

MERINO & CO

Made of Merino Wool. Made in Australia. Made for the World.

MD PRESENTATION TO 2025 AGM

(ASX:MNC)

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CHAIR MESSAGE

Steve Woolley

Merino & Co. has built a strong foundation and a clear plan for growth. Strong governance, leadership, and operating systems are in place to scale responsibly and deliver value with discipline.

The purpose of this next chapter is acceleration, to execute what is already in motion and to convert potential into performance.

Each strategic priority will drive measurable outcomes – stronger margins, brand expansion, operational transparency, and shareholder returns. Capital will be deployed with care, reported with transparency, and managed for long-term value creation.

This is a defining moment for Merino & Co. to transform Australia's natural advantage into enduring global value, built with integrity and purpose.

Australian Merino, for all seasons.

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Our Vision

Merino & Co. exists to redefine Australian Merino wool for a world in motion.

We create beautiful, natural and sustainable Merino wool products that perform every day, and everywhere.

We design with purpose, make with integrity, and ground decisions in the intelligence of Merino wool.

Our vision is to unite material innovation, responsible production, and design excellence, into a single global standard for natural performance.

Integrated design to finished form, we balance technology and touch, progress, provenance, movement and stillness.

As we grow, we champion designs that endure, making that leads, and a market that connects people, product, and planet.

*Designed to move,
every day,
all over the world,
for beauty and endurance.*

FY25 - A Year of Foundation building

What we've delivered since listing

1. Strengthened balance sheet and liquidity

- Net assets increased to approximately \$5.6 million – up from \$1.8 million in FY24.
- Cash position at \$2.97 million as of 30 June 2025, providing stability for our next growth phase.
- Over \$6.3 million raised through equity upon listing, with \$0.7 million in loans converted to equity, strengthening our capital base and reducing debt.

2. Expanded operational capability

- Secured new Perth-based plant in 2024 to support increased production needs.
- Plant, equipment, and right-of-use assets investment expanded to \$135 million, reflecting a platform designed for scale.
- Streamlined operating structure introduced to report by geography – Australia and China – for improved transparency and control.

3. Commercial and market momentum

- First offtake and distribution agreement signed in September 2025, unlocking new export and wholesale growth opportunities.
- Quarterly reporting cadence established, strengthening our execution discipline and cash management.
- Laid the foundation for brand-led revenue growth and channel diversification in FY26.

4. Brand and leadership growth

- Appointment of a Chief Growth Officer in September 2025 to drive brand transformation and international strategy.
- Appointment of a new Non-Executive Chair in October 2025 to guide our next chapter of brand-led experience and expansion.
- FY25 Annual Report articulated the brand's pivot to modern design, material innovation, and long-term global expansion.

5. Governance and shareholder engagement

- Notice of Annual General Meeting released 30 October 2025 for AGM on 28 November 2025, maintaining clear governance cadence.
- Continued compliance with ASX continuous disclosure obligations, reinforcing transparency and accountability.

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FY26 and beyond - Our commitments at-a-glance

Every measure aligned to building a stronger, more valuable company

1. Financial

- **Gross margins**- increase via retail expansion, brand premium mix and pricing discipline.
- **Export revenue share**- increase via Japan, China, and North America partnerships.
- **Operating efficiency**- improvement through lean planning and hybrid production.

2. Brand

- **Brand awareness**- grow post-launch through unified brand system and flagship store activation.
- **Earned media**- deliver organic coverage across design, sustainability, and tourism media.
- **Customer retention**- enable repeat purchasing with year-round offering and loyalty initiatives.

3. Operations

- **Traceability coverage**- create visible product lines via digital provenance platform.
- **Workforce development**- increase onshore training hours to strengthen capability and quality.
- **Inventory turnover**- enhance through balanced production and supply-chain optimisation.

4. Product

- **Merino wool range**- expand total SKUs with year-round adaptability.
- **R&D milestones**- actively engage with industry partners to advance material education and performance.
- **Product durability**- improve quality retention post washes – verified via testing and returns data.

