MERINO&Cº

1. Company details

Name of entity:	Merino & Co. Limited
ABN:	74 162 863 121
Reporting period:	For the year ended 30 June 2026
Previous period:	For the year ended 30 June 2025

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	36.3%	to	2,236,374
Loss from ordinary activities after tax attributable to the owners of Merino & Co. Limited	down	20.0%	to	(2,209,709)
Loss for the year attributable to the owners of Merino & Co. Limited	down	20.0%	to	(2,209,709)

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

Comments
The loss for the Group after providing for income tax amounted to $2,209,709 (30 June 2025: $2,760,823).

Brief explanation of reported figures
Revenue declined 36.3%, with the fall concentrated in Australia while China grew strongly. China now accounts for the majority of Group revenue and all of the Group's segment profit. A shift in geographic mix, rather than a uniform contraction, is the defining feature of the year. Strategic repositioning in the Australian market to correct this in FY27, while continuing expansion in China.

Operating cash outflow reduced, and capital expenditure returned to maintenance levels following the prior year's investment in production capacity, which came into service during the period. Inventory was broadly unchanged in total, with the composition moving out of finished goods and into work in progress and stock in transit.

The Group's priorities for FY27 are to restore Australian revenue, convert inventory and receivables into cash, and strengthen the balance sheet.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	4.61	7.47

4. Control gained over entities

Not applicable.

5. Dividends

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

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

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6. Audit status

The financial statements have been prepared based on accounts that are currently in the process of being audited. At the date of this report, the Directors are not aware of any matters that would result in a qualification to the auditor's report.

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7. Attachments

The Preliminary Final Report of Merino & Co. Limited for the year ended 30 June 2026 is attached.

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8. Signed

Signed ___________________________ Date: 31 August 2026

Fiona (Fang) Yue
Director

MERINO&Co

Merino & Co. Limited And Its Controlled Entities

ABN 74 162 863 121

Preliminary Final Report

For the Financial Year Ended 30 June 2026

MERINO&Cº

Directors	Mr Steven Woolley, Non-Executive Chairman Ms Fang (Fiona) Yue, Managing Director Mr Boxiang (Peter) Zhao, Non-Executive Director
Company secretary	Mr Alan Thomas
Registered office	4 Quartz Way, Wangara WA 6065
Principal place of business	4 Quartz Way, Wangara WA 6065
Share register	Automic Pty Ltd Level 5, 191 St Georges Terrace, Perth WA 6000
Auditor	Moore Australia Audit (WA) Exchange Plaza, 2 The Esplanade, Perth WA 6000
Solicitors	HWL Ebsworth Lawyers Level 20, 240 St Georges Terrace, Perth WA 6000
Stock exchange listing	Merino & Co. Limited shares are listed on the Australian Securities Exchange (ASX code: MNC)

General information

The preliminary final report covers Merino & Co. Limited as a Group consisting of Merino & Co. Limited and the entities it controlled at the end of, or during, the year. The preliminary final report is presented in Australian dollars, which is Merino & Co. Limited's functional and presentation currency.

Merino & Co. 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	Principal place of business
4 Quartz Way, Wangara WA 6065	4 Quartz Way, Wangara, WA 6065

Merino & Co. Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

MERINO&Cº

	Note	Consolidated 2026 $	Consolidated 2025 $
Revenue		2,236,374	3,509,023
Other income		46,842	79,106
Interest revenue		3,436	6,638
Expenses			
Changes in inventories		101,317	1,075,517
Purchase of inventories		(1,650,146)	(4,198,273)
Listing expense		(16,857)	(314,500)
Employee benefits expense		(964,291)	(862,246)
Interest expense		(273,980)	(284,024)
Depreciation and amortisation expense		(385,410)	(302,725)
Impairment of receivables		-	18,465
Rental expense		(180,754)	(130,104)
Consulting expense		(121,200)	(44,053)
Research and development expense		-	(55,000)
Share-based payments		29,596	(108,750)
Foreign exchange (loss)/gain		(5,616)	(96,408)
Marketing expense		(584,904)	(482,198)
Other expenses		(444,116)	(466,059)
Loss before income tax expense		(2,209,709)	(2,655,591)
Income tax expense		-	(105,232)
Loss after income tax expense for the year attributable to the owners of Merino & Co. Limited		(2,209,709)	(2,760,823)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	20	19,874	37,681
Other comprehensive income for the year, net of tax		19,874	37,681
Total comprehensive loss for the year attributable to the owners of Merino & Co. Limited		(2,189,835)	(2,723,142)
		Cents	**Cents**
Basic loss per share		(2.99)	(4.74)
Diluted loss per share		(2.99)	(4.74)

