

Pure Foods Tasmania Limited

ABN 13 112 682 158

Annual Report - 30 June 2026

Pure Foods Tasmania Limited
Directors' report
30 June 2026

Your Directors present their report on the consolidated entity (referred to herein as the Group) consisting of Pure Foods Tasmania Limited and its controlled entities for the financial year ended 30 June 2026.

Directors

The following persons were Directors of the Group during or since the end of the financial year up to the date of this report:

Malcolm McAully
Robert Knight
Ken Fleming

Executive Chairman
Chief Executive Officer / Managing Director
Non-executive Director

Company secretary

The company secretary for the year ended 30 June 2026 was Justin Hill.

Ashlee Lambert was appointed as company secretary on 1 July 2026 following the resignation of Justin Hill as company secretary on 1 July 2026. Mr Hill remains with the company as legal counsel.

Dividends

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

Indemnifying officers or auditor

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Group 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.

The Group has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Group or of any related corporate against a liability incurred as an officer or auditor.

Proceedings on behalf of the group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Non-audit services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services provided did not compromise the external auditor's independence.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2026 has been received and can be found on page 8 of the financial report.

Information relating to directors and group secretary

Malcolm McAully, Executive Chairman

Malcolm McAully is an experienced company director having held roles over a diverse range of industry backgrounds such as financial services, energy generation, waste management, agribusiness, technology manufacturing, human resource management and food manufacturing.

Malcolm was the Chairman of ASX listed Pinnacle VRB Ltd (ASX: PCE) from 2004 to 2005, and remained Chairman when the company (following an acquisition) changed its name to Cougar Energy Limited (ASX: CXY) until 2013 when he resigned. Malcolm is also the Chairman of Chaucer Energy Limited and several privately owned companies.

Malcolm has held various executive management positions, including National Manager for MLC Life when owned by the Lend Lease Group. He holds a Master of Business and qualifications in accounting, business management, mediation, turn around management and GAICD. Malcolm's primary focus is on strategic development, financial performance, corporate governance and investor relations.

Robert Knight, Chief Executive Officer / Managing Director (Appointed 1 July 2026)

Robert Knight was appointed Chief Executive Officer and Managing Director of Pure Foods Tasmania on 1 July 2026, marking an important new leadership phase for the Company.

Robert brings broad commercial experience across sales, marketing, operations, capital markets and business ownership. He has founded, operated and successfully exited businesses across a range of sectors, giving him practical experience in building teams, improving performance and driving commercial outcomes.

Robert first became involved with Pure Foods Tasmania as an investor and shareholder before joining the Board in October 2024 and later stepping into an executive role. His appointment as CEO and Managing Director reflects his strong commitment to the Company and his belief in the long-term opportunity.

Robert is in the final stages of completing his MBA through the University of Melbourne and has more than 10 years' experience investing in ASX-listed and US-listed companies.

As CEO and Managing Director, Robert is focused on building a stronger, more commercially disciplined Pure Foods Tasmania and delivering long-term value for shareholders.

Ken Fleming, Non-Executive Director

Ken Fleming has extensive experience in capital markets and has held senior roles at Deutsche Bank (Director), James Capel Australia and was Head of Research at Tricom Equities. He has also worked in the Australian public service (Canberra) and held a senior management role (Acting Director), before joining KPMG in Melbourne. After moving to Hobart, Ken accepted a role as a lecturer in Finance at the University of Tasmania and later became a Director of Tasmanian Oyster Company (nee Shellfish Culture) and TasmaNet (ICT company). Ken is also a Director of Castray Capital (corporate advisory business) in addition to his role as a non-executive director of PFT.

Ken holds an honors degree in economics and post graduate qualifications in economics and finance and is also a Fellow of the Chartered Institute for Securities and Investment (CISI).

Justin Hill, Company Secretary (Resigned 1 July 2026)

Justin Hill is a Principal at Page Seager Lawyers – the largest law practice in Tasmania. Justin advises clients in several key industry sectors, including agribusiness, financial services, energy, and the not-for-profit sector. He specialises in mergers and acquisitions, governance and corporate structures and restructures. Justin also has significant experience in finance (including derivative transactions) and advising on raising capital for companies by way of equity and debt.

Justin has a first-class honours degree in Commerce, a Master's in Law from the University of Melbourne and a Graduate Diploma in Applied Finance and Investment. Before joining Page Seager as a Partner/Principal, Justin worked as in-house counsel for the investment banking division of Deutsche Bank in Sydney. Prior to working with Deutsche Bank, Justin was principal counsel in the institutional markets and investment division of National Australia Bank. Justin also practised for several years in the mergers and acquisitions team of Mallesons Stephen Jaques (now called Mallesons).

Ashlee Lambert, Company Secretary (Appointed 1 July 2026)

Mrs Lambert holds degrees in Law and Psychology, together with a Certificate IV in Bookkeeping and Accounting. She is a legal practitioner admitted to the Supreme Court of Victoria and practised law in Victoria for over five years. She brings extensive experience across legal, governance and regulatory compliance, with a strong background in corporate administration.

Meetings of directors

During the financial year, 10 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' meetings	
	Number eligible to attend	Number attended
Malcolm McAully	10	10
Robert Knight	10	10
Ken Fleming	10	10

Remuneration of Directors and Senior Management

Information about the remuneration of Directors and senior management is set out in the Remuneration Report.

Review of operations and principal activities

During the financial year, the principal activities of the Group comprised the manufacture, marketing, distribution and sale of premium food products under a portfolio of branded food businesses. The Group's operations include smoked seafood, pate, gourmet foods, ice cream and other value-added food products, with manufacturing facilities located in Tasmania and distribution throughout Australia. During the year, the Group continued to focus on expanding retail and wholesale distribution, improving manufacturing utilisation, developing new products, and integrating acquired brands and businesses. The Group also pursued strategic growth initiatives aimed at increasing scale, improving margins and enhancing shareholder value. There were no significant changes in the nature of the Group's principal activities during the year.

Operating results

The loss after tax of the Group for the financial year attributable to the members of Pure Foods Tasmania Limited was \$8.6m (2025: \$2.8m).

Material business risks

The Board has identified the following material business risks that could adversely affect the achievement of the Group's financial performance and position in future periods, together with how the Group seeks to manage them.

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Risk	Description and how it is managed
Funding, liquidity and covenant compliance	The Group has a net current liability position and relies on continued financier support and compliance with applicable lending covenants. Managed through cash-flow forecasting, active working-capital management, cost-control and profitability initiatives, and ongoing lender engagement.
Sustained operating losses and asset recoverability	Continued losses could affect the recoverability of non-financial assets and the remaining deferred tax asset. Managed through the profitability-improvement programme and regular impairment and recoverability assessments.
Customer concentration	A significant proportion of revenue may be derived from a small number of major retail customers. Managed by diversifying channels, brands and the customer base.
Input costs and margin pressure	Exposure to raw-material, energy and freight cost movements. Managed through pricing, procurement and value-chain initiatives.
Food safety and regulatory compliance	Product quality, safety or labelling failures could result in recalls or reputational damage. Managed through quality systems, accreditation and compliance programmes.
Key person and integration risk	Dependence on key management personnel and the integration of acquired brands. Managed through retention, governance and integration planning.

State of affairs and likely developments

In the opinion of the Directors there were no significant changes in the state of affairs of the Group and its controlled entities that occurred during the financial year under review not otherwise disclosed in this report or the accompanying financial report. Reference should be made to the subsequent events note for changes in the state of affairs after balance date.