5. Channels

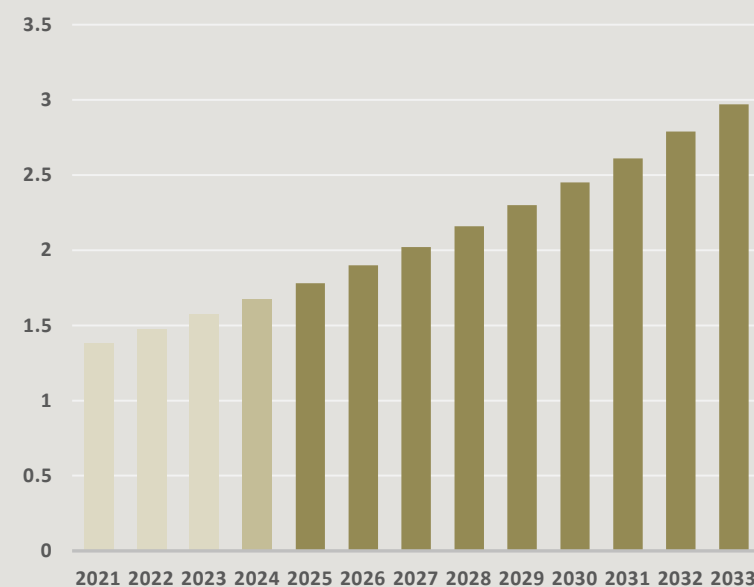
- **'Merino & Co Eco Experience Hub'**- launch Australian flagship store locations, while progressing feasibility studies for additional sites.
- **E-commerce**- deliver YoY D2C growth through global shipping and platform storytelling.
- **Wholesale partnerships**- secure new export partners in priority markets including Japan, China, North America.

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Growth opportunity

The global apparel market is shifting. From fast to lasting fashion, from synthetic to natural fibres, from heritage to design with purpose. Merino & Co. is positioned at the intersection of this movement, turning Australia's natural advantage into a modern global brand built on traceable making and material innovation.

Apparel Market
Forecast 2025-2033
(USD Trillion Estimated)



Market Size
2024
USD 1.67 trillion

8.02%
CAGR
(2025-2033)

Market Size
2033
USD 2.97 trillion

Source: www.stratinsresearch.com

Market & Industry Context

- The global apparel market exceeds US\$2 trillion, with growth concentrated in traceable, premium segments.
- The natural fibre market exceeds US \$70 billion and is expanding at a CAGR of 6–7 %, outpacing synthetics, as consumers demand authenticity and sustainability.
- Market whitespace remains between luxury design, functional performance, and verified natural origin.
- **The opportunity rests where natural performance, modern design, and Australian provenance converge.**

Why Merino & Co.?

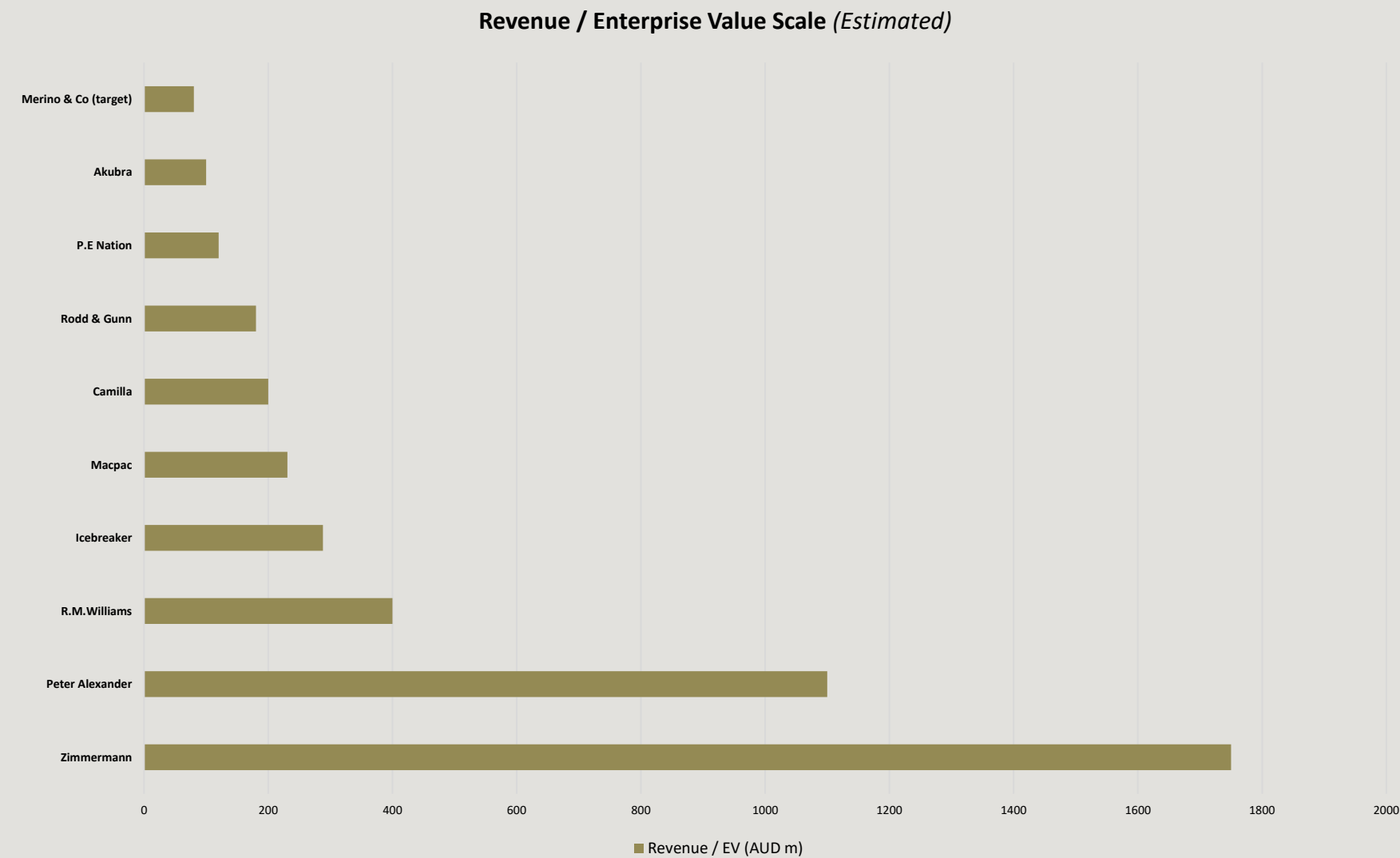
- **Material leadership**- Fine Australian Merino wool combined with innovation – a circular, natural, and scalable platform.
- **Authentic provenance**- Made in Australia with fibre-to-fabric traceability.
- **Modern identity**- Repositioning Australian Made for the global conscious consumer.
- **Operational balance**- Local capability with hybrid scalability to unlock sustainable growth.