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

Merino & Co. Limited
Consolidated statement of financial position
As at 30 June 2026

MERINO&Cº

	Note	Consolidated 2026 $	Consolidated 2025 $
Assets			
Current assets			
Cash and cash equivalents	3	740,337	2,973,644
Trade and other receivables	4	972,902	374,706
Inventories	5	3,704,557	3,603,381
Financial assets at amortised cost	6	105,572	105,572
Other assets	7	413,966	578,770
Total current assets		5,937,334	7,636,073
Non-current assets			
Investment properties	9	400,846	411,713
Property, plant and equipment	10	636,869	732,570
Right-of-use assets	11	1,188,341	1,348,567
Intangible assets	12	16,368	72,002
Other assets	8	60,752	61,224
Total non-current assets		2,303,176	2,626,076
Total assets		8,240,510	10,262,149
Liabilities			
Current liabilities			
Trade and other payables	13	1,126,340	324,094
Borrowings	14	757,955	765,497
Lease liabilities	16	111,079	95,780
Employee benefits	18	223,227	171,764
Total current liabilities		2,218,601	1,357,135
Non-current liabilities			
Borrowings	15	1,516,916	2,069,511
Lease liabilities	17	1,168,830	1,279,909
Total non-current liabilities		2,685,746	3,349,420
Total liabilities		4,904,347	4,706,555
Net assets		3,336,163	5,555,594
Equity			
Issued capital	19	9,076,618	9,057,118
Reserves	20	139,902	169,124
Accumulated losses		(5,880,357)	(3,670,648)
Total equity		3,336,163	5,555,594

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

Merino & Co. Limited
Consolidated statement of changes in equity
For the year ended 30 June 2026

MERINO&Cº

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2024	800,100	1,950,430	(909,825)	1,840,705
Loss after income tax expense for the year	-	-	(2,760,823)	(2,760,823)
Other comprehensive income for the year, net of tax	-	37,681	-	37,681
Total comprehensive income for the year	-	37,681	(2,760,823)	(2,723,142)
Transactions with owners in their capacity as owners:				
Issue of shares	7,193,454	-	-	7,193,454
Share-based payments	-	108,750	-	108,750
Converted notes converted to equity	1,950,430	(1,950,430)	-	-
Issue of options to lead manager	-	22,693	-	22,693
Share issue costs	(886,866)	-	-	(886,866)
Balance at 30 June 2025	9,057,118	169,124	(3,670,648)	5,555,594

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2025	9,057,118	169,124	(3,670,648)	5,555,594
Loss after income tax expense for the year	-	-	(2,209,709)	(2,209,709)
Other comprehensive income for the year, net of tax	-	19,874	-	19,874
Total comprehensive income for the year	-	19,874	(2,209,709)	(2,189,835)
Transactions with owners in their capacity as owners:				
Issue of shares under share-based payment	19,500	(19,500)		-
Adjustment for prior year pre-grant recognition	-	(87,000)	-	(87,000)
Fair value adjustment	-	(2,250)	-	(2,250)
Share-based payments	-	59,654	-	59,654
Balance at 30 June 2026	9,076,618	139,902	(5,880,357)	3,336,163

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

Merino & Co. Limited
Consolidated statement of cash flows
For the year ended 30 June 2026

MERINO&Cº

	Note	Consolidated 2026 $	Consolidated 2025 $
Cash flows from operating activities			
Receipts from customers		1,528,293	5,678,158
Payments to suppliers and employees		(2,807,672)	(7,481,175)
Interest received		1,330	4,383
Interest and other finance costs paid		(174,804)	(198,151)
Income tax refunded		46,842	55,424
Net cash used in operating activities	21	(1,406,011)	(1,941,361)
Cash flows from investing activities			
Payments for property, plant and equipment		(62,982)	(459,461)
Net cash used in investing activities		(62,982)	(459,461)
Cash flows from financing activities			
Proceeds from issue of shares	19	-	6,354,000
Proceeds from borrowings - related parties		-	175,805
Share issue transaction costs		(226)	(915,568)
Repayment of borrowings		(560,137)	(486,446)
Repayment of lease liabilities		(202,436)	(207,848)
Repayment of hire purchase loan		-	(20,837)
Net cash from/(used in) financing activities		(762,799)	4,899,106
Net increase/(decrease) in cash and cash equivalents		(2,231,792)	2,498,284
Cash and cash equivalents at the beginning of the financial year		2,973,644	455,832
Effects of exchange rate changes on cash and cash equivalents		(1,515)	19,528
Cash and cash equivalents at the end of the financial year	3	740,337	2,973,644

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

Note 1. Basis of preparation

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies have been consistently applied, unless otherwise stated.

