## Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2026 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.

## Likely developments and expected results of operations

The Group expects further growth in sales and profits over the next few years, driven by continued range expansion and repeat customers in Australia, Japan and the US. Geographical growth will arise from expansion to new regions, in addition to continued growth in existing markets. We will continue to invest behind a robust product pipeline. In addition, the Group will explore opportunities for expansion of its physical retail footprint.

## Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law. However, the following disclosure standard will soon become effective.

AASB S2 *Climate-related Disclosures* sets out specific climate related disclosures. It applies to entities required to prepare and lodge a financial report with ASIC under Chapter 2M and is effective for different entities based on certain criteria. This mandatory sustainability reporting is expected to be applicable for the Company for the first time for the year ending 30 June 2027.

## Information on directors

| NAME: | MICHAEL GORDON |
|---|---|
| **Title:** | Independent Chair and Non-Executive Director |
| **Qualifications:** | Chartered Accountant (Chartered Accountants ANZ) B. Commerce; B. Accounting (Univ. of the Witwatersrand, South Africa) |
| **Experience & expertise:** | Michael has been a Non-Executive Director of Koala since February 2023 and Chair since November 2024.<br><br>Michael is a Non-Executive Director of ASX listed Somnomed Ltd (ASX: SOM) and Florabelle Imports Pty Ltd, was previously the CFO of Different Technologies and before that, the CFO of Rokt. Prior to Rokt, Michael was the Group CFO and Managing Director of Group Services for Greenlit Brands Pty Limited. Michael has more than 20 years of experience as a senior executive in leading household goods brands Freedom, Fantastic Furniture, Snooze, Plush and OMF.<br><br>Prior to Greenlit Brands, Michael spent ten years with PricewaterhouseCoopers in South Africa, the United Kingdom, and Australia, specialising in the retail industry with experience in Audit, Taxation, M&A and IPOs. |
| **Other current directorships:** | Somnomed Ltd (ASX: SOM) |
| **Former directorships (last 3 years):** | None |
| **Special responsibilities:** | Member: Audit and Risk Committee and People, Culture and Remuneration Committee |
| **Interests in shares:** | 105,677 ordinary shares |
| **Interests in Options:** | 425,000 Options (vested) |
| **Interests in Performance Rights:** | 385,000 Performance Rights (vested) |

| NAME: | DANIEL (DANY) MILHAM |
|---|---|
| **Title:** | Co-Founder, Chief Executive Officer and Executive Director |
| **Qualifications:** | B. Information Technology (Griffith University) |
| **Experience & expertise:** | Daniel is a Co-Founder and has been Director of Koala since November 2015.<br><br>Daniel is also a Partner at DROPBEAR, an early-stage investment firm focusing on emerging consumer brands. He was previously the Founder and CEO of MILKRUN from April 2021 to April 2023. Daniel has also served as a Non-Executive Director at Fishburners, Australia's largest startup community, from May 2019 to December 2021.<br><br>Before co-founding Koala, Daniel founded several consumer startups and worked as a creative technologist at Data@Ogilvy, where he worked on data-driven marketing strategies for global brands. |
| **Other current directorships:** | None |
| **Former directorships (last 3 years):** | None |
| **Special responsibilities:** | None |
| **Interests in shares:** | 18,692,056 ordinary shares |
| **Interests in Options:** | 750,000 (vested), 750,000 (unvested) |
| **Interests in Performance Rights:** | None |





| NAME: | JENNIFER (JENNY) MACDONALD |
|---|---|
| **Title:** | Independent Non-Executive Director |
| **Qualifications:** | Chartered Accountant (Chartered Accountants ANZ), Masters in Entrepreneurship and Innovation (Swinburne University of Technology) |
| **Experience & expertise:** | Jennifer was appointed as a Non-Executive Director of Koala in March 2026.<br><br>Jennifer is a seasoned executive and experienced Non-Executive Director with a strong background in financial and general management across a range of industries including technology, fast-moving consumer goods and travel services. She has a proven track record of delivering value for consumers.<br><br>Jennifer has held key leadership roles, including CFO and Interim CEO at Helloworld Travel and CFO and General Manager International at REA Group. She currently serves as a Non-Executive Director of SiteMinder Ltd (ASX: SDR). Her previous board roles include Redbubble now known as Articore Group Limited (ASX: ATG), Bapcor Ltd (ASX: BAP), Australian Pharmaceutical Industries Limited (formerly listed as ASX: API), and Chair of Healius Limited (ASX: HLS). |
| **Other current directorships:** | SiteMinder Ltd (ASX: SDR) |
| **Former directorships (last 3 years):** | Articore Group Limited (ASX: ATG), Bapcor Ltd (ASX: BAP), Australian Pharmaceutical Industries Limited (formerly listed as ASX: API), and Chair of Healius Limited (ASX: HLS). |
| **Special responsibilities:** | Chair: Audit and Risk Committee<br>Member: People, Culture and Remuneration Committee |
| **Interests in shares:** | 29,412 ordinary shares |
| **Interests in Options:** | None |
| **Interests in Performance Rights:** | None |

| NAME: | LAURA MINEO |
|---|---|
| **Title:** | Independent Non-Executive Director |
| **Qualifications:** | B. Commerce (Liberal Studies), Finance & Econometrics (Univ. of Sydney) |
| **Experience & expertise:** | Laura was appointed as a Non-Executive Director of Koala in September 2025.<br><br>Laura is an experienced finance and strategy executive with a strong background in the technology sector. Laura is currently CFO at Unseen. Prior to that she was the CFO of Zepto, a venture capital backed financial infrastructure company, the CFO of Rokt in New York and has held senior roles at Goldman Sachs, including Executive Director, Firmwide Strategy, where she oversaw strategic initiatives across global businesses and regions. |
| **Other current directorships:** | None |
| **Former directorships (last 3 years):** | None |
| **Special responsibilities:** | Chair: People, Culture and Remuneration Committee<br>Member: Audit and Risk Committee |
| **Interests in shares:** | 14,705 ordinary shares |
| **Interests in Options:** | None |
| **Interests in Performance Rights:** | None |

| NAME: | NICHOLAS (NICK) BAGOT |
|---|---|
| **Title:** | Independent Non-Executive Director |
| **Qualifications:** | Masters in Law (Cambridge University), B. Laws and B. Commerce (Univ. of Adelaide) |
| **Experience & expertise:** | Nicholas was appointed as a Non-Executive Director of Koala in March 2026.<br>Nicholas has a background of more than 20 years in investment banking and corporate law. Most recently, he worked in senior investment banking positions in Melbourne and Sydney at Goldman Sachs and then Citigroup. During this time he advised major public companies and private equity firms on mergers and acquisitions, capital raisings and strategic assignments, with a focus on media, technology and general industrial businesses.<br>Since leaving investment banking, he has focused on direct private equity investments. |
| **Other current directorships:** | None |
| **Former directorships (last 3 years):** | None |
| **Special responsibilities:** | Member: Audit and Risk Committee and People, Culture and Remuneration Committee |
| **Interests in shares:** | 103,356 ordinary shares |
| **Interests in Options:** | None |
| **Interests in Performance Rights:** | None |

| NAME: | MITCHELL TAYLOR (RESIGNED ON 13 MARCH 2026) |
|---|---|
| **Title:** | Former Non-Executive Director |
| **Qualifications:** | B. Sustainability (Murdoch University) |
| **Experience & expertise:** | Mitchell Taylor was the Co-Founder of Koala in November 2015 and retired as CEO in November 2024.<br>Mitchell is also a Partner at DROPBEAR, an early-stage investment firm focusing on emerging consumer brands, he advises many companies in the portfolio and mentors up and coming leaders in a range of business areas. Before Koala, Mitchell has previously founded and sold multiple companies in the ecommerce space. Mitchell was awarded the Distinguished Alumni Award for his achievements in entrepreneurship and sustainability at Murdoch University. |
| **Other current directorships:** | None |
| **Former directorships (last 3 years):** | None |
| **Special responsibilities:** | None |
| **Interests in shares:** | Not applicable as no longer a director |
| **Interests in Options:** | Not applicable as no longer a director |
| **Interests in Performance Rights:** | Not applicable as no longer a director |

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.





'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

'Interest in shares/Options/Performance Rights' are shown as at the reporting date.

## Company secretaries

| NAME: | STUART CRICHTON |
|---|---|
| **Title:** | CFO and Joint Company Secretary of Koala |
| **Qualifications:** | Chartered Accountant (Chartered Accountants ANZ), B. Business Studies (UTS) |
| **Experience & expertise:** | Stuart has over 25 years of experience across sourcing, manufacturing, omnichannel retail and logistics.<br>Before joining Koala, he held senior financial roles, including Deputy CFO, M&A Manager, and Group Financial Controller, working across finance, legal, property, tax, and treasury functions, with expertise in refinancing, corporate restructuring, and managing complex financial and operational challenges.<br>Stuart has worked with major brands such as Freedom Furniture, Fantastic Furniture, Best & Less and PwC. |

| NAME: | MELISSA NORRIS |
|---|---|
| **Title:** | General Counsel and Joint Company Secretary of Koala |
| **Qualifications:** | B. Law and Science (Monash University), Masters in Law (Univ. of Melbourne), Certificate in Applied Corporate Governance and member of the Australian Institute of Company Directors |
| **Experience & expertise:** | Melissa is an experienced commercial lawyer with in-house and private practice experience across Australia and the Middle East, in both in-house and private practice. Melissa has worked with brands such as Lifestyle Communities (ASX: LIC), Freehills and General Mills. |

## Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2026, and the number of meetings attended by each director were:

| | FULL BOARD | | AUDIT AND RISK COMMITTEE | | PEOPLE, CULTURE AND REMUNERATION COMMITTEE | |
|---|---|---|---|---|---|---|
| | Attended | Held | Attended | Held | Attended | Held |
| Michael Gordon – Chair | 9 | 9 | 2 | 2 | 2 | 2 |
| Daniel Milham | 9 | 9 | 2 | 2 | 2 | 2 |
| Jennifer Macdonald | 3 | 3 | 1 | 1 | 2 | 2 |
| Laura Mineo | 7 | 8 | 2 | 2 | 2 | 2 |
| Nicholas Bagot | 3 | 3 | 1 | 1 | 2 | 2 |
| Mitchell Taylor | 4 | 6 | 1 | 1 | – | – |

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

# Audited Remuneration Report



## 1. Introduction

This Remuneration Report (Report) has been prepared for The Koala Company Limited (Koala or the Company) for the financial year ended 30 June 2026 (FY26). It is Koala's first Remuneration Report as an ASX-listed entity, following the Company's listing on the Australian Securities Exchange on 31 March 2026.

The Report covers the full financial year from 1 July 2025 to 30 June 2026, notwithstanding that the Company was listed partway through the year. No prior-year comparative remuneration information is presented. FY26 is the first year in which the Company has been required to prepare a remuneration report, and key management personnel were not identified on a named individual basis in the prior year accordingly.

## 2. Key Management Personnel

### 2.1 Identification of KMP

Key management personnel (KMP) are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company, including any Director (whether executive or otherwise), as defined under AASB 124 *Related Party Disclosures*.

The Board of Directors determined the KMP of the Company for FY26. All Directors of the Company are KMP by definition. The CFO has been identified as an executive KMP on the basis that, together with the CEO, the CFO has authority and responsibility for planning, directing and controlling the major financial and operational activities of the Company.

No other persons were determined to be KMP during FY26. The KMP for FY26 are set out in the table below, together with their roles, committee responsibilities and the period during which they served as KMP.

### 2.2 KMP for FY26

| NAME | ROLE | PERIOD AS KMP DURING FY26 |
|---|---|---|
| **Non-Executive Directors** | | |
| Michael Gordon | Independent Chair and Non-Executive Director | Full year |
| Jennifer Macdonald | Independent Non-Executive Director; Chair, Audit and Risk Committee | Part year (13 March 2026 – 30 June 2026) |
| Laura Mineo | Independent Non-Executive Director; Chair, People, Culture and Remuneration Committee | Part year (2 September 2025 – 30 June 2026) |
| Nicholas Bagot | Independent Non-Executive Director | Part year (13 March 2026 – 30 June 2026) |
| Mitchell Taylor | Former Non-Executive Director | Part year (1 July 2025 – 13 March 2026) |
| **Executive Key Management Personnel** | | |
| Daniel Milham | Co-Founder, Chief Executive Officer and Executive Director | Full year |
| Stuart Crichton | Chief Financial Officer and Joint Company Secretary | Full year |

## 3. Remuneration Governance

### 3.1 People, Culture and Remuneration Committee

The role of the People, Culture and Remuneration Committee (PCRC) is to assist and advise the Board on matters relating to the remuneration of Directors and senior executives, executive performance and incentive plans, Board composition and succession, and the broader people and culture agenda including diversity, equity and inclusion, and workplace health, safety and wellbeing. The PCRC is chaired by Laura Mineo and its members are Michael Gordon, Jennifer Macdonald and Nicholas Bagot, all of whom are independent Non-Executive Directors. The Company complies with the ASX Corporate Governance Recommendations in relation to the composition and operation of the PCRC. The PCRC operates under a formal Charter, a copy of which is available on the Company's investor relations website at investors.koala.com.

The principal responsibilities of the PCRC under its Charter include:

- reviewing and making recommendations to the Board on remuneration packages and policies related to Directors and senior executives;
- administering the Company's equity incentive plans and reviewing and making recommendations in relation to performance conditions attaching to incentive grants;
- evaluating the performance of the CEO and senior executives and overseeing CEO and senior management succession planning;
- reviewing the structure, size and composition of the Board and overseeing the Director nomination and appointment process; and
- overseeing organisational culture, conduct, diversity, equity and inclusion, and workplace health, safety and wellbeing.

### 3.2 Prior AGM Vote on Remuneration Report

This is Koala's first Remuneration Report as a listed entity. There is no prior AGM vote to disclose and the 'two strikes' provisions do not apply in respect of FY26. KMP and their closely related parties are prohibited from voting on the resolution to adopt this Report at the 2026 AGM.

## 4. Remuneration Framework

### 4.1 Non-Executive Director Remuneration

Non-Executive Directors (NEDs) are remunerated by fixed fees only. NEDs do not participate in any performance-based incentive plan. Fees are set within the shareholder-approved aggregate fee pool of $1,500,000 per annum and are inclusive of statutory superannuation. The fee pool was approved by shareholders on 25 March 2026. Total NED fees paid in FY26 were $494,990, which is within the approved pool. The fee structure shown below was implemented during FY26 and, as such, did not apply to the whole year. The details of actual NED remuneration during FY26 are included in the statutory table.

| ROLE/COMMITTEE | CHAIR FEE (P.A.) | MEMBER FEE (P.A.) |
|---|---|---|
| Non-Executive Chair | $200,000 | – |
| Non-Executive Director (base) | – | $100,000 |
| Audit and Risk Committee | $20,000 | $10,000 |
| People, Culture and Remuneration Committee | $20,000 | $10,000 |
| **Aggregate NED fee pool (shareholder-approved cap)** | **$1,500,000** | |

Note: All fees are inclusive of statutory superannuation contributions. The Non-Executive Chair (Michael Gordon) is not entitled to an additional committee member fee. The Executive Director (CEO, Dany Milham) does not receive Director fees.

## 4.2 Overview of Executive Remuneration Framework

Koala's executive remuneration framework is designed to attract and retain the people needed to execute the Company's strategy, and to ensure executive reward is linked to outcomes for shareholders.