Sustainable margins, export growth, and category resilience are driven by premium positioning, rising Merino wool demand in China and North America, and the enduring value of a natural, finite supply fibre.

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Peer overview

Over the past decade, leading Australian and New Zealand apparel and lifestyle brands have achieved valuations from ~A\$200m to ~A\$1.7b through natural-fibre authenticity, design integrity, and traceable production.



Estimated values from public filings, acquirer announcements, and reputable media (2018–2024). Figures converted to AUD for directional comparison only; not adjusted for inflation or reporting period differences.

Key insights

1. Proven model and unmet demand

Australian and New Zealand brands built on natural materials, design integrity, and ethical production have scaled from million to multi-billion-dollar valuations. Demonstrating a clear global appetite for authentic and traceable brands of origin.

2. Positioned for ascent

Merino & Co. sits at the early stage of this continuum. Smaller in revenue, but with the same fundamentals – Australian provenance, vertical craft capabilities, and a category (Merino performance apparel) forecast to double in value by 2033.

3. Headroom with credibility

The pathway is validated by peers – Zimmermann, R.M. Williams – and reinforced by rising investor interest in sustainable manufacturing and premium natural fibre goods. The market now rewards what Australia does best – quality, responsibility, and modern heritage.

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Growth strategy

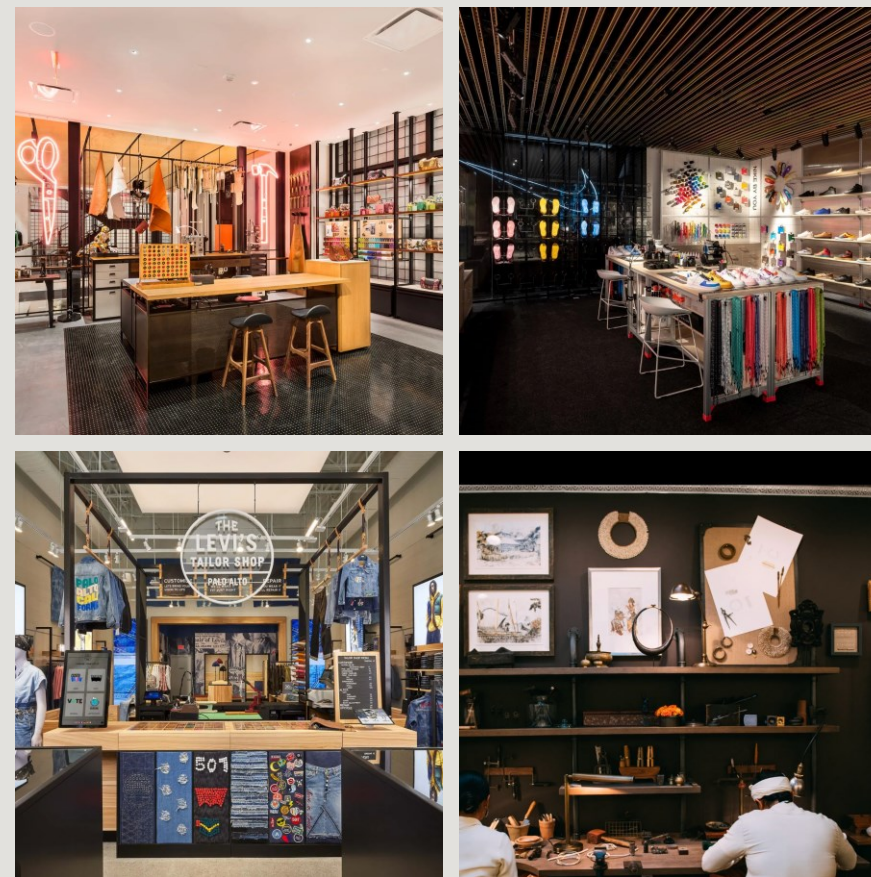
Merino & Co Eco Experience Hub'