Principles of consolidation

The preliminary final report incorporates the assets and liabilities of all subsidiaries of Merino & Co. Limited ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year ended.

Note 2. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments: Australia and China. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of working capital.

Operating segment information

Consolidated - 2026	Australia $	China $	Total $
Revenue			
Sales to external customers	866,682	1,369,692	2,236,374
Total segment revenue	866,682	1,369,692	2,236,374
Unallocated revenue:			
Interest revenue			3,436
Total revenue			2,239,810
Operating (loss)/profit	(2,396,004)	186,295	(2,209,709)
Loss before income tax expense	(2,396,004)	186,295	(2,209,709)
Income tax expense			-
Loss after income tax expense			(2,209,709)
Assets			
Segment assets	6,302,231	1,938,279	8,240,510
Total assets			8,240,510
Liabilities			
Segment liabilities	4,896,735	7,612	4,904,347
Total liabilities			4,904,347

Note 2. Operating segments (continued)

Consolidated - 2025	Australia $	China $	Total $
Revenue			
Sales to external customers	2,901,201	607,822	3,509,023
Total segment revenue	2,901,201	607,822	3,509,023
Unallocated revenue:			
Interest revenue			6,638
Total revenue			3,515,661
Operating (loss)/profit	(2,817,406)	56,583	(2,760,823)
Profit/(loss) before income tax expense	(2,817,406)	56,583	(2,760,823)
Income tax expense			-
Loss after income tax expense			(2,760,823)
Assets			
Segment assets	8,597,215	1,664,934	10,262,149
Total assets			10,262,149
Liabilities			
Segment liabilities	4,685,905	20,650	4,706,555
Total liabilities			4,706,555

Note 3. Current assets - cash and cash equivalents

	Consolidated	
	2026 **$**	**2025** **$**
Cash on hand	7,973	100
Cash at bank	732,364	2,973,544
	740,337	2,973,644

Note 4. Current assets - trade and other receivables

	Consolidated	
	2026 **$**	**2025** **$**
Trade receivables	1,108,614	233,981
Less: Allowance for expected credit losses	(169,795)	(169,795)
	938,819	64,186
Other receivables	29,860	308,403
Interest receivable	4,223	2,117
	972,902	374,706

Note 4. Current assets - trade and other receivables (continued)

Allowance for expected credit losses
The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. The Group recognised no expense or gain in profit or loss in respect of the expected credit losses for the year ended 30 June 2026 (2025: gain of $18,465).

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
Consolidated	%	%	$	$	$	$
Not overdue	-	-	840,567	49,207	-	-
0 to 3 months overdue	-	-	65,724	14,979	-	-
3 to 6 months overdue	-	-	32,528	-	-	-
Over 6 months overdue	100%	100%	169,795	169,795	169,795	169,795
			1,108,614	233,981	169,795	169,795

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

	Consolidated	
	2026	2025
	$	$
Opening balance	169,795	162,381
Additional provisions recognised	-	7,414
Closing balance	169,795	169,795

Note 5. Current assets - inventories

	Consolidated	
	2026	2025
	$	$
Raw materials	217,578	386,280
Work in progress	260,011	12,480
Finished goods	2,627,374	3,204,621
Stock in transit	599,594	-
	3,704,557	3,603,381

Note 6. Current assets - Financial assets at amortised cost

	Consolidated	
	2026	2025
	$	$
Bank term deposits - held to maturity	105,572	105,572

Note 7. Current assets - other assets

	Consolidated 2026 $	Consolidated 2025 $
Prepayments	413,966	578,770

Note 8. Non-current assets - other assets

	Consolidated 2026 $	Consolidated 2025 $
Rental deposits	42,684	42,684
E-commerce platform security deposits	16,999	16,937
Borrowing costs	2,675	2,675
Less: Accumulated amortisation on borrowing costs	(1,606)	(1,072)
	60,752	61,224

Note 9. Non-current assets - investment properties

	Consolidated 2026 $	Consolidated 2025 $
Commercial building - at cost	543,373	543,373
Less: Accumulated depreciation	(142,527)	(131,660)
	400,846	411,713

(i) Amounts recognised in profit or loss for investment properties

	Consolidated 2026 $	Consolidated 2025 $
Net rental income from operating leases	43,617	33,803

(ii) Measure of investment properties
Investment properties are carried at cost less accumulated depreciation and impairment losses.