Significant changes in the state of affairs

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

Events subsequent to balance date

Other than the events outlined within note 1(b) of the financial statements, the Board is not aware of any matter or circumstance not otherwise dealt within these financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Remuneration report

The remuneration report details the key management personnel remuneration arrangements for the company, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Remuneration Policy
- Remuneration Expense Details for the Year Ended 30 June 2026
- KMP Shareholdings

Remuneration Policy

The remuneration policy of the Group has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of the Group believes the remuneration policy to be appropriate and effective in its ability to attract and retain high quality KMP to run and manage the Group, as well as create goal congruence between Directors, executives, and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is based on the following:

- The remuneration policy is to be developed by the Board after professional advice is sought from independent external consultants.
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options, and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the Directors and Group with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Board reviews KMP packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, and options. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which, during the 2026 financial year was 12% of the individual's average weekly ordinary time earnings (AWOTE). Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to KMP is valued at the cost to the Group and expensed.

Performance-based Remuneration

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of revenue targets, return on equity ratios and continued employment with the Group.

Employment Details of Key Management Personnel

The term Key Management Personnel refers to those persons having the authority and responsibility for planning, directing, and controlling activities of the Group, directly or indirectly, and includes any Director of the Group (whether executive or otherwise).

The KMP of the Group for the year ended 30 June 2026 were:

Key Management Personnel	Role	Director Appointment Date
Malcolm McAully	Executive Chairman	1 September 2017
Ken Fleming	Non-executive Director	29 July 2015
Robert Knight	Chief Executive Officer / Managing Director	1 July 2026

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Remuneration Expense Details for the Year Ended 30 June 2026

	Year	Short-term benefits			Post-employment benefits	Equity-settled share-based payments	Total
		Salary, fees and leave	Profit share and bonuses	Non-monetary	Pension and superannuation	Shares/units + Options/rights	
KMP		\$	\$	\$	\$	\$	\$
Malcolm McAully	2026	75,000	-	-	9,000	-	84,000
	2025	50,000	-	-	5,750	-	55,750
Michael Cooper (resigned 14/08/2024)	2026	-	-	-	-	-	-
	2025	78,057	-	-	6,095	-	84,152
Ken Fleming	2026	36,000	-	-	4,320	-	40,320
	2025	36,000	-	-	4,140	-	40,140
Robert Knight	2026	36,000	-	-	4,320	-	40,320
	2025	24,000	-	-	2,760	-	26,760
Phillip Excell (resigned 17/09/2024)	2026	-	-	-	-	-	-
	2025	103,780	-	-	6,187	-	109,967
Total	2026	147,000	-	-	17,640	-	164,640
Total	2025	291,837	-	-	24,932	-	316,769

Securities Received that are not Performance-Related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

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KMP Shareholdings

	Balance at Beginning of the Year	Granted as Remuneration During the Year	Issued on Exercise of Options During the Year	Purchases During the Year	Balance at End of Year
Malcolm McAully	2,880,404	-	-	4,150,000	7,030,404
Ken Fleming	3,294,475	-	-	1,500,000	4,794,475
Robert Knight	13,369,864	-	-	25,000,000	38,369,864

Other Equity-Related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights, and shareholdings.

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Group and KMP or their related parties, apart from those disclosed above relating to equity, compensation, and loans, that were conducted other than in accordance with normal employee, customer, or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

Auditor

Wise Lord & Ferguson continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



Malcolm McAully
Director

30 September 2026

Auditor's Independence Declaration to the Members of Pure Foods Tasmania Limited and its controlled entities

In relation to our audit of the consolidated financial report of Pure Foods Tasmania Limited for the financial year ended 30 June 2026, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements in accordance with the *Corporations Act 2001*, the ethical requirements of the *APES 110 Code of Ethics for Professional Accountants* (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board (the Code) that are relevant to audits of the financial report of public interest entities in Australia, or any applicable code of professional conduct.

A handwritten signature in blue ink that reads 'Wise Lord & Ferguson'.

WISE LORD & FERGUSON

A handwritten signature in blue ink that appears to read 'Rebecca Meredith'.

REBECCA MEREDITH
Partner

Dated: 30 September 2026



Pure Foods Tasmania Limited

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General information

The financial statements cover Pure Foods Tasmania Limited as a consolidated group. The financial statements are presented in Australian dollars, which is Pure Foods Tasmania Limited's functional and presentation currency.

Pure Foods Tasmania Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

100 Mornington Rd, Mornington TAS 7018

Principal place of business

100 Mornington Rd, Mornington TAS 7018

A description of the nature of the company'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 30 September 2026. The directors have the power to amend and reissue the financial statements.

Pure Foods Tasmania Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Total revenue from continuing operations	4	5,051,597	5,168,366
Other income	4	184,404	218,512
Expenses			
Cost of sales		(4,212,141)	(4,403,001)
Depreciation and amortisation expense		(772,645)	(1,006,054)
Employment expenses		(1,279,504)	(1,102,695)
Finance costs		(553,042)	(647,671)
Other expenses		<u>(2,719,277)</u>	<u>(1,890,671)</u>
Loss before income tax (expense)/benefit		(4,300,608)	(3,663,214)
Income tax (expense)/benefit	5	<u>(4,338,416)</u>	<u>853,113</u>
Loss after income tax (expense)/benefit for the year attributable to the owners of Pure Foods Tasmania Limited		(8,639,024)	(2,810,101)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the owners of Pure Foods Tasmania Limited		<u><u>(8,639,024)</u></u>	<u><u>(2,810,101)</u></u>
		Cents	Cents
Basic earnings per share	29	(3.23)	(2.13)
Diluted earnings per share	29	(3.23)	(2.13)

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

Pure Foods Tasmania Limited
Statement of financial position
As at 30 June 2026

	Note	2026 \$	2025 \$
Assets			
Current assets			
Cash and cash equivalents	6	(109,273)	1,091,530
Trade and other receivables	7	538,258	355,945
Inventories	8	1,195,049	1,026,810
Other assets	9	155,143	186,924
Total current assets		<u>1,779,177</u>	<u>2,661,209</u>
Non-current assets			
Property, plant and equipment	10	4,827,837	5,609,248
Right-of-use assets	11	1,329,858	18,747
Intangibles	12	36,280	1,286,900
Deferred tax	13	447,129	4,982,029
Total non-current assets		<u>6,641,104</u>	<u>11,896,924</u>
Total assets		<u>8,420,281</u>	<u>14,558,133</u>
Liabilities			
Current liabilities			
Trade and other payables	14	1,206,726	1,470,857
Borrowings	15	1,312,829	5,100,298
Lease liabilities	16	269,133	20,259
Employee provisions	17	124,355	94,340
Total current liabilities		<u>2,913,043</u>	<u>6,685,754</u>
Non-current liabilities			
Borrowings	15	2,473,006	703,708
Lease liabilities	18	1,063,151	-
Deferred tax liability	19	667,400	868,574
Employee provisions	17	25,144	43,619
Total non-current liabilities		<u>4,228,701</u>	<u>1,615,901</u>
Total liabilities		<u>7,141,744</u>	<u>8,301,655</u>
Net assets		<u>1,278,537</u>	<u>6,256,478</u>
Equity			
Issued capital	20	23,386,324	19,725,241
Accumulated losses		<u>(22,107,787)</u>	<u>(13,468,763)</u>
Total equity		<u>1,278,537</u>	<u>6,256,478</u>

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

Pure Foods Tasmania Limited
Statement of changes in equity
For the year ended 30 June 2026