Provenance made visible, a flagship store where visitors make with the makers and see the art of Merino wool, in motion.

Merino & Co. Product



Experiential Retail



Merino Makers



Value creation

Summary

BRAND

identity

Launch the redefined Merino & Co. brand architecture with a unified global narrative.

Develop a new design system and visual language.

Establish provenance platform, storytelling traceability and transparency.



Increase in unaided brand awareness.

Uplift in gross margins from premium positioning.

Improved brand recognition and trust scores.

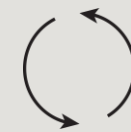
PRODUCT

framework

Expand year-round Merino wool light-weight knits, travel layers, and performance pieces.

Introduce a Design for Endurance Framework.

Partner in R&D for bio-based fibre blends to strengthen our natural advantage.



Increase in year-round product sales mix.

R&D commercialisation of bio-based fibre blends.

Measurable product longevity index.

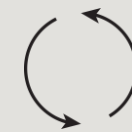
MARKETING

awareness

Launch the redefined brand architecture with global repositioning.

Partner with agriculture, tourism, and lifestyle partners.

Strengthen brand and product storytelling that connect fibre science, and life experience.



Increase earned media coverage within 12 months.

Strategic partnerships driving D2C traffic growth.

Increase in social engagement rate.

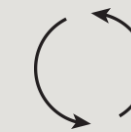
CHANNELS

expansion

Modernise D2C digital experience – enhancement, storytelling and shipping.

Energise retail experiences with new design standards.

Grow strategic wholesale partnerships in Japan, China, and North America.



Year-on-year D2C revenue growth.

Successful launch of flagship stores.

Strategic wholesale delivering export growth.

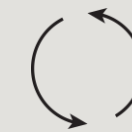
OPERATIONS

capability

Strengthen local manufacturing efficiency, planning, training, and lean production.

Build resilience with our hybrid production strategy.

Initiate discovery plans for traceability and transparency platform.



Cost efficiency improvement.

Traceability and transparency of product lines.

Supply-chain mapping fibre, maker, and production data.

Closing Statement

We stand at a moment of alignment, where our purpose, our capability, and the market opportunity converge.

Merino & Co. is stepping forward, building on proven craft, material innovation, and responsible growth.

The next chapter will focus on accelerating growth, expanding brand reach, deepening product leadership, and embedding transparency across our supply chain.

It enables Australia's Merino wool, thoughtful design and enduring quality –to move confidently onto the world stage.

We are excited to create the future of modern Australian making. Grounded in place, designed for beauty, and made to last.



Appendix



Merino wool

Sustainability science

Merino wool's sustainability

Merino wool represents one of the most sustainable textile fibres, distinguished by its natural renewability, biodegradability, and durability. Life Cycle Assessments (LCAs) conducted by independent research organisations such as CSIRO and the International Wool Textile Organisation (IWTO) demonstrate that wool garments generally have lower environmental impacts during the use and end-of-life stages compared with synthetic alternatives. Wool's long lifespan, lower washing frequency, and ability to fully biodegrade position it as a leading choice within circular and low-impact apparel systems.

Key data

- Wool fibres are naturally biodegradable in both terrestrial and marine environments, with studies showing up to 95% degradation within four months under favourable soil conditions; synthetic fibres can persist for decades (Woolmark, 2019; IWTO, 2021).
- A life cycle assessment of a 300 g Merino sweater found the use phase to be the dominant factor in impact reduction, as durability and low wash frequency significantly decrease carbon intensity per wear (IWTO, 2021).
- Average fossil energy demand for greasy wool production ranges between 12–25 MJ/kg, compared with 60–70 MJ/kg reported for virgin polyester fibre in global LCAs (Wiedemann et al., CSIRO / UNSW, 2015).
- Consumer studies indicate wool garments are worn significantly longer – up to 50–100% more wears – than synthetic or cotton equivalents, lowering impact per use (Textile Exchange, 2023; IWTO, 2021).
- Wool fibres do not create persistent microplastics when laundered or at end of life, whereas synthetic textiles are estimated to contribute up to one-third of primary microplastic emissions to the ocean (IUCN, 2017).