(iii) Presenting cash flows
The Group classifies cash outflows to acquire or construct investment property as investing and rental inflows as operating cash flows.

(iv) Leasing arrangements
The investment property is leased to tenants under operating lease with rentals payable monthly. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

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

	Consolidated 2026 $	Consolidated 2025 $
Plant and equipment - at cost	1,149,887	1,080,795
Less: Accumulated depreciation	(513,018)	(363,941)
	636,869	716,854
Motor vehicles - at cost	166,189	166,189
Less: Accumulated depreciation	(166,189)	(150,473)
	-	15,716
	636,869	732,570

Reconciliations

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

Consolidated	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2024	328,933	35,226	364,159
Additions	459,461	-	459,461
Depreciation expense	(71,540)	(19,510)	(91,050)
Balance at 30 June 2025	716,854	15,716	732,570
Additions	69,092	-	69,092
Depreciation expense	(149,077)	(15,716)	(164,793)
Balance at 30 June 2026	636,869	-	636,869

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

	Consolidated 2026 $	Consolidated 2025 $
Land and buildings - right-of-use	1,442,032	1,442,032
Less: Accumulated depreciation	(253,691)	(93,465)
	1,188,341	1,348,567

The Group leases land and buildings for its offices, warehouse located at 4 Quartz Way, Wangara WA 6065. The lease commenced on 20 November 2024 with an initial term of 4 years, with option to extend for a further 5 years. The lease agreement contains various escalation clauses. The lease does not impose any covenants other than security interests in the leased assets that are held by the lessor. Leased assets cannot be used as security for borrowing purposes.

The Group also leases an additional warehouse and various items of equipment under separate lease agreements. These leases are either short-term or low-value assets. The Group has elected to apply the recognition exemptions under AASB 16, with the related lease payments recognised as an expense in profit or loss as incurred.

MERINO&Cº

Note 12. Non-current assets - intangible assets

	Consolidated 2026 $	Consolidated 2025 $
Software - at cost	5,366	5,116
Less: Accumulated amortisation	(4,009)	(2,974)
	1,357	2,142
Trademarks acquired from third-party - at cost	290,929	290,929
Less: Accumulated amortisation	(275,918)	(227,429)
	15,011	63,500
Trademarks generated internally - at cost	-	6,360
	-	6,360
	16,368	72,002

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

Consolidated	Software $	Trademarks acquired from third-party $	Trademarks generated internally $	Total $
Balance at 1 July 2024	3,436	111,988	6,360	121,784
Amortisation expense	(1,294)	(48,488)	-	(49,782)
Balance at 30 June 2025	2,142	63,500	6,360	72,002
Additions	250	-		250
Derecognition of internally generated trademark	-	-	(6,360)	(6,360)
Amortisation expense	(1,035)	(48,489)	-	(49,524)
Balance at 30 June 2026	1,357	15,011	-	16,368

Note 13. Current liabilities - trade and other payables

	Consolidated 2026 $	Consolidated 2025 $
Trade payables	644,197	169,451
Other payables	482,143	154,643
	1,126,340	324,094

Note 14. Current liabilities - borrowings

	Consolidated	
	2026	2025
	$	$
Loan - Management (i)	133,111	152,167
Loan - Bank - investment property (ii)	403,000	403,000
Loan - Bank - working capital (iii)	221,844	210,330
	757,955	765,497

Note 15. Non-current liabilities - borrowings

	Consolidated	
	2026	2025
	$	$
Loan - Management	289,607	619,719
Loan - Bank - working capital	1,227,309	1,449,792
	1,516,916	2,069,511

(i) In July 2024, the Company entered into a loan agreement with a lender. Under the terms of the agreement, the principal amount of $716,081 will be repaid in 60 equal monthly instalments of $13,513 commencing in October 2025 and ending in September 2030. Interest will be charged at a rate of 5% per annum, effective from October 2025. The loan is unsecured as at the reporting date.

