Q2 FY2026
QUARTERLY REPORT

Release Date: 30 January 2026
ASX Code: MNC

MERINO&Co

"I am encouraged by Merino & Co.'s progress during the second quarter of FY26 as the business continued to execute against its strategic priorities.

Investment in brand development, international market expansion and organisational capability is beginning to translate into tangible commercial outcomes, most notably through growing order momentum in China.

The Board's leadership renewal is now fully embedded, providing stability and clear governance as the Company moves from a period of investment toward improved alignment between strategy, execution and cash flow.

The Board remains confident in the Company's direction and committed to disciplined oversight as Merino & Co. works toward sustainable, long-term shareholder value."

Steve Woolley
Board Chair

Key Quarterly Highlights

MERINO&Cº

Merino & Co. (ASX: MNC) is an Australian Merino-wool products company focused on the design manufacture marketing and sales of high-quality apparel. During Q2 FY26, the company advanced execution and readiness while continuing to invest in operational capability.

Quarter revenue was $177,371, reflecting the **current transition phase** as the company rebalances product, inventory and channel strategy. As at 31 December 2025, the company held $1.17 million in cash, compared with $2.27 million in the previous quarter.

Key Quarterly Highlights – Q2 FY26

Execution-led quarter: Strategic investment in manufacturing, marketing and organisational capability aligned to secured international demand.

China commercial momentum: Purchase orders of A$203,000 and ~A$382,100 secured from the Shanghai distributor, validating early traction in the China market.

Funding position clearly articulated: Cash of approximately A$1.17 million at 31 December 2025, representing an estimated 1.31 quarters of funding, prior to the impact of committed post-quarter orders.

Governance stability: Leadership renewal fully embedded, supporting clear oversight and focused execution as the business transitions from investment toward delivery.

The company remains *focused on strengthening its market position*, *product development and leadership depth* to support future growth.

CEO's Statement

MERINO&Cº

"The second quarter was focused on execution and readiness, as we aligned product, inventory and operating capability to support international demand. During the quarter and shortly thereafter, we secured purchase orders totalling approximately A$585,100 through our Shanghai distribution partner, reflecting strengthening demand for Merino & Co.'s products in the Chinese market.

At the same time, we continued to invest deliberately in marketing, manufacturing capability and our team to ensure we are positioned to deliver against confirmed orders. These investments resulted in operating cash outflows during the quarter, with cash at 31 December 2025 of approximately A$1.17 million, equating to an estimated 1.31 quarters of funding based on recent operating cash usage. Importantly, this metric does not reflect the impact of committed orders received in December and January, which are expected to materially improve cash inflows as production and delivery progress.

Our focus remains on disciplined execution, cost control and aligning expenditure to confirmed demand."

Fiona Yue

Managing Director

APPENDIX 4C | QUARTERLY CASHFLOW REPORT

Corporate & Financial Summary

The Company's Appendix 4C for the quarter ending 31 December 2025 is attached.

As of 31 Decemeber 2025, the Company held approximately A$1,168,000 in bank balances, compared to A$2,268,000 in the previous quarter.

The Company maintains a solid cash position to support ongoing growth, product development and market expansion opportunities.

The decrease reflects the Company's ongoing strategic investment in scaling operations – specifically product manufacturing and delivery, marketing and advertising, and staffing – to support expanded commercial activities.

Notwithstanding the higher investment during the quarter, Merino & Co. remains in a solid financial position, with sufficient liquidity to progress its growth strategy and pursue value-creating opportunities in key markets.

