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MERINO & CO. SECURES EXCLUSIVE CHINA DISTRIBUTION AGREEMENT WITH CONTRACTED MULTI-YEAR REVENUE BASELINE

KEY HIGHLIGHTS

- **Exclusive distribution rights granted for the Merino & Co. brand across Mainland China**
- **Minimum annual order commitment of CNY 30 million (~AUD 6.5 million)**
- **Initial term of three (3) years, with renewal subject to performance**
- **Agreed minimum growth rate of 20% per annum upon renewal**
- **Multi-channel distribution across e-commerce, retail, and wholesale channels**

Merino & Co. Limited (ASX: MNC) ("Company") advises that it has entered into an exclusive distribution agreement for Mainland China with a Shanghai distributor ("Distributor").

The agreement establishes a minimum annual order commitment of CNY 30 million (~AUD 6.5 million) over an initial three-year term, providing a contracted baseline for the Company's expansion in the China market.

Agreement Overview

Distributor is Shanghai-based operating across **online and offline consumer channels**.

Under the agreement, the Distributor has been granted exclusive rights to distribute Merino & Co. branded products across Mainland China.

The Company will retain responsibility for product supply, quality control, and export, while the Distributor will manage in-market sales, marketing, and channel development. Orders are placed on a per-order basis, with payment terms agreed between the parties.

Strategic Rationale

The agreement represents a structured expansion of the Company's existing China market activity, transitioning from opportunistic export to a defined distribution model.

The Company's approach remains focused on **capital-efficient, partner-led growth**, leveraging local market capability while maintaining control of product and brand.

Financial Impact

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The agreement establishes a **contracted minimum annual revenue baseline**, subject to order fulfilment and payment in accordance with agreed terms.

Over time, the Company expects the China market to contribute to revenue growth as the Distributor expands across e-commerce and retail channels.

This agreement provides a foundation for scalable growth in China without requiring direct investment in local retail infrastructure.

Commenting on the Agreement, Merino & Co. Managing Director Ms. Fiona Yue said:

“This agreement establishes a clear and structured pathway for the China market, supported by defined minimum order commitments.

We are focused on disciplined expansion through partners who can execute locally, while we maintain control of product and supply.”

ENDS

This announcement has been approved for release to the ASX by the Board of Merino & Co.

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About MERINO & CO.

Merino & Co. is a vertically integrated Company, involving the design, manufacture, marketing, and sale of wool products. The Company sells its merino wool garments and accessories in Australia through its own online store as well as other offline distribution channels, such as at duty free shops, airports, boutique shops, tourism spots. The Company also conducts its sales operations through wholesalers and agents.

The Company has also been exporting and selling directly to international markets, including China, Japan, and North America, where high-quality wool products are in higher demand owing to colder climates. The Company is a strong advocate of the benefits of wool as a natural fibre and is a strong supporter of the proliferation of more sustainable, renewable, and biodegradable products made from environmentally friendly and raw natural materials such as wool, alpaca wool and possum fur.

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Forward Looking Statements

This announcement contains certain “forward-looking statements.” Forward looking words such as, “expect”, “should”, “could”, “may”, “predict”, “plan”, “will”, “believe”, “forecast”, “estimate”, “target” “continue”, “anticipate”, “guidance”, “outlook”, “aim” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Forward-looking statements, opinions, and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, so as are statements about market and industry trends, which are based on interpretations of current market conditions. You are advised not to place undue reliance on any forward-looking statements regarding our belief, intent, or expectations with respect to Merino & Co.’s businesses, market conditions, and/or results of operations.

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