During the year, the Company made advance repayments in excess of the scheduled instalments under its loan agreement. These repayments have been applied against future obligations, reducing the outstanding principal balance.

(ii) The Company has a loan facility secured over its investment property located at 3/82 Christable Way, Landsdale WA 6065. The loan bears interest at a variable rate of 6.92% per annum. Interest-only repayments are required over the term of the facility. The loan matures on 30 April 2027.

(iii) The Company has a loan facility secured over the Company's present and future rights, property and undertaking. The facility is also supported by a personal guarantee provided by a Director. The loan bears current interest at 7.7% per annum and is repayable by monthly instalments, with the final repayment due in December 2031.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2026	2025
	$	$
Loan - Bank - working capital	1,449,153	1,660,122
Loan - Bank - investment property	403,000	403,000
	1,852,153	2,063,122

Note 16. Current liabilities - lease liabilities

	Consolidated	
	2026	2025
	$	$
Lease liability	111,079	95,780

Note 17. Non-current liabilities - lease liabilities

	Consolidated	
	2026	2025
	$	$
Lease liability	1,168,830	1,279,909

Note 18. Current liabilities - employee benefits

	Consolidated	
	2026	2025
	$	$
Annual leave	223,227	171,764

The provision relates to the Company's liability for employees' annual leave entitlements, with liabilities expected to be settled wholly within 12 months of the reporting date measured at the amounts expected to be paid when settled.

Note 19. Equity - issued capital

	Consolidated			
	2026	2025	2026	2025
	Shares	Shares	$	$
Ordinary shares - fully paid	73,926,570	73,776,570	9,076,618	9,057,118

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2024	24,000,000		800,100
Issue of shares per prospectus		31,770,000	$0.20	6,354,000
Conversion of convertible note		13,809,300	$0.14	1,950,430
Conversion of management loans into shares		3,497,270	$0.20	699,454
Issue of shares to consultants		200,000	$0.20	40,000
Issue of shares to lead manager		500,000	$0.20	100,000
Capital raising costs		-	$0.00	(886,866)
Balance	30 June 2025	73,776,570		9,057,118
Issue of shares under share-based payment	25 February 2026	150,000	$0.13	19,500
Balance	30 June 2026	73,926,570		9,076,618

Note 20. Equity - reserves

	Consolidated 2026 $	Consolidated 2025 $
Foreign currency reserve	57,555	37,681
Share-based payments reserve	59,654	108,750
Options reserve	22,693	22,693
	139,902	169,124

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

Consolidated	Foreign currency reserve $	Share-based payments reserve $	Options reserve $	Convertible notes reserve $	Total $
Balance at 1 July 2024	-	-	-	1,950,430	1,950,430
Foreign currency translation	37,681	-	-	-	37,681
Shares to be issued to Directors subject to shareholder's approval	-	108,750	-	-	108,750
Issue of options to lead manager	-	-	22,693	-	22,693
Conversion of convertible notes into fully paid ordinary shares	-	-	-	(1,950,430)	(1,950,430)
Balance at 30 June 2025	37,681	108,750	22,693	-	169,124
Foreign currency translation	19,874	-	-	-	19,874
Reversal of prior year pre-grant recognition	-	(87,000)	-	-	(87,000)
Fair value adjustment	-	(2,250)	-	-	(2,250)
Share-based payments_shares	-	15,167	-	-	15,167
Share-based payments_performance rights	-	44,487	-	-	44,487
Issue of shares under share-based payment		(19,500)			(19,500)
Balance at 30 June 2026	57,555	59,654	22,693	-	139,902

Note 21. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2026	2025
	$	$
Loss after income tax expense for the year	(2,209,709)	(2,760,823)
Adjustments for:		
Depreciation and amortisation	385,410	302,725
Interest repayment - lease	106,655	79,900
Share-based payments	(29,596)	108,750
IPO related capital raising costs	226	314,500
Foreign exchange loss	15,774	24,908
Foreign exchange differences	5,616	(6,646)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	(598,196)	1,836,478
Increase in inventories	(101,176)	(1,073,429)
Decrease in deferred tax assets	-	105,232
Decrease in other operating assets	165,276	255,660
Decrease in trade and other payables	802,246	(1,180,308)
Increase in employee benefits	51,463	51,692
Net cash used in operating activities	(1,406,011)	(1,941,361)

Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principal place of business /	2026	2025
Name	Country of incorporation	%	%
Merinosnug (Shanghai) Wool Products Co., Ltd	China	100.00%	100.00%