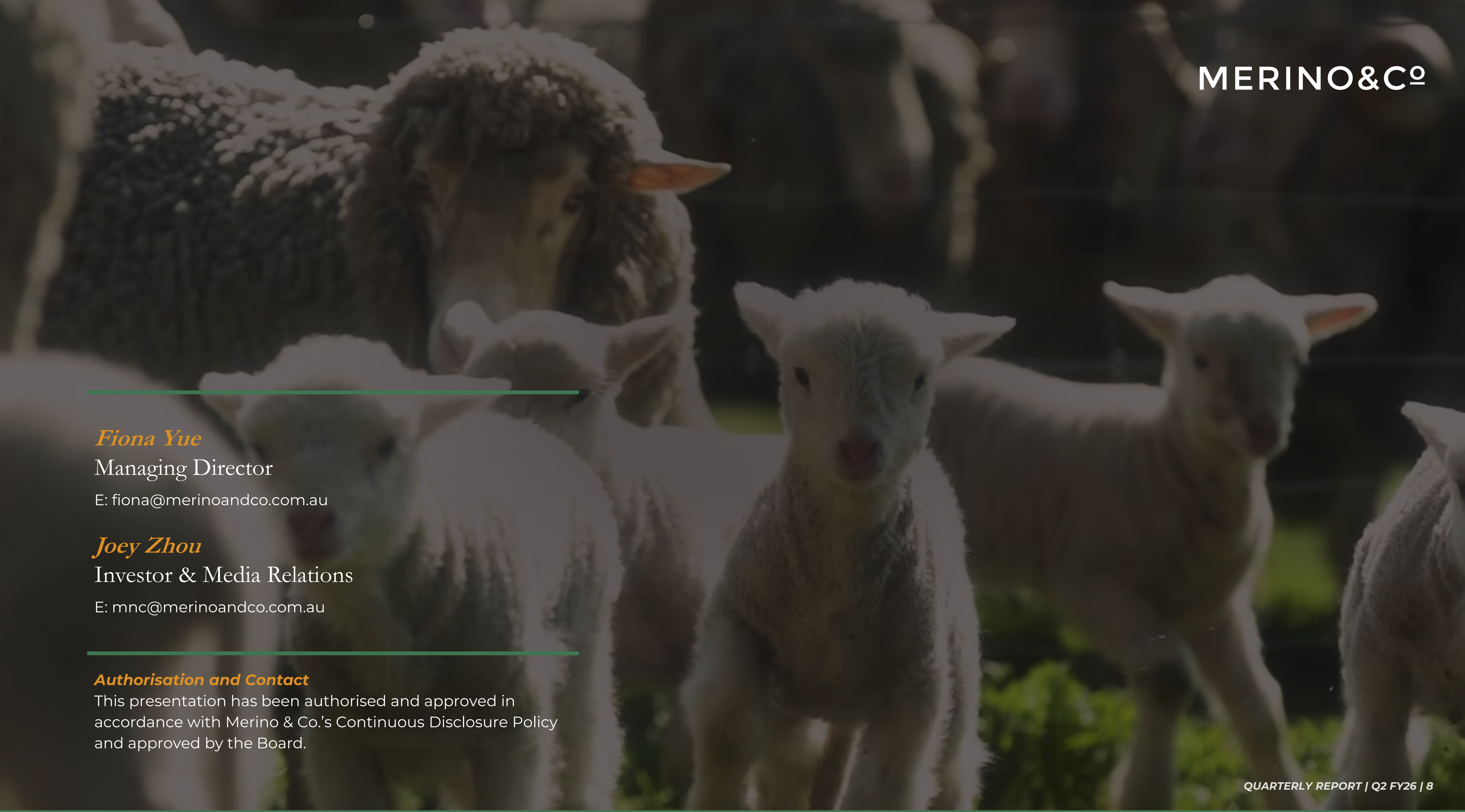
Additional ASX Disclosure

Consistent with ASX Listing Rule 4.7C.1, the Company reported operating cash outflows of approximately $0.9m for the December quarter. As required under ASX Listing Rule 4.7C.2, a summary of the planned use of funds as per the IPO prospectus, together with actual expenditure to 31 December 2025, is provided in the table on page 7.

Related Party Transactions

During the quarter, payments to related parties totalled approximately A$122,000, as disclosed in Item 6 of Appendix 4C. These payments comprised $63,000 in Directors' remuneration and $59,000 in remuneration to the associate of a Director.

	Minimum Subscription	*Maximum Subscription*	*Actual Expenditure to 31 December 2025 (Yr2)*
Use of funds – Year 2	$	$	$
Expanding production capacity	-	-	108,748
Preparing stock for wholesale orders	236,000	250,000	459,292
Marketing and branding, including for online platforms	207,000	375,000	34,731
Research & development	150,000	150,000	-
Corporate expenses	534,000	534,000	58,936
Working capital	-	199,918	6,760
Costs of the Offer	-	-	-
Total Funds Allocated – Year 2	1,127,000	1,508,918	668,466



MERINO&Co

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Authorisation and Contact

This presentation has been authorised and approved in accordance with Merino & Co.'s Continuous Disclosure Policy and approved by the Board.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Merino & Co. Limited

ABN	**Quarter ended ("current quarter")**
74 162 863 121	31 December 2025

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	258	675
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(643)	(957)
	(c) advertising and marketing	(52)	(104)
	(d) leased assets	(125)	(164)
	(e) staff costs	(223)	(399)
	(f) administration and corporate costs	(66)	(279)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(44)	(91)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	3
1.8	Other – GST and other taxes (paid)/refunded	-	-
1.9	**Net cash from / (used in) operating activities**	**(895)**	**(1,316)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(11)	(76)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other income	6	9
2.6	**Net cash from / (used in) investing activities**	**(5)**	**(67)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(206)	(427)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(206)**	**(427)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,268	2,974
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(895)	(1,316)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(67)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(206)	(427)
4.5	Effect of movement in exchange rates on cash held	6	4
4.6	**Cash and cash equivalents at end of period**	**1,168**	**1,168**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	1,168	2,268
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,168**	**2,268**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	122
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payment of Directors' remunerations for the period from 1 October 2025 to 31 December 2025: $63,000

Payment of remuneration to Director's spouse: $59,000

7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	2,403	2,403
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	2,403	2,403
7.5	**Unused financing facilities available at quarter end**		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

Two separate loan facilities have been provided to the Company by National Australia Bank:

1) A facility of $403,000 is secured against the property located at 3/82 Christable Way, Landsdale WA 6065. Interest on the facility is charged at 6.92% p.a. At quarter end, the facility has been fully drawn down.

2) A further facility of $2m is secured over the Company's present and future rights, property and undertaking and director personal guarantees. Interest on the facility is charged at 7.7% p.a. with final repayment due in December 2031. At quarter end, the facility has been fully drawn down.

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(895)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,168
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,168
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.31

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The company expects that net operating cash flows will improve with the committed orders received in December and January, the company expects to maintain its operational activities over the coming months.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The company has received committed orders in December and January totalling $585,100, which will provide additional cash flows in the coming months. The company also has orders currently under negotiation that, if successfully executed, are expected to further support operations.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Taking into account the committed orders received, ongoing negotiations, the Company expects that it will be able to continue its operations and meet its business objectives.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: ....30/1/2026..

Authorised by: ....by the Board...
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.