	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2024	19,191,163	(10,658,662)	8,532,501
Loss after income tax benefit for the year	-	(2,810,101)	(2,810,101)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(2,810,101)	(2,810,101)
Proceeds from issued share capital	568,156	-	568,156
Share issue costs	(34,078)	-	(34,078)
Balance at 30 June 2025	<u>19,725,241</u>	<u>(13,468,763)</u>	<u>6,256,478</u>
	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2025	19,725,241	(13,468,763)	6,256,478
Loss after income tax expense for the year	-	(8,639,024)	(8,639,024)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(8,639,024)	(8,639,024)
Proceeds from issued share capital	3,680,818	-	3,680,818
Share issue costs	(19,735)	-	(19,735)
Balance at 30 June 2026	<u>23,386,324</u>	<u>(22,107,787)</u>	<u>1,278,537</u>

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

Pure Foods Tasmania Limited
Statement of cash flows
For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,036,827	5,859,974
Payments to suppliers (inclusive of GST)		(7,012,863)	(6,604,915)
Interest received		16,861	38,190
Interest paid		(622,780)	(542,258)
Income tax payments		-	(37,935)
Net cash used in operating activities		<u>(2,581,955)</u>	<u>(1,286,944)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(12,486)	-
Proceeds from sale of property, plant and equipment		-	110,851
Net cash from/(used in) investing activities		<u>(12,486)</u>	<u>110,851</u>
Cash flows from financing activities			
Net proceeds from issue of shares	20	3,661,083	534,078
Net (decrease)/increase in borrowings		(2,018,171)	1,008,741
Principal elements for lease payments		(249,274)	(353,857)
Net cash from financing activities		<u>1,393,638</u>	<u>1,188,962</u>
Net increase/(decrease) in cash and cash equivalents		(1,200,803)	12,869
Cash and cash equivalents at the beginning of the financial year		<u>1,091,530</u>	<u>1,078,661</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>(109,273)</u></u>	<u><u>1,091,530</u></u>

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

Note 1. Material accounting policy information

(a) General information

The consolidated financial statements and notes represent those of Pure Foods Tasmania Limited and its Controlled Entities. Pure Foods Tasmania is a company incorporated in Australia, and whose shares are publicly traded on the Australian Securities Exchange (ASX).

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

(b) Going concern

The financial statements of the Group have been prepared on the assumption that the Group will continue as a going concern.

Directors' conclusion

Notwithstanding the material uncertainty disclosed below, the Directors believe there are reasonable grounds to expect that the Group will be able to continue as a going concern, having regard to the commercial progress achieved during FY26, the level of one-off and investment expenditure incurred during the period, anticipated research and development incentives, the operational initiatives implemented, increased utilisation of the Group's manufacturing assets, forecast improvements in operating performance and the commercial opportunities currently being progressed. Accordingly, the Directors consider it appropriate to prepare the financial report on a going concern basis.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities, that might be necessary should the Group not continue as a going concern.

Financial position and performance

In concluding that the going concern basis of preparation is appropriate, the Directors have considered the following events and conditions which, individually and collectively, indicate that a material uncertainty exists. Key financial indicators at 30 June 2026 are summarised below.

Indicator	30 June 2026	30 June 2025
Loss after income tax	\$8.6m	\$2.8m
Net cash used in operating activities	\$2.6m	\$1.3m
Cash and cash equivalents	(\$0.1)	\$1.1m
Net current liabilities	\$1.1m	\$4.0m
Total borrowings	\$3.8m	\$5.8m
Net assets	\$1.3m	\$6.3m
Accumulated losses	\$22.1m	\$13.5m

Note 1. Material accounting policy information (continued)

The Group incurred a loss after income tax of \$8.6 million (2025: \$2.8 million) and net operating cash outflows of \$2.6 million (2025: \$1.3 million). Revenue from continuing operations was \$5.1 million, a decrease of 2% on the prior year. Operating cash outflows were funded principally by \$3.7 million of equity raised during the year and the use of the Group's overdraft facility. The loss includes non-cash items of approximately \$6.6 million, principally the derecognition of deferred tax assets of \$4.8 million, goodwill impairment of \$1.0 million and depreciation and amortisation of \$0.8 million. The derecognition of deferred tax assets reflects the Directors' assessment that given the size of the losses, it is not currently probable that sufficient future taxable profits will be available against which those assets can be utilised.

At 30 June 2026 the Group had drawn \$0.2 million of its \$0.5 million overdraft facility, with current liabilities exceeding current assets by \$1.1 million. The Directors' cash flow forecast indicates that, even after allowing for the assumptions described below, the Group's funding requirements will exceed its existing overdraft facility from approximately February 2027. The Group's existing banking facilities are therefore not sufficient on their own to fund its operations for the forecast period, and additional funding, which has not been committed at the date of this report, will be required.

The Group did not comply with the EBITDA covenant under its Commonwealth Bank of Australia (CBA) facilities for the quarter ended 30 June 2026, as described further below. A breach for a second consecutive quarter would entitle CBA to exercise its rights under the facility agreement, which could result in notice to repay all facilities on 90 days' notice.

Since 30 June 2026, trade creditor balances and other liabilities, including superannuation obligations, have increased and the ageing of trade creditors has deteriorated. The Group is agreeing structured payment arrangements with a number of suppliers.

The Group's cashflow forecast relies on receipt of a research and development (R&D) tax incentive for the 2025 and 2026 financial years. The FY26 claim has not been finalised or lodged, eligible expenditure has not yet been confirmed, and no receivable has been recognised in respect of the FY26 claim at 30 June 2026. The amount and timing of any refund are therefore uncertain.

Financing arrangements and banking covenant

The Group's banking facilities with CBA were refinanced in June 2026 and comprise a \$1.6 million business loan maturing in February 2028, and business loan of \$0.1 million maturing in June 2027. The equipment finance facilities of approximately \$1.3 million were refinanced in July 2026 and mature in March 2028. Further details on loan facilities are found in note 15. There is also a \$0.5 million overdraft facility which is disclosed in note 6.

The business loan facility agreement includes a financial covenant, tested quarterly, under which any adverse variance in the Group's normalised EBITDA, against the budget agreed with CBA, must be no greater than 10%. Should the financial covenant be breached for two consecutive quarters, CBA may provide the borrower 90-day notice stating that it will withdraw its support and request that all facilities to be repaid, failing which the CBA may cancel the working capital limit. The quarter ended 30 June 2026 was the first testing period under the refinanced facilities, and the Group did not meet the covenant for that quarter. This represents the first breach under the current facility arrangements.

A second consecutive breach would not of itself require repayment, and CBA has not indicated that it intends to withdraw its support. However, CBA has not waived its rights under the facility agreement and the Group does not currently have alternative financing arrangements in place.

Covenant compliance for the September 2026 quarter will be assessed in October 2026. Based on management accounts for July and August 2026, the Directors consider that there is a risk the covenant will not be met for the September 2026 quarter.

Because CBA had no right at 30 June 2026 to demand repayment as a result of a single breach, borrowings under the facilities have been classified in accordance with their contractual repayment terms.

Note 1. Material accounting policy information (continued)

Directors' cash flow forecast and key assumptions

The Directors have prepared a monthly cash flow forecast for the period to 30 September 2027, being at least 12 months from the date of this report. The forecast is based on the following key assumptions, each of which is subject to significant uncertainty:

- sales growth of approximately 38% compared with FY26, driven by expanded retail ranging, broader distribution and a full year of contribution from businesses acquired during FY26;
- improved gross margins and a lower operating cost base arising from the operational initiatives described below;
- receipt of R&D tax incentives of between \$100,000 and \$500,000;
- continued availability of the existing CBA facilities, including the \$500,000 overdraft facility, throughout the forecast period; and
- settlement of overdue creditor and statutory obligations in accordance with arrangements agreed with the relevant parties.