Given that FY26 was the Company's first year as an ASX-listed entity and straddled the IPO completion date, the remuneration arrangements applicable during FY26 comprised fixed remuneration, the FY26 STI program, and legacy equity arrangements that pre-dated the IPO. The Go-Forward STI and LTI frameworks were established in connection with the listing and are described in Sections 4.4 and 4.5 respectively; however, these arrangements take effect from FY27 and accordingly no expense in respect of either is reflected in the FY26 statutory remuneration table.

| COMPONENT | PURPOSE | FY26 ARRANGEMENTS | GO-FORWARD (FY27+) |
|---|---|---|---|
| **Fixed Annual Remuneration (FAR)** | Competitive base reward benchmarked to market. Reviewed annually by the PCRC. | CEO: $630,000 p.a. (incl. super)<br>CFO: $480,000 p.a. (incl. super) | To be reviewed annually by the PCRC having regard to individual performance, market benchmarking and Company financial position. |
| **Short-Term Incentive (STI)** | Reward achievement of annual financial performance targets set by the Board. | Up to 30% of annual base salary.<br>Measured against targets for Group Revenue (50%) and Group EBITDA (50%) weighted scorecard.<br>Cash payment following year-end Board assessment. | Same structure intended for FY27. The Board may, in future periods, consider deferring a portion of any STI award to share rights. |
| **Legacy LTI – EIP Options/ Performance Rights** | Align executive and Director interests with shareholders; retain key talent during growth phase. | CEO: 1,500,000 Options (March 2025 EIP, exercise price $3.30) – 375,000 vested 1 Jul 2025; 375,000 vested 29 Jul 2026; 375,000 each vesting Jul 2027 and Jul 2028.<br>CFO: 295,112 Options (2023 EIP, exercise price $2.59) – 147,556 vested and unexercised; 147,556 unvested, vesting Sep 2026/Sep 2027.<br>Based on FY26 performance assessment, only 36,889 Options are expected to vest in Sep 2026 (50% of tranche).<br>Chair: 425,000 Options (2023 EIP, exercise price $2.59) + 385,000 Performance Rights – vested at Listing. | No further grants will be made under the Legacy LTI Plans. Remaining unvested awards continue subject to existing vesting conditions. |
| **Go-Forward LTI – Performance Rights** | Drive long-term shareholder value creation; align executive rewards with 3-year financial performance. | N/A | No grants have been made to KMP as at the date of this report however the anticipated grants are detailed below:<br>CEO: 277,941 Performance Rights.<br>CFO: 141,176 Performance Rights.<br>Performance period: 1 July 2026–30 June 2029.<br>Conditions: Relative Total Shareholder Return (50%) + Earnings Per Share CAGR (50%). Refer Section 4.5 for full terms.<br>Annual grants following the FY27 grant intended at 150% FAR (CEO) and 100% FAR (CFO). |

Audited Remuneration Report continued

## 4.3 Fixed Annual Remuneration

Fixed Annual Remuneration (FAR) comprises base salary and statutory superannuation contributions. FAR is set at a level that is competitive with the market for roles of equivalent scope and complexity in ASX-listed companies of similar size. FAR is reviewed annually by the PCRC and any adjustments, outside of statutory superannuation changes, are subject to Board approval.

## 4.4 Short-Term Incentive (STI)

The Company's STI program is designed to align executive reward with the achievement of annual financial targets that support Koala's strategic objectives. STI grants are made annually at the Board's absolute discretion.

### FY26 STI Plan

For the year ended 30 June 2026, each of the CEO and CFO was eligible to receive a cash bonus of up to 30% of their annual base salary at target, with additional upside available for stretch performance. The scorecard comprised Group Revenue (50% weighting) and Group EBITDA (50% weighting), set against the Board-approved budget. Performance against each measure is disclosed below as a percentage of target; absolute dollar targets are not disclosed on commercial sensitivity grounds.

Revenue and EBITDA were selected as the FY26 STI measures as they are the primary indicators of the Company's short-term financial performance and growth and are directly aligned with the strategic and financial objectives communicated to shareholders at IPO. FY26 STI outcome: Group Revenue achieved 93% of target (hurdle not achieved; 0% payout on this measure). Group EBITDA achieved 113% of target (hurdle exceeded; 125% payout on this measure). Weighted STI outcome: 18.75% of annual base salary. The resulting STI entitlements are reflected in the statutory remuneration table in Section 6. The actual cash payment will be made to participants subsequent to the date of this report.

#### Go-Forward STI – FY27 and future periods

For FY27 and future periods, the Board intends to implement a revised STI framework for executive KMP, building on the key features of the structure applied in FY26. The key features of the Go-Forward STI are as follows:

- **Opportunity:** Each executive KMP will be eligible to receive a cash bonus of up to 30% of their annual base salary at target, with additional upside available for stretch performance. STI grants remain at the Board's absolute discretion.
- **Scorecard:** STI eligibility will be assessed against a weighted financial scorecard comprising Group Revenue (50% weighting) and Group EBITDA (50% weighting), set against the Board-approved budget for the relevant year. Performance targets are commercially sensitive and will not be publicly disclosed; however, the Board confirms they will be set at stretching levels consistent with the Company's strategic plan.
- **Payout scale:** Performance is assessed against four bands – below 94.99% of target: no STI payable; at 94.99% (Entry): 50% of potential; at 99.99% (Target): 100% of potential; at or above 110% (Stretch): 125% of potential. Payouts are stepped. The Board retains discretion to adjust outcomes where formulaic results are not considered reflective of underlying business performance.
- **Deferral:** For FY27, STI awards will be delivered entirely in cash. The Board may consider introducing an equity deferral component in future periods, consistent with the disclosure made in the Company's IPO Prospectus.

### 4.5 Long-Term Incentive (LTI)

The Company's LTI framework comprises both legacy equity arrangements that pre-dated the IPO and new Go-Forward arrangements established in connection with the ASX listing.

#### Legacy LTI Plans

Prior to listing, the Company had in place several Legacy LTI Plans (including the 2023 Equity Incentive Plan ("2023 EIP") and the March 2025 Equity Incentive Plan ("March 2025 EIP") under which eligible participants were granted Options or Performance Rights. These plans were established to align participant interests with shareholders and to retain key talent. No further grants will be made under the Legacy LTI Plans; however, Options and Performance Rights previously granted continue to vest in accordance with their original terms during FY26 and beyond. The key legacy interests held by executive KMP and the Chair are:

- **CEO (Dany Milham):** 1,500,000 Options under the March 2025 EIP at an exercise price of $3.30 per share, with 750,000 vested as at the date of this report of which 375,000 Options vested on 29 July 2026, subsequent to the FY26 year end. 750,000 Options remain unvested. Unvested Options are eligible to vest in equal tranches of 375,000 on 1 July 2027 and 1 July 2028, subject to continued employment. These Options were granted prior to listing as a retention mechanism during the pre-IPO phase. The time-based vesting of this grant to the CEO continues to serve a retention purpose while the Go-Forward LTI Plan is in the early stages of its three-year performance and vesting cycle.
- **CFO (Stuart Crichton):** 295,112 Options under the 2023 EIP at an exercise price of $2.59 per share, with 147,556 vested and unexercised and 147,556 unvested. Unvested Options are eligible to vest in equal tranches of approximately 73,778 on 30 September 2026 and 30 September 2027, subject to continued employment and the satisfaction of annual revenue and EBITDA performance conditions. In respect of the tranche with a scheduled vesting date of 30 September 2026, the Board has assessed performance against the applicable conditions. Group Revenue achieved 93% of target (hurdle not achieved; 0% payout on this measure). Group EBITDA achieved 113% of target (hurdle achieved; 100% payout on this measure). Accordingly, approximately 36,889 Options (being 50% of the tranche) are expected to vest at that date, with the remainder lapsing.
- **Chair (Michael Gordon):** 425,000 Options (exercise price $2.59) and 385,000 Performance Rights (nil exercise price), both under the 2023 EIP and vested in full.





#### Go-Forward LTI Plan

In connection with the IPO, the Company established the Go-Forward LTI Plan to provide annual equity grants to the most senior executive roles including the KMP. The plan is designed to align the interests of participants with shareholders and to drive long-term value creation. The key features of the anticipated initial grant under the Go-Forward LTI Plan are as follows:

- **Instrument:** Performance Rights with a nil exercise price and nil issue price.
- **Deemed value at grant:** The number of Performance Rights to be granted to each KMP in respect of the FY27 year was determined at the time of the IPO based on a target face value of 150% of FAR for the CEO and 100% of FAR for the CFO, applying the IPO Offer Price of $3.40 per share. This resulted in a fixed number of 277,941 Performance Rights for the CEO and 141,176 Performance Rights for the CFO. As the number of rights is fixed, the face value of the grant at the time of actual issuance will reflect the prevailing share price rather than the IPO Offer Price. The AASB 2 accounting fair value attributed to each grant for statutory remuneration table purposes will be determined at the actual grant date and will differ from the face values implied by the IPO Offer Price.
- **Performance period:** 1 July 2026 to 30 June 2029 (three years).
- **Performance conditions:** Performance Rights are granted in two equal tranches – 50% subject to Relative Total Shareholder Return and 50% subject to Earnings Per Share CAGR, both measured over the three-year performance period ending 30 June 2029. There are no gateway hurdles; the Board considers that the Earnings Per Share CAGR tranche functions as a profitability-linked condition and that the combination of an absolute earnings growth requirement with a relative shareholder return condition provides sufficient alignment with long-term value creation without a separate gateway.
- **Performance condition rationale:** Relative Total Shareholder Return was selected as it directly measures shareholder returns relative to other ASX-listed retail companies, ensuring executives are rewarded only where Koala outperforms a broader set of the listed retail sector. Earnings Per Share CAGR was selected as it measures absolute earnings growth over the performance period, linking executive reward to the Company's long-term profitability and value creation. Together the two conditions provide a balanced test of relative market performance and absolute financial delivery.
- **Relative Total Shareholder Return peer group:** The Total Shareholder Return tranche is assessed against a comparator group of ASX-listed companies in the consumer and specialty retail sector, selected by the Board. The Board will review the peer group prior to each annual grant. The comparator group will be disclosed in the FY27 remuneration report.
- **Relative Total Shareholder Return vesting:** No rights vest below the 50th percentile. 50% of the Total Shareholder Return tranche vests at the 50th percentile, rising to 100% at or above the 75th percentile, with straight-line vesting between those points.
- **Earnings Per Share CAGR vesting:** No rights vest below the threshold Earnings Per Share CAGR growth rate. 25% of the Earnings Per Share CAGR tranche vests at threshold, rising to 100% at maximum, with straight-line vesting between those points. Specific Earnings Per Share CAGR targets are commercially sensitive and will be disclosed retrospectively, at the time of vesting, in the FY29 Remuneration Report to the extent they are no longer commercially sensitive at that time.
- **Assessment method:** Total Shareholder Return will be calculated by an independent external adviser at the end of the performance period by reference to the volume-weighted average price of KOA shares over the 30 trading days immediately preceding 1 July 2026 (start) and 30 June 2029 (end), with dividends assumed to be reinvested. The same methodology applies to each company in the comparator group. Earnings Per Share CAGR will be calculated by reference to the Company's FY26 IPO Prospectus forecast Earnings Per Share (base year) and audited basic Earnings Per Share for FY29 (end year). The Board selected these methods as they use independently verifiable data and are consistent with market practice for ASX-listed companies.

- **Vesting:** Performance is tested at the conclusion of the three-year performance period (30 June 2029) and audited Group results are available. Performance Rights determined by the Board to have satisfied the performance conditions will vest and become exercisable within 30 days of the Board's determination. For future annual grants, the Board will determine performance conditions and peer group composition prior to each grant and will disclose the applicable structure at the time of grant.
- **Cessation of employment:** Good leavers (redundancy, retirement, total and permanent disability, or death) retain a pro-rata portion of unvested Performance Rights, subject to Board discretion, with performance conditions continuing to apply until the end of the performance period. If the Board determines that a departure is a bad leaver event, the Board may require the forfeiture of all unvested Performance Rights.

### ASX Listing Rule 10.14 Waiver — CEO Performance Rights

Listing Rule 10.14 requires listed entities to obtain prior shareholder approval before issuing equity securities to related parties (including executive directors) under an employee incentive scheme. As Dany Milham is the only Go-Forward LTI participant who is also a Director (and therefore a related party for the purposes of Listing Rule 10.14), the Company applied for, and was granted, a waiver from ASX from Listing Rule 10.14 to permit the issue of up to 277,941 Performance Rights to Dany Milham without the need for a separate shareholder vote at the AGM.

The waiver was granted on the basis that full disclosure of the terms and conditions of the Performance Rights was included in the Prospectus, in accordance with Listing Rules 10.15.1 to 10.15.10, to ASX's satisfaction, and that the securities are to be issued within 12 months of the Company's admission to the official list. The waiver was granted as pre-quotation disclosure, and the nature and effect of the waiver and the Company's reasons for seeking it were disclosed in the Prospectus. The Performance Rights issued to all other Go-Forward LTI participants (who are not Directors) do not require shareholder approval.

## 4.6 Malus and Clawback

Malus (reduction or cancellation of an unpaid STI award or unvested LTI award before payment or vesting) and clawback (recovery of an STI amount already paid or a vested LTI award) may be applied by the Board at its discretion. Triggers are consistent across the STI and LTI plans and include: fraud or dishonesty; material misstatement of the Company's financial accounts; serious misconduct; and conduct that brings the Company or any Group member into disrepute. Malus and clawback rights are contained in the terms of the relevant plan rules and offer documentation applicable to each award. For the Go-Forward LTI Plan, clawback applies to vested awards for an indefinite period following vesting.

## 4.7 Hedging Prohibition

KMP are prohibited from entering into hedging arrangements over unvested equity awards. The Board monitors compliance with this prohibition through the Company's Securities Trading Policy.

## 5. Company Performance

This section sets out Koala's financial performance over the relevant period to assist shareholders in assessing the link between Company performance and executive remuneration. The Company listed on ASX on 31 March 2026; share price data is accordingly not applicable for periods prior to FY26.

| PERFORMANCE METRIC | FY22 | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|---|
| Revenue ($M) | 179.8 | 183.0 | 194.6 | 276.7 | 332.3 |
| Net (loss)/profit after tax – NPAT ($M) | (32.6) | (9.7) | (1.4) | (4.6) | 24.6 |
| Dividends declared per share (cents per share) | Nil | Nil | Nil | Nil | Nil |
| Share price at Financial year-end ($) | n/a | n/a | n/a | n/a | 3.10 |





## 6. Statutory Remuneration Table

The following table sets out KMP remuneration for FY26 on a statutory basis, which includes share-based payment expense calculated in accordance with applicable accounting standards and may differ from remuneration received in cash during the year.

| | SHORT-TERM BENEFITS | | | POST – EMPLOY-MENT | LONG-TERM BENEFITS | SHARE-BASED PAYMENTS | TOTAL | % PERF-RELATED[6] |
|---|---|---|---|---|---|---|---|---|
| Name | Salary & fees[1] $ | Cash bonus $ | Non-monetary benefits[2] $ | Super–annuation $ | Long service leave[3] $ | LTIP[4,5] $ | $ | % |
| **Non-Executive Directors** | | | | | | | | |
| Mitchell Taylor | 139,286 | – | 13,213 | 10,714 | – | – | 163,213 | – |
| Michael Gordon | 155,357 | – | – | 9,643 | – | – | 165,000 | – |
| Jennifer Macdonald | 34,821 | – | – | 4,179 | – | – | 39,000 | – |
| Laura Mineo | 81,944 | – | – | 9,833 | – | – | 91,777 | – |
| Nicholas Bagot | 32,143 | – | – | 3,857 | – | – | 36,000 | – |
| **Executive KMP** | | | | | | | | |
| Dany Milham – CEO | 526,875 | 112,500 | 48,476 | 30,000 | 7,717 | 305,968 | 1,031,536 | 10.9% |
| Stuart Crichton – CFO | 417,083 | 104,375 | 20,970 | 30,000 | 6,124 | (39,113) | 539,439 | 12.1% |
| **Total** | **1,387,509** | **216,875** | **82,659** | **98,226** | **13,841** | **266,855** | **2,065,965** | |

1. Salary & fees: base salary and accrued leave taken.
2. Non-monetary benefits represent the taxable value of fringe benefits provided (grossed up for FBT purposes where applicable), together with annual leave accruals recognised during the year.
3. Long Service leave disclosures represent amounts accrued during FY26.
4. Legacy LTI: AASB 2 accounting expense recognised in FY26 in respect of equity instruments granted under the Legacy LTI Plans (2023 EIP and March 2025 EIP). This represents a non-cash accounting charge and is not the value received by the KMP. Michael Gordon's 2023 EIP Options (ex. $2.59) and Performance Rights vested during FY26. CEO's March 2025 EIP Options (ex. $3.30) and CFO's 2023 EIP Options (ex. $2.59) are amortised over their vesting periods. The negative LTIP shown for Stuart Crichton reflects a reversal of previously recognised share based payment expense following reassessment of expected vesting.
5. Go-Forward LTI: The anticipated initial grants under the Go-Forward LTI Plan (CEO: 277,941 Performance Rights; CFO: 141,176 Performance Rights) have not been made at the date of this report and accordingly no AASB 2 share-based payment expense is attributable to FY26. The AASB 2 expense in respect of the Go-Forward LTI Plan will first appear in the FY27 Remuneration Report.
6. % Performance-related = (cash bonus + any performance related portion of share-based payments) ÷ total remuneration.