Primary references

- International Wool Textile Organisation (IWTO). *Wool Life Cycle Assessment – Fact Sheets*. 2021.
- The Woolmark Company. *Measuring Wool's Environmental Footprint – Fact Sheet*. 2019.
- Wiedemann, S.G. et al. *Life Cycle Assessment of Australian Wool*. UNSW / CSIRO. 2015.
- Textile Exchange. *Preferred Fibre & Materials Market Report*. 2023.
- IUCN. *Primary Microplastics in the Oceans: A Global Evaluation of Sources*. 2017.

Merino wool

Wearer wellbeing and performance benefits

Merino wool vs. synthetic fibres

Scientific and dermatological studies confirm that Merino wool provides measurable benefits to skin health, thermo-regulation, odour control, and wearer comfort compared to synthetic or coarse fibres. These properties arise from wool's unique protein-based fibre structure – breathable, elastic, and responsive to the human body's micro-climate.

Key data

- Superfine Merino (≤ 17.5 microns) reduced eczema symptoms compared with cotton in a randomised crossover clinical trial in children, with outcomes improving when superfine Merino was worn next to the skin (Murdoch Children's Research Institute, 2016–2019).
- Merino fibres can absorb a high proportion of their own weight in moisture vapour - typically around 30–35% - helping regulate skin micro-climate and thermal comfort (CSIRO, IWTO, Woolmark, 2020).
- Odour studies show polyester retains the highest concentration of body odour compounds after wear, while wool retains significantly less, with results similar to cotton after 24 hours (Textile Research Journal, 2017–2021).
- Independent comfort trials demonstrate that wool base-layers support superior thermophysiological comfort compared with polyester under changing temperature and activity conditions (NC State and IWTO programs, 2018–2022).
- Wool's natural crimp and keratin-based "spring-like" structure give the fibre elasticity and recovery, maintaining garment shape and fit over time (CSIRO, 2020).
- Laboratory and field studies on occupational workwear indicate wool garments can reduce perceived heat strain and improve comfort compared with synthetics in warm, humid environments (University of Otago, 2019).

Primary references

- Su, J.C. et al. *Superfine Merino Wool in the Management of Eczema*. British Journal of Dermatology. 2017.
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- McQueen, R. et al. *Odour Retention in Wool and Synthetic Apparel*. Textile Research Journal. 2017–2021.
- IWTO. *Thermophysiological Comfort and Use Phase of Wool Clothing*. 2018–2022.
- CSIROpedia. *The Chemical and Physical Structure of Merino Wool*. 2020.
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Merino wool

Eco-experience-based tourism demand

Eco-experience-based tourism

Eco- and experience-based tourism is one of Australia's fastest-growing visitor segments, driven by rising global demand for authenticity, sustainability, and connection to place. National data from Tourism Research Australia (TRA), Austrade, and Ecotourism Australia confirm sustained growth in nature-based experiences and their importance to regional economic resilience.

Key data

- Participation in nature-based activities among Australians grew by around 45-50 percent between 2014 and 2023, reflecting a long-term upward trend (Austrade, 2024).
- Roughly seven in ten international visitors take part in at least one nature-based or cultural experience during their stay (Ecotourism Australia, 2023).
- Tourism Research Australia projects total inbound visitor spend to exceed AUD 48 billion by 2026, with experience-led and sustainability-focused segments driving the strongest growth.
- Experiential tourism directly contributes to regional GDP and supports local communities through small-business development, First Nations partnerships, and place-based employment.
- Under moderate green-growth scenarios, eco-tourism is forecast to generate around AUD \$3 billion in additional gross value added (GVA) by 2030 (Deloitte Access Economics, 2023).

Primary references

- Austrade. *The Rise of Nature-Based Tourism in Australia*. 2024.
- Tourism Research Australia. *Tourism Forecast for Australia 2023–2028*.
- Ecotourism Australia. *Annual Report 2023/24*.
- Tourism Australia. *Consumer Demand Project – Insights into Experience Tourism and Sustainability*. 2023.
- Deloitte Access Economics. *The Future of Tourism in Australia – Green Growth Opportunities*. 2023.

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