Even if these assumptions are achieved, the forecast indicates that the Group will require funding in excess of its existing facilities from approximately February 2027. The Directors' plans to meet this requirement are set out below.

Directors' plans and associated risks

The Directors' plans to address the conditions described above, together with the principal risks to their successful execution, are summarised in the table below. Not all of these plans are committed at the date of this report.

Plan	What it involves	Key risks and uncertainties
Additional equity funding	Raising further equity during FY27 through discussions with existing and prospective shareholders and, if required, a rights issue. The Group raised \$3.7 million of equity during FY26 and has historically been supported by its shareholders.	No funding commitments have been received at the date of this report. The amount, timing and terms of any capital raising are uncertain and depend on market conditions, investor support and the Group's trading performance. A raising at a discount may be dilutive to existing shareholders.
FY26 R&D tax incentive	Finalising and lodging the FY26 R&D claim and receiving the associated refundable tax offset, forecast at between \$100,000 and \$500,000.	The claim has not been finalised or lodged and eligible expenditure has not been confirmed; no receivable has been recognised. The refund may be materially lower than forecast, and its timing depends on lodgement, ATO processing and any ATO review.
Revenue growth	Expanding ranging with national supermarket and warehouse retail customers, broadening distribution through independent, specialty and wholesale channels, and integrating the Elato ice cream brand and Brilliant Food Australia smoked seafood business acquired during FY26.	Forecast growth is significant relative to FY26 revenue of \$5.1 million, which decreased by 2% on FY25. Ranging decisions by major retailers are outside the Group's control and a significant proportion of revenue is derived from a small number of customers. Acquired businesses may take longer to integrate or deliver lower returns
Margin improvement and cost reduction	Consolidating production across the Group's Tasmanian facilities, using SKU, customer and channel profitability reporting to guide pricing and ranging, and reducing procurement, logistics and overhead costs.	Benefits may be offset by increases in raw material, energy and freight costs, retailer pricing pressure or lower volumes, and savings may take longer to realise than forecast.

Note 1. Material accounting policy information (continued)

Plan	What it involves	Key risks and uncertainties
Manufacturing utilisation	Increasing utilisation of the recommissioned ice cream manufacturing capability, the Woodbridge Smokehouse and other facilities, including pursuing external contract manufacturing.	Contract manufacturing opportunities are not contracted at the date of this report. Improved operating leverage depends on achieving forecast volume growth.
Working capital and creditor management	Agreeing structured payment arrangements with suppliers, prioritising payments that protect continuity of supply, restricting discretionary expenditure, applying R&D and funding proceeds to reduce overdue creditors, and maintaining a rolling 12-month cash flow forecast.	Suppliers may shorten trading terms or restrict supply. Unpaid statutory obligations, including superannuation, may attract additional charges and penalties. Success depends on the funding plans above being achieved.
Continued financier support	Ongoing engagement with CBA regarding covenant compliance and the continued availability of facilities.	A further covenant breach for the September 2026 quarter would permit CBA to exercise its rights, including requiring repayment of all facilities on 90 days' notice. The Group has no alternative financing arrangements in place.
Strategic opportunities	Progressing opportunities with the potential to increase the Group's scale, earnings and liquidity.	These opportunities are not committed, may not proceed and may require additional funding.

Factors supporting the Directors' assessment

In forming their view that the going concern basis of preparation is appropriate, the Directors have also had regard to a number of factors which they consider support the Group's ability to continue as a going concern. These factors do not remove the material uncertainty described in this note, but are relevant to the Directors' assessment of the Group's prospects over the forecast period.

The Directors do not consider the FY26 statutory loss or operating cash outflow, in isolation, to be representative of the Group's expected underlying operating performance or future cash requirements. As noted above, the loss includes non-cash items of approximately \$6.6 million, including the derecognition of deferred tax assets and goodwill impairment. In addition, operating cash outflows during FY26 included one-off expenditure associated with the operational restructure and the recommissioning of manufacturing capability, including the Group's ice cream production facilities. FY26 was a year of significant operational and commercial change, during which management undertook a detailed review of the Group's operations, manufacturing footprint, cost base, product portfolio and historical balance sheet positions, with the aim of establishing a more appropriate financial and operating baseline for the Group.

The Group has a demonstrated history of raising capital and receiving support from its shareholders, including \$3.7 million of equity raised during FY26, which the Directors consider relevant when assessing the Group's ability to access additional funding if required. The Group's CBA facilities were refinanced in June and July 2026, principally maturing in 2028, and total borrowings reduced to \$3.8 million at 30 June 2026 (2025: \$5.8 million).

Approximately \$1.2 million of expenditure during FY26 related to research and development activities, a portion of which the Group expects to qualify for the Australian Research and Development Tax Incentive. The Group's amended FY25 R&D claim has been lodged and an outcome is expected shortly.

Note 1. Material accounting policy information (continued)

Commercial and operational progress achieved during FY26 includes:

- re-establishing the Group's relationship with a national retailer and returning PFT products to its stores, providing additional revenue and increased utilisation of existing manufacturing capacity;
- materially expanding the Group's business with a major supermarket customer, including a significant increase in store distribution and the launch of an additional Pâté SKU;
- acquiring the Elato ice cream brand, with production being progressively integrated into the Group's Mornington facility;
- acquiring Brilliant Food Australia, adding premium smoked seafood and value-added products and supporting greater utilisation of the Woodbridge Smokehouse;
- broadening distribution through independent and specialty retailers and new wholesale and distribution relationships;
- recommissioning the Group's ice cream manufacturing capability, including its stick production line, providing capacity for existing brands and external contract manufacturing;
- consolidating production across the Group's Tasmanian facilities and reviewing procurement, logistics and supply arrangements, reducing duplication and identifying further cost savings; and
- implementing SKU, customer and channel profitability reporting, enabling more disciplined pricing, procurement and ranging decisions.

The Directors expect the increased number of products and brands manufactured through the Group's existing facilities to improve operating leverage as sales volumes grow.

Material uncertainty

The Directors acknowledge that the successful execution of the plans above, in particular securing additional equity funding, receiving the FY26 R&D tax incentive in the amount and within the timeframe forecast, achieving the forecast improvement in trading performance and the continued support of CBA, is not assured. These events and conditions indicate that a material uncertainty exists that casts significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

(c) Basis of preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*, as appropriate in for-profit oriented entities.

The financial statements cover the Group and its controlled entities as a group for the financial year ended 30 June 2026. The Company is a company limited by shares, incorporated, and domiciled in Australia. The following is a summary of material accounting policies adopted by the Group in the preparation and presentation of the financial statements not elsewhere disclosed. The accounting policies have been consistently applied, unless otherwise stated.

(d) Compliance with IFRS

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

(e) Historical cost convention

The financial statements have been prepared under the historical cost convention. All amounts are presented in Australian dollars unless otherwise noted.

(f) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2026 reporting periods and have not yet been adopted by the Group. There are no standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(g) Principles of consolidation

The consolidated financial statements are those of the Group, comprising the parent entity and its controlled entities as defined in *Accounting Standard AASB 10 Consolidated Financial Statements*. Control is achieved when the Group:

- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Note 1. Material accounting policy information (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Details of the controlled entities are contained in the Consolidated Entity Disclosure Statement.

Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

Non-controlling interests in the equity and results of the entities that are controlled are shown separately in the consolidated financial statements.

The preparation of the financial statements of the Group requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Areas within the financial report which contain a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be incorrect. Detailed information about each of these estimates and judgements are included in the notes to the financial statements together with the basis of calculation.