## 7. Proportion of Remuneration Performance-Related

The following table sets out the proportion of each KMP's FY26 remuneration that is fixed versus performance-related (STI Performance Related + LTI Performance Related):

| NAME | FIXED % | STI % | LTI % | TOTAL |
|---|---|---|---|---|
| **Executive Key Management Personnel** | | | | |
| Dany Milham – CEO | 89% | 11% | 0% | 100% |
| Stuart Crichton – CFO | 88% | 19% | (7%) | 100% |

## 8. Service Agreements

The key terms of employment agreements for Executive KMP are summarised below.

| TERM | CEO – DANY MILHAM | CFO – STUART CRICHTON |
|---|---|---|
| **Employer entity** | Koala AU Operations Pty Ltd | Koala AU Operations Pty Ltd |
| **Fixed Annual Remuneration** | $630,000 p.a. (inclusive of superannuation) | $480,000 p.a. (inclusive of superannuation) |
| **Maximum STI opportunity** | Up to 30% of annual base salary at target, with stretch opportunity of up to 37.5% | Up to 30% of annual base salary at target, with stretch opportunity of up to 37.5% |
| **LTI opportunity** | 150% of FAR p.a. in Performance Rights | 100% of FAR p.a. in Performance Rights |
| **Notice period (Company)** | 6 months (may elect payment in lieu of notice) | 3 months (may elect payment in lieu of notice) |
| **Notice period (Executive)** | 6 months | 3 months |
| **Summary dismissal** | Immediate without notice in event of serious misconduct | Immediate without notice in event of serious misconduct |
| **Post-employment restraints** | Non-compete: 12 months; non-solicitation: 12 months | Non-compete: 3 months; non-solicitation: 3 months |
| **Retirement benefits** | Statutory superannuation only | Statutory superannuation only |

The maximum termination benefit that may be paid to each of the CEO and CFO without shareholder approval under section 200B of the Corporations Act is governed by the s200G exemption, which permits termination benefits up to the executive's average annual base salary (excluding super) over their period of service in a managerial or executive role (being $600,000 for the CEO and $450,000 for the CFO). The contractual notice period payments for the CEO and CFO are disclosed above and fit within this cap and no shareholder approval is required.





## 9. KMP Equity Interests

### 9.1 Shares Held

The following table sets out movements in fully paid ordinary shares in The Koala Company Limited held by each KMP (directly or through related parties) during FY26, as required by Regulation 2M.3.03(1) Item 15:

| NAME | OPENING BALANCE (1 JUL 2025) | RECEIVED AS REMUN-ERATION | OTHER CHANGES | CLOSING BALANCE (30 JUN 2026) |
|---|---|---|---|---|
| **Non-Executive Directors** | | | | |
| Michael Gordon | 105,677 | – | – | **105,677** |
| Jennifer Macdonald | – | – | 29,412 | **29,412** |
| Laura Mineo | – | – | 14,705 | **14,705** |
| Nicholas Bagot | 103,356 | – | – | **103,356** |
| Mitchell Taylor | 18,988,300 | – | – | **N/A*** |
| **Executive Key Management Personnel** | | | | |
| Dany Milham – CEO | 18,988,300 | – | (296,244) | **18,692,056** |
| Stuart Crichton – CFO | – | – | – | **–** |

Shareholdings include interests held directly, indirectly or through related parties, as applicable.

* Mitchell Taylor ceased as a director and KMP on 13 March 2026. A closing balance as at 30 June 2026 is not applicable as he was not a director at that date.

### 9.2 Options and Performance Rights Held

The following table sets out, for each KMP, the grant-by-grant terms and vesting progress of Options and Performance Rights over ordinary shares held during FY26, as required by Regulation 2M.3.03(1) Items 17 and 18. Fair value amounts are presented on an AASB 2 basis.

### Table 1 — Grant Terms and Vesting Progress

| KMP | AWARD | GRANT DATE | NUMBER GRANTED | FAIR VALUE PER INSTRUMENT $ | TOTAL FAIR VALUE AT GRANT $ | VESTED PRIOR YEARS # | VESTING DATE FY26 | VESTED IN FY26 # | % OF TOTAL GRANT VESTED | VALUE VESTED FY26 $ | UNVESTED AT 30 JUN 26 # | MAXIMUM GRANT-DATE FAIR VALUE YET TO VEST[1] $ | EXERCISE PRICE $ | EXPIRY DATE | FUTURE VESTING SCHEDULE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Performance Rights** | | | | | | | | | | | | | | | |
| **Michael Gordon** | 2023 EIP Performance Rights[2] | 26 Feb 2025 | 385,000 | 2.69 | 1,035,650 | – | 22 Apr 2026 | 385,000 | 100% | 1,405,250 | – | – | Nil | 26 Feb 2035 | Fully vested |
| **Options** | | | | | | | | | | | | | | | |
| **Dany Milham** | March 2025 EIP Options[3] | 26 Mar 2025 | 1,500,000 | 0.47 | 705,000 | – | 1 Jul 2025[4] | 375,000 | 25% | 37,500 | 1,125,000 | 528,750 | 3.30 | 26 Mar 2035 | 375,000 have vested on 29 Jul 2026. Future vesting of 375,000 on 1 Jul 2027; 375,000 on 1 Jul 2028. Subject to continued employment. |
| **Stuart Crichton** | 2023 EIP Options[5] | 21 Jun 2024 | 295,112 | 0.84 | 247,894 | 73,778 | 13 Oct 2025[4] | 73,778 | 50% | 59,760 | 147,556 | 123,947 | 2.59 | 21 Jun 2034 | 36,889 on 30 Sep 2026; 73,778 on 30 Sep 2027. Subject to performance conditions. |
| **Michael Gordon** | 2023 EIP Options[6] | 26 Feb 2025 | 425,000 | 0.42 | 178,500 | – | 2 Sep 2025[4] | 425,000 | 100% | 344,250 | – | – | 2.59 | 26 Feb 2035 | Fully vested. |
| **Mitchell Taylor** | 2023 EIP Options[7] | 31 Oct 2024 | 1,299,400 | 0.54 | 701,676 | 1,299,400 | N/A | N/A | N/A | 0 | – | – | 2.59 | N/A | All 1,299,400 options cancelled 5 Nov 2025. |

1. Grant-date fair value per instrument multiplied by the number of instruments unvested at 30 June 2026. Represents the maximum potential value; if vesting conditions are not met, instruments lapse and the value is nil.
2. 2023 EIP Performance Rights (Chair): 385,000 Performance Rights granted under the 2023 Equity Incentive Plan with a nil exercise price. The IPO-related vesting condition was satisfied following Listing, and all 385,000 Performance Rights vested on 22 April 2026. No further vesting is required in respect of these awards.
3. March 2025 EIP Options (CEO): 1,500,000 Options under the March 2025 EIP at an exercise price of $3.30 per share, with 750,000 vested at the date of this report. 375,000 Options vested on 29 July 2026, subsequent to the FY26 year end. Unvested Options are eligible to vest in equal tranches of 375,000 on 1 July 2027 and 1 July 2028, subject to continued employment.
4. For instruments that vested prior to the Company's ASX listing on 31 March 2026, the value vested has been estimated using the IPO offer price of $3.40 per share as a proxy for market value at the date of vesting, less the applicable exercise price where relevant. The Company was not listed at the relevant vesting dates and accordingly no market price was available.
5. 2023 EIP Options (CFO): 295,112 Options granted under the 2023 Equity Incentive Plan at an exercise price of $2.59 per share. 73,778 Options vested during FY26. The remaining 147,556 unvested Options are eligible to vest in equal tranches of approximately 73,778 on 30 September 2026 and 30 September 2027, subject to continued employment and the satisfaction of annual revenue and EBITDA performance conditions. In respect of the tranche with a scheduled vesting date of 30 September 2026, the Board has assessed performance and determined that the revenue target was not achieved and the EBITDA target was achieved. Accordingly, approximately 36,889 Options (being 50% of the tranche) are expected to vest at that date, with the remainder expected to lapse.
6. 2023 EIP Options (Chair): 425,000 Options granted under the 2023 Equity Incentive Plan at an exercise price of $2.59 per share. All 425,000 Options vested during the period. No further vesting is required in respect of these awards.
7. 2023 EIP Options (Mitchell Taylor): 1,299,400 fully vested Options were cancelled on 5 November 2025 in exchange for a cash payment of $600,000. As the cancellation involved a repurchase of vested equity instruments at fair value, no share-based payment expense was recognised in FY26 and the cash payment was treated as a capital transaction. Mitchell Taylor ceased all KMP roles on 13 March 2026.





This Remuneration Report has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) and has been audited by KPMG in accordance with section 308(3C) of the Corporations Act.

Signed in accordance with a resolution of the Directors.

Laura Mineo

**Laura Mineo**
Chair, People, Culture and Remuneration Committee

26 August 2026

# Shares Under Option

Unissued ordinary shares of The Koala Company Limited under option at the date of this report are as follows:

| GRANT DATE | EXPIRY DATE | EXERCISE PRICE | NUMBER UNDER OPTION |
|---|---|---|---|
| 15/05/2018 | 03/03/2028 | $0.1500 | 108,250 |
| 01/07/2020 | 01/07/2035 | $2.7500 | 25,000 |
| 07/10/2020 | 07/10/2035 | $2.7500 | 50,000 |
| 22/10/2020 | 22/10/2035 | $6.1700 | 60,000 |
| 12/01/2021 | 30/12/2026 | $6.1600 | 21,250 |
| 21/07/2021 | 30/12/2026 | $2.7468 | 750 |
| 21/07/2021 | 30/12/2026 | $6.1550 | 1,200 |
| 30/07/2021 | 30/12/2026 | $6.1600 | 9,902 |
| 30/07/2021 | 30/07/2036 | $6.1600 | 42,500 |
| 11/08/2021 | 30/12/2026 | $6.1600 | 17,500 |
| 17/08/2021 | 15/01/2028 | $2.5900 | 42,778 |
| 24/08/2021 | 13/12/2027 | $2.5900 | 30,000 |
| 01/10/2021 | 01/10/2036 | $6.1600 | 30,000 |
| 02/11/2021 | 02/11/2036 | $6.1600 | 7,500 |
| 01/12/2021 | 30/12/2026 | $6.1600 | 12,514 |
| 22/12/2021 | 30/12/2026 | $0.0002 | 300 |
| 23/12/2021 | 23/12/2036 | $6.1600 | 25,000 |
| 05/01/2022 | 05/01/2037 | $6.1600 | 32,000 |
| 10/01/2022 | 10/01/2037 | $6.1600 | 50,000 |
| 29/03/2022 | 29/03/2037 | $6.1500 | 50,000 |
| 27/04/2022 | 30/12/2026 | $6.1500 | 5,937 |
| 20/12/2023 | 17/10/2027 | $2.5900 | 28,725 |
| 20/12/2023 | 13/12/2027 | $2.5900 | 295,112 |
| 20/12/2023 | 31/12/2027 | $2.5900 | 82,304 |
| 20/12/2023 | 15/01/2028 | $2.5900 | 19,280 |
| 20/12/2023 | 03/03/2028 | $2.5900 | 82,304 |
| 20/12/2023 | 20/12/2033 | $2.5900 | 873,361 |
| 21/06/2024 | 21/06/2034 | $2.5900 | 295,112 |
| 17/09/2024 | 17/09/2034 | $2.5900 | 600,000 |
| 26/02/2025 | 26/02/2035 | $2.5900 | 425,000 |
| 26/03/2025 | 26/03/2035 | $3.3000 | 1,500,000 |
| 17/12/2025 | 17/12/2027 | $6.1550 | 2,950 |
| 22/12/2025 | 22/12/2035 | $2.5900 | 242,000 |
| | | | **5,068,529** |

These Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

No person entitled to exercise the Options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.





## Shares issued on the exercise of Options

The following ordinary shares of The Koala Company Limited were issued during the year ended 30 June 2026 and up to the date of this report on the exercise of Options granted:

| DATE OPTIONS GRANTED | EXERCISE PRICE | NUMBER OF SHARES ISSUED |
|---|---|---|
| 01/02/2018 | $0.15 | 54,100 |
| 08/01/2019 | $0.74 | 54,100 |
| 01/03/2019 | $0.74 | 369,200 |
| 08/08/2019 | $2.44 | 108,250 |
| 29/06/2020 | $2.75 | 58,489 |
| 29/06/2020 | $2.75 | 7,311 |
| 17/08/2021 | $2.59 | 14,722 |
| 31/03/2023 | $0.00 | 15,350 |
| 30/06/2023 | $0.01 | 15,356 |
| 20/12/2023 | $2.59 | 31,584 |
| | | **728,462** |

## Shares under Performance Rights

Unissued ordinary shares of The Koala Company Limited under Performance Rights at the date of this report are as follows:

| GRANT DATE | EXPIRY DATE | EXERCISE PRICE | NUMBER UNDER RIGHTS |
|---|---|---|---|
| 20/12/2023 | 01/10/2026 | $0.00 | 8,550 |
| 20/12/2023 | 30/04/2027 | $0.00 | 1,250 |
| 20/12/2023 | 31/05/2027 | $0.00 | 1,250 |
| 20/12/2023 | 17/06/2027 | $0.00 | 650 |
| 20/12/2023 | 04/08/2027 | $0.00 | 525 |
| 20/12/2023 | 04/09/2027 | $0.00 | 525 |
| 20/12/2023 | 26/09/2027 | $0.00 | 650 |
| 20/12/2023 | 06/10/2027 | $0.00 | 1,575 |
| 20/12/2023 | 14/10/2027 | $0.00 | 1,950 |
| 20/12/2023 | 29/11/2027 | $0.00 | 1,575 |
| 20/12/2023 | 24/12/2027 | $0.00 | 1,575 |
| 20/12/2023 | 10/06/2028 | $0.00 | 3,750 |
| 20/12/2023 | 20/12/2033 | $0.00 | 633,383 |
| 16/01/2024 | 25/03/2028 | $0.00 | 1,575 |
| 05/08/2024 | 05/08/2034 | $0.00 | 3,788 |
| 13/10/2024 | 31/12/2027 | $0.00 | 6,600 |
| 04/02/2025 | 04/02/2035 | $0.00 | 15,152 |
| 26/02/2025 | 26/02/2035 | $0.00 | 385,000 |
| 01/04/2025 | 01/04/2035 | $0.00 | 2,043 |
| 13/05/2025 | 13/05/2035 | $0.00 | 20,500 |
| 11/03/2026 | 11/03/2036 | $0.00 | 552,500 |
| | | | **1,644,366** |

No person entitled to exercise the Performance Rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

## Shares issued on the exercise of Performance Rights

The following ordinary shares of The Koala Company Limited were issued during the year ended 30 June 2026 and up to the date of this report on the exercise of Performance Rights granted:

| DATE PERFORMANCE RIGHTS GRANTED | EXERCISE PRICE | NUMBER OF SHARES ISSUED |
|---|---|---|
| 30/09/2023 | $0.01 | 24,131 |
| 20/12/2023 | $0.00 | 82,681 |
| 31/12/2023 | $0.01 | 24,131 |
| 04/02/2025 | $0.00 | 80,948 |
| 13/05/2025 | $0.00 | 17,938 |
| 05/06/2025 | $0.00 | 39,205 |
| | | **269,034** |

## Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## Proceedings on behalf of the Company

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.

## Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity 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 (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

## Officers of the Company who are former partners of KPMG

There are no officers of the Company who are former partners of KPMG.

## Rounding of amounts

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

**Daniel Milham**
Director

26 August 2026
Sydney

# Auditor's Independence Declaration

KPMG

## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of The Koala Company Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of The Koala Company Limited for the financial year ended 30 June 2026 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Michelle Jobson
Partner
Sydney
26 August 2026



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

| | | Consolidated | |
|---|---|---|---|
| | NOTE | 2026 $'000 | 2025 $'000 |
| **Revenue** | 5 | **332,284** | **276,707** |
| **Expenses** | | | |
| Materials and consumables used | 6 | (115,710) | (104,347) |
| Employee benefits expense | 6 | (44,616) | (43,163) |
| Depreciation and amortisation expense | 6 | (4,985) | (4,466) |
| Advertising and marketing expense | | (67,305) | (54,109) |
| Merchant fees | | (11,775) | (9,640) |
| Transportation expense | | (29,221) | (23,940) |
| Other expenses | 6 | (34,465) | (29,520) |
| Capital market transaction costs | 6 | (6,812) | (4,511) |
| Impairment of assets | | – | (108) |
| **Operating profit** | | 17,395 | 2,903 |
| Finance income | | 1,109 | 1,654 |
| Finance costs | 6 | (2,211) | (7,183) |
| | | (1,102) | (5,529) |
| **Profit/(loss) before income tax benefit/(expense)** | | **16,293** | **(2,626)** |
| Income tax benefit/(expense) | 7 | 8,295 | (1,974) |
| **Profit/(loss) after income tax benefit/(expense) for the year** | | **24,588** | **(4,600)** |
| **Other comprehensive income/(loss)** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation | 25 | 1,001 | (1,863) |
| Other comprehensive income/(loss) for the year, net of tax | | 1,001 | (1,863) |
| **Total comprehensive income/(loss) for the year** | | **25,589** | **(6,463)** |

| | | CENTS | CENTS |
|---|---|---|---|
| Basic earnings per share | 8 | 31.75 | (7.06) |
| Diluted earnings per share | 8 | 31.50 | (7.06) |

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

# Consolidated Statement of Financial Position

As at 30 June 2026

| | | Consolidated | |
|---|---|---|---|
| | NOTE | 2026 $'000 | 2025 *RESTATED $'000 |
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 71,216 | 42,316 |
| Trade and other receivables | 10 | 1,060 | 867 |
| Inventories | 11 | 32,439 | 25,524 |
| Other | 13 | 8,332 | 4,257 |
| **Total current assets** | | **113,047** | **72,964** |
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | 1,723 | 1,141 |
| Right-of-use assets | 15 | 5,119 | 5,589 |
| Intangibles | 16 | 3,892 | 5,021 |
| Deferred tax | 7 | 12,696 | – |
| Other | 13 | 427 | – |
| **Total non-current assets** | | **23,857** | **11,751** |
| **Total assets** | | **136,904** | **84,715** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 17 | 53,796 | 41,703 |
| Contract liabilities | 18 | 23,811 | 18,967 |
| Lease liabilities | 20 | 3,074 | 2,406 |
| Derivative financial instruments | 12 | 1,019 | 6,660 |
| Income tax | 7 | 2,642 | 1,974 |
| Employee benefits | 21 | 2,095 | 1,960 |
| Provisions | 22 | 3,754 | 2,515 |
| **Total current liabilities** | | **90,191** | **76,185** |
| **Non-current liabilities** | | | |
| Borrowings | 19 | – | 9,706 |
| Lease liabilities | 20 | 3,595 | 4,233 |
| Employee benefits | 21 | 566 | 482 |
| Provisions | 22 | 4,477 | 4,057 |
| **Total non-current liabilities** | | **8,638** | **18,478** |
| **Total liabilities** | | **98,829** | **94,663** |
| **Net assets/(liabilities)** | | **38,075** | **(9,948)** |
| **Equity** | | | |
| Share capital | 23 | 68,532 | 45,968 |
| Other capital contributions | 24 | 23,730 | 23,022 |
| Reserves | 25 | 11,295 | 11,132 |
| Accumulated losses | | (65,482) | (90,070) |
| **Total equity/(deficiency)** | | **38,075** | **(9,948)** |

* Refer to note 2 for detailed information on change in accounting policy.

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

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

| CONSOLIDATED | ORDINARY SHARES $'000 | PREFERENCE SHARES $'000 | TREASURY SHARES $'000 | OTHER CAPITAL CONTRIBUTIONS $'000 | RESERVES $'000 | ACCUMULATED LOSSES $'000 | TOTAL EQUITY $'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 July 2025 – restated* | 32,453 | 13,550 | (35) | 23,022 | 11,132 | (90,070) | (9,948) |
| Profit after income tax benefit for the year | – | – | – | – | – | 24,588 | 24,588 |
| Other comprehensive income for the year, net of tax | – | – | – | – | 1,001 | – | 1,001 |
| **Total comprehensive income for the year** | **–** | **–** | **–** | **–** | **1,001** | **24,588** | **25,589** |
| Conversion of preference shares to ordinary shares (note 23) | 13,550 | (13,550) | – | – | – | – | – |
| *Transactions with owners in their capacity as owners:* | | | | | | | |
| Issue of ordinary shares (note 23) | 20,000 | – | – | – | – | – | 20,000 |
| Allocation to equity of IPO costs (note 23) | (810) | – | – | – | – | – | (810) |
| Share-based payments (note 36) | – | – | – | – | 1,934 | – | 1,934 |
| Issue of ordinary shares upon exercise of Options and Performance Rights (notes 23 and 25) | 3,549 | – | – | – | (2,569) | – | 980 |
| Share issue on conversion of warrants (note 24) | – | – | – | 708 | – | – | 708 |
| Treasury shares (note 23) | – | – | (175) | – | – | – | (175) |
| Share Option buyback (note 25) | – | – | – | – | (600) | – | (600) |
| Deferred tax impact on share-based payments (note 7 and note 36) | – | – | – | – | 397 | – | 397 |
| **Balance at 30 June 2026** | **68,742** | **–** | **(210)** | **23,730** | **11,295** | **(65,482)** | **38,075** |

* Refer to note 2 for detailed information on change in accounting policy.

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

Consolidated Statement of Changes in Equity continued

| CONSOLIDATED | ORDINARY SHARES $'000 | PREFERENCE SHARES $'000 | TREASURY SHARES $'000 | OTHER CAPITAL CONTRIBUTIONS $'000 | RESERVES $'000 | ACCUMULATED LOSSES $'000 | TOTAL DEFICIENCY IN EQUITY $'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 July 2024 | 32,295 | – | – | 2 | 7,637 | (85,470) | (45,536) |
| Adjustment for change in accounting policy (note 2) | – | 13,550 | – | – | – | – | 13,550 |
| Balance at 1 July 2024 – restated* | 32,295 | 13,550 | – | 2 | 7,637 | (85,470) | (31,986) |
| Loss after income tax expense for the year | – | – | – | – | – | (4,600) | (4,600) |
| Other comprehensive loss for the year, net of tax | – | – | – | – | (1,863) | – | (1,863) |
| **Total comprehensive loss for the year** | **–** | **–** | **–** | **–** | **(1,863)** | **(4,600)** | **(6,463)** |
| *Transactions with owners in their capacity as owners:* | | | | | | | |
| Share-based payments (note 36) | – | – | – | – | 5,358 | – | 5,358 |
| Issue of ordinary shares upon exercise of Performance Rights (notes 23 and 25) | 38 | – | – | – | – | – | 38 |
| Issue of ordinary shares upon conversion of convertible notes (note 23) | 120 | – | – | 19,417 | – | – | 19,537 |
| Share issue on conversion of warrants | – | – | – | 3,603 | – | – | 3,603 |
| Treasury shares (note 23) | – | – | (35) | – | – | – | (35) |
| **Balance at 30 June 2025 – restated*** | **32,453** | **13,550** | **(35)** | **23,022** | **11,132** | **(90,070)** | **(9,948)** |

* Refer to note 2 for detailed information on change in accounting policy.

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

# Consolidated Statement of Cash Flows

For the year ended 30 June 2026

| | NOTE | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 350,793 | 309,355 |
| Payments to suppliers and employees (inclusive of GST) | | (318,768) | (280,980) |
| | | 32,025 | 28,375 |
| Interest received | | 696 | 597 |
| Interest and other finance costs paid | | (1,338) | (862) |
| (Increase)/decrease in operating deposits | | (1,041) | 255 |
| Income taxes paid | | (2,950) | – |
| **Net cash from operating activities** | 37 | **27,392** | **28,365** |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | 14 | (1,458) | (1,006) |
| Payments for intangibles | 16 | (434) | (1,691) |
| **Net cash used in investing activities** | | **(1,892)** | **(2,697)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 23 | 20,804 | – |
| Payment for the purchase of Share Options | | (600) | – |
| Repayment of debt | 19 | (14,917) | (14,621) |
| Proceeds from borrowings | 19 | – | 10,000 |
| Repayment of lease liabilities | | (3,478) | (2,472) |
| Proceeds from loans to other related parties | | – | 542 |
| **Net cash from/(used in) financing activities** | | **1,809** | **(6,551)** |
| Net increase in cash and cash equivalents | | 27,309 | 19,117 |
| Cash and cash equivalents at the beginning of the financial year | | 42,316 | 24,124 |
| Effects of exchange rate changes on cash and cash equivalents | | 1,591 | (925) |
| **Cash and cash equivalents at the end of the financial year** | 9 | **71,216** | **42,316** |

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

# Notes to the Financial Statements

## 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 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 listed public 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 26 August 2026. The directors have the power to amend and reissue the financial statements.

## Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

### 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

### 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 $17,395,000 (2025: $2,903,000), its total assets exceeded total liabilities by $38,075,000 (2025: total liabilities exceeded total assets by $9,948,000) and had a net current asset surplus of $22,856,000 (2025: net current asset deficit of $3,221,000); the Group also generated positive operating cash flows of $27,392,000 (2025: $28,365,000) and a profit after tax of $24,588,000 (2025: loss of $4,600,000).

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.

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.

### 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 ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB').

#### Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

#### Critical accounting estimates

The preparation of the 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### Change in accounting policy

During the year ended 30 June 2026, the Group 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. Refer to note 23 for further information.

This voluntary change in accounting policy has been applied retrospectively. The impact is as follows:

| | Consolidated | | |
|---|---|---|---|
| | 2025 $'000 REPORTED | ADJUSTED $'000 | 2025 $'000 RESTATED |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Borrowings | 13,550 | (13,550) | – |
| Total current liabilities | 89,735 | (13,550) | 76,185 |
| **Total liabilities** | **108,213** | **(13,550)** | **94,663** |
| **Net liabilities** | **(23,498)** | **13,550** | **(9,948)** |
| **Equity** | | | |
| Share capital | 32,418 | 13,550 | 45,968 |
| **Total deficiency in equity** | **(23,498)** | **13,550** | **(9,948)** |

### Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 33.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The Koala Company Limited ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. The Koala Company Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those 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 de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into the Group's functional currency using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

## Revenue recognition

The Group recognises revenue as follows:

### Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.





### Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is at the time of delivery.

The Group offers a 120-day customer satisfaction guarantee from the date of purchase. A returns provision is maintained (recorded in 'contract liabilities') that has been estimated based on historical returns data associated with similar products over the last 12-month period.

### Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

## Finance income and finance costs

The Group's finance income and finance costs includes:

- interest income on funds invested;
- interest expense;
- changes in the fair value of warrants and other financial instruments;
- amortisation of borrowing costs; and
- the net foreign exchange gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

## Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

## Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

## Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'weighted-average costs' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.





## Derivative financial instruments

The derivative financial instruments held by the Group include warrants, embedded derivatives and instruments to hedge its foreign currency exposures.

The Group has recognised the conversion option of the convertible notes as an embedded derivative and is recognised in accordance with the policy below.

Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

Derivatives are only used for economic hedging purposes and not as speculative investments. The Company does not apply hedge accounting; instead derivatives are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss (FVTPL). They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

## Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows. The rates of depreciation are as follows:

| | |
|---|---|
| Leasehold improvements | 3% – 33% |
| Motor vehicles | 33% |
| Computer equipment | 10% – 33% |
| Office equipment | 10% – 50% |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

## Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

## Intangible assets

Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### Website

Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit of 15 years.

### Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life between 5-15 years.

### Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3-5 years.

### SaaS arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period, as such the Group does not receive a software intangible asset at the contract commencement date. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Costs incurred for use of application software (licence fee) and customisation costs are recognised as an operating expense over the term of the service contract.

Configuration costs, data conversion and migration costs, testing cost, training costs, and change management costs are recognised as an operating expense as the service is received.

### Product development

Significant costs associated with product development are capitalised and amortised on a straight-line basis over the period of their expected benefit, that is between 1-5 years.

## Impairment of non-financial assets

Non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.





## Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

## Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Convertible notes issued by the Group include embedded derivatives that gives the holder the option to convert into a variable number of shares. The derivative liability embedded in the host contract is accounted for separately at fair value through profit or loss. On initial recognition, the difference between the fair value of the embedded derivative and the proceeds is recognised as a financial liability and is subsequently measured at amortised cost. The corresponding interest on convertible notes is expensed to profit or loss.

## Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

## Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

## Employee benefits

### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

### Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or Options and Performance Rights over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.



## Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or Options and Performance Rights are shown in equity as a deduction, net of tax, from the proceeds.

## Preference shares

Preference shares are classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference shares classified as equity are recognised as distributions within equity.

Preference shares are classified as liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends on preference shares classified as liabilities are recognised in the statement of profit or loss as finance costs.

## Repurchase and reissue of ordinary shares (treasury shares)

Shares purchased and held by the K Sleep Holdings Pty Limited Employee Share Trust are recognised as treasury shares at their purchase price and deducted from equity on the purchase date. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within equity.

## Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the statement of financial position.

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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

## 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 year, adjusted for bonus elements in ordinary shares issued during the financial 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.

## New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

### AASB 18 *Presentation and Disclosure in Financial Statements*

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces AASB 101 *Presentation of Financial Statements*, with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. However the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.





### AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2026 and early adoption is permitted. The amendments to AASB 7 and AASB 9 include:

- **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 $10.9 million (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. This amount is expected to be reclassified to current receivables for the annual reporting period commencing 1 July 2026.

## Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

# Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### Valuation of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

## Note 4. 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 CODM), 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, USA, Others, and Corporate. Performance for each operating 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 represents 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.

### Major customers

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



Notes to the Financial Statements continued

### Operating segment information

| CONSOLIDATED – 2026 | AUSTRALIA $'000 | JAPAN $'000 | USA $'000 | OTHERS $'000 | CORPORATE $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|
| Revenue from contracts with external customers | 166,719 | 89,449 | 74,898 | 1,218 | – | 332,284 |
| Cost of goods sold | (63,763) | (28,556) | (22,616) | (421) | – | (115,356) |
| Gross marketing expense | (27,765) | (18,611) | (23,084) | (869) | – | (70,329) |
| Fulfilment expenses | (25,455) | (16,645) | (16,219) | (228) | – | (58,547) |
| **Contribution margin** | **49,736** | **25,637** | **12,979** | **(300)** | **–** | **88,052** |
| *Items not included in the segment result:* | | | | | | |
| Other costs and income | | | | | (22,158) | (22,158) |
| Employee benefits expense | | | | | (44,616) | (44,616) |
| Depreciation and amortisation expense | | | | | (4,985) | (4,985) |
| **Profit before income tax** | | | | | | **16,293** |
| Income tax benefit | | | | | 8,295 | 8,295 |
| **Profit after income tax** | | | | | | **24,588** |
| ***As at 30 June 2026*** | | | | | | |
| **Total assets** | **94,440** | **20,746** | **20,079** | **1,639** | **–** | **136,904** |
| **Total liabilities** | **71,486** | **13,737** | **12,643** | **963** | **–** | **98,829** |

| CONSOLIDATED – 2025 | AUSTRALIA $'000 | JAPAN $'000 | USA $'000 | OTHERS $'000 | CORPORATE $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|
| Revenue from contracts with external customers | 150,671 | 78,984 | 47,052 | – | – | 276,707 |
| Cost of goods sold | (59,651) | (28,507) | (15,998) | – | – | (104,156) |
| Gross marketing expense | (25,170) | (16,642) | (14,089) | – | – | (55,901) |
| Fulfilment expenses | (25,410) | (15,281) | (8,881) | – | – | (49,572) |
| **Contribution margin** | **40,440** | **18,554** | **8,084** | **–** | **–** | **67,078** |
| *Items not included in the segment result:* | | | | | | |
| Other costs and income | | | | | (22,075) | (22,075) |
| Employee benefits expense | | | | | (43,163) | (43,163) |
| Depreciation and amortisation expense | | | | | (4,466) | (4,466) |
| **Loss before income tax** | | | | | | **(2,626)** |
| Income tax expense | | | | | (1,974) | (1,974) |
| **Loss after income tax** | | | | | | **(4,600)** |
| ***As at 30 June 2025*** | | | | | | |
| **Total assets** | **55,828** | **18,202** | **10,685** | **–** | **–** | **84,715** |
| **Total liabilities** | **73,261** | **13,998** | **7,404** | **–** | **–** | **94,663** |

## Note 5. Revenue

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Revenue net of discounts and returns** | **332,284** | **276,707** |

### Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| *Geographical regions* | | |
| Australia | 166,719 | 150,671 |
| Japan | 89,449 | 78,984 |
| USA | 74,898 | 47,052 |
| UK | 1,218 | – |
| | 332,284 | 276,707 |
| *Timing of revenue recognition* | | |
| Goods transferred at a point in time | 332,284 | 276,707 |

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Contract liabilities** | | |
| Provision for returns | 4,043 | 3,972 |
| Income received in advance | 19,768 | 14,995 |
| | **23,811** | **18,967** |

Refer to note 18 for further information on contract liabilities.



## Note 6. Expenses

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| Profit/(loss) before income tax includes the following specific expenses: | | |
| **Cost of sales** | | |
| Cost of sales | 115,710 | 104,347 |
| **Depreciation** | | |
| Leasehold improvements | 570 | 172 |
| Motor vehicles | 2 | 2 |
| Computer equipment | 151 | 104 |
| Office equipment | 44 | 23 |
| Land and buildings – right-of-use assets | 2,656 | 2,615 |
| **Total depreciation** | **3,423** | **2,916** |
| **Amortisation** | | |
| Website | 26 | 25 |
| Patents and trademarks | 310 | 181 |
| Software development | 536 | 538 |
| Product development | 690 | 806 |
| **Total amortisation** | **1,562** | **1,550** |
| **Total depreciation and amortisation** | **4,985** | **4,466** |
| **Capital market transaction costs*** | | |
| Professional services fees | 5,717 | 3,103 |
| Employee remuneration | 144 | 1,148 |
| Consulting fees | 80 | 260 |
| Listing fees | 265 | – |
| Other | 606 | – |
| **Total capital market transaction costs** | **6,812** | **4,511** |
| **Other expenses** | | |
| Storage and handling | 17,552 | 15,993 |
| Software | 6,080 | 5,580 |
| Consulting | 2,725 | 1,712 |
| Research and development | 1,925 | 1,424 |
| Others | 6,183 | 4,811 |
| **Total other expenses** | **34,465** | **29,520** |

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Finance costs** | | |
| Interest and finance charges paid/payable on borrowings | 1,039 | 543 |
| Interest and finance charges paid/payable on lease liabilities | 363 | 364 |
| Net foreign exchange loss | 226 | – |
| Change in fair value of convertible notes (embedded derivative) | – | 3,529 |
| Change in fair value of derivative | – | 426 |
| Change in fair value of warrants | – | 2,321 |
| Debt settlement fees | 583 | – |
| **Total finance costs** | **2,211** | **7,183** |
| **Leases** | | |
| Short-term and low-value lease payments | 33 | 44 |
| **Employee benefits expense** | | |
| Defined contribution superannuation expense | 2,402 | 2,301 |
| Share-based payments expense | 1,934 | 5,358 |
| Leave entitlements expense | 2,060 | 1,910 |
| Employee benefits expense excluding the above | 38,220 | 33,594 |
| **Total employee benefits expense** | **44,616** | **43,163** |

* **Capital market transaction costs** – During FY25, the Group completed preparatory work necessary to execute an IPO listing in the April/May 2025 window. The sudden imposition of import tariffs on products shipped into the USA in April 2025 created short-term market uncertainty. This development limited the Directors' ability to issue a reliable Prospectus forecast for the US market and, in turn, constrained the opportunity to achieve a fair outcome for shareholders at that time, and the process was paused. In the current year, Koala successfully listed on the ASX on 31 March 2026.



Notes to the Financial Statements continued

## Note 7. Income tax

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Income tax (benefit)/expense** | | |
| Current tax | 4,532 | 1,248 |
| Over provision of overseas tax expense in prior year | (185) | – |
| Recognition of R&D tax offset previously not brought to account | – | (1,226) |
| Origination and reversal of temporary differences | (12,642) | 5,000 |
| Recognition of tax losses previously not brought to account | – | (3,048) |
| **Aggregate income tax (benefit)/expense** | **(8,295)** | **1,974** |
| **Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate** | | |
| Profit/(loss) before income tax benefit/(expense) | 16,293 | (2,626) |
| Tax at the statutory tax rate of 30% | 4,888 | (788) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Entertainment expenses | 50 | 31 |
| Legal and trademark costs | 79 | 94 |
| Share-based payments | (680) | 1,527 |
| Tax effect of temporary differences | (13,296) | 5,000 |
| Effect of foreign tax rates | 397 | 118 |
| Unrecognised deferred tax | 165 | – |
| Fixed assets | 145 | – |
| Utilisation of prior period tax losses and offset | – | (3,048) |
| Finance costs | (114) | – |
| Impairment expenses | – | 33 |
| Sundry items | 71 | 93 |
| Overseas tax losses not recognised | – | (31) |
| Recognition of tax losses and offsets not previously brought to account | – | (1,226) |
| Other | – | 171 |
| **Income tax (benefit)/expense** | **(8,295)** | **1,974** |

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Deferred tax assets not recognised** | | |
| Deferred tax assets not recognised comprises temporary differences attributable to: | | |
| Temporary differences (will never expire) | 15 | 12,595 |
| Tax losses (indefinite expiration) | 133 | 4,872 |
| **Total deferred tax assets not recognised** | **148** | **17,467** |

The above potential tax benefit, which includes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as at 30 June 2026 as the recovery of this benefit is uncertain.

| | Consolidated 2026 $'000 | 2025 $'000 |
|---|---|---|
| **Net deferred tax asset** | | |
| Net deferred tax asset comprises temporary differences attributable to: | | |
| Amounts recognised: | | |
| Provisions | 4,418 | – |
| Financing costs | 3,324 | – |
| Listing costs | 2,531 | – |
| Right-of-use assets (net) | 344 | – |
| Accrued expenses | 1,316 | – |
| Share-based-payments | 1,234 | – |
| Property, plant and equipment | 292 | – |
| Tax losses | 744 | – |
| Other | 997 | – |
| Intangibles | (1,168) | – |
| Exchange differences | (1,336) | – |
| **Deferred tax asset** | **12,696** | **–** |
| Movements: | | |
| Opening balance | – | – |
| Credited to profit or loss | 12,642 | – |
| Credited to equity | 741 | – |
| Tax losses and credits | (687) | – |
| **Closing balance** | **12,696** | **–** |

| | Consolidated 2026 $'000 | 2025 $'000 |
|---|---|---|
| **Provision for income tax** | | |
| Provision for income tax | 2,642 | 1,974 |

Notes to the Financial Statements continued

## Note 8. Earnings per share

| | Consolidated 2026 $'000 | 2025 $'000 |
|---|---|---|
| Profit/(loss) after income tax | 24,588 | (4,600) |

| | NUMBER | NUMBER |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 77,454,966 | 65,171,640 |
| Adjustments for calculation of diluted earnings per share: | | |
| Options over ordinary shares* | 251,473 | – |
| Performance Rights over ordinary shares* | 344,337 | – |
| Weighted average number of ordinary shares used in calculating diluted earnings per share* | 78,050,776 | 65,171,640 |

| | CENTS | CENTS |
|---|---|---|
| Basic earnings per share | 31.75 | (7.06) |
| Diluted earnings per share | 31.50 | (7.06) |

* As at 30 June 2025, instruments including preference shares, options, performance rights and warrants were excluded from the above calculation as their inclusion would be anti-dilutive.

## Note 9. Cash and cash equivalents

| | Consolidated 2026 $'000 | 2025 $'000 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 71,216 | 42,316 |

## Note 10. Trade and other receivables

| | Consolidated 2026 $'000 | 2025 $'000 |
|---|---|---|
| **Current assets** | | |
| Trade receivables | 1,060 | 1,004 |
| Less: Allowance for expected credit losses | – | (137) |
| | 1,060 | 867 |

## Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

| | Expected credit loss rate | | Carrying amount | | Allowance for expected credit losses | |
|---|---|---|---|---|---|---|
| CONSOLIDATED | 2026 % | 2025 % | 2026 $'000 | 2025 $'000 | 2026 $'000 | 2025 $'000 |
| Not overdue | – | – | 263 | 803 | – | – |
| 0 to 3 months overdue | – | – | 682 | 31 | – | – |
| 3 to 6 months overdue | – | – | 115 | 29 | – | – |
| Over 6 months overdue | – | 97% | – | 141 | – | 137 |
| | | | 1,060 | 1,004 | – | 137 |

Movements in the allowance for expected credit losses are as follows:

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| Opening balance | 137 | – |
| Additional provisions recognised | – | 137 |
| Receivables written off during the year as uncollectable | (116) | – |
| Exchange differences (opening balance) | (21) | – |
| **Closing balance** | **–** | **137** |

## Note 11. Inventories

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Current assets** | | |
| Finished goods | 32,439 | 25,524 |

During the year ended 30 June 2026, inventory of $375,000 was written off (2025: $nil).

## Note 12. Derivative financial instruments

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Current liabilities** | | |
| Forward foreign exchange contracts | (1,019) | (657) |
| Warrants | – | (6,003) |
| | **(1,019)** | **(6,660)** |

Refer to note 27 for further information on financial instruments.

Notes to the Financial Statements continued

## Note 13. Other

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Current assets** | | |
| Prepayments | 2,391 | 2,121 |
| Recovery claim receivable | 2,485 | – |
| Deposits held with financial institutions | 2,082 | 1,150 |
| Other current assets | 1,374 | 986 |
| | 8,332 | 4,257 |
| **Non-current assets** | | |
| Other non-current assets | 427 | – |
| | **8,759** | **4,257** |

Other current assets include vat tax receivable of $62,000 (2025: vat tax receivable of $2,000), deferred gift card expense of $40,000 (2025: $185,000), rental deposits of $783,000 (2025: $799,000) and lease receivable of $489,000 (2025: $nil).

## Note 14. Property, plant and equipment

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Non-current assets** | | |
| Leasehold improvements – at cost | 2,211 | 1,992 |
| Less: Accumulated depreciation | (864) | (1,179) |
| | 1,347 | 813 |
| Motor vehicles – at cost | 68 | 68 |
| Less: Accumulated depreciation | (67) | (65) |
| | 1 | 3 |
| Computer equipment – at cost | 676 | 1,632 |
| Less: Accumulated depreciation | (397) | (1,383) |
| | 279 | 249 |
| Office equipment – at cost | 188 | 225 |
| Less: Accumulated depreciation | (92) | (149) |
| | 96 | 76 |
| | **1,723** | **1,141** |

### Reconciliations

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

| CONSOLIDATED | LEASEHOLD IMPROVEMENTS $'000 | MOTOR VEHICLES $'000 | COMPUTER EQUIPMENT $'000 | OFFICE EQUIPMENT $'000 | TOTAL $'000 |
|---|---|---|---|---|---|
| Balance at 1 July 2024 | 203 | 5 | 176 | 31 | 415 |
| Additions | 767 | – | 173 | 66 | 1,006 |
| Disposals | (6) | – | – | – | (6) |
| Exchange differences | 21 | – | 4 | 2 | 27 |
| Depreciation expense | (172) | (2) | (104) | (23) | (301) |
| **Balance at 30 June 2025** | **813** | **3** | **249** | **76** | **1,141** |
| Additions | 1,204 | – | 188 | 66 | 1,458 |
| Exchange differences | (100) | – | (7) | (2) | (109) |
| Depreciation expense | (570) | (2) | (151) | (44) | (767) |
| **Balance at 30 June 2026** | **1,347** | **1** | **279** | **96** | **1,723** |

## Note 15. Right-of-use assets

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Non-current assets** | | |
| Land and buildings – right-of-use | 9,582 | 11,654 |
| Less: Accumulated depreciation | (4,463) | (6,065) |
| | **5,119** | **5,589** |

The Group leases a number of properties. The lease typically runs for a period of 3 to 5 years, with an option to renew the lease after that date. Lease payments are renegotiated every 5 years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sublease arrangements.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items and are expensed as incurred.

The Group has the option to renew the leases for a period of five years at the end of the lease agreements. The Group does not plan to exercise these extension options.

For AASB 16 Lease disclosures refer to:

- note 6 for depreciation on right-of-use assets and short-term and low value lease payment;
- note 6 for interest on lease liabilities;
- note 20 for lease liabilities at year end and note 27 for the maturity analysis of lease liabilities; and
- consolidated statement of cash flows for repayment of lease liabilities.