The area involving significant estimates or judgement include:

Impairment of goodwill

The Group tests goodwill for impairment annually, and more frequently if events or changes in circumstances indicate that it might be impaired. Impairment exists when the carrying amount of the cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The Group has assessed the recoverable amount of its single cash-generating unit on a value-in-use basis using a discounted cash flow model. The cash flows are derived from the board-approved budget covering a five-year period and do not include restructuring activities to which the Group is not yet committed, or significant future investments that will enhance the performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the pre-tax discount rate applied, the expected future cash inflows (in particular forecast sales growth and gross margin) and the terminal growth rate used to extrapolate cash flows beyond the budget period. These estimates are most relevant to the goodwill recognised by the Group.

Recovery of deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount that can be recognised, based on the likely timing and level of future taxable profits and available tax-planning strategies. Refer to Note 13.

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

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 Makers ('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 Pure Foods Tasmania 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.

Note 1. Material accounting policy information (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 2. Operating segments

The operating segments are based upon the units identified in the operating reports reviewed by the Board and executive management, and are used to make strategic decisions, in conjunction with the quantitative thresholds established by *AASB 8 Operating Segments*.

There are two identifiable and reportable segments:

- Food – which incorporates all brands of the Group; and
- Corporate and other - which comprises corporate costs that are not directly attributable to the operational business units.

Management measures the performance of the segments identified at the 'net profit before tax' level.

	Food	Corporate and Other	Total
	\$	\$	\$
2026			
Total sales	5,051,597	-	5,051,597
Other income	184,404	-	184,404
Loss	(3,886,050)	(414,558)	(4,300,608)
Loss before income tax			(4,300,608)
Income tax expense			(4,338,416)
Loss after income tax			(8,639,024)
	Food	Corporate and Other	Total
	\$	\$	\$
2025			
Total sales	5,168,366	-	5,168,366
Other income	218,512	-	218,512
Loss	(2,904,020)	(759,194)	(3,663,214)
Loss before income tax			(3,663,214)
Income tax benefit			853,113
Loss after income tax			(2,810,101)

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.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions

The company 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 either the Binomial or 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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets

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

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Revenue

	2026	2025
	\$	\$
From continuing operations		
Sales	5,051,597	5,168,366
Total revenue from continuing operations	<u>5,051,597</u>	<u>5,168,366</u>
Other income		
Gain on modification of lease	-	2,408
Interest received	16,861	38,190
Other revenue	167,543	177,914
Total other income	<u>184,404</u>	<u>218,512</u>
Total revenue	<u>5,236,001</u>	<u>5,386,878</u>

Recognition and measurement

The sale of goods is measured at the fair value of the consideration received net of any trade discounts and volume rebates allowed. The sale of goods represents a single performance obligation and accordingly, revenue is recognised in respect of these sales of goods at the point in time when control over the corresponding goods is transferred to the customer (i.e., at a point in time for sale of goods when the goods are delivered to the customer or transferred to the freight forwarder).

Delivery occurs when the products have been shipped to the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products, the acceptance provisions have lapsed, or the Group has objective evidence that all the criteria for acceptance have been satisfied. All revenue is stated net of the amount of goods and services tax (GST) where applicable.

Interest revenue

Interest revenue is recognised on a proportional basis using the effective interest rate method.

Note 5. Income tax expense

	2026	2025
	\$	\$
<i>Income tax expense/(benefit)</i>		
Deferred tax - origination and reversal of temporary differences	4,333,726	(895,856)
Adjustment recognised for prior periods	4,690	42,743
	<u>4,338,416</u>	<u>(853,113)</u>
Aggregate income tax expense/(benefit)		
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease/(increase) in deferred tax assets (note 13)	4,534,900	(771,827)
Decrease in deferred tax liabilities (note 19)	(201,174)	(124,029)
	<u>4,333,726</u>	<u>(895,856)</u>
Deferred tax - origination and reversal of temporary differences		
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Loss before income tax (expense)/benefit	(4,300,608)	(3,663,214)
Tax at the statutory tax rate of 25%	(1,075,152)	(915,804)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	233	14
Fines & penalties	(14,056)	-
Listing costs recognised in equity	-	19,934
	<u>(1,088,975)</u>	<u>(895,856)</u>
Adjustment recognised for prior periods	4,690	42,743
Derecognised deferred tax asset on current year and prior year's tax losses	5,581,209	-
Over/under	(158,508)	-
	<u>4,338,416</u>	<u>(853,113)</u>
Income tax expense/(benefit)		
	2026	2025
	\$	\$
<i>Amounts charged directly to equity</i>		
Deferred tax assets (note 13)	-	4,808

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- (a) the initial recognition of goodwill; or
- (b) the initial recognition of an asset or liability in a transaction which:
 - i. is not a business combination; and
 - ii. at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Note 5. Income tax expense (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled, and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists, and it is intended that net settlement or simultaneous realisation, and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

- (a) a legally enforceable right of set-off exists; and
- (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation, and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax- consolidated Group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is PFT Limited. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax- consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by the Company (as head entity in the tax-consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax- consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax-consolidated Group in accordance with the arrangement.

Note 6. Current assets - Cash and cash equivalents

	2026	2025
	\$	\$
Cash at bank	(109,273)	(408,470)
Cash on deposit	-	1,500,000
	<u>(109,273)</u>	<u>1,091,530</u>

Financial covenants

The Group has in place an overdraft facility with the CBA as at 30 June 2026 for \$500,000, of which \$231,786 was in use at the reporting date. There were no financial covenants in place as at 30 June 2026 for the overdraft facility.

Note 6. Current assets - Cash and cash equivalents (continued)

In 2025, the Group had a loan facility in place, the proceeds of which were used to establish a term deposit. As a result, a portion of the Group's cash and cash equivalents amounting to \$1,500,000 is restricted.

Note 7. Current assets - Trade and other receivables

	2026	2025
	\$	\$
Trade receivables	304,968	291,753
Less: Allowance for expected credit losses	(26,481)	-
	<u>278,487</u>	<u>291,753</u>
Other receivables	259,771	64,192
	<u>538,258</u>	<u>355,945</u>

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	
	2026	2025	2026	2025	2026	2025
	%	%	\$	\$	\$	\$
Not overdue	(5.00%)	-	222,230	236,339	(11,112)	-
30 days overdue	(18.00%)	-	81,363	22,350	(14,645)	-
60 days overdue	(52.65%)	-	1,375	11,988	(724)	-
Over 90 days overdue	-	-	-	21,076	-	-
			<u>304,968</u>	<u>291,753</u>	<u>(26,481)</u>	<u>-</u>

Trade receivables past due but not impaired

	2026	2025
	\$	\$
Under one month	195,749	236,339
One to three months	82,738	34,338
Over 3 months overdue	-	21,076
	<u>278,487</u>	<u>291,753</u>

Recognition and Measurement

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Note 7. Current assets - Trade and other receivables (continued)

Fair Value of Trade and Other Receivables

Due to the short-term nature of the current receivables, their carrying amount is approximate to fair value.

Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within the loss allowance. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group. On a geographical basis, the Group has significant credit risk exposures in Australia.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

Note 8. Current assets - Inventories

	2026	2025
	\$	\$
Stock on hand	1,234,414	1,065,810
Less provision for obsolescence	<u>(39,365)</u>	<u>(39,000)</u>
	<u><u>1,195,049</u></u>	<u><u>1,026,810</u></u>

Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour, and an appropriate proportion of variable and fixed overheads.