Notes to the Financial Statements continued

### Reconciliations

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

| CONSOLIDATED | $'000 |
|---|---|
| Balance at 1 July 2024 | 7,427 |
| Additions | 469 |
| Exchange differences | 308 |
| Depreciation expense | (2,615) |
| **Balance at 30 June 2025** | **5,589** |
| Additions | 3,267 |
| Adjustments | 3 |
| Disposals | (846) |
| Exchange differences | (238) |
| Depreciation expense | (2,656) |
| **Balance at 30 June 2026** | **5,119** |

## Note 16. Intangibles

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Non-current assets** | | |
| Website – at cost | 379 | 379 |
| Less: Accumulated amortisation | (239) | (213) |
| | 140 | 166 |
| Patents and trademarks – at cost | 1,905 | 1,905 |
| Less: Accumulated amortisation | (578) | (268) |
| | 1,327 | 1,637 |
| Software development – at cost | 2,682 | 2,682 |
| Less: Accumulated amortisation | (1,578) | (1,042) |
| | 1,104 | 1,640 |
| Intangible assets – WIP – at cost | 479 | 236 |
| Product development – at cost | 2,600 | 2,409 |
| Less: Accumulated amortisation | (1,758) | (1,067) |
| | 842 | 1,342 |
| | **3,892** | **5,021** |

## Reconciliations

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

| CONSOLIDATED | WEBSITE $'000 | PATENTS AND TRADEMARKS $'000 | SOFTWARE DEVELOP-MENT $'000 | INTANGIBLE ASSETS – WIP $'000 | PRODUCT DEVELOP-MENT $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|
| Balance at 1 July 2024 | 191 | 126 | 2,134 | 972 | 1,280 | 4,703 |
| Additions | – | 1,692 | – | 428 | – | 2,120 |
| Disposals | – | – | – | (144) | – | (144) |
| Impairment of assets | – | – | – | – | (108) | (108) |
| Transfers | – | – | 44 | (1,020) | 976 | – |
| Amortisation expense | (25) | (181) | (538) | – | (806) | (1,550) |
| **Balance at 30 June 2025** | **166** | **1,637** | **1,640** | **236** | **1,342** | **5,021** |
| Additions | – | – | – | 433 | – | 433 |
| Transfers | – | – | – | (190) | 190 | – |
| Amortisation expense | (26) | (310) | (536) | – | (690) | (1,562) |
| **Balance at 30 June 2026** | **140** | **1,327** | **1,104** | **479** | **842** | **3,892** |

## Note 17. Trade and other payables

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Current liabilities** | | |
| Trade payables | 28,309 | 21,957 |
| Accrued expenses | 17,640 | 13,938 |
| Other payables | 7,847 | 5,808 |
| | **53,796** | **41,703** |

Refer to note 27 for further information on financial instruments.

## Note 18. Contract liabilities

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Current liabilities** | | |
| Contract liabilities | 23,811 | 18,967 |
| **Reconciliation** | | |
| Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below: | | |
| 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 | 19,768 | 14,995 |
| Movement in provision during period | 71 | 1,028 |
| | **23,811** | **18,967** |

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



Notes to the Financial Statements continued

## Note 19. Borrowings

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Non-current liabilities** | | |
| Loan | – | 9,706 |

Refer to note 27 for further information on the loan.

## Note 20. Lease liabilities

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Current liabilities** | | |
| Lease liability | 3,074 | 2,406 |
| **Non-current liabilities** | | |
| Lease liability | 3,595 | 4,233 |
| | **6,669** | **6,639** |

Refer to note 27 for the maturity analysis of lease liabilities.

The Group has leases for office and retail premises and low value electronic equipment. The leases do not contain an option to renew. The lease expiration dates range up to four years from the end of the current financial year, with no residual payments required on expiration.

## Note 21. Employee benefits

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Current liabilities** | | |
| Annual leave | 2,059 | 1,960 |
| Long service leave | 36 | – |
| | 2,095 | 1,960 |
| **Non-current liabilities** | | |
| Long service leave | 566 | 482 |
| | **2,661** | **2,442** |

## Note 22. Provisions

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Current liabilities** | | |
| Warranties | 3,754 | 2,515 |
| **Non-current liabilities** | | |
| Warranties | 3,917 | 3,557 |
| Lease make good | 560 | 500 |
| | 4,477 | 4,057 |
| | **8,231** | **6,572** |

### 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.

### Movements in provisions

Movements in each class of provision during the current financial year are set out below:

| CONSOLIDATED – 2026 | WARRANTIES $'000 | LEASE MAKE GOOD $'000 |
|---|---|---|
| Carrying amount at the start of the year | 6,072 | 500 |
| Provisions added during the year | 4,505 | 60 |
| Provisions used during the year | (2,867) | – |
| Impact of discounting | (39) | – |
| Carrying amount at the end of the year | 7,671 | 560 |

## Note 23. Share capital

| | Consolidated 2026 SHARES | 2025 SHARES RESTATED[1] | 2026 $'000 | 2025 RESTATED[1] $'000 |
|---|---|---|---|---|
| Ordinary shares – fully paid | 90,673,345 | 72,070,176 | 68,742 | 32,453 |
| Preference shares – fully paid[2] | – | 11,498,300 | – | 13,550 |
| Treasury shares | (60,275) | (10,750) | (210) | (35) |
| | **90,613,070** | **83,557,726** | **68,532** | **45,968** |

1. Refer to note 2 for detailed information on change in accounting policy.
2. Refer to preference shares section below for further information.





### Movements in ordinary share capital

| DETAILS | DATE | SHARES | ISSUE PRICE | $'000 |
|---|---|---|---|---|
| Balance | 1 July 2024 | 63,206,382 | | 32,295 |
| Share issue on conversion of notes | 5 July 2024 | 55,947 | $2.14 | 120 |
| Share Options exercised | 5 July 2024 | 28,300 | $0.00 | – |
| Performance Rights exercised | 13 August 2024 | 3,030 | $1.00 | 3 |
| Share issue on exercise of warrants* | 4 October 2024 | 1,339,500 | $0.00 | – |
| Share issue on conversion of notes* | 1 January 2025 | 1,645,801 | $0.00 | – |
| Performance Rights exercised | 13 February 2025 | 3,030 | $0.00 | – |
| Performance Rights exercised | 25 March 2025 | 9,500 | $3.30 | 31 |
| Performance Rights exercised | 1 April 2025 | 21,430 | $0.00 | – |
| Performance Rights exercised | 9 May 2025 | 1,250 | $3.30 | 4 |
| Share issue on conversion of notes* | 25 June 2025 | 5,756,006 | $2.60 | – |
| Balance* | 30 June 2025 | 72,070,176 | | 32,453 |
| Share issue on exercise of warrants** | 18 September 2025 | 271,979 | $0.00 | – |
| Share Options exercised | 20 January 2026 | 54,100 | $3.50 | 189 |
| Performance Rights exercised | 20 January 2026 | 4,375 | $3.50 | 15 |
| Share issue on conversion of preference shares | 26 March 2026 | 11,498,300 | $1.18 | 13,550 |
| Performance Rights exercised | 31 March 2026 | 57,143 | $3.40 | 194 |
| Issue of ordinary share capital (Initial Public Offering) | 31 March 2026 | 5,882,353 | $3.40 | 20,000 |
| Share Options exercised | 7 April 2026 | 235,600 | $3.91 | 921 |
| Performance Rights exercised | 7 April 2026 | 120,497 | $3.91 | 471 |
| Share Options exercised | 8 April 2026 | 81,706 | $3.91 | 319 |
| Performance Rights exercised | 8 April 2026 | 48,262 | $3.91 | 189 |
| Share Options exercised | 10 April 2026 | 57,000 | $3.80 | 217 |
| Performance Rights exercised | 10 April 2026 | 1,575 | $3.80 | 6 |
| Share Options exercised | 14 April 2026 | 98,800 | $3.77 | 372 |
| Performance Rights exercised | 14 April 2026 | 9,199 | $3.77 | 35 |
| Share Options exercised | 20 April 2026 | 20,000 | $3.75 | 75 |
| Share Options exercised | 22 April 2026 | 67,600 | $3.65 | 247 |
| Share Options exercised | 28 April 2026 | 26,306 | $3.44 | 90 |
| Performance Rights exercised | 11 May 2026 | 11,399 | $3.05 | 35 |
| Share Options exercised | 13 May 2026 | 54,100 | $3.04 | 165 |
| Performance Rights exercised | 9 June 2026 | 1,575 | $3.06 | 5 |
| Performance Rights exercised | 23 June 2026 | 1,300 | $3.08 | 4 |
| IPO transaction costs allocated to share capital | | | | (810) |
| **Balance** | **30 June 2026** | **90,673,345** | | **68,742** |

* The balance as at 30 June 2025 has been updated from 63,328,869 shares to 72,070,176 shares to include 8,741,307 shares that resulted from the conversion of warrants and convertible notes.

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

### Movements in preference share capital

| DETAILS | DATE | SHARES | ISSUE PRICE | $'000 |
|---|---|---|---|---|
| Balance | 1 July 2024 | 11,498,300 | | 13,550 |
| Balance | 30 June 2025 | 11,498,300 | | 13,550 |
| Share issue on conversion of preference shares | 26 March 2026 | (11,498,300) | $1.18 | (13,550) |
| **Balance** | **30 June 2026** | **–** | | **–** |

### Movements in treasury share capital

| DETAILS | DATE | SHARES | ISSUE PRICE | $'000 |
|---|---|---|---|---|
| Balance | 1 July 2024 | – | | – |
| Performance Rights exercised | 25 March 2025 | (9,500) | $3.30 | (31) |
| Performance Rights exercised | 9 May 2025 | (1,250) | $3.30 | (4) |
| Balance | 30 June 2025 | (10,750) | | (35) |
| Share Options exercised | 20 January 2026 | (54,100) | $3.50 | (190) |
| Performance Rights exercised | 20 January 2026 | (4,375) | $3.50 | (15) |
| Performance Rights transferred | 21 April 2026 | 1,950 | $3.50 | 7 |
| Performance Rights transferred | 21 April 2026 | 7,000 | $3.30 | 23 |
| **Balance** | **30 June 2026** | **(60,275)** | | **(210)** |

### 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.

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 ESOP. These shares have no voting rights in the Company.

### Preference shares[2]

As at 30 June 2025, the Group had 11,498,300 preference shares on issue. The shares were non-interest bearing and entitled to dividends on the same terms as ordinary shares. The preference shares were convertible to ordinary shares on a one for one basis at the option of the holder at any time.

During the financial year, the preference share capital was reclassified to equity from financial liabilities. The reclassification was retrospective with the prior period restated for this impact. The holders of these preference shares exercised their option to convert to ordinary share capital during the financial year.

Refer to note 2 'Material accounting policy information'.

### Treasury shares

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. At 30 June 2026, the Group held 60,275 of the Company's shares (2025: 10,750).



Notes to the Financial Statements continued

### Share buy-back

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

### Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short-term as it continues to integrate and grow its existing businesses in order to maximise synergies.

## Note 24. Other capital contributions

| | Consolidated | |
|---|---|---|
| | 2026 $'000 | 2025 $'000 |
| Other capital contributions | 23,730 | 23,022 |

During the year ended 30 June 2026, the Company issued 271,979 shares resulting from the conversion of warrants for $708,000. Refer to note 27 for further information on warrants.

## Note 25. Reserves

| | Consolidated | |
|---|---|---|
| | 2026 $'000 | 2025 $'000 |
| Foreign currency reserve | 1,280 | 279 |
| Share-based payments reserve | 10,015 | 10,853 |
| | **11,295** | **11,132** |

### 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.

## Movements in reserves

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

| CONSOLIDATED | FOREIGN CURRENCY $'000 | SHARE-BASED PAYMENTS $'000 | TOTAL $'000 |
|---|---|---|---|
| Balance at 1 July 2024 | 2,142 | 5,495 | 7,637 |
| Foreign currency translation | (1,863) | – | (1,863) |
| Share-based payments | – | 5,358 | 5,358 |
| **Balance at 30 June 2025** | **279** | **10,853** | **11,132** |
| Foreign currency translation | 1,001 | – | 1,001 |
| Share-based payments | – | 1,934 | 1,934 |
| Option buyback | – | (600) | (600) |
| Transfer to share capital on exercise of Options and Performance Rights | – | (2,569) | (2,569) |
| Deferred tax impact on share-based payments | – | 397 | 397 |
| **Balance at 30 June 2026** | **1,280** | **10,015** | **11,295** |

## Note 26. Dividends

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

## Note 27. Financial risk management

### 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 a 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 purchases 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.



Notes to the Financial Statements continued

#### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

| | 2026 USD$'000 | 2025 USD$'000 |
|---|---|---|
| Trade payables | 17,585 | 17,158 |
| **Net statement of financial position exposure** | **17,585** | **17,158** |

The following significant exchange rates have been applied.

| | Average rate | | Year-end spot rate | |
|---|---|---|---|---|
| AUD | 2026 | 2025 | 2026 | 2025 |
| USD | 1.48 | 1.54 | 1.45 | 1.55 |

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of USD against AUD at 30 June 2026 would have affected equity or profit or loss by the amounts shown below. This assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| IN AUD | STRENGTH-ENING $'000 | WEAKENING $'000 | STRENGTH-ENING $'000 | WEAKENING $'000 |
| **2026** | | | | |
| USD (5% movement) | 36 | (36) | 746 | (746) |
| **2025** | | | | |
| USD (5% movement) | (159) | 159 | 794 | (794) |

#### Price risk

The Group is not exposed to any significant price risk.

#### 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 30 June 2026, the Group had receivables of $1,060,000, predominantly from B2B customers, with a provision for expected credit loss of $nil. Of these receivables, $263,000 were within 30 days of their due date, $682,000 were within 60 days of their due date and $115,000 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.

## Financial Instruments

### Warrants

During the period, 272,000 warrants were exercised into ordinary share capital, reflected in other capital contributions (2025: 1,339,500 warrants exercised). 2,082,700 warrants were exchanged for cash after the warrant holder exercised the embedded put option (2025: nil warrants exchanged for cash). For detailed information on these warrants, refer to the annual report for the year ended 30 June 2025.

### 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. Koala does not apply hedge accounting, accordingly movement in these contracts are taken directly to the profit or loss statement.

### Loan

During the year, the Group repaid debt financing from financial institutions with a face value of $10,000,000. This debt was interest bearing with an interest rate of 9.1% across the tranches and had a maturity date in July 2026.

### Assets pledged as security

The Group has no loan debt as at 30 June 2026.

### Financing arrangements

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

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| **Total facilities** | | |
| Loan | – | 10,000 |
| Drawdown facility | – | 5,000 |
| *Used at the reporting date* | | |
| Loan | – | 9,706 |
| Drawdown facility | – | – |
| *Unused at the reporting date* | | |
| Loan | – | – |
| Drawdown facility | – | 5,000 |





### Terms and debt repayment schedule

Terms and conditions of outstanding loan is as follows:

| | Currency | Nominal interest rate | Year of maturity $'000 | 2026 Face value $'000 | 2026 Carrying amount $'000 | 2025 Face value $'000 | 2025 Carrying amount $'000 |
|---|---|---|---|---|---|---|---|
| Loan | AUD | 9.10% | 2026 | – | – | 10,000 | 9,706 |

### 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 – 2026 | 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** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | – | 28,309 | – | – | – | 28,309 |
| Accrued expenses | – | 17,640 | – | – | – | 17,640 |
| Other payables | – | 7,847 | – | – | – | 7,847 |
| *Interest bearing* | | | | | | |
| Lease liability | – | 3,329 | 2,510 | 1,203 | – | 7,042 |
| **Total non-derivatives** | | **57,125** | **2,510** | **1,203** | **–** | **60,838** |
| **Derivatives** | | | | | | |
| Foreign exchange contracts | | | | | | |
| – inflow | – | (1,987) | – | – | – | (1,987) |
| – outflow | – | 3,006 | – | – | – | 3,006 |
| **Total derivatives** | | **1,019** | **–** | **–** | **–** | **1,019** |

| CONSOLIDATED – 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** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | – | 21,957 | – | – | – | 21,957 |
| Accrued expenses | – | 13,938 | – | – | – | 13,938 |
| Other payables | – | 5,808 | – | – | – | 5,808 |
| *Interest bearing* | | | | | | |
| Loan | 9.10% | – | 10,000 | – | – | 10,000 |
| Lease liability | – | 2,672 | 2,088 | 2,250 | – | 7,010 |
| **Total non-derivatives** | | **44,375** | **12,088** | **2,250** | **–** | **58,713** |
| **Derivatives** | | | | | | |
| Foreign exchange contracts | | | | | | |
| – inflow | – | (1,283) | – | – | – | (1,283) |
| – outflow | – | 1,940 | – | – | – | 1,940 |
| Warrants | – | – | 845 | 4,413 | – | 5,258 |
| **Total derivatives** | | **657** | **845** | **4,413** | **–** | **5,915** |

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

## Fair value measurement

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

### 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



Notes to the Financial Statements continued

| CONSOLIDATED – 2026 | LEVEL 1 $'000 | LEVEL 2 $'000 | LEVEL 3 $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Forward foreign exchange contracts | – | 1,987 | – | 1,987 |
| **Total assets** | **–** | **1,987** | **–** | **1,987** |
| **Liabilities** | | | | |
| Forward foreign exchange contracts | – | 3,006 | – | 3,006 |
| **Total liabilities** | **–** | **3,006** | **–** | **3,006** |

| CONSOLIDATED – 2025 | LEVEL 1 $'000 | LEVEL 2 $'000 | LEVEL 3 $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Forward foreign exchange contracts | – | 1,283 | – | 1,283 |
| **Total assets** | **–** | **1,283** | **–** | **1,283** |
| **Liabilities** | | | | |
| Forward foreign exchange contracts | – | 1,940 | – | 1,940 |
| Warrants | – | – | 6,003 | 6,003 |
| **Total liabilities** | **–** | **1,940** | **6,003** | **7,943** |

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.

#### (i) Level 2 Instruments

Forward foreign exchange contracts

The Group uses forward foreign exchange contracts (FECs) and foreign exchange options (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. The Options have been valued using the Black 76 option pricing framework.

#### (ii) Level 3 Instruments

Warrants

The Group had previously issued warrants for the purpose of funding operational activities. The warrants allowed holders to either exchange the warrants for Koala shares or exchange the warrants for cash. Management had determined that the warrants were classified as derivative liabilities. Subsequently, management had 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 was based on a Monte Carlo simulation with consideration for the potential payoff upon exercise or exchange of the warrants. During the financial year, all warrants were either converted to equity or exchanged for cash.

There were no transfers between levels during the financial year.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

Derivative financial instruments have been valued using quoted market rates, observable data and unobservable data. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities

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

| CONSOLIDATED | WARRANTS $'000 |
|---|---|
| Balance at 1 July 2024 | 7,302 |
| Losses recognised in profit or loss | 2,304 |
| Conversion to equity | (3,603) |
| Balance at 30 June 2025 | 6,003 |
| Gains recognised in profit or loss | (378) |
| Conversion to equity | (708) |
| Exchanged for cash | (4,917) |
| **Balance at 30 June 2026** | **–** |

## Note 28. Key management personnel disclosures

### Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

| | Consolidated 2026 $ | 2025 $ |
|---|---|---|
| Short-term employee benefits | 1,687,043 | 2,031,747 |
| Post-employment benefits | 98,226 | 65,975 |
| Termination benefits | – | 450,000 |
| Long-term benefits | 13,841 | (60,561) |
| Share-based payments | 266,855 | 2,612,483 |
| | **2,065,965** | **5,099,644** |

## Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company:

| | Consolidated 2026 $ | 2025 $ |
|---|---|---|
| **Audit services – KPMG** | | |
| Audit or review of the financial statements | 397,593 | 317,033 |
| **Other services – KPMG** | | |
| Tax advisory services | 179,245 | 132,426 |
| Other advisory services[1] | 836,931 | 1,137,020 |
| | 1,016,176 | 1,269,446 |
| | **1,413,769** | **1,586,479** |

**Half year private assurance (review)**

1. Other advisory services relate to Transaction Services associated with the preparation for IPO. These are non-recurring in nature. Excluding these services, the ratio of non-audit fees as a percentage of audit and other assurance fees would be 45%.





## Note 30. Contingent liabilities

The Group has restricted deposits with financial institutions of $1,535,000 as at 30 June 2026 (2025: $150,000). The Group holds bank guarantees over a property lease of $654,000 as at 30 June 2026 (2025: $534,000).

## Note 31. Commitments

The Group had no capital commitments as at 30 June 2026 and 30 June 2025.

## Note 32. Related party transactions

### Parent entity

The Koala Company Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 34.

### Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

### Transactions with related parties

During the financial year, Koala purchased 1,299,400 share Options (2025: nil) from a related party (Mitchell Taylor – NED) Optionholder 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 33. Parent entity information

Set out below is the supplementary information about the parent entity.

| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | Parent 2026 $'000 | 2025 $'000 |
|---|---|---|
| Profit/(loss) after income tax | 1,143 | (8,040) |
| **Total comprehensive income/(loss)** | **1,143** | **(8,040)** |

| STATEMENT OF FINANCIAL POSITION | Parent 2026 $'000 | 2025 * RESTATED $'000 |
|---|---|---|
| Total current assets | 49,557 | 45,370 |
| Total assets | 60,802 | 49,772 |
| Total current liabilities | 3,656 | 6,672 |
| Total liabilities | 3,656 | 16,377 |
| Net assets | 57,146 | 33,395 |
| Equity | | |
| Share capital | 68,742 | 46,003 |
| Other capital contributions | 23,730 | 23,023 |
| Reserves | 10,015 | 10,853 |
| Accumulated losses | (45,341) | (46,484) |
| **Total equity** | **57,146** | **33,395** |

* Refer to note 2 for detailed information on change in accounting policy.

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees other than obligations arising under the deed of cross guarantee in relation to the debts of its subsidiaries as at 30 June 2026 and 30 June 2025.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.



Notes to the Financial Statements continued

### Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

### Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| NAME | PRINCIPAL PLACE OF BUSINESS/COUNTRY OF INCORPORATION | Ownership interest 2026 % | 2025 % |
|---|---|---|---|
| Koala AU Operations Pty Ltd | Australia | 100% | 100% |
| Shanghai Koala Sleep Co., Ltd. | China | 100% | 100% |
| Koala Japan KK (formerly Koala Sleep Japan KK) | Japan | 100% | 100% |
| Koala, Inc. | USA | 100% | 100% |
| Koala Home SK Co. Ltd* | South Korea | – | 100% |
| Koala UK Operations Ltd | United Kingdom | 100% | 100% |
| **Controlled entities** | | | |
| K Sleep Holdings Pty Limited Employee Share Trust** | Australia | – | – |

* On 1 April 2026, the Group liquidated its South Korean subsidiary, Koala Home SK Co. Ltd, leading to a loss of control of the subsidiary.

** The Group has consolidated the K Sleep Holdings Pty Limited Employee Share Trust as it is controlled by the Group, notwithstanding that it is not an entity in which the Group holds an equity interest.

To facilitate the operation of the Employee Share Options Plan, a third-party trustee is used to administer the trust which holds shares in the Company in order to satisfy the Group's future obligations under the Employee Share Options Plan. The trust is controlled by the Group and therefore its financial statements are included in the consolidated financial statements. Any shares in the Group held by the trust are presented as treasury shares. The Group incurs expenses on behalf of the trust. The expenses are in relation to the administration costs of the trust and are recorded in the statement of profit or loss as incurred.

## Note 35. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

The Koala Company Limited
Koala AU Operations Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under *Corporations Instrument 2016/785* issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by The Koala Company Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 2026 $'000 | 2025 $'000 |
|---|---|---|
| Revenue | 218,310 | 192,290 |
| Operating expenses | (211,241) | (192,561) |
| **Operating profit/(loss)** | **7,069** | **(271)** |
| Reversal of impairment of investment | 1,703 | – |
| Finance income | 5,646 | 491 |
| Finance costs | (3,773) | (5,980) |
| **Profit/(loss) before income tax benefit** | **10,645** | **(5,760)** |
| Income tax benefit | 6,470 | – |
| **Profit/(loss) after income tax benefit** | **17,115** | **(5,760)** |
| Other comprehensive income for the year, net of tax | – | – |
| **Total comprehensive income/(loss) for the year** | **17,115** | **(5,760)** |

| EQUITY – ACCUMULATED LOSSES | 2026 $'000 | 2025 $'000 |
|---|---|---|
| Accumulated losses at the beginning of the financial year | (81,891) | (76,131) |
| Profit/(loss) after income tax benefit | 17,115 | (5,760) |
| Accumulated losses at the end of the financial year | (64,776) | (81,891) |





| STATEMENT OF FINANCIAL POSITION | 2026 $'000 | 2025 *RESTATED $'000 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 57,507 | 30,552 |
| Trade and other receivables | 14,941 | 15,532 |
| Inventories | 15,549 | 13,525 |
| Other | 3,302 | 2,559 |
| | 91,299 | 62,168 |
| **Non-current assets** | | |
| Property, plant and equipment | 3,369 | 3,959 |
| Intangibles | 3,892 | 5,022 |
| Deferred tax | 9,898 | – |
| Other investments including derivatives | 312 | 102 |
| Other | 427 | – |
| | 17,898 | 9,083 |
| **Total assets** | **109,197** | **71,251** |
| **Current liabilities** | | |
| Trade and other payables | 42,067 | 33,056 |
| Contract liabilities | 13,746 | 12,665 |
| Lease liabilities | 2,329 | 1,793 |
| Derivative financial instruments | 1,019 | 6,661 |
| Employee benefits | 1,499 | 1,380 |
| Provisions | 2,626 | 4,244 |
| Other | 2,635 | – |
| | 65,921 | 59,799 |
| **Non-current liabilities** | | |
| Borrowings | – | 9,706 |
| Lease liabilities | 1,764 | 2,777 |
| Employee benefits | 566 | 482 |
| Provisions | 3,235 | 500 |
| | 5,565 | 13,465 |
| **Total liabilities** | **71,486** | **73,264** |
| **Net assets/(liabilities)** | **37,711** | **(2,013)** |
| **Equity** | | |
| Share capital | 68,742 | 46,003 |
| Other capital contributions | 23,730 | 23,022 |
| Reserves | 10,015 | 10,853 |
| Accumulated losses | (64,776) | (81,891) |
| **Total equity/(deficiency)** | **37,711** | **(2,013)** |

* Refer to note 2 for detailed information on change in accounting policy.

## Note 36. Share-based payments

### 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.

The Legacy LTI Plans were established by the Group with the purpose of aligning the interests of eligible participants more closely with the interests of shareholders by providing an opportunity for eligible participants to receive an equity interest in the Group. All Options and Performance Rights are to be settled by physical delivery of physical shares and are therefore accounted for as equity settled share-based payments.

Although the Group has a number of legacy plans in place, their terms are materially similar. The key terms of the Group's two main legacy LTI Plans are set out below.

| TERM | 2019 PLAN | 2023 PLAN |
|---|---|---|
| **Eligibility** | Employees, directors, contractors, and consultants selected by the Board. | Full-time, part-time, casual employees, Non-Executive Directors, contractors, consultants, and service providers to any Group Company. |
| **Vesting** | Board discretion, default vesting over 4 years (25% after 1 year, then monthly over 3 years). | Board discretion, default vesting over 4 years, specific conditions detailed in Plan Documentation. |
| **Types of securities** | Options | Options or Performance Rights or RSUs |
| **Issue price** | Nil | Nil |
| **Exercise price** | Determined by the Board | Determined by the Board |
| **Exercise** | No conditions | No conditions |
| **Cessation of employment** | The Options will expire either one or 6 months (subject to the offer letter) from the date the Optionholder becomes a leaver unless the Board exercises its absolute discretion to extend.<br><br>The Board holds a discretion to lapse unvested Options, cancel for consideration or direct the Optionholder to sell. If the Optionholder is a good leaver, the compensation for cancelled awards will be the fair market value as at the date they became a leaver. If the Optionholder is a bad leaver, no consideration is payable. | Unless the offer documents provide otherwise, if a participant becomes a good leaver, they will retain their outstanding vested awards, and all of their unvested awards will be forfeited on the date determined by the Board, unless the Board determines that they may retain some or all unvested awards.<br><br>Unless the offer documents provide otherwise, if a participant becomes a bad leaver, all of their awards (whether vested or unvested) will be forfeited on the date determined by the Board, unless the Board determines that they may retain some or all of those awards.<br><br>Individual offer documents provide more specific information on how the entitlements will be treated if the participant ceases employment. |
| **Clawback and avoiding inappropriate benefits** | Bad Leaver provisions provide Board discretion on the treatment of Options where employment terminated for fraud or criminal conduct. | Detailed provisions for clawback and malus, including actions for fraud, dishonesty, material breach, financial misstatement, and other adverse events. |





| TERM | 2019 PLAN | 2023 PLAN |
|---|---|---|
| **Change of control** | Board discretion on treatment of Options during Exit Event. | Detailed provisions for Change of Control Event, including potential cancellation, transfer, or sale of Awards and Resulting Shares. |
| **Reconstructions, corporate actions, rights issues, bonus issues etc** | Terms varied to neither advantage nor disadvantage Optionholders. | Board may make adjustments to awards to minimise or eliminate material advantage or disadvantage due to corporate actions or capital reconstruction. |
| **Restrictions on dealings** | Restrictions until Exit Event, Board consent required for Disposal. | Restrictions as per Plan Documentation, compliance with Shareholders' Agreement, and specific procedures to ensure compliance. |
| **Expiry** | Options lapse 15 years from the date of grant or earlier as specified. | Awards lapse on the specified Expiry Date or 10 years from the Grant Date; restricted stock units do not have an Expiry Date. |

Set out below are summaries of Options granted:

| | NUMBER OF OPTIONS 2026 | WEIGHTED AVERAGE EXERCISE PRICE 2026 | NUMBER OF OPTIONS 2025 | WEIGHTED AVERAGE EXERCISE PRICE 2025 |
|---|---|---|---|---|
| Outstanding at the beginning of the financial year | 6,936,501 | $2.74 | 3,281,859 | $2.60 |
| Granted | 244,950 | $2.63 | 3,824,400 | $2.87 |
| Forfeited* | (1,384,460) | $2.62 | (141,458) | $2.71 |
| Exercised | (695,212) | $1.16 | (28,300) | $0.01 |
| Outstanding at the end of the financial year | 5,101,779 | $3.01 | 6,936,501 | $2.74 |
| Exercisable at the end of the financial year | 2,679,467 | $3.08 | 3,229,992 | $2.56 |

The weighted average remaining contractual life of Options outstanding at the end of the financial year was 9 years (2025: 7 years).

* During the year ended 30 June 2026, Koala purchased 1,299,400 Options from a holder for the consideration of $600,000. These Options are reflected in the forfeited balance above.