Note 9. Current assets - Other assets

	2026	2025
	\$	\$
Prepayments	109,430	151,608
GST	<u>45,713</u>	<u>35,316</u>
	<u><u>155,143</u></u>	<u><u>186,924</u></u>

Note 10. Non-current assets - Property, plant and equipment

	2026	2025
	\$	\$
Buildings - at cost	1,575,865	1,855,905
Less: Accumulated depreciation	<u>(258,592)</u>	<u>(251,795)</u>
	<u>1,317,273</u>	<u>1,604,110</u>
Plant and equipment - at cost	6,567,275	6,554,789
Less: Accumulated depreciation	<u>(3,056,711)</u>	<u>(2,549,651)</u>
	<u>3,510,564</u>	<u>4,005,138</u>
	<u><u>4,827,837</u></u>	<u><u>5,609,248</u></u>

Reconciliations

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

	Buildings \$	Plant & Equipment \$	Total \$
Balance at 1 July 2024	1,649,304	4,709,621	6,358,925
Disposals	-	(110,851)	(110,851)
Depreciation expense	<u>(45,194)</u>	<u>(593,632)</u>	<u>(638,826)</u>
Balance at 30 June 2025	1,604,110	4,005,138	5,609,248
Additions	-	12,485	12,485
Disposals	(280,040)	-	(280,040)
Depreciation expense	<u>(6,797)</u>	<u>(507,059)</u>	<u>(513,856)</u>
Balance at 30 June 2026	<u><u>1,317,273</u></u>	<u><u>3,510,564</u></u>	<u><u>4,827,837</u></u>

Recognition and measurement

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed assets	Depreciation rate
Buildings	2.5%
Plant and equipment	5.0% - 33.0%

Note 10. Non-current assets - Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Note 11. Non-current assets - Right-of-use assets

	2026 \$	2025 \$
Right-of-use assets		
Buildings	1,581,734	295,330
Less: accumulated depreciation	(231,309)	(276,583)
Total right-of-use assets	1,329,858	18,747

Set out below are the carrying amounts of the Group's right-of-use assets and the movements during the period:

Carrying Value	Buildings \$
As at 1 July 2025	18,747
Additions	1,569,900
Amortisation expense	(258,789)
Balance as at 30 June 2026	1,329,858
Lease Liabilities	
Current	269,133
Non-current	1,063,151
Total lease liability	1,332,284

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

Note 11. Non-current assets - Right-of-use assets (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Note 12. Non-current assets - Intangibles

	2026	2025
	\$	\$
Goodwill - at cost	990,159	1,278,512
Less: impairment	(990,159)	(288,353)
	<u>-</u>	<u>990,159</u>
Patents and trademarks - at cost	<u>16,334</u>	<u>16,334</u>
Product development - at cost	104,730	104,730
Less: Accumulated amortisation	(93,412)	(67,723)
	<u>11,318</u>	<u>37,007</u>
Formation costs	<u>-</u>	<u>3,776</u>
Other intangible assets	<u>8,628</u>	<u>239,624</u>
	<u><u>36,280</u></u>	<u><u>1,286,900</u></u>

Note 13. Non-current assets - Deferred tax

	2026	2025
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	-	4,842,930
Employee benefits	37,375	34,491
Trade and other payables	-	10,623
Lease liabilities	333,071	-
Section 40-880 Deduction	67,672	93,607
Other	9,011	378
Deferred tax asset	<u><u>447,129</u></u>	<u><u>4,982,029</u></u>
<i>Movements:</i>		
Opening balance	4,982,029	4,215,010
Credited/(charged) to profit or loss (note 5)	(4,534,900)	771,827
Charged to equity (note 5)	<u>-</u>	<u>(4,808)</u>
Closing balance	<u><u>447,129</u></u>	<u><u>4,982,029</u></u>

Note 14. Current liabilities - Trade and other payables

	2026 \$	2025 \$
Trade payables	1,037,117	1,470,857
Other payables	169,609	-
Total trade and other payables	1,206,726	1,470,857

Recognition and measurement

Trade and other payables represent liabilities for goods and services received by the Group which remain unpaid at the end of the reporting period. The balance is recognised as a current liability with amounts paid in accordance with supplier trading terms. Due to the short-term nature of trade and other payables, the carrying value is reflective of fair value.

Note 15. Current liabilities - Borrowings

	2026 \$	2025 \$
Bank loan facility and equipment finance	663,945	5,100,298
Shareholder loans	648,884	-
Total current borrowings	1,312,829	5,100,298
Bank loan facility and equipment finance	2,473,006	703,708
Total non-current borrowings	2,473,006	703,708
Total borrowings	3,785,835	5,804,006

Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet of the Group when the terms and obligations specified in the contract are discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party, and the consideration paid is recognised in the consolidated income statement as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs, including transaction fees, are recognised in the consolidated income statement in the period in which they are incurred.

Secured liabilities and assets pledged as security

In addition to the overdraft facility disclosed in note 6, the Group has entered into finance facilities with the Commonwealth Bank of Australia (CBA). These include:

- \$1.6m better business loan secured against general security interests and guarantees and maturing in February 2028;
- \$0.1m better business loan secured against general security interests and guarantees and maturing in June 2027;
- \$1.3m asset finance liabilities secured over specific assets ranging with maturity dates from August 2027 to June 2030. In July 2026, the asset finance facilities were refinanced with a maturity date of March 2028.

Note 15. Current liabilities - Borrowings (continued)

The better business loans facility agreement includes a financial covenant, tested quarterly, under which any adverse variance in the Group's normalised EBITDA, against the budget agreed with CBA, must be no greater than 10%. Should the financial covenant be breached for two consecutive quarters, CBA may provide the borrower 90-day notice stating that it will withdraw its support and request that all facilities to be repaid, failing which the CBA may cancel the working capital limit. The quarter ended 30 June 2026 was the first testing period under the refinanced facilities, and the Group did not meet the covenant for that quarter. This represents the first breach under the current facility arrangements.

A second consecutive breach would not of itself require repayment, CBA has not indicated that it intends to withdraw its support. However, CBA has not waived its rights under the facility agreement, and the Group does not currently have alternative financing arrangements in place.

The Group has also entered into \$0.6m capital investment loans with investors that is unsecured and classified as current.

Note 16. Current liabilities - Lease liabilities

	2026	2025
	\$	\$
Lease liability	<u>269,133</u>	<u>20,259</u>

Note 17. Current liabilities - Provisions

	2026	2025
	\$	\$
Current		
Employee benefits	<u>124,355</u>	<u>94,340</u>
Total current provisions	<u>124,355</u>	<u>94,340</u>
	2026	2025
	\$	\$
Non-current		
Employee benefits	<u>25,144</u>	<u>43,619</u>
Total non-current provisions	<u>25,144</u>	<u>43,619</u>
Total provisions	<u>149,499</u>	<u>137,959</u>

Note 17. Current liabilities - Provisions (continued)

Recognition and measurement

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as part of current other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Note 18. Non-current liabilities - Lease liabilities

	2026	2025
	\$	\$
Lease liability	1,063,151	-

Note 19. Non-current liabilities - Deferred tax liability

	2026	2025
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Buildings	291,124	883,656
Provision for inventory	9,841	(8,346)
Prepayments	27,358	37,900
Development costs	-	79
Business acquisition costs	-	11,989
Right of use assets	332,457	-
Provision for doubtful debts	6,620	9,548
Goodwill and trademarks	-	(66,252)
Deferred tax liability	667,400	868,574
<i>Movements:</i>		
Opening balance	868,574	992,603
Credited to profit or loss (note 5)	(201,174)	(124,029)
Closing balance	667,400	868,574

Note 20. Equity - Issued capital

	2026 Shares	2025 Shares	2026 \$	2025 \$
Ordinary shares - fully paid	<u>327,544,604</u>	<u>140,425,621</u>	<u>23,386,324</u>	<u>19,725,241</u>

Movement in Ordinary Capital

Date	Details	Number of Shares (No.)	\$
1 July 2025	Balance at beginning of period	140,425,621	19,725,241
	Shares issued (net of costs)	187,118,983	3,661,083
30 June 2026	Balance at end of period	327,544,604	23,386,324

Terms and Conditions of Issued Capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held.