Set out below are summaries of Performance Rights granted:

| | NUMBER OF PERFORMANCE RIGHTS 2026 | WEIGHTED AVERAGE EXERCISE PRICE 2026 | NUMBER OF PERFORMANCE RIGHTS 2025 | WEIGHTED AVERAGE EXERCISE PRICE 2025 |
|---|---|---|---|---|
| Outstanding at the beginning of the financial year | 2,231,757 | $0.00 | 1,236,337 | $0.00 |
| Granted | 552,500 | $0.00 | 1,330,495 | $0.00 |
| Forfeited | (859,459) | $0.00 | (296,835) | $0.00 |
| Exercised | (255,325) | $0.00 | (38,240) | $0.00 |
| Outstanding at the end of the financial year | 1,669,473 | $0.00 | 2,231,757 | $0.00 |
| Exercisable at the end of the financial year | 1,108,798 | $0.00 | 250,392 | $0.00 |

The weighted average remaining contractual life of Performance Rights outstanding at the end of the financial year was 3 years (2025: 9 years).

| DATE GRANTED | NUMBER 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<br>• 47,000 Options vesting on achievement of budgeted group net revenue after returns for FY26<br>• 47,000 Options vesting on achievement of budgeted group EBITDA for FY26<br>• 47,000 Options vesting on achievement of budgeted group net revenue after returns for FY27<br>• 47,000 Options vesting on achievement of budgeted group EBITDA for FY27 | 10 years |
| | **244,950** | | |

| DATE GRANTED | NO OF PERFORMANCE RIGHTS | VESTING CONDITIONS | CONTRACTUAL LIFE OF PERFORMANCE RIGHTS |
|---|---|---|---|
| 11/03/2026 | 552,500 | • 410,000 Performance Rights vesting immediately.<br>• 142,500 vesting on achievement of budgeted US EBITDA for FY26 and continued employment to assessment date. | 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.

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

| | KMP AND SENIOR EMPLOYEES (2020 PLAN) GRANT 1 | KMP AND SENIOR EMPLOYEES (2023 PLAN) GRANT 2 – TRANCHE 1 | KMP AND SENIOR EMPLOYEES (2023 PLAN) GRANT 2 – TRANCHE 2 | KMP AND SENIOR EMPLOYEES (2023 PLAN) GRANT 2 – TRANCHE 3 | KMP AND SENIOR EMPLOYEES (2023 PLAN) GRANT 3 – TRANCHE 1 | KMP AND SENIOR EMPLOYEES (2023 PLAN) GRANT 3 – TRANCHE 2 |
|---|---|---|---|---|---|---|
| Fair value at grant date ($) | $0.03 | $1.02 | $1.07 | $1.32 | $3.40 | $3.40 |
| Share price at grant date ($) | $3.45 | $3.45 | $3.45 | $3.45 | $3.40 | $3.40 |
| Exercise price ($) | $6.16 | $2.59 | $2.59 | $2.59 | $0.00 | $0.00 |
| Expected volatility (%) | 45% | 45% | 45% | 45% | 0% | 45% |
| Option life (year) | 0.58 | 0.58 | 0.75 | 1.75 | 0.00 | 0.56 |
| Expected dividends ($) | $0.00 | $0.00 | $0.00 | $0.00 | 0.00 | 0.00 |
| Risk-free interest rate (based on government bonds) (%) | 3.95% | 3.95% | 4.06% | 4.09% | 0% | 4.26% |

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

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| Share-based payments expense | 1,934 | 5,358 |





## Note 37. Cash flow information

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

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| Profit/(loss) after income tax benefit/(expense) for the year | 24,588 | (4,600) |
| Adjustments for: | | |
| Depreciation and amortisation | 4,985 | 4,466 |
| Impairment of non-current assets | – | 108 |
| Net fair value (gain)/loss on financial instruments | (379) | 2,748 |
| Share-based payments | 1,934 | 5,358 |
| Foreign exchange differences | (3,250) | (608) |
| Non-cash finance costs | 108 | 3,573 |
| Income tax benefit | (8,295) | – |
| Tax expense recognised in equity | (741) | – |
| Change in operating assets and liabilities: | | |
| (Increase)/decrease in trade and other receivables | (544) | 115 |
| (Increase)/decrease in inventories | (6,914) | 90 |
| (Increase) in prepayments | (270) | (75) |
| (Increase) in other operating assets | (3,316) | (1,201) |
| Increase in trade and other payables | 12,096 | 10,098 |
| Increase in contract liabilities | 4,845 | 3,672 |
| Increase in provision for income tax | 668 | 1,974 |
| Increase in employee benefits | 183 | 362 |
| Increase in other provisions | 1,694 | 2,285 |
| **Net cash from operating activities** | **27,392** | **28,365** |

### Non-cash investing and financing activities

| | Consolidated 2026 $'000 | Consolidated 2025 $'000 |
|---|---|---|
| Additions and adjustments to the right-of-use assets | 3,270 | 469 |

## Note 38. Events after the reporting period

No matter or circumstance has arisen since 30 June 2026 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.

# Consolidated Entity Disclosure Statement

As at 30 June 2026

| ENTITY NAME | ENTITY TYPE | PLACE FORMED/ COUNTRY OF INCORPORATION | OWNERSHIP INTEREST % | TAX RESIDENCY |
|---|---|---|---|---|
| **Parent:** | | | | |
| The Koala Company Limited | Body Corporate | Australia | – | Australia |
| **Subsidiaries:** | | | | |
| Koala AU Operations Pty Ltd | Body Corporate | Australia | 100% | Australia |
| Shanghai Koala Sleep Co., Ltd. | Body Corporate | China | 100% | Australia & China |
| Koala Japan KK (formerly Koala Sleep Japan KK) | Body Corporate | Japan | 100% | Australia & Japan |
| Koala, Inc. | Body Corporate | USA | 100% | Australia & USA |
| Koala UK Operations Ltd | Body Corporate | United Kingdom | 100% | Australia & United Kingdom |
| K Sleep Holdings Pty Limited Employee Share Trust | Trust | Australia | – | Australia |

## Basis of preparation

### Key assumptions and judgements

#### Determination of tax residency

Section 295 (3A) of the *Corporations Act 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed.

For the purposes of this section, an entity is an Australian resident at the end of the financial year is the entity is:

(a) an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at that time; or

(b) a partnership, with at least one partner being an Australian resident (within the meaning of the *Income Tax Assessment Act 1997*) at that time; or

(c) a resident trust estate (within the meaning of Division 6 of Part III of the *Income Tax Assessment Act 1936*) in relation to the year of income (within the meaning of that Act) that corresponds to the financial year.

The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

### Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

#### Foreign tax residency

The Group has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the Group 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.



# Directors' Declaration

In the directors' opinion:

- the attached consolidated financial statements, notes and the remuneration report comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Group and the Company will be able to pay their debts as and when they become due and payable;
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group 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 35 to the financial statements; and
- the information disclosed in the consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2026.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

**Daniel Milham**
Director

26 August 2026
Sydney

# Independent Auditors' Report

KPMG

## Independent Auditor's Report

To the shareholders of The Koala Company Limited

**Report on the audit of the Financial Report**

**Opinion**

We have audited the ***Financial Report*** of The Koala Company Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 30 June 2026 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2026;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2026;
- Notes, including material accounting policies; and
- Director's Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

**Basis for opinion**

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and 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 the financial report of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.





KPMG

**Key Audit Matter**

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was 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 this matter.

**Revenue recognition ($332m)**

Refer to Note 5 to the Financial Report

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| Revenue recognition is a key audit matter due to the quantum of the balance, and the significant audit effort we have applied in assessing the Group's recognition and measurement of revenue.<br><br>This was the result of the:<br><br>• High volume of transactions within revenue recognised from the sale of goods across multiple significant components in different geographic jurisdictions increasing our audit effort; and<br><br>• System is configured to recognise revenue on dispatch of goods to the customer. Due to the difference between the timing of dispatch of goods to the customer and the timing of receipt of the goods by the customer, an adjustment is required to comply with the Group's revenue recognition policy. The Group's revenue adjustment is prepared manually and is prone to greater risk of error, bias and inconsistent application. Additional audit effort was required to evaluate the revenue recognised by the Group.<br><br>In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in. | Our procedures included, for each significant component:<br><br>• Obtaining an understanding of the revenue process and key internal controls for the Group's accounting for revenue.<br><br>• Testing the design and implementation of the Group's key internal control relating to the timing of revenue recognition.<br><br>• Evaluating the appropriateness of the Group's accounting policies for revenue recognition for the sale of goods against the requirements of AASB 15 and our understanding of the business.<br><br>• Testing a statistical sample of revenue transactions throughout the period to underlying documentation such as customer orders, customer invoices, proof of delivery and the Group's revenue recognition policies. We also checked customer receipts to bank statements.<br><br>• Selecting a sample of revenue transactions and credit notes before and after year end due to the increased risk of potential error, bias and inconsistent application and assessing the period of revenue recognition against the underlying evidence of the performance obligation being met.<br><br>• Assessing the Group's disclosures in the financial report using our understanding obtained from our testing, against the requirements of the accounting standards. |

## Other Information

Other Information is financial and non-financial information in The Koala Company Limited’s annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and the Sustainability Report and our respective assurance opinion/conclusion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor’s Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company’s ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor’s responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, 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://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf This description forms part of our Auditor’s Report.

Independent Auditors’ Report continued

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of The Koala Company Limited for the year ended 30 June 2026, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors’ 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 responsibilities

We have audited the Remuneration Report included in pages 34 to 45 of the Directors’ report for the year ended 30 June 2026.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Michelle Jobson

*Partner*

Sydney

26 August 2026

# Shareholder Information

The shareholder information set out below was applicable as at 31 July 2026.

## Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

| | Ordinary shares | | Options over ordinary shares | | Performance rights over ordinary shares | |
|---|---|---|---|---|---|---|
| | NUMBER OF HOLDERS | % OF TOTAL SHARES ISSUED | NUMBER OF HOLDERS | % OF TOTAL OPTIONS ISSUED | NUMBER OF SHAREHOLDERS | % OF TOTAL PERFORMANCE RIGHTS ISSUED |
| 1 to 1,000 | 400 | – | – | – | 4 | – |
| 1,001 to 5,000 | 123 | – | 2 | – | 65 | 15.00 |
| 5,001 to 10,000 | 35 | – | 1 | – | 5 | 2.00 |
| 10,001 to 100,000 | 26 | 1.00 | 12 | 11.00 | 19 | 26.00 |
| 100,001 and over | 27 | 99.00 | 10 | 89.00 | 2 | 57.00 |
| | 611 | 100.00 | 25 | 100.00 | 95 | 100.00 |
| Holding less than a marketable parcel | 155 | – | – | – | – | – |

## Equity security holders

### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|---|---|---|
| | NUMBER HELD | % OF TOTAL SHARES ISSUED |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 24,674,834 | 27.21 |
| HINTERLAND CAPITAL PTY LTD | 18,692,056 | 20.61 |
| JNZ TRUSTEE SERVICES (2024) LIMITED <BUNYA RETIREMENT FUND A/C> | 15,892,056 | 17.53 |
| CITICORP NOMINEES PTY LIMITED | 4,476,875 | 4.94 |
| DEMPSEY CAPITAL PTY LTD <ALIUM ALPHA FUND A/C> | 4,239,925 | 4.68 |
| BNP PARIBAS NOMINEES PTY LTD <UNISUPER LIMITED A/C> | 3,565,756 | 3.93 |
| SS415 INVESTMENTS PTY LTD | 3,498,200 | 3.86 |
| BNP PARIBAS NOMS PTY LTD | 3,389,673 | 3.74 |
| UBS NOMINEES PTY LTD | 1,944,517 | 2.14 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 1,663,959 | 1.84 |
| BEAR INVESTMENTS SPV PTE LTD | 1,533,650 | 1.69 |
| BNP PARIBAS NOMS (NZ) LTD | 1,068,281 | 1.18 |
| DEMPSEY CAPITAL PTY LTD | 643,375 | 0.71 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2 | 628,797 | 0.69 |
| PARTNERS FOR GROWTH V LP | 621,202 | 0.69 |
| PARTNERS FOR GROWTH VI L P | 621,202 | 0.69 |
| SANDRA MORROW | 516,250 | 0.57 |
| WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C> | 331,190 | 0.37 |
| OVCHAR INVESTMENT PTY LTD | 285,650 | 0.32 |
| MR KEITH JAMES-RAY TOMS | 183,750 | 0.20 |
| | **88,471,198** | **97.59** |



## Unquoted equity securities

| | NUMBER ON ISSUE | NUMBER OF HOLDERS |
|---|---|---|
| Options over ordinary shares issued | 5,068,529 | 25 |
| Performance Rights | 1,644,366 | 95 |

## Substantial holders

The names of substantial holders in the Company, and the number of ordinary shares which each substantial holder and the substantial holder's associates have a relevant interest in, as disclosed in substantial holding notices received by the Company, are set out below:

| | Ordinary shares | |
|---|---|---|
| | NUMBER HELD | % OF TOTAL SHARES ISSUED |
| THE KOALA COMPANY LIMITED | 67,303,946 | 74.96 |
| HINTERLAND CAPITAL PTY LTD AS TRUSTEE FOR THE DMILHAM TRUST (HINTERLAND CAPITAL) | 67,303,946 | 74.96 |
| PERENNIAL VALUE MANAGEMENT LIMITED | 67,303,946 | 74.96 |
| JNZ TRUSTEE SERVICES (2024) LIMITED <BUNYA RETIREMENT FUND A/C> | 15,892,056 | 17.68 |
| UNISUPER LIMITED AS TRUSTEE FOR UNISUPER AND UNISUPER MANAGEMENT PTY LIMITED | 7,158,417 | 7.97 |

As required by ASX Listing Rule 4.10.4, the substantial holding information set out above is based on the information provided by the relevant substantial holder in the most recent substantial holding notice given by them to the Company and lodged with ASX. There are certain differences between this information and the details of the 20 largest shareholders provided above because the latter details reflect the position as shown on the Company's register of shareholders as at 31 July 2026. In accordance with the Corporations Act, substantial holders are only required to lodge an updated substantial holding notice where there is movement of at least 1% in their voting power.

The number of ordinary shares articulated for The Koala Company Limited, Hinterland Capital and Perennial Value Management reflect a combination of direct beneficial holdings of ordinary shares and technical relevant interests for the purposes of the substantial holding provisions in Part 6C.1 of the Corporations Act in the Escrowed Shares. No party has a right to acquire any Escrowed Shares or control their voting beyond their own current holdings. Refer to the initial substantial holding notices lodged with ASX on 7 April 2026 for further information.

## Voting rights

The voting rights attached to ordinary shares are set out below:

### Ordinary shares

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.

There are no other classes of equity securities.

## Restricted securities

| CLASS | EXPIRY DATE | NUMBER OF SHARES |
|---|---|---|
| Restricted stock units | None | 20,500 |

# Corporate Directory

## Directors

Michael Gordon – Chair
Daniel Milham
Jennifer Macdonald (Appointed on 13 March 2026)
Laura Mineo (Appointed on 2 September 2025)
Nicholas Bagot (Appointed on 13 March 2026)
Mitchell Taylor (Resigned on 13 March 2026)

## Company secretaries

Stuart Crichton
Melissa Norris

## Notice of annual general meeting

The details of the annual general meeting of The Koala Company Limited are:

9.30 am (AEDT), Friday 20 November 2026, held virtually via video conference; participation details in the Notice of Meeting.

## Registered office

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

## Share register

Level 5
126 Phillip Street
Sydney NSW 2000

## Auditor

KPMG
Level 38, Tower 3
300 Barangaroo Avenue
Barangaroo NSW 2000

## Stock exchange listing

The Koala Company Limited shares are listed on the Australian Securities Exchange (ASX code: KOA).

## Business objectives

In accordance with Listing Rule 4.10.19 the Company confirms that the Group has been utilising the cash and assets in a form readily convertible to cash that it held at the time of its admission to the Official List of the Australian Securities Exchange (ASX) for the whole of the reporting period (being 30 June 2026) in a way that is consistent with its business objectives.

## Corporate Governance Statement

The directors and management are committed to conducting the business of The Koala Company Limited in an ethical manner and in accordance with high standards of corporate governance. The Koala Company Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.

The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released.

The Corporate Governance Statement can be found on https://investors.koala.com/policies.

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