Share Options and Performance Rights

Share options and performance rights do not entitle the holder to participate in dividends and the proceeds on winding up the Group. The holder is not entitled to vote at General Meetings.

	2026 (No.)	2025 (No.)
Movement in Options		
Balance at beginning of the year	11,666,670	6,166,670
Options granted to facilitate raising of debt	150,744,176	5,000,000
Options expired during the year	(6,666,670)	-
Balance at End of the Year	155,744,176	11,666,670

Recognition and Measurement

Ordinary shares are classified as equity, with ordinary share capital being recognised at fair value of consideration received by the Group. Transaction costs arising on the issue of ordinary shares are recognised equity as a reduction of the share proceeds received.

Note 21. Financial risk management

The Group's principal financial instruments comprise receivables, payables, cash, and short- term deposits.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised in the following.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including, interest rate risk, credit allowances, and future cash flow forecast projections.

The carrying amounts of the Group's financial assets and liabilities at balance date were equal to their fair value.

Note 21. Financial risk management (continued)

Recognition and measurement

Classification

The Group classifies its financial instruments in the following categories: cash and cash equivalents and financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its financial instruments at the time of initial recognition.

Financial assets at fair value through profit or loss

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss when:

- (a) An entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through profit and loss.
- (b) Doing so results in more relevant information, because either:
 - i. It eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on different bases.
 - ii. A group of financial assets, financial liabilities or both is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to key management personnel.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value through profit or loss.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through profit or loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-listed investments, for which fair value cannot be reliably measured, are carried at cost, and tested for impairment.

Loans and receivables

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors, and loans from third parties including inter-company balances and loans from / or other amounts due to Director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt, less principal payments, and amortisation.

Risk exposures and responses: interest rate risk

The Group's exposure to market interest rates is related primarily to the Group's cash deposits. At balance sheet date, the Group had the following mix of financial assets exposed to Australian and variable interest rate risks that are not designated as cash flow hedges:

	2026	2025
	\$	\$
Financial assets	538,258	355,945
Cash and cash equivalents	(109,273)	1,091,530
Net exposure	428,985	1,447,475

Note 21. Financial risk management (continued)

The Group regularly analyses its interest rate opportunity and exposure. Within this analysis consideration is given to existing positions and alternative arrangements for its deposits.

The following sensitivity analysis is based on the interest rate opportunity/risk relating to cash deposits at balance date.

At 30 June 2026, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit/(loss) and equity would have been affected as follows:

	2026	2025
	\$	\$
Judgements of reasonably possible movements:		
+ 0.5% (50 basis points)	532	7,237
- 0.5% (50 basis points)	(532)	(7,237)

Liquidity Risk

Liquidity Risk is the risk that the Group, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All current liabilities fall due within normal trade terms, which are generally 30 days.

Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The risks are regularly monitored.

The Group applies the AASB 9 simplified approach to measuring expected credit losses as disclosed in Note 7.

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Fair Value

The method for estimating fair value is outlined in the relevant notes to the financial statements. All financial assets held at fair value are valued based on the principles outlined in AASB 7 in relation to Level 1 of the hierarchy of fair values, being quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Note 22. Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

	2026	2025
	\$	\$
Debt		
Borrowings	3,785,835	5,804,006
Trade and other payables	1,206,726	1,470,857
Total Debt	4,992,561	7,274,863
Less cash and cash equivalents	(109,273)	1,091,530
Total Net (Cash)/Debt	5,101,834	6,183,333
Total Equity	1,278,537	6,256,478
Total Issued Capital	23,386,324	19,725,241
Gearing ratio (total debt / total equity)	390.5%	116.3%

Note 23. 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 1:

Entity	Country of incorporation	Ownership interest	
		2026	2025
		%	%
PFT Holdings Pty Ltd	Australia	100%	100%
PFT No 1 Pty Ltd	Australia	100%	100%
PFT No 2 Pty Ltd	Australia	100%	100%
PFT No 3 Pty Ltd	Australia	100%	100%
The Cashew Creamery Pty Ltd	Australia	100%	100%
New Pastures Plant-Based Foods Pty Ltd	Australia	100%	100%

Note 24. Contingent liabilities and assets

There are no matters which the Group consider would result in a contingent liability or asset as at the date of this report.

Note 25. Events after the reporting period

Other than the matters already disclosed in this report, subsequent to 30 June 2026, and up to the date of authorisation of these financial statements, no matter or circumstance has arisen that has significantly affected, or may significantly affect, the Group's operations, financial position or results in future reporting periods.

Note 26. Related party transactions

Key management personnel

The aggregate compensation of the key management personnel of the Group is set out below:

	2026	2025
	\$	\$
Short-term benefits	147,000	291,837
Post-employment benefits	17,640	24,932
Total Key Management Personnel Compensation	164,640	316,769

Transactions with related parties

The following transactions occurred with related parties:

	2026	2025
	\$	\$
Ken Fleming for consulting services	-	11,838
Malcolm McAully for consulting services / (reimbursement/credit note)	(2,670)	13,556
Searson Buck for employment services	34,070	125,686
Total	31,400	151,080

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 27. Auditor's remuneration

	2026	2025
	\$	\$
Auditors of the parent entity	58,630	47,000
Other services	18,050	-
Total auditor's remuneration	76,680	47,000

Pure Foods Tasmania Limited
Notes to the financial statements
30 June 2026

Note 28. Parent Entity Note

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

Statement of profit or loss and other comprehensive income

	2026
	\$
Loss after income tax	(4,757,077)

Statement of financial position

	2026
	\$
Current assets	-
Non-current assets	14,723,493
Total assets	14,723,493
Current liabilities	1,097
Non-current liabilities	774,856
Total liabilities	775,953
Net assets	13,947,540
Share capital	23,386,324
Retained earnings	(9,438,784)
Total equity	13,947,540

Note 29. Earnings per share

	2026	2025
	\$	\$
Loss after income tax attributable to the owners of Pure Foods Tasmania Limited	<u>(8,639,024)</u>	<u>(2,810,101)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>267,873,240</u>	<u>131,987,265</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>267,873,240</u>	<u>131,987,265</u>
	Cents	Cents
Basic earnings per share	(3.23)	(2.13)
Diluted earnings per share	(3.23)	(2.13)

Pure Foods Tasmania Limited
Consolidated entity disclosure statement
As at 30 June 2026

For the Year Ended 30 June 2026

Name of entity	Type of entity	Trustee, partner or participant in joint venture	% of share capital held	Country of incorporation	Australian or foreign resident (for tax purposes)
Pure Foods Tasmania Limited	Body Corporate	N/A	N/A	Australia	Australia
Pure Foods Tasmania Holdings Pty Ltd	Body Corporate	N/A	100.00%	Australia	Australia
Pure Foods Tasmania No1 Pty Ltd <"Tasmanian Pate">	Body Corporate	N/A	100.00%	Australia	Australia
Pure Foods Tasmania No2 Pty Ltd <"The Woodbridge Smoke House">	Body Corporate	N/A	100.00%	Australia	Australia
Pure Foods Tasmania No3 Pty Ltd <"Daly Potato Company">	Body Corporate	N/A	100.00%	Australia	Australia
New Pastures Plant Based Foods Pty Ltd	Body Corporate	N/A	100.00%	Australia	Australia
The Cashew Creamery Pty Ltd	Body Corporate	N/A	100.00%	Australia	Australia

Pure Foods Tasmania Limited
Directors' declaration
30 June 2026

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with IFRS Accounting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached 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 will be able to pay its debts as and when they become due and payable.
- the Consolidated Entity Disclosure Statement, required by section 295(3A) of the *Corporations Act 2001*, is true and correct.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Executive Chairman 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



Malcolm McAully
Director

30 September 2026

Independent Auditor's Report to the Shareholders of Pure Foods Tasmania Limited and its controlled entities

Opinion

We have audited the financial report of Pure Foods Tasmania Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2026 and of its consolidated financial performance for the year then ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report. As disclosed in that note, the Group incurred a net loss after tax of \$8.6 million and net cash outflows from operating activities of \$2.6 million during the year ended 30 June 2026 and, at that date, had net current liabilities of \$1.1 million. The Group's cash flow forecast indicates that its funding requirements will exceed its existing facilities from approximately February 2027 and additional funding, which has not been committed at the date of this auditor's report, will be required. The Group also did not comply with its financial covenant for the quarter ended 30 June 2026 and there is a risk of a further breach, in circumstances where the financier has not waived its rights and the Group has no alternative financing arrangements in place.

As further disclosed in Note 1(b), the Group's ability to continue as a going concern is dependent on securing additional equity funding, receiving the FY26 research and development tax incentive in the amount and within the timeframe forecast, achieving significant forecast improvements in revenue, margins and operating costs, managing overdue creditor and statutory obligations, and the continued availability of its existing banking facilities. These events and conditions, together with the other matters set out in Note 1(b), indicate that a material uncertainty exists that casts significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial report for the year ended 30 June 2026. These matters were addressed in the context of our audit of the financial report as a whole, and forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of goodwill and impairment of intangible assets – refer Note 12 in the Financial Report</i> The Group has recognised intangible assets totalling \$36k as at 30 June 2026, following the full impairment of goodwill during the year. Goodwill had a gross carrying amount of \$990k and accumulated impairment of \$990k at 30 June 2026. Under Australian Accounting Standards, the Group is required to assess goodwill for impairment at least annually and assess other non-financial assets for impairment where indicators of impairment exist. The Group performed an impairment assessment for its cash-generating unit, including consideration of value-in-use calculations based on forecast cash flows and key assumptions including sales growth, gross margin, discount rate and terminal growth rate. The assessment resulted in goodwill being fully impaired at 30 June 2026. Given the significance of the impairment charge and the judgement involved in assessing forecast cash flows and recoverable amount, we considered this a key audit matter.	We assessed whether the Group's determination of its cash-generating unit was consistent with our understanding of the nature of the Group's operations and internal reporting. We tested the mathematical accuracy and integrity of the impairment model. To evaluate the model, we performed the following procedures, amongst others: • Compared model inputs to Board-approved forecasts; • Assessed historical performance of the cash-generating unit; • Assessed forecast revenue growth, gross margin and terminal growth assumptions; and • Considered whether forecast cash flows excluded restructuring activities or significant future investments to which the Group was not yet committed. We assessed the discount rate used in the impairment assessment by comparing it to relevant market and comparable company data. We performed sensitivity analysis over key assumptions, including forecast growth rates and discount rates, and considered whether reasonably possible changes in those assumptions would indicate further impairment. We evaluated whether the impairment recognised and the related disclosures in Note 12 were appropriate in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
<i>Recognition and recoverability of deferred tax assets – refer Note 13 in the Financial Report</i> As at 30 June 2026, the Group recognised deferred tax assets of \$0.45m, compared with \$4.98m at 30 June 2025. The Group derecognised deferred tax assets relating to current year and prior year tax losses during the year. Under AASB 112 Income Taxes, deferred tax assets arising from unused tax losses are recognised only to the extent it is probable that future taxable profit will be available against which those losses can be utilised. Where an entity has a history of recent losses, recognition requires convincing other evidence. The Group incurred a net loss before tax of \$4.3m for the year ended 30 June 2026 and a material uncertainty exists in relation to going concern. The assessment of deferred tax asset recognition therefore involved significant judgement, including consideration of forecast taxable profits, the timing of profitability improvements and the implications of recent trading losses. Given the judgement involved in determining the extent to which deferred tax assets should be recognised or derecognised, together with the significance of the deferred tax movements recognised in the year, we considered this a key audit matter.	We evaluated management's assessment of the probability that sufficient future taxable profit will be available to utilise deductible temporary differences and unused tax losses. We assessed the consistency of forecast taxable profits with the cash flow forecasts used in the impairment model and the Directors' going concern assessment. We tested the calculation of recognised deferred tax balances and considered the basis for derecognition of deferred tax assets relating to current year and prior year tax losses. We considered the Group's history of recent losses and whether convincing other evidence existed to support the recognition of deferred tax assets. We evaluated the interaction between the deferred tax asset assessment and the material uncertainty related to going concern. We assessed the adequacy of the disclosures in Note 13 against the requirements of AASB 112.

Other Information

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- b) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 7 of the Directors' Report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Pure Foods Tasmania Limited for the year ended 30 June 2026 complies with s300A of the *Corporations Act 2001*.

Responsibilities

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



WISE LORD & FERGUSON



REBECCA MEREDITH

Partner

Dated: 30 September 2026

Pure Foods Tasmania Limited
Shareholder information
30 June 2026

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

Distribution of equitable securities

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

	Ordinary shares		Total Units
	Number of holders	% of total shares issued	Number of Units
1 to 1,000	456	0.0006	209,272
1,001 to 5,000	447	0.0035	1,158,672
5,001 to 10,000	193	0.0047	1,530,910
10,001 to 100,000	358	0.0370	12,104,343
100,001 and over	186	0.9542	312,541,407
Total	1,640	1.0000	327,544,604

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
ROBERT KNIGHT	38,369,864	11.7144
AUSTRALIAN FOOD EXPORT INVESTMENTS PTY LTD	20,000,000	6.1060
QUALITY LIFE PTY LTD <THE NEILL FAMILY A/C>	18,844,932	5.7534
BRILLIANT FOOD AUSTRALIA PTY LTD	17,023,809	5.1974
JAF CAPITAL PTY LTD	16,935,807	5.1705
KRISAMI INVESTMENTS PTY LTD	14,304,110	4.3671
MR TIMOTHY TULLOCH BROCK LEWIS & MRS CATHERINE ANNE LEWIS <JG LEWIS NO2 WILL A/C>	10,046,435	3.0672
HANGID PTY LTD <BENNI ARONI FAMILY A/C>	8,279,569	2.5278
MFA CAPITAL PTY LTD <T & J ADAMS SUPER FUND A/C>	8,100,000	2.4729
BFADM PTY LTD	6,879,492	2.1003
D M CATCHPOLE & ASSOCIATES PTY LTD <DAVID CATCHPOLE S/F A/C>	6,506,959	1.9866
IRON BLUE PTY LTD <IRON BLUE UNIT A/C>	6,000,000	1.8318
ILWELLA PTY LTD <NO 2 A/C>	5,800,000	1.7708
MAARTEN HEMMES	5,000,000	1.5265
TAOC PTY LTD	5,000,000	1.5265
MAPEKUL PTY LTD <LUKE & PAMELA BROOKS SF A/C>	4,800,000	1.4654
ROTTCODD PTY LTD <ROTTCODD S/F A/C>	4,794,475	1.4638
JAMPHO PTY LTD	4,179,916	1.2761
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	3,784,784	1.1555
MSG PTY LTD <G & S MUIR SUPER FUND A/C>	3,776,617	1.1530
	208,426,769	63.